



Media Diversity

Party:

Australian Greens

Summary of proposal:

The proposal aims to increase the independence and diversity of Australian media. There are 7 components in this proposal.

- Component 1 would restore Australian Broadcasting Corporation (ABC) cuts and remove advertising from the Special Broadcasting Service Corporation (SBS), including:
 - reversing the ABC component of the 2014-15 Budget measure *Australian Broadcasting Corporation and Special Broadcasting Service Corporation—efficiency savings*
 - reversing the ABC component of the 2014-15 Mid-Year Economic and Fiscal Outlook measure *Australian Broadcasting Corporation and Special Broadcasting Service Corporation—additional efficiency savings*
 - restoring the indexation of funding. In the 2018-19 Budget, the Government announced that funding for the ABC would be maintained at 2018-19 levels for 3 years
 - reducing commercial advertising on SBS by phasing out in-program commercial advertising evenly over 4 years from 1 July 2022 to 1 July 2025
 - reducing the amount of program break commercial advertisements allowed on SBS from 5 minutes to one minute per hour
 - providing SBS with a loading equal to 10% of the forgone advertising revenue to account for the additional programming required to replace advertising content.
- Component 2 would support First Nations peoples to establish their own media and broadcasting license, from 1 July 2022 with a funding of \$30 million per annum, indexed by the Consumer Price Index (CPI).
- Component 3 would make subscriptions, donations and purchases of news media tax deductible to individuals and introduce deductible gift recipient (DGR) status for organisations that meet the following criteria:
 - a minimum of 75% of total spending over the previous 12 months on production and dissemination of news, public-interest journalism or other fact-based editorial content
 - a minimum of 75% of total revenue derived from sales, subscriptions, advertising revenue or individual or corporate philanthropic donations
 - a turnover exceeding \$1 million in the previous financial year
 - primary business and dominant purpose is the production and distribution of news and editorial content that is in the public interest. This test would exclude organisations producing content whose purpose is promotional, or for public relations or advocacy.
- Component 4 would restore the funding that was cut from the ABC to run the Australia Network.

- Component 5 would replace lost SBS revenue under Component 1 with departmental appropriation.
- Component 6 would provide \$1.4 million per year, indexed by CPI, for community radio.
- Component 7 would provide \$53 million evenly over 2 years (from 2022-23 to 2023-24) for a Royal Commission into the Murdoch-owned media.

The proposal would have effect from 1 July 2022.

Costing overview

This proposal would be expected to decrease the fiscal and underlying balances by around \$1,802.7 million over the 2022-23 Budget forward estimates period. This reflects an increase of around \$1,144.9 million in expenses and a decrease of around \$657.8 million in revenue.

The proposal would have an ongoing impact beyond the 2022-23 Budget forward estimates period. A breakdown of the financial implications (including separate public debt interest (PDI) tables) over the period to 2032-33 is provided at Attachment A.

Component 3 is subject to significant uncertainty surrounding the number of personal subscribers and donors to eligible media organisations, the amounts they would spend under the proposal, and the likely growth in revenue of news media organisations. Subscriptions of news media are likely to be much larger than donations under current policy, but many of these may already be tax deductible.

Table 1: Financial implications (\$m)^{(a)(b)}

	2022-23	2023-24	2024-25	2025-26	Total to 2025-26
Fiscal balance	-461.8	-452.1	-432.1	-456.7	-1,802.7
Underlying cash balance	-461.8	-452.1	-432.1	-456.7	-1,802.7

(a) A positive number represents an increase in the relevant budget balance; a negative number represents a decrease.

(b) PDI impacts are not included in the totals.

Key assumptions

The Parliamentary Budget Office (PBO) has made the following assumptions in costing this proposal.

Component 1: Restore ABC cuts

- ABC's efficiency savings from 2014-15 to 2018-19 would be restored and then indexed by Wage Cost Index 3 (WCI 3).
- ABC's indexation freeze from 2018-19 to 2021-22 would be restored and then funding would be indexed by CPI.

Component 1: Remove advertising from SBS

- The decline in SBS revenue from reduced advertising during program breaks and the phase out of in-program advertising would be partly offset by an increase in price of the remaining advertising.
 - The extent of this price increase would be influenced by the availability of alternatives to television advertising.

Component 3: Extend DGR status to eligible news media organisations

- Most major Australian newspapers and online news publishers would meet the eligibility criteria for deductible gift recipient status.
 - Other news media outlets, such as television and radio, are unlikely to meet the spending criterion.
- There would be one donor for every ten individual subscribers. The average donation would be equal to the average subscription.
- Fifty per cent of all donations would have been received by other organisations with deductible gift recipient status in the absence of this proposal.
- The average marginal tax rate for taxpayers claiming deductions for donations is 35%.

