



ABC

ABC funding explainer





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The facts:

- The ABC receives more than \$1 billion dollars of Government funding every year
- ABC funding is locked in and rising every year of the current 3 year funding period
- ABC funding is higher than when the Coalition came to office
- The Government provided additional funding to the ABC at the start of the current funding period (2019-20 budget)

The Australian Broadcasting Corporation is the larger of Australia's two national broadcasters, and was originally established as the Australian Broadcasting Commission back in 1932. The contemporary ABC was established in 1983 as a Corporate Commonwealth Entity by the *Australian Broadcasting Corporation Act 1983* (the ABC Act).

Sources of ABC revenue

The ABC's operational funding from Government is primarily derived from three-year funding arrangements, affording the ABC more financial certainty than any other media organisation in the nation. The triennial (3-year) funding arrangement has been in place since 1989, and allows the ABC to plan ahead and sign longer-term contracts with certainty. The current triennium runs from 1 July 2019 to 30 June 2022.

The ABC is appropriated money from Government under a single outcome across two programs,[1] as outlined in the ABC's annual report[2]:



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

The ABC also derives revenue from other independent sources, primarily from commercial activities.

The ABC's funding is strong and rising

The Morrison Government strongly backs the ABC, providing it with secure and growing funding over the funding period. The ABC's general operational funding, transmission funding and total funding from Government are growing each and every year of the current triennium. An extract from the budget papers showing the ABC's funding is below[3].

Current funding triennium

1 July 2019 – 30 June 2022

Table 2.1.1: Budgeted expenses for Outcome 1

	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					



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	2019-20	2020-21		
In the budget year				
Revenues from other independent sources	2,231	3,143	2,441	1,730
Total expenses for Program 1.2	185,949	189,738	191,977	192,200
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
Expenses not requiring appropriation in the budget year	8,467	3,449	2,441	2,054
Revenues from other independent sources	64,916	50,460	55,324	57,357
Total expenses for Outcome 1	1,135,648	1,119,263	1,127,862	1,116,424
Average staffing level (number)	4,069	4,030		

There has not been a cut to the ABC's funding

Some ABC journalists and Labor politicians argue there has been a "cut" to the ABC's funding. They cite the outdated May 2018 budget papers. Here's what that budget paper says [4]:

In order to ensure the ABC continues to find back-office efficiencies the Government will pause indexation of the ABC's operational funding. This will result in savings to the Budget of \$83.7 million over three years from 2019-20 to 2021-22.

To cite this as evidence of a "cut" in the current triennium is wrong.

In the April 2019 budget, the Government provided extra funding for the ABC. This measure is set out in the 2019-20 budget papers as follows[5]:

\$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

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proposed allocation of resources to relevant government outcomes by entities within the portfolio, including the ABC.[6] The total amount of funding provided to the ABC can be found in Table 2.1.1: Budgeted Expenses for Outcome 1. The numbers are the exact same numbers found under “Revenue from Government” in the Statement of Comprehensive Income in the ABC’s annual reports.

Budget Paper No. 1[7] should not be used for calculating Government funding for the ABC, as it excludes transactions between Government entities. For example, superannuation payments made to the Commonwealth Superannuation Corporation are excluded, whereas payments made to other funds like Media Super (the relevant industry fund) are included. Statement 5 in 2019-20 Budget Paper No. 1 was incorrectly used by Virginia Trioli on the June 29 episode of the ABC’s Q&A to assert that ABC funding had decreased.

The ABC is exempt from the Government-wide efficiency dividend

Commentators on this issue often fail to acknowledge that the ABC has been exempt from the Government wide efficiency dividend since it was instituted, apart from one-off dividends in 1987-88 and 1996-97.[8] The efficiency dividend, instituted by the Hawke Government in 1987, is an annual percentage reduction in funding for Government departments and agencies, encouraging them to become more efficient in their operations.

During the period from 1 July 2019 to 30 June 2021, most agencies of government are subject to an efficiency dividend of 2%, and from 1 July 2021 to 30 June 2022, an efficiency dividend of 1.5%. [9] The ABC is exempt from this efficiency dividend.

[1] Australian Government, *Portfolio budget statements 2020-21: budget related paper no. 1.10: Infrastructure, Transport, Regional Development and Communications Portfolio*, p. 127.

[2] Australian Broadcasting Corporation, *Australian Broadcasting Corporation Annual Report 2019*, p161

[3] Australian Government, *Portfolio budget statements 2020-21: budget related paper no. 1.10: Infrastructure, Transport, Regional Development and Communications Portfolio*, p. 127.

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- [5] Australian Government, 'Part 2: Expense Measures', *Budget Measures: Budget Paper No. 2: 2019-20*, p. 57.
- [6] Australian Government, *Portfolio budget statements 2020-21: budget related paper no. 1.10: Infrastructure, Transport, Regional Development and Communications Portfolio*, p. ix
- [7] Budget Paper No. 1 mostly uses cash accounting; however, statement 5 in Budget Paper 1 uses accrual accounting, as does the Portfolio Budget Statement.
- [8] Parliamentary Library Research Paper Series 2019-20 , *Funding the Australian Broadcasting Corporation*, p. 17
- [9] Australian Government, *Mid-Year Economic and Fiscal Outlook 2019-20*, p. 50

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Last night's budget has led to some misinformed commentary about ABC funding. ABC funding is secure and rising over each year of the current funding period. You will see this in the authoritative source on ABC funding: the Portfolio Budget Statement. I have updated my ABC funding explainer, which sets out all of the key issues including the triennial funding arrangement; all of the budget decisions made in the lead up to the current ABC funding triennium commencing; and which is the right budget document to use.

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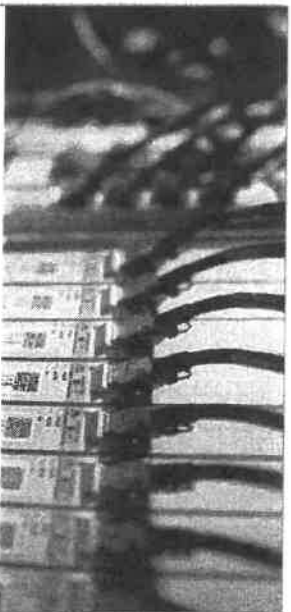


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Good explanation but a missed opportunity

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