

Australian Broadcasting Corporation

Entity resources and planned performance

AUSTRALIAN BROADCASTING CORPORATION

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AUSTRALIAN BROADCASTING CORPORATION

Section 1: Entity overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The Australian Broadcasting Corporation (ABC) is one of the country's most important cultural institutions. As the primary national public broadcaster, it reflects Australia's national identity and cultural diversity, informs and educates, facilitates public debate and fosters the performing arts. The ABC plays a significant role in the lives of all Australians, not only through the broadcasting and digital media services it delivers, but also through direct engagement with local communities around the country.

The ABC's place in the Australian media environment is distinctive because of its Charter (section 6 of the *Australian Broadcasting Corporation Act 1983* (the 'ABC Act')). The Charter and other provisions of the ABC Act give the Corporation particular responsibilities, such as providing independent news and information. The ABC Act guarantees the editorial and administrative independence of the ABC from the Government. The ABC Board is charged with a number of duties, including 'to ensure the functions of the Corporation are performed efficiently and with maximum benefit to the people of Australia', and 'to maintain the independence and integrity of the Corporation'.

The functions of the Corporation, set out in section 6(1) of the ABC Act, are to:

- provide, within Australia, innovative and comprehensive broadcasting services of a high standard as part of the Australian broadcasting system, consisting of national, commercial and community sectors and to provide:
 - broadcasting programs that contribute to a sense of national identity and inform and entertain, and reflect the cultural diversity of, the Australian community
 - broadcasting programs of an educational nature.
- transmit to countries outside Australia, broadcasting programs of news, current affairs, entertainment and cultural enrichment that will:
 - encourage awareness of Australia and an international understanding of Australian attitudes on world affairs
 - enable Australian citizens living or travelling outside Australia to obtain information about Australian affairs and Australian attitudes on world affairs.
- provide digital media services
- encourage and promote the musical, dramatic and other performing arts in Australia.

The ABC provides unique and often critically important points of connection and support for communities throughout Australia. These include formal agreements with Federal and State and Territory authorities for the provision of emergency services information when local communities are affected by natural disasters.

Australian Broadcasting Corporation

The ABC is guided by the ABC Corporate Plan 2016–17, which was developed and published in accordance with the requirements of the *Public Governance, Performance and Accountability Act 2013* and associated Rules. The Corporation will continue to innovate and provide coverage and carriage of its services on all major platforms. It will seek to strengthen the diversity and availability of Australian content, and to support and promote creativity and new talent. It remains committed to providing the best possible news and information with expanded and improved coverage; to developing further its presence and multi-platform capacity in regional Australia; and to acting as a virtual ‘town square’ in providing information that supports reasoned community debate around topics of importance.

The ABC Board will assess the Government’s funding decisions, and the impact these will have on the Corporation’s activities, and will confirm specific allocations in line with the strategic direction it has set for the 2017–18 period.

ABC appropriations are allocated under a single Outcome, comprising two programs, specifically:

- **Outcome 1:** Informed, educated and entertained audiences – throughout Australia and overseas – through innovative and comprehensive media and related services.
- **Program 1.1:** ABC General Operational Activities.
- **Program 1.2:** ABC Transmission and Distribution Services.

1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total funding from all sources available to the ABC for its operations and to deliver programs and services on behalf of the Government.

The table summarises how resources will be applied by outcome (government strategic policy objectives) and by departmental (for the ABC's operations) classification.

For more detailed information on special accounts and special appropriations, please refer to *Budget Paper No. 4 – Agency Resourcing*.

Information in this table is presented on a resourcing (that is, appropriations/cash available) basis, whilst the 'Budgeted expenses for Outcome' tables in Section 2 and the financial statements in Section 3 are presented on an accrual basis.

