

FRIENDS OF ABC FUNDING FORUM

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My talk is concerned with showing historical funding trends for the ABC. The rationale is that we know the ABC has set a high standard of broadcasting in the past. To maintain that standard it is necessary to maintain historical funding levels.

The historical information has been obtained from a Parliamentary Library Brief – Social Policy Group – Funding of the ABC, provided by my local member Joel Fitzgibbon.

FIGURE 1
ABC GOVERNMENT FUNDING
ACTUAL DOLLARS

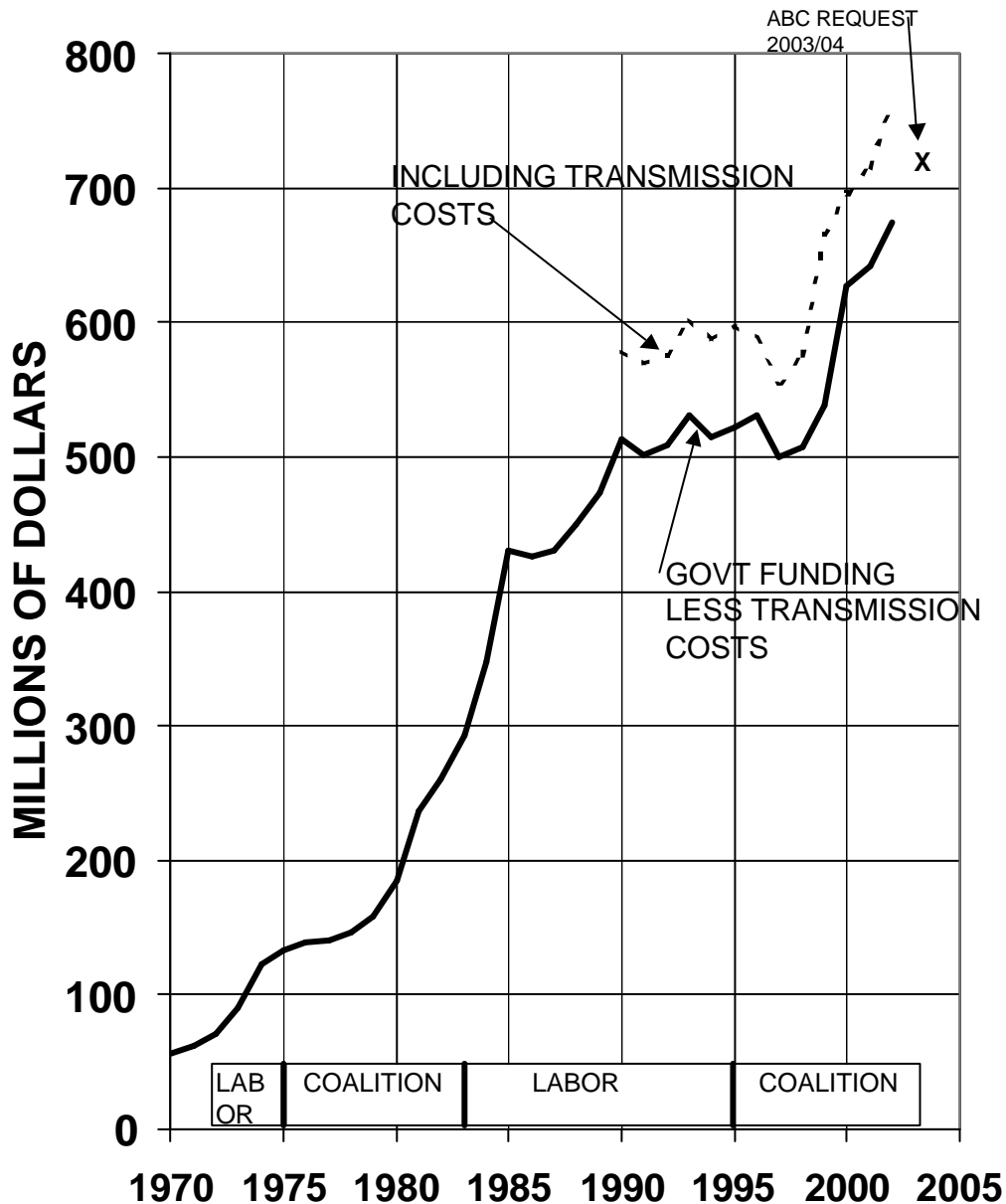


Figure 1 shows the historical funding of the ABC in actual dollars since 1970. Transmission services were initially provided by Telecom and then the Dept of Communications and Transport until the establishment of the National Transmission Agency (NTA) in 1992. In April 1999 the NTA was privatised and sold to a subsidiary of a UK company, NTL.

Prior to 1990 transmission costs were funded separately and not included in the ABC budget. From 1990 onwards transmission costs were identified in the budget as “resources provided free of charge”. To provide proper trend data it is therefore necessary to exclude the transmission costs from the total funding after 1990.

Figure 1 shows Govt funding for the ABC, excluding transmission costs, has increased from about \$50M in 1970 to around \$675M in 2002. The cross indicates the \$47M increase currently requested by the ABC for 2003/04.

Figure 1 showed total government funding less transmission charges. But there are other amounts which also need to be deducted to arrive at the core funding. These will be illustrated by the 2001/02 government funding.

