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Submission  
to  
the Australian Government  
on  
The future direction of  
Australia Network  
(Australia's publicly-funded  
international television broadcasting service)

July 2010



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## Friends of the ABC

Friends of the ABC (FABC) is the major community organisation representing the public's interest in its national independent broadcaster. It is a politically independent organisation whose aim is the maintenance of the Australian Broadcasting Corporation (ABC) as a healthy, independent and comprehensive national public broadcaster which broadcasts locally and internationally.

FABC is a loyal but oftentimes critical friend of the ABC and is not always in agreement with its activities.

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## **A. Summary & Recommendations**

The representation of Australia and its values in the world is a matter of national importance.

It is the responsibility of the ABC to provide Australia's international broadcasting and the responsibility of the Government to fund the ABC to provide quality international services on all appropriate delivery platforms.

Throughout the years that the ABC has provided Australia's international television service it has delivered a high quality, effective service. The functions, independence and accountability to the Parliament of Australia's comprehensive national public broadcaster make it the body which is most appropriate and by far best equipped to provide the country's international television broadcasting service.

It would be foolish to risk losing the advantage of the ABC's outstanding service and trusted reputation in a highly competitive international broadcasting field by putting the service to tender. And Australia's international radio and television broadcasting services would both be weakened by separating the television service from the ABC which operates Radio Australia.

Furthermore it would be totally inappropriate and contrary to the public interest for a service which represents, and is of such strategic importance to, the country as an international broadcaster to be provided by a private operator that is driven by commercial imperatives or which may have political agendas.

The relevance and overwhelming benefits of Australia's national public broadcaster providing the country's international broadcasting services leads Friends of the ABC to conclude it is wasteful of public resources to require the broadcaster to enter into a competitive tender process to seek to continue to provide Australia Network.

FABC also believes that the effectiveness of Australia's international broadcasting services depends on services being independent and being seen to be independent from political and commercial influence. The manner in which Australia Network is presently funded risks damaging the credibility of the television service, and, by association, Radio Australia.

### **Friends of the ABC submits that:**

1. Australia Network be returned to being a service of the ABC; i.e., the publicly funded international television broadcasting service should not be subject to a competitive tender process.
2. The Australian Broadcasting Corporation Act 1983 be amended so the ABC is specified as the body responsible to provide Australia's publicly funded international broadcasting services, regardless of the delivery platform, and with the Act's prohibition of advertising and commercial sponsorship applying to all ABC services.
3. The ABC's base triennial funding (i.e., untied funding which is provided via budget appropriations to the Department of Broadband, Communications and the Digital Economy) be increased so that the ABC is fully funded to provide Australia's international television broadcasting service without the need for the service to earn revenue through commercial activities; i.e., so that Australia's publicly-funded international television service is no longer funded directly by the Department of Foreign Affairs and Trade (DFAT).
4. The Government consider the need for increased funds to be provided to the ABC to enable the services of Radio Australia to be rebuilt and expanded at the same time that it considers the future of the international broadcasting television service.
5. The ABC's international broadcasters be provided secure access to the transmission facilities required to independently deliver their services wherever it is feasible.
6. The ABC as a whole be well funded so that it is able to produce high quality news and current affairs and a broad range of local programs from which its international broadcasting services can draw.

## **B. Introduction**

The integrity, quality and reliability of Australia's international broadcasting services are crucial to perceptions of Australia and its relations with neighbours in the Asia Pacific region and beyond. Their operation in the public interest is important to the country's future security and prosperity, as well as to its capacity to demonstrate the considerable artistic and intellectual talents of its people to the wider world.

The ABC is trusted locally and abroad for its independence from political and commercial influence. Its international broadcasting services - Radio Australia and Australia Network - provide quality programs which attract individuals, as well as governments, and build an awareness of Australia, its people and culture.

The ABC's international broadcasting services are an invaluable strategic asset. The goodwill and understanding they foster are a sound basis on which to build positive relations with peoples overseas. Radio Australia and Australia Network are an important diplomatic, trade and cultural bridge between Australia and the world.

Australia's international broadcasters provide Australian nationals living and working abroad a vital - and on occasions the only - link with home. Over the years, many Australians in foreign lands have depended on Radio Australia for reliable information during times of difficulty and danger.

