

## **Submission**

to the Senate Standing Committee on  
Environment, Communications, Information  
Technology and the Arts

## **Inquiry into Broadcasting Services Amendment (Media Ownership) Bill 2006 and Related Bills**

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## **A. Overview**

Friends of the ABC is the major community organisation representing the public's interest in its national broadcaster. It is a politically independent organisation whose aim is the maintenance of the ABC as a healthy, independent and comprehensive national public broadcaster.

This submission refers to the Broadcasting Services Amendment (Media Ownership) Bill 2006, especially the removal of the cross-media rules; and it refers to the Broadcasting Services Amendment (Digital Television) Bill 2006, specifically the removal of genre restrictions on multi-channelling by national broadcasters to permit national broadcasters to provide a broader range of digital services.

### **In summary:**

1. Friends of the ABC (FABC) opposes the Broadcasting Services Amendment (Media Ownership) Bill and believes it should be rejected by the Senate. Removal of the restrictions on cross-media ownership will result in greater concentration of media ownership.

FABC supports the separate submission to the Senate Committee from the Campaign for Australian Media Diversity. It is contrary to the public interest to hand the gateway to information and the capacity to influence Australian culture to less than a handful of already powerful media proprietors, thereby also increasing their capacity to influence public opinion and elected governments.

Furthermore, removal of the cross-media ownership rules in Australia's highly concentrated media market threatens the long-term viability of public broadcasting. While it is in the overwhelming public interest that independent public broadcasting thrives in a country which already has the highest concentration of media ownership in the western world, ownership of a broadcaster and a significant media outlet on a different platform will increase the advantage commercial broadcasters have over public broadcasters. It enhances the ability of commercial media owners to unfairly compete with, to disadvantage, and to ultimately undermine the Australian Broadcasting Corporation (ABC) and the Special Broadcasting Service (SBS).

2. FABC supports the provision in the Broadcasting Services Amendment (Digital Television) Bill to remove the genre restrictions on multi-channelling by national broadcasters to permit the ABC and SBS to provide a broader range of digital services.

## **B. Importance of public broadcasting to Australian life & media**

The ABC - Australia's independent and comprehensive national public broadcaster - is essential to Australian democracy and culture. SBS plays an important role as a niche broadcaster with a responsibility to reflect and serve Australia's multicultural society.

The public broadcasters are major contributors to the diversity of programming available to Australian audiences, and the ABC provides an advertisement-free option. As a comprehensive broadcaster, the ABC sets standards for commercial broadcasters.

*(Appendix A outlines the significance of public broadcasting to Australia.)*

## **C. Public broadcasting cannot be taken for granted**

In consideration of the minimum level to which diversity of commercial media should be allowed to fall in Australia, it should not be assumed that public broadcasting will continue to exist or remain at its present level of audience reach or in its present form. At different times, governments of both major political persuasions have demonstrated strong antipathy toward the ABC, attempted to cut its funds and to curtail its role. Governments have been steadily privatising public services and assets.

*(Appendix B elaborates this point.)*

## **D. Interest of commercial broadcasters to destroy public broadcasting**

Commercial broadcasters have a vested interest in public broadcasting being shut down or curtailed.

### **Competition for audience share**

Commercial broadcasters are not essentially competitors of public broadcasters. Public broadcasters exist to meet responsibilities specified in legislation. Nevertheless, public broadcasters are competitors of commercial broadcasters because public broadcasters take audience share from them.

In the case of SBS, it is increasingly also a competitor for advertising revenue, which in turn leads to competition for increased audience share.

### **ABC scrutinises media moguls**

Major media owners have other reasons to want independent public broadcasters stifled. The ABC's scrutiny of powerful bodies that affect Australian life includes the activities of major media outlets, as well as other financial interests of their owners. Examples include the 'Cash for Comment' scandal in 1999-2000, where investigations by ABC TV's *Media Watch* program resulted in the Australian Broadcasting Authority inquiring into two prominent radio station personalities who accepted payment for favourable editorial comment, and ABC programs which reveal the damaging impact of the legalised gambling industry in which Packer's Publishing & Broadcasting Ltd (PBL) has significant financial interests.