The government claimed to have increased ABC funding from \$522.2M in 1995/96 to \$715.3M in 2001/02. But the \$522M does not include the transmission costs whereas the \$715.3M does. A proper comparison requires the transmission costs to be subtracted in all cases as was done in Figure 1. The transmission costs in 2001/02 were \$73.4M.

A Capital-Use Charge was part of the changes introduced with the Accrual Budgeting framework in 1999/2000. It is now levied on Commonwealth authorities and agencies to reflect the cost of the Commonwealth’s investment in those entities. In 2001/02 the government provided an additional \$64.1M to the ABC to provide for this levy. This money is not available for use by the ABC since it is given to the ABC then taken away under the accrual accounting system. The Capital-Use Charge did not apply in 1995 so therefore should not be included in any comparison between 1995/96 and 2001/02. Other amounts in 2001/02 which should not be included are:

- A \$46.5M one-off grant for digital conversion which was a mandatory requirement by the government.
- A \$20M repayable loan.
- \$18M for the new overseas Australia Television service

Deducting these from the \$715.3M the nett funding in 2001/02 reduces to \$493.3M. ($715.3 - 73.4 - 64.1 - 46.5 - 20.0 - 18.0 = \$493.3M$). i.e. instead of an apparent increase from \$522.2M in 1995/96 to \$715.3M in 2001/02 there has been a nett decrease to \$493.3M, a reduction of 6%.

**GOVT FUNDING COMPARISON
1995/96 AND 2001/02**

1995/96 **\$522.2M**
(Does not include transmission charges)