Table 1.1: ABC resource statement — Budget estimates for 2017–18 as at Budget May 2017

	2016–17 estimated actual \$'000	2017–18 estimate \$'000
Opening balance/cash reserves at 1 July	6,811	6,811
Funds from Government		
Annual appropriations - ordinary annual services ^(a)		
Outcome 1	1,036,090	1,043,680
Total annual appropriations	1,036,090	1,043,680
Total funds from Government	1,036,090	1,043,680
Funds from other sources		
Interest	8,028	6,915
Sale of goods and services	70,285	70,285
Other	46,370	11,500
Total funds from other sources	124,683	88,700
Total net resourcing for ABC	1,167,584	1,139,191
<hr/>		
Average staffing level for ABC	4,160	4,111

(a) Appropriation Bill (No.1) 2017–18.

The ABC is not directly appropriated as it is a Corporate Commonwealth Entity. Appropriations are made to the Department of Communications and the Arts (a Non-Corporate Commonwealth Entity), which are then paid to the ABC and are considered "departmental" for all purposes.

Please note: All figures shown above are GST exclusive – these may not match figures in the cash flow statement.

Prepared on a resourcing (that is, appropriations available) basis.

1.3 BUDGET MEASURES

There are no measures relating to the ABC for the 2017–18 Budget.

Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to government outcomes over the Budget and forward years.

The ABC's outcome is described below together with its related programs. The following provides detailed information on expenses for the outcome and programs, further broken down by funding source.

Note:

Performance reporting requirements in the Portfolio Budget Statements are part of the enhanced Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements - included in Annual Reports - to provide an entity's complete performance story.

The most recent corporate plan for the ABC can be found at:

<http://about.abc.net.au/reports-publications/abc-corporate-plan-2016-17/>

The most recent annual performance statement can be found at:

www.abc.net.au/corp/annual-report/2016/c5-annual-performance-statements.html

2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

Outcome 1: Informed, educated and entertained audiences—throughout Australia and overseas—through innovative and comprehensive media and related services

Budgeted expenses for Outcome 1

This table shows how much the entity intends to spend (on an accrual basis) on achieving the outcome, broken down by Departmental funding sources.

Table 2.1.1: Budgeted expenses for Outcome 1

	2016–17 Estimated actual \$'000	2017–18 Budget \$'000	2018–19 Forward estimate \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000
Program 1.1: (ABC General Operational Activities)					
Revenue from Government Ordinary annual services (Appropriation Bill No. 1)	861,297	865,459	865,063	878,888	892,831
Revenues from other independent sources	92,209	74,111	54,871	55,250	62,777
Total expenses for Program 1.1	953,506	939,570	919,934	934,138	955,608
Program 1.2: (ABC Transmission and Distribution Services)					
Revenue from Government Ordinary annual services (Appropriation Bill No. 1)	174,793	178,221	180,848	183,698	186,956
Total expenses for Program 1.2	174,793	178,221	180,848	183,698	186,956
Outcome 1 totals by resource type					
Revenue from Government Ordinary annual services (Appropriation Bill No. 1)	1,036,090	1,043,680	1,045,911	1,062,586	1,079,787
Revenues from other independent sources	92,209	74,111	54,871	55,250	62,777
Total expenses for Outcome 1	1,128,299	1,117,791	1,100,782	1,117,836	1,142,564
	2016–17	2017–18			
Average staffing level (number)	4,160	4,111			

Note: Departmental appropriation splits and totals are indicative estimates and may change in the course of the budget year as Government priorities change.

Table 2.1.2: Performance criteria for Outcome 1

Table 2.1.2 below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2017–18 Budget measures have created new programs or materially changed existing programs.