## **E. How commercial broadcasters can undermine public broadcasting**

### **Cross-promotion**

The capacity of a commercial media owner to promote on one platform its content or outlet on another media platform would be significantly enhanced if cross-media rules are removed.

Cross-promotion does not occur only in advertising that can be monitored and measured. It is woven into the content of programming, even included in (so-called) news stories. An existing example is the manner in which PBL's Nine Network and its magazines cross-promote each other's content.

PBL could gain a significant advantage over the public broadcasters in being able to direct readers to its television network if it gains one or more major daily newspapers, as would Murdoch's News Ltd if it acquired a free-to-air television station in addition to its daily newspapers and share in pay-TV.

This increased capacity for cross-promotion, measured against public broadcasters with a meager budget to promote their programming on mainstream commercial media platforms and no daily newspaper, would result in commercial broadcasters capturing audiences at the expense of the public broadcasters.

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

### **Public and therefore political Influence**

Ownership of significant media outlets on more than one platform would result in already powerful commercial media owners gaining greater public influence. Their influence will increase as the result of extending their audience reach and because any messages they give will be reinforced across different media delivery mechanisms, for example television and daily newspapers.

The capacity of the media to influence public opinion leads to powerful media owners being able to influence governments. These media owners could readily seek to have governments weaken public broadcasting, for example, by amalgamating the ABC and SBS, by privatising them or parts of their operations, by limiting their charters or services and/or by starving them of funds.

For evidence of the influence which powerful media owners exert on governments, look no further than the present changes to cross-media ownership rules. The voices which have been listened to, and the interests which are being represented in this legislation, are those of powerful media owners, at the expense of media diversity and the broader public interest.

### **Commercial competitors attack and undermine the ABC**

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

They do it by unfairly denigrating the ABC. Murdoch's News Ltd - with a 25 percent interest in Foxtel pay-TV and possible aspirations for a free-to air network if media ownership rules change - has columnists in the main news section of its papers who constantly attack the ABC, its operations and the balance and veracity of ABC news and current affairs. In his research on the Murdoch media over several recent years, Dr Martin Hirst<sup>1</sup> has found there is a concerted editorial campaign across the Murdoch press in Australia to damage the credibility of the ABC.

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

Not only will commercial broadcasters have additional platforms on which to pursue their agendas if the cross-media rules are removed. In securing other outlets, it is most likely they will remove from the media landscape any major outlet without an interest in commercial broadcasting and which presently provides some small counter to that abuse.

The ABC, which has been under serious attack at times from governments led by parties of both major political persuasions, has survived largely as the result of strong public support. Over time, that public support could be eroded by a concerted campaign attacking the credibility of the ABC. In any case, if the ABC's future was under serious threat, perhaps as the result of planned privatisation, it is likely the overwhelming number of people who depend on mainstream media for their news would not be fully informed. Sensitive to criticism that it could be using its position to promote its own self interest and subject to the intimidation of hostile governments, the ABC itself does little to inform the public of its problems.

## **F. Multi-channelling**

FABC supports the provision in the Broadcasting Services Amendment (Digital Television) Bill to remove the genre restrictions on multi-channelling by the ABC and SBS. Australia's public broadcasters must be at the forefront, and not marginalised, in a technologically changing media landscape. However, this opportunity to enlarge and enhance the public broadcasters' programming and to induce the community to take-up digital technology can only succeed if sufficient funding is provided for these new ventures and if the government ensures that all in the community can afford the technology required to access it.