2001/02 **\$715.3M**

Less transmission charges 73.4M

Less Capital-Use Charge 64.1M

Less digital conversion 46.5M

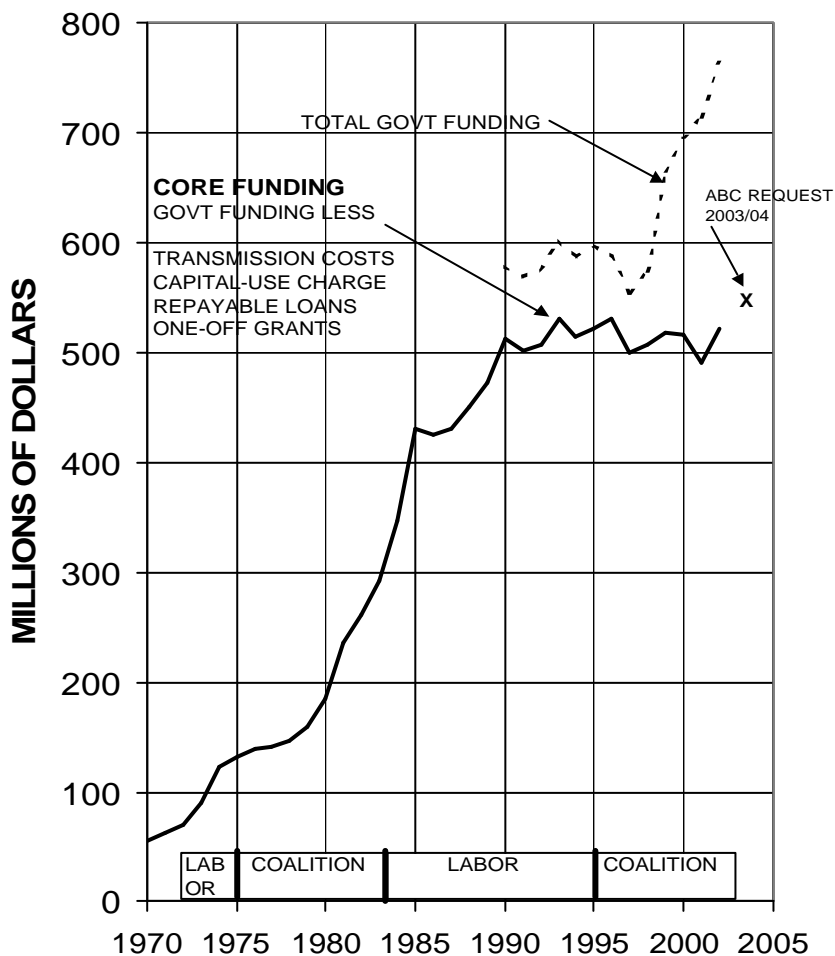
