

**Senate Standing Committee on Environment and Communications**

**Answers to Senate Estimates Questions on Notice**

**Budget Estimates Hearings May 2015**

**Communications Portfolio**

**Australian Broadcasting Corporation**

**Question No: 32**

**Program: Australian Broadcasting Corporation**

**Hansard Ref: Page 13, 27/5/2015**

**Topic: ABC Portfolio Budget Statements**

**Senator McAllister, Jenny asked:**

**Senator McALLISTER:** Can I ask now about one of the line items on page 65 in the income statement. There is quite a significant increase in costs associated with suppliers just in this financial year. You can see that it jumps this financial year and then in the forward estimates it reduces back to a level that is more consistent with last year's budget. Can you tell me a little bit about that one-off increase and what it represents?

**Mr Pendleton:** I do not actually have the details of the line items underneath that. Primarily, I assume, it would be in relation to increased programming costs that we have and a shift between our salaries line items, our fixed staffing and purchases outside. I could take that on notice and come back to you with more detail about the line items in particular.

**Senator McALLISTER:** Yes, I would appreciate it if I could have a breakdown of what is accommodated under that line item and the reasons for the increase this year in particular. That would be very helpful. I have another question around the purchase of non-financial assets. At page 71 the table there indicates that there is \$50 million allocated in the previous financial year and \$20 million in this financial year for the purpose of non-financial assets. Is that related to the accommodation program you spoke of earlier?...

...**Senator McALLISTER:** That is interesting. This is a line item that appears to exclude land and buildings, so we do not see write-down to the same order in the column associated with land and buildings. But there is quite a substantial write-down of almost 60 per cent on the value of property, plant and equipment and computer software and intangibles. You might want to take that on notice.

**Mr Pendleton:** There is nothing abnormal forecast within that line item. It would just be the normal amortisation of the plant and equipment. I can take that on notice and look into that for you.

**Answer:**

**One-off increase in suppliers**

The Suppliers expense category includes the majority of the ABC's non-salary/non-depreciation operating costs such as transmission, merchandising cost of sales, amortisation of TV programs that have been broadcast, contracted services, operating leases and other sundry operational costs.

However, the increase in supplier expenses referenced in the question should not be looked at in isolation as there is a corresponding decrease in salaries costs, reflecting a reallocation between those expense categories in 2015-16.

The subsequent reduction in supplier expenses in 2016-17 reflects the impact of terminating funding programs and the Government's efficiency savings budget cut.

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Table 3.2.6

The numbers referenced in the question are the depreciation/amortisation and impairment costs accumulated over the useful lives of the underlying assets at 1 July 2014. These amounts reflect the accumulated costs over a number of years, not a single year.