

APPENDIX C. Public Broadcasting Cannot be Taken for Granted

It cannot be assumed that public broadcasting will continue to exist, or that the ABC will remain commercial-free.

A. Government Can't be Relied Upon to Maintain Independent Public Broadcasting

Governments have a strong interest to control information delivered to voters. The ABC's important role of scrutinising governments frequently results in hostility toward the broadcaster from whichever party is in government at the time. In the recent past, both Coalition and Labor governments have demonstrated a strong antagonism and sought to interfere in the ABC's independence.¹

Governments of both major political persuasions increasingly favour the privatisation of public assets and services. They are always keen to cut areas of public expenditure.

There are prominent members of the present Opposition who have publicly expressed support for advertising on the ABC,² for the ABC to be privatised and/or paid for by audience subscription, and for some or all of its operations to be taken over by commercial broadcasters.

The present Labor Government is as interested as the former Coalition government to have the public broadcasters generate income through commercial activities. Some of these commercial ventures risk compromising the independence of content, damaging ABC and SBS's integrity in the eyes of the community, and they include the ABC charging for services that a modern public broadcaster ought to provide.

1. The independence of the public broadcasters can and is being undermined:

- . The public broadcasters are increasingly engaging in commercial ventures to raise revenue. For example:
 - As the result of inadequate funding, SBS now interrupts programming with, and seeks to attract, advertising.
 - ABC Commercial, the money-making division of the ABC now has a place on the ABC Executive. Supported by the ABC's managing director, ABC Commercial now imposes advertising of the ABC's commercial activities on ABC networks.³

¹ The Howard Government and its supporters constantly attacked the ABC with accusations of bias. In 2006, Senator Concetta Fierravanti-Wells attacked the ABC for producing a drama about the 1998 waterfront dispute before it was even filmed. Senator Fierravanti-Wells said it was part of an 'anti-Government, pro-Left agenda at the ABC', and Senator Helen Coonan, then Minister for Communications, complimented Fierravanti-Wells for her interest. (Senate Hansard 17.8.06, p.68)

Then Minister for Communications, Senator Altson's infamous 68 complaints in a single letter to the ABC in 2003 relating to ABC Radio's AM program coverage of the Iraq war. (While one-third of those complaints were upheld, they were essentially 'nit picking' and the Australian Broadcasting Authority found "that AM's coverage of the Iraq war was of a high standard overall".)

Liz Jacka wrote in a review of K. S. Inglis's 'Whose ABC: The History of the Australian Broadcasting Corporation 1983 - 2006': "... the David Hill story reminds us how viciously antagonistic were the relations between the ABC and the Hawke and Keating Governments. ... it was under a Labor government that David Hill instituted his famous (or infamous) 'eight cents a day' campaign in 1988; this together with the furore over the ABC's coverage of the 1991 Gulf War earned Hill the lasting enmity of both Hawke and Keating, an enmity which had begun in 1983 with Richard Carleton's question to Hawke about 'blood on his hands', which was followed by vaguely threatening statements by Hawke in relation to ABC bias." (*Overland* 185–summer 2006, pp.79–81)

² Two examples of current prominent Coalition politicians amenable to the ABC's commercialisation are: Christopher Pyne MP, senior Liberal Party member and the Coalition's present Shadow Minister for Education, in a 2003 letter to major daily newspapers (*Sunday Age* 28.9.03) proposed the ABC Act be changed to enable the ABC to carry advertising and to introduce a subscription service.

In 2006, Senator Coonan, then Coalition Communications Minister, and now Shadow Minister for Finance, Competition Policy and Deregulation, told *The Bulletin* magazine that advertising on the ABC is something that the ABC Board might like to consider. (*The Bulletin* 15.3.2006)

³ It is doubtful at the time the ABC Act was drafted that it was envisaged the clause allowing the ABC to promote its own activities would be used in this manner.

- Questioning in the Senate in 2005 revealed the ABC's commercial operations had commissioned children's television programming with one requirement being the program's capacity to generate spin-off merchandising.⁴
- The new Labor Government has to date not moved to extend the ABC Act's prohibition on advertising on radio and television to online. It supports a practice the ABC has begun of establishing ABC-branded websites that are one click away from its main site, www.abc.net.au, and carry non-ABC advertising. It is just as important that the ABC's online services be a commercial-free environment where content is uncompromised by advertising as it is for radio and television. Furthermore, content on the platforms is often closely interrelated, with some platforms drawing from and complementing the content of each other.

Some of these activities compromise the independence of programming and damage public trust in the integrity of the ABC and SBS.