Less repayable loan 20.0M

Less Australia Teelvision 18.0M

Nett 2001/02 **\$493.3M** **\$493.3M**

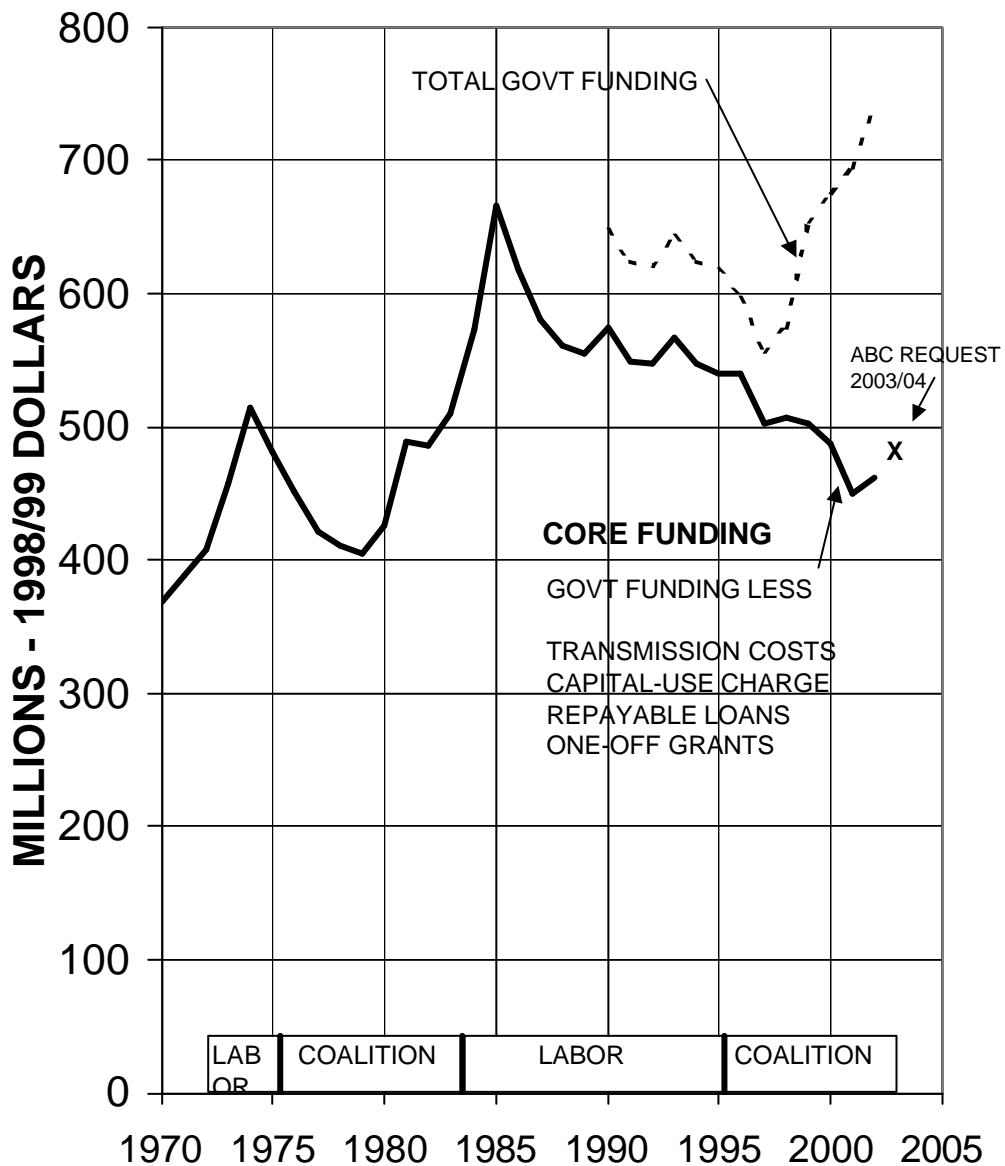
(6% reduction)

