The ABC: an overview (updated)

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Executive summary

- This paper presents a brief overall picture of Australia’s principal public service broadcaster, the Australian Broadcasting Corporation (ABC). It describes the origins and development of the ABC and looks at its current structure, general operational policies and functions.

- The paper also discusses a number of important issues which are often raised in discussions of public broadcasting in general, and in particular, in relation to the ABC. One of the most significant of these is the issue of how the ABC is funded. The paper provides a brief background to the current funding situation, noting the debate surrounding the adequacy of funding and what may be future funding outcomes. Discussion of this issue is supplemented by detailed funding tables presented in Appendix C. These tables show funding trends and provide information actual dollars and dollar adjusted to 2012–13 prices.

- The ABC has regularly been the subject of criticism from a number of quarters; there have been frequent allegations of bias in reporting, inappropriate programming, political appointments to the ABC Board and mismanagement of funds. Recently the ABC has been accused also of neglecting its Charter obligations by withdrawing local services and outsourcing production.

- The debates surrounding these and other similar issues are also considered in the paper. Arguments supporting and criticising the broadcaster are noted throughout. While no attempt is made to draw definitive conclusions about the future of the ABC, it is noted that the broadcaster continues to be admired and supported by a significant number of Australians who see it as a constant source of quality information and entertainment.
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Part 1: introduction

Public broadcasting
The United Nations Educational, Scientific and Cultural Organisation (UNESCO) describes public service broadcasting as:

... broadcasting made, financed and controlled by the public, for the public. It is neither commercial nor state-owned, free from political interference and pressure from commercial forces. Through [public service broadcasting], citizens are informed, educated and also entertained. When guaranteed with pluralism, programming diversity, editorial independence, appropriate funding, accountability and transparency, public service broadcasting can serve as a cornerstone of democracy.¹

This description reflects the intention of the first Director General of the British Broadcasting Corporation (BBC), which is seen as the definitive public broadcaster, that the BBC would serve as the 'interrogator of democracy', creating a 'symbolic heartland of national life'.²

After the BBC was established in the mid-1920s:

Within the governance of national authorities, public service broadcasting was recreated across western European democracies and beyond in various forms. At the core of each was a commitment to operating radio and television services in the public good. The principal paradigm adopted to accomplish this mission was the establishment of a state-owned broadcasting system that either functioned as a monopoly or at least as the dominant broadcasting institution. Funding came in the form of license fees, taxes or similar noncommercial options.³

Since the 1980s, various challenges to this idea of public broadcasting have arisen. One academic observes in fact that public service broadcasting has been the focus of pessimistic forecasting over 25 years. Its demise has been predicted to occur for a number of reasons—the result of institutional ‘withering from within’ and commercial competition or ideological opposition from without’.⁴

Despite these predictions however, it appears public service broadcasters have survived ‘the market liberal reforms of the late twentieth century’, and like the subject of this paper, the Australian Broadcasting Corporation (ABC), they maintain considerable public support.⁵ Indeed, public service broadcasters have eagerly embraced social innovation concepts of the twenty first century and are in the process of transformation to public service media organisations, which embrace both broadcasting and user-created content functions.

The paper presents an overview of Australia’s principal public broadcaster, the ABC, with reference to its origins, current composition and functions and its vision for a viable future within a changing media environment. The paper also makes reference to some of the controversies which have been integral to long-running discussion about the ABC—allegations of bias, political appointments to the broadcaster and the perennial question of funding adequacy.

Establishing the Australian national broadcaster

Broadcasting in Australia commenced in the 1920s under a two-class regulatory system devised by the federal government. This system involved category A licences, which were to be financed mainly by revenue collected from listener licences, and category B licences, whose source of revenue was unspecified, but who were allowed to solicit advertising.⁶ The idea behind this system was the attraction of sufficient capital to deliver competitive broadcasting and to avoid the establishment of a monopoly broadcasting environment.⁷

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³. R Avery, ‘Public service broadcasting’, Museum of Broadcast Communications, accessed 14 February 2014.I couldn’t find this article on the site
⁵. Ibid.
⁶. Note: Category A licences were allowed to accept a small amount of advertising.
From the outset, Category A stations were expected ‘to extend the facility of broadcasting to places outside the capital cities, especially to distant country listeners’. This desire reflected the general expectations of the period that radio would be able to bring social and economic benefits to the bush, to curtail a trend towards migration to the cities and act as an incentive for the migrant population to join the rural workforce. Further, there were expectations that these state-supported stations would not only provide entertainment, but that they would also ‘be directed towards some sort of cultural “improvement” for the public generally’.

When Category A stations experienced financial difficulties, partly as a result of these conditions, the Government decided to nationalise the stations. The National Broadcasting Service stations, as they were called, were run under contract by the Australian Broadcasting Company from July 1929 to the end of June 1932. According to a review of the Australian Broadcasting Corporation in 1981:

> It was of course in character with the political impulses leading to the nationalisation of the ‘A’ stations that some of the costs of extending broadcasting services to uneconomic areas should be borne by the taxpayer rather than by listeners, and financed by the Government’s overall loan-raisings of surpluses generated elsewhere. National broadcasting was following a pattern well established in Australia since the 19th century in the provision of public utilities for our widely spread spaces, ranging from railways to water supplies.

The Scullin Labor Government, elected in late 1929, decided not to renew the Australian Broadcasting Company’s contract and intended to establish a public corporation to operate the national service. After Labor suffered defeat in January 1932, the United Australia Party Government proceeded to introduce similar legislation to establish the Australian Broadcasting Commission (ABC).

On 1 July 1932, the ABC first commenced broadcasting to radio stations in all capital cities and to relay stations in some states. At that time, Prime Minister Joseph Lyons predicted the ABC would provide an important national service which would deliver information, entertainment and culture ‘to serve all sections of the public and to satisfy diversified tastes’.

Following the recommendations of a Royal Commission in the early 1950s, ‘the ABC was allocated responsibility for delivering a national television service which, given Australia’s geography and uneven spread of population was not a viable commercial venture’.

ABC television began transmission twenty four years after its first radio broadcast. ABN Channel 2 Sydney, inaugurated by the Prime Minister, Robert Menzies, first broadcast on 5 November 1956. ABV Channel 2 Melbourne began broadcasting two weeks later to deliver coverage of the 1956 Melbourne Olympic Games.

The ABC is now an integral part of the radio, television and online production industries in Australia and a respected source of news and information media. In recent times, it has played an important role in digital broadcasting and the introduction of new media services.

**Charter and national identity**

Under its Charter, which can be found in section 6 of the *Australian Broadcasting Corporation Act 1983* (the ABC Act), the ABC is required to provide innovative and comprehensive broadcasting services of a high standard across Australia. It is also required to transmit news, current affairs and entertainment programs outside Australia (see Appendix A).

The Charter directs that ABC services must reflect what is seen as the traditional role for a public broadcaster—to deliver policy objectives through the broadcast of programs that inform, educate and entertain. It must also address market failure, in areas such as the delivery of local content. Further, its programming must contribute to national Australian identity and reflect cultural diversity.

ABC services and contribution are well valued by Australians as the quote below indicates:

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1. Ibid.
2. Ibid., pp. 57–58.
3. Ibid., p. 59.
4. The *Australian Broadcasting Corporation Act 1983* changed the name of the organisation from the Australian Broadcasting Commission to the Australian Broadcasting Corporation.
5. K Inglis, *This is the ABC; the Australian Broadcasting Commission 1932–1983*, Black, Melbourne, 2006, p. 5.
Part 2: regulations and policies

Codes, classifications and complaints

Codes

Under section 8(1)(e) of the ABC Act, the broadcaster is required to develop a code of practice relating to its television and radio programming, and to notify this code to the Australian Communications and Media Authority (ACMA). The Code of Practice applies also to content delivered online and to material seen or heard on emerging media services.  

The ABC distinguishes between four types of content to which a general underlying principle of appropriate context applies. These are: news and current affairs, opinion, topical and factual and performance. The broadcaster is required under the Code to ensure that the gathering and presentation of news and current affairs information ‘is accurate according to the recognised standards of objective journalism’. This applies with respect to ‘assertions of fact of fact, not to expressions of opinion’. The Code states that it is the aim of the broadcaster to equip audiences with information so they are able to make up their own minds on issues and that this differs from commercial media ‘which are free to be partial to private interests’.  

Appropriate context under the Code also relates to fair and honest dealing, avoiding gratuitous harm or offence, the protection of young people and the protection of privacy.

Box 1: one man’s satire—another man’s distress

The question of what is meant by legitimate context in the ABC Code has at times been contentious. For example, it is unacceptable under the ABC Code to use language, sound or images simply to offend, but it is acceptable to use such language or images for bona fide purposes. Content which disparages or discriminates on a number of grounds, including race, sex, age, disability or religious, cultural or political belief or activity is unacceptable.

The satirical Chaser team have discovered at times that there is a fine line between what is acceptable and what is offensive under the Code. In 2009, for instance, a Chaser skit which appeared to represent sick children who receive their wishes from the Make a Wish Foundation as selfish and extravagant, and which concluded with the words—‘why go to any trouble when they’re only going to die anyway’—was labelled as particularly distressing.

The Code in place at the time noted that the requirement not to give offence was not intended to:

... prevent content which is factual or the expression of genuinely-held opinion, or content presented in the legitimate context of a humorous, satirical or dramatic work.  

Regardless of whether the skit qualified as satire or humour, it elicited considerable outcry, and as a result the ABC suspended the Chaser program for two weeks with a promise it would review its editorial processes. An internal review resulted in the ‘removal’ of the head of ABC comedy for an error of judgement in not consulting more widely before clearing the Chaser skit for broadcast.

In September 2013 another Chaser segment showed a ‘photo-shopped’ image of News Corp columnist Chris Kenny having sex with a dog. The ABC received nearly 200 complaints about the sketch, but concluded after investigation that it did not breach the Corporation’s editorial policies because viewers were ‘adequately warned

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17. Ibid., p. 4.
by an onscreen classification symbol and accompanying voice over of the likelihood of seeing potentially offensive content’.  

Paul Barry from the ABC’s Media Watch disagreed. In Barry’s opinion while the Chaser may label the depiction of one of the ABC’s critics as satire, the sketch was neither satirical nor clever.

Chris Kenny took the issue to court as the ABC refused to apologise for the skit and a preliminary hearing in the NSW Supreme Court in March 2014 gave the journalist permission to sue the public broadcaster. In April 2014 the ABC responded with an apology from the Managing Director of the ABC, Mark Scott, which conceded that the broadcaster should not have allowed the skit to go to air as it fell short of the quality demanded by ABC audiences.

Chaser member Julian Morrow responded to the apology with a tweet of an image of Scott having sex with a hamster.

The saga continued, however, and in early June 2014 the ABC took the unusual step of broadcasting an apology, but the Chaser team remained adamant that they would not apologise to Kenny. This stance was in direct contravention of the settlement reached between the ABC and Kenny.

Regardless of the apology, criticism continued in the commercial media. Eventually the broadcasting industry regulator, the Australian Communications and Media Authority (ACMA), declared that the Chaser skit had breached the ABC Code of Practice in relation to the televising of material that would cause harm or offence.

Classifications

The ABC applies the Office of Film and Literature Classification (OFLC), classifications made under the Classification (Publications, Films and Computer Games) Act 1995 to all domestic television programs with the exception of news, current affairs and sporting events.

Complaints

Complaints that the ABC may have acted contrary to its Code of Practice can be made in writing to the broadcaster. Telephone complaints can also be made, but in many cases relating to telephones complaints the broadcaster will request the complainant to follow up such complaints in writing. According to the ABC’s complaints handling procedures, it seeks to deal with all complaints as quickly as possible by responding to all but the most complex complaints within 30 days of receipt. The broadcaster adds that it makes considerable efforts to provide an adequate response to a complaint unless it is assessed as being ‘frivolous, vexatious or not made in good faith or the complainant is vexatious or not acting in good faith’.

Until the adoption of new Editorial Policies in April 2011, anyone who was dissatisfied with an initial response about a complaint could request that the Corporation’s Complaints Review Executive review the matter. An Independent Complaints Review Panel, appointed by the ABC Board, was also able to review written complaints. Further, if the Independent Complaints Review Panel did not accept the complaint for review or if a complainant was dissatisfied with the outcome of an investigation, the complainant could then take the complaint to ACMA.

Changes made in 2011 mean that written complaints about issues such as factual inaccuracy, bias or inappropriate content are currently referred to the Audience and Consumer Affairs unit, which ABC annual reports maintain is ‘independent of ABC program areas’. The Audience and Consumer Affairs unit also

31. Ibid.
32. Ibid.
coordinates responses to programming and policy inquiries. Complainants who are dissatisfied with responses from the broadcaster are still able to take their complaints to ACMA. 

Box 2 below shows statistics relating to complaints from 2004 to 2013.

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<tbody>
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<td>Complaint:</td>
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<td>22,444</td>
<td>22,407</td>
<td>21,137</td>
<td>19,574</td>
<td>16,601</td>
<td>18,090</td>
<td>19,153</td>
<td>12,886</td>
<td>13,534</td>
</tr>
<tr>
<td>Appreciation / Request / Suggestion:</td>
<td>24,286</td>
<td>21,118</td>
<td>22,278</td>
<td>23,532</td>
<td>21,347</td>
<td>24,850</td>
<td>28,610</td>
<td>26,252</td>
<td>22,011</td>
<td>11,935</td>
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<td>Other:</td>
<td>1,917</td>
<td>2,218</td>
<td>2,443</td>
<td>2,188</td>
<td>1,979</td>
<td>2,057</td>
<td>2,346</td>
<td>3,700</td>
<td>2,062</td>
<td>1,270</td>
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<tr>
<td>Contacts Finalised:</td>
<td>49,156</td>
<td>45,780</td>
<td>47,128</td>
<td>46,857</td>
<td>42,900</td>
<td>43,508</td>
<td>49,046</td>
<td>49,105</td>
<td>36,959</td>
<td>26,739</td>
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<tr>
<td>How was the ABC contacted:</td>
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<td></td>
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<td></td>
<td></td>
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<td></td>
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<tr>
<td>Other:</td>
<td>21</td>
<td>22</td>
<td>26</td>
<td>25</td>
<td>67</td>
<td>65</td>
<td>97</td>
<td>47</td>
<td>65</td>
<td>-</td>
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<tr>
<td>Email:</td>
<td>47,804</td>
<td>43,774</td>
<td>45,173</td>
<td>44,699</td>
<td>40,469</td>
<td>40,322</td>
<td>45,584</td>
<td>45,997</td>
<td>33,447</td>
<td>21,518</td>
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<tr>
<td>Letter:</td>
<td>1,331</td>
<td>1,984</td>
<td>1,929</td>
<td>2,133</td>
<td>2,364</td>
<td>3,121</td>
<td>3,365</td>
<td>2,682</td>
<td>3,447</td>
<td>5,221</td>
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<tr>
<td>Outcome of Investigated Complaints*:</td>
<td></td>
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<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Upheld:</td>
<td>100</td>
<td>191</td>
<td>219</td>
<td>405</td>
<td>2,644</td>
<td>487</td>
<td>468</td>
<td>478</td>
<td>607</td>
<td>381</td>
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<tr>
<td>Resolved:</td>
<td>227</td>
<td>140</td>
<td>44</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Source: ABC complaints reports and reviews 34

Editorial policies

The ABC has had some form of editorial policy in place since at least 1949. Editorial policies are reviewed from time to time to reflect changes in technology and the overall media environment. The current ABC editorial policy was the result of a review of the broadcaster’s self-regulation framework undertaken in 2009 by the Board Chairman, Maurice Newman, and the Director of Editorial Policies, Paul Chadwick. 35 Updated policies from the review were first published in 2011 and further revised in August 2013.

Editorial policies require the ABC to adhere to 13 Principles, and Standards associated with those Principles: 36

- independence, integrity and responsibility: standards associated with this Principle include that editorial decisions are not improperly influenced by political, sectional, commercial or personal interests and that the intention to broadcast editorial matter which may cause controversy or have an extraordinary impact is notified to a senior manager.
- Accuracy: the ABC has a statutory duty to ensure that the gathering and presentation of news and information is accurate according to the recognised standards of objective journalism. This requires that it make reasonable efforts to ensure that material facts are accurate and presented in context and that it does not present factual content in a way that will mislead audiences.
- Corrections and clarifications: the Standards require that the ABC acknowledge and correct significant errors or information that is likely to mislead.
- Impartiality and diversity of perspectives: in working to achieve this Principle the standards require that the ABC gather and present news and information with impartiality and presents a diversity of perspectives so that, over time, no significant strand of thought or belief within the community is knowingly excluded or

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34. ABC, About the ABC: reports and reviews, accessed 5 June 2014.
36. Note: the information provided in these dot points provides an indication of the general directions provided in the editorial principles and standards. The full explanation can be found at: ABC Editorial Policies: Principles and Standards, ABC, 2011, accessed 27 May 2014 and Amendments to ABC editorial policies, 2013, accessed 27 May 2014.
disproportionately represented. The broadcaster is expected to take no editorial stance other than a commitment to fundamental democratic principles.

- Fair and honest dealing: the Standards require people to be informed of the nature of their participation in ABC programs, to provide the opportunity to respond and that deception not be used to obtain information except where it can justified as in the public interest.

- Privacy: the Standard states that intrusion into a person’s private life without consent ‘must be justified in the public interest and the extent of the intrusion must be limited to what is proportionate in the circumstances’.

- Harm and offence: the Standards include that the broadcast of content that is likely to cause harm or offence must be justified by the editorial context and where it is decided to broadcast such material that efforts are made to provide information about the nature of the content through classification labels or other warnings or advice.

- Children and young people: the Standards require that the ABC take due care ‘over the dignity and physical and emotional welfare of children and young people who are involved in making, participating in and presenting content produced or commissioned by the ABC’.

- Public access and participation: the Principles state that the ABC provides opportunities for people to engage with the ABC and its audiences. While those who engage in this manner may be subject to conditions imposed by the ABC, it does not require participants to be impartial. ‘The ABC recognises that social and political activity, including robust debate, is a necessary and desirable aspect of a healthy democratic community’.

- Announcements about ABC programs and activities: the crucial Standard requires that (except where permitted by law) the ABC does not accept payment or other benefit to broadcast announcements relating to programs, products, services or other activity ‘which has been produced, published or otherwise created or made available by the ABC in association with an external organisation’.

- Advertising and sponsorship restrictions: the Standards define in what circumstances advertising and sponsorship is permissible, for example advertisements of ABC commercial products.

