



# REBUILDING THE ABC

*Australians trust and value the ABC.*

*The need for a strong and effective source of Australian news and Australian stories has never been greater.*

*But just when Australians need it most, the ABC has suffered a decade of damage: its funding has been heavily cut, its ability to operate at a time of rising costs destroyed and its independence and integrity threatened and undermined.*

*Recent steps taken by the Federal Government to reverse this damage are positive signs, and to be welcomed.*

*But much more needs to be urgently done to restore the relevance and effectiveness of the ABC.*

*Together with other like-minded organisations, ABC Alumni is launching a public campaign to rebuild the ABC.*

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**Prepared by ABC Alumni Limited, endorsed by ABC Friends**

*ABC Friends*

## HOW BIG IS THE PROBLEM?

Since 2014, a combination of direct cuts and a freeze on indexation has reduced the ABC budget to its lowest level in real terms since the mid-1980s.

Cumulatively, the total amount of money stripped from the ABC's base operating budget in the past decade has been calculated at more than **\$520 million**.

If you include the closure of the Australia Network (which broadcast Australian news and other content into the Asia-Pacific region) and the removal of other funding relied on for digital delivery and other projects, the total is more than **\$780 million**.

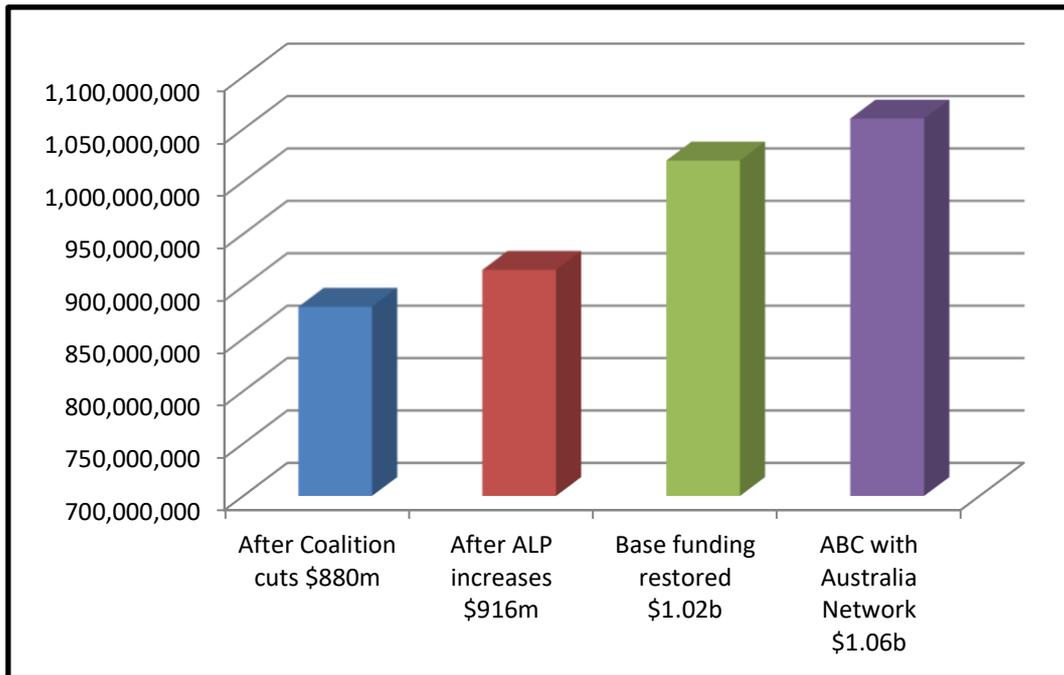
All of this happened at a time when the ABC had to ensure its relevance to all Australian audiences by developing new content on streaming, mobile and online platforms and podcasts, while servicing a growing number of radio and television services.

The end result is that, in 2023, **the ABC needs almost \$90 million in ongoing new funding annually** just to get back to the equivalent of its funding in 2013, before the coalition cuts, let alone any additional funding for growth and new initiatives. To be able to re-launch a distinctive and much-needed Australian voice in the Asia-Pacific, that figure rises even further.