## **C. International Broadcasting is the ABC's Responsibility**

The Australian Parliament has given the ABC the legislative authority and responsibility to provide the nation's international broadcasting services. The Australian Broadcasting Corporation Act 1983 specifies it is a function of the ABC to broadcast to countries outside Australia to encourage awareness of Australia and its attitudes on world affairs, and to inform Australians abroad.<sup>1</sup>

Any government that failed to adequately fund the ABC to fulfil the requirements of the ABC Act and/or contracted out provision of the country's publicly-funded international television broadcasting service to another operator would be abrogating its responsibility to implement the law and acting contrary to the intent of the Act.

## **D. Australia's National Public Broadcaster Should be its International Broadcaster**

### **1. Extent of Australia Network's Service**

Friends of the ABC expect the ABC will have detailed the extent and quality of Australia Network's service and the efficiency of its operation. This is not a matter that FABC has addressed in its submission.

### **2. Respect for our Neighbours**

Unlike commercial broadcasters, Australia's national public broadcaster regards its audience as citizens, not consumers. Our neighbours in other countries deserve the same respect. It is this respect, the ABC's integrity and its quality of programming which over decades has made Radio Australia a byword as a first-class international broadcaster. Despite its considerable limitations, Australia Network is highly valued for similar reasons.

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<sup>1</sup> Australian Broadcasting Corporation Act 1983, Clause 6 (1) The functions of the Corporation are- . . .  
 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.

### 3. Benefit of Being Part of the ABC

With a long and strong history as Australia's national public broadcaster, the significant value the ABC contributes to Australia Network extends well beyond the funding of Australia Network by the Department of Foreign Affairs and Trade (DFAT). By being part of the ABC, the international television broadcaster is better able to represent Australia. Its capacity to reflect Australian values and perspectives, and the quality and breadth of its service is enhanced, thereby giving it a stronger and broader presence.

- a. Unlike commercial broadcasters, the ABC has a statutory responsibility to provide independent news. It also has a serious investment in current affairs (eg. *Four Corners*), and in news gathering that goes beyond the headlines and talking heads that services like Sky News provide, with an interest in context, analysis and storytelling (e.g. *Foreign Correspondent* and *Australian Story*).

And, unlike one major commercial media entity which is vying to deliver Australia Network, the ABC is a comprehensive broadcaster, not just a news channel. The national public broadcaster's charter requires it to provide programming that is "innovative" and of a "high standard". It is required to provide programs which contribute to a sense of national identity, inform, educate, entertain, reflect Australian cultural diversity, and promote the arts.<sup>2</sup>

Through its association with the ABC, Australia Network is able to draw content from diverse genres and networks<sup>3</sup>, from regional and urban Australia. This it is able to project images of Australia through a far greater range of programs than the commercial media.

The imperatives of commercial media owners - to sell advertising space and maximise profits - result in a preponderance of cheap, lightweight, happy or sensational programming developed to attract audiences most likely to buy their advertisers' products. Commercial imperatives do not permit criticism of sponsors. They also result in product placement and other advertising disguised as editorial content.

- b. Australia Network also benefits from resources in addition to program content, the ABC's considerable experience and its relationships with other parties; for example, the ABC's extensive archives, technical and program-making skills, and the relationship of 'ABC International Projects' with AusAID. No other Australian media enterprise in Australia comes close to the ABC's network of foreign correspondents from which Australia Network benefits.
- c. As part of the same organisation which operates under a single set of editorial values, Australia Network and other areas of the ABC are more readily able to co-operate and work together on relevant occasions.
- d. As part of the ABC, doors open for Australia Network to deal with other bodies in a way that would not be available to a private operator which is not held in the high esteem of the ABC or viewed as existing for public good.
- e. The work of Australia Network in some instances assists other parts of the ABC (which is also taxpayer funded) to meet the ABC's responsibilities to its local Australian audiences, with the provision of information and content that might otherwise not be available.
- f. Radio Australia (RA), a significant voice for Australia's interests overseas for 70 years (30 years in China), has considerable experience in international broadcasting. Respected in the Asia Pacific region for its information that is untainted by government influence or private interests, RA has developed strong relations with Australia's neighbours. RA has a greater population reach than Australia Network.

Australia Network's public credibility is enhanced through its association with Radio Australia.

The creation of the ABC's international broadcasting division in 2003, which brought together ABC Asia Pacific (Australia Network's predecessor before the ABC was required to tender to DFAT to provide Australia's international television service) and Radio Australia under a single management structure created useful synergies between the two international operators, including cross-promotion.

