

Question on notice no. 100

Portfolio question number: SQ21-001037

2021-22 Supplementary Budget Estimates

**Environment and Communications Committee, Infrastructure, Transport,
Regional Development and Communications Portfolio**

Senator Anne Urquhart: asked the Australian Broadcasting Corporation on 26 October 2021—

- (1. Since 2014, by what amounts have the following been reduced:
 - a. ABC funding
 - b. ABC staffing (roles and ASL count) .
2. What specific cuts to staff, content and services has the ABC had to make as a result of the indexation pause from 2019-20 to 2021-22?
3. What is the ongoing impact of the indexation pause on ABC funding into the future, from mid-2022?
4. Since 2014, what percentage reduction has there been overall in ABC commissioned content in the following genres (expressed as a percentage) :
 - a. Drama
 - b. Factual
 - c. Documentary
 - d. Comedy
 - e. Children's.
5. Since 2014, what key additional and/or rising costs has the ABC had to manage?

Answer —

1.
 - a) Funding reductions by government, including the return of capital, since 2014 have totalled \$526 million up to 2021-22, with the ongoing reduction to the indexed funding base in 2021-22 being \$106 million p.a..

A summary of ABC Government funding reductions from 2014 to 2021-22 (in terms of the ongoing impact on annual base funding) and total appropriations received is shown below.

(Please see attached file for table)

- b) There has been a reduction within the ABC of 640 ASL during this time. At the end of 2013-14 the ABC had 4,704 ASL which has reduced to 4,064 at the end of 2020-21.
2. There was a net reduction of 147 roles (including the impact of reinvestment) as a result of the indexation pause from 2019-20 to 2021-22.

Where possible every effort was made to minimise the impact of these cuts across ABC content and services however these cuts had a significant impact across all ABC teams.

The savings the ABC found can be broken down into three categories:

- savings generated through third-party negotiations (including Foxtel satellite transmission costs and Content Distribution Network agreements)
- savings generated by efficiency measures (including production reviews, savings in support services and management restructures) and
- changes to the content that we deliver to audiences.

Key content savings initiatives included:

- discontinuing the 7:45am broadcast-only radio news bulletin and shifting focus to provide news across all our audio platforms
- reducing the ABC's spend with the independent production sector by approximately \$5 million p.a., predominately from the factual and entertainment slate, with the ABC prioritising investment in Drama and Children's programming
- discontinuing ABC Life and making savings in the creation of ABC Everyday and
- rebranding ABC Comedy to ABC TV Plus to create a home for a range of genres, such as Arts, Science, Education and Religion.

As part of these changes the ABC realigned resources to ensure an audience focus on:

- investing in digital and on-demand content making
- reflecting the diversity of Australia in our content and services, and through a diverse workforce
- being part of more communities across Australia by increasing positions based outside of Ultimo
- identifying savings and reinvestment opportunities that maximise efficiency and benefit to our audience.

3. The indexation pause to ABC funding announced in the 2018-19 Budget reduced ABC funding by the following amounts:

Reduction in base funding for 2019-20 \$14.623m

Reduction in base funding for 2020-21 \$27.842.

Reduction in base funding for 2021-22 and forward years \$41.284m

Total reduction over the 2019-22 Triennium \$83.749m

In addition to the cumulative reduction over the Triennium to 2021-22 of \$83.7 million, the ongoing impact from mid 2022 is a reduction to the indexed funding base of \$41.3 million p.a. While indexation to base funding is forecast to return from 2022-23, there will be an ongoing impact on funding in the forward years from the indexation pause. See table below.

(Please see attached file for table)

4.

a. Drama

b. Factual

- c. Documentary
- d. Comedy
- e. Children's

Point in time comparisons between 2014 and the most recent year are problematic because of the impact of Covid-19 on productions in 2019-20 and 2020-21.

Nevertheless, since 2014, and of the genres listed, commissioned content has reduced across both Drama and Children's as follows:

- Drama has a reduction of 26 per cent of commissioned activity (2014-15 compared with 2020-21)
- Children's has had a reduction of 5 per cent of commissioned activity (2014-15 compared with 2020-21)

Please note

- Factual and Documentaries were not split in the above information as these are treated within the same genre budget/allocation.

