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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.

Table 2.1.1: Budgeted expenses for Outcome 1

	2018–19 Estimated actual \$'000	2019–20 Budget \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000	2022–23 Forward estimate \$'000
Program 1.1: ABC General Operational Activities					
Revenue from Government					
Ordinary annual services (Appropriation Bill No. 1)	865,063	878,566	878,759	880,561	879,443
Expenses not requiring appropriation in the budget year	-	11,130	22,616	25,129	21,298
Revenues from other independent sources	89,108	57,881	57,718	57,703	57,693
Total expenses for program 1.1	954,171	947,577	959,093	963,393	958,434
Program 1.2: ABC Transmission and Distribution Services					
Revenue from Government					
Ordinary annual services (Appropriation Bill No. 1)	180,848	183,699	186,595	190,088	193,647
Total expenses for program 1.2	180,848	183,699	186,595	190,088	193,647
Outcome 1 Totals by resource type					
Revenue from Government					
Ordinary annual services (Appropriation Bill No. 1)	1,045,911	1,062,265	1,065,354	1,070,649	1,073,090
Expenses not requiring appropriation in the budget year	-	11,130	22,616	25,129	21,298
Revenues from other independent sources	89,108	57,881	57,718	57,703	57,693
Total expenses for Outcome 1	1,135,019	1,131,276	1,145,688	1,153,481	1,152,081
	2018–19	2019–20			
Average staffing level (number)	4,180	4,180			

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

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	2019-20 Estimated actual \$'000	2020-21 Budget \$'000	2021-22 Forward estimate \$'000	2022-23 Forward estimate \$'000	2023-24 Forward estimate \$'000
Program 1.1: ABC General Operational Activities					
Revenue from Government Ordinary annual services (Appropriation Bill No. 1)	878,566	878,759	880,561	866,543	873,403
Expenses not requiring appropriation in the budget year	6,236	306	-	324	157
Revenues from other independent sources	64,897	50,460	55,324	57,357	57,498
Total expenses for Program 1.1	949,699	929,525	935,885	924,224	931,058
Program 1.2: ABC Transmission and Distribution Services					
Revenue from Government Ordinary annual services (Appropriation Bill No. 1)	183,699	186,595	189,536	190,470	192,159
Expenses not requiring appropriation in the budget year	2,231	3,143	2,441	1,730	1,024
Revenues from other independent sources	19	-	-	-	-
Total expenses for Program 1.2	185,949	189,738	191,977	192,200	193,183
Outcome 1 totals by resource type					
Revenue from Government Ordinary annual services (Appropriation Bill No. 1)	1,062,265	1,065,354	1,070,097	1,057,013	1,065,562
Expenses not requiring appropriation in the budget year	8,467	3,449	2,441	2,054	1,181
Revenues from other independent sources	64,916	50,460	55,324	57,357	57,498
Total expenses for Outcome 1	1,135,648	1,119,263	1,127,862	1,116,424	1,124,241
	2019-20	2020-21			
Average staffing level (number)	4,069	4,030			

Statement of Comprehensive Income

for the year ended 30 June 2019

	2019 to Original Budget Explanation (Note 2)	Notes	2019 \$'000	2018 \$'000	2019 Original Budget ^(a) \$'000
EXPENSES					
Employee benefits	A,B	4A	531,008	524,940	485,740
Suppliers		4B	367,999	390,329	354,289
Depreciation and amortisation		4C	87,144	88,264	98,292
Program amortisation		4D	160,766	175,550	162,500
Finance costs		4E	951	1,265	1,961
Impairment loss on financial instruments		4F	128	30	–
Write-down and impairment of other assets		4G	1,122	5,688	–
Net loss from disposal of assets		4H	44	2,155	–
Total expenses			1,149,162	1,188,221	1,102,782
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services	C	5A	43,144	46,023	57,279
Interest		5B	5,416	5,890	6,553
Other revenue		5C	13,901	13,203	8,006
Total own-source revenue			62,461	65,116	71,838
Gains					
Net foreign exchange gain		5D	219	371	–
Insurance recoveries	D		43,272	–	–
Net gains			43,491	371	–
Total own-source income			105,952	65,487	71,838
Net (cost of)/contribution by services			(1,043,210)	(1,122,734)	(1,030,944)
Revenue from Government			1,045,911	1,043,680	1,045,911
Surplus/(deficit)			2,701	(79,054)	14,967
OTHER COMPREHENSIVE INCOME					
Items not subject to subsequent reclassification to net cost of services					
Changes in asset revaluation reserve	E	7A	35,603	7,837	–
Total other comprehensive income			35,603	7,837	–
Total comprehensive income/(loss)			38,304	(71,217)	14,967

The above statement should be read in conjunction with the accompanying notes.