These and other commercial activities will influence the selection and scheduling of programs in a way that will result in the programming of public broadcasters becoming more akin to that of commercial broadcasters. If that occurs, community support for public broadcasting will decline. Governments will withdraw further from their responsibility to fund the public broadcasters, pointing to the broadcasters' capacity to earn revenue through commercial activities. Commercial competitors would complain and governments would deem it inappropriate for broadcasters which deliver programming which has become increasingly less distinguishable from that of commercial broadcasters to be funded from the public purse.

- Even where privatisation and commercialisation does not happen overtly, it is occurring through the back door.
For example:
 - All ABC television drama is now outsourced; and its acclaimed Natural History Unit has been closed.
 - The ABC recently sold the production and distribution of ABC Books to News Ltd's Harper Collins Publishing, allowing Harper Collins to advertise books with the ABC imprint on ABC radio, television and online networks.
- Both public broadcasters have been, and could again in the future be undermined by the stacking of their boards of directors. The Howard Government's appointed to the ABC Board people from the commercial sector with no demonstrated interest in the ABC, and people who are antagonistic to the ABC, have interests contrary to the ABC's healthy survival and believe the broadcaster should be commercialised.⁵

There is strong pressure for the government to appoint on the basis of merit in the Rudd Labor Government's new process for appointments to the ABC and SBS boards. But even if the new process is translated into legislation, it cannot prevent a government so inclined, from appointing to the ABC Board people who are antagonistic to independent broadcasting or have a strong conflict of interest.

- The historian, emeritus professor Ken Inglis claims that the Howard Coalition Government used funding as a tool to punish and control the ABC. He repeats in his 2006 history of the ABC⁶ the revelation of Pamela Williams, an *Australian Financial Review* journalist who had close access to Howard's 1996 election team, that 'the Coalition planned to "quarantine" the ABC until its funding ran out', and "after that it would be fair game for the chop".

The ABC and SBS continue to suffer from inadequate government funding. The funding of neither broadcaster is indexed in line with its real costs. SBS turned to advertising long ago in an effort to deal with insufficient funding, and since then advertising has expanded to interrupt programming.

⁴ Information confirmed in the ABC's answer to questions of Senator Kerry O'Brien, Senate Environment, Communication, Information Technology And The Arts Legislation Committee, Budget Estimates 14 Feb 2005.

⁵ Two examples of appointees of the former government who continue to sit on the Board are:
Janet Albrechtsen - a columnist for Murdoch's News Ltd which has interests in a pay-TV station and online media services, and is antagonistic to the ABC.
Keith Windschuttle - a leading protagonist in the 'history and culture wars' who publicly stated in 2005 that the ABC would thrive if it was commercialised, and it would be appropriate for *The 7.30 Report* presenter Kerry O'Brien to do commercials.

⁶ KS Inglis, 'Whose ABC: The History of the Australian Broadcasting Corporation 1983 - 2006', (Black Inc, 2006), p. 372

The former Howard Coalition government slashed the ABC's triennial funding by \$66 million (12 %) per annum shortly after it was elected in 1996. While the ABC's funding had been restored to around the same level by the time the Howard Government lost office, its triennial funding - important because it promotes the ABC's arms-length operation from government - was not restored. Instead, funding had been increasingly targeted for political advantage.

With the exception of some additional funding for local television drama production, which is now entirely outsourced to the private sector, increases in ABC funding in the 2009 Federal Budget were only for new initiatives. (The May 2009 Budget was the Rudd Labor Government's first budget to address ABC funding which it set for the next three years.) The shortfall in ABC funding that was revealed in leaks from the KPMG report in 2006⁷ on the adequacy of ABC funding appears to have been substantially ignored. There was no additional funding to address the ABC's declining resources in existing services, such as documentary and science programming, the ABC's domestic and international radio networks, news and current affairs. Nor did the Budget address the need for additional content for emerging services like online and digital radio, other than audience-generated content for regional broadband hubs.

The public broadcasters could be readily sidelined into irrelevancy just by not being guaranteed access to changing media technology, or the funds required to participate in it.

- Some types of programming are more cost-effective to produce centrally, so state-based and/or regional localism can readily be lost if the ABC is not well-funded. While this has already occurred to an extent at the capital city level for some states, to date, its extent has been less in regional locations as the result of the former government having targeted funding to regional programming for political reasons.

2. The Senate

When in opposition, political parties tend to have a greater appreciation of the ABC and its independence from government influence. But this is not necessarily the case with regard to the ABC's independence from commercial influence and will not protect the ABC on occasions when a party in government also controls the Senate.

3. Friends of the ABC

It cannot be taken for granted that a body like Friends of the ABC, which continually struggles for resources to remain active, will always exist or be able to operate at its present level to protect the ABC.