When it comes to fixing this problem, the additional funding provided by the Albanese Government in October 2022 is a good start – but it's only a start. And there's no guarantee it will continue for longer than 3 or 4 years.

The following bar chart shows what we mean:

## ANNUAL ABC OPERATING BUDGET (EXCLUDING TRANSMISSION COSTS) 2022-3



The **blue bar** is where the ABC's operational budget (that is, its budget excluding transmission costs) stood in March 2022, after 8 years of coalition cuts.

The **red bar** is where it stands now, after the first Albanese government mini-budget.

The **green bar** is where the budget would be if NO cuts, and NO additions other than inflation indexing had been applied to the budget since 2013.

And the **purple bar** is where it would be if the Australia Network contract had not been dumped after a single year.

**The difference between the red and green bars? \$86m per year.**

## WHAT HAS THE IMPACT BEEN?

Review after review has established that the ABC is constantly searching for, identifying and implementing efficiency savings so that it can do more with less.

But inevitably, funding cuts of the magnitude imposed over the past decade cannot be absorbed through efficiencies. The impact on ABC programming and coverage has been there for all to see.

Since 2014, we have seen:

- The end of **state-based television current affairs**
- A heavy reduction in the hours of **original drama** content
- A heavy reduction in **TV science and natural history** program-making
- Most **program-making outsourced**, so the ABC does not own copyright and cannot profit from overseas or library sales
- Cuts to **specialist radio programming** and **live music recording**
- Cuts to **sports** coverage
- A closure of **some international bureaux** and an end to **shortwave broadcasting** to the Pacific and to remote parts of Australia

An additional pressure on ABC budgets that is not going away: **emergency broadcasting**. More extreme floods, bushfires, and of course the pandemic have meant that the ABC has had to substantially invest in and expand its emergency broadcasting, an essential service to Australians across the country. **This costs millions of dollars** each year, all of it unfunded, from a budget already stretched to breaking point.

The ABC cannot much longer rely on the obsolescent technology of AM radio to convey emergency information: so additional research and investment is needed.

## **MAKING MATTERS WORSE**

The recent decision by the Federal Government to restore indexation to the ABC budget was indeed a welcome move, even though it failed to properly compensate for the total amount the ABC had lost since 2018.

However, it also exposed a long-running problem that needs to be urgently addressed.

The 'indexation' applied to the ABC's budget each year (calculated every December) is meant to ensure funding keeps pace with rising costs, but in reality it does nothing of the sort.

That's because the 'weighted cost index' used by the Department of Finance to calculate the appropriate rate of indexation is traditionally less than the actual CPI. To make matters even worse, the CPI itself is less than the real cost of doing business in the highly competitive and inflationary media industry that the ABC has to operate in.

Recent policy changes announced by the Government to impose local content quotas on the international streaming services should deliver a welcome increase in Australian production. However, they will also have the unintended effect of driving up costs in the small Australian production industry. ABC drama is high quality and freely available on ABC iview – but without more funding, there will be less of it, not more, in future years.

## HOW DO WE FIX THINGS?

The answer is clear, and it involves two steps.

To begin with, the Government needs **to increase the operational funding of the ABC by \$86 million a year** [on top of the extra \$22 million it has provided, for 4 years only, in the October mini-budget]. To be clear, this would be minimum. It provides no real growth in the ABC budget over the past forty years, but at least it undoes the damage of the last decade. Increasing that annual figure by **several million more would allow for the restoration and expansion of ABC International in the Asia-Pacific**, across multiple platforms including the international TV service, now known as ABC Australia.

The second step is to **ensure that this basic budget is protected against the impact of inflation and rising costs** into the future. This involves adjusting the current weighted cost index applied to the ABC budget to ensure it remains adequate. Without this crucial second step, the ABC's funding would continue to deteriorate in real terms every year.

Much has been said recently about the Government's promise to extend the funding arrangements for the ABC from three years to five years to provide greater certainty. Both ABC Alumni, and the ABC itself, called for this change. However, without a realistic indexation process – especially at a time when

high inflation has returned to the Australian and global economies – the only ‘certainty’ provided by a longer funding arrangement is the certainty of inadequacy.

