

ECR-2025-3409

| Funding for public broadcasters | | | | | | | | | |
|---|---|--|--|--|--|--|--|--|--|
| Party: | Australian Greens | | | | | | | | |
| Summary of proposal: | | | | | | | | | |
| The proposal would protect | the funding and independence of Australia's public broadcasters by: | | | | | | | | |
| reversing budget measur 2014 | reversing budget measures that reduced Australian Broadcasting Corporation (ABC) funding since 2014 | | | | | | | | |
| guarantee independence Service (SBS) | e by legislating secure funding for the ABC and Special Broadcasting | | | | | | | | |
| ensuring accessibility by paywall or sold off | ensuring accessibility by preventing ABC iView and SBS On Demand from being put behind a paywall or sold off | | | | | | | | |
| promoting fairness acros | promoting fairness across our public broadcasters by reducing advertising on SBS | | | | | | | | |
| ensuring the ABC's indep members | ensuring the ABC's independence by establishing a non-partisan process for appointing board members | | | | | | | | |
| | designating the ABC the official host of leaders' debates during a federal election to ensure fair and balanced coverage accessible to all. | | | | | | | | |
| The proposal would be ongoing and start on 1 July 2026. | | | | | | | | | |
| Additional information (base | ed on further advice provided): | | | | | | | | |
| The proposal would: | | | | | | | | | |
| reduce advertising on SB advertising by 80% | S by removing in-program advertising and reducing program break | | | | | | | | |
| • implement a non-partisa | in process for appointing board members. | | | | | | | | |

Costing overview

The proposal would be expected to decrease the fiscal and underlying cash balances by around \$551.8 million over the 2025-26 Budget forward estimates period (see Table 1). This impact reflects an increase of around \$288 million in expenses and a decrease of around \$263.8 million in revenue.

The proposal would be expected to have an impact beyond the 2025-26 Budget forward estimates period. A breakdown of the financial implications (including separate public debt interest (PDI) tables) over the period to 2035-36 is provided at Attachment A.

The change in revenue associated with a phase out of advertising on SBS under is subject to significant uncertainty. This uncertainty surrounds the impact of the decline in SBS revenue from reduced advertising and the potential need for additional government funding to compensate for the loss.

The value of advertising slots for in-program and program break advertisements is uncertain. The value of advertising slots in linear broadcast television is expected to gradually decline as audiences shift away from linear broadcast television to online platforms. As a result, advertising spend is moving from TV to online platforms, where competition drives advertising unit prices lower.¹ However, this decline in advertising revenue is expected to be offset by an increase in advertising revenue from SBS On Demand, as more Australians are watching Broadcast Video on Demand over time.²

Table 1: Funding for public broadcasters – Financial implications (\$m)^{(a)(b)}

| | 2025-26 | 2026-27 | 2027-28 | 2028-29 | Total to 2028-29 |
|-------------------------|---------|---------|---------|---------|------------------|
| Fiscal balance | - | -188.5 | -177.5 | -185.8 | -551.8 |
| Underlying cash balance | - | -188.5 | -177.5 | -185.8 | -551.8 |

(a) A positive number represents an increase in the relevant budget balance; a negative number represents a decrease.

(b) PDI impacts are not included in the totals.

Indicates nil.

Key assumptions

The Parliamentary Budget Office (PBO) has made the following assumptions in costing this proposal.

Restoring all funds cut from the ABC since 2014³

- The 2022-23 October Budget provided \$83.7 million additional funding to the ABC intended to "restore the savings from the indexation pause",⁴ addressing the ABC indexation freeze implemented in the 2018-19 Budget.⁵
- Funding reductions related to efficiency savings would be restored and then indexed by Wage Cost Index 6 (WCI-6).

Legislating funding for the ABC and SBS

• There would be a nil financial impact to enact legislative change as Australian Government departments are resourced to draft legislation in the course of their usual activities.

¹ Pitt, F. (2016). <u>I Want My ABC (and SBS and NITV): The Future of National Public Broadcasting</u>. The Australia Institute.

² Roy Morgan. (2022). <u>7.5 Million Australians Are Now Watching Broadcast Video on Demand Such as 7plus, 9Now, 10 Play</u> and ABC iview. Roy Morgan.

