

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.
- To 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.
- To provide digital media services.
- To 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.

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The ABC is guided by the ABC Corporate Plan 2015–16, 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 national 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 2016–17 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 administered (on behalf of the government or the public) and departmental (for the entity'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 (i.e. appropriations/ cash available) basis, whilst the 'Budgeted expenses by 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 2016-17 as at Budget May 2016

	2015-16 estimated actual \$'000	2016-17 estimate \$'000
Opening balance/cash reserves at 1 July	8,790	8,790
Funds from Government		
Annual appropriations - ordinary annual services ^(a)		
Outcome 1	1,064,413	1,036,090
Annual appropriations - other services ^(b)		
Equity injection/Loan	20,000	-
<i>Total annual appropriations</i>	<i>1,084,413</i>	<i>1,036,090</i>
Total funds from Government	1,084,413	1,036,090
Funds from other sources		
Interest	8,169	8,028
Sale of goods and services	105,285	70,285
Total funds from other sources	113,454	78,313
Total net resourcing for the ABC	1,206,657	1,123,193
	2015-16	2016-17
Average staffing level (number)	4,275	4,194

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

(a) Appropriation Bill (No.1) 2016-17.

(b) Appropriation Bill (No.2) 2016-17.

1.3 BUDGET MEASURES

Budget measures in Part 1 relating to the ABC are detailed in Budget Paper No. 2 and are summarised below.

Table 1.2: Entity 2016-17 Budget measures

Part 1: Measures announced since the 2015-16 Mid-Year Economic and Fiscal Outlook (MYEFO)

Program	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000
Expense measures					
Australian Broadcasting Corporation – operational funding ^(a)					
Departmental expenses	-	13,536	13,804	14,077	-
Total	-	13,536	13,804	14,077	-
Total expense measures					
Departmental	-	13,536	13,804	14,077	-
Total	-	13,536	13,804	14,077	-

(a) This measure includes continuation of base funding to the ABC: of \$1,022.6 million in 2016-17; \$1,029.9 million in 2017-18; and \$1,036.5 million in 2018-19. As provision for this funding has already been included in the forward estimates, it has no net budget impact

Prepared on a Government Finance Statistics (fiscal) basis. Figures displayed as a negative (-) represent a decrease in funds and a positive (+) represent an increase in funds.

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.

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

Note:

From 1 July 2015, performance reporting requirements in the Portfolio Budget Statements sit alongside those required under the enhanced commonwealth performance framework. 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 from October 2016 – to provide an entity's complete performance story.

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 ABC intends to spend (on an accrual basis) on achieving the outcome, broken down by program, as well as by Administered and Departmental funding sources.

Table 2.1.1: Budgeted expenses for Outcome 1

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
Program 1.1: (ABC General Operational Activities)					
Revenue from Government Ordinary annual services (Appropriation Bill (No. 1))	870,530	837,962	841,821	844,726	860,459
Revenues from other independent sources	99,832	67,015	66,962	68,287	67,503
Total expenses for Program 1.1	970,362	904,977	908,783	913,013	927,962
Program 1.2: (ABC Transmission and Distribution Services)					
Revenue from Government Ordinary annual services (Appropriation Bill (No. 1))	193,883	198,128	201,906	205,862	209,722
Total expenses for Program 1.2	193,883	198,128	201,906	205,862	209,722
Outcome 1 totals by resource type					
Revenue from Government Ordinary annual services (Appropriation Bill (No. 1))	1,064,413	1,036,090	1,043,727	1,050,588	1,070,181
Revenues from other independent sources	99,832	67,015	66,962	68,287	67,503
Total expenses for Outcome 1	1,164,245	1,103,105	1,110,689	1,118,875	1,137,684
Average staffing level (number)					
	2015-16 4,275	2016-17 4,194			

Table 2.1.3: Performance criteria for Outcome 1

Table 2.1.3 below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2016-17 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
2015-16	Net reach of ABC services in Australia Percentage of Australians who value the ABC	Expected to meet criterion Maintain or improve on prior year Maintain or improve on prior year
2016-17	Net reach of ABC services in Australia Percentage of Australians who value the ABC	Maintain or improve on prior year Maintain or improve on prior year
2017-18 and beyond	As per 2016-17	As per 2016-17
Purposes	The ABC's purpose is to fulfil its functions as set out in the ABC Act, particularly the ABC Charter.	

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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.		
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.	
Performance information		
Year	Performance criteria	Targets
2015-16	Percentage of the Australian population which has access to ABC analog radio transmissions. Percentage of mainland state capital cities which have access to ABC digital radio transmissions. Percentage of the Australian population which has access to ABC digital television transmissions.	Expected to meet criterion At least 99% 100% At least 98%
2016-17	Percentage of the Australian population which has access to ABC analog radio transmissions. Percentage of mainland state capital cities which have access to ABC digital radio transmissions. Percentage of the Australian population which has access to ABC digital television transmissions.	At least 99% 100% At least 98%
2017-18 and beyond	As per 2016-17	As per 2016-17
Purposes	The ABC's purpose is to fulfil its functions as set out in the ABC Act, particularly the ABC Charter.	

Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of the ABC finances for the 2016-17 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 \$11.3 million in 2016-17. This predominantly represents a component of the Corporation's ongoing funding base that is received as part of revenues from Government, which is applied to debt financing.

ABC will receive revenue of \$3.1 billion in base funding and indexation over three years from 2016-17 to 2018-19, along with additional funding to support local news and current affairs services, as provided in this Budget.

Total revenues from Government is budgeted to decline by \$28.3 million in 2016-17 compared to 2015-16, reflecting terminating measures, and the impact of the 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. In 2015-16, the ABC Board announced its decision to exit the ABC's portfolio of retail shops, as outlined in the 2014-15 Annual Report, which has led to the reduction in ABC "own-source revenue".

Total expenses are budgeted to decrease by a net \$61 million overall for 2016-17. This is comprised principally of reduced expenditures relating to a terminating Triennial funding measure for Digital Content Delivery (\$14 million), lower funding for Enhanced News Services (\$7 million), increased efficiency savings of \$27 million, and reduced cost of goods sold due to the closure of the ABC's retail shops, offset by indexation on base funding. Implementation of efficiency savings has also resulted in increased employee costs for 2015-16 due to additional one-off termination payments.

Departmental balance sheet

The ABC's budgeted net asset position for 2016-17 of \$1.0 billion represents a decrease of \$2.7 million from the estimated actual for 2015-16. This comprises the budgeted operating surplus of \$11.3 million for 2016-17, being predominantly the annual base funding component applied to debt financing, offset by a return of capital to government of \$14.0 million as part of the Additional Efficiency Savings measure from 2014-15 MYEFO.

3.2 BUDGETED FINANCIAL STATEMENTS TABLES

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
EXPENSES					
Employee benefits	474,806	494,947	507,034	519,421	519,524
Suppliers	594,539	512,491	504,788	499,245	518,718
Depreciation and amortisation	92,217	92,217	96,184	98,292	98,292
Finance costs	2,683	3,450	2,683	1,917	1,150
Total expenses	1,164,245	1,103,105	1,110,689	1,118,875	1,137,684
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services	105,285	70,285	70,285	70,285	70,285
Interest	8,169	8,028	6,915	6,178	5,998
Total own-source revenue	113,454	78,313	77,200	76,463	76,283
Total own-source income	113,454	78,313	77,200	76,463	76,283
Net (cost of)/contribution by services	(1,050,791)	(1,024,792)	(1,033,489)	(1,042,412)	(1,061,401)
Revenue from Government	1,064,413	1,036,090	1,043,727	1,050,588	1,070,181
Surplus/(deficit) attributable to the Australian Government	13,622	11,298	10,238	8,176	8,780
OTHER COMPREHENSIVE INCOME					
Total comprehensive income	13,622	11,298	10,238	8,176	8,780
Total comprehensive income attributable to the Australian Government	13,622	11,298	10,238	8,176	8,780

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated Actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	8,790	8,790	8,790	8,790	8,790
Trade and other receivables	232,684	224,539	201,074	225,846	251,586
Other financial assets	8,151	8,151	8,151	8,151	8,151
Total financial assets	249,625	241,480	218,015	242,787	268,527
Non-financial assets					
Land and buildings	620,584	554,331	668,438	636,063	603,688
Property, plant and equipment	234,186	253,380	299,350	295,129	290,544
Intangibles	32,476	32,476	32,476	32,476	32,476
Inventories	115,790	115,790	115,790	115,790	115,790
Other non-financial assets	166,003	198,505	52,131	52,131	52,131
Total non-financial assets	1,169,039	1,154,482	1,168,185	1,131,589	1,094,629
Total assets	1,418,664	1,395,962	1,386,200	1,374,376	1,363,156
LIABILITIES					
Payables					
Suppliers	81,989	81,989	81,989	81,989	81,989
Other payables	18,914	18,914	18,914	18,914	18,914
Total payables	100,903	100,903	100,903	100,903	100,903
Interest bearing liabilities					
Loans	90,000	70,000	50,000	30,000	10,000
Total interest bearing liabilities	90,000	70,000	50,000	30,000	10,000
Provisions					
Employee provisions	172,899	172,899	172,899	172,899	172,899
Other provisions	1,903	1,903	1,903	1,903	1,903
Total provisions	174,802	174,802	174,802	174,802	174,802
Total liabilities	365,705	345,705	325,705	305,705	285,705
Net assets	1,052,959	1,050,257	1,060,495	1,068,671	1,077,451

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
EQUITY					
Parent entity interest					
Contributed equity	107,640	93,640	93,640	93,640	93,640
Reserves	666,560	666,560	666,560	666,560	666,560
Retained surplus (accumulated deficit)	278,759	290,057	300,295	308,471	317,251
Total parent entity interest	1,052,959	1,050,257	1,060,495	1,068,671	1,077,451
Total equity	1,052,959	1,050,257	1,060,495	1,068,671	1,077,451

Prepared on Australian Accounting Standards basis.

Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2016-17)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2016					
Balance carried forward from previous period	278,759	666,550	10	107,640	1,052,959
Adjusted opening balance	278,759	666,550	10	107,640	1,052,959
Comprehensive income					
Surplus/(deficit) for the period	11,298	-	-	-	11,298
Total comprehensive income	11,298	-	-	-	11,298
of which:					
Attributable to the Australian Government	11,298	-	-	-	11,298
Transactions with owners					
Distributions to owners					
Returns on capital:					
Dividends	-	-	-	(14,000)	(14,000)
Sub-total transactions with owners	-	-	-	(14,000)	(14,000)
Estimated closing balance as at 30 June 2017	290,057	666,550	10	93,640	1,050,257
Closing balance attributable to the Australian Government	290,057	666,550	10	93,640	1,050,257

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	1,064,413	1,036,090	1,043,727	1,050,588	1,070,181
Sale of goods and rendering of services	105,285	70,285	70,285	70,285	70,285
Interest	8,169	8,028	6,915	6,178	5,998
Other	75,327	61,566	61,516	56,146	58,005
Total cash received	1,253,194	1,175,969	1,182,443	1,183,197	1,204,469
Cash used					
Employees	474,806	494,947	507,034	519,421	519,524
Suppliers	594,539	512,491	504,788	499,245	518,718
Other	78,010	65,016	64,199	58,063	59,155
Total cash used	1,147,355	1,072,454	1,076,021	1,076,729	1,097,397
Net cash from/(used by) operating activities	105,839	103,515	106,422	106,468	107,072
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	-	39,000	-	-	-
Investments	-	14,000	-	-	-
Total cash received	-	53,000	-	-	-
Cash used					
Purchase of property, plant and equipment and intangibles	158,712	116,660	109,887	61,696	61,332
Other	(32,873)	5,855	(23,465)	24,772	25,740
Total cash used	125,839	122,515	86,422	86,468	87,072
Net cash from/(used by) investing activities	(125,839)	(69,515)	(86,422)	(86,468)	(87,072)

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
FINANCING ACTIVITIES					
Cash received					
Other	20,000	-	-	-	-
Total cash received	20,000	-	-	-	-
Cash used					
Repayments of borrowings	-	20,000	20,000	20,000	20,000
Dividends paid	-	14,000	-	-	-
Total cash used	-	34,000	20,000	20,000	20,000
Net cash from/(used by) financing activities	20,000	(34,000)	(20,000)	(20,000)	(20,000)
Net increase/(decrease) in cash held	-	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	8,790	8,790	8,790	8,790	8,790
Cash and cash equivalents at the end of the reporting period	8,790	8,790	8,790	8,790	8,790

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Loans - Appropriation Bill (No. 2)	20,000	-	-	-	-
Total new capital appropriations	20,000	-	-	-	-
Provided for:					
Purchase of non-financial assets	20,000	-	-	-	-
Total Items	20,000	-	-	-	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	20,000	-	-	-	-
Funded internally from departmental resources	138,712	116,660	109,887	61,696	61,332
TOTAL	158,712	116,660	109,887	61,696	61,332
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	158,712	116,660	109,887	61,696	61,332
Total cash used to acquire assets	158,712	116,660	109,887	61,696	61,332

Prepared on Australian Accounting Standards basis.

Table 3.6: Statement of asset movements (Budget year 2016-17)

	Land	Buildings	Other, property plant and equipment	Computer software and intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2016					
Gross book value	185,971	495,624	657,456	105,635	1,444,686
Accumulated depreciation/ amortisation and impairment	(231)	(60,780)	(423,270)	(73,159)	(557,440)
Opening net book balance	185,740	434,844	234,186	32,476	887,246
Capital asset additions					
Estimated expenditure on new or replacement assets					
By purchase - appropriation ordinary annual services	-	11,819	61,839	10,500	84,158
Total additions	-	11,819	61,839	10,500	84,158
Other movements					
Depreciation/amortisation expense	-	(39,072)	(42,645)	(10,500)	(92,217)
Disposals					
From disposal of entities or Disposals/Write-downs	(34,100)	(4,900)	(20,000)	-	(59,000)
Disposals/Write-downs - (Accumulated depreciation)	-	-	20,000	-	20,000
Total other movements	(34,100)	(43,972)	(42,645)	(10,500)	(131,217)
As at 30 June 2017					
Gross book value	151,871	502,543	699,295	116,135	1,469,844
Accumulated depreciation/amortisation and impairment	(231)	(99,852)	(445,915)	(83,659)	(629,657)
Closing net book balance	151,640	402,691	253,380	32,476	840,187

Prepared on Australian Accounting Standards basis