

OCTOBER 2022 BUDGET SUBMISSION

Summary

To be effective, Australia's public broadcaster must have the trust of the Australian people. It must have the capacity to offer quality news and entertainment. And it must be accessible to all Australians.

If Australians are to retain trust in the ABC, it is essential that the ABC board be independent of government and commercial interests. ABC Friends urges the government to strengthen the processes for appointment to the ABC board and review the composition of the current board to ensure that it has the appropriate range of skills and experience needed for governance of the national public broadcaster.

ABC Friends welcomes the government's funding commitments to the ABC and we look forward to implementation of these measures in the October 2022 budget. Our submission also recommends other immediate funding improvements. These modest funding commitments are an important first step in restoring the ABC but they will not repair the damage from years of deep cuts.

ABC funding is now at its second lowest point in 40 years, and across all content-making areas the quality of the ABC's offerings has been severely strained. ABC Friends therefore urges the government to commit to restore the ABC's funding over two terms of ABC operational funding.

The ABC's radio and television services are accessible to most Australians through a network of transmission towers across the country but transmissions do not reach all remote populations in Australia. We recommend that the government develop a comprehensive plan to address the shortcomings in current piecemeal transmission arrangements to guarantee that all Australians have access to ABC broadcasting, including in emergencies. We also recommend that the government ensure that the costs of maintaining re-transmitters are not borne by the public broadcasters.

Introduction

ABC Friends was very active during the 2022 federal election, with a simple campaign message: the ABC's funding must be restored and its independence must be secured. Our aim was to persuade voters that they should vote for candidates who support a strong, independent and adequately funded ABC.

Our campaign resonated across the community, with an increase in members and supporters from 17,000 in November to more than 70,000 at the time of writing. 48,957 people signed our petition calling on members of Parliament and candidates for office to restore funding and independence to the ABC and affirming the need for the national broadcaster to be fully funded, free from the threat of government interference, and recognised as an essential service for all Australians. Our widely viewed social media complemented on the ground activity in marginal seats in all states and territories. Concern about the future of the ABC was a significant factor in many of the electorates where we campaigned.

The response confirmed what we already knew from numerous polls and reports: the ABC is a treasured national cultural institution about which Australians care deeply. As a forum that engenders

respectful discussion and debate, the ABC underpins social cohesion and reflects our complex national identity. It entertains us and provides essential information in times of emergency.

In this submission ABC Friends addresses the issues that require urgent attention by the federal government in its first budget.

ABC independence

At a time when trust in public institutions is being undermined by misinformation and disinformation, the role of the national public broadcaster has never been more important. As neither a state-owned nor a commercial broadcaster, the ABC presents the facts unhindered by consideration of vested political or business interests. It is a reliable and trusted source of information: 77% of Australians rely on the ABC for accurate information.¹

In recent years there has been a steady growth in partisan appointments to public institutions in Australia, including the ABC. A recent study by the Grattan Institute found that 21% of appointees to the boards of public institutions, tribunals and advisory councils were politically affiliated. Such ‘stacking’ deprives institutions of the mix of skills and experience they need to perform at their best. More fundamentally, it undermines public trust in institutions and ultimately, in the functioning of our democracy.

There may be merit in the creation of an independent ‘Public Appointments Commissioner’ to oversee the independent panel process across portfolios, as recommended by the Grattan Institute. We urge the government to consider this proposal carefully as it implements its commitment to safeguard trust in public institutions,

If Australians are to retain trust in the ABC, it is essential that the ABC board be independent (and be seen to be independent) of government and commercial interests, with members selected for their skills and relevant experience rather than their political or business connections. In 2013 the Rudd Labor government legislated ‘arm’s length, merit based’ reforms to depoliticise appointments to the ABC board. All ABC board appointments were to be selected from a short-list selected on merit by an independent nominations panel. But in the years that followed, coalition ministers breached the intent of the new arrangements repeatedly.

Recommendations

1. We urge the government to strengthen the processes for appointment to the ABC board, consistent with the ABC Act and the need for a board that is independent of political and commercial interests.
2. We also recommend that the government review the composition of the current ABC board and the manner in which appointments were made, with a view to ensuring that it has the appropriate range of skills and experience needed for governance of the national public broadcaster.

ABC Funding

ABC Friends welcomes the government’s decision to extend the funding cycle to five years and restore indexation retrospectively. The five-year funding horizon will assist ABC planning and help depoliticise funding by separating it from election cycles. However, many of the cuts imposed by the previous government were made arbitrarily and without regard to the triennial funding horizon.

As a first step in protecting ABC funding, we recommend that the government ensure that ABC funding is protected from cuts during a funding cycle. This should not preclude the ABC from applying for additional special purpose funding outside the terms of a funding agreement. ABC Friends supports

¹ Roy Morgan, ABC Friends, Community Attitudes to ABC Survey, May 2020

the government's commitment to adopt further measures to safeguard the national broadcaster from further cuts and protect its independence from political pressures.

