



A fact sheet
from the
Community
and Public
Sector Union

The ABC of ABC budget cuts and efficiency

Prior to the election the Coalition made a clear and unambiguous promise that ABC funding would not be cut.

The Prime Minister reaffirmed his commitment to pre-election promises in the Parliament on 13 February, 2014:

"Of course I stand by all the commitments that this government made prior to the election... you cannot say one thing before an election and do the opposite afterwards..."

But now the government is preparing to break that promise by cutting ABC funding under the guise of an 'efficiency dividend'.

An efficiency dividend is a budget cut, and media reports say the government is considering a 2.25% cut for the ABC.

Fact: The ABC is already subject to two forms of efficiency dividend

ABC budget funding has steadily declined in real terms:

- The current budget allocation represents a decrease in real funding of 22.5% or \$251 million since 1985-86¹, and,
- Each and every year the ABC has been required to find efficiencies to maintain services within this declining real budget.



The ABC has introduced a number of new services, largely funded from within their existing budget through internal cost-cutting and productivity improvements. These include:

- New and expanded radio services including three new regional stations and eleven new digital stations
- Three new digital television channels, including the 24 hour news channel, and
- New and expanded online services, including iView and streaming, podcasting, vodcasting services.

Fact: Independent external review says the ABC is already efficient

In 2006 the Howard government commissioned KPMG² to review the efficiency and funding adequacy of the ABC. The review found that the ABC was an efficient organisation, and that the ABC:

- Provided a high volume of output and quality for the level of funding it received
- Managed its costs well, with ABC employment costs having risen more slowly than in the commercial TV and radio sectors, and
- Actually required increased funding.

Fact: The public and government are already getting more from less

- In 1996 the ABC budget accounted for approximately 0.44% of total government expenditure, and
- By 2012 this had fallen to around 0.28% of total government expenditure³.
- In the 1980's ABC employed 6000 staff. Now it is just 4600⁴ – a 23% reduction.

So when we add up the budget reductions in real terms, the reduced staffing numbers and the increased level of services, the result is that the public and government are receiving more from the ABC for a lower real outlay. This is a standard definition of productivity improvement or efficiency gain.

¹ ABC Annual report 2013 p161

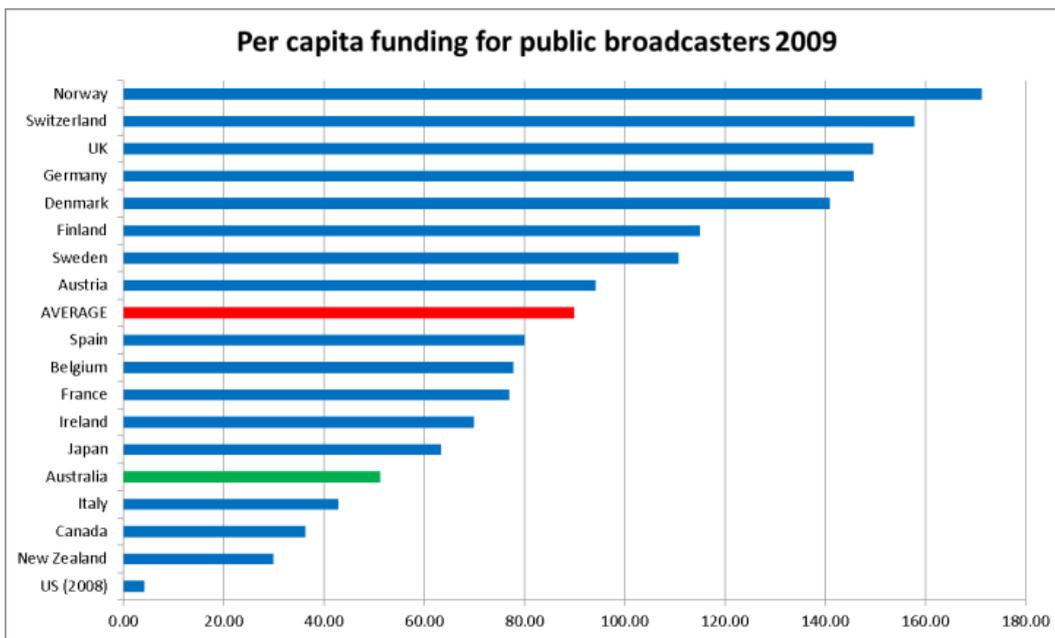
² Funding Adequacy and Efficiency review KPMG: Summary of Recommendations 19 January 2006