³ The scope of this includes: reversing the ABC component of the 2014-15 Budget measure *Australian Broadcasting Corporation and Special Broadcasting Service Corporation—efficiency savings*; reversing the ABC component of the 2014-15 Mid-Year Economic and Fiscal Outlook measure *Australian Broadcasting Corporation and Special Broadcasting Service Corporation—additional efficiency savings*; and restoring the indexation of funding. In the 2018-19 Budget, the Government announced that funding for the ABC would be maintained at 2018-19 levels for 3 years.

⁴ 'Better Funded National Broadcasters', page 159, Budget October 2022-23, <u>Budget Paper No. 2</u>.

⁵ 'Funding for Australian Film and Television Content and the National Broadcasters', page 79, Budget 2018-19, <u>Budget Paper</u> <u>No. 2.</u>

Preventing ABC iView and SBS On Demand from being put behind a paywall or sold off

• This would be enacted through a legislative or administrative instrument, and there would be a nil financial impact, as Australian Government departments are resourced to draft legislation and administrative instruments in the course of their usual activities.

Reducing advertising on SBS

- The decline in SBS revenue from reduced advertising during program breaks and the cessation of in-program advertising would be partly offset by an increase in price of the remaining advertising slots available.
- The Special Broadcasting Service Act 1991 would be amended to reduce the limit for commercial advertisements from 5 minutes per hour to 1 minute per hour for a single channel. This change would apply to linear channels and SBS On Demand.⁶

Establishing a non-partisan process for appointing board members of the ABC

• There would be a nil financial impact to enact the legislative and administrative changes to give effect to the proposal, as relevant agencies are already resourced to draft legislation, conduct hearings and undertake selection processes in the course of their usual activities.

Designating the ABC the official host of leaders' debates

There would be a nil financial impact to enact the changes to give effect to the proposal.

Methodology

The following components of the proposal have a nil financial impact, as outlined in Key assumptions:

- preventing ABC iView and SBS On Demand from being put behind a paywall or sold off
- legislating funding for the ABC and SBS
- establishing a non-partisan process for appointing board members of the ABC
- designating the ABC the official host of leaders' debates

Restoring all funds cut from the ABC since 2014

- The 2014-15 efficiency savings measures were reversed, and then grown by the WCI-6 parameter. The relevant funding reductions were associated with:
 - the ABC component of the 2014-15 Budget measure Australian Broadcasting Corporation and Special Broadcasting Service Corporation—efficiency savings.
 - the ABC component of the 2014-15 Mid-Year Economic and Fiscal Outlook measure Australian Broadcasting Corporation and Special Broadcasting Service Corporation—additional efficiency savings.

⁶ The *Special Broadcasting Service Act 1991* limits SBS to a maximum of 5 minutes of commercial advertisement per hour for a single channel. SBS broadcasts six linear channels and SBS On Demand.

Reducing advertising on SBS

- The estimated advertising revenue for SBS over the period from 2024-25 to 2027-28 were provided by the Department of Infrastructure, Transport, Regional Development, Communications and the Arts. These revenues were projected out to 2035-36 by the PBO.
- Revenue from in-program advertising was ceased from 2026-27, as specified in the proposal.
- The amount of program break advertising was reduced from the current allowance of 5 minutes per hour to one minute per hour from 2026-27. The expected revenue forgone from the reduction in-program break advertising includes the reduction in quantity of advertising slots. This loss is partially offset by an estimated increase in price of advertising on SBS, which is anticipated due to the reduced availability of advertising slots.

Financial implications were rounded consistent with the PBO's rounding rules.⁷

Data sources

The PBO thank the Parliamentary Library for their timely and impartial input to this response.

The Department of Infrastructure, Transport, Regional Development, Communications and the Arts provided information on the estimated advertising revenues for SBS over the over the period from 2024-25 to 2027-28.

Department of Finance provided the indexation parameters used to estimate the medium-term expenditure for the reversal of the two 2014-15 ABC efficiency savings measures.

Australian Communications and Media Authority, 2014. <u>*The Cost of Code Interventions on Commercial</u></u> <u><i>Broadcasters*</u>, Australian Communications and Media Authority.</u>

Commonwealth of Australia (2014) 'Australian Broadcasting Corporation and Special Broadcasting Service Corporation—efficiency savings', 2014-15 Budget, Commonwealth of Australia.

