

**AUSTRALIAN  
BROADCASTING  
CORPORATION**

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## AUSTRALIAN BROADCASTING CORPORATION

### Section 1: Overview, appropriations and budget measures summary

#### OVERVIEW

The Australian Broadcasting Corporation (ABC) is a national broadcaster funded by and accountable to Parliament. It is one of the country's most important cultural institutions. It contributes to and reflects Australia's national identity, fosters creativity and the arts and encourages cultural diversity.

As a broadcaster, the ABC is an integral part of the radio, television and online production industries and the news and information media. The ABC also has an important role in technological developments such as multimedia and digital broadcasting. As a publicly funded national broadcaster the ABC can provide equity of access to traditional media and new media to all Australians.

The ABC's place in the broadcasting system is distinctive because of its Charter (section 6 of the *Australian Broadcasting Corporation Act 1983*). The Charter sets out its unique functions and duties, and other provisions under the ABC Act, give the Corporation particular responsibilities, such as providing an independent news service. The ABC is accountable to the Parliament and to the Australian people.

The functions, that Parliament has given to the ABC, are set out in the Charter of the Corporation (s6(1) of the *Australian Broadcasting Corporation Act 1983*). They are:

- (a) 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, without limiting the generality of the foregoing, to provide:
  - (i) broadcasting programs that contribute to a sense of national identity and inform and entertain, and reflect the cultural diversity of, the Australian community; and
  - (ii) broadcasting programs of an educational nature;
- (b) to transmit to countries outside Australia broadcasting programs of news, current affairs, entertainment and cultural enrichment that will:
  - (i) encourage awareness of Australia and an international understanding of Australian attitudes on world affairs; and
  - (ii) enable Australian citizens living or travelling outside Australia to obtain information about Australian affairs and Australian attitudes on world affairs; and
- (c) to encourage and promote the musical, dramatic and other performing arts in Australia.

The ABC Act guarantees the editorial and administrative independence of the Corporation from the Government. The ABC Board is charged with the duty 'to maintain the independence and integrity of the Corporation'.

The Government has granted the ABC with additional funding of \$17.8m per annum for four years. The ABC Board will need to consider how best to allocate this funding. It is anticipated however, that the largest component of these funds will be applied to regional and rural programs.

The ABC's Portfolio Budget Statements do not include coverage of Symphony Australia or the state symphony orchestras, as their funds are provided separately from ABC appropriations, through a direct grant agreement.

## **APPROPRIATIONS**

The total appropriation for the Corporation in 2001-02 Budget is \$745.165m. Additional funding provided by the Government to enable the ABC to televise programmes in digital format from 1 January onwards is shown separately under Outcome 3.

Table 1.1, on the following page, shows the total appropriations for the ABC for 2001-02 by the three outcomes, price of outputs and equity injections. Further information is provided on resourcing for each outcome in tables 2.1.1, 2.1.2 and 2.1.3.

The ABC has no Administered Expenses.

## Australian Broadcasting Corporation — Appropriations 2001-02

**Table 1.1: Appropriations and Other Revenue (\$'000)**

Outcome	Departmental (price of outputs)					Administered				
	Revenue from Government (appropriations)			Revenue from other sources <sup>(3)</sup>	Price of outputs <sup>(2)</sup>	Annual appropriation (\$'000)		Special approps	Total administered appropriation	Total appropriations
	Bill No. 1	Special approps	Total			Bill No. 1	Bill No. 2 (SPPs & NAOs) <sup>(1)</sup>			
	(A)	(B)	(C = A+B)	(D)	(E = C+D)	(F)	(G)	(H)	(I = F+G+H)	(J=C+I)
1. The ABC will create and deliver distinctive programming and services, inform, entertain and educate its audiences, and develop cultural and community identity	607,746	-	607,746	120,177	727,923	-	-	-	-	607,746
					83.5% <sup>(4)</sup>					
2. The ABC will maintain the scale and quality of analog terrestrial transmissio of its national networks, regional networks and Radio Australia programming which existed immediately prior to the privatisation of the National Transmission Network	73,393	-	73,393	-	73,393	-	-	-	-	73,393
					100% <sup>(4)</sup>					

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**Table 1.1: Appropriations and Other Revenue – (continued) (\$'000)**

Outcome	Departmental (price of outputs)				Administered			
	Revenue from Government (appropriations)		Revenue from other sources <sup>(3)</sup>	Price of outputs <sup>(2)</sup>	Annual appropriation	Special approps	Total administered appropriation	Total appropriations
3. The Australian community has access to ABC digital television services in accordance with agreed timetables and funding	29,426	-	29,426	-	29,426			29,426
					100% <sup>(4)</sup>			
<b>Total</b>	<b>710,565</b>		<b>710,565</b>		<b>830,742</b>			<b>710,565</b>
					Departmental capital (equity injections and loans)			34,600
					Administered capital			
					Total appropriations			745,165

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- Under the appropriation structure, Bill No. 2 includes Specific Purpose Payments (SPP's), New Agency Outcomes (NAO's), administered capital and departmental capital via departmental injections and loans.
- Refer to Budgeted Statement of Financial Performance (Operating Statement) for application of agency revenue.
- Revenue from other sources includes gross amounts generated by the ABC Enterprises as well as other non-business revenue, which offsets costs, such as co-production and interest. Non-appropriated departmental revenues are shown in Appendix 1. The ABC has no administered revenue.
- Percentage figure indicates the percentage contribution of Revenue from Government (Departmental Appropriations) to the Total Price of Outputs, by outcome.