FIGURE 2 CORE GOVT FUNDING



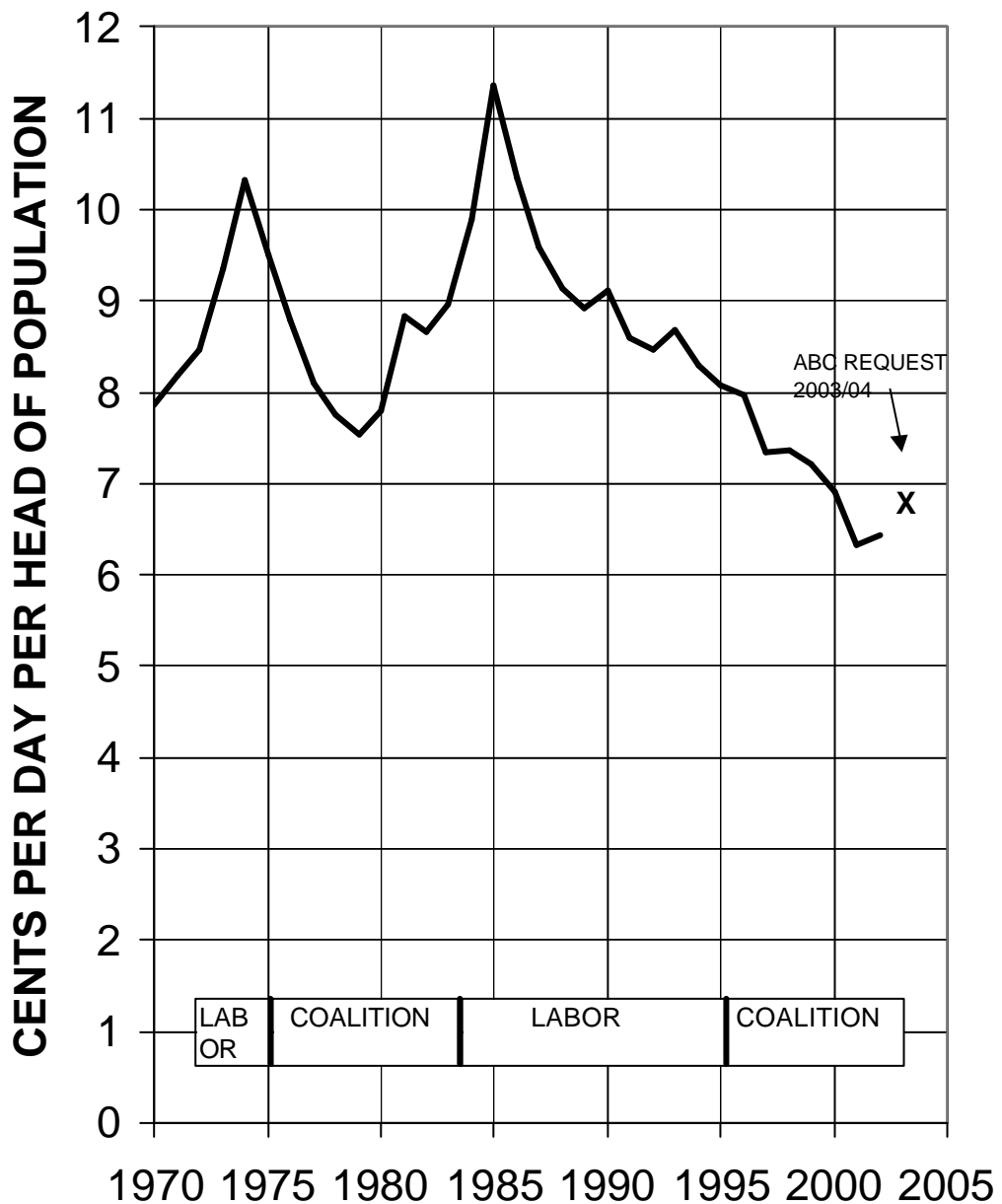
Similar adjustments have been made for other years and the results are shown in Figure 2. Figure 2 shows that ABC core funding has remained approximately static since 1990. The cross indicates the \$30M increase currently requested by the ABC for core 2003/04 funding (\$47M less \$17M for digital).