⁷ 2006 leaks from the KPMG Report, which the Howard Government commissioned on the adequacy and efficiency of ABC funding, said "...even with indexation we do not believe the ABC could sustain its present range, quantity and mix of outputs at its present level of funding." Friends of the ABC can only attempt to calculate the present inadequacy of the ABC's funding, as the KPMG Report was never released. The leaks revealed that post-indexation of 2.5%, the ABC needed an additional \$125.8 million for the 2007-09 triennium. Excluding the increase in Rudd Government funding, which was substantially for new initiatives, the only increased funding received since the KPMG Report was \$88.2m for the 2007-09 triennium. That left a shortfall of \$37.6 million which continues on an annual basis if figures that KPMG provided for 2007-09 were cumulative, and which becomes \$38.164 million per annum with the RBA's 2008-09 1.5% estimated CPI increase.

B. Commercial Media's Interest and Capacity to Undermine Public Broadcasters

Australia's high concentration of media ownership, together with media ownership changes that resulted when the Howard Coalition government weakened cross-media ownership restrictions, has increased the proportion of the number of major media outlets with a direct financial interest to have the public broadcasters shut down or their activities scaled back. It has also increased the capacity of commercial media outlets to affect that outcome.

1. Cross-promotion at ABC's Expense

Cross-promotion - the capacity to promote one media outlet on another media outlet - occurs not only in up-front advertising. It is woven into the content of programming, even included in (so-called) news stories. An example is the manner in which PBL's Nine Network and its magazines cross-promote each other's content.

The capacity for cross-promotion that several major media outlets now have, when measured against the meagre budgets of public broadcasters to promote their programming outside their own networks, risks commercial broadcasters capturing increased audiences at the expense of the public broadcasters.

While public broadcasters do not exist to attract audiences, without audiences of a reasonable size they would not be fulfilling their charter requirements. For example, the ABC could not be said to be educating and informing the community if only a tiny proportion of Australians tuned in to its programs. No government is likely to continue to fund a broadcaster that does not attract an audience level which neither the government nor the public deems reasonable.

2. Online

The view of public broadcasters being competitors for the audiences that commercial media needs in order to attract advertising revenue will be strengthened as media outlets, regardless of their traditional platform, increasingly turn to online to remain relevant and to maintain revenue.

3. Commercial Pay TV Industry wants Public Broadcasting's Work

With increased competition coming from commercial free-to-air television as the result of multichannelling, pay-TV providers are also seeking new audiences and revenue.

- The Sky News Channel⁸ which is broadcast on pay-TV has recently called for all new government services, such as new television channels for children and education to be put to tender.⁹
- Pay-tv channels Foxtel and Austar¹⁰ are positioning themselves for a prominent future at the expense of the ABC. The recent launch of a new public affairs channel that Foxtel and Austrar are funding Sky News to produce came suddenly and unexpectedly over the top of the ABC's longtime and very public efforts to secure government support for the national broadcaster to provide a dedicated digital public affairs channel. It was lunched without its name even settled on: called A-SPAN at its launch in December 2008, its name changed to A-PAC (Australia's Public Affairs Channel), by January this year.

A-SPAN, which became A-PAC, was officially launched by the Prime Minister, Kevin Rudd. In the May 2009 May Federal Budget that set the ABC's funding for the next three years, the Government failed to provide the ABC with any additional funds to establish a public affairs channel.

A-PAC will be provided at no extra charge to subscribers. It is undoubtedly intended to be a means to trump the ABC's status as the pre-eminent provider of news and public affairs programming, and will be a significant cross-promotional base for Foxtel's subscription services.

⁸ Sky News is a cable and satellite news channel owned by Seven Network, PBL Media which is the parent company of Nine Network, and BSKyB, which is the owner of the channel's UK counterpart.

⁹ Remarks of Sky News chief executive Angelos Frangopoulos at a broadcasting conference 5.3.09

¹⁰ Foxtel is owned by News Corp/Murdoch 25%, Consolidated Media Holdings 25%, Telstra 50%. Foxtel operates in metropolitan markets and Austar in regional markets.

But presently neither pay TV networks nor the ABC have the broadcasting spectrum to provide a public affairs channel to anyone with a digital television. Foxtel and Austar have now put themselves in competition with the ABC, lobbying the Federal Government for broadcasting spectrum that is not yet allocated for use.

- Foxtel's Director of Policy and Corporate Affairs, Adam Suckling, is reported to have recently said: "As a general proposition the government should only fund stuff that the private sector can't do."¹¹
- The Australian Subscription Television and Radio Association (the pay-tv industry peak body) has positioned itself well to represent its interests to the present Federal Labor Government and the present Communications Minister, Senator Conroy, by appointing former Victorian Labor premier, Steve Bracks, to head the organisation.