As well as restoring and rebuilding the ABC, we believe it is also important to consider the needs of Australia’s specialist public broadcasters, SBS and its affiliate NITV – *please see Appendix A.*

## WHAT DO AUSTRALIANS GET FOR THIS MONEY?

It is essential to the independence and integrity of the ABC that the increase in funding is provided without condition or direction. The ABC has a charter, and that charter gives it the autonomy to determine content and programming decisions without government interference or direction.

But the ABC’s own funding submissions, and the losses forced on it by past cuts, make it clear that there are some obvious areas where new funding could be applied.

These include:

- More and better **coverage of state and territory politics and governments**
- An increase in **original Australian drama, comedy and documentary** content
- More **science and arts** programming
- Expanded and modernised **emergency broadcasting**

Finally, the restoration and expansion of the **ABC’s international service** across multiple platforms, including its TV network, would be a **crucial step in restoring Australia’s role and reputation in the Asia-Pacific region**. There is no doubt Australia’s influence in the region has diminished and come under growing pressure in recent years. A re-invigoration of ABC digital and broadcasting output internationally would not serve as a tool of government policy, but it would once again demonstrate the Australian contribution to the world in the form of impartial independent news coverage and distinctive cultural content.

## WHY IS THIS SO IMPORTANT

Some argue that a taxpayer-funded public broadcaster is unnecessary in an age of digital plenty.

We argue the reverse.

The business models of commercial media have taken a battering: they are finding that opinion, rather than factual news, offers the best path to profit.

The ABC's reporters are not permitted to voice opinion, and are legally bound to deliver accurate and impartial news.

Cyberspace is awash with conspiracy theories, sloppy misinformation, and deliberate disinformation.

Australians know they can trust what they hear or read or watch on the ABC's platforms.

Cyberspace has no frontiers. Australia's national identity is in danger of disappearing beneath a flood of high-quality drama streamed by American giants. Even if Australian content quotas are imposed, the resultant stories will be behind a proliferating number of paywalls.

On ABC radio, TV and iview, Australians need to be able to find compelling Australian stories, vivid Australian comedy, revealing Australian documentary, freely available.

Only the ABC is now producing quality content for Australian children in any quantity – but our kids need more.

Above all, a healthy, well-funded ABC is the best guarantor that a healthy Australian democracy will govern a well-informed Australian people.

Surely that's worth a billion dollars a year? A lot of money, admittedly: but according to the Parliamentary Budget Office, less than one-eighth of the projected cost to the budget in 2023-4 of negative gearing on investment properties.<sup>1</sup>

**ABC Alumni Limited, 6 February 2023**

<sup>1</sup> <https://www.abc.net.au/news/2022-11-03/negative-gearing-and-capital-gains-tax-budget-cost/101612854>

## APPENDIX A:

### **Securing the future of Australia’s specialist public broadcasters/ SPECIAL BROADCASTING SERVICE (SBS) AND NATIONAL INDIGENOUS TELEVISION (NITV)**

In considering the need to restore and rebuild public broadcasting in Australia, we believe it is important to take into account not only the ABC but also the needs of Australia’s specialist public broadcasters, SBS and its affiliate NITV.

SBS does a vital job in delivering unique content and original public interest news to all Australians. It’s value to Australians was never more apparent than during the pandemic, when it translated vital health messaging into 60 different community languages, and also commenced live translations of key Covid media conferences into several key community languages including Mandarin, Cantonese, Arabic, Vietnamese and Khmer.

In 2014, when the ABC’s budget was cut by \$254 million over five years, the SBS budget was similarly cut by almost \$54 million. Even though around \$14 million was restored to SBS several years later and it was not subjected to an indexation freeze, it remains in a position where it receives less public funding than it needs to deliver for all Australians.

Importantly, SBS funding also includes an allocation for NITV, the national Indigenous television network. NITV is a vital part of Australia’s First Nations media industry, and deserves improved funding and support, not least because of its vital role in promoting informed and meaningful discussion of the Voice to Parliament.

SBS and its supporters will know in more detail than us about what is needed to restore its funding base, but we stand in support of the need for both public broadcasters to be properly funded to deliver on their unique roles.

Appendix to REBUILDING THE ABC, 6 February 2023  
Prepared by ABC Alumni Limited, endorsed by ABC Friends