5. Since 2014, several trends have emerged which have led to new and/or rising costs managed by the ABC. These include the significant rise in the number of providers in the global media landscape, changing audience behaviours, and more recently, impacts of COVID-19 among others. The ABC has seen new and/or rising costs in the following ways:

- In line with the production industry, ABC's costs of production have increased since 2014. There are several reasons for this including the emergence of global players with massive content budgets such as Netflix and Amazon who have contributed to inflationary pressures leading to significant rises in costs of high-quality TV drama production.
- COVID-19 has added an extra layer of costs across ABC's operations with implementation of added safety procedures.
- There have been increased costs associated with cyber security and e-safety.
- Following the decision by RBA Holdings Pty Ltd to discontinue its funding of regional transmitters, new costs have arisen in association with maintenance of these transmitters.
- The emergence of new content gateways for audiences has driven cost increases. Costs related to delivery of digital content are expected to rise as the ABC continues to shift towards digital-first broadcasting and distribution.
- The increase in frequency of emergency broadcasting events has seen rising costs due to the need to cover more prolonged and more frequent events.
- The increase in media platforms used by audiences has led to additional costs of market research and audience insights services to serve audiences on new and emerging platforms.

Environment And Communications

QUESTION ON NOTICE

Supplementary Budget Estimates 2021 - 2022

Australian Broadcasting Corporation

Committee Question Number: 100

Departmental Question Number: SQ21-001037

Division/Agency Name: Australian Broadcasting Corporation

Hansard Reference: Written (05 November 2021)

Topic: ABC - Funding cuts

Senator Anne Urquhart asked:

1. Since 2014, by what amounts have the following been reduced:
 - a. ABC funding
 - b. ABC staffing (roles and ASL count).
2. What specific cuts to staff, content and services has the ABC had to make as a result of the indexation pause from 2019-20 to 2021-22?
3. What is the ongoing impact of the indexation pause on ABC funding into the future, from mid-2022?
4. Since 2014, what percentage reduction has there been overall in ABC commissioned content in the following genres (expressed as a percentage):
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5. Since 2014, what key additional and/or rising costs has the ABC had to manage?

Answer:

1.
 - a) Funding reductions by government, including the return of capital, since 2014 have totalled \$526 million up to 2021-22, with the ongoing reduction to the indexed funding base in 2021-22 being \$106 million p.a..

A summary of ABC Government funding reductions from 2014 to 2021-22 (in terms of the ongoing impact on annual base funding) and total appropriations received is shown below.

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ABC Funding Year	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Total Appropriation (Operation Activities & Transmission)	1,053.9	1,063.2	1,064.4	1,036.1	1,043.7	1,045.9	1,062.3	1,065.4	1,070.1
Total Budget reductions	0.0	(9.2)	(30.2)	(57.1)	(64.9)	(76.7)	(77.0)	(91.3)	(105.9)
Cumulative impact	0.0	(9.2)	(39.4)	(96.5)	(161.4)	(238.1)	(315.1)	(406.4)	(512.3)

** ABC/SBS Efficiency Savings also included a return of capital cash payment to government of \$14m in 2016/17, in addition to the cumulative \$512m by 2021-22 shown above.*

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2. There was a net reduction of 147 roles (including the impact of reinvestment) as a result of the indexation pause from 2019-20 to 2021-22.

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- identifying savings and reinvestment opportunities that maximise efficiency and benefit to our audience.

3. The indexation pause to ABC funding announced in the 2018-19 Budget reduced ABC funding by the following amounts:

	\$m
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ABC Appropriation Funding per May 2021 Federal Budget - including Indexation Pause reduction

\$ millions	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Operational Activities Funding	865.1	878.6	878.8	880.6	870.3	881.8	893.5
Transmission Funding	180.8	183.7	186.6	189.5	191.4	194.2	197.1
Total Appropriation	1,045.9	1,062.3	1,065.4	1,070.1	1,061.7	1,076.1	1,090.6

ABC Indexation Pause included above		(14.6)	(27.8)	(41.3)			
Ongoing impact of Indexation Pause					(41.5)	(42.2)	(42.8)
Cumulative Indexation Pause impact		(14.6)	(42.5)	(83.7)	(125.3)	(167.4)	(210.2)

- 4.
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