4. Commercial Media Owners Subject to ABC Scrutiny

Powerful commercial media owners and media operations are rightfully among the bodies and activities that the ABC scrutinises in the public interest. This would not endear the ABC to those who head powerful media companies.

5. Commercial competitors attack and undermine the ABC

- Commercial media owners with an interest in broadcasting already use their media outlets to oppose public broadcasting - to further their own business interests, to protect a government they believe best represents their business interests, and/or to carry favour with a government they seek to have represent their interests in media or other commercial activities.

They do it by unfairly denigrating the ABC. Murdoch's News Ltd - with a 25 percent interest in Foxtel pay-TV has columnists in the main news section of its papers who constantly attack the ABC, its operations and the balance and veracity of ABC news and current affairs. In his research on the Murdoch media over several recent years, Dr Martin Hirst¹² has found there is a concerted editorial campaign across the Murdoch press in Australia to damage the credibility of the ABC.

As importantly, some major commercial media outlets damage public broadcasting through omission. Despite the ABC being a major public institution, about which the community is entitled to be well-informed, major commercial television and radio networks rarely report instances in which the ABC is being attacked or undermined by government. Viewing only PBL's news and current affairs, it would be easy not to be aware that the ABC or SBS exist.

- Recent changes in cross-media landscape have resulted in the loss of the only significant alternative to anti-ABC commercial media. Fairfax, whose daily newspapers in Melbourne and Sydney and its national *Australian Financial Review* newspaper, the community depended on to inform them when the ABC was under attack by the former government, has become a competitor to the ABC with its acquisition of major radio stations in Victoria and NSW.
- The ABC, which has been under serious attack at times from governments led by parties of both major political persuasions, has survived largely as the result of strong public support. Over time, that public support could be eroded by a concerted campaign attacking the credibility of the ABC.

In any case, if the ABC's future was under serious threat, perhaps as the result of planned privatisation, it is likely the overwhelming number of people who depend on mainstream media for their news would not know or be informed of the significance. Sensitive to criticism that it could be using its position to

¹¹ Margaret Simons, '16 . A-pac hits the airwaves, beats ABC to the punch', Crikey.com 20.1.09

¹² Dr Hirst is a lecturer in journalism & media studies at Edith Cowan University and author of 'Journalism Ethics: Arguments and Cases' and 'Communication & New Media: Broadcast to Narrowcast' both published by Oxford University Press. A paper he is writing which covers the Murdoch press's treatment of the ABC will be published next year.

promote its own self-interest and subject to the intimidation of hostile governments¹³, the ABC itself does little to inform the public of its problems.

6. Public Influence and therefore Political Influence

The significant public influence that the media wields results in large media owners having the ear of governments. Some of these media owners have already, and will continue to pressure governments to weaken public broadcasting, for example, by amalgamating the ABC and SBS, by privatising the public broadcasters or parts of their operations, by limiting their charters or services and/or by starving them of funds, or outsourcing some of their operations to the commercial media sector.

- For evidence of the influence which powerful media owners exert in Australia, look no further than the former government's changes to cross-media ownership rules. The voices which were listened to, and the interests which were represented in that legislation, were those of powerful media owners, at the expense of media diversity and the broader public interest.
- Such is the power of Rupert Murdoch and his known willingness to use it, that leaders of countries across the world in which Murdoch media is influential all meet with him - Barack Obama, Gordon Brown and Kevin Rudd to name some current leaders.
- At the behest of Sky News Australia,¹⁴ in 2005 the former Howard Government put out to tender Australia's international television service operated by the ABC. (This was despite the Government having taken the service from the ABC and given it to Seven with public subsidies in 1997, and Seven having walked away from the service and the Government handed it back to the ABC in 2001 to resurrect.)

Common sense prevailed, for now, and the Department of Foreign Affairs and Trade awarded the contract to the ABC. (Perhaps fresh in their minds was Australian commercial TV's anti-Indonesian depiction of the Schapelle Corby saga and the impact such coverage might have on relations with our near neighbour if delivered by the official Australian broadcaster.) But, with the ABC's contract due to expire in 2010, Sky News is again pushing to operate the international television channel.

¹³ In the Howard Government era, ABC TV's then *Media Watch* host Paul Barry was effectively sacked by the ABC after a hard-hitting interview with ABC Chairman Donald McDonald on the subject of government funding for the ABC.

¹⁴ Sky News at the time was also owned by Channel Nine/Packer (i.e., in addition to News Ltd/Murdoch and Channel Seven/Stokes).