Commonwealth of Australia (2014) 'Australian Broadcasting Corporation and Special Broadcasting Service Corporation—additional efficiency savings', 2014-15 Mid-Year Economic and Fiscal Outlook, Commonwealth of Australia.

Commonwealth of Australia (2018) 'Funding for Australian Film and Television Content and the National Broadcasters', 2018-19 Budget, Commonwealth of Australia.

Commonwealth of Australia (2022) '*Better Funded National Broadcasters*', *Budget October 2022-23*, Commonwealth of Australia.

Commonwealth of Australia (2025) *Pre-election Economic and Fiscal Outlook 2025,* Commonwealth of Australia.

Pitt, F (2016) '<u>I Want My ABC (and SBS and NITV): The Future of National Public Broadcasting</u>', The Australia Institute.

Roy Morgan (2022) '<u>7.5 Million Australians Are Now Watching Broadcast Video on Demand Such as</u> <u>7plus, 9Now, 10 Play and ABC iview</u>', Roy Morgan.

⁷ https://www.pbo.gov.au/for-parliamentarians/how-we-analyse/pbo-rounding-rules

Attachment A – Funding for public broadcasters – Financial implications

| | 2025-26 | 2026-27 | 2027-28 | 2028-29 | 2029-30 | 2030-31 | 2031-32 | 2032-33 | 2033-34 | 2034-35 | 2035-36 | Total to 2028-29 | Total to 2035-36 |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------------------|---------------------|
| Revenue | | | | | | | | | | | | | |
| Reducing advertising on SBS | - | -94.5 | -81.5 | -87.8 | -88.9 | -90.0 | -91.2 | -92.3 | -93.5 | -94.7 | -95.8 | -263.8 | -910.2 |
| Expenses | | | | | | | | | | | | | |
| Departmental | | | | | | | | | | | | | |
| Restoring all funds cut from the ABC since 2014 | - | -94.0 | -96.0 | -98.0 | -100.0 | -102.0 | -105.0 | -107.0 | -109.0 | -112.0 | -114.0 | -288.0 | -1,037.0 |
| Total – expenses | - | -94.0 | -96.0 | -98.0 | -100.0 | -102.0 | -105.0 | -107.0 | -109.0 | -112.0 | -114.0 | -288.0 | -1,037.0 |
| Total (excluding PDI) | - | -188.5 | -177.5 | -185.8 | -188.9 | -192.0 | -196.2 | -199.3 | -202.5 | -206.7 | -209.8 | -551.8 | -1,947.2 |

Table A1: Funding for public broadcasters – Fiscal and underlying cash balances (\$m)^(a)

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in payments or net capital investment in cash terms.

- Indicates nil.

Table A2: Funding for public broadcasters – Memorandum item: Public Debt Interest (PDI) impacts – Fiscal and underlying cash balances (\$m)^{(a)(b)}

| | 2025-26 | 2026-27 | 2027-28 | 2028-29 | 2029-30 | 2030-31 | 2031-32 | 2032-33 | 2033-34 | 2034-35 | 2035-36 | Total to 2028-29 | Total to 2035-36 |
|-------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------------------|---------------------|
| Fiscal balance | - | -4.2 | -12.4 | -21.0 | -30.3 | -40.2 | -50.7 | -61.8 | -73.7 | -86.4 | -99.8 | -37.6 | -480.5 |
| Underlying cash balance | - | -3.1 | -10.4 | -18.9 | -28.0 | -37.7 | -48.0 | -59.0 | -70.8 | -83.2 | -96.5 | -32.4 | -455.6 |

(a) As this table is presented as a memorandum item, these figures are not reflected in the totals above. This is consistent with the approach taken in the budget where the budget impact of most measures is presented excluding the impact on PDI. If the reader would like a complete picture of the total aggregate, then these figures would need to be added to the figures above. For further information on government borrowing and financing please refer to the PBO's online budget glossary⁸.

(b) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A negative number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in payments or net capital investment in cash terms.

- Indicates nil.

⁸ Online budget glossary – Parliamentary Budget Office (pbo.gov.au)