- Commercial references: the Standards require that these are editorially relevant, that they do not undermine the independence of the ABC or endorse products or services.

- External funding and relationships: the Principles included that external funding for ABC produced, commissioned or co-produced content must be scrutinised to ensure the ABC’s editorial independence and integrity are maintained (see more discussion of this issue in the section on co-production and outsourcing later in this paper).

Box 3: ABC political and election broadcasts

### Political broadcasts

Section 79A of the ABC Act specifically empowers the Corporation to determine to what extent, and in what manner, political matter will be made available.

If the ABC broadcasts or publishes political matter for another person or for a political party, it must announce the name and address of the person and political party authorising the political matter on radio and announce and display in print on television the same information. The name of every speaker in the address or statement must be similarly announced on radio, announced and displayed on television or published online.

### Election broadcasts

The ABC notes that it has the sole discretion in revising its guidelines on election broadcasts, but in general, it grants or withholds free election broadcast time to political parties on the basis of the measure of demonstrated public support for those parties.

The Government and the official Opposition in an outgoing Federal or State Parliament or Territory Assembly are usually granted equal time by the ABC for election broadcasts within the relevant jurisdiction during election campaigns conducted for those parliaments or assemblies.
When political parties are in coalition, either as Government or as the official Opposition, the ABC provides an equal allocation of time to the Government and to the official Opposition. Parties in coalition divide the time between them as they see fit.

Other parties can be granted broadcast time subject to certain eligibility criteria, such as the number of seats contested, demonstrated public support and other factors deemed relevant by the ABC Board.

With reference to the guidelines for federal elections, for example, the ABC allocated the following time to the Government and Opposition parties for the 2013 Federal Election:

<table>
<thead>
<tr>
<th></th>
<th>ABC Local Radio</th>
<th>ABC1 Television</th>
</tr>
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<tbody>
<tr>
<td>Policy announcements</td>
<td>18 minutes</td>
<td>18 minutes</td>
</tr>
<tr>
<td></td>
<td>(12 x 90 seconds*)</td>
<td>(12 x 90 seconds*)</td>
</tr>
<tr>
<td>Final pitch</td>
<td>13 minutes 30 seconds*</td>
<td>13 minutes 30 seconds*</td>
</tr>
</tbody>
</table>

Some commentators argue that the ABC can ignore its editorial policies because they are so full of ‘escape hatches’ which purport, for example, to allow that ‘impartiality’ can be achieved without providing equal time to all perspectives or that balanced reporting can be achieved ‘over time’, but no definition of what constitutes over time is supplied. Geoffrey Luck is one critic who has been scathing. Writing in *Quadrant* he has observed that the ABC codes and editorial policies are:

... replete with thickets of sections and sub-sections which set the precise legalistic criteria against which any complaint, whether for bias, balance, fairness or accuracy is judged. The result is that the wood can’t be seen for the trees. 38

On the other hand, a number of audits have concluded that ABC editorial policies are generally adhered to. A recent independent analysis by Andrea Wills, an experienced editorial adviser, found the broadcaster’s treatment of the Prime Minister and the Leader of the Opposition in a sample of ABC radio interviews broadcast during the 2013 Federal Election Campaign was generally fair and impartial. 39 Wills concluded:

On the whole interviewers asked well-informed and relevant questions that their audience would reasonably expect to hear, and they were robust and consistent in their dealings with the Prime Minister and Leader of the Opposition.

I have to say that it was impossible to detect any actual ‘pre-judgement’ or personal positions of interviewers in this sample.

...  

Finally, I concluded that the 23 items analysed for this editorial audit were duly impartial within themselves and complied with Section 4 of the ABC’s Editorial Policies. 40
Box 4: Barry versus Murdoch

In 2014 ABC *Media Watch* host Paul Barry was accused of failing to comply with the principles of independence, integrity and responsibility in the ABC’s Editorial Policies.

After Barry had criticised the Murdoch press a number of times, complaints were made to ACMA that he had infringed the editorial standard which states editorial decisions should not be improperly influenced by political, sectional, commercial or personal interests.\(^{41}\) It was alleged that Barry’s bias was evident in his book on Rupert Murdoch *Breaking news: sex, lies and the Murdoch succession* and opinions expressed in the book made him ineligible to host the Media Watch program. Terry McCrann wrote in *The Australian* that Barry was obsessed with what he perceived were the failings of Murdoch’s publications, and that this compromised his position as Media Watch presenter. McCrann called for the ABC to ‘find another leftie to fill the slot as the incumbent wears his bias on his sleeve’.\(^{42}\)

The Chief Executive of Nine Network, David Gyngell, also believed that Barry was biased against News Corp, but contrary to McCrann’s view, Gyngell considered that the journalist would be able to separate personal views from those expressed on the program he presented.\(^{43}\)

Barry also defended his criticisms of News Limited publications, stating that if a report was criticised on Media Watch, it deserved to be—there was no question of targeting particular publications or broadcasters.\(^{44}\)

Part 3: management

In June 2013, the management of the ABC consisted of the ABC Board, an Advisory Council, the Managing Director and the directors of the various divisions of the Corporation.

**ABC Board**

The ABC Board is expected to ensure that the functions of the Corporation are performed efficiently and to maintain the independence and integrity of the Corporation. The Board is also responsible for ensuring that the gathering and presentation of news and information is accurate and impartial, according to recognised standards of journalism and that the ABC complies with legislative and legal requirements.

Up to seven Directors of the ABC Board can be appointed by the Governor-General on the recommendation of the Government for a five year term. The Managing Director of the ABC is appointed by the Board. Directors must be experienced in broadcasting, communications or management, or have expertise in financial or technical matters or cultural or other interests relevant to the provision of broadcasting services.

**Members of the ABC Board as at 30 June 2013:**

- Chair of the Corporation, James Spigelman—Queens Counsel, former Chief Justice and Lieutenant-Governor of New South Wales and former senior bureaucrat (appointed 1 April 2012)
- Cheryl Bart—lawyer and company director (appointed 3 June 2010)
- Steven Skala—lawyer and businessman (re-appointed 24 November 2010)
- Dr Julianne Schultz—academic (appointed 27 March 2009)\(^ {45}\)
- Jane Bennett—lawyer and company director (appointed 30 June 2011)
- Dr Fiona Stanley—medical researcher (appointed 30 June 2011)
- Simon Mordant—businessman (appointed 8 November 2012)
- Matt Peacock—journalist (ABC Staff Elected Director, 22 April 2013)

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\(^{41}\) Letter from Kelly Hazell Quill, Lawyers to ACMA, 26 February 2014, which alleges that Editor-in-Chief of *The Australian*, Chris Mitchell, was quoted out of context and the ABC’s response to an earlier complain was self-serving and ridiculed the broadcaster’s complaints process.


\(^{44}\) P Cleary, ‘*Barry has faint praise for Murdoch empire*’, *The Australian*, 4 April 2014, p. 3, accessed 27 May 2014.

\(^{45}\) Term expired in March 2014. In early July 2014, Schultz’s position had not been filled.
In addition, the Managing Director of the ABC, Mark Scott, sits on the ABC Board. Scott was employed in management positions with John Fairfax before being appointed on 5 July 2006 for a five year term. His term was extended from July 2011 for a further five years.

Advisory Council

The Advisory Council advises the ABC Board on matters relating to the Corporation’s broadcasting programs. It is intended to provide a broad representation of Australian community concerns and interests in relation to programming and is expected to consult with the community on ABC programming and initiatives.

The ABC Board appoints the 12 members of the Advisory Council for a period of two years with a possible two year extension. Joan McKain, a former ABC employee, was appointed as convenor of the Advisory Council on 1 January 2011.

ABC divisions

As at the end of June 2013 there were ten positions identified as Executive Directors. There were also nine other head of various sections as well as state and territory directors. The Executive director team reports to the Managing Director. The full divisional structure and incumbents are shown in Figure 1.

Management controversies

Staff-elected director

In 1975, the Whitlam Government introduced a staff-elected position on the ABC Board. The position was not enshrined in legislation, however, and was abolished by the Fraser Government. An amendment to the ABC Act by the Hawke Government in 1986 re-established the position.

The position was once again abolished, through legislation, in 2006 by the Howard Government which considered that it created ‘uncertainty about accountability’. According to the Explanatory Memorandum to the 2006 legislation:

- A potential conflict exists between the duties of the staff-elected Director under paragraph 23(1)(a) of the Commonwealth Authorities and Companies Act 1997 to act in good faith in the best interests of the ABC, and the appointment of that Director via election by ABC staff. The election method creates a risk that a staff elected Director will be expected by the constituents who elect him or her to place the interests of staff ahead of the interests of the ABC as a whole where they are in conflict.

- The difficulties associated with such a position were recognised in the June 2003 ‘Review of the Corporate Governance of Statutory Authorities and Office Holders’ (the Uhrig Review) at pages 98 and 99. That Review concluded: ‘The Review does not support representational appointments to governing boards as representational appointments can fail to produce independent and objective views. There is the potential for these appointments to be primarily concerned with the interests of those they represent, rather than the success of the entity they are responsible for governing.”46

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In 2009, the Rudd Government introduced a Bill which, amongst other things, intended to reinstate the position of staff-elected Board member. The Bill lapsed with the announcement of the 2010 election, but was

Source: ABC Annual Report

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47. ABC, Annual report 2012–13, op. cit., p. 21
reintroduced in September 2010. The Bill was referred to the Senate Environment and Communications Legislation Committee, which reported to the Parliament on 17 November 2010.

Arguments put to the Committee in favour of reinstating the staff-elected position stressed that staff-elected directors have protected the best interests of the ABC, particularly its independence. On the other hand, Donald McDonald, former Chair of the ABC Board, argued against reinstatement of the position on the basis that the Managing Director of the ABC is a member of the Board and ‘capable of representing the interests of the staff’.

In addition, a minority report by Opposition Senators rejected reinstatement of the staff-elected position. The Senators cited similar reasons to those which prompted its 2006 legislation—a conflict of interest was inevitable for a staff elected director as he or she was legally bound to act in the best interests of the Corporation, despite having been elected to the Board as a representative of staff. The Senators added that they considered a staff-elected position was also ‘at odds with Australian corporate governance’.

Despite these objections, the Senate Committee was convinced that reinstatement of the position of staff-elected director was in the best interests of the ABC and legislation to restore the staff elected position passed the Parliament in June 2012.

Long-time ABC advocate and past staff elected director, Quentin Dempster, was unable to stand for the reinstated position due to provisions in the legislation which prevented an ABC employee who served two successive terms before the abolition of the position by the Howard Government to stand again. Journalist Matt Peacock, who was endorsed by Dempster, and stood on similar policies, was elected to the position.

Political appointments

The issue of the politicisation of the ABC Board has been contentious for some time. ABC historian Ken Inglis notes that the governments of Whitlam and Fraser ‘had both replaced every commissioner appointed by the preceding regime, each giving the governing body a preponderance of people sympathetic to its own’. When Labor was in government in the early 1990s, it was accused of stacking the Board with trade union and party appointees. Indeed, Opposition communications spokesperson, Richard Alston, implied Labor’s most controversial appointment, former Labor Premier of South Australia, John Bannon, was a government spy—‘the eyes and ears of the minister’. Ken Inglis has argued in opposition, however, that Bannon was ‘no ministerial spy’; he was so 'straight', according to Inglis, it was hard to believe he had ever been in politics.

The Howard Government faced criticism that it too made a series of political appointments to the ABC Board. Katherine Murphy in The Age in 2006 commented:

John Howard has transformed the leadership of the national broadcaster in the past decade. There is now no one serving on the ABC board who has not been hand-picked by his cabinet.

Mr Howard’s first step in changing the culture was to appoint his friend Donald McDonald as chairman in July 1996.

...
Mr Howard also shook things up early with the appointment of Victorian Liberal powerbroker Michael Kroger, who parted ways with the board in 2003. Other government appointees to raise eyebrows were pro-labour-market-deregulation academic Judith Sloane, selected for the board in 1999, and former Liberal MP Ross McLean. The board now includes commercial QC John Gallagher, appointed in 1999; Dr Ron Brunton, a former fellow of the Institute of Public Affairs, appointed in 2003; and Janet Albrechtsen, conservative columnist appointed in 2005.

Yesterday’s two appointments, of hotelier Peter Hurley and controversial historian Keith Windschuttle, round out the trend.59

**Figure 2: one view of the appointment of Janet Albrechtsen to the ABC Board:**

One problem with political appointments which has been sometimes overlooked in the various outcries is that of a perceived lack of relevant expertise. In 1995 a senate committee noted that the ABC Board:

> ... is required to make decisions with long-term implications in a time of overwhelmingly rapid transformation of broadcasting technology. The Board's task may have been made more difficult by the fact that many of its members have little specialist knowledge of either the broadcasting industry or the new technologies. Without such expertise, it is inevitable that a part-time board will be essentially reactive to senior management suggestions and initiatives, and will have difficulty in setting a vision other than in the most general terms, for the future direction of the organisation.61

Another Senate Committee grappled with this problem in 2001 and recommended the method of Board appointments was altered ‘to embrace a system characterised by the principles of merit and transparency’ to counter widespread public perception that appointments were made on the basis of political affiliation.62 In its response, the Howard Government believed there was no compelling reason to alter existing selection processes.

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and questioned the Senate's claim that there was a widespread public perception that Board appointments were politically based.\textsuperscript{63}

The same legislation which restored the staff elected director position also attempted to address the issue of merit selection as raised by the Senate in 2001. The legislation provided that future assessment of candidates for ABC Board positions was to be made against a set of core selection criteria.\textsuperscript{64}

Figure 3: another view of ABC Board appointments

\begin{center}
\includegraphics[width=0.5\textwidth]{ABC_board_appointments.png}
\end{center}

Source: Nicholson\textsuperscript{65}

Part 4: services

\textbf{Radio}

The ABC delivers radio broadcasting services over:

- four national radio networks:
  - Radio National: Radio National first began broadcasting on 2FC in Sydney in 1923 and broadcasts in other cities followed. Radio National features programs on science, literature and the arts, religion, social history, and current affairs.\textsuperscript{66} Radio National is broadcast on over 260 frequencies around Australia, the largest single network in the country. Podcasts of most Radio National programs are available and represent a third of all ABC podcasts downloaded each month.\textsuperscript{67}
  - ABC Classic FM: Classic FM was established in 1976 as 'ABC–FM'. It was the ABC's first FM station. Classic FM broadcasts classical and contemporary music.\textsuperscript{68}


\textsuperscript{64} These are that the person should have had ‘experience in connection with the provision of broadcasting services or in communications or management, or expertise in financial or technical matters or cultural or other interests relevant to the oversight of a public organisation engaged in the provision of broadcasting services (National Broadcasting Legislation Amendment Act 2012, subsection 12(5)) accessed 28 April 2014.

\textsuperscript{65} Nicholson cartoon, Rudd promises neutral ABC board, 5 June 2007, accessed 14 February 2014.

\textsuperscript{66} Radio National website, accessed 5 June 2014.

\textsuperscript{67} Podcasting is a way of downloading audio or video files to a computer automatically. The files can then be played on the computer or transferred to an MP3 or video player.

\textsuperscript{68} Classic FM website, accessed 5 June 2014.
Triple J: Triple J began broadcasting as 2 Double J on 19 January 1975 in Sydney. The ABC’s annual report for 1974–75 notes that establishing the station represented a major change for the broadcaster in seeking to attract listeners under 25 years, a group ‘seldom’ attracted to ABC programming. In August 1980, the station switched from broadcasting in AM to FM and was renamed 2JJ (Triple J). From 1989, Triple J has expanded to become Australia’s national youth broadcaster. In 2012–13, the five-city metropolitan average weekly reach among people aged ten years and over was a record 1.66 million.

ABC NewsRadio: this network was originally established to comply with requirements under the Parliamentary Proceedings Broadcasting Act 1946 for the ABC to broadcast proceedings of the Senate and the House of Representatives, including joint sittings. In 1994, ABC NewsRadio began broadcasting continuous news in the periods when Parliament was not sitting. The 24-hour news format includes finance, science and information technology reports, as well as extended reports from the local and international news sources and rebroadcasts of international programming from other public broadcasters, including the BBC.

- local radio services:
  - nine metropolitan radio stations in capital cities and in Newcastle, New South Wales
  - 51 regional radio stations throughout Australia.
- three digital music-based services through Double J Music, ABC Jazz and ABC Country. These are available on digital radio, digital television and online.

Some metropolitan and regional radio services as well as Radio National, Classic FM, Triple J and ABC NewsRadio are also available on free-to-air digital and subscription services.

In July 2009, ABC Grandstand digital sports began broadcasting and as a result of the extra channel capacity afforded by digital radio, ABC Extra has been set up to present special events. These have included a 40th anniversary rebroadcast of the Apollo 11 moon landing.

In 2013, the average weekly reach of ABC Radio in the five major mainland capital cities was 4.5 million people. ABC radio’s share of the market in the five major mainland cities was 24.3 per cent.

According to polling done for the ABC, the majority of Australians describe the quality of programming on ABC Radio as ‘good’.

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69. ABC, *Annual report, 1974–75*, p. 46. The first track played on Double J was the then-banned track by Australian band, Skyhooks, *You just like me ‘cause I’m good in bed.*

70. Triple J website, accessed 5 June 2014. Note FM broadcasting is frequency modulation broadcasting, which conveys information over a carrier wave by varying its frequency as opposed to AM or amplitude modulation, which combines radio carrier waves and electric waves so that the amplitude of the carrier waves varies to match the change in the electric waves. Is it worth saying something about the advantages of FM?

71. ABC annual report 2012–13, op. cit.

72. Times for the broadcast of proceedings of the Parliament are determined by a parliamentary committee. Coverage of either the House of Representatives or the Senate takes priority over ABC NewsRadio’s regular schedule. When Parliament is in session, ABC NewsRadio broadcasts its regular programs on the Internet.

73. ABC NewsRadio website, accessed 5 June 2014.

74. Internet sites for these stations, accessed 5 June 2014, are at http://doublej.net.au/#/ and http://abcjazz.net.au/about and http://abccountry.net.au/about


76. ABC annual report 2012–13, op. cit., p. 31.

Television

ABC television services are delivered through:

- The ABC’s main television channel, which until mid-2014 was known as ABC1. ABC1: a free-to-air national television service. ABC 1 commenced transmission in 1956 as ABN Channel 2 from the ABC’s Gore Hill studios in Sydney. In 2014 ABC 1 was rebadged ABC and was given a new tagline, encompassing a social media hashtag for the first time: #ourABC. 79

  The public broadcaster has labelled the rebranding exercise ‘bold, simple, raw and real’. It includes new on-air station identification material, known as idents in the trade, featuring everyday Australians and ABC personalities. 80

- ABC2: began broadcasting in March 2005. This channel provides two digital television services. Daytime content focusses on pre-schoolers—ABC4Kids—and content from 7 pm to 2 am provides programs for younger Australian adults.