Submission to the Inquiry into Broadcasting Services Amendment (Media Ownership) Bill 2006 and Related Bills September 2006 Prepared by Glenys Stradijot, Executive Officer/Campaign Manager for Friends of the ABC (Vic) Inc.
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<sup>1</sup> Dr Hirst is a lecturer in journalism & media studies at Edith Cowan University and author of 'Journalism Ethics: Arguments and Cases' and 'Communication & New Media: Broadcast to Narrowcast' both published by Oxford University Press. A paper he is writing which covers the Murdoch press's treatment of the ABC will be published next year.

## Appendix A: Public Broadcasting - Importance to Australian Life & Media

- In modern times media plays a significant role in almost all aspects of our lives. Australia's high concentration of media ownership makes strong independent public broadcasting imperative for Australian culture and democracy.

The ABC and SBS play unique and important roles in Australian life. Independent in spirit and at law, the ABC is uncompromised by commercial or political influence and is able to report without fear or favour. It serves the public interest, scrutinising governments and other powerful bodies, including the media itself.

Unlike commercial broadcasters, the ABC regards its audience as citizens, not consumers. The ABC's Charter requires it: to provide innovative and comprehensive services which contribute to a sense of national identity, inform, educate, entertain and reflect Australian cultural diversity; to promote the arts; and to broadcast to other countries programs that will encourage awareness and understanding of Australia.

- The ABC is a service to all Australians, accessible without direct cost. Its significance grows when access to other forms of information, education or quality entertainment are limited by cost, geographical location, disability or other factors.
- Public broadcasting provides Australian consumers of media with quality and real choices in broadcast and mainstream local online content, which is further enhanced by the ABC's range of network services. Unlike commercial broadcasters, ABC content is not determined by the need to sell advertising space, which results in the selection and development of programming to attract large audiences relevant to specific advertisers.

Content on Australia's free-to-air commercial television broadcasters is essentially the same. While the specific commercial outlet through which major sports events can be viewed may change from time to time, commercial television networks frequently screen the same types of programs. Any differences in the nature or quality of their programs is largely imperceptible.

- The ABC provides audiences with advertisement-free listening and viewing. Many in the community regard this as essential.
- Public broadcasters set standards for other broadcasters. McKinsey & Co found that public service broadcasters can and do act as regulators of the television industry as a whole, providing the public broadcaster is in a position of strength in terms of its audience share. In the words of Michael Grade, former managing director of Channel 4 in the UK, "The BBC keeps us all honest."  
(*'Public Service Broadcasters Around the World'*, McKinsey and Co, 1999. A summary of Mc Kinsey's study is contained in the article 'Keeping Baywatch at Bay', *The McKinsey Quarterly*: 1999 No.4, pp.18-27 at [www.mckinseyquarterly.com](http://www.mckinseyquarterly.com))
- Commercial television depends on public broadcasting taking risks. Over the years, commercial television has attempted to replicate programming and has screened programs after they have been found to be popular on the ABC.
- In 2005, the Australian Government opened the tender to produce Australia's Asia Pacific television service to Sky News Australia (the Murdoch, Packer, Stokes consortium) and other broadcasters. At the end of the process, the ABC was asked to continue to provide the service. This was recognition that our independent public broadcaster would most appropriately represent Australia and its interests to our neighbours in the Asia Pacific region. The ABC's international broadcasters, Asia Pacific Television and Radio Australia draw on the resources of other parts of the ABC.

## Appendix B: Public Broadcasting Cannot be Taken for Granted

The consideration of the minimum level to which diversity of commercial media should be allowed to fall in Australia, should not be based on the assumption that public broadcasting will continue in its present form. The present government has demonstrated a strong antagonism to independent public broadcasting. The ABC and/or SBS could be privatised and some or all of their operations taken over by commercial broadcasters in the future.

- The ABC's important role in scrutinising governments results in hostility toward the broadcaster from whichever party is in government at the time. There are members of the present government who have publicly expressed support for advertising on the ABC, and for the ABC to be privatised and/or paid for by audience subscription.

While the Government has not announced any intention to privatise the ABC or SBS, its political ideology favours privatisation of public assets and services. The Prime Minister, the Hon John Howard, has failed to rule out advertising on the ABC beyond the next election.