We welcome the government's commitments to reverse the coalition government's most recent funding cuts of \$83.7 million, and to provide \$32 million over four years to ABC international services in the Indo-Pacific region. These modest funding commitments are an important first step in restoring the

ABC but they will not repair the damage from years of deep cuts. Additional funding will be needed if the ABC is to fully meet its Charter obligations.

Since the 1980s, the ABC's operational funding has been through peaks and troughs broadly coinciding with the 'colour' of the government of the time. There are some similarities between the ABC's funding position now and the situation inherited by the Rudd Labor government in 2007. According to analysis by Michael Ward, over its four terms the Howard government reduced the ABC's operational budget in real terms by 8%. Despite the Global Financial Crisis, the Rudd-Gillard government's final budget lifted ABC funding by 10% in real terms over the level allocated in the final Howard government budget. It provided \$136.4 million in new money, enabling the creation of the ABC Kids' channel and 90 hours of new Australian television drama. Importantly, the Labor government exempted the ABC from efficiency dividends imposed on government agencies, which allowed ABC management to direct savings from internal efficiencies to the development of new services.

Funding in real terms is now at its second lowest point in 40 years (the lowest point was under the Howard government in 2000-01). The ABC's operational budget has suffered an 11% cut in real terms since 2014: more than \$700 million in government funding² has been lost.

The cuts have resulted in:

- A 50% reduction in local drama production (from 101 hours of first run drama in prime time in 2013-14 to only 50 hours, including comedy, in 2018-19). This has had a significant negative impact on Australia's independent production sector with which the ABC co-invests.
- The loss of highly skilled staff (829 full-time equivalent staff have left, including through 939 redundancies since July 2014³)
- The loss of valued current affairs programs like Lateline and reduced hours for programs like The World Today and PM
- The closure of many overseas bureaus and a reduction in the ABC's international reporting
- The loss of many authoritative specialist websites and programs across a range of industry, social and community sectors and interests
- A reduction in state and regional services including the axing of state-based 7:30 programs⁴
- Significantly curtailed production outside Sydney and Melbourne

Dedicated ABC staff have worked hard to maintain high standards and quality output. But across all content-making areas, the relentless budget cuts and loss of staff and resources have severely strained the quality of the ABC's offerings.

The ABC now offers less investigative reporting, many more repeats, more imports, less Australian content and less coverage of important international stories.

² More than \$500 million was cut from operational funding and nearly \$200m from the ABC's international service.

³ Media, Entertainment and Arts Alliance

⁴ Regional losses have been partly offset since 2021 through staffing and services funded by the ABC's agreement with the major tech companies.

ABC Friends recognises that the government faces a difficult budgetary situation with fiercely competing demands and high levels of inherited public debt. Nevertheless, given the importance of the ABC as a trusted source of information, it is essential that the government put in place a plan to redress the damage that has been wrought and guarantee the ABC's future.

Recommendations

We recommend that the government implement the following funding measures in the 2022 budget:

3. Implement five-year funding terms for the national broadcasters.
4. Restore indexation retrospectively to ABC funding and reverse the coalition's cut of \$83.7 million.
5. Put in place measures to ensure that ABC funding is protected from cuts during a funding cycle and review other options for delivering greater financial stability and certainty to the national broadcasters and safeguard against arbitrary cuts.
6. Permanently incorporate the Enhanced News Gathering Program into ABC operational funding so that the threat that it might be arbitrarily removed no longer inhibits the ABC's long-term commitment to rural and regional services.
7. Exempt the ABC from current or future efficiency dividends that may be required of government agencies, thus ensuring that any savings achieved by the ABC are available for further investment and reallocation within the ABC.

We also urge the government commit to restore the ABC's funding over two terms of ABC operational funding commensurate with its meeting its Charter obligations

The ABC's international role

For decades, the ABC was a trusted voice in our region, broadcasting reputable news, opinion and educational programming to the people of the Indo-Pacific through Radio Australia and the international television service, ABC Australia.

But savage cuts in 2014 decimated funding for international television and the damage was compounded when the ABC turned off shortwave in 2017. Australia's public diplomacy role was seriously depleted at a time when other countries, including China, increased their broadcasting role – as became evident when China assumed control of Radio Australia's Pacific shortwave frequencies in 2018. China has steadily expanded its national television service across the region.

In the South Pacific, Radio Australia and ABC Australia still do excellent work. But, with only one-third of the budget they enjoyed a decade ago and with only one Australian journalist based in the region, the ABC's voice as a source of credible information and reputable analysis is muted.