**BUDGET MEASURES — AUSTRALIAN BROADCASTING CORPORATION SUMMARY**

**Table 1.2: Summary Of Measures Disclosed in the 2001-2002 Budget**

Measure	Outcome	Output groups affected	Appropriations budget 2001-02 (\$'000)			Appropriations estimate 2002-03 (\$'000)			Appropriations estimate 2003-04 (\$'000)			Appropriations estimate 2004-05 (\$'000)		
			Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total
Regional and Local Programming	1	1.1	NIL	17,800	17,800	NIL	17,800	17,800	NIL	17,800	17,800	NIL	17,800	17,800
East Perth Building Works	1	1.1	NIL	16,000	16,000	NIL	(400)	(400)	NIL	(400)	(400)	NIL	(400)	(400)

## **ADMINISTERED CAPITAL AND DEPARTMENTAL EQUITY INJECTIONS AND LOANS**

The ABC will receive an amount under the heading of equity injection/loan of \$34.6m in 2001-02, as indicated in Table 1.1, and as accounted for in the Capital Budget (see Tables 3.4 and 3.5), and Appropriation Bill Number 2, 2001-02. This amount comprises an equity injection of \$14.6m and a loan of \$20.0m.

The equity injection consists of the following components:

- an amount of \$4.2m to assist in phase 1 of the ABC's conversion to digital project, as announced in the 1998-99 Budget; and
- an amount of \$10.4m representing the Government's contribution for 2001-02 towards capital costs of phase 2 of the ABC's conversion to digital project.

In accordance with the Government's preference on risk management, the ABC now sources debt through the budget rather than from external financial markets.

As a result of this decision, in addition to the equity injection above, the ABC will draw down \$20m in loan funding from the Budget to fund expenditures on the Sydney Accommodation Project and phase 1 of the ABC's conversion to digital project.

The ABC will also draw down \$21m in loan funding from the 2002-03 Budget to fund expenditures on the East Perth Accommodation project.

The ABC has not been appropriated any administered capital for 2001-02.

## Section 2: Outcomes and outputs information

### **OUTCOMES AND OUTPUT GROUPS**

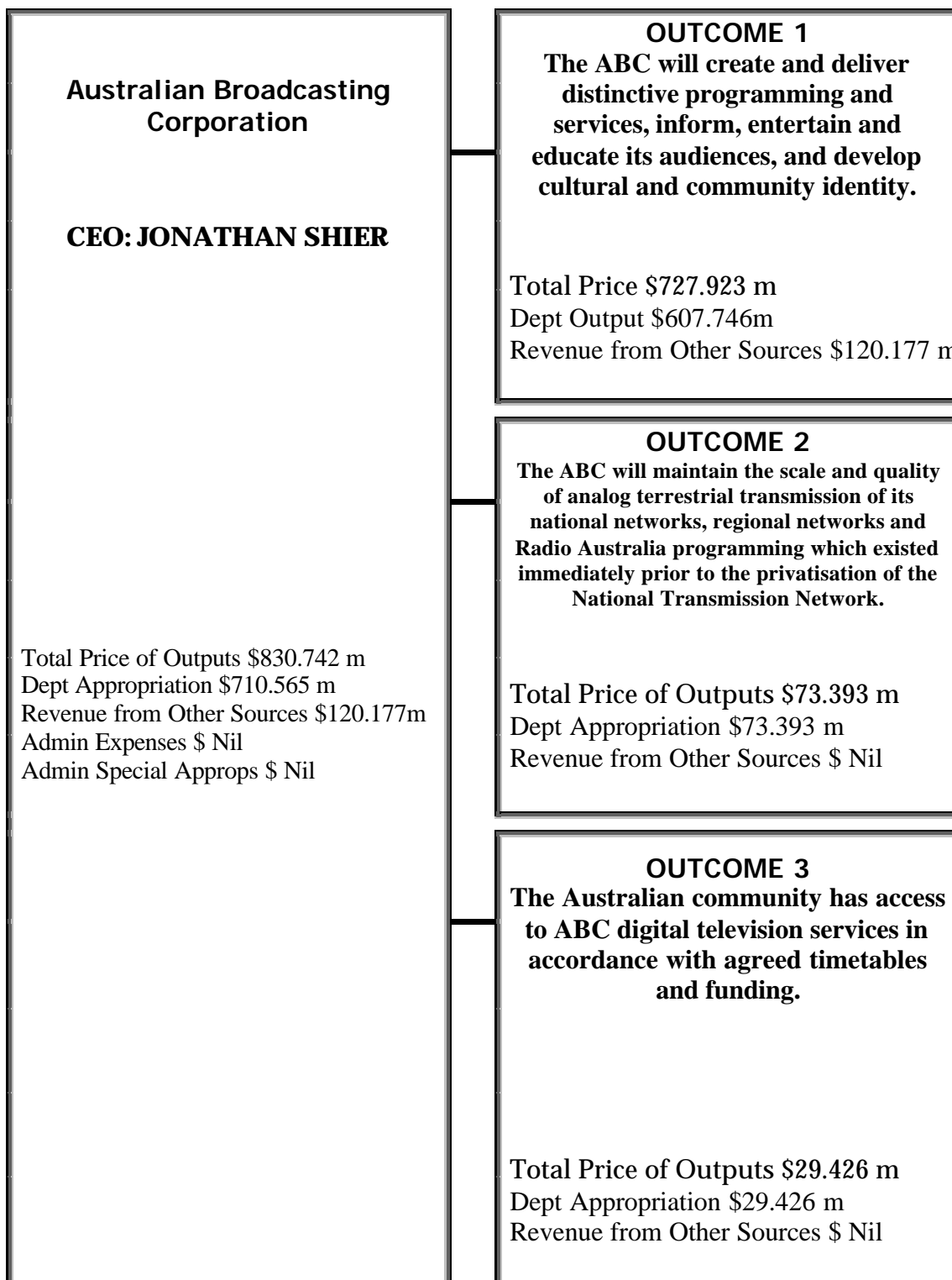
Chart 1, 2, 3 and 4 on the following pages show the relationship between outcomes and the contributing outputs for the Australian Broadcasting Corporation.