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<sup>2</sup> The ABC Charter is available at [www.abc.net.au/corp/pubs/ABCcharter.htm](http://www.abc.net.au/corp/pubs/ABCcharter.htm)

<sup>3</sup> The ABC's networks and services are listed in its annual reports.

Australia Network continues to benefit from the experience and relationships built by RA over many years, and the ability to readily communicate and co-operate closely with RA. The international broadcasters benefit in some instances through co-operative satellite arrangements.

#### 4. Independence, Integrity & Accountability

It is important for the quality and credibility of Australia's international broadcasters that they are independent of government and untainted by commercial influence. In spirit and at law the ABC is meant to be independent. It is an independent statutory authority which is legally required to operate at arms-length from government. Its independence from government is directly and indirectly dealt with in the Act of Parliament that outlines the ABC's responsibilities, the Australian Broadcasting Corporation Act 1983.

The ABC is accountable to the Australian Parliament and to the public through a range of mechanisms. As a public body, it is subject to extensive transparency and accountability requirements. These include a requirement to submit its accounts for audit, table its Annual Report in Parliament, notify the Australian Communications and Media Authority of its Code of Practice, appear before committees of the Parliament, and respond to enquiries and complaints from parliamentarians and the general public.

The ABC has extensive editorial policies (which are public) and a rigorous complaints procedure to ensure the integrity of its programming, which includes independent review of complaints alleging serious cases of bias, lack of balance or unfair treatment. Serious complaints about the ABC can also be made to the Australian Communications and Media Authority.

No Australian commercial media entity is required to adhere to, or comes close to the ABC's high standards of operation and program integrity, transparency and public accountability. It is doubtful whether a private entity awarded a contract to provide Australia Network could be required to appear for scrutiny before parliamentary committees or would be willing to adhere to standards of transparency and accountability comparable to the ABC's.

#### 5. ABC Reputation & Reliability

The ABC's outstanding reputation as a respected voice in the Asia Pacific Region and the fact it has been consistently valued in the delivery of Australia's international broadcasting services - radio, television and online - has been confirmed in numerous submissions<sup>4</sup> (including submissions of the Department of Foreign Affairs and Trade) and supported by many reviews and inquiries over the years. The effectiveness of its work in these areas appears to have been limited only by matters out of its control: insufficient public funding; the manner in which Australia Network has been funded; inadequate transmission facilities; and the setback when the television service needed to be rebuilt after it had been run down by the Seven Network.

The ABC first built Australia's international television service. It rebuilt and transformed it into a thriving service after Kerry Stoke's Seven network walked away from it in 2001. The fact that commercial operators now lobby the government to take it away from the ABC is an indication of how successful the ABC has been.

Importantly, the ABC has the trust and support of Australians. Independent opinion polls regularly reveal over 80 per cent of Australians believe the ABC provides a valuable service to the community.<sup>5</sup>

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<sup>4</sup> The Federal Parliamentary Joint Standing Committee on Foreign Affairs, Defence & Trade in its 1988 report, *Australia and ASEAN, Managing Change*, said "For all witnesses to the inquiry, the most counterproductive and incomprehensible action in Australia's regional public relations was the effective closure of RA to much of the region," . . . . "RA provided a consistent, daily professional projection of Australia and regional affairs; the cheapest and most effective form of public diplomacy Australia has reaching tens of millions of people in the Asia Pacific region and a balance to our more obviously self-interested striving for economic advantage."

<sup>5</sup> Newspan independent surveys since 1998

## **E. Australia Network Should Not be Put to Tender**

### **1. Credibility of International Broadcasting Depends on Independence**

The credibility of Australia's international broadcasting services depends on them being independent - from government and commercial influence - and being seen to be independent.

Advertising and sponsorship on Australia's publicly funded international television service is unacceptable for the same reason it is prohibited on Australia's national public broadcaster: the public is entitled to information and programming that is uncompromised by commercial or political influence, and advertising undermines public trust in the integrity of the service and information it provides.

Australia Network's independence from political and commercial influence is compromised by the expectation that it must supplement its funding with sponsorship and advertising.

There is the danger of political interference and the risk that Australia Network will be perceived as an arm of the Australian Government while it is funded directly by the Department of Foreign Affairs and Trade, and through a competitive tender process in particular.

With commercial and political interests closely intertwined in some countries, local commercial advertising may also risk the perception of a lack of independence from local political forces.

If the country's international radio and television services come to be identified under a single name in the future, the television service may damage the high regard in which the independent Radio Australia is held if it continues to be funded in its present manner.