- ABC3: is a standard definition digital only channel. It is the ABC’s children’s channel aimed at young people from six to 15 years. ABC3 broadcasts daily for 15 hours.

- ABC News 24: the broadcast of ABC1 in high definition digital was reallocated to the ABC's newest channel ABC News 24 in July 2010. The channel features high definition continuous news coverage. When it began broadcasting, ABC News 24 was criticised by Sky News Australia, the 24 hour subscription news channel owned in equal parts by Rupert Murdoch’s BSkyB and the Seven and Nine Networks. ABC News 24 is streamed live on ABC News Online and ABC iview. It recorded a total of 1.1 million streams on ABC iview in 2012–13, a monthly average of 88 000. 81

80.  Ibid.
local television in each state and territory.

The ABC digital television service is also retransmitted on various digital subscription platforms, including FOXTEL, Optus TV, AUSTAR, TransACT and Neighbourhood Cable.

The total average weekly reach for ABC television in 2012–13 in the metropolitan five city market was 9.4 million viewers and in rural areas it was 4.5 million viewers.  

Approximately 63 per cent of programs broadcast on the ABC are Australian-made content (see Figure 5).

**Figure 5: ABC broadcast of Australian made content**

![Figure 5: ABC broadcast of Australian made content](image)

Source: ABC annual report

**International**

**Radio Australia**

Radio Australia is the ABC’s international radio service. It is broadcast by shortwave, online, satellite and local rebroadcasts to the Asia-Pacific region in Indonesian, Tok Pisin (Pidgin), Chinese, Vietnamese, Burmese, Khmer (Cambodian) as well as French and English.

Aside from news and current affairs, English lessons, sport and music from Australia, Radio Australia’s programs cover the events and issues of the region with a particular emphasis on health, the environment, science and technology, agriculture and education.

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Radio Australia was established by the Menzies Government in 1939. From the time Japan entered World War II in 1941 it was used as part of the counter propaganda war against the Axis powers, but the reach of its transmitters was initially not able to counter the superior resources of the Axis countries. Spurred on by the necessity of war however, new transmitters were installed to improve its capacity, and by the mid-1940s it had become a substantial world broadcaster.85

The late 1990s was a time of crisis for Radio Australia. The Mansfield Review of the role and functions of the ABC concluded that the national broadcaster could not afford to maintain both domestic and international broadcasting services—Radio Australia and Australia Television—within the funding it had been allocated.86 Mansfield considered that the ABC should not be required under its charter to deliver programs overseas and that if government wanted to maintain an overseas broadcasting service then it should be funded in the context of ‘public diplomacy’ as part of the foreign affairs portfolio.87

It appeared at first that these recommendations had convinced the Howard Government that Radio Australia should close, but pressure from the Department of Foreign Affairs and foreign governments led it to reconsider. Funding for Radio Australia was diverted from the Communications and Foreign Affairs portfolios, but it was not sufficient to ensure the survival of all Radio Australia’s transmitters. In a move much criticised at the time, the Government closed and sold off the facility on the Cox Peninsula near Darwin and this resulted in staff cuts and substantial downgrading of Radio Australia’s coverage of Asia. To compensate, in August 2000 the Government provided funding for the service to improve transmission at other sites and to enhance online services.

**Australia Network**

Since 2005 the Australia Network service has been available via satellite and online video and broadcast across Asia, the Pacific and the Indian subcontinent. The service has been free-to-air and operated 24 hours a day, seven days a week. The Network has broadcast news, current affairs and English-language learning, education, documentary, drama, sports and children’s programs. In 2012–13, it was available in an estimated 31 million homes in 46 countries across Asia, the Pacific and the Indian subcontinent.88

**Australia Network controversy**

**Setting up the Network**

In 1993 the ABC received a government grant of $5.4 million to establish Australia Television International to transmit programs to south and south-east Asia. The service operated for five years at a loss, and in 1997, following recommendations included in the Mansfield report, the Howard Government decided to sell it to the Seven Network.89 The Seven Network closed the service three years later because it was not commercially viable.90

While the Government then sought proposals from the broadcasting industry to establish a new channel which would ‘project accurate images and perceptions of Australia’, it announced in June 2001 that the ABC would be provided with $90.4 million over five years to re-establish an international service, ABC Asia Pacific, which began broadcasting on 31 December 2001.91

In 2005 the ABC and Australian News Channel Pty Ltd (ANC) responded to a Government tender issued to find a provider which would continue the service.92 The ABC was chosen to deliver the Australia Network until 8 August 2011.93

84.  [Radio Australia website](http://www.radioaustralia.net.au), accessed 5 June 2014.
87.  Ibid.
92.  The ANC proposal was a joint venture of Nine Digital, a division of Nine Entertainment Co., Seven Media Group and British Sky Broadcasting.
93.  The service was re-named the Australia Network in August 2006.
During this second operational period a new Labor Government considered a number of future options. These included extending the ABC’s contract for a further five years, entrusting the national broadcaster with permanent operation of the service or initiating another open tender process to decide the next operator.

Some sections of the media were in favour of removing control of the service from the ABC, arguing that the national broadcaster ABC was inflexible in its control of editorial content. The ABC, on the other hand argued that it was the only service which could ‘project Australia to the world without ”conflicting commercial objectives”’.

Submissions received by the Government to a request for views on how, and who, should operate the service, appeared to reject the idea of an open tender and support the ABC as operator. In the view of one commentator, the debate came down to one question: who would you trust to present a reliable Australian voice in the Asia-Pacific region and to promote Australia as a sophisticated, diverse, innovative and tolerant society—Rupert Murdoch or the ABC?

**Tender process**

In November 2010 however, the Government decided that a competitive tender process to run the Australia Network for a ten-year period would be undertaken. It was envisaged that the successful tenderer would be able to meet the objectives of:

- providing a credible, impartial and independent voice, delivered across platforms
- promoting an image of Australia as a dynamic and culturally diverse nation
- raising international awareness of Australia’s strengths and achievements across a range of fields
- presenting Australian perspectives on the world
- fostering public understanding of Australia’s global and regional role
- increasing awareness of the strong links between Australia and the Asia-Pacific region and
- providing consular information to Australians living abroad, particularly in times of crisis.

In June 2011 the Government sought further information from the two groups that submitted tenders—the ABC and the ANC. It also decided that the Minister for Communications would approve the tender, rather than the Secretary of the Department of Foreign Affairs and Trade and the Minister’s decision would not necessarily reflect the recommendations of the tender evaluation board (see Figure 6 for a summary of events in the 2011 tender process).

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98. DFAT, *Request for Tender for the provision of an international Australian Television service and associated digital media services*, DFAT11-CPD-02, 4 February 2011.
In November 2011, the tender was terminated by the Government on public interest grounds, ‘due to significant leaks of confidential information to the media’. The Government also announced that it had asked the Australian Federal Police (AFP) to investigate these leaks, and that the ABC’s contract was extended by another six months (to August 2012) while a decision was made on the long term arrangements for the service. On 5 December 2011, the Government announced that the Australia Network service would be removed from further contestability and that it would be provided by the ABC on a permanent basis.

Serious concerns were raised about the Australia Network tender and the Government’s management of the process. Not only were the confidentiality breaches questioned, but rushed Cabinet decisions, confusion over who should award the tender and possible government interference in the process were also queried. In particular Senator Conroy was singled out for the apparent conflict of interest which resulted from his being the Minister responsible for the ABC and the person to decide on the successful tenderer (Figure 7 presents a cynical view of the Minister’s situation). In addition, the ABC was accused of inappropriate lobbying.

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99. ANAO, Audit report 29, 2011–12, op. cit., p. 45
The Australian National Audit Office concluded that the ‘manner and circumstances’ in which the tender process was conducted ‘brought into question the Government’s ability to deliver such a sensitive process fairly and effectively’. The ANAO further noted that the Australia Network tender process ‘presented the Australian Government in a poor light and cost the two tenderers—the ANC and the ABC—time and money’. A parliamentary committee added to the ANAO assessment noting that it was important that lessons were learned to improve future outcomes. There needed to be clear tender processes for decision making, handling of confidential information, conflict of interest management and risk management in context.

**Disbanding the Network**

Following its victory in the 2013 election, the Abbott Government became increasingly critical of the Australian Network for what it argued overly negative representations of Australia. In addition, Prime Minister Abbott was critical of the ABC’s overall reporting stances; the Prime Minister claiming the ABC took everyone’s side but Australia’s. (See more detail in Box 5 below.)

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103. ANAO, Audit report 29, 11–12, op. cit.
104. Ibid.
In January 2014 Prime Minister Abbott commented that the ABC ‘instinctively takes everyone’s side but Australia’s’. The Prime Minister’s criticism of the national broadcaster followed two incidents in which ABC reports were criticised by the Government. The first of these involved publication by The Guardian newspaper and the ABC of information leaked by former United States’ intelligence service employee Edward Snowden that Australian intelligence agencies had attempted to tap the phones of Indonesian President Susilo Bambang Yudhoyono and his wife. The second incident concerned the airing of claims by asylum seekers that they had been physically abused by Australian Navy personnel.

Several commentators were critical of the ABC for reporting these stories. With regards to the phone tapping incidents, Chris Kenny accused the broadcaster of embarrassing Australia and Indonesia, undermining co-operative relations and diminishing national security. Andrew Bolt went further, proclaiming the national broadcaster was ‘not just biased. It is a massive organ of state media, strangling private voices and imposing a Leftist orthodoxy that thinks it fine to publish security secrets’.

In reply to criticism of its reports the ABC’s head of television, Alan Sunderland, maintained that the broadcaster had made the critical distinction between the national interest and what may be embarrassing for the Government in the short term and this ‘did not override the need for public knowledge and debate about whether intelligence agencies were going too far.’

The ABC issued a statement of regret in relation to the January 2014 story which featured asylum seekers with burns that they claimed were inflicted by Navy personnel. It said it was sorry that its reporting may have led people to assume it supported asylum seekers’ claims; its intention was to present allegations as claims worthy of further investigation.

The Murdoch press accused the ABC of ignoring eye witness evidence which contradicted its reports, agreeing with Defence Minister David Johnson that the broadcaster’s claims were ‘drivel’.

The Government was not satisfied with the ABC’s apology and continued to criticise the ABC’s reporting and its maligning of the conduct of Navy personnel. Minister Johnston believed the ABC had ‘maliciously maligned’ the Navy and as such, the report justified an investigation into the broadcaster.

In March 2014, when it appeared the burns scandal had been forgotten, the ABC reported new evidence which supported further claims of abuse made by asylum seekers in Indonesian detention centres. The Government confirmed that it had no intention of investigating the new claims, with Immigration Minister Scott Morrison declaring the new claims were no more credible than those made previously, and it was time the ABC ‘moved on’.

Foreign Minister Julie Bishop also expressed concern that the ABC was not fulfilling the terms of its contract to run the Network and that the broadcaster was using Australia Network funding to ‘cross-subsidise’ other activities. The National Commission of Audit (NCoA), tasked by the Government ‘to examine the scope and efficiency of the Commonwealth Government, to review the state of its finances and to advise on steps to ensure Australia’s long-term fiscal strategy is responsible and sustainable’ was also disparaging of the Australia Network. The NCoA labelled the

Network expensive, ‘given its limited outreach’, for meeting the diplomatic objectives of promoting Australia and building regional and cultural understanding.\textsuperscript{116}

In the 2014–15 Budget the Government announced that control of the Australia Network would be removed from the ABC. A compensation payment of $10.6 million was allocated to the broadcaster who forfeited $196.8 million funding promised for the first ten years of operation of the contract awarded by Labor.\textsuperscript{117}

Mark Scott commented in his response to the Budget that the Government’s decision ‘runs counter to the approach adopted by the vast majority of G-20 countries who are putting media at the centre of public diplomacy strategies to engage citizens in other countries’.\textsuperscript{118}

**Online and mobile**

ABC Online was officially launched on 14 August 1995 as a part of the ABC's Multimedia Unit. Online covers a large network of websites including those for ABC radio and television. ABC Online provides content through streaming, podcasting, vodcasting, SMS, video on demand and mobile phones.\textsuperscript{119}

In 2012–13:

- ABC Online reached an average 3.5 million users a month.
- Visits averaged 9.9 million a week.
- ABC news and current affairs websites reached an average of 1.5 million users each month in 2009–10. Over 4 million visits were made each month to ABC news and current affairs websites, an increase of 19 per cent from 2008–09.\textsuperscript{120}

In 2009, the ABC launched a mobile site to bring content including news, sport, entertainment stories, localised information and movie reviews and session times directly to mobile phones. The site delivers mobile content and services for a range of smart phones including iPhone and Blackberry devices.

In 2012–13, the broadcaster undertook a number of projects to improve mobile development capabilities. These included launching refreshed flagship apps for iPhone and iPad.

- Active users of the ABC iPhone app increased from 145,000 in May 2012 to 261,000 in May 2013.
- Across the same period, active users of the ABC Android app increased from 20,000 to 72,000.
- Visits to abc.net.au via mobile users increased from 6.4 million in May 2012 to 9.7 million in May 2013.\textsuperscript{121}

**Accusations of unfair online competition**

The idea of public service broadcasters offering new media services has been the subject of considerable debate world-wide. Commercial organisations in Europe have perceived any foray online by public service broadcasters as endangering competition for private interests which are beset by the adverse effects of reductions in advertising revenues.\textsuperscript{122} In contrast, the European Broadcasting Union has remarked that public service broadcasting must be free to develop in the digital environment in order to benefit society.\textsuperscript{123}

\begin{enumerate}
\item[116.] Ibid., p.178.
\item[119.] Vodcast refers to the download of video files. The ABC has also developed the m.abc.net.au site which provides a selection of ABC content that has been optimised for viewing on a mobile phone. The site can be viewed on any mobile phone which can connect to the Internet.
\item[121.] Flurry analysis as reported in ABC, *Annual report 2012–13*, op. cit., p. 60.
\end{enumerate}
An independent review of the BBC online in 2004 (the Graf Review) found that there may be some justification for concern about certain public service broadcaster activities. On the one hand, the BBC was committed to leading a transition to a fully digital Britain, and in so doing, to using the best of the new digital technologies to make its content more personal, more convenient and more relevant for all audiences. It has stated that in using the internet, mobile technology, broadband and interactivity:

... the BBC will be a pioneer and innovator, combining old and new media to offer a range of new services that can make a difference to people's lives—like access to the BBC's rich archives, new learning opportunities and fresh ways for people to participate and contribute as citizens. Our goal is to turn the BBC into an open cultural and creative resource for the nation.125

On the other hand, the Graf Review questioned whether some of the broadcaster's activity was actually contributing to its stated aims. It concluded:

Some sites seem hard to justify in terms of the BBC's remit or wider public purposes. Sites—such as fantasy football, certain games sites, and the 'What's On' listings sites—do not seem [to the report's author], to be sufficiently distinctive from commercial alternatives or adequately associated with public service purposes, to be justified by the remit.126

As a result of the Graf Review, the BBC closed a number of websites identified as not being sufficiently distinctive from its commercial competitors. Following two further reviews, the BBC Trust concluded that the BBC needed to cut back on its online scale and scope and endorsed a 25 per cent budget cut to the BBC's online services.127

The ABC's online activity has not escaped this type of scrutiny. It too has been criticised for increasingly resorting to delivering the same fare as commercial media, and thereby interfering in the commercial marketplace. One report urged people to contemplate how the ABC was using taxpayer funds 'to soak up bandwidth, attract eyeballs away from niche media operators and poach writers on the government dime to the detriment of those trying to earn a buck setting up a new media business.'128

The conclusions of some have been similar to those reached in Europe—it is a waste of taxpayers' money to continue to fund public broadcasters to provide services which are already more effectively provided by the commercial sector. Eric Beecher, publisher of the online commentary site, Crikey for example, has criticised the ABC for establishing the online opinion site, The Drum. Beecher has likened the move to seeing 'tanks roll up' on commercial media territory.129

The opposing view of ABC online activity maintains that the Australian situation is different from Europe and the United Kingdom. While there may be justifiable criticism that the BBC and European public broadcasters have dominated their respective marketplaces, this has not been the case with the ABC. The ABC has always been expected to operate alongside commercial interests and to compete with them for audience share, and online is no different. Hence, in media analyst Margaret Simonds words:

... the ABC should be able to adopt any platform it wants and pay no heed to the commercial impact. While the role of a public broadcaster in the new media world is certainly up for discussion and redefinition, I have never been convinced by the notion that the ABC should abandon a platform or a form of media content merely because others are already there.130

Not surprisingly, the ABC's current Managing Director, Mark Scott, has claimed commercial interests are critical of the ABC’s success in using online services because they are ‘threatened by the pace of change, the inflexibility of their own business models and their reluctance to invest’.131 Scott adds:

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Sometimes we hear criticism that the ABC is expanding its services at the expense of commercial competitors. But the only expansion we're interested in is that which ensures the content the public has already invested in reaches its greatest possible audience. The motive is clear, to widen the impact of the content, making it freely available so that we deliver the best possible return.  

Box 6 below illustrates, however, that while expanding online services clearly has the potential for the ABC to reach larger audiences, equally it has the potential for the broadcaster to compromise its integrity and charter obligations in search of financial gain.

### Box 6: online with Telstra

In August 1999, the ABC began negotiations with Telstra Corporation to enter into a contract to supply online content and co-operate in marketing and datacasting development. The proposed agreement involved payment of a basic fee of $13.5 million per year for five years, with an additional fee of at least $2.5 million (or a percentage of e-commerce and advertising revenues received by Telstra on traffic which originates from a Telstra page containing ABC content, if greater).

The ABC already had online content deals in place with search engines Yahoo and Excite Australia, as well as AOL Australia, Cable and Wireless, Optus and Ninemsn.

The ABC saw the Telstra deal as:

... a great opportunity to make its online content available through a range of new outlets, while being paid a market-based licence fee. This additional income will enable the ABC to build and expand its content.  

Despite ABC assurances to the contrary, a Senate inquiry into ABC Online expressed concern that this agreement could affect editorial independence and integrity, as well as compromise the ABC Charter and editorial guidelines. Moreover, it may have raised issues relating to advertising and future directions of the Corporation in terms of viability and direction in a changing media environment.