Financial details for Outcome 1 by outputs and output groups appears in table 2.1.1 (Total Resources for Outcome 1) while non-financial information for Outcome 1 appears in table 2.2.1 (Performance Information for Outcome 1).

Financial details for Outcome 2 by outputs and output groups appears in table 2.1.2 (Total Resources for Outcome 2) while non-financial information for Outcome 2 appears in table 2.2.2 (Performance Information for Outcome 2).

Financial details for Outcome 3 by outputs and output groups appears in table 2.1.3 (Total Resources for Outcome 3) while non-financial information for Outcome 3 appears in table 2.2.3 (Performance Information for Outcome 3).

**Chart 1: Outcome Structure**





## **CHANGES TO OUTCOMES AND OUTPUTS**

For 2001-02 and forward years, additional funding provided by the Government to enable the ABC to televise programmes in digital format from 1 January 2001 onwards is shown separately, under outcome 3. Also, the ABC's Corporate and Divisional Plans will undergo a review and any changes resulting from this process will be reflected in subsequent PBS or Annual Report documents.

### **OUTCOME 1 —DESCRIPTION**

**The ABC will create and deliver distinctive programming and services, inform, entertain and educate its audiences, and develop cultural and community identity.**

The ABC seeks to achieve this outcome by:

- Positioning the ABC to serve audiences, no matter where they live or by what means they access electronic media, by using strength in content across radio, television and online services; and
- Providing a mix of services designed to acknowledge the diverse needs of audiences to connect Australians with their local communities, the nation and the world.

Two output groups support Outcome 1 for the ABC. They are (1.1) national networks and (1.2) local and regional services. Both these outputs reflect and support the Corporation's strategies listed above.

**Measures affecting Outcome 1****East Perth Building Works****Capital (\$m)**

	2001-02	2002-03	2003-04	2004-05
Australian Broadcasting Corporation	16.0	-0.4	-0.4	-0.4

**Explanation**

The Government will provide a loan of up to \$21 million to the Australian Broadcasting Corporation to assist the Corporation to finance the purchase of new office and studio facilities in East Perth. These will replace inadequate buildings and facilities at the existing Adelaide Terrace site. The total cost of the building works is estimated to be \$28.5 million. The Australian Broadcasting Corporation will meet the remaining \$7.5 million cost from cash reserves (\$1.9 million) and a diversion of its planned capital expenditure (\$5.6 million). It is expected that \$6.9m of the total cost will be spent in 2000-01. The East Perth premises will provide modern, digitally equipped facilities, enhancing the Australian Broadcasting Corporation's capacity to meet the challenges of a modern media environment. The current facilities at Adelaide Terrace will be sold and the proceeds used to assist the Australian Broadcasting Corporation's conversion to digital technology. The Joint Standing Committee on Public Works has approved the Perth Accommodation Project. The figures beyond 2001-02 in the above table represent depreciation of the asset.

**Regional and local programming****Expense (\$m)**

	2001-02	2002-03	2003-04	2004-05
Australian Broadcasting Corporation	17.8	17.8	17.8	17.8

**Explanation**

The Government will provide \$71.2 million over four years to the Australian Broadcasting Corporation. It is anticipated that most of these funds will provide additional regional and local programming across all media. This will allow the Australian Broadcasting Corporation to broaden its coverage of regional and local events, present regional perspectives to a national audience and convert regional radio stations to multimedia broadcast centres.

**OUTCOME 1 — RESOURCING**

Table 2.1.1 shows how the 2001-02 appropriations translate to total resourcing for outcome 1, including Administered Expenses, Revenue from Government (Appropriation), Revenue from other sources, and the Total Price of Outputs.

**Table 2.1.1: Total Resources for Outcome 1 (\$'000)**

	Estimated actual 2000-01 \$'000	Budget estimate 2001-2002 \$'000
<b>Administered appropriations</b>	-	-
<b>Total administered appropriations</b>	-	-
<b>Departmental appropriations</b>		
Output 1.1 - National Networks	336,937	369,857
Output 1.2 - Local and Regional Services	216,715	237,889
<b>Total revenue from government (appropriations)</b>	<b>553,652</b>	<b>607,746</b>
<b>Contributing to price of departmental outputs</b>	81.8%	83.5%
<b>Revenue from other sources</b>		
Output 1.1 - National Networks	75,136	73,137
Output 1.2 - Local and Regional Services	48,326	47,040
<b>Total revenue from other sources</b>	<b>123,462</b>	<b>120,177</b>
<b>Total price from departmental outputs</b> <i>(Total revenue from Government and from other sources)</i>	677,114	727,923
<b>Total estimated resourcing for outcome 1</b> <i>(Total price of outputs and admin expenses)</i>	<b>677,114</b>	<b>727,923</b>
	2000-01	2001-02
<b>Average staffing level (number)</b>	4,200	4,200

## **OUTCOME 1 — CONTRIBUTION OF OUTPUTS**

The ABC's output groups of national networks and local and regional services are underpinned by a set of major strategies for each group, which are relevant to Outcome 1. These strategies are set out below.