In giving the ABC the responsibility to provide international broadcasting<sup>6</sup>, the Parliament's clear intention was for Australia's publicly-funded international broadcasting to be a service that is independent of the government.

Various government bodies and the ABC, were responsible for Radio Australia at different times in its early years. In 1950 it was transferred back to the ABC by administrative decision. It appears the Menzies Government believed the credibility of RA would be enhanced if it was part of the independent national broadcaster, rather than a broadcaster along the lines of the United States model, where the Voice of America is the voice of the US government.

The independence of Australia Network is best and most appropriately achieved by Australia's international television service again becoming a service of the ABC and being funded through an increase in the ABC's ongoing triennial funding; i.e., funding not be provided as the result of succeeding in a tender process or from the budget of DFAT.

Where it is necessary, the Government could still override the ABC in the national interest. The ABC Act reinforces the ABC's independence by expressly stating that "the Corporation is not subject to direction by or on behalf of the Government". Nevertheless, the major exception to this is on matters of national interest, in which case the Minister is required to table a statement of reasons in the Parliament. (Section 78(5) and (6)).

### **2. International Broadcasting Services are Stronger Together**

The quality, breadth and audience reach of Australia's international broadcasting presence will be weakened if Australia Network is awarded to a provider different from the ABC's Radio Australia service.

The inter-relationship between the ABC's radio, television and online broadcasters enables the public broadcaster to enrich programming as well as providing useful synergies and cost benefits. Increasingly, content is produced with its use on two or more delivery platforms in mind, or developed for one delivery platform and later adapted for another. The three delivery mediums are used to cross-promote services.

The current arrangement under which the ABC provides Australia Network on a contract from the Department of Foreign Affairs and Trade prevents the best outcome for Australian international broadcasting. It is not feasible for the ABC to integrate the resources and content-gathering of Radio

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<sup>6</sup> See footnote 1.

Australia and Australia Network, or to draw them more tightly together for public identification. By comparison, the BBC's cross-platform leveraging and presence internationally is strengthened by the delivery of its radio, television and online services under a single banner.

### 3. Political Interference

The competitive tendering process increases the likelihood that the decision on who will be appointed to run Australia's international television service will be made on the basis of political influence, rather than merit. Instead of the matter being determined by the Parliament with the transparency that entails, it enables the decision to be made behind the closed doors of Cabinet by the government of the day.

### 4. A Private Operator Should Not provide Australia's International Television Service

Australia Network should not be put out to tender because Australia's publicly funded international television is not a service that should be provided by a private operator or a foreign-controlled body. The following are reasons in addition to those outlined in other sections of this submission.

- a. If a private operator were selected to deliver the international television service, there would exist a serious conflict between its corporate obligations to shareholders to maximise profit and its service responsibility to have Australia Network provide independent, quality content that reflects Australia in all its variety and complexity.

A private operator may also have political interests that conflict with its service obligations. Rupert Murdoch's News empire, for example, has frequently demonstrated political and commercial interests that override a responsibility to deliver impartial news; and those interests extend into other countries, including those in which Australia's international broadcasters already or might seek to operate.

Furthermore, due to the serious lack of public transparency and accountability of non-public bodies, the commercial and/or political interests of a tenderer may be unknown at the time of their appointment and only become apparent at some later point.

- b. It would be a nonsense to have a foreign-owned or controlled body provide an Australian publicly funded international broadcasting service. Sky News - the major publicly declared contender for Australia Network which is pressuring the Government to put the service to tender - is majority foreign owned and controlled.
- c. Subsequent changes in company ownerships may result in a change in the control of a private operator that has been awarded a contract to provide Australia Network.

For example, change may occur in the control of Sky News if News Corp's present bid for total control of BSkyB (which presently has a one-third stake in Sky News) is successful.

- d. It would be unacceptable for taxpayer funds to be used to enhance the profits of a private operator to provide a service that can readily and would be better provided by the ABC, a public body; and even more unacceptable if those funds were benefiting a company in which there is any foreign ownership.
- e. With the rapid escalation of international broadcasting services, particularly in the Asia Pacific, it may be worth considering why the public sector provides international services in 17 of the 18 nations in the G20 which have them.

### 5. Instability

The provision of a reliable ongoing service is important to the success of international broadcasting. The service cannot be effective if it allowed to wane, then suddenly called back into operation to broadcast in targeted areas in times of crisis or unrest.