Similar views were expressed elsewhere and communications analyst Paul Budde added that the deal also reflected how much the ABC was willing to undersell itself and how desperate it was for revenue.

Negotiations with Telstra were terminated in June 2000. According to the ABC this was due to the 'obligations' that would have been imposed by Telstra, the 'cost of servicing the deal and because it did not 'sufficiently recognise the value of the ABC's breadth of content'.

### Part 5: ongoing issue—the ABC and bias

**Critics**

The ABC has regularly been accused of presenting biased reporting. Many commentators have argued consistently that there is a left wing bias which dominates ABC news and programming. Adopting the perspective of noted journalists, such as Gerard Henderson and Padraic (Paddy) McGuinness, Paul Gray maintained in 2005 that the ABC was influenced by the 'narrow middle-class values of the Australian secular Left'. In Gray's view, while the national broadcaster had at times offended governments of all persuasions, it...
had always adopted a 'from the Left' perspective. The more savage critics of the ABC, according to Gray, labelled this bias as stemming from 'hatred of the Australian masses and their conservative values'. Gray was less severe in his critique. Nonetheless, he was convinced that the ABC must be persuaded:

... values which do not fit within a secular small-l liberal world view are indeed intellectually possible, and are in fact believed in by many of the members of the public whom they are paid to serve.

Journalist Tom Switzer has argued that ABC left wing bias is not deliberate, but at the same time it is entrenched and incestuous. In 2006 Switzer concluded:

A left-wing conspiracy is not necessary at the tax-payer funded behemoth, because (most) ABC journalists quite spontaneously think alike. They just can't imagine that someone could possible oppose the Kyoto protocol or an Aboriginal apology or a labour monopoly on the waterfront because, to them and their friends, these are self-evident truths. Nor can they imagine that someone could possible support a monarchy or Tasmanian timber workers or close Australian-US relations because, to them and their friends, these are unfashionable views to be ridiculed. It simply doesn't occur to them that sane or civilised people could disagree with them.

More recently Switzer has written:

... a soft-Left "group-think" clouds [ABC] editorial content, which alienates large segments of the Australian public...the ABC is not calculatedly partisan, nor do its masters deliberately pull the strings in any one direction. Nonetheless, there is little doubt that an entrenched Left-liberal bias—or perhaps mindset is a better word—seriously undermines the ABC's claim to be an impartial provider of news and current affairs.

Switzer similarly echoes more hard line assessments such as those of political commentator Michael Warby. Warby has argued that the ABC adopts a 'noble righteousness' in relation to any criticism of its overall reporting style, yet it only periodically allows a 'guest enemy' to express classic liberal or conservative views—and that it does not see this as a problem. For Switzer this amounts to a situation whereby:

On every issue of political controversy, the ABC's mental default position is essentially left of centre: opposition to labour-market deregulation, antiterror laws and tough border protection; support for a republic, multiculturalism and same-sex marriage; an obsession with gender issues, Aboriginal rights and catastrophic manmade global warming; and a deep suspicion of Tony Abbott, neo-conservatives, economic rationalists, climate sceptics and the 'Christian Right'. These people won't get the soft interview.

Supporters

Supporters of the ABC deny claims that the broadcaster is either intentionally or inadvertently biased. The Friends of the ABC point out:

Accusations of bias continue to be made against the ABC, but they are most usually made in general terms, lacking specifics. While few would agree that bias is entirely in the eye of the beholder, it is difficult to measure, and difficult to get unanimous agreement about the whether or not a particular program was biased.

Most of the complaints about bias in the ABC have come from the government of the day—Labor or Liberal. Significantly both parties have been far less hostile to the ABC when in opposition.

Speaking from opposition, politicians have praised the ABC for its scrutiny of government. Labor's Daryl Melham noting in 2006:

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139. Gray, 'National broadcaster of the secular Left', op. cit.
140. Ibid.
141. Ibid.
143. Ibid.
144. T Switzer, 'Why the ABC should be privatised', Quadrant, May 2013, accessed 29 April 2014.
146. Ibid.
When Labor was in government, the ABC rightly scrutinised the government. In many respects, it can be seen as the official opposition by the way it runs a number of programs that delve deeply into which direction a government is heading.  

As Box 7 and the cartoon in Figure 8 below suggest, when in government the political propensity for political parties is more towards criticism of the ABC than praise; to paraphrase a comment from the former Independent member for Calare, Peter Andren, in 2006, governments mistakenly label the ABC’s critical debate and questioning of contentious policies as bias.  

In defending his former employer’s credentials in 2002, journalist Tim Bowden observed:

> Some say the Australian Labor Party is now to the right of the Liberal Party. If, as Michael Kroger said recently, the ABC is to the left of the Labor Party, doesn’t that put the ABC smack bang in the middle where it ought to be?  

**Figure 8: a rare example of political agreement?**

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Source: Sydney Morning Herald\textsuperscript{151}

Director of News and current affairs in 2003, Max Uechtritz, also stoutly defended his employer:

ABC News and Current Affairs is not unfamiliar with its motives being questioned, with interest groups suggesting how we should operate. Independent public broadcasters worldwide seem to be among the most scrutinised organisations in the world.

Yes, we do have motives for what we do. Those ‘motives’ relate to asking questions of our leaders across all areas of our lives: politicians, the military, the CEOs and boards of corporations and cultural and educational organisations, religious leaders and so on. These are people who play crucial roles in a vibrant, modern country like Australia. But to suggest that all wisdom rests with these people, and that their decisions and actions should remain unchallenged, is risible.

But in asking these questions of these leaders, it is puzzling for the ABC, and specifically News and Current Affairs programs, to be accused by anyone of coming from a single point of view, apart from wanting to get to the facts. ABC journalists and editorial managers do have some things in common. They’re generally ordinary intelligent Australians who want to explore stories that reveal Australia and the world to Australians; they want to ask questions, to help explain what’s going on, to be part of the national conversation. But our reporters, producers and their bosses come to journalism from a range of backgrounds. To suggest that there is a single ABC approach that favours one political party over another, one country over another, defies logic and experience.

Often during election campaigns, for instance, politicians have complained almost daily about alleged bias [on the ABC]. This is an attempt either to intimidate us or to tie us in knots, as program-makers and managers provide timely and thoughtful responses to their complaints.

But there has been no official or independent inquiry that has found any institutional bias at the ABC, and no survey that has found anything but overwhelming public support for the organisation.\textsuperscript{152}

**Recent reviews**

In December 2013, ABC chairman James Spigelman announced that the broadcaster would conduct four independent audits a year in response to the frequent allegations of lack of impartiality in news and current affairs reporting. Two audit reports have been since been received, one from Andrea Wills, as discussed earlier in this paper, and another of the coverage of asylum seekers by the ABC’s current affairs programs *Lateline* and *7.30* undertaken by former *60 Minutes* executive producer Gerald Stone.\textsuperscript{153} Stone’s report concluded:

In the course of this audit I have routinely checked for indicators of bias as typical TV viewers might believe they have detected it. Were interviewers tougher on some and notably softer on others? Did there appear to be an uneven distribution of time given to one topic or another? One political side or another? To academics and other expert commentators espousing humanitarian views as opposed to those more concerned with the practical need to protect Australia’s borders and deter people from resorting to people smugglers?

As an independent observer, I found no grounds for concern in any of those measurements.

The overall coverage of both programs included as wide a range of opinions as practical. Meanwhile, the air time given to any particular topic was in keeping with the newsworthiness of the asylum seeker debate as it progressed through the weeks nominated for this audit.\textsuperscript{154}


\textsuperscript{154} Ibid., p. 39.
Neither the Wills nor Stone reviews have changed the opinions of those who are convinced the public broadcaster is biased. One critic, journalist Gerard Henderson, has remarked that the findings of both reviews only emphasise that the ABC tends to criticise both the Coalition and Labor from an ‘ideological green-Left’ perspective and that its reporting is biased because it comes from that perspective.

### Box 7 Iraq: bias or balance?

Bias, it can be argued is in the eye of the beholder, as can be illustrated by the various views of the ABC's reporting of the first Iraq War in 1991 (also known as the Gulf War) and the second Iraq War which commenced in 2003.

#### The Gulf War and Bob Hawke

Labor Prime Minister Bob Hawke claimed the ABC's war coverage of the first Gulf War in 1991 was biased. He complained that analysis presented principally by Dr Robert Springborg, an expert in Middle East studies, was loaded, biased and disgraceful.

In academic Liz Jacka’s view the problem was not the ABC, but the fact that that Springborg:

> ... gave what could be described as a more balanced and nuanced view of the events than was comfortable for the government, dealing as it was with some community dissent about the merits of Australian involvement, although the dissent about the first Gulf War was nothing like as outspoken as that for the second Gulf War. Springborg attempted to describe how the war might seem from the Iraqi or Arab side, setting the contemporary events against the backdrop of more than one hundred years of Western involvement in the Middle East. But too much understanding of the other side's perspective is seen as possibly treacherous and labelled as bias.

Another media academic, Rodney Tiffen, suggested in this instance that rather than bias in reporting, ABC professionals had not been as sensitive as they could have been to the fact that the Government had for the first time 'committed citizens to potential death'.

The ABC’s Independent Complaints Review Panel (ICRP) was established after the Gulf War of 1991 as a result of Prime Minister Hawke's dissatisfaction with ABC coverage.

#### The Iraq War and Richard Alston

In May 2003, the Coalition Government’s Communications Minister, Richard Alston, made similar claims to those made by Labor in 1991. These were to the effect that the ABC was biased in its reporting of the second Gulf War—the Iraq War.

Minister Alston claimed that in its reporting of the Iraq War there were more than 60 instances where the ABC may not have upheld accepted journalistic standards. The Minister was particularly scathing about the radio current affairs program AM. He considered that AM’s coverage of the war demonstrated ‘at the very least a high degree of scepticism’ towards the United States Administration, and ‘at worst, a serious anti-American bias’.

The ABC’s Internal Complaints Review Executive concluded in July that the ABC had shown no bias in its reporting of the Iraq War, but Senator Alston was not satisfied with this finding. He continued to pursue the matter and a further investigation was convened.

In October, the ICRP upheld 17 of the Minister’s complaints concluding that 12 of these involved serious bias by a reporter or presenter within an individual broadcast, four breached the directive to refrain from emotional language or editorialisation and in one case, sources were inadequately identified. Overall, however, the ICRP found that ABC coverage of the war was competent and balanced.

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A further investigation by the Australian Broadcasting Authority (ABA) also found that the ABC had breached its code of conduct in six instances. At the same time, it agreed with the ICRP concluding:

"... when considered as a whole, the [Iraq War] broadcasts presented a wide range of perspectives including the principal relevant viewpoints on matters of importance, during the period in question. The ABA therefore finds that the ABC did not breach clause 4.2 of the code by failing to achieve balance."\(^{162}\)

One report later pointed out:

*If more than 44,000 complaints lodged with the ABC in 2002-03, only 291 pertained to unbalanced coverage of the invasion of Iraq.* These were split between 144 complaints of anti-US and 147 complaining the ABC was favouring the US.\(^{163}\)

### Part 6: ongoing issues—co-production and outsourcing controversy

#### Co-production a rarity

Co-production of programming refers to arrangements whereby a broadcaster supplies people, technical and other resources towards the production of programs, while another organisation provides capital and talent or a financial contribution to the program.

The ABC has been involved in co-production from the 1960s at least, although there is little mention before the early 1980s of this activity in publicly available documents.\(^{164}\) A 1981 internal document observes only that the broadcaster had been co-producing television programs with overseas broadcasting organisations, government authorities and private companies for ‘many years’.\(^{165}\) The major review of ABC operations commissioned by the Fraser Government and undertaken by Alex Dix which reported in 1981 was satisfied that co-productions made up a very small proportion of ABC programming prior to the 1980s.\(^{166}\) According to a reference from 1970, for example, only 3.4 per cent of Australian content programs were produced for the ABC, whereas the broadcaster produced 47.1 per cent of its programming.\(^{167}\)

Histories and other documents which discuss the ABC however, note that concern about the merits of outsourcing and co-production was present in the early 1980s. The Dix Review considered the matter in some detail and made a number of observations. The first was that co-productions were perceived as part of a solution to a reduction in the capacity of the ABC to provide a high proportion of Australian-made programs, which itself was the result of an increasing difference in the cost between local and imported programs. Dix provided the example of the purchase of one hour of overseas produced drama at a cost of around $7,000, in comparison with a similar in-house offering that would require approximately $100,000 to produce.\(^{168}\)

Dix commented that his committee had received considerable criticism of what was perceived as the ABC’s failure to make better use of programs made by independent Australian producers. The case put to the Dix review was that the standard of in-house production for the ABC had declined, but the broadcaster ignored high quality independently-produced Australian programs in favour of overseas material.\(^{169}\) Dix concluded also that despite possible problems with co-productions in terms of editorial integrity, co-production was a source of potential revenue which could possibly be substantially increased in the future.\(^{170}\)

General Manager of the ABC during the 1980s, David Hill, agreed with Dix’s conclusions. Hill was of the opinion that the ABC needed co-production revenue to supplement dwindling parliamentary appropriations and that without the alternative of co-production, the quality of ABC programming would inevitably suffer.\(^{171}\)

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\(^{166}\) Ibid., p. 485.

\(^{167}\) Ibid., p. 502.

\(^{168}\) Ibid., p. 308.

\(^{169}\) Ibid., p. 309.

\(^{170}\) Ibid. p. 485.

\(^{171}\) Senate Select Committee on ABC Management and Operations, *Our ABC*, The Senate, Canberra, March 1995, p. 11.
Consequently, co-production during Hill’s tenure increased significantly—there were over 200 hours made in 1988, for example.\textsuperscript{172}

**Co-production increases**

Co-production brought its problems. In 1994, allegations were made that the editorial independence of the national broadcaster had been compromised through backdoor advertising promoting the interests of external funders of productions. Despite ABC management denying that this was the case, a Senate Select Committee inquiry found in 1995 that co-production may have resulted in program content being affected by the expectations of companies who had invested in ABC programs.\textsuperscript{173} Submissions to the same inquiry suggested that program makers may have also been put under pressure to propose projects that could be funded externally or which had market potential.\textsuperscript{174} Overall, the Committee found that co-production had led to breaches of the ABC’s editorial policies on a number of occasions during 1994 and 1995.

The Howard Government commissioned Bob Mansfield to undertake a review of the ABC’s operations in 1997. This review was arguably not as considered as the Dix review, one reason being that the time given to report was less than that allowed to Dix. Additionally, Mansfield was faced with sifting through over 10,000 submissions.

In relation to program production, Mansfield recommended that other than in news and current affairs production and areas of specialist programming, such as science, the broadcaster should reposition itself as a program generator, rather than a program maker.\textsuperscript{175} In Mansfield’s view, ABC television productions needed to be ‘outsourced to the maximum degree possible’ for ‘both financial and creative reasons’. Mansfield did not provide, nor cite evidence to justify this conclusion and interestingly, he admitted he had been influenced by the independent production industry in reaching this conclusion.\textsuperscript{176} Journalist and ABC employee Quentin Dempster later maintained that Mansfield’s recommendations ‘struck possibly a fatal blow to the ABC’s in-house production capacity’.\textsuperscript{177}

ABC historian Ken Inglis has noted, Mansfield’s recommendations on outsourcing have provoked ‘continuing conflict inside and outside the ABC’.\textsuperscript{178} This conflict can be seen for example in the opposing comments made by ABC Managing Director, Russel Balding, in 2005 and Kim Dalton, head of ABC television, in 2007. Balding was disturbed that in-house production had fallen from 102 hours in 2001 to 21 hours in 2004 (see Figure 9 below). He called the situation tragic and considered the day was coming when the ABC would not be able to commission any Australian drama. Balding blamed the Howard Government’s ‘failure to listen to the ABC’s appeal for additional funds to meet rising television production costs’.\textsuperscript{179}

On the other hand, Dalton advised people not to get ‘teary’ about the old ABC which produced the majority of its Australian content in-house and proceeded to dismantle the ABC’s natural history unit in Melbourne because he considered it too expensive to maintain. This was despite the unit producing high quality documentaries. Dalton’s action caused critics to accuse him of moving inevitably towards what was called the Channel 4 model—that is, commissioning work, but creating no content.\textsuperscript{180}
In 2011 Quentin Dempster accused the ABC Board and management of embarking on a deliberate outsourcing course:

... through a long and deliberate board and management policy to dismantle and de-skill internal television production, the ABC is now totally dependent on the commercial television production sector for almost all Australian non-news content.

What’s wrong with that? Our creative independence is being crushed out of us along with a conduit for diversity and originality nurtured in a creative training ground. The ABC cannot be truly independent unless it has a capacity to create and produce its own original programming.182

The Screen Producers Association of Australia (SPAA) retorted in response that Dempster’s assessment was over-simplistic. The SPAA considered outsourcing ‘the most efficient approach for the future’.183 Two independent producers concurred:

The ABC charter is not to create internal jobs and run production facilities. It exists to provide a wide range of quality programs to the Australian public in the most efficient manner. Static funding, compounded by internal inefficiencies, are strangling the amount spent on actual programming. ABC TV spends 64 per cent of the entire local program budget on fixed staff costs and a large facilities empire... Outsourced production gives the ABC access to thousands of creative brains in the independent sector... At present, cash for actual programs is diverted for infrastructure. The result: ABC TV can’t commission what it wants, and audiences are the losers.184

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181. Ibid.
Senate inquiry into programming decisions

The issue of co-production and outsourcing received considerable media coverage in 2011 when it appeared that ABC television management had decided to reduce ABC-produced programs significantly. Quentin Dempster commented that management’s argument that resources needed to be diverted to support prime-time content was ‘disingenuous’, because in a world of digital offerings, the concept of prime-time was dead—audiences were able to download programs anytime. Dempster claimed:

The anguish now felt inside the ABC from the latest program cuts would not arise if there was a genuine mixed production model with the ABC retaining the capacity and leverage to make the full genre range of copyright programs itself by developing its own talent and skills base.

... The public trust in the ABC is based on an expectation that we are independent of commercial influence. We are not.

Many programs, particularly drama, are commissioned with external co-funders on the basis of their commercial ‘bankability’, that is, their prospects for profitable on-sale to pay TV and other commercial operators and spinoffs after a showing on the ABC. When this commissioning model is applied, there is little room for public purpose, originality, innovation and risk-taking [sic]—much less independence from commercial influence.

ABC management claimed rising program acquisition costs, falling DVD revenue and static government revenue were the cause of cuts in programming.