Outcome 1 – Informed, educated and entertained audiences—throughout Australia and overseas—through innovative and comprehensive media and related services		
Program 1.1 – ABC General Operational Activities The ABC will provide Australian and international audiences with innovative and high-quality radio, television and digital media services.		
Delivery The ABC will provide radio, television and digital media services to satisfy diverse audience needs, nationally and internationally, including programs of wide appeal and more specialised interest. It will provide distinctive radio programs that serve all local and regional communities throughout Australia; television programs that contribute to the diversity, quality and innovation of the industry generally; and will engage audiences through digital media services, including on broadband and mobile platforms.		
Performance information		
Year	Performance criteria	Targets
2016–17	Net reach of ABC services in Australia.	Expected to meet criterion Maintain or improve on prior year.
	Percentage of Australians who value the ABC.	Maintain or improve on prior year.
2017–18	Net reach of ABC services in Australia.	Maintain or improve on prior year.
	Percentage of Australians who value the ABC.	Maintain or improve on prior year.
2018–19 and beyond	As per 2017–18.	As per 2017–18.
Purpose The ABC's purpose is to fulfil its functions as set out in the ABC Act, particularly the ABC Charter.		

<p>Program 1.2 – ABC Transmission and Distribution Services The ABC will manage the broadcast and transmission of its radio and television services within Australia to maximise availability to audiences.</p>		
<p>Delivery The ABC will manage Transmission Service Agreements for the reliable and efficient provision of satellite and analog terrestrial radio transmission services, digital radio services, and digital terrestrial television services.</p>		
<p>Performance information</p>		
Year	Performance criteria	Targets
2016–17	Percentage of the Australian population that has access to ABC analog radio transmissions. Percentage of mainland state capital cities that have access to ABC digital radio transmissions. Percentage of the Australian population that has access to ABC digital television transmissions.	<p>Expected to meet criterion At least 99%</p> 100% At least 98%
2017–18	Percentage of the Australian population that has access to ABC analog radio transmissions. Percentage of mainland state capital cities that have access to ABC digital radio transmissions. Percentage of the Australian population that has access to ABC digital television transmissions.	At least 99% 100% At least 98%
2018–19 and beyond	As per 2017–18	As per 2017–18
<p>Purpose The ABC's purpose is to fulfil its functions as set out in the ABC Act, particularly the ABC Charter.</p>		

Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of ABC finances for the 2017–18 budget year, including the impact of budget measures and resourcing on financial statements.

3.1 BUDGETED FINANCIAL STATEMENTS

3.1.2 Explanatory notes and analysis of budgeted financial statements

The ABC is budgeting for an operating surplus of \$3.1 million in 2017–18.

Total revenues from Government is budgeted to increase by \$7.6 million in 2017–18 compared to 2016–17, reflecting an increase in base funding indexation, offset by the impact of year on year increase of efficiency savings previously announced in the 2014-15 Mid-Year Economic and Fiscal Outlook (MYEFO).

Own-source revenues are principally comprised of revenues from ABC Commercial activities, as well as other minor amounts from co-production arrangements, facilities hire, services provided, interest and commissions. These revenues are largely offset by related costs of sales or represent recoveries of costs incurred.

Total expenses are budgeted to decrease by a net \$10.5 million overall for 2017–18. This relates primarily to restructure costs being provided for (incurred) in 2016–17, partly offset by increases in staff costs from Enterprise Agreement increases, and increased depreciation costs arising from the completion of the Melbourne Accommodation Project.

Departmental Balance Sheet

The ABC's budgeted net asset position for 2017–18 of \$1.1 billion represents an increase of \$3.1 million from the estimated actual for 2016–17, reflecting the budgeted operating surplus of \$3.1 million for 2017–18.