(a) Original Budget as reflected in the May 2018 Portfolio Budget Statements for the ABC.

Recognition and measurement – Revenue from Government

Operational funding for the Australian Broadcasting Corporation (the “Corporation” or “ABC”) is appropriated under the General Operational Activities Programme under Outcome 1.

ABC transmission and distribution funds are appropriated under the ABC Transmission and Distribution Services Programme under Outcome 1.

Statement of Comprehensive Income

for the year ended 30 June 2020

	2020 to Original Budget Explanation (Note 1)	Notes	2020 \$'000	2019 \$'000	2020 Original Budget ^(a) \$'000
EXPENSES					
Employee benefits	C,L	3A	540,373	531,008	518,718
Suppliers	D	3B	277,544	367,971	368,080
Depreciation and amortisation on ABC owned assets		3C	90,497	87,144	94,425
Depreciation on ABC right-of-use assets	B,E,I	3D	63,230	–	–
Program amortisation		3E	153,350	160,766	149,500
Finance costs		3F	558	951	553
Interest cost on lease liability		3G	7,407	–	–
Impairment loss on financial instruments		3H	342	128	–
Write-down and impairment of other assets		3I	2,347	1,122	–
Total expenses			1,135,648	1,149,090	1,131,276
OWN-SOURCE INCOME					
Own-source revenue					
Revenue from contracts with customers		4A	50,470	52,248	42,525
Interest		4B	4,124	5,416	4,356
Other revenue		4C	3,854	4,797	11,000
Total own-source revenue			58,448	62,461	57,881
Gains					
Net gain/(loss) from disposal of assets		4D	58	(44)	–
Net foreign exchange gain		4E	614	219	–
Insurance recoveries			5,796	43,272	–
Net gains			6,468	43,447	–
Total own-source income			64,916	105,908	57,881
Net cost of services			(1,070,732)	(1,043,182)	(1,073,395)
Revenue from Government			1,062,265	1,045,911	1,062,265
(Deficit)/surplus before income tax			(8,467)	2,729	(11,130)
Income tax benefit/(expense) attributable to joint operations			73	(28)	–
(Deficit)/surplus after income tax			(8,394)	2,701	(11,130)
OTHER COMPREHENSIVE INCOME					
Items not subject to subsequent reclassification to net cost of services					
Changes in asset revaluation reserve	G,H	6A	(9,967)	35,603	–
Total other comprehensive income			(9,967)	35,603	–
Total comprehensive (loss)/income			(18,361)	38,304	(11,130)

The above statement should be read in conjunction with the accompanying notes.

(a) Original Budget as reflected in the May 2019 Portfolio Budget Statements for the ABC.

**Recognition and measurement – Revenue
from Government**

Operational funding for the Australian Broadcasting Corporation (the “Corporation” or “ABC”) is appropriated under the General Operational Activities Programme under Outcome 1. ABC transmission and distribution funds are appropriated under the ABC Transmission and Distribution Services Programme under Outcome 1.

The cost of this measure will be recovered through an increase in the Annual Carrier Licence Charge from 2020-21.

Guaranteeing Australia’s Public Broadcasters — funding for the ABC and SBS

Expense (\$m)	2018-19	2019-20	2020-21	2021-22	2022-23
Australian Broadcasting Corporation	-	14.3	14.5	14.8	-
Special Broadcasting Service Corporation	-	5.6	11.9	12.1	-
Total — Expense	-	19.9	26.4	26.9	-

The Government will provide \$4.0 billion over three years from 2019-20 to Australia’s Public Broadcasters, including \$3.2 billion to the Australian Broadcasting Corporation (ABC) and \$851.8 million to the Special Broadcasting Service Corporation (SBS). This base operational funding for the ABC and the SBS is determined on a three year rolling basis for the operation of television, radio and online services.