The wasteful and embarrassing saga for Australia after the Howard Coalition Government took the country's international television service away from the ABC and sold it for a bargain (along with providing an ongoing public subsidy) to the Seven Network in 1997, demonstrated the serious risk of allowing a private operator to run a service of strategic importance. Seven cut costs to the bone, running endless repeats of low-grade programs, including soaps and programs like *Humphrey B. Bear*. And in March 2001, unable to make money from Australian Television International (as it was called

then), it closed the service.

The ABC was called in to resurrect the service and has done an admirable job, rebuilding the audience and the credibility of Australia's international television service.

The ABC is an established and respected voice in Asia and the Pacific, with a sound record of providing quality programs in English and other languages of the region through its international radio and television services. It would be foolish to risk losing that advantage in a highly competitive international broadcasting field.

## **6. Wasteful, Disruptive & Not Conducive to Long-term Planning**

- a. The current five-year tenure of the contract is too short for the long-term planning required for international broadcasting.

The success of Australia's international broadcasting depends on extensive knowledge of language, culture and customs, and experience in the legal and business nuances of a variety of different territories which can take many years to acquire. It relies on the building of relationships and securing of contracts to broadcast in other countries, another delicate and sometimes lengthy process.

- b. A change in the current service provider would in all likelihood disrupt at least some of Australia Network's services and could leave gaps in the service. For example, a number of distribution contracts in countries like China, Vietnam, Taiwan and the Philippines are particular to the ABC and cannot be assigned to any other entity. In other jurisdictions governments restrict the novation of media services.
- c. A change in the contractor can also damage audience perception of Australia Network. This would be particularly so if it went from being provided by the ABC to being provided by a commercial entity.
- d. A requirement to win in a competitive tender creates an enormous distraction of executive and financial resources away from the service itself to engage in the formal tender process and the lobbying (formal and informal) which must inevitably occur for a tenderer to succeed.

It is also a misuse of DFAT's resources (taxpayers' funds) to conduct a competitive tender for a service that is so specialised that no tenderer exists who can provide a service superior to the national public broadcaster, and with every likelihood the service of any tenderer other than the ABC would be considerably inferior.

## **7. ABC Effective & Efficient Without Tender**

The ABC is providing a high quality international television service. With sufficient accountability mechanisms to ensure the ABC continues to meet its high standards and is cost effective, there is nothing to gain by countenancing the service being provided by a different provider.

## **8. Tender Process Subverts the ABC**

The ABC's expectation that it may need to tender to continue to provide Australia Network, in which it has invested considerable resources, risks subverting the ABC's independence. In contradiction to the clear requirements of ABC independence that are specified in the ABC Act, ABC managing director Mark Scott now publicly promotes the ABC as an arm of Australian "soft diplomacy".<sup>7</sup>

While the excellent international broadcasting services the ABC delivers to "encourage awareness of Australia and an international understanding of Australian attitudes" may well assist the Australian Government's diplomatic efforts, it is not the role the country's independent national broadcaster to be the government's agent for diplomacy. To do so would undermine the national broadcaster's independence and our neighbours' trust in it.

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<sup>7</sup> For example, in 'Global ABC: Soft Diplomacy and the World of International Broadcasting', the Bruce Allen Memorial Lecture delivered by ABC managing director Mark Scott 5.11.2009. [www.abc.net.au/corp/pubs/media/s2733729.htm](http://www.abc.net.au/corp/pubs/media/s2733729.htm)

## **F. Radio Australia**

The accessibility of radio to large numbers of people in the Asia Pacific region is far greater than television and online. Compared with other mediums, such as television, radio is relatively cheap to provide.

Due to the benefits of Australia's radio, television and online international broadcasting being together under a single management structure, the future of Radio Australia should be considered along with Australia Network, so that it is able to broadcast in all significant languages in the Asia Pacific region.

RA's budget has not been restored since the Howard Coalition government's funding cuts to the ABC resulted in a reduction in RA's languages, multilingual programming and broadcast hours of original programming.

## **G. Transmission**

The reliance of Australia's international broadcasters on commercial operations and foreign governments to re-broadcast their programs in many instances results in content that Australia's broadcasters might otherwise deliver being cut. Since the closure and subsequent sale of the Cox Peninsula shortwave transmitter system, Radio Australia's direct broadcasts have been seriously curtailed and its access to transmission facilities remains inadequate.

To the extent that it is feasible, Australia's international broadcasters should have access to transmission facilities that enable them to deliver their full range of programming directly.

Submission to the Australian Government on 'The future direction of Australia Network', July 2010  
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