3.2 BUDGETED FINANCIAL STATEMENTS TABLES

Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June

	2016–17 Estimated actual \$'000	2017–18 Budget \$'000	2018–19 Forward estimate \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000
EXPENSES					
Employee benefits	520,983	507,126	495,168	495,421	505,965
Suppliers	511,649	511,798	505,405	522,973	537,924
Depreciation and amortisation	92,217	96,184	98,292	98,292	98,292
Finance costs	3,450	2,683	1,917	1,150	383
Total expenses	1,128,299	1,117,791	1,100,782	1,117,836	1,142,564
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services	70,285	70,285	70,285	70,285	70,285
Interest	8,028	6,915	7,053	7,194	7,338
Total own-source revenue	78,313	77,200	77,338	77,479	77,623
Gains					
Sale of assets	32,870	-	-	-	-
Total gains	32,870	-	-	-	-
Total own-source income	111,183	77,200	77,338	77,479	77,623
Net (cost of)/contribution by services	(1,017,116)	(1,040,591)	(1,023,444)	(1,040,357)	(1,064,941)
Revenue from Government	1,036,090	1,043,680	1,045,911	1,062,586	1,079,787
Surplus attributable to the Australian Government	18,974	3,089	22,467	22,229	14,846
OTHER COMPREHENSIVE INCOME					
Changes in asset revaluation surplus	75,900	-	-	-	-
Total other comprehensive income	75,900	-	-	-	-
Total comprehensive income	94,874	3,089	22,467	22,229	14,846
Total comprehensive income attributable to the Australian Government	94,874	3,089	22,467	22,229	14,846

Prepared on Australian Accounting Standards basis.

Table 3.2: Budgeted departmental balance sheet (as at 30 June)

	2016–17 Estimated actual \$'000	2017–18 Budget \$'000	2018–19 Forward estimate \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	6,811	6,811	6,811	6,811	6,811
Trade and other receivables	278,027	251,352	274,415	313,604	355,781
Other financial assets	10,211	10,211	10,211	10,211	10,211
Total financial assets	295,049	268,374	291,437	330,626	372,803
Non-financial assets					
Land and buildings	780,097	763,004	730,629	698,254	665,879
Property, plant and equipment	252,523	271,819	267,598	263,013	258,057
Intangibles	33,723	33,723	33,723	33,723	33,723
Inventories	108,042	108,042	108,042	108,042	108,042
Other non-financial assets	24,067	24,067	24,067	24,067	24,067
Total non-financial assets	1,198,452	1,200,655	1,164,059	1,127,099	1,089,768
Total assets	1,493,501	1,469,029	1,455,496	1,457,725	1,462,571
LIABILITIES					
Payables					
Suppliers	78,795	78,795	78,795	78,795	78,795
Other payables	19,085	19,085	19,085	19,085	19,085
Total payables	97,880	97,880	97,880	97,880	97,880
Interest bearing liabilities					
Loans	70,000	50,000	30,000	10,000	-
Total interest bearing liabilities	70,000	50,000	30,000	10,000	-
Provisions					
Employee provisions	189,950	182,389	166,389	166,389	166,389
Other provisions	1,614	1,614	1,614	1,614	1,614
Total provisions	191,564	184,003	168,003	168,003	168,003
Total liabilities	359,444	331,883	295,883	275,883	265,883
Net assets	1,134,057	1,137,146	1,159,613	1,181,842	1,196,688
EQUITY					
Parent entity interest					
Contributed equity	93,640	93,640	93,640	93,640	93,640
Reserves	760,662	760,662	760,662	760,662	760,662
Retained surplus (accumulated deficit)	279,755	282,844	305,311	327,540	342,386
Total parent entity interest	1,134,057	1,137,146	1,159,613	1,181,842	1,196,688
Total Equity	1,134,057	1,137,146	1,159,613	1,181,842	1,196,688

Prepared on Australian Accounting Standards basis.

Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2017–18)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2017					
Balance carried forward from previous period	279,755	760,382	280	93,640	1,134,057
Adjusted opening balance	279,755	760,382	280	93,640	1,134,057
Comprehensive income					
Surplus/(deficit) for the period	3,089	-	-	-	3,089
Total comprehensive income	3,089	-	-	-	3,089
of which:					
Attributable to the Australian Government	3,089	-	-	-	3,089
Estimated closing balance as at 30 June 2018	282,844	760,382	280	93,640	1,137,146
Closing balance attributable to the Australian Government	282,844	760,382	280	93,640	1,137,146

Prepared on Australian Accounting Standards basis.