When in opposition, political parties appreciate the value of the ABC. But this will not protect the ABC on occasions when a government also controls the Senate, such as now.

- Both public broadcasters are being undermined by the stacking of their boards of directors. The present Government has appointed to the boards of the ABC and SBS people opposed to the existence of public broadcasting and who support their commercialisation.

There is presently nothing to prevent a government appointing to the ABC Board people who have strong associations with commercial media competitors and therefore the potential for strong conflict of interest over even the future well-being of the ABC. For example, Janet Albrechtsen sits on the ABC Board, despite her being a columnist for Murdoch's News Ltd which has interests in a pay-TV station and media online service, and despite her editorial colleagues and News Ltd management's clear opposition to independent public broadcasting.

- The ABC and SBS suffer from inadequate government funding. The funding of neither broadcaster is indexed in line with its real costs. SBS turned to advertising long ago in an effort to deal with insufficient funds.

The ABC is being starved of the funds required to fulfil its role to a high standard.

Relative to its commercial peers and overseas public broadcasters, it is under-funded. (*Macquarie Bank Report, 'An Analysis of the ABC's Funding Relative to International Public Broadcasters and Domestic Peers', 2002*)

ABC funding has declined out of proportion to any other major area of federal government expenditure

Other than an adjustment of \$4.2 million per annum from 2005-06 (a minor contribution to the failure to maintain ABC funding in real terms), the ABC's triennial funding has not been restored since it was cut by \$66 million per annum shortly after the Coalition Government was elected in 1996. Triennial funding is important because it promotes the ABC's arms-length operation from government. The 2006 Budget provided for an appropriation which is \$37.6 million short of the amount that leaks from the government-commissioned KPMG report revealed at Budget time the ABC needed for the next three years just to sustain output at its present level. And increasingly, the Government is undermining the ABC's independence by directing how the ABC must spend its inadequate budget allocation.

The public broadcasters could be sidelined into irrelevancy if it is not guaranteed access to changing media technology, together with the funds required to participate in it.

In a recent interview on ABC radio, the historian, emeritus professor Ken Inglis said that the Howard Coalition Government is using funding as a tool to punish and control the ABC. He repeats in his recent history of the ABC the revelation of Pamela Williams, an Australian Financial Review journalist who had close access to Howard's 1996 election team, that 'the Coalition planned to "quarantine" the ABC until its funding ran out', and "after that it would be fair game for the chop"'.  
(KS Inglis, *'Whose ABC: The History of the Australian Broadcasting Corporation 1983 - 2006'*, (Black Inc, 2006), p. 372)

- The present Government is clearly hostile to the ABC. The Government and its supporters constantly attack the ABC with accusations of bias. In a recent example, Senator Concetta Fierravanti-Wells attacked the ABC for producing a drama about the 1998 waterfront dispute before it was even filmed. Senator Fierravanti-Wells said it was part of an 'anti-Government, pro-Left agenda at the ABC', and Senator the Hon Helen Coonan, Minister for Communications, defended Fierravanti-Wells's right to make the complaint.
- There are changes in the operations of both public broadcasters which threaten their independence, and there is community concern that the broadcasters will be privatised by stealth. As the result of inadequate funding, SBS is seeking to attract more advertising revenue, and will next year interrupt programs with commercials.

The reach of ABC Enterprises, the money-making division of the ABC, has expanded into programming. Enterprises now commissions programming, with one essential requirement being the program's capacity to generate spin-off merchandising.

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

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

- When the ABC has insufficient funds, it is financially more efficient for ABC programming to be produced centrally, leading to less state-based and regional programming. Despite the ABC's inadequate total budget allocation, this problem is presently avoided by the Government providing funding targeted to regional programming. But this is a short-term political ploy to gain the support of rural voters, and there is no guarantee funding for the same level of regional programming will continue in the long run.