FIGURE 3
ABC CORE GOVERNMENT FUNDING
1998/99 DOLLARS



A proper comparison of funding between 1970 and today should allow for inflation. Figure 3 is a repeat of Figure 2 except in 1998/99 dollar terms. Figure 3 shows that in real (1998/99) dollar terms ABC core funding has steadily decreased since the peak in 1985/86. The cross indicates the modest increase currently requested by the ABC for 2003/04.

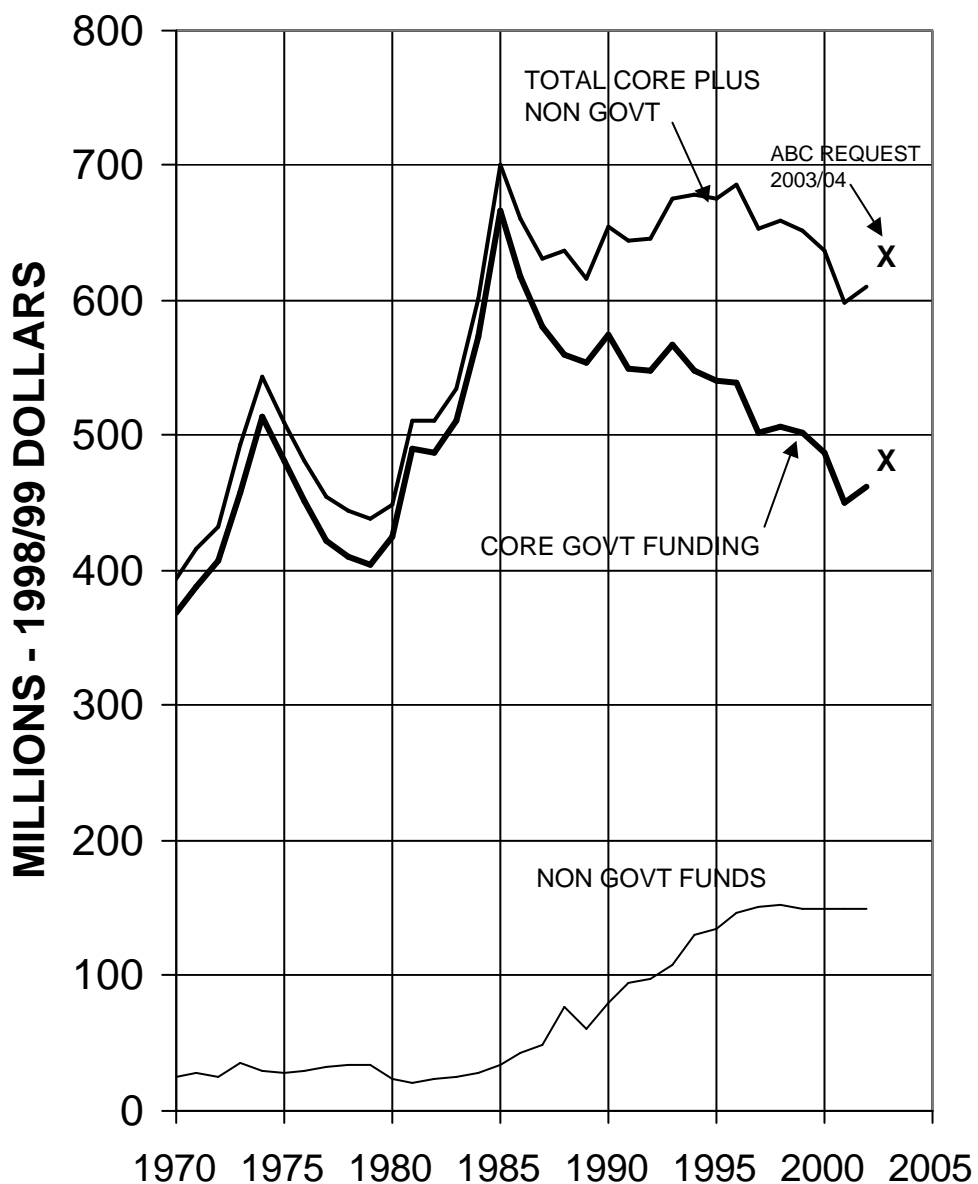
FIGURE 4
ABC CORE GOVERNMENT FUNDING
1998/99 DOLLAR BASIS



The population of Australia has increased from 12.8 million in 1970 to around 20 million today, an increase of over 55%. Other things being equal the government must be collecting a similar increase in taxes. At the same time the ABC is required to service the larger population. Under these circumstances it is not unreasonable to consider ABC funding on a cents per day per capita basis as shown in Figure 4 in 1998/99 dollar terms.

Figure 4 shows that ABC government funding reached a peak 11.3 cents per day per capita in 1985. It is currently just over half this amount at 6.4 cents per day per capita (1998/99 dollar terms). The cross indicates the modest increase currently requested by the ABC for 2003/04.

**FIGURE 5
ABC FUNDING INCLUDING
NON GOVT FUNDING**



Since 1985 the ABC has been forced to supplement its government funding with non government funds from activities such as the ABC retail venture. In recent years this income has plateaued at around \$150M and it can be argued that any further increase will begin to compromise the ABC's independence.

Figure 5 shows the core government funding from the previous Figure 3 with non-government income both in 1998/99 dollar terms. We see that the total income has decreased by about \$70M or 10% since the present government came into office. The current ABC request for 2003/04 will only go part of the way to rectify this.