Provision for this funding has already been included in the forward estimates.

The Government will also provide an additional \$73.3 million, consisting of:

- \$43.7 million over three years from 2019-20 to the ABC to continue to support local news and current affairs services, particularly in regional areas; and
- \$29.6 million over three years from 2019-20 to the SBS to guarantee the ongoing quality of its television, radio and online services.

Improving Connectivity in the Western Australian Grainbelt Region — feasibility study

Expense (\$m)	2018-19	2019-20	2020-21	2021-22	2022-23
Department of Communications and the Arts	-	2.0	-	-	-

The Government will provide \$2.0 million in 2019-20 for a detailed feasibility study to assess options for improving digital connectivity in the Grainbelt region of Western Australia.

The study will examine opportunities to increase broadband connectivity to support agriculture, transport and local communities, using existing infrastructure in the region.

Statement 5: Expenses and Net Capital Investment

Recreation and culture

The recreation and culture function includes expenses to support public broadcasting and cultural institutions, funding for the arts and the film industry, assistance to sport and recreation activities, as well as the management and protection of national parks and other world heritage areas. This function also includes expenses relating to the protection and preservation of historic sites and buildings, including war graves.

Table 11: Summary of expenses — recreation and culture

Sub-function	Estimates			Projections	
	2018-19	2019-20	2020-21	2021-22	2022-23
	\$m	\$m	\$m	\$m	\$m
Broadcasting	1,490	1,476	1,482	1,494	1,500
Arts and cultural heritage	1,455	1,437	1,379	1,390	1,380
Sport and recreation	584	489	397	337	329
National estate and parks	459	448	480	494	487
Total recreation and culture	3,988	3,849	3,738	3,714	3,696

Total expenses under the recreation and culture function are estimated to decrease by 5.4 per cent in real terms from 2018-19 to 2019-20, and by 10.5 per cent in real terms over the period 2019-2020 to 2022-23.

Expenses under the **broadcasting** sub-function are expected to decrease by 2.9 per cent in real terms from 2018-19 to 2019-20, and by 5.3 per cent in real terms from 2019-20 to 2022-23. This reflects the Government's decision to maintain the Australian Broadcasting Corporation's (ABC) operational funding at 2018-19 levels from 2019-20 to 2021-22, which has no impact on funding for transmission and distribution, and the impact of previous efficiency measures applied to the ABC and the Special Broadcasting Corporation (SBS). This indexation pause is partially offset by additional funding announced in the 2019-20 Budget measure *Guaranteeing Australia's Public Broadcasters – funding for the ABC and SBS* and the 2018-19 Budget measure *Funding for Australian Film and Television Content and the National Broadcasters*.

Table 11.1 provides further details of the major components of broadcasting sub-function expenses.

Table 11.1: Trends in the major components of broadcasting sub-function expenses

Component(a)	Estimates			Projections	
	2018-19	2019-20	2020-21	2021-22	2022-23
	\$m	\$m	\$m	\$m	\$m
ABC general operational activities	916	900	901	903	902
SBS general operational activities	319	319	320	325	326
ABC transmission and distribution services	181	184	187	190	194
SBS transmission and distribution services	73	73	75	76	77
Total	1,490	1,476	1,482	1,494	1,500

(a) The entry for each component includes eliminations for inter-agency transactions within that component.

29/6/20 ABC Q&A

Extract

MATILDA DRAGE, LAH, VIC

Minister Fletcher, why have the people that work for ABC Me in Melbourne lost their jobs? My favourite presenter is Pip, and she has lost her job. Minister Fletcher, have you actually watched ABC Me? It is really good, and they should get the money they need. Thank you.

VIRGINIA TRIOLI

Well, you're in such a generous mood tonight, Minister, maybe you want to reinstate some ABC funding, if you're announcing channels can continue.

BILL SHORTEN

Go on!

PAUL FLETCHER

Matilda, there's a thing called operational, editorial and financial independence of ABC board and management. And so, look, the facts are, the ABC has secure funding. We're in the first year of a three-year period, ABC funding increasing every year over that period. The ABC has been aware of its funding since the current triennium funding arrangements were announced in 2018. Board and management then are charged with making decisions in relation to how they allocate that funding. Some announcements were made last week in the context of the ABC releasing its five-year strategic plan. So that's the basis of the decision. They're not decisions made by a Minister.