After calls for a review of the broadcaster came from within the Parliament, from ABC staff and from former managing director David Hill, the Senate agreed to conduct an inquiry into program and job cuts. In the course of the inquiry, witnesses maintained that since the arrival of Kim Dalton, the ABC had moved from being a creator of distinctive content—as was expected of it by audiences—to a user of the work of the same people who produce work for the commercial channels. Hence, its programs were becoming indistinguishable from those seen on the commercial channels. This being the case, some considered that the broadcaster was not fulfilling the requirements of its Charter to provide innovative and comprehensive broadcasting services. Similarly, it was neglecting its responsibility as the producer and protector of local content. To paraphrase Glenys Stradijot from the Friends of the ABC, the public broadcaster was not set up to be an aid to the private production sector (see Figure 10 for the Friends of the ABC’s pictorial view of outsourcing).

In contrast to these views, the South Australian Film Corporation argued that the ABC’s core business is broadcasting. It is not activities such as production, which serve to support broadcasting. The broadcaster’s responsibility is more about maximising resources to ensure that it is able to broadcast the greatest quantity of quality Australian programs that fit its charter.

185. There was particular concern about the decision not to renew production of the New Inventors and Art Nation. The decision was accompanied by redundancies in Melbourne. When further redundancies were announced in Perth, Adelaide and Hobart ABC staff voted to begin a public campaign against outsourcing. M Body, N Christensen, ‘ABC staff to fight for jobs, programs’, The Australian, 4 August 2011, p. 3, accessed 19 February 2014.


189. G Thomson (ABC Section Secretary, Community and Public Sector Union), Evidence to Senate Environment and Communications References Committee, [Inquiry into] Recent programming decisions made by the Australian Broadcasting Corporation, 26 September 2011, p. 1, accessed 30 April 2014.

190. Senate Environment and Communications References committee, Recent programming decisions made by the Australian Broadcasting Corporation, The Senate, Canberra, 26 September 2011. The Committee report refers to J Cleary, Submission 253, p. 6. Community and Public Sector Union, Submission 145, p. 2, pp 26–29 and Q Dempster, private capacity, Submission 80, p. 3.

191. Senate Environment and Communications References committee, [Inquiry into] Recent programming decisions made by the Australian Broadcasting Corporation, op. cit. The Committee report refers, for example, to South Australian National Football League Submission 70; S Kanck, Submission 136, and Media Entertainment and Arts Alliance (SA), Submission 249.

192. G Stradijot (Campaign Manager, Friends of the ABC (Victoria)), Evidence to Senate Environment and Communications References Committee, [Inquiry into] Recent programming decisions made by the Australian Broadcasting Corporation, op. cit., p. 23.

193. R Harris (Chief Executive Officer, South Australian Film Corporation), Evidence to Senate Environment and Communications References Committee, [Inquiry into] Recent programming decisions made by the Australian Broadcasting Corporation, op. cit. pp. 38–42.
company, made a similar point: ABC audiences did not distinguish between programs produced internally and those produced externally. What they recognised was quality.194

Mark Scott argued that production partnerships were about making taxpayers’ money go further.

If the ABC makes an internal production and it is a 100 per cent internal production, the only money we can use is money that the ABC can contribute. However, in working with the independent production sector in some genres you might get money from Screen Australia, from a state based body or from the producer rebate, and the producer themselves might put in money. So for the ABC’s dollar invested you might get another dollar, or $2 or $3, or, in documentaries and factual history, $6 to put it to air. That allows us to do more Australian production of high quality, because, whether we are doing it internally or doing it in coproduction, it is all done to the same standards that are set down and spelt out. So I think we are being wise stewards of the money that is given to the ABC, and the board, in endorsing that program, is taking section 8 absolutely into account: we are ensuring the functions are performed efficiently and with maximum benefit to the people of Australia.195

The Senate Committee supported the mixed production adopted by the ABC and noted that this was commonplace around the world.196 At the same time, the committee acknowledged concerns about the degree to which the broadcaster was relying on outsourcing of production and the extent to which the ABC was producing content that would be more appropriately aired on a commercial broadcaster. It believed the ABC needed to provide ‘explanation for where it sees its future as a broadcaster of both wide appeal and specialist interest as well as how it reflects the cultural and regional diversity of the Australian community’197

The Senate Committee’s recommendations were unlikely to have satisfied those who believed the broadcaster had betrayed basic principles of its Charter. For example, while it noted that the increasing use of external production ‘has the capacity to diminish the ABC’s independence and skill base’, it recommended only that the ABC ‘ensure that it maintains an effective capacity to internally produce quality programming across the regions in addition to news, sport and current affairs’.198

Similarly, it recognised that increasing costs had made it impossible for the broadcaster to meet all its Charter obligations without increases to its operational funding. At the same time, it did not recommend an increase to the broadcaster’s funding. Instead, it encouraged the Government to consider the findings of the Convergence Review concerning the structure of the media market and investment in Australian content by all broadcasters, and within that context to consider the ABC’s capacity to maintain a critical mass of staff, skills, infrastructure and production in regional areas when making decisions about triennial funding.199

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194. J Morrow (Executive Producer, Giant Dwarf), Evidence to Senate Environment and Communications References Committee, [Inquiry into] Recent programming decisions made by the Australian Broadcasting Corporation, op. cit., p. 44.
195. M Scott (Managing Director, Australian Broadcasting Corporation), Evidence to Senate Environment and Communications References committee, [Inquiry into] Recent programming decisions made by the Australian Broadcasting Corporation, op. cit., p. 62.
196. Senate Environment and Communications References Committee, Recent programming decisions, op. cit., p. 20.
197. Senate Environment and Communications References Committee, Recent programming decisions, op. cit., p. 25.
198. Ibid., Recommendations section.
199. Ibid.,
The following table provides a snapshot of the proportion of hours produced, and dollars spent, on ABC internal production, co-productions and fully externally produced programs for the years 2001–02 to 2010–11.

**Table 1: ABC expenditure by production type**

<table>
<thead>
<tr>
<th>Date</th>
<th>Internal</th>
<th>Co-production</th>
<th>Pre-purchase/external</th>
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<tbody>
<tr>
<td></td>
<td>% hours</td>
<td>% $$</td>
<td>% hours</td>
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<tr>
<td>2001–02</td>
<td>91</td>
<td>65</td>
<td>6</td>
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<tr>
<td>2002–03</td>
<td>90</td>
<td>64</td>
<td>6</td>
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<td>2003–04</td>
<td>86</td>
<td>56</td>
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<td>2004–05</td>
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<td>2005–06</td>
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<tr>
<td>2006–07</td>
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<tr>
<td>2007–08</td>
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</tr>
<tr>
<td>2010–11</td>
<td>84</td>
<td>45</td>
<td>10</td>
</tr>
</tbody>
</table>

a. Excludes expenditure for Rage

Source: Senate inquiry\textsuperscript{201}

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\textsuperscript{200} Friends of the ABC (Vic), *News+Views*, 31, 2001, accessed 30 May 2014.

\textsuperscript{201} Senate Environment and Communications References Committee, *Recent programming decisions*, op. cit., Appendix 4.
Part 7: funding

The ABC is currently financed by the federal government primarily through triennial funding arrangements. These arrangements were only commenced in 1989, despite the Corporation arguing from 1949 that it needed ‘to plan for three-year periods to accommodate the long project lead times of the technologically based broadcasting industry’. Specific measures have at times received funding in addition to that committed through the triennial process. Government funding is legislated through the annual Appropriation Bills Nos 1 and 2 for the use of the ABC. (More detail on this source of funding is provided in the revenue tables in Appendix C).

The other main source of funding for the ABC is revenue from independent sources; that is principally, from commercial activities involving the sale of goods and services.

Commercial activities

ABC Commercial was established in 2007 to take over the activities of the former ABC Enterprises, which had been in operation since 1974. ABC Commercial supplements government funding for the Corporation, through funding from distribution and retail sales, as well as worldwide program sales.

ABC products are available through ABC Shops, ABC Centres, ABC Shop Online and other retail outlets including department stores, specialist retailers and direct marketers. ABC Retail owns and manages 52 ABC Shops and licenses over a hundred ABC Centres throughout Australia.

ABC commercial products include:

- ABC Books: publishes children’s and adult titles in a wide range of subjects including ABC program-related books
- ABC DVD: provides popular ABC TV programs and programs from the BBC and independent producers
- ABC stages concerts and events for children and adults
- ABC Licensing manages a wide range of popular children's and adults' properties for global licensing
- ABC magazines
- ABC Music releases children's, country and contemporary music by Australia's leading artists
- ABC classics releases recordings by the Australian symphony orchestras and classical music artists.

In 2008–09, income from net profit from these commercial enterprises was $18.8 million, by 2012–13 however, this figure had drastically reduced to $1.1 million. The ABC explained the drop in income from commercial products in reply to a question in Senate Estimates in late 2012 as the result of a shift away from the sale of DVDs and CDs and explained that the shift was not unique to the ABC; it has been felt by the retail sector as a whole. The broadcaster’s 2012-13 annual report declared that its strategy to invest more in promoting a broader product range encompassing children’s toys, clothing and general merchandise had delivered improved results.

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205. ABC, Annual report 2012–13, op. cit., p. 70.
**Funding dilemmas**

**Self-supporting**

The issue of the extent to which the ABC is funded by government has often been the subject of discussion. Many have asserted that governments have failed to grant the national broadcaster sufficient funds to enable it to fulfil its Charter obligations. Others have considered that the ABC receives too much support from government, particularly in an era where there is increasing media diversity as the result of social media offerings.

When it was established there was some suggestion that the national broadcaster should be allowed to obtain additional revenue from the sponsorship of programs. But in a concession to the demands of newspaper proprietors and commercial radio owners, the Government decided that no station in receipt of 'subsidies from the public’ would be allowed to accept any form of advertising. As ABC historian Ken Inglis observes, people later came to see this freedom from sponsored programs as part of the very nature of the ABC.

Initially the ABC was self-supporting, with its revenue 'outside direct government patronage' and derived from licence fees (as noted earlier in this paper). But licence fees proved to be an insufficient source of income, and in 1949, the Chifley Government established a system under which the ABC was funded by appropriations from consolidated revenue. Licensing fees were not, however, abolished until 1974.

**Appropriations: swings and roundabouts**

The change in funding source resulted in what eminent media academic Henry Mayer described as early as 1980 as 'a permanent problem' for the broadcaster. This is because it raised questions of, and called for decisions about how much money the ABC needs to fulfil its Charter obligations, and to what extent there is waste or inefficiency by the Corporation in the use of public funding.

Writing in 1988, academic Glyn Davis was of the opinion that the ABC had ‘swung’ through several cycles of expansion and contraction since 1972; it 'prospered' under the Whitlam Government, but 'fared less well under Fraser'. The Hawke Government increased funding initially, but curbed its financial largess later in its term, with Treasurer Paul Keating arguing that the Corporation was self-indulgent and self-interested and that it would not get 'one more zac out of us'.

With reference specifically to the Howard Government, journalist Shaun Carney argued in 2000:

> ... under the Fraser, Hawke and Keating governments budget cuts both real and threatened were used by incumbent ministers and prime ministers to put the screws on the ABC. With the [Howard] government, it is just a little more obvious ...To the government, the ABC is a plaything. Having attempted to tame it, the new direction seems to be to run it down at every opportunity, rhetorically and financially.

ABC Board Chairs and Managing Directors, whether labelled as Labor or Liberal appointees, have often argued that the Corporation required more funding 'to perform its chartered tasks'. They have also conducted campaigns calculated to prevent cuts to the broadcaster's budget. Some of these have been more successful than others. Managing Director during the Hawke Government's term, David Hill, for example, was responsible for the high profile 'eight cents a day' campaign to raise public awareness of the Corporation's financial...

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206. Inglis, *This is the ABC*, op. cit., p. 19.
207. Ibid.
208. Davis, *Breaking up the ABC*, op. cit., p. 56.
211. Davis, *Breaking up the ABC*, op. cit., p. 5.
212. Ibid.
difficulties. Ken Inglis surmises that Hill’s efforts may have ‘nudged cabinet towards generosity, or at least clemency’ with regards to ABC funding.

Some reports have indicated that the ABC performs well with lower levels of funding compared with other public broadcasters (see also Table 2). But, at the same time, there are those who accuse the national broadcaster of wasting funding it receives. These critics usually call for ‘tighter, tougher scrutiny’ of the ways in which public funding is spent.

Other criticism which stems from calls for scrutiny relates to the quality of programming offered by the national broadcaster. In recent times, for example, it has been said that the ABC’s enthusiasm to compete in the new media environment has resulted in a steady decline in the intellectual content of programming and in the numbers of high quality, Australian-made dramas, documentaries and serious performance art programs.

According to one critic:

[y]ou can still find [high quality programs], but they’re fewer and further between than they should be especially given the current massive increased level of ABC funding.

What viewers want and deserve and should be getting for their ABC taxes is superior, content and a capital A in terms of national programming. There should be more dramatized novels, more serious discussion of books and science, and more edgy ABC-made versions of, The Wire and Mad Men. This—improving content quality and scope—is where the ABC should be spending the $137 million in extra funding it is getting from the Federal Government.

A further criticism is that the national broadcaster has used public funding to compete with commercial broadcasters. One representative of these interests has claimed that this is a highly questionable use, if not a misuse, of taxpayer funds. Former ABC Board member and academic, Judith Sloan, agrees. She claims it is time to alter the charter of the ABC ‘to narrow the focus of its operation and reduce the organisation’s funding accordingly’.

215. The eight cents a day campaign claimed this was the cost to each Australian to fund the Corporation. The figure was based on the 1997–98 budget appropriation—8 cents by 365 days a population of 17 million approximated the $430 million provided, Inglis, Whose ABC, op. cit., p. 160.

216. Inglis, Whose ABC, op. cit., p. 165.

217. An often cited example of this type of finding is the 1999 report by McKinsey & Company which calculated that the per capita cost of operating the ABC was equivalent to 10 cents (Australian) per day, considerably less than the 14 cents for the Canadian Broadcasting Corporation and well below 33 cents for the BBC, McKinsey & Company, Public service broadcasters around the world: report for the BBC 1999, cited in A Brown, ‘Australian public broadcasting under review: the Mansfield report on the ABC’, Canadian Journal of Communication, 26 (1), 2001, accessed 17 March 2014.


220. Ibid.


Table 2: comparison: funding for other public service broadcasters

<table>
<thead>
<tr>
<th>Country</th>
<th>Year</th>
<th>Public Funding (millions)</th>
<th>Non-Public Funding (millions)</th>
<th>Total Revenue (millions)</th>
<th>Per Capita (^3) Public Funding</th>
<th>Per Capita Total Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia (ABC)</td>
<td>2008</td>
<td>728.9 (82.3%)</td>
<td>157.0 (17.7%)</td>
<td>885.9</td>
<td>34.01</td>
<td>41.34</td>
</tr>
<tr>
<td>Belgium (VRT/RTBF)</td>
<td>2008</td>
<td>805.1 (77.8%)</td>
<td>229.8 (22.2%)</td>
<td>1,034.9</td>
<td>74.62</td>
<td>95.92</td>
</tr>
<tr>
<td>Denmark (DR)</td>
<td>2008</td>
<td>717.0 (91.0%)</td>
<td>70.9 (9.0%)</td>
<td>787.9</td>
<td>130.52</td>
<td>143.42</td>
</tr>
<tr>
<td>Finland (YLE)</td>
<td>2007</td>
<td>526.0 (95.0%)</td>
<td>27.7 (5.0%)</td>
<td>553.7</td>
<td>99.00</td>
<td>104.21</td>
</tr>
<tr>
<td>France (F2/F3)</td>
<td>2008</td>
<td>3,211.1 (74.0%)</td>
<td>1,128.2 (26.0%)</td>
<td>4,339.3</td>
<td>51.56</td>
<td>69.68</td>
</tr>
<tr>
<td>Germany (ARD/ZDF)</td>
<td>2008</td>
<td>10,778.5 (86.2%)</td>
<td>1,721.5 (13.8%)</td>
<td>12,500.0</td>
<td>131.27</td>
<td>152.23</td>
</tr>
<tr>
<td>Ireland (RTE)</td>
<td>2008</td>
<td>317.1 (45.6%)</td>
<td>378.3 (54.4%)</td>
<td>695.4</td>
<td>71.65</td>
<td>157.13</td>
</tr>
<tr>
<td>Japan (NHK)</td>
<td>2009</td>
<td>6,900.0 (100%)</td>
<td>---</td>
<td>6,900.0</td>
<td>54.03</td>
<td>54.03</td>
</tr>
<tr>
<td>Netherlands (NPO)</td>
<td>2007</td>
<td>822.3 (68.0%)</td>
<td>386.9 (32.0%)</td>
<td>1,209.2</td>
<td>50.00</td>
<td>73.53</td>
</tr>
<tr>
<td>New Zealand (TVNZ/NZoA)</td>
<td>2008</td>
<td>126.5 (38.5%)</td>
<td>202.4 (61.5%)</td>
<td>328.9</td>
<td>29.63</td>
<td>77.05</td>
</tr>
<tr>
<td>Norway (NRK)</td>
<td>2007</td>
<td>636.9 (95.0%)</td>
<td>33.6 (5.0%)</td>
<td>670.5</td>
<td>133.57</td>
<td>140.62</td>
</tr>
<tr>
<td>Sweden (SVT)</td>
<td>2008</td>
<td>533.5 (93.0%)</td>
<td>40.1 (7.0%)</td>
<td>573.6</td>
<td>57.87</td>
<td>62.22</td>
</tr>
<tr>
<td>United Kingdom (BBC)</td>
<td>2009</td>
<td>5,608.8 (77.9%)</td>
<td>1,593.4 (22.1%)</td>
<td>7,202.2</td>
<td>90.70</td>
<td>116.43</td>
</tr>
<tr>
<td>United States (PBS/NPR)</td>
<td>2008</td>
<td>1,139.3 (40.0%)</td>
<td>1,710.0 (60.0%)</td>
<td>2,849.3</td>
<td>3.75</td>
<td>9.37</td>
</tr>
</tbody>
</table>

1. All currency exchanges have been calculated using Oanda Currency Converter on July 1 for the relevant year. Funding is in US dollars.
2. Non-public funding includes licensing fees, sponsorships, program sales, as well as advertising in those countries that allow it. U.S. figure includes business sponsorships, foundation grants, and subscriptions.
3. Per capita calculated by dividing total funds by total population as reported by the World Bank (2010): World Bank Development Indicators.
4. Figure represents both France Télévisions and France Radio. S. The figure represents both license fee and government grants.
5. Figure includes federal, state, and local government funding.