³ The Business Spectator *ABC's of Aunty's budget* 30 Jan 2014

⁴ ABC Annual report 2013 p 87

Fact: ABC funding is below the international average

- Among 18 major western countries Australia has the fifth lowest level of public funding.⁵
- Funding to the ABC and SBS is only 50% of the average in comparable countries.



While the level of funding is low by international standards, Australian public broadcasters produce a high level of service, reach and effectiveness.

Fact: An efficiency dividend would mean cuts to ABC output and quality

A large portion of the ABC budget is non-discretionary:

- 20% of the budget goes to transmission costs and extending the reach of digital stations⁶, and
- There are costs associated with meeting Charter obligations, in particular around transparency, reportage, complaint handling, editorial reviews and community consultation.

This means that any funding cut, including cuts in the form of an efficiency dividend, would have to fall squarely on to the ABC's production budget – reducing programs, services and quality.

Fact: The ABC is more efficient than commercial networks

It costs the Seven Network \$977m⁷ to deliver **three TV channels**: 7, 7Two and 7Mate.

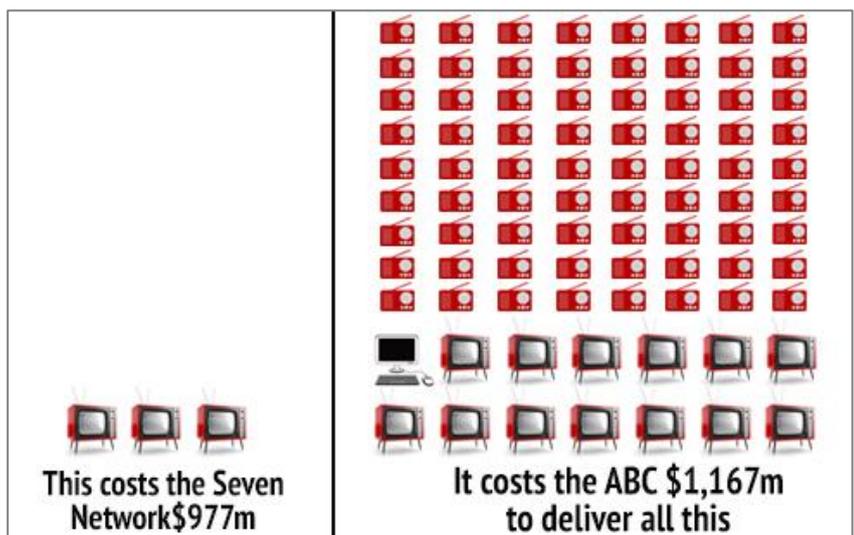
For only a little more (\$1,167m) the ABC delivers a lot more:

Five national TV channels: ABC1, ABC2, ABC4kids, ABC3 and ABC news 24.

Plus eight local TV stations.

Radio: 4 national networks, 9 metro stations, 51 regional stations, 12 digital stations.

Online: iView, plus a full suite of streaming, podcasting, vodcasting and video on demand services.



⁵ Source: Appendix A, Nordicity, "Analysis of Government Support for Public Broadcasting and Other Culture in Canada". In \$AUD.

⁶ ABC Annual Report 2013 p158

⁷ SevenWestMedia Annual report 2013 p 10