VIRGINIA TRIOLI

No, but the decision's made because of a cut. And...

PAUL FLETCHER

Well, it's not a cut.

VIRGINIA TRIOLI

Well...

PAUL FLETCHER

It's not a cut. Let's be clear.

VIRGINIA TRIOLI

I don't know how much more time...

PAUL FLETCHER

It's not a cut. ABC funding is going up.

VIRGINIA TRIOLI

..I want to give on the ABC to this backwards and forwards about it.

PAUL FLETCHER

Well, you know, I've had this discussion with several ABC journalists.

VIRGINIA TRIOLI

Minister, the funding simply has not gone up over the period. In fact, it's going down.

PAUL FLETCHER

That's not true.

BILL SHORTEN

Virginia, I brought the Budget Paper.

PAUL FLETCHER

Virginia, it's simply not true.

BILL SHORTEN

Because I've seen Paul give other interviews on this.

PAUL FLETCHER

It's simply not true.

BILL SHORTEN

A little bit of homework never hurt. This is the Budget Paper, page 72, from the 2018 budget. The highlighted bit, I don't know if the camera can make it, but it says it's cuts, reduction... It says, "This is a reduction in spending on the ABC by \$83.7 million over the next three years." If you don't believe Ita Buttrose and you don't believe the National Party leader of New South Wales, this is in the Budget Paper.

YASMIN POOLE

(SPEAKS INDISTINCTLY)

BILL SHORTEN

It's a cut! It's a cut, cut, cut.

PAUL FLETCHER

It's quite interesting because...

VIRGINIA TRIOLI

Yasmin... I do want to hear from Yasmin here, rather than this backwards and forwards.

PAUL FLETCHER

..In 2018, you were arguing...

BILL SHORTEN

I'm just sticking up for Aunty.

PAUL FLETCHER

..you were arguing that the government had cut \$1.8 billion from aged care funding. ABC Fact Check...

VIRGINIA TRIOLI

Can we... Minister, let's...

PAUL FLETCHER

This is highly relevant, because ABC...

VIRGINIA TRIOLI

Minister...Minister, let's stay on that subject, or we're not hearing from that at all.

PAUL FLETCHER

This is the subject of ABC funding, because ABC Fact Check deems that an adjustment to future spending does not represent a cut when the overall level of spending continues to rise. That's ABC Fact Check in October 2018. That's exactly the situation that we're in. So, in 2018, the government took a decision in relation to triennial funding for the ABC.

BILL SHORTEN

(SPEAKS INDISTINCTLY)

PAUL FLETCHER

That did not include indexation, but it did mean an increase in ABC funding every year. This is the argument that the ABC...

VIRGINIA TRIOLI

I want... I... We've been over this again. I have got the figures in front of me, which I'm happy to rehearse, but I want to hear from Yasmin first.

YASMIN POOLE

Well, I was going to say, I mean, first, it's very questionable that you say that there's not cuts, but it's even more questionable...

PAUL FLETCHER

It's true.

YASMIN POOLE

..that under your government you've commissioned a \$200,000 report to look into the effects of public broadcasters versus commercial rivals. And to be honest, with that \$200,000 report, I'd like to question, is that the best use of taxpayer money? And secondly, I suspect that that report will just be used to justify further cuts to the ABC. And speaking as a young person, can I just emphasise, I mean, even in the ABC charter, its focus is on reflecting the cultural diversity of Australia. And as a 21-

year-old, it's incredibly rare and pretty unheard of that I'd be given a platform on any other media outlet.

BILL SHORTEN

Yeah.

YASMIN POOLE

And even if we look at things like the Black Lives Matter movement in Australia, I would switch on the TV and be so frustrated seeing a lack of Indigenous Australian representation on other platforms. So, to cut the ABC, especially now, I mean, after the bushfires, after COVID-19, and its general importance in Australia, I think is truly a tragedy.

PAUL FLETCHER

Well, you could look at NITV on SBS, for example, the other national broadcaster.

YASMIN POOLE

But why cut the ABC in the first place?

PAUL FLETCHER

Well, we're not cutting the ABC. ABC funding is going up.

BILL SHORTEN

Oh. Blah, blah, blah.