FIGURE 6
CENTS PER DAY PER CAPITA
INCLUDING NON GOVT FUNDING

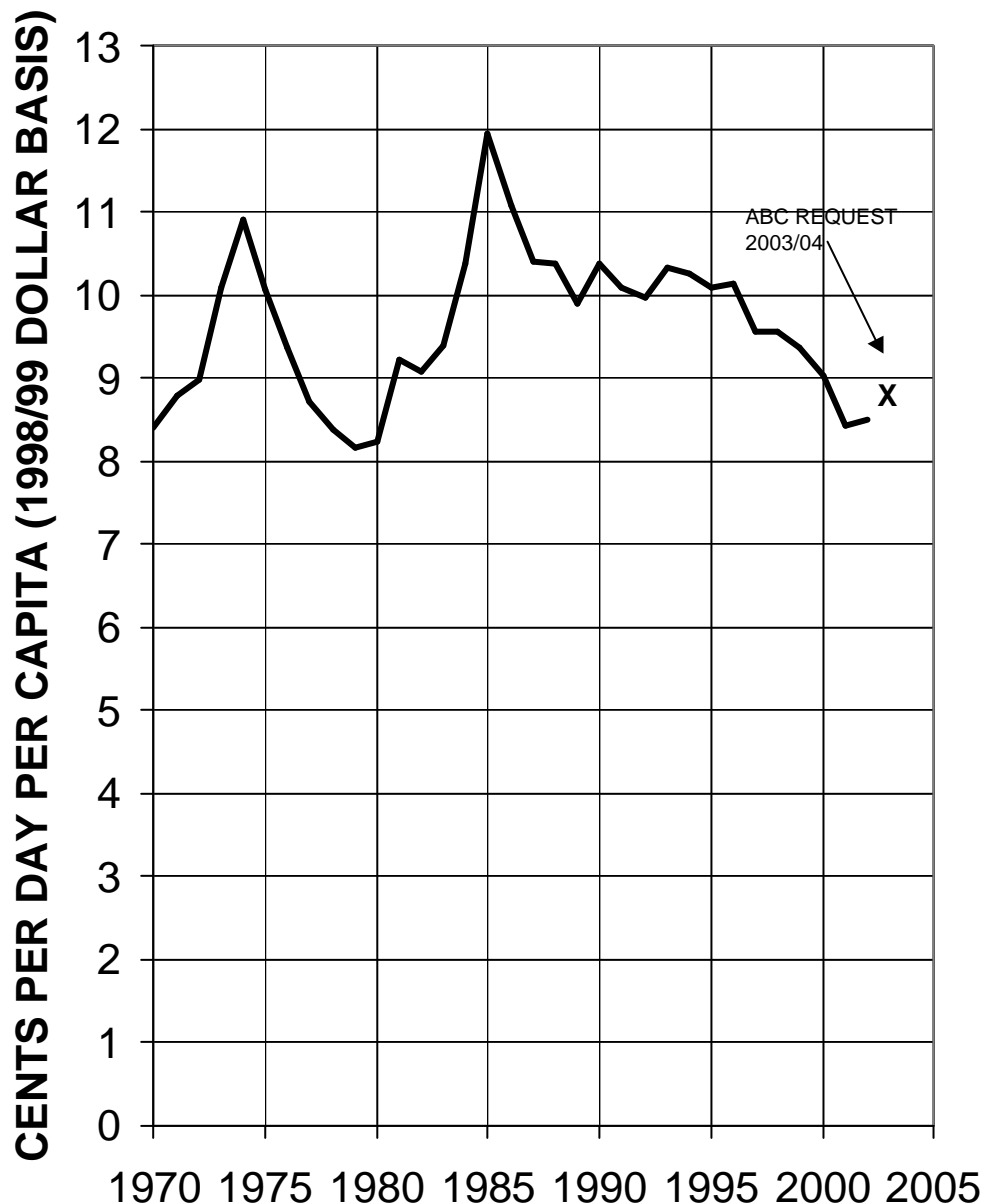


Figure 6 shows total ABC funding (core funding plus non-government funding) on a cents per day per capita basis. Total ABC funding has decreased by 1.6 cents per day per capita or 15% since the present government came into office.

SUMMARY

- Government funding to the ABC has been falling steadily since 1985.
- The present government claims to have increased funding since it came to office. But this apparent increase is illusory since it includes such items as Transmission Charges, Capital-Use Charge, grants for additional new services such as digital television and the overseas Australia TV service, and repayable loans. When these are removed core government funding has remained roughly constant over the 8 years of the present government.
- But after allowing for inflation core funding has decreased by about 15% over this period. The ABC is asking for a modest \$47M increase next year which would lower the reduction from 15% to 12%.
- On a per capita real dollar basis government funding has decreased by 45% since 1985 and by 20% since the present government came to office.