### **OUTPUT 1.1**

**Through its national networks, the ABC will satisfy diverse audience needs, nationally and internationally, through the delivery of innovative and distinctive programs and services across television, radio and online media.**

#### **MAJOR STRATEGIES**

- Broadcast, and deliver online, broad appeal and specialised programming, which is recognised for its independence, quality, innovation and relevance to audiences.
- Broadcast, and deliver online, an independent and authoritative news and current affairs service that encompasses international, national and local coverage of events and issues.
- Identify and respond to changing and diverse audience needs and develop initiatives to attract new audiences to ABC programs and services.
- Maintain close ties with in-house and independent producers, creative communities and relevant Government agencies to ensure access to the best ideas and cost-effective programming.
- Maintain a commitment to Australian programming, promote the arts and encourage new talent.
- Encourage and develop a cross-media approach to programming.

### **OUTPUT 1.2**

**Through its local and regional services, the ABC will provide an Australia-wide focus to the ABC's relationship with diverse audience groups; and deliver quality local programs on radio, television and online to meet the need of metropolitan, regional and rural audiences.**

#### **MAJOR STRATEGIES**

- Produce and broadcast local radio and local television programming including sports and events coverage, and commission independent news and current affairs for metropolitan, regional and rural audiences.
- Position local and regional radio, television and online services in the Australian media environment, and promote services at the local, regional and national levels.
- Maintain a commitment to Australian music and artistic content and encourage the development of new Australian talent.
- Research, analyse and develop programming responses to changing and diverse audience needs and interests.
- Represent the ABC in the community and actively participate in the life of regional and rural communities.
- Facilitate community debate on important local issues and reflect the cultural and regional diversity of Australia.

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- Investigate opportunities and develop options for increasing audience access to local and regional services through online initiatives.

Table 2.2.1 below provides information on the strategies chosen to deliver Outcome 1, and shows the links between the outputs and the outcome.

**Table 2.2.1 Performance Information for Outcome 1**

<b>Effectiveness – Overall Achievement of the Outcome</b>	
<ul style="list-style-type: none"> <li>• Results of audience surveys.</li> <li>• Combined results for audience reach and share for radio, television and online.</li> </ul>	
<b>Performance Information for Departmental Outputs</b>	
<b>Output 1</b>	
Output 1.1 – National Networks	<p><b>Quality</b></p> <ul style="list-style-type: none"> <li>• Positive qualitative audience response.</li> <li>• Community and peer recognition.</li> </ul> <p><b>Quantity</b></p> <ul style="list-style-type: none"> <li>• Audience share and reach.</li> <li>• Geographic reach of Radio Australia measured by delivery system capabilities.</li> <li>• <b>Australian content levels on each network (music on radio).</b></li> </ul> <p><b>Price</b></p> <ul style="list-style-type: none"> <li>• Total price of outputs \$442.994m</li> </ul>

**Table 2.2.1 Performance information for Outcome 1  
(continued)**

Output 1.2 – Local and Regional Services	<p><b>Quality</b></p> <ul style="list-style-type: none"> <li>• Positive qualitative audience response.</li> <li>• Community and peer recognition.</li> </ul> <p><b>Quantity</b></p> <ul style="list-style-type: none"> <li>• Audience share and reach for Local Radio.</li> <li>• Australian music content levels (performance) on Local Radio.</li> <li>• Locally produced television programs to perform at or better than the program it replaces.</li> <li>• <b>Number of visits to Local and Regional Services Online sites.</b></li> </ul> <p><b>Price</b></p> <ul style="list-style-type: none"> <li>• Total price of outputs - \$284.929m</li> </ul>
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### Evaluations

Evaluations planned in 2001-02 include surveys to assess the level of audience appreciation of the ABC.

### Competitive tendering and contracting

The ABC has established a framework to ensure the contestability of a proportion of its program production. The ABC Board has agreed that between 10% and 15% of the annual program budget (excluding News and Current Affairs) is contestable. In consultation with the independent program production sector, the ABC has drawn up special guidelines for contestable bids, to take account of the unique nature of the program making industry. Program bids are open to both external program producers and ABC program producers.

Contestable programming commissioned from external program producers is in addition to any other commissioned and purchased programs and co-production contracts that are entered into with external producers from time to time.

The ABC also competitively tenders a number of other major contracts on an ongoing basis including cleaning, security, building maintenance, vehicle fleet and travel services.



## **OUTCOME 2 – DESCRIPTION**

**The ABC will maintain the scale and quality of analog terrestrial transmission of its national networks, regional networks and Radio Australia programming that existed immediately prior to the privatisation of the National Transmission Network.**

The ABC, through funds provided under its Outcome 1 appropriation, delivers its radio and television programming streams to the interface at the existing analog terrestrial transmission sites around Australia.

Through a Domestic Analog Transmission Services Contract, and a Radio Australia Transmission Services Contract, the ABC then oversees the analog terrestrial transmission of its services by the new owner of the National Transmission Network, ntl Australia Pty Ltd.

At the time of the agreement between the ABC and the Federal Government in February 1999 which passed responsibility for analog terrestrial transmission to the ABC, 11 new analog terrestrial transmission services had been committed to by the Government but not implemented.

The Government is now providing additional funding to the ABC under Outcome 2 for the implementation of these new services.

### **Measures affecting outcome 2**

There are no Government Budget Measures affecting Outcome 2 for the ABC in 2001-02.

**OUTCOME 2 — RESOURCING**

Table 2.1.2 shows how the 2001-02 appropriations translate to total resourcing for outcome 2, including Administered Expenses, Revenue from Government (Appropriation), Revenue from other sources, and the Total Price of Outputs.

