

## The ABC: Info to assist in analysing ABC Budget outcomes

### COALITION'S PRE-ELECTION PROMISE: "no cuts to the ABC and SBS"

Before the last federal election, Tony Abbott categorically ruled out cuts to the ABC.

He replied "no cuts to the ABC and SBS" when asked by Anton Enus for SBS World News on 6.9.2014 if the ABC and SBS would be in the firing line.

(1 minute 43 seconds into: <http://www.sbs.com.au/news/article/2013/09/06/no-cuts-abc-or-sbs-abbott> )

### ABC FUNDING

- **The ABC is funded on a triennial basis.** As well as triennial funding's importance to enable the ABC to plan, it helps to maintain the ABC's independence from government.

ABC triennial funding was last set in the May 2013 Budget and should not have been due to be considered until 2016.

- **As a share of government spending, ABC funding has almost halved since 1996.** (source: *Business Spectator* [www.businessspectator.com.au/article/2014/1/30/politics/abcs-aunties-budget](http://www.businessspectator.com.au/article/2014/1/30/politics/abcs-aunties-budget) ).

Yet During a period of funding decline, ABC services have had to expand for the ABC to remain relevant. E.g. The public broadcaster now provides online services, digital channels such as ABC3 children's TV and ABC News 24, iView catch up television service, apps for mobile services, and the ABC Open website for regional Australians to contribute their stories.

- **The ABC's operational funding has decreased in real terms by 22.5% since 1985-86.** It has decreased in real terms by \$251m (22.5%). (source: Federal budget appropriations, ABC 2013 Annual Report)

- **Leaks from KPMG report into adequacy and efficiency of ABC funding revealed ABC was seriously under-funded**

If the Government was genuinely interested in the ABC's efficiency, it would have released the KPMG report into the adequacy and efficiency of ABC funding which was commissioned by the former Howard Coalition government.

That report cost the public about half a million dollars and was never released.

Leaks from the report revealed the ABC was seriously under-funded.

While the former Labor government increases since that time, with the exception of additional funding to rebuild the ABC's embarrassing low level of local Australian TV drama, increased funding was in the most for new services, not to maintain or rebuild existing services. (eg. funds were provided for the ABC to establish the children's TV channel)

Note: First run Australian TV drama on the ABC had fallen as low as 3 hours per year after the cuts of the Howard government.

- **For three times the population of Australia, the BBC receives six times the funding of the ABC.**
- **ABC funding figures – using the right information**

ABC funding figures quoted by some politicians give a misleading picture of ABC funding.

Operational funding is the most appropriate measure for comparing ABC funding – outlined in ABC Annual Reports and in government appropriations legislated through the annual Appropriations Bills Nos 1 and 2.

Sometimes governments use, and others repeat without checking, figures that include funding which is provided for the ABC to purchase its transmission needs – funding which governments have had to provide to since the Howard government sold Australia's national transmission network to a private monopoly in 1999 that can set its own prices.

Sometimes the figures they use also include funding which is provided separately by DFAT for the ABC to provide the Australia Network international television service.

- **Inadequate indexation:** Even when ABC funding is not cut outright, it continues to be cut in practice because the indexation system applied to its funding does not reflect the cost of its business. (The WACI 6 (Weighted Average Composite Index) applied to the ABC is generally 1% less than the CPI.)

### AUSTRALIA NETWORK (AN)

- **Cost:** The ABC provides Australia Network under a \$223 million, 10-year contract with DFAT. With the contract having another nine years to run, there will presumably be costs for the ABC to break contacts it has made.

- . **Other ABC services will suffer:** If the service is axed it would impact on other parts of the ABC, such as its Asian coverage, because, although AN is not funded by the ABC's budget, some resources are shared across AN, Radio Australia (which is funded from the ABC's budget) and other areas of the ABC.
- . **Govt prohibited from outsourcing international broadcasting:** The ABC Act specifies that international broadcasting is a responsibility of the ABC and that the ABC is the only organisation that the Commonwealth can fund to provide international broadcasting.

This prohibition on putting the service out to a tender that Sky News would win, is presumably the reason the Coalition Government is considering the absurd action of closing down AN altogether.

- . **No other government in the world outsources its international broadcasting.**

- . **Brief history of Australia international TV – commenced in 1993**

Australia's international television service (then known as ATVI) was established by the ABC in 1993.

In 1997, the Howard government sold ATVI to Kerry Stokes' Channel Seven.

In a saga that was costly and embarrassing for Australia, Seven ran the service down and eventually closed it in 2001.

In 2001, on the understanding that, subject to a performance review, the contract would be renewed in 2006 for a further five years, the ABC agreed to resurrect the service (now called APTV) – rebuilding its audience and credibility.

That changed when Sky News lobbied the government to put the service out to tender. However, the ABC won the 2006 tender to provide the service until 2011 and the name of the service was changed again, to Australia Channel.

With News Corp aggressively campaigning for Sky News to be awarded the contract to run Australia Network, as the service had now become known, in 2011, the Rudd Labor government again put the service out to tender (this time for a 10-year contract)

News Corp was hoisted on its own petard by leaks favouring Sky News. In November 2011, the Government terminated the tender process on the advice of the Australian Government Solicitor that significant leaks of confidential information to the media had compromised the tender to such a degree that it was unlikely a fair outcome could be achieved.

The Labour Government amended the ABC Act so that government-funded international broadcasting would be provided by the ABC.