Source: Benson and Powers 223

Submissions to the Rudd Government’s discussion paper, *ABC and SBS: towards a digital future* reflected aspects of this debate. The subscription television and radio industry representative organisation claimed the rise of the digital economy meant that there was less justification for funding public broadcasters to counter so called market failures in areas such as such as localism, children’s programming and Australian programs. The industry considered the responsibilities of public service broadcasting:

... should not be expanded to duplicate services that the market will create, generate and support on its own, without any necessary Government funding. Any proposals for funding to enable additional services or channels must be rigorously assessed and scrutinized and only considered where there is clear market failure. The national

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broadcasters are in a unique position to make core contributions to the community without generating any new replicated services already or likely to be provided by the market and which may create unintended anticompetitive consequences. 224

The Media, Arts and Entertainment Alliance’s view differed:

Australia’s national public broadcasters have struggled with insufficient funds for more than a decade in what has been a rapidly changing media landscape. The ABC operates three television networks, six radio networks and one of the largest suites of online services in Australia’s media on an annual budget less than that available to any of the commercial free to air television broadcasters with whom it competes for audiences. 225

Friends of the ABC (Victoria) also expressed a number of concerns about ABC funding. In the words of the Friends:

• The ABC does not have sufficient funding to adequately fulfil its charter responsibilities, produce quality content, and remain relevant in a technologically challenging and changing media environment.

• The ABC’s efforts to earn income through commercial activities are undermining and diverting its focus from its raison d’être. The national public broadcaster has been built and paid for through taxes by three generations of Australians. It is not meant to be a business. The ABC was conceived as a service to the public— an independent institution of ideas, information, education and culture that enriches the nation and the lives of its citizens.

• While the need for the ABC has never been greater, so is the risk to its survival. It is not difficult to foresee what may happen in the future with any government antagonistic to independent public broadcasting, now that all major owners of commercial media in Australia own delivery platforms that compete with the ABC for audiences and have strong business interests in the ABC’s demise. 226

Following an interview in 2008 during which the Minister for Broadband, Communications and the Digital Economy, Senator Stephen Conroy, maintained the ABC had been starved of funds for years, the Rudd Labor Government committed to increasing base funding for the Corporation—$2.1 billion over a three year period from 2009–10. 227 The Government also provided an additional $150.0 million over three years from 2009 to enable the ABC to meet ‘key priorities including the establishment of a digital children’s channel and to increase the level of Australian drama content to match the requirements placed on commercial television broadcasters’. 228

Funding for the broadcaster was due to be reconsidered under its usual triennial funding arrangements as part of the 2012–13 Budget, but the ABC requested that this was delayed for one year to allow time for both the Government and the broadcaster to assess the implications of the findings of the Convergence Review. 229 The 2013–14 Budget also delivered substantial base funding of $2.5 billion over three years. 230 Additional funding was provided:

• to assist in maintaining and improving online services—$30.0 million over three years
• to enhance news delivery services—$69.4 million over four years

224. Australian Subscription Television and Radio Association (ASTRA), Submission ABC and SBS: towards a digital future, Department of Broadband, Communications and the Digital Economy discussion paper, December 2008, no longer available online.
225. Media, Entertainment and Arts Alliance, Submission ABC and SBS: towards a digital future, Department of Broadband, Communications and the Digital Economy discussion paper, December, no longer available online.
229. The Convergence Review Committee was established in early 2011 to examine the operation of media and communications regulation in Australia and assess its effectiveness in achieving appropriate policy objectives for the convergent era. Also M Body, ‘ABC’s funding package delayed’, The Australian, 6 February 2012, accessed 30 May 2014.
• to increase the terrestrial coverage of digital television and to convert and take over the management of a number of self-help television transmission services—funding not for publication with the intention of protecting the broadcaster’s position in negotiations with service providers.231

Funding in the Budget also included a $90.0 million loan to assist the ABC to construct a new facility to house ABC Melbourne’s radio, television and online operations.232

The funding was welcomed by the ABC’s Managing Director Mark Scott, who declared it would help the broadcaster to better fulfil its charter in a changing digital environment.233 At the same time, Scott was concerned the base funding equation was below inflation and that new funding was tied to specific areas.234 He warned against too much celebration as the ABC budget would continue to be tight. He implied also that there may be areas where it would not have the money to spend on new technologies or where it would have to discontinue services.235

Minister Conroy declared his Government’s support for public service broadcasting was in contrast to the Opposition’s ‘strategy of cutting to the bone’.236

The 2014–15 Budget

Prior to the 2013–14 Budget, Opposition spokesperson on communications, Malcolm Turnbull, remarked that while he was a passionate supporter of public broadcasters, he could not guarantee that they would not be subject to cuts if the Coalition was elected to government.237 Commentators seized on Turnbull’s observation and in the lead up to, and immediately following the 2013 election there were a number of predictions that funding cuts would indeed be imposed on both the ABC and SBS by a Coalition Government led by Tony Abbott.

In its report into government efficiency, the NCoA also considered that the ABC and SBS probably had the ability to improve efficiency and better target expenditure.238 The NCoA concluded:

> Media convergence, especially the availability and access of text, audio and video media via the internet, is increasingly eliminating the traditional arguments for public broadcasting. It could be argued that the need for government intervention or support has now been superseded by technology and commercial imperatives.

> At present, the Government does not have a mechanism to harvest the benefits of efficiencies from the public broadcasters. Any efficiencies that are found, including through technological advances or market changes, are currently reinvested by the ABC and the SBS in their own operations. Unlike commercial broadcasters, no dividend is returned to public broadcasters’ shareholders – the government and people of Australia.239

As widely predicted, announcements in the 2014–15 Budget did indeed affect the revenues of the public service broadcasters. However, cuts were not as drastic as had been predicted. According to one analysis the Government had been considering imposing an efficiency dividend approach which would have meant losses of $204.0 million from the broadcasters’ budgets over the next four years.240 Instead, a one per cent efficiency saving for each broadcaster reduced base funding for the ABC by approximately $35.5 million over the same period.241

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231. Ibid.
232. Ibid.
235. Ibid.
238. NCoA, *Towards responsible government*, op. cit., p. 194..
239. Ibid., p. 195.
Mark Scott warned the cuts ‘would regrettably and inevitably result in redundancies and a reduction in services’ (and as the cartoon in Figure 11 suggests, they may possibly have an impact on quality).

Changes to the public service broadcasting environment may not be limited to these types of efficiencies. The NCoA concluded there is a legitimate case for reconsidering the level of support for the ABC and SBS as a result of advances in technology and commercial imperatives and that there is no ‘right’ level of government funding for, or services that should be provided by public broadcasters. It recommendation that the broadcasters should be benchmarked against each other and the commercial broadcasters and claimed that benchmarking should then be able to provide ‘a sense of the efficiency of operations and the potential savings that could be achieved without compromising the capacity of the public [service] broadcasters to deliver services including to remote and regional Australia’.

As the Parliamentary Library’s assessment of the 2014–15 Budget noted, many would question what benchmarking would actually mean, and many would argue that it is an impossible task given that the ‘great virtue’ of public service broadcasters is that they are not commercial. However, some commentators saw the Budget as an opportunity either to privatise the ABC or to introduce aspects of commercialisation in the form of limited advertising and to curb what they saw as its excessive digital presence.

Figure 11: linking funding cuts to service cuts

Source: The Australian

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242. ABC, Budget response, media release, 13 May 2014, accessed 30 May 2014
244. Ibid. p. 195
Advertising: a budget solution?

As noted earlier in this paper, the issue of whether the ABC should accept advertising to boost its financial resources has been the subject of discussion since the 1920s. The discussion has intensified since the 1980s. The 1981 review of the national broadcaster by Alan Dix declared that there was a worldwide trend emerging among governments to urge public service broadcasters to look for ‘outside’ sources of funds. Dix recommended that section 31 the ABC Act which states specifically that the Corporation ‘shall not broadcast advertisements’ was changed to allow it to accept ‘corporate underwriting’ as well as to ratify arrangements involving co-production and co-financing. Dix believed that expansion into commercial activities, however, should not be at the expense of quality programming. Dix proposed that the ABC become more ‘entrepreneurially minded’; that it overcome its distaste for the commercial; that it indulge in more effective exploitation of raising revenue through marketing. Dix believed this course of action would provide greater flexibility for the funding of major and costly projects. Dix was adamant that expansion into commercial activities, however, should not be at the expense of quality programming.

The ABC legislation was not changed to allow the underwriting of programming, and the 1997 report by Bob Mansfield stressed that Australians strongly opposed the introduction of advertising and/or sponsorship to finance the ABC.

In recent times, the presence of the national broadcaster online rekindled the debate about advertising and commercialisation. A 2001 report by the Senate Environment, Communications, Information Technology and the Arts References Committee noted the concerns of some who believed that the advent of the online environment may encourage the national broadcaster to seek to circumvent the ABC Act by carrying advertising on services not defined as broadcasting services. The ABC’s commercial arrangements with a number of companies to supply online content, a proposed deal for the same arrangements with Telstra (referred to earlier in this paper) and the statements of ABC management representatives appeared to confirm that there was a trend in this direction. However, the Committee did not recommend, nor did the Government deem it necessary, to amend the ABC Act to prohibit the ABC from raising revenue through advertising on online services.

The ABC is not alone in facing dilemmas over funding and in considering the option of advertising as a supplement to government funding. As noted in Appendix B to this paper, public service broadcasters in Canada and New Zealand accept advertising to supplement government funding and the United States accepts sponsorship underwriting of programming. Taking the advertising option has presented difficulties for each of these public broadcasters.

For the United States, the fact that underwriting is gradually becoming more like standard advertising is now seen as a threat to the ideals on which public broadcasting is founded. For the Canadian national broadcaster, the problem has been maintaining a realistic level of government funding in the face of calls for it to become

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249. Ibid., p. 15. Underwriting usually involves acknowledgement that a program has been sponsored by identifying the sponsor through the mention of a legal or recognised names. Underwriting information is expected not to promote companies, products or services, nor is the sponsorship acknowledgment to interrupt the continuity of programs or detract from the content or sound quality of programs. Note: Subsection (2) of section 31 allows the Corporation to broadcast announcements, ‘if the Board thinks fit’.
250. Ibid.
251. Ibid.
254. For example, while no advertising was ‘allowed around any content’, Julianne Schultz, the ABC’s corporate strategy manager, confirmed the Corporation ‘allowed advertising around index sites’ as cited by M Bishop, ‘Motion: reference to the Environment, Communications, Information Technology and the Arts References Committee, Senate, Debates, 17 February 2000, p. 11974, accessed 10 June 2014.
more self-reliant. In the New Zealand case, while the original intention was to establish a public broadcaster in the image of the BBC, long term restructuring based on economic, rather than public interest considerations has led to the virtual demise of public broadcasting. A generous assessment of New Zealand public broadcasting is in effect that it is a commercial entity which espouses vague social obligations.

Liberal parliamentarian Christopher Pyne argued in 2003 that the ABC needed to find supplementary sources of revenue, such as between-program advertising. Pyne rejected suggestions that advertising would lead to a 'dumbed down' national broadcaster; advertising would in fact create incentives for the national broadcaster to broaden its audience. Any concerns about the negative effects of advertising he considered had been thoroughly refuted by the experience of SBS:

Despite the presence of unobtrusive commercial advertising between its programs, no one could deny that SBS continues to provide a world-leading service.

Its commitment to screening fascinating documentaries and foreign language programs defies the critics who claim that advertising and intellectually stimulating programming are incompatible.

See further information on the SBS experience of a public service broadcaster dealing with advertising in Box 8 below.

**Box 8: the SBS experience**

The SBS experience

The Special Broadcasting Service (SBS) was established on 1 January 1978 as an independent statutory authority to administer ethnic broadcasting, which at that time consisted of two radio stations, 2EA Sydney and 3EA Melbourne. Enabling legislation (the *Broadcasting and Television Amendment Act 1977*) made no provision for advertising on the service. Prime Minister Malcolm Fraser decided in 1980 to extend multicultural broadcasting through the introduction of SBS television.

While there was no advertising initially on SBS television, the broadcaster decided after it had gained the rights to the World Football Cup in 1990 to make use of the provision which allowed it to seek commercial funding to achieve the maximum financial advantage from the event. The success of this venture, which attracted an audience of over two million, led SBS television to lobby the Federal Government for permission for advertising to be associated with all SBS programs, except news and current affairs.

Hence, in contrast to the *ABC Act*, which specifically prohibits advertising, the *Special Broadcasting Service Act 1991* (*SBS Act*), which established SBS television as a corporation, sanctioned the introduction of 'advertisements or sponsorship announcements'. Advertisements, however, were to be only those 'that run during periods before programs commence, after programs end or during natural program breaks'.

Ien Ang and her colleagues, in a history of SBS, consider that Brian Johns, who was managing director of SBS when the *SBS Act* was passed, was the driving force behind the idea of including advertising on the multicultural broadcaster. Johns was convinced that limited advertising (five minutes per hour) would provide the broadcaster with much needed funding which it could then use to produce local content.

According to Ang et al, the extra money SBS was able to acquire through advertising was indeed funnelled into high quality programs. This served to enhance the reputation of the broadcaster.

In media analyst Emma Dawson’s view, for 15 years, those in charge of SBS adhered to the spirit of the advertising clause in the *SBS Act* when it came to interpretation of what consisted of natural program breaks. Dawson argues that during this time, the SBS Board and management were devoted to the principles of public broadcasting, and as such, they operated as a bulwark against further commercialisation. But this situation...
changed with the appointment by the Howard Government of managers who focussed on raising revenues through commercial operations. 262

In June 2006, the SBS Board reinterpreted the concept of natural program breaks and approved the inclusion of in-programming advertising across the SBS schedule. SBS managing director at the time, Shaun Brown, defended this broader interpretation of natural program breaks using a similar argument to that Brian Johns had used—the SBS Charter requires the broadcaster to produce Australian content, and funding needed to be found to meet this charter obligation. 263

The introduction of in-program advertising, particularly in news services, drew considerable criticism from SBS audiences. In Ang’s assessment:

*This was seen as the worst example of commercialisation, tainting the news and its special role within public service broadcasting. By introducing a commercial element into the news, public trust and public interest were seen as threatened. Critics argued that the news was now vulnerable to ratings pressures and its editorial independence was in danger.* 264

Criticisms such as this have abated over time, but there are many who still consider the approach to advertising taken by SBS has served to undermine its unique position in Australian broadcasting. Journalist Errol Simper also echoed the view that the broadcaster was largely to blame for the lack of financial support it received from federal governments. In an opinion piece in 2009 Simper wrote:

*Primarily a niche, multicultural broadcaster, SBS wasn’t established as a commercial channel and was never meant to evolve into one. SBS commercialised itself. Thus it can hardly claim immunity from the vagaries of the advertising market or from governmental perceptions arising from its commercial revenue stream.* 265

In 2008, 2009, and again in October 2010, the Australian Greens introduced legislation to prohibit in-program advertising, with the intention, according to Greens Senator Scott Ludlam, of putting the onus back on government to support the broadcaster. 266

While in opposition Labor criticised the introduction of in-program advertising on SBS, but during its term in government between 2007 and 2013, it did little to help reverse the situation. In response to a series of questions from the Save Our SBS organisation prior to the 2010 election it made it clear that its intention was not to disallow in-program advertising:

*... as it would substantially reduce the amount of funding available to SBS to support the provision of high quality and diverse programming. In the current economic climate it is not appropriate to require the SBS to change its approach to advertising.* 267

In the 2009–10 Budget SBS received an additional $20.0 million over three years. But SBS Managing Director Shaun Brown claimed that after ‘years of financial neglect’ the extra funding was most likely not enough to allow the broadcaster ‘to continue to deliver the services Australian audiences expect and deserve’. 268 By implication, the funding was also not enough to abandon in-program advertising.

SBS supporters lobbied the Government intensely before the 2012–13 Budget. The Save our SBS group encouraged people to send nearly 10,000 messages urging increased public funding and the removal of ‘disruptive’ commercial breaks. 269 A substantial Budget submission to the Government from the Australian Greens argued that while public
funding shortfalls had led to ‘systematic creeping commercialisation of SBS’, advertising revenue had begun to dry up, a situation which would have a significant influence on the broadcaster.  

It remains that almost 30 per cent of SBS funding in recent times has come from advertising.²⁷¹ Brian Johns, Shaun Brown and others, such as SBS board member, Melbourne multiculturalist Hass Dellal have all expressed the view that advertising is fundamental for SBS survival. In Dellal’s words:

Money’s got to come from somewhere and I think SBS has managed to keep a good balance in terms of the number and kind of ads that it puts on. I’ve noticed they are even culturally appropriate in terms of representation—reflecting what Australia is today.²⁷²

But for those opposed to advertising on public service broadcasters, Shaun Brown’s declaration—‘ads are the result of Labor and Liberal governments refusing to fully fund SBS’—perhaps says it most forcefully.²⁷³ For these critics, the consequence of lack of adequate government financial support is increased commercialisation. This in turn has resulted in a public service broadcaster which has intentionally shifted a significant amount of its focus from programming aimed at ethnic communities towards popular fare; all in search of advertising dollars.²⁷⁴

If there was any intention that SBS change its policy on advertising, the 2014–15 Budget brought no good news, as the broadcaster was subject to the same one per cent efficiency levy as the ABC, cutting approximately $8.0 million over four years from its budget.²⁷⁵ Managing Director Michael Ebeid stated his concern for the future—SBS would not be able to absorb any further cuts, without it effecting content production and the broadcaster’s ability to attract commercial revenue.²⁷⁶

It has been argued that some forms of promotion deemed unthinkable in the past are now a part of normal ABC operations and that a further embrace will benefit the Corporation ‘beyond comprehension’:

... scratch the surface and you will discover the commercial-free ABC is up to its neck in marketing and advertising. Shopping centres are littered with ABC shops selling merchandise advertised on the ABC. Toy shops are packed with toys based on shows that can be seen only on the ABC. Supermarkets are stocked with food bearing the images of those same characters. The ABC is already a conduit for advertising.²⁷⁷

Those opposed to accepting paid advertising on the national broadcaster consider it would ‘gradually undermine the ABC’s role, and eventually destroy the independence which is fundamental to its ethos’.²⁷⁸ Long-time supporter of the ABC, journalist Errol Simper, summarises this view:

The fundamental concept of BBC-style free-to-air public broadcasting is that it exists for the public, for the community, not as a marketing device. The moment marketing occurs, the ‘public’ part of the equation is violated. The idea of having the ABC accept $800 million a year of taxpayers’ funds which it then—inevitably and however indirectly—uses to subsidise a corporate sales tool, is close to obscene. Such an operation would unfairly pick the pockets of networks Ten, Nine and Seven as well as those of subscription television and magazine publishers. It would cheat and short-change the general public and it would eventually erode and corrode everything admirable the ABC ever stood for.