Component 3: Introduce tax deductibility of purchases and subscriptions

- Forty per cent of revenue for newspaper publishers comes from subscriptions.
- Fifty per cent of subscriptions would become tax deductible under the proposal. The remainder are corporate or individual subscriptions for which a tax deduction has already been claimed (for instance, because it is a work-related expense).
- Total newspaper subscriptions from individuals would increase by 10% as a result of the proposal.
- The average marginal tax rate for taxpayers purchasing subscriptions is 35%.

Methodology

Component 1: Restore ABC cuts

- The two 2014-15 efficiency savings measures were reversed, and then grown by the WCI 3 parameter.
- The ABC funding levels were derived by reversing the 2018-19 Budget measure *Pausing indexation of the ABC's operational funding over the 2018-19 forward estimates*, and then indexed by CPI.

Component 1: Removing SBS advertising

- The advertising revenue for SBS over the 2018-19 Budget forward estimates period were provided by the Department of Communications and the Arts. These revenues were projected out to 2032-33 by the PBO.
 - The revenue projections take account of SBS continuing to broadcast the FIFA World Cup until the end of the medium term, and earning additional revenue in World Cup years in line with historical patterns.
- The amount of program break advertising was reduced from the current allowance of 5 minutes per hour to one minute per hour from 2022-23. The expected revenue forgone from program break advertising includes both the reduction in quantity, and the estimated increase in price for advertising on SBS expected in response to this proposal.
- A loading equal to 10% of total change in revenue was added to SBS funding, as specified by the requestor.

Component 2: Establish First Nations media

- First Nations media is funded at \$30 million per annum in 2022-23, and then indexed by CPI.

Component 3: Introduce DGR to eligible news media organisations and introduce tax deductibility of purchases and subscriptions

- Total newspaper revenue in 2021-22 is based on the IBISWorld report *Newspaper Publishing in Australia – Market Size 2007-2027*. The revenue over the medium term were projected by the PBO using the 2020-21 annual newspaper decline rate (-9.6%) and then gradual change to grow in line with CPI by 2032-33.
- The proportion of revenue made up by subscription was based on annual reports from news media organisations.

Component 4: Return Australia Network to public hands

- The 2014-15 Budget measure *Australia Network – Termination of the ABC Contract* was reversed and then indexed by CPI.

Component 5: Replace lost SBS revenue under Component 1 with departmental appropriation

- The financial implication of this component is estimated based on the advertising revenue lost in Component 1.

Component 6: Provide \$1.4 million per year for community radio

- An annual funding of \$1.4 million would be provided for community radio, and then indexed by CPI.
- Departmental funding is estimated based on similar budget measures.

Component 7: Provide \$53 million for Royal Commission into the Murdoch-owned media

- The funding of \$53 million is evenly distributed over the period 2022-23 to 2023-24.

All components

Financial implications were rounded consistent with the PBO's rounding rules as outlined on the PBO Costings and budget information webpage.¹

Data sources

Australian Communications and Media Authority (ACMA), 2014. *The cost of code interventions on commercial broadcasters*, ACMA, accessed 21 April 2022.

<https://www.acma.gov.au/sites/default/files/2019-08/research-the-cost-of-code-interventions-on-commercial-broadcasters-mar-2014.pdf>

Australian Government, 2014. *Budget 2014-15*, Australian Government, accessed 21 April 2022.

Australian Government, 2014. *Mid-Year Economic Fiscal Outlook 2014-15*, Australian Government, accessed 21 April 2022.

Australian Government, 2018. *Budget 2018-19*, Australian Government, accessed 21 April 2022.

Department of Communications and the Arts provided information on the expected advertising revenues for SBS over the 2018-19 Budget forward estimates period.

Department of Finance provided the indexation used to estimate the medium-term expenditure for the reversal of the two 2014-15 ABC efficiency savings measures.

¹ https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Budget_Office/Costings_and_budget_information

Fairfax Media, 2018. *Fairfax Media Annual Report 2018*, Fairfax Media, accessed 21 April 2022.

IBISWorld, 2021. *Newspaper Publishing in Australia - Market Size 2007–2027*, IBISWorld, accessed 21 April 2022.

Meade, 31 July 2018. *Guardian Australia reports its first profit in 2018 annual results*, The Guardian, accessed 21 April 2022. <https://www.theguardian.com/media/2018/jul/31/guardian-australia-reports-first-profit-2018-annual-results#:~:text=Guardian%20Australia%20has%20turned%20a,an%20operating%20profit%20of%20%24700%2C000>.