**Table 2.1.2: Total Resources for Outcome 2 (\$'000)**

	Estimated actual 2000-01 \$'000	Budget estimate 2001-2002 \$'000
<b>Administered appropriations</b>	-	-
<b>Total administered appropriations</b>	-	-
<b>Departmental appropriations</b>		
Output 2.1 - Analog Terrestrial Transmission and enhancements to Analog Terrestrial Transmission	69,269	73,393
<b>Total revenue from government (appropriations)</b>	<b>69,269</b>	<b>73,393</b>
<b>Contributing to price of departmental output</b>	100%	100%
<b>Revenue from other sources</b>		
Output 2.1 - Analog Terrestrial Transmission and enhancements to Analog Terrestrial Transmission	-	-
<b>Total revenue from other sources</b>	-	-
<b>Total price from departmental outputs</b> <i>(Total revenue from Government and from other sources)</i>	69,269	73,393
<b>Total estimated resourcing for outcome 2</b> <i>(Total price of outputs and admin expenses)</i>	<b>69,269</b>	<b>73,393</b>
	2000-01	2001-02
<b>Average staffing level (number)</b>	-	-

## OUTCOME 2 — CONTRIBUTION OF OUTPUTS

To achieve Outcome 2 the ABC will:

- Maximise the quality of reception by audiences of those ABC terrestrially transmitted analog broadcasting services which existed immediately prior to the privatisation of the National Transmission Network;
- Minimise interruptions to ABC terrestrially transmitted analog broadcasting services which existed immediately prior to the privatisation of the National Transmission Network;
- In consultation with the new owner of the National Transmission Network, develop more appropriate reporting relating to the quality of ABC terrestrial transmission services.

Table 2.2.2 below provides information on the strategies chosen to deliver Outcome 2, and shows the links between the output and the outcome.

**Table 2.2.2 Performance Information for Outcome 2**

<b>Effectiveness – Overall Achievement of the Outcome</b>	
<ul style="list-style-type: none"> <li>• The number of ABC analog terrestrial transmission services.</li> <li>• Information from monitoring system of new owner of the NTN</li> </ul>	
<b>Performance Information for Departmental Outputs</b>	
<b>Output 2</b>	
<b>Output 2.1 – Analog Terrestrial Transmission</b>	<p><b>Quality</b></p> <ul style="list-style-type: none"> <li>• Improvements in the level of reporting in relation to the ABC's analog terrestrial transmission services compared with the reporting available immediately prior to the privatisation of the National Transmission Network.</li> </ul> <p><b>Quantity</b></p> <ul style="list-style-type: none"> <li>• Comparison of the number of individual analog terrestrial transmission services provided by the ABC with the number of such services provided immediately prior to the privatisation of the NTN.</li> <li>• Comparison of the level of outages experienced by the ABC's analog terrestrial transmission services with outages relating to the same services immediately prior to the sale of the NTN.</li> </ul> <p><b>Price</b></p> <ul style="list-style-type: none"> <li>• Total price of outputs - \$73.393m</li> </ul>

### Evaluations

Evaluations planned in 2001-02 include surveys to assess the level of audience appreciation of the ABC.



### **OUTCOME 3 — DESCRIPTION**

**The Australian community has access to ABC digital television services in accordance with agreed timetables and funding.**

The Australian community has access to ABC digital television services in accordance with agreed timetables and funding.

The ABC, through funds provided under its Outcome 1 and Outcome 2 appropriations, delivers its radio and television programming streams which are broadcast from the existing analog terrestrial transmission sites around Australia.

Outcome 3 provides for the televising of programs in a digital format. Funding under this Outcome provides the capacity to distribute and transmit the digital signal, simulcasted alongside the existing analogue signal. The amount appropriated in 2000-02 also includes an amount to reimburse the ABC for costs incurred in the first six months of digital broadcasting, from January to June 2001.

#### **Measures affecting outcome 3**

There are no Government Budget Measures affecting Outcome 3 for the ABC in 2001-02.

**OUTCOME 3 — RESOURCING**

Table 2.1.3 shows how the 2001-02 appropriations translate to total resourcing for outcome 3, including Administered Expenses, Revenue from Government (Appropriation), Revenue from other sources, and the Total Price of Outputs.

**Table 2.1.3: Total Resources for Outcome 3 (\$'000)**

	Estimated actual 2000-01 \$'000	Budget estimate 2001-2002 \$'000
<b>Administered appropriations</b>	-	-
<b>Total administered appropriations</b>	-	-
<b>Departmental appropriations</b>		
Output 3.1 - Digital Terrestrial Transmission and Distribution	-	29,426
<b>Total revenue from government (appropriations)</b>	-	<b>29,426</b>
<b>Contributing to price of departmental outputs</b>		100%
<b>Revenue from other sources</b>		
Output 3.1 - Digital Terrestrial Transmission and Distribution	-	-
<b>Total revenue from other sources</b>	-	-
<b>Total price from departmental outputs</b> <i>(Total revenue from Government and from other sources)</i>	-	29,426
<b>Total estimated resourcing for outcome 3</b> <i>(Total price of outputs and admin expenses)</i>	-	<b>29,426</b>
	2000-01	2001-02
<b>Average staffing level (number)</b>	-	-

### OUTCOME 3 — CONTRIBUTION OF OUTPUTS

To achieve Outcome 3 the ABC will:

- Provide distribution to all Digital Terrestrial Broadcasting transmission sites.
- Deliver the transmission of the Digital Terrestrial Television Broadcasting services to the Australian public in accordance with approved Implementation Plans.

Table 2.2.3 below provides information on the strategies chosen to deliver Outcome 3, and shows the links between the outputs and the outcome.