²⁷⁰ The Greens, Budget submission: additional funding for SBS of $90 million per annum, media release, 23 November 2011, accessed 10 June 2014.
²⁷¹ This figure compiled from SBS annual reports.
²⁷⁴ In 2009, Channel Nine outbid SBS for the Top Gear, which moved to commercial television after five years on SBS. SBS Managing Director Shaun Brown commented: ‘SBS, with its limited resources, lives with the knowledge that while it can discover and develop great programs and events, it cannot always defend them from the aggressive bids of well-heeled competitors’, ‘Top Gear changes gear’, SBS World News, 23 October 2009.
²⁷⁸ L Tanner, ‘Giving the ABC a commercial bent defies the reasons for its existence’, Online opinion, 19 August 2003, accessed 10 June 2014.
Commercialisation, as has already been demonstrated, without subtlety, at SBS, would influence the type of material commissioned and broadcast. This is because the people who hold the whip hand in any commercial broadcasting entity aren’t the audience, program-makers or even station executives. The whip hand is held by advertisers.

He who pays the piper must inevitably choose the tune. And the most melodious tune for the corporate world is that which attracts bulk audiences. Advertisers, unless they obtain some kind of niche-program discount, want their ads to be seen or heard by the largest possible number of people. Thus program schedulers start to feel the burden of ratings pressures.\(^\text{279}\)

**Efficiency: will it make a difference?**

In 2006, at the behest of the ABC Board, the Howard Government commissioned KPMG to report on the efficiency of the ABC. KPMG considered various aspects of the broadcaster’s operations and compared them against commercial operators, other public service broadcasters and industry research and reached the conclusion that the ABC provided a high level of program quantity and quality relative to its funding.\(^\text{280}\)

However, there was room for some efficiency, according to KPMG. This could be gained by:

- outsourcing (specifically of outside broadcast vans)
- leasing rather than owning assets
- better use of production resources staff
- revenue targets for state directors and
- a five per cent reduction in staffing of legal archiving, library and human resources function.\(^\text{281}\)

The KPMG report was not released in full but the summary, leaked by online journal *Crikey*, revealed that even were these objectives to be achieved and funding for the broadcaster indexed, it would not be able to maintain its range, quality and mix of outputs. KPMG assessed that the broadcaster needed an extra $125.8 million in core funding over three years in order to maintain its operations at the current levels at that time.

Minister Malcolm Turnbull commissioned a further efficiency study of the ABC (the study included SBS) in January 2014. The review was undertaken by Peter Lewis, formerly Chief Financial Officer of Seven West Media Limited (the Lewis review).\(^\text{282}\) A report was delivered to the Minister before the 2014–15 Budget, but interestingly, as with the KPMG report, Lewis’ findings will not be made public (although there have been a number of comments which have agreed that questions need to be asked about what the ABC does with its funding—see the cartoon by Rowe for example in Figure 12).

Minister Turnbull has been quoted as saying that the Lewis report indicates that both the SBS and the ABC should be able to deliver what has been labelled ‘back office’ savings in their operations without interfering with programming quality or quantity.\(^\text{283}\) It appears that the broadcasters will be required to consider six categories under which they will be expected to produce the administrative savings: working together, harnessing technology, modernising business, revenue opportunities, better resource allocation and financial management and governance. It is also expected that the broadcasters will better match supply and demand for services and cease producing low-rating programs in order to achieve ongoing efficiencies.\(^\text{284}\)

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281. Ibid.
282. Information on the terms of reference for the Lewis review are available on the Department of Communications website, accessed 22 July 2014.
Part 8: concluding comments

Despite predictions of its inevitable demise as the result of factors such as media market reforms, public service broadcasting globally continues to maintain public support, suggesting that it has a legitimate and ongoing place in a new digital broadcasting world. Indeed, some see the digital world as one which suits public service broadcasting, both philosophically and practically. Academic Graham Murdock envisages in fact a role for public service broadcasters within a shared cultural space, an emerging network of public and civil initiatives which he labels ‘a digital commons’.  

Murdock argues, with reference particularly to Europe, that the opening up of markets, which has occurred since the 1990s, led commercial broadcasters to abandon commitment to dealing with difficult, controversial and complex issues in favour of ‘reality’ programming. As a result, important questions have been swept aside in an avalanche of programs exhorting viewers to remake houses, gardens, food, bodies and relationships. Against this background, Murdock concludes, public service broadcasting is more important than ever.

In an Australian context, Professor Terry Flew and his colleagues agree. They argue public service media will become critical as the capacity for commercial media to deliver public affairs journalism and quality broadcast content diminishes through media fragmentation and declining revenues. Opening up of spaces for local content production to users by public service media—the digital commons—has the potential therefore for public resources to be deployed more efficiently and to strengthen traditional reporting and programming functions.

Academics Brian McNair and Adam Swift make similar points. They argue that without the influence of the ABC it would be very likely that mainstream free-to-air current affairs would consist of ‘a light, frothy, occasionally sensationalised and prurient mix of human interest, lifestyle and advertorial content’.

Source: David Rowe

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287. Ibid.
288. T Flew, S Cunningham, A Bruns and J Wilson, Submission to ABC and SBS review, Social innovation, user-created content and the future of the ABC and SBS as public service media, Department of Broadband, Communications and the Digital Economy, 12 December 2008, accessed 10 June 2014.
289. Ibid., p.17.
Australians have traditionally not disputed the contention that public service broadcasting is important and the latest survey of attitudes to the ABC indicates that this view has not changed significantly. The ABC was established to deliver information, education and entertainment. Australians appear to be satisfied that it has delivered on these objectives in the past and that it continues to do so in a new digital media environment. This has been in spite of difficulties the broadcaster has faced with regard to funding and in the face of long-term criticisms that it is biased or wasteful of taxpayers’ money.

This is not to say that public services broadcasters should not be exempt from justifying their use of public monies and that they should make every attempt to find more efficient ways by which they can deliver their services. Recent findings appear to indicate that there is scope at least for administrative savings across the ABC and SBS. Perhaps it is also time at least to consider amalgamation of the ABC and SBS, given that Australia is unique in supporting two public service broadcasters. Recent criticism, similar to that levelled at other public service broadcasters, that the ABC is becoming too successful and too like its commercial counterparts in some areas, also needs to be addressed. There appears to be some justification in this criticism, and to concomitant accusations that the trend to commercialisation has led to the ‘dumbing down’ of some content and the abandonment of the broadcaster’s commitment to producing local content. Equally, the broadcaster has not been entirely free of bias in reporting, or entirely above reproach in administration, as the recent Chris Kenny incident illustrates.

There is a fine line between adequately resourcing public broadcasting and expecting it to be accountable. A former BBC executive has made the point:

> Keeping a kernel of public service broadcasting, but depriving it of weight and energy by endlessly hacking away at its funding... is in some senses worse than abolishing it, because it allows politicians and you, the public, and an entire society to believe in the illusion of a civic space without actually having the substance of one.

It is a good point, which leads into what is perhaps the bottom line when it comes to the ABC—it has been, and remains an institution admired by Australians; it is looked to as a primary source in setting the tone of national identity and one of the few media organisations which works in the public interest. In this sense it is, potentially at least, perhaps the most appropriate tool to represent the needs and wants of the digital commons Murdock envisages that public service broadcasters will best serve in the future.

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292. It could be argued that Māori television in New Zealand represents a second public service broadcaster, but given that TVNZ is almost solely funded by commercial interests and its Charter specifies it works as commercial entity, for the present at least, the situation in New Zealand is significantly different. See the discussion of New Zealand public service broadcasting in Appendix B.

Appendix A: ABC charter
From the Australian Broadcasting Corporation Act 1983

6 Charter of the Corporation

(1) The functions of the Corporation are:

(a) to provide within Australia innovative and comprehensive broadcasting services of a high standard as part of the Australian broadcasting system consisting of national, commercial and community sectors and, without limiting the generality of the foregoing, to provide:

(i) broadcasting programs that contribute to a sense of national identity and inform and entertain, and reflect the cultural diversity of, the Australian community;

(ii) broadcasting programs of an educational nature;

(b) to transmit to countries outside Australia broadcasting programs of news, current affairs, entertainment and cultural enrichment that will:

(i) encourage awareness of Australia and an international understanding of Australian attitudes on world affairs; and

(ii) enable Australian citizens living or travelling outside Australia to obtain information about Australian affairs and Australian attitudes on world affairs; and

(ba) to provide digital media services; and

(c) to encourage and promote the musical, dramatic and other performing arts in Australia.

Note: See also section 31AA (Corporation or prescribed companies to be the only providers of Commonwealth-funded international broadcasting services).

(2) In the provision by the Corporation of its broadcasting services within Australia:

(a) the Corporation shall take account of:

(i) the broadcasting services provided by the commercial and community sectors of the Australian broadcasting system;

(ii) the standards from time to time determined by the ACMA in respect of broadcasting services;

(iii) the responsibility of the Corporation as the provider of an independent national broadcasting service to provide a balance between broadcasting programs of wide appeal and specialised broadcasting programs;

(iv) the multicultural character of the Australian community; and

(v) in connection with the provision of broadcasting programs of an educational nature—the responsibilities of the States in relation to education; and

(b) the Corporation shall take all such measures, being measures consistent with the obligations of the Corporation under paragraph (a), as, in the opinion of the Board, will be conducive to the full development by the Corporation of suitable broadcasting programs.

(3) The functions of the Corporation under subsection (1) and the duties imposed on the Corporation under subsection (2) constitute the Charter of the Corporation.

(4) Nothing in this Section shall be taken to impose on the Corporation a duty that is enforceable by proceedings in a court.
Appendix B: an assortment of public broadcasting models

United Kingdom

The British Broadcasting Company, which began broadcasting in 1922, was technically established as a business enterprise, financed by a licence fee payable by anyone owning a radio receiver. But in 1925, John Reith, Director General of the company, argued before a special Parliamentary committee set up to consider the direction British broadcasting should take for the future, that a monopoly public service broadcaster would better serve the public interest. In hindsight, Reith’s vision appears paternalistic; a public broadcaster that was a cultural, moral and educative force; one that would not pander to popular demand, because few people really knew what they wanted.294

Nevertheless, Reith’s advocacy was influential in the British Government’s decision to wind up the British Broadcasting Company and to form the British Broadcasting Corporation (BBC), with funding still derived from licence fees, but operational under a royal charter, subject to periodic renewal.295 A royal charter, rather than a statute was used in establishing the corporation with the intention of ensuring that it was not ‘a creature of Parliament and connected with political activity’.296 This set the pattern for British broadcasting for thirty years until the beginning of commercial television transmissions in the mid-1950s of a public service broadcasting monopoly.

The BBC licence fee endowed it with a secure income, insulating it from the pressures and uncertainties inherent in reliance on government grants until the 1980s. At that time an inquiry instituted by the Thatcher Government recommended abolishing the fee and making the Corporation rely on subscription funding.297 In response to this threat, BBC management undertook a significant restructure to convince the government that it was financially accountable and that the licence fee should be maintained. These reforms have been seen as spawning ‘a new culture of entrepreneurialism that equipped the BBC well for survival in the news media landscape’.298 A further restructure and imposition of cost efficiencies took place in 2006.

BBC revenue has been supplemented for some time by commercial activities; its 1996 charter establishing a BBC Home Service or public sector arm and BBC Worldwide, a commercial arm. While the commercial ventures of BBC Worldwide have placed ‘complex stresses on BBC institutional culture’, its... commercial success has enhanced the value of the BBC in Britain in ways that go above and beyond the revenue returned for programmed production, projecting British culture and creative talent to the world, and reflecting international appreciation of BBC production values and news services.299

BBC Worldwide’s success has generated hostile reaction from traditional commercial broadcasters who have been affected by the rise of new media formats.

Indeed, the BBC overall is seen as a threat by commercial interests. James Murdoch, in a much publicised speech in 2009, labelled the scale and scope of current activities and future ambitions as ‘chilling’.300 According to Murdoch:

Being funded by a universal hypothecated tax, the BBC feels empowered and obliged to try and offer something for everyone, even in areas well served by the market.

This whole approach is based on a mistaken view of the rationale behind state intervention and it produces bizarre and perverse outcomes. Rather than concentrating on areas where the market is not delivering, the BBC seeks to compete head-on for audiences with commercial providers to try and shore up support – or more accurately dampen opposition – to a compulsory licence fee.301

295. Ibid., p. 54.
296. Ibid., p. 90.
297. Debrett, Reinventing public service television, op. cit., Chapter 2
299. Debrett, Reinventing public service television, op. cit., p. 41.
301. Ibid.
There is little doubt that the BBC commands the dominant share of the British television and radio market. BBC 1 and 2 television audience share, for example, is 30.7 per cent, significantly more than the share of the BBC’s main commercial rival, which has an audience share of 14.1 per cent.\textsuperscript{302} Surveys undertaken by the BBC Trust since 2007 appear to indicate that there is no significant public demand to limit the BBC’s audience share. Indeed, eight in ten adults say they have would miss the BBC if it were not there. Audiences also expect the BBC to set higher standards than other media organisations and they consistently refer to the organisation in positive terms—as trustworthy, reliable and a producer of quality programming.\textsuperscript{303}

Notwithstanding these findings, the House of Commons has initiated an inquiry into the role and purpose of the BBC in anticipation of a renewal of its Charter in 2016.\textsuperscript{304} The inquiry has asked questions about the purpose of public service broadcasting for the future, how the broadcaster should be funded to meet that purpose, what balance should be sought in terms of in-house production and other production types, and what role the BBC should play in developing technology and new ways of distributing content.

At the time of writing the House of Commons has not released its report on the future of the BBC.

**United States**

Public service broadcasting in the United States:

... is not seen to be as central and as important to the overall national media culture. It is largely an afterthought, heavily rooted in a formal educational rationale and in some eyes serving principally as a palliative to the perceived shortcomings of the dominant commercial broadcasting system upon which it has been grafted.\textsuperscript{305}

American public service broadcasting was indeed a late introduction. A Public Broadcasting Service (PBS) television network was initiated in 1967 and National Public Radio (NPR) commenced in 1970 following recommendations from the Carnegie Commission on Educational Television. The Carnegie Commission considered that the many disparate educational broadcasters, which had emerged since the 1920s, could be developed into an interconnected publicly-funded system.

The *Public Broadcasting Act 1967* (US) established a Corporation for Public Broadcasting (CPB) which was to promote development of the public broadcasting system and to distribute government funding. The 1967 Act required ‘strict adherence to objectivity and balance in all programs or series of programs of a controversial nature’ and prohibited the federal government from interfering or controlling what is broadcast on the public service networks.\textsuperscript{306} The 1967 legislation did not guarantee long-term government funding support.

Consequently:

> [f]rom the beginning, public broadcasting has had a funding problem. The system is non-commercial and is prohibited from selling advertising time, at least in the same form as commercial stations do. At the same time, government support has been inconsistent or nonexistent. Concerns about how the limited funding is distributed, and the effect the distribution system has on programming and resource management, have been plentiful. Critics question a funding system that requires broadcasters to regularly lobby Congress for financial support. The broadcasters question the logic of having to continually delegate resources to raise funds from community and business sources. And some within the broadcast industry itself, Congress, and the public at large question the tendency of the system to creep toward further commercialism.\textsuperscript{307}

Public service broadcasting does receive funding from state and federal governments, and it appears that funding has increased significantly over time, but it operates mostly with funds from private sources—membership pledges, corporate sponsorship and philanthropy. In 2010 this amounted to 81.2 per cent of re-operational revenue.\textsuperscript{308}

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\textsuperscript{304.} House of Commons, Culture Media and Sport Select Committee [Inquiry into the] *Future of the BBC*, inquiry website, accessed 24 June 2014.


\textsuperscript{306.} *Public Broadcasting Act of 1967*(US), accessed 24 June 2014.Font changed from superscript


It has been argued in the case of public television, the problem with reliance on corporate sponsorship has been that increasingly, what were sponsorship announcements have been transformed, through ‘enhanced underwriting’, into what resembles commercial advertising. 309 Enhanced underwriting began in the 1980s when public broadcasters encouraged commercial corporate entities to underwriting sponsorship messages with funds from their marketing budgets rather than their charity budgets.

The trend towards commercialisation has been criticised as driving public broadcasting; ‘closer to the programming and audience considerations that guide commercial broadcasting and against which it is assumed that public broadcasting must stand’. 310 Similarly, increased commercialisation has been seen as threatening the maintenance of other forms of revenue for public broadcasting. 311 Some find increasing commercialisation highly disturbing and threatening to the ideals on which public broadcasting is founded. It raises the question:  

... of whether the public television of the 21st century will be ‘public’ in any way more than name only, or whether it will use the notion of public broadcasting as a method of marketing essentially commercial programming. 312

In contrast, there is support for more commercialisation which some believe is the only source of revenue which will ensure public service broadcasting survives and expands. There has also been pressure for public service broadcasting to exploit the marketing of ancillary products, such as toys and books, as an alternative source of funding, but some see this as exploitation. 313

Given its reliance on donations and funding drives, there is also room to ask questions about the extent to which the United States public service broadcasting system serves audiences neglected by commercial television, reflects the heterogeneity of American society or actually serves as a forum for debate, as was envisioned by the Carnegie Commission. 314

If you can only do the stuff that is not profitable and you can only depend on listeners and viewers to bankroll you for a large portion of your income, is a clear pressure to pitch your programming to the upper-middle class. That is the rational thing to do. Anything else would be suicidal if you’re running a station. So you have a system pitched at those who have disposable income and who give you money during pledge drives. 315

Moreover, despite there being evidence to the contrary, conservatives perceive the PBS to have a liberal bias and criticise its receipt of any government revenue. 316 They have instigated periodic attempts in the Congress to discontinue funding of the CPB and although clearly state and federal sources account for a minority public television funding, the American public service broadcasting system is vulnerable to political pressures from this sector. 317

In 2012 the CPB engaged a consulting firm to explore possible alternatives to the federal appropriations. 318 The consultants provided information on several alternative or new funding options for public service broadcasting stations—advertising, retransmission consent fees, paid digital subscriptions and digital game publishing. In addition, the consultants analysed sources of revenue already employed by public broadcasting, including

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309. Underwriting is defined on the PBS website, accessed 25 June 2014.
311. Ibid.
313. Ibid.
316. See discussion by S Rendell and P Hart, Time to unplug the CPB, article on FAIR website, accessed 25 June 2014.
317. See for example, calls to cease funding to public radio after an on air presenter was fired for comments made about Muslims. Conservatives did not dispute any network having the right to present and promote certain views, but considered taxpayers should not be forced to subsidise left wing views. H Khan, War of words: Republicans target NPR funding amid “Nazi” claims, ABC (that is, American Broadcasting Company) news, accessed 25 June 2014.
merchandise licensing and mobile device applications, as options to replace federal funding. They concluded that ending public funding of public service broadcasters ‘would severely diminish, if not destroy’ the sector. 319

Canada

The Canadian Broadcasting Corporation (CBC) was created as a Crown Corporation in 1936, following a Royal Commission that was established to consider the negative effect of American cultural influence on Canadian radio programming.