Newscorp, 2021. *2021 Annual Report*, Newscorp, accessed 21 April 2022. <https://newscorp.com/wp-content/uploads/2021/10/News-Corp-2021-Annual-Report.pdf>

Attachment A – Media Diversity – financial implications

Table A1: Media Diversity – Fiscal and underlying cash balances (\$m)^(a)

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	Total to 2025-26	Total to 2032-33
Revenue													
<i>Component 3: DGR to eligible news media organisations</i>	-8.0	-7.4	-6.9	-6.5	-6.3	-6.1	-6.0	-5.9	-5.9	-6.0	-6.2	-28.8	-71.2
<i>Component 3: Tax deductibility of purchases and subscriptions</i>	-174.0	-161.0	-151.0	-143.0	-137.0	-133.0	-130.0	-129.0	-130.0	-131.0	-135.0	-629.0	-1,554.0
<i>Component 1: Remove SBS advertising</i>	-42.3	-32.5	-30.9	-33.2	-32.2	-28.3	-28.1	-31.3	-31.5	-28.8	-29.5	-138.9	-348.6
<i>Component 5: Replace lost SBS revenue under Component 1</i>	42.3	32.5	30.9	33.2	32.2	28.3	28.1	31.3	31.5	28.8	29.5	138.9	348.6
Total – revenue	-182.0	-168.4	-157.9	-149.5	-143.3	-139.1	-136.0	-134.9	-135.9	-137.0	-141.2	-657.8	-1,625.2
Expenses													
Administered													
<i>Component 1: Remove SBS advertising</i>	-4.2	-3.2	-3.1	-3.3	-3.2	-2.8	-2.8	-3.1	-3.2	-2.9	-3.0	-13.8	-34.8
<i>Component 2: Establish First Nations Media</i>	-30.0	-30.9	-31.8	-32.6	-33.4	-34.2	-35.0	-35.9	-36.8	-37.7	-38.7	-125.3	-377.0
<i>Component 4: Return Australia Network</i>	-25.3	-26.1	-26.8	-27.5	-28.2	-28.8	-29.5	-30.3	-31.1	-31.8	-32.6	-105.7	-318.0
<i>Component 6: \$1.4 million per year for community radio</i>	-1.4	-1.4	-1.5	-1.5	-1.6	-1.6	-1.6	-1.7	-1.7	-1.8	-1.8	-5.8	-17.6
Total – administered	-60.9	-61.6	-63.2	-64.9	-66.4	-67.4	-68.9	-71.0	-72.8	-74.2	-76.1	-250.6	-747.4

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	Total to 2025-26	Total to 2032-33
Departmental													
<i>Component 1: Restore ABC cuts</i>	-148.0	-161.0	-178.0	-207.0	-225.0	-243.0	-262.0	-283.0	-305.0	-328.0	-351.0	-694.0	-2,691.0
<i>Component 3: DGR to eligible news media organisations</i>	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	-4.0	-11.0
<i>Component 3: Tax deductibility of purchases and subscriptions</i>	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	-4.0	-11.0
<i>Component 5: Replace lost SBS revenue under Component 1</i>	-42.3	-32.5	-30.9	-33.2	-32.2	-28.3	-28.1	-31.3	-31.5	-28.8	-29.5	-138.9	-348.6
<i>Component 6: \$1.4 million per year for community radio</i>	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.4	-1.1
<i>Component 7: \$53 million evenly over 2 years for Royal Commission</i>	-26.5	-26.5	-	-	-	-	-	-	-	-	-	-53.0	-53.0
Total – departmental	-218.9	-222.1	-211.0	-242.3	-259.3	-273.4	-292.2	-316.4	-338.6	-358.9	-382.6	-894.3	-3,115.7
Total – expenses	-279.8	-283.7	-274.2	-307.2	-325.7	-340.8	-361.1	-387.4	-411.4	-433.1	-458.7	-1,144.9	-3,863.1
Total (excluding PDI)	-461.8	-452.1	-432.1	-456.7	-469.0	-479.9	-497.1	-522.3	-547.3	-570.1	-599.9	-1,802.7	-5,488.3

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

- Indicates nil.

Table A2: Media Diversity – Memorandum item: Public Debt Interest (PDI) impacts – Fiscal and underlying cash balances (\$m)^{(a)(b)}

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	Total to 2025-26	Total to 2032-33
<i>Fiscal balance</i>	-5.0	-16.0	-26.0	-37.0	-49.0	-62.0	-77.0	-95.0	-115.0	-137.0	-166.0	-84.0	-785.0
<i>Underlying cash balance</i>	-5.0	-14.0	-25.0	-35.0	-47.0	-60.0	-75.0	-93.0	-112.0	-135.0	-163.0	-79.0	-764.0

- (a) As this table is presented as a memorandum item, these figures are not reflected in the totals in the table above. This is consistent with the approach taken in the budget where the budget impact of most measures is presented excluding the impact on PDI. If the reader would like a complete picture of the total aggregate, then these figures would need to be added to the figures above. For further information on government borrowing and financing please refer to the PBO's online budget glossary².
- (b) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

² [Online budget glossary – Parliament of Australia \(aph.gov.au\)](https://aph.gov.au)