**Table 2.2.3 Performance Information for Outcome 3**

<b>Effectiveness – Overall Achievement of the Outcome</b>	
<ul style="list-style-type: none"> <li>• The degree to which the Australian population has access to ABC digital television transmissions.</li> <li>• The availability of the digital network.</li> </ul>	
<b>Performance Information for Departmental Outputs</b>	
<b>Output 3</b>	
Output 3.1 – Digital terrestrial transmission and distribution	<p><b>Quality</b></p> <ul style="list-style-type: none"> <li>• That each terrestrial facility operates within the limits set by the relevant Transmitter Licence and the approved Implementation Plans.</li> </ul> <p><b>Quantity</b></p> <ul style="list-style-type: none"> <li>• The number of digital terrestrial television facilities in operation against the approved Implementation Plans.</li> </ul> <p><b>Price</b></p> <ul style="list-style-type: none"> <li>• Total price of outputs - \$29.426m</li> </ul>

### Evaluations

Evaluations planned in 2001-02 include reviewing the performance of external providers against their contractual obligations to the ABC.

## Section 3: Budgeted Financial Statements

### **DEPARTMENTAL STATEMENTS**

#### **Budgeted Departmental Statement of Financial Performance (Operating Statement)**

This statement provides a picture of the expected financial results for the ABC by identifying full accrual expenses and revenues, which highlights whether the ABC is operating at a sustainable level in the short run.

#### **Budgeted Departmental Statement of Financial Position (Balance Sheet)**

Shows the financial position of the ABC and whether the ABC's financial strength is likely to improve or worsen. It enables decision-makers to track the management of the ABC's assets and liabilities and, in conjunction with information on forecast cash flows, whether the ABC is financially viable in the long run.

#### **Budgeted Departmental Statement of Cash Flows**

Budgeted cash flows, as reflected in the statement of cash flows, provides important information on the extent and nature of cash flows by categorizing them into expected cash flows from operating activities, investing activities and financing activities.

#### **Departmental Capital Budget Statement**

Shows all proposed capital expenditure funded either through the Budget as Appropriation by equity injections or as funds from internal sources.

#### **Departmental Non-financial Assets – Summary of Movement**

Shows budgeted acquisitions and disposals of non-financial assets during the budget year.

**Table 3.1: Budgeted Departmental Statement of Financial Performance (Operating Statement)**  
*for the period ended 30 June*

	Estimated actual 2000-01 \$'000	Budget estimate 2001-02 \$'000	Forward estimate 2002-03 \$'000	Forward estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000
<b>Revenues from ordinary activities</b>					
Revenue from government	622,921	710,565	736,205	757,824	780,016
Sales of goods and services	117,437	114,000	116,280	118,606	120,978
Interest	6,025	6,177	6,332	6,459	6,612
Dividends					
Net gains from sales of assets					
Other					
<b>Total revenues from ordinary activities</b>	<b>746,383</b>	<b>830,742</b>	<b>858,817</b>	<b>882,889</b>	<b>907,606</b>
<b>Expenses from ordinary activities (excluding borrowing costs expense)</b>					
Employees	300,115	307,604	315,282	320,011	325,263
Suppliers	317,956	374,091	379,781	387,728	404,211
Grants					
Depreciation and amortisation	56,756	65,899	75,102	78,319	83,319
Write down of assets					
Net losses from sales of assets					
Other					
<b>Total expenses from ordinary activities (excluding borrowing costs expense)</b>	<b>674,827</b>	<b>747,594</b>	<b>770,165</b>	<b>786,058</b>	<b>812,793</b>
Borrowing cost expense	9,987	8,237	9,163	10,762	9,043
<b>Net surplus or deficit from ordinary activities</b>	<b>61,569</b>	<b>74,911</b>	<b>79,489</b>	<b>86,069</b>	<b>85,770</b>
Gain or loss on extraordinary items					
<b>Net surplus or deficit</b>	<b>61,569</b>	<b>74,911</b>	<b>79,489</b>	<b>86,069</b>	<b>85,770</b>
Capital use charge	(61,569)	(59,260)	(62,591)	(69,052)	(70,924)
<b>Net surplus or deficit after capital use charge</b>	<b>-</b>	<b>15,651</b>	<b>16,898</b>	<b>17,017</b>	<b>14,846</b>

**Table 3.2: Budgeted Departmental Statement of Financial Position (Balance Sheet) as at 30 June**

	Estimated actual 2000-01 \$'000	Budget estimate 2001-02 \$'000	Forward estimate 2002-03 \$'000	Forward estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash	21,937	5,579	26,303	41,332	38,369
Receivables	99,207	74,207	69,207	59,717	82,927
Investments	1,887	1,887	1,887	1,887	1,887
Accrued revenues	-	-	-	-	-
Other	-	-	-	-	-
<b>Total financial assets</b>	<b>123,031</b>	<b>81,673</b>	<b>97,397</b>	<b>102,936</b>	<b>123,183</b>
<b>Non-financial assets</b>					
Land and buildings	398,805	390,805	480,119	471,963	463,807
Infrastructure, plant and equipment	210,475	242,804	296,311	299,294	302,007
Inventories	57,568	57,568	57,568	57,568	57,568
Intangibles	12,789	9,012	5,235	1,458	-
Other	61,351	133,481	19,511	19,511	19,511
<b>Total non-financial assets</b>	<b>740,988</b>	<b>833,670</b>	<b>858,744</b>	<b>849,794</b>	<b>842,893</b>
<b>Total assets</b>	<b>864,019</b>	<b>915,343</b>	<b>956,141</b>	<b>952,730</b>	<b>966,076</b>
<b>LIABILITIES</b>					
<b>Debt</b>					
Loans	190,000	210,000	191,000	169,500	168,000
Leases	-	-	-	-	-
Deposits	-	-	-	-	-
Overdrafts	-	-	-	-	-
Other	-	-	-	-	-
<b>Total debt</b>	<b>190,000</b>	<b>210,000</b>	<b>191,000</b>	<b>169,500</b>	<b>168,000</b>
<b>Provisions and payables</b>					
Employees	101,070	102,116	103,175	104,247	104,247
Suppliers	34,222	34,222	34,222	34,222	34,222
Grants	-	-	-	-	-
Other	-	-	-	-	-
<b>Total provisions and payables</b>	<b>135,292</b>	<b>136,338</b>	<b>137,397</b>	<b>138,469</b>	<b>138,469</b>
<b>Total liabilities</b>	<b>325,292</b>	<b>346,338</b>	<b>328,397</b>	<b>307,969</b>	<b>306,469</b>
<b>EQUITY</b>					
Capital	74,513	89,140	130,981	130,981	130,981
Reserves	267,191	267,191	267,191	267,191	267,191
Accumulated surpluses or deficits	197,023	212,674	229,572	246,589	261,435
<b>Total equity</b>	<b>538,727</b>	<b>569,005</b>	<b>627,744</b>	<b>644,761</b>	<b>659,607</b>
Current liabilities	135,292	210,000	191,000	169,500	168,000
Non-current liabilities	190,000	136,338	137,397	138,469	138,469
Current assets	123,031	81,673	97,397	102,936	123,183
Non-current assets	740,988	833,670	858,744	849,794	842,893