The public service mandate of the CBC is set out in the Canadian Broadcasting Act.320 The Act established the CBC as a national public service broadcasting organisation with responsibility to provide radio and television services which incorporate a wide range of programming that informs, enlightens and entertains. The CBC is ultimately responsible to the Canadian Parliament for its overall conduct, but it is independent of government control in its day-to-day operations.321

While the CBC is funded primarily by federal grants (about two-thirds of its budget), it also derives revenues from advertising, the sale of programs to other countries and specialty services. One source notes that there is an ongoing debate about the use of public money to fund the CBC:

The debate about whether Canadian tax dollars should be allocated for Canada’s public broadcaster is an age-old one. Opponents contend that public money used to fund the CBC could be better spent on other social programs and necessities, and that the corporation’s funding should instead come from private sources, such as advertising. Opponents of public funding for the broadcaster have further argued the CBC should adopt a structure such as collecting a licence fee (like European public broadcasters) or rely on contributions from individual viewers and listeners [like the Public Broadcasting Service (PBS) and National Public Radio (NPR) in the United States.

Proponents of the CBC contend the broadcaster fills a niche that private media organizations do not. Private networks fill their primetime schedules with American series acquired for a fraction of what it would cost to produce equivalent productions in Canada. In this context, the corporation’s proponents contend that the CBC and its Canadian programming fulfil a valuable role in Canadian society, promoting Canadian culture and cultural industries. 322

Like counterparts elsewhere, the CBC has been accused of bias by all sides of politics. According to one assessment, since the 1950s, ‘no federal government has felt especially warm to the CBC. All have believed that it wanted to undermine them or diminish their authority’. 323

In 2010, for example, the broadcaster was accused by conservative critics of employing a pollster who also advised the Canadian Liberal Party to provide data for use on CBC news reports. John Walsh, President of the Conservative Party Canada considered the practice raised ‘serious questions about the impartiality of Canada’s publicly funded national broadcaster’.324 The CBC’s Ombudsman found that no bias could be attributed to the contracting of the pollster.325

Analysis undertaken for the CBC in 2005 noted that Canada had the third lowest level of public funding for its public broadcaster, only ahead of New Zealand and the United States. 326 In 2012–13, the operating budget of CBC was (CAN)$1.8 billion, the majority of the funding (64 percent) came from government appropriations, but (CAN)$375.7 million was derived from advertising.327 The 2012 federal budget delivered a ten per cent funding

319. Corporation for Public Broadcasting, Alternative Sources of Funding for Public Broadcasting Stations, June 20, 2012.
321. Ibid.
325. Ibid.
cut to the broadcaster—$27.8 million for 2012-13, another $41.8 million in 2013-14 and a further $45.4 million in 2014-15 for a total of $115.0 million to be applied each year from 2014–15. 328

CBC responded by announcing $130 million in cutbacks, which included the loss of 657 positions. 329 CBC/Radio-Canada president and CEO Hubert Lacroix in commenting on the future of the broadcaster noted that if it broadcaster could not generate new revenues or if its funding model did not change for the better, existing services would suffer in a bid to fund new services. 330 Lacroix called upon Canadians for support to allow CBC to adjust its mandate to reflect the complexities of the current media environment and to give it the resources it needed to fulfill that mandate. 331

**New Zealand**

In New Zealand, the original intention in creating a state broadcasting system was that it was to be based on the BBC model. Hence, as early as 1935–36 radio was nationalised and an inquiry into the introduction of television recommended a state monopoly.

Despite the intention, however, with regards to television practical considerations intervened to ensure a different reality. Because of its small population, which could not generate sufficient income through licence fees to support fully state-funded services, New Zealand public service television was allowed to accept advertising as a supplementary source of income from the time it was introduced in 1960.

It has been argued that while the public broadcaster was expected to reflect national culture and identity, its ability to do so has consistently been limited by its lack of available funding. 332 Hence, as funding from advertisers increased during the 1970s and early 1980s, so their influence increased and public funding declined. By 1989, television was more than 90 per cent dependent on advertising revenue. 333 At this time, as part of the drive towards economic restructure which dominated the 1980s, the New Zealand public broadcaster was broken up into separate state-owned corporations, Television New Zealand (TVNZ) and Radio New Zealand (RNZ).

Radio New Zealand, established under the 1995 Broadcasting Act, remains commercial-free, but it has struggled to remain viable, particularly in the light of a government funding freeze since 2006. 334 While TVNZ claims it is a public broadcaster, about 95 per cent of its funds are derived from advertising and merchandising sales for its stations. The remainder of TVNZ funding comes from government sources. 335

According to New Zealand academic, Trish Dunleavy, while the Clarke Labour Government elected in 1999 could not reverse the commercialisation of TVNZ, it at least attempted to revitalise the concept of public broadcasting by imposing a public service charter. 336 The Charter involved a dual remit whereby the broadcaster had to maintain commercial performance, while simultaneously providing public service broadcasting. 337

TVNZ’s efforts to balance commercial performance with charter objectives were extensively criticised, however. This was because, despite some investment in local programs, the content on its main stations remained similar to pre-charter schedules, with a continuing high proportion of light entertainment and reality shows. Two non-commercial channels (TVNZ 6 and TVNZ 7) were given specific government funding of NZ$79 million over five years from 2006 and these were relatively successful in attracting audiences. 338

After Labour lost power, a new National Government passed legislation in 2011 to repeal the TVNZ Charter. An amended television Act specified the functions of TVNZ are for it to be a successful national television and digital media company providing a range of content and services on a choice of delivery platforms and maintaining its

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331. Ibid.
commercial performance.\(^{339}\) Given the revised objectives of TVNZ, it was not surprising that funding for stations TVNZ 6 and 7 was not renewed.\(^ {340}\)

The 1980s changes to New Zealand broadcasting introduced a statutory body, NZ on Air, to act as a funding agency to promote New Zealand content in programming. Trisha Dunleavy argues public service television objectives were vested in this body.\(^ {341}\) But there are a number of limitations on the agency. These include its obligation to consider the 'potential size of the audience likely to benefit' from the projects it funded. According to Dunleavy, this instruction underlined that it was intended to facilitate programming with the broadest appeal. Moreover, its limited funding has had to be used for programs which broadcast networks agree to air and with considerations about who receives funding.

Commentator Paul Norris calls TVNZ a lost cause, a public broadcaster in name only and refuses to acknowledge NZ On Air as a public broadcaster; it is 'merely a funding agency, albeit a powerful one. It has no access to the airwaves'.\(^ {342}\)

Maori radio and television incorporate public service broadcasting deals. Following Waitangi Tribunal investigations and reports in 1986 and 1990 a number of Māori radio stations were established and a Māori Television Service (MTS) was established by statute in 2003. The primary goal of MTS is to revitalise and promote the Maori language, and both MTS and Maori radio provide news and political comment from Maori perspectives.

Despite the existence of NZ on Air and Maori broadcasting, in Trisha Dunleavy’s opinion:

> New Zealand, to its national shame and to the detriment of potentials for a better informed society and better functioning democracy, does not have a centrepiece [public service television] channel: one that operates entirely free from the demands of advertisers, is universally available to citizens at no direct cost, and that caters to a general audience (from toddlers to retirees).\(^ {344}\)

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\(^ {339}\) [Television New Zealand Amendment Act 2011 (NZ), accessed 27 June 2014.](#)

\(^ {340}\) [TVNZ, TVNZ to expand public broadcasting channel and launch youth channel, media release, 22 December 2010, accessed 27 June 2014 and ‘TVNZ7 to close as govt confirms no more funding’, ONE News, 6 April 2011, accessed 27 June 2014.](#)

\(^ {341}\) Dunleavy, ‘Public television in a small country’, op. cit.

\(^ {342}\) Ibid.


\(^ {344}\) T Dunleavy, Don’t go there: the ongoing undermining of PSB in New Zealand, Open Democracy, 24 February 2014, accessed 27 June 2014.
Appendix C: ABC revenue sources

Tables 1 and 2 below provide information on ABC revenue, by source of funding, since 1970–71. Table 2 shows revenue adjusted to 2012–13 prices.\(^\text{345}\)

The tables have been adjusted to take into account changes in funding allocated at various times for transmission services, capital use and the maintenance of ABC subsidiaries, as well as capital payments and equity injections (see explanation of these terms following the tables).\(^\text{346}\)

**Table 1: ABC revenue: 1970–71 to 2017–18: actual dollars**

Note: figures for 2013–14 to 2017–18 are incomplete as these are estimated revenue as shown in the 2014–15 Budget papers (Portfolio Budget Statements for the ABC).

<table>
<thead>
<tr>
<th>Year</th>
<th>Total ABC revenue (AR)</th>
<th>ABC revenue from independent sources (b)</th>
<th>ABC revenue from the Australian Government (a)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ m</td>
<td>$ m % of AR</td>
<td>Total Australian Government revenue (c)</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Operating revenue (d)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Capital revenue and equity injections (e)</td>
</tr>
<tr>
<td>2017–18</td>
<td>164.9</td>
<td></td>
<td>1094.3</td>
</tr>
<tr>
<td>2016–17</td>
<td>164.7</td>
<td></td>
<td>1072.9</td>
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<td>1087.0</td>
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<td></td>
<td>1053.8</td>
</tr>
<tr>
<td>2012–13</td>
<td>989.6</td>
<td>158.9 % of AR</td>
<td>830.7 % of AR</td>
</tr>
<tr>
<td>2011–12</td>
<td>979.5</td>
<td>173.1 % of AR</td>
<td>806.4 % of AR</td>
</tr>
<tr>
<td>2010–11</td>
<td>945.6</td>
<td>183.1 % of AR</td>
<td>765.2 % of AR</td>
</tr>
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<td>2009–10</td>
<td>933.7</td>
<td>185.1 % of AR</td>
<td>749.0 % of AR</td>
</tr>
<tr>
<td>2008–09</td>
<td>948.7</td>
<td>265.3 % of AR</td>
<td>683.4 % of AR</td>
</tr>
<tr>
<td>2007–08</td>
<td>903.5</td>
<td>224.2 % of AR</td>
<td>679.3 % of AR</td>
</tr>
<tr>
<td>2006–07</td>
<td>883.4</td>
<td>185.3 % of AR</td>
<td>698.1 % of AR</td>
</tr>
<tr>
<td>2005–06</td>
<td>910.6</td>
<td>243.8 % of AR</td>
<td>666.8 % of AR</td>
</tr>
<tr>
<td>2004–05</td>
<td>906.9</td>
<td>253.6 % of AR</td>
<td>653.3 % of AR</td>
</tr>
<tr>
<td>2003–04</td>
<td>831.4</td>
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\(^{345}\) I am grateful to my colleagues in the Statistics section of the Parliamentary Library, for converting the figures in Tables 1 and 3 to reflect adjusted funding dollars as shown in Tables 2 and 4.

\(^{346}\) Some early information prepared for these tables was originally contained in a Parliamentary Library E brief by Dr Kim Jackson. I am grateful to Dr Jackson for this previous work.
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Source: ABC Annual reports, ABC Financial Statements.

(a) Excludes revenues for transmission costs and capital use charge, but includes equity injections and orchestral subsidies.
(b) Revenue from independent sources includes sales of goods, rendering of services, interest and disposal of assets. Prior to 2006–07 includes funding from state governments for orchestra subsidies.
(c) Includes Commonwealth contribution to orchestras.
(d) The ABC’s operating revenue was presented in two formats—Consolidated and ABC—from 1994–95 until 2007–08. The Consolidated format encompassed the accounts of both the ABC and its controlled entities (companies owned by the Corporation), while the latter consisted only of operating revenue for the Corporation. Consolidated revenue has been used in this table as it more accurately reflects the scope and operation of the Corporation during the period in question. From 2007–08 revenue is not distinguished as either Consolidated or ABC.
(e) The ABC’s financial statements classified all Commonwealth appropriations as revenues from government until 1999–2000, when a payment of $33.2 million was classified as an injection of equity and not included in total operating revenues. This payment and subsequent equity injections have been included in capital revenues to maintain consistency with previous years.
### Table 2: ABC revenue: 1970–71 to 2012–13: adjusted to 2012–13 prices

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The ABC: an overview (updated)
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Source: ABC Annual Reports, Financial Statements. Figures have been adjusted to 2012-13 prices using the implicit price deflator for non-farm GDP.

(a) Excludes revenues for transmission costs and capital use charge; includes equity injections and orchestral subsidies.

**Australian Government funding**

Table 3 below presents data which identify aspects of Australian Government funding for the ABC since 1990–91. Table 4 presents these figures in constant 2012–13 prices.

Table 5 presents Australian Government funding for ABC operational and transmission purposes and independent sources since 1990–91 in actual dollars.

**Table 3: Australian Government funding for the ABC: 1990–91 to 2012–13: actual dollars**

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<td>Digital radio and television transmission revenue (a)</td>
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<td>Capital and equity injections</td>
<td>All Australian Government funds (c)</td>
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<td>16.2</td>
<td>578.1</td>
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Source: ABC Annual Reports, Financial Statements, Budget Statements.

(a) Digital radio transmission is included in this figure from 2009–10.

(b) Orchestral subsidies were included in the ABC’s operating revenue until 1996–97. Orchestral subsidies ceased from 2006–07 after the orchestral companies were divested from the ABC. Orchestral subsidies figure does not include revenue from other sources, such as sale of goods and services.

(c) Does not include funds for capital use charges during the period these were imposed or loans from the Federal Government.

Table 4: Australian Government funding for the ABC: 1990–91 to 2012–13: adjusted to 2012–13 prices

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating revenue</th>
<th>Analogue and satellite transmission revenue</th>
<th>Digital radio and television transmission revenue (a)</th>
<th>Orchestral subsidies (b)</th>
<th>Capital and equity injections</th>
<th>All Australian Government funds (c)</th>
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<td>Analogue and satellite transmission revenue</td>
<td>Digital radio and television transmission revenue (a)</td>
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<td>Capital and equity injections</td>
<td>All Australian Government funds (c)</td>
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Source: ABC Annual Reports, Financial Statements. Figures have been adjusted to 2012–13 prices using the implicit price deflator for non-farm GDP.

(a) Does not include funds for the capital use charge or loans from the Commonwealth. Orchestral subsidies were included in the ABC’s operating revenue for 1996–97 and earlier years.

(b) Orchestral subsidies were included in the ABC’s operating revenue until 1996–97. Orchestral subsidies ceased from 2006–07 after the orchestral companies were divested from the ABC. Orchestral subsidies figure does not include revenue from other sources, such as sale of goods and services.

(c) Does not include funds for capital use charges during the period these were imposed or loans from the Federal Government.

**Table 5: Australian Government funding for ABC operational and transmission purposes and independent sources**

<table>
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<tr>
<th>Year</th>
<th>Australian Government operational funding $m</th>
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</table>
a. Revenue from independent sources includes sales of goods, rendering of services, interest and disposal of assets. Prior to 2006–07 includes funding from state governments for orchestra subsidies.
b. From this year includes funding for digital radio
c. From this year includes funding for both analogue broadcasting and for digital television

### Table 6: ABC funding: radio, television and online 2006–07 to 2016–17

<table>
<thead>
<tr>
<th>Year</th>
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<th>Television (a) $m</th>
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</table>

Source: ABC Portfolio Budget Statements

a. Includes appropriations and other sources of revenue.
c. Estimate only for radio, television and online as figures not included in 2014–15 PBS.

### ABC revenue: additional funding information

#### Transmission services

Prior to 1992, ABC services were transmitted by Telecom and the Department of Transport and Communications. From 1992 to 1999, transmission services were provided by the National Transmission Agency (NTA), until that agency was privatised in April 1999. In 1999–2000 the ABC received an appropriation to purchase transmission services from NTL Australia Pty Ltd (the purchasers of the NTA network). Similar appropriations were made in subsequent years.

The cost of the ABC’s transmission services was identified as resources provided free of charge in the ABC’s Financial Statements from 1990–91 to 1998–99. It is not recorded in earlier reports. The cost of ABC transmission services was not included in Tables 1 and 2 in order to obtain comparable trend data for the years before 1990.

#### Capital Use Charge

A capital use charge was part of changes introduced by an Accrual Budgeting framework put in place in 1999–2000. The charge was levied on Commonwealth authorities and agencies to reflect the cost of government investment in those entities. Funding for this charge was included in the annual appropriations for the ABC from 1999–2000 to 2002–03. As the charge has since been abolished, appropriations for the charge were not included in the tables in this paper.

#### Orchestral Subsidies

The ABC operated symphony orchestras in each state as part of its Concert Music Division until 1997. The Sydney Symphony Orchestra was incorporated in February 1996 and in December 1996, the State Governments and the ABC Board agreed to a proposal from the Commonwealth Government to corporatise the remaining orchestras. An ABC-owned subsidiary, Symphony Australia Holdings, was established in July 1997 and $32.0 million was transferred in the 1997–98 Budget from the ABC’s base funding to the subsidiary.
From 1997–98 to 2006–07, financial statements separately identified the orchestral subsidies received from the Department of Broadband, Communications and the Digital Economy, through Symphony Australia and from State Governments. Tables 1 and 2 include the Commonwealth orchestral contributions with Commonwealth revenue, while the State subsidies are included with revenue from other sources.

Successive reviews, culminating in the Orchestras Review 2005, led to devolvement from the ABC and the establishment of Symphony Services Australia (now International) to operate as a non-profit arts organisation.  

Capital payments and equity injection

The ABC's financial statements classified all Commonwealth appropriations as revenues from government until 1999–2000, when a payment of $32.2 million was classified as an injection of equity and not included in total operating revenues; Tables 1 and 2 show this payment and subsequent equity injections.