PAUL FLETCHER

These are the facts, ladies and gentlemen...

VIRGINIA TRIOLI

For the record, I'm going to read through these figures in a moment. But, Sue Morphet.

SUE MORPHET

It appears that...

VIRGINIA TRIOLI

Do you reckon you know what a cut looks like in a budget?

SUE MORPHET

I surely do. I surely do, and I wish I didn't. The reality, though, my understanding, is that the promised amounts weren't delivered and the promised amounts were cut.

PAUL FLETCHER

Well, Sue, that's not true either, actually.

BILL SHORTEN

Wow.

SUE MORPHET

But if you're running a business, you have to plan in advance for the amount of money that's coming through. And if there's a discrepancy on that, it needs to be resolved so that you can run your business appropriately. It appears that the ABC is not able to do that. The whole problem with this is the ABC has got one source of revenue – the government. Many other businesses can go and find other sources of revenue. Plus the fact that ABC is going through structural change. So, therefore, it has to find funds for structural change as well as running. The point to make, though, I think, is that...back to what Yasmin says, is that this institution is so powerfully loved and trusted by the Australian community. It is needed by the Australian community in the country, where media is falling off...

KATIE NOONAN

Yep.

SUE MORPHET

..and it is vital that we get news where we need it, we get service where we need it and we get culture where we need it. That will not come where commercial interests have to take heart.

PAUL FLETCHER

And, Sue, we strongly back the ABC. That's why it's funded with over a billion dollars a year, going up every year. Just last year, in the last budget, we committed an extra \$43.7 million for additional regional and local news gathering for the ABC. So, the ABC has secure and rising funding. No other media business has the certainty of revenue that the ABC has. In fact, just about every other media business has seen a catastrophic drop in revenue this year due to a loss of advertising.

SUE MORPHET

(SPEAKS INDISTINCTLY)

BILL SHORTEN

Yes, but the rest of them aren't the ABC. Like, you're saying they're all equal. I beg your pardon, Sue.

SUE MORPHET

Oh, no, no.

BILL SHORTEN

The reality is that in England they put \$8.6 billion into the BBC. We put \$1.1 billion. We're a third of their population, but we only fund our public broadcaster one-eighth. 18 other comparable countries fund public broadcasting more. And you keep comparing them to Fairfax-Nine or News Limited. They're profit-making entities. They don't have the obligations the ABC has. I mean, this is one of the issues in the Eden-Monaro by-election. But in the bushfires, no-one else is rushing to do that job. In the Pacific, no-one else is rushing to do that job. We're making a long-term mistake in our national interest, our national conversation. Media concentration is getting greater. The ABC is special.

PAUL FLETCHER

Of course the ABC is special. That's why we provide substantial and growing funding for the ABC. And of course the ABC has done a good job in relation to the bushfires, as have commercial media. It's done a good job in relation to COVID-19, as has commercial media. That's why it's got secure and rising funding. But we also need to recognise...

VIRGINIA TRIOLI

Minister...

PAUL FLETCHER

..that regional media is under pressure. That's why we've committed \$50 million in our Public Interest News Gathering Program for regional broadcasters and regional newspapers. And as a result of that, there will be newspapers reopening in country towns... (SPEAKS INDISTINCTLY)

VIRGINIA TRIOLI

Minister, I'm going to move on. I've got the figures here, though. You're ignoring the fact in what you're saying and talking about that...that 2019-2020 budget. "In the first year of the three-year period, the funding fell from \$1,097 million to \$1,084 million for the total budget and from \$916 million to \$900 million for the general operation or activities budget, and even with the continued increase in transmission and distribution" – and I think that's where we get cute about the funding rising – "the total budget will still not recover to the 2018-'19 level as far off as '22-'23. The operational budget barely moves from 2019-'20 and remains lower than 2018-'19 for four years." That's what I call a cut!

PAUL FLETCHER

Well, Virginia, that is not true.

VIRGINIA TRIOLI

Well, the figures...the figures...

PAUL FLETCHER

Funding in 2019...

VIRGINIA TRIOLI

We can't waste any more time.

PAUL FLETCHER

..is higher...

VIRGINIA TRIOLI

I'm going to go to our next question. You have made the point several times, Minister. Our next question now comes from Marg D'Arcy.