ABC Friends welcomes the government's announcement that it will expand the ABC's broadcasting capacity in the Asia-Pacific region through an Indo-Pacific Broadcasting Strategy, with an additional \$32 million over four years for ABC International and a commitment to look at restoring shortwave radio in the Pacific.

Given Australia's national interest in maintaining a visible and active media and broadcasting presence in the region, it will be necessary to further enhance the ABC's broadcasting capacity in the Pacific.

Radio Australia

In 2017, in response to savage cuts to its operating budget, the ABC pulled the plug on Radio Australia shortwave after almost eight decades of broadcasting in the Pacific.

Australia lost an important arm of its soft diplomacy strategy when shortwave was cut and the people living in the South Pacific, very often remotely, lost an important information source, especially during natural disasters and other emergencies.

We note that Radio New Zealand (RNZ) Pacific continues shortwave broadcasting while Radio Australia has been replaced by China Radio International (CRI). Both transmit in analog and digital high frequency radio (Digital Radio Mondiale: DRM).

The government's announcement that it will examine the reintroduction of shortwave radio is an important acknowledgement that the gap in services must be filled.

We urge the government to make the reinvigoration of Radio Australia a priority.

Transmission services

The ABC's radio and television services are accessible to most Australians via a network of transmission towers across the country. However, these transmissions do not reach many remote populations in inland Australia.

It is important for the health of our democracy and equitable access to information that the ABC fulfills its Charter to inform, educate and entertain Australians. All Australians must be able to access ABC and SBS services free or at minimal expense.

As the impacts of climate change become more pronounced, extreme weather events will become more common and more severe. The ABC's role as emergency broadcaster will become increasingly important in saving lives and property. This vital service must not be impaired by either inadequate funding or inadequate provision of transmission infrastructure.

The main footprint of ABC programming is transmitted under contract by BAI Communications, via transmitters previously owned by the Commonwealth. The ABC pays BAI around \$190 million, 18% of its total revenue, for this service delivered by a monopoly private interest.

In many areas outside the main footprint of the ABC's signals, its radio and TV transmission depends on the re-transmission of signals across some 200 smaller localised towers. A myriad of businesses and organisations pay for booster re-transmission towers to get signals into their areas and the maintenance of many sites is funded by local councils, Aboriginal Corporations and mining companies. The most important re-transmitter for ABC TV is Regional Broadcasting Australia Holdings (RBAH). RBAH is no longer prepared to fund the ongoing repair, upgrade and maintenance of the ABC and SBS transmission services without any financial contribution from the national broadcasters or federal government. Some regional areas have already lost ABC/SBS signals for a period of time due to RBAH seeking compensation for maintenance costs.

Almost 20% of the ABC's budget already goes to radio and TV transmission expenses, but until recently it has not been asked to fund the costs of re-transmission. Any requirement for the ABC and SBS to cover the maintenance costs of its re-transmitters will increase the financial burden on the public broadcasters, putting additional pressures on their limited operational funding and jeopardising rural and regional communities' access to services.

Communities across northern Australia lost access to essential communications when shortwave radio was disbanded, and the subsequent closure of the three NT transmitters spelt the end of all ABC high frequency broadcasts. The ABC argued that affected listeners could use the Viewer Accessed Satellite Television (VAST) which carries ABC radio. However, this technology is expensive, affected by weather conditions, and is not available to people in remote areas while they are travelling or working in vehicles or boats. As compensation the ABC gave a few VAST satellite receivers to 4WD radio clubs.

Recommendations

8. We recommend that the government develop a comprehensive plan to address the shortcomings in current piecemeal transmission arrangements and guarantee that all Australians have access to ABC broadcasting, especially in emergencies. Decisions should be made following consultations with the affected communities and an investigation of the feasibility of all possible options, including digital radio transmission and reopening the NT transmitters. Consideration should be given to returning transmission infrastructure, which is an essential service, to public ownership.
9. ABC Friends urges the government to ensure that the costs of maintaining re-transmitters are not borne by the ABC or SBS.

About ABC Friends

ABC Friends was established as 'Friends of the ABC' in 1976 in response to funding cuts to the ABC by the federal government. Its purpose is to lobby on behalf of people who listen to, watch, read and interact with the ABC. ABC Friends is not aligned to any political party and it has members in every state/territory and a national office.

In our election campaign ABC Friends called on a Labor government to:

- Take steps to protect the ABC's independence.
- Progressively restore the ABC's operational budget to the level of funding it received before before cuts were imposed in 2014.
- Incorporate the Enhanced News Gathering Program for regional Australia into the ABC's operational base funding
- Introduce five-year funding agreements, indexed annually to compensate for inflation.
- Restore and enhance funding for ABC International.
- Ensure that quality ABC radio and television broadcasts can be received throughout all parts of Australia. Carry out a major update of transmission services
- Fully fund the ABC's emergency service
- Fund more Australian content