Table 3.4: Budgeted departmental statement of cash flows (for the period ended 30 June)

	2016–17 Estimated actual \$'000	2017–18 Budget \$'000	2018–19 Forward estimate \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	1,036,090	1,043,680	1,045,911	1,062,586	1,079,787
Sale of goods and rendering of services	70,285	70,285	70,285	70,285	70,285
Interest	8,028	6,915	7,053	7,194	7,338
Other	60,082	62,217	56,762	58,431	59,889
Total cash received	1,174,485	1,183,097	1,180,011	1,198,496	1,217,299
Cash used					
Employees	497,422	514,687	511,168	495,421	505,965
Suppliers	511,649	511,798	505,405	522,973	537,924
Other	63,532	64,900	58,679	59,581	60,272
Total cash used	1,072,603	1,091,385	1,075,252	1,077,975	1,104,161
Net cash from/(used by) operating activities	101,882	91,712	104,759	120,521	113,138
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	46,370	11,500	-	-	-
Investments	14,000	-	-	-	-
Total cash received	60,370	11,500	-	-	-
Cash used					
Purchase of property, plant and equipment and intangibles	116,660	109,887	61,696	61,332	60,961
Other	11,592	(26,675)	23,063	39,189	42,177
Total cash used	128,252	83,212	84,759	100,521	103,138
Net cash from/(used by) investing activities	(67,882)	(71,712)	(84,759)	(100,521)	(103,138)
FINANCING ACTIVITIES					
Cash used					
Repayments of borrowings	20,000	20,000	20,000	20,000	10,000
Dividends paid	14,000	-	-	-	-
Total cash used	34,000	20,000	20,000	20,000	10,000
Net cash from/(used by) financing activities	(34,000)	(20,000)	(20,000)	(20,000)	(10,000)
Cash and cash equivalents at the beginning of the reporting period	6,811	6,811	6,811	6,811	6,811
Cash and cash equivalents at the end of the reporting period	6,811	6,811	6,811	6,811	6,811

Prepared on Australian Accounting Standards basis.

Table 3.5: Departmental capital budget statement (for the period ended 30 June)

	2016–17 Estimated actual \$'000	2017–18 Budget \$'000	2018–19 Forward estimate \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000
PURCHASE OF NON-FINANCIAL ASSETS					
Funded internally from departmental resources	116,660	109,887	61,696	61,332	60,961
TOTAL	116,660	109,887	61,696	61,332	60,961
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	116,660	109,887	61,696	61,332	60,961
Total cash used to acquire assets	116,660	109,887	61,696	61,332	60,961

Prepared on Australian Accounting Standards basis.

Table 3.6: Statement of asset movements (Budget year 2017–18)

	Land	Buildings	Other property, plant and equipment	Computer software and intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2017					
Gross book value	224,968	635,504	677,495	119,668	1,657,635
Accumulated depreciation/ amortisation and impairment	(446)	(79,929)	(424,972)	(85,945)	(591,292)
Opening net book balance	224,522	555,575	252,523	33,723	1,066,343
Capital asset additions					
Estimated expenditure on new or replacement assets					
By purchase - appropriation ordinary annual services	-	36,823	62,064	11,000	109,887
Total additions	-	36,823	62,064	11,000	109,887
Other movements					
Depreciation/amortisation expense	-	(42,416)	(42,768)	(11,000)	(96,184)
Disposals					
From disposal of entities or					
Disposals/Writedowns	(9,246)	(2,254)	(20,000)	-	(31,500)
Disposals/Writedowns (Accumulated depreciation)	-	-	20,000	-	20,000
Total other movements	(9,246)	(44,670)	(42,768)	(11,000)	(107,684)
As at 30 June 2018					
Gross book value	215,722	670,073	719,559	130,668	1,736,022
Accumulated depreciation/amortisation and impairment	(446)	(122,345)	(447,740)	(96,945)	(667,476)
Closing net book balance	215,276	547,728	271,819	33,723	1,068,546

Prepared on Australian Accounting Standards basis