

ABC funding explainer

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 in the 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 report²:

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 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

¹ Australian Government, [Portfolio budget statements 2019–20: budget related paper no. 1.3: Communications and the Arts Portfolio](#), p. 76.

² Australian Broadcasting Corporation, [Australian Broadcasting Corporation Annual Report 2019](#), p161

from Government are growing each and every year of the current triennium. An extract from the budget papers showing the ABC's funding is below³.

Current funding triennium

1 July 2019 – 30 June 2022

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.

*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 says⁴:

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.

³ *Ibid.*

⁴ Australian Government, 'Part 2: Expense Measures', [Budget Measures: Budget Paper No. 2: 2018-19](#), p. 79.

In the most recent budget (April 2019), the Government provided extra funding for the ABC. This measure is set out in the April 2019 budget papers as follows⁵:

- \$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

The Portfolio Budget Statement is the correct budget paper for finding ABC funding

The Portfolio Budget Statement for the Communications and the Arts portfolio outlines the funding for all relevant federal agencies, including the ABC. 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. 1⁶ 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 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 1996-97.⁷ 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%.⁸ The ABC is exempt from this efficiency dividend.

⁵ Australian Government, ‘Part 2: Expense Measures’, [Budget Measures: Budget Paper No. 2: 2019-20](#), p. 57.

⁶ Budget Paper No. 1 mostly uses cash accounting; however, statement 5 in Budget Paper 1 uses accrual accounting, as does the Portfolio Budget Statement.

⁷ Parliamentary Library Research Paper Series 2019-20, *Funding the Australian Broadcasting Corporation*, p. 17

⁸ Australian Government, *Mid-Year Economic and Fiscal Outlook 2019-20*, p. 50