**Table 3.3: Budgeted Departmental Statement of Cash Flows  
for the period ended 30 June**

	Estimated actual 2000-01 \$'000	Budget estimate 2001-02 \$'000	Forward estimate 2002-03 \$'000	Forward estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations for outputs	622,921	710,565	736,205	757,824	780,016
Sales of goods and services	117,437	114,000	116,280	118,606	120,978
Interest	6,025	6,177	6,332	6,459	6,612
Other	43,245	47,132	48,051	49,081	51,029
<b>Total cash received</b>	<b>789,628</b>	<b>877,874</b>	<b>906,868</b>	<b>931,970</b>	<b>958,635</b>
<b>Cash used</b>					
Employees	299,081	306,558	314,223	318,939	324,178
Suppliers	317,956	374,091	379,781	387,728	404,211
Grants					
Interest	9,987	8,237	9,163	10,762	9,043
Other	43,245	47,132	48,051	49,081	51,029
<b>Total cash used</b>	<b>670,269</b>	<b>736,018</b>	<b>751,218</b>	<b>766,510</b>	<b>788,461</b>
<b>Net cash from operating activities</b>	<b>119,359</b>	<b>141,856</b>	<b>155,650</b>	<b>165,460</b>	<b>170,174</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Proceeds from sales of property, plant and equipment	6,050	38,110	2,000	-	-
Repayments of loans made	-	-	-	-	-
Other	-	25,000	5,000	9,490	-
<b>Total cash received</b>	<b>6,050</b>	<b>63,110</b>	<b>7,000</b>	<b>9,490</b>	<b>-</b>
<b>Cash used</b>					
Purchase of property, plant and equipment	140,848	196,691	102,176	69,369	76,418
Loans made	-	-	-	-	-
Other	-	-	-	-	-
<b>Total cash used</b>	<b>140,848</b>	<b>196,691</b>	<b>102,176</b>	<b>69,369</b>	<b>76,418</b>
<b>Net cash from investing activities</b>	<b>(134,798)</b>	<b>(133,581)</b>	<b>(95,176)</b>	<b>(59,879)</b>	<b>(76,418)</b>
<b>FINANCIAL ACTIVITIES</b>					
<b>Cash received</b>					
Proceeds from issuing equity instruments	41,309	14,627	41,841	-	-
Proceeds from debt	117,799	20,000	31,000	20,000	-
Other					
<b>Total cash received</b>	<b>159,108</b>	<b>34,627</b>	<b>72,841</b>	<b>20,000</b>	<b>-</b>

**Table 3.3: Budgeted Departmental Statement of Cash Flows  
(continued)  
for the period ended 30 June**

	Estimated actual 2000-01 \$'000	Budget estimate 2001-02 \$'000	Forward estimate 2002-03 \$'000	Forward estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000
<b>Cash used</b>					
Repayments of debt	64,719	-	50,000	41,500	25,795
Capital use and dividends paid	61,569	59,260	62,591	69,052	70,924
Other					
<b>Total cash used</b>	<b>126,288</b>	<b>59,260</b>	<b>112,591</b>	<b>110,552</b>	<b>96,719</b>
<b>Net cash from financing activities</b>	<b>32,820</b>	<b>(24,633)</b>	<b>(39,750)</b>	<b>(90,552)</b>	<b>(96,719)</b>
<b>Net increase in cash held</b>	<b>17,381</b>	<b>(16,358)</b>	<b>20,724</b>	<b>15,029</b>	<b>(2,963)</b>
Cash at the beginning of the reporting period	4,556	21,937	5,579	26,303	41,332
<b>Cash at the end of the reporting period</b>	<b>21,937</b>	<b>5,579</b>	<b>26,303</b>	<b>41,332</b>	<b>38,369</b>

**Table 3.4: Departmental Capital Budget Statement**

	Estimated actual 2000-01 \$'000	Budget estimate 2001-02 \$'000	Forward estimate 2002-03 \$'000	Forward estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000
<b>CAPITAL APPROPRIATIONS</b>					
Total equity injections	41,309	14,600	41,860	-	-
Total loans	100,000	20,000	31,000	20,000	-
<b>Represented by:</b>					
Purchase of non-current assets	84,109	30,400	27,400	20,000	-
Other	57,200	4,200	45,460	-	-
<b>Total</b>	<b>141,309</b>	<b>34,600</b>	<b>72,860</b>	<b>20,000</b>	<b>-</b>
<b>PURCHASE OF NON-CURRENT ASSETS</b>					
Funded by capital appropriations	84,109	30,400	27,400	20,000	-
Funded internally by Departmental resources	14,899	94,161	69,286	49,369	76,418
<b>Total</b>	<b>99,008</b>	<b>124,561</b>	<b>96,686</b>	<b>69,369</b>	<b>76,418</b>

The Equity Injections include an amount to assist in digital conversion announced in the 1998-99 Budget and Government contributions towards the capital costs of phase 2 of the ABC's conversion to digital project announced in the 2000-01 Budget.

In addition to this, the ABC will draw down \$20m in loan funding from the 2001-02 Budget to fund expenditures on the Sydney Accommodation Project and phase 1 of the ABC's conversion to digital project.

**Table 3.5: Departmental Non-financial Assets — Summary of Movement (Budget Year 2001-02)**

	Land	Buildings	Total Land and Buildings	Other Infrastructure Plant and Equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>GROSS VALUE</b>						
<i>As at 1 July 2001 (opening)</i>	87,305	346,025	433,330	535,039	24,770	993,139
Additions	-	-	-	124,561	-	124,561
Disposals	-	-	-	(42,110)	-	(42,110)
Other movements	-	-	-	-	-	-
<i>As at 30 June 2002 (closing)</i>	87,305	346,025	433,330	617,490	24,770	1,075,590
<b>ACCUMULATED DEPRECIATION</b>						
<i>As at 1 July 2001 (opening)</i>	54	34,471	34,525	324,564	11,981	371,070
Disposals	-	-	-	(4,000)	-	(4,000)
Charge for the reporting period	-	8,000	8,000	54,122	3,777	65,899
Other movements	-	-	-	-	-	-
<i>As at 30 June 2002 (closing)</i>	54	42,471	42,525	374,686	15,758	432,969
<b>Net book value</b>						
<b>As at 30 June 2002 (closing book value)</b>	<b>87,251</b>	<b>303,554</b>	<b>390,805</b>	<b>242,804</b>	<b>9,012</b>	<b>642,621</b>
<b>Net book value</b>						
<b>as at 1 July 2002 opening book value)</b>	<b>87,251</b>	<b>311,554</b>	<b>398,805</b>	<b>210,475</b>	<b>12,789</b>	<b>622,069</b>
<b>TOTAL ADDITIONS</b>						
Self funded	-	-	-	94,161	-	94,161
Appropriations	-	-	-	30,400	-	30,400
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>124,561</b>	<b>-</b>	<b>124,561</b>

## NOTES TO THE FINANCIAL STATEMENTS

### Departmental

#### **Note 1 - Appropriations**

Under ABC's triennial funding arrangement with the Commonwealth Government, the ABC has an agreed ongoing funding base that is indexed each year. This base funding is allocated within the ABC to programming, project and other activities according to priorities determined by the ABC Board. To accommodate the Accrual Budgeting Framework presentation of information in this document and on initial advice from the Department of Finance and Administration, the ABC has been presenting a component of its ongoing funding base applied to debt financing as part of the Equity Injection figure. This treatment was causing some distortions in the ABC's financial statements. Following subsequent discussions with the Department of Finance and Administration, these amounts will be shown as revenues on the Operating Statement from 2001-02 onwards, with a resulting operating surplus which is then fully applied to debt financing. (refer to Tables 1.1 and 3.4)

#### **Note 2 - Depreciation**

The amount of depreciation and amortisation in the Budgeted Statement of Revenues and Expenses shows an increase each year. This is due to additional capital expenditure, particularly in respect of digital equipment.

#### **Note 3 - Debt**

In accordance with the Government's preference on risk management, the ABC now sources debt through the budget rather than from external financial markets.

As a result of this decision, the ABC will source all new debt funding from the Budget to fund existing financial instruments as they mature as well as expenditures on the Sydney Accommodation Project and phase 1 of the ABC's conversion to digital project.

#### **Note 4 - Equity Injection**

An amount of \$14.6m is included in the 2001-02 Capital Budget as an equity injection. This comprises two components. The first component is an amount of \$4.2m to assist in phase 1 of the conversion to digital television, as announced in the 1998-99 Budget. The second component is an amount of \$10.4m to assist in phase 2 of the conversion to digital television, as announced in the 2000-01 Budget.

The equity injection figure for 2002-03 also includes an estimated contribution of \$31m towards retirement of outstanding debt relating to phase 1 of the ABC's conversion to digital project, pursuant to an undertaking from the Commonwealth Government.

Part C: Agency Budget Statements — ABC

**Note 5 - Loans**

In accordance with the Governments preference on risk management, the ABC now sources debt through the budget rather than from external financial markets.

As a result of this decision, in addition to the equity injection above, the ABC will draw down \$20m in loan funding from the Budget to fund expenditures on the Sydney Accommodation Project and phase 1 of the ABC's conversion to digital project.

The equity injection figure for 2002-03 includes \$21m in loan funding to fund expenditures on the East Perth Accommodation project.

**Note 6 – GST in Cash Flow Statement**

The amounts shown on the Cash Flow Statement under Operating Activities: Cash Received Other and Cash Used Other, include estimated net amounts in respect of cash receipts and payments in relation to the GST.

**Appendix 1**

**Non-Appropriation Departmental and Administered Revenue**

	Estimated Revenue 2000-01 \$'000	Estimated Revenue 2001-02 \$'000
Sale of goods and services	117,437	114,000
Interest	6,025	6,177
<b>Total Non-Appropriation departmental revenue</b>	<b>123,462</b>	<b>120,177</b>

