

## Public institutions aren't meant to be like this

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Attacks by the Coalition and its supporters on the ABC, an efficient and trusted public institution, are more about their preference for old industries than 'bias', writes Ian McAuley

Amid last week's political din, the Coalition found time to launch an attack on the ABC. Liberal Senator Cory Bernardi seems to have led the charge, but others in the Coalition party room joined in, including Bronwyn Bishop (what was the Speaker doing in the party room?).

Prime Minister Tony Abbott backed off from the most extreme comments. Nevertheless, he still took a swipe at the ABC for its role in revealing government spying. Even Malcolm Turnbull felt he had to join in by criticising ABC work practices.

The ABC has few friends in the Coalition. Some feel they must return a favour to Rupert Murdoch and his myrmidons in his Australian papers, before he does a partisan U-turn and supports the other side. Some believe the ABC has an anti-Coalition bias. The perception that the ABC may have a "left" or "anti-Coalition" bias is a pretty good indication of how insipid our media have become – are they all too young to remember the Nation Review, or the old stridently pro-Labor Bulletin with its pink cover?

Of course, there are some in the Coalition who cannot bear to see a successful public enterprise. Finding a respected and well-loved public institution, where talented people take pride in working for the public purpose, forgoing opportunities for much better-paid employment, is too upsetting of their Weltanschauung.

Bernardi saved his public virulence for the ABC's Breakfast Program on Wednesday morning. It's well worth listening to – it's one of Fran Kelly's best performances. The fact that the ABC gave him a quarter of an hour on its prime time program dispels notions of a "left" bias, but he missed the significance of the gesture. Rather he went on a rant about the ABC "encroaching" on the territory of the commercial media and "cannibalising" their market.

He saw virtue in the commercial media because they are "funded by advertising revenues", while "the ABC is funded by the taxpayers".

Yes, indeed, the ABC receives about \$1.1 billion a year from taxpayers. But how much do we pay, through advertising, for commercial media, and who pays it? The figures are not easily found. Whereas budgetary appropriations are online, the standard report of advertising expenditure costs \$4400, from the Commercial Economic Advisory Service of Australia. But it can be found with some digging.

Commercial media are funded by what is to all intents and purposes a sales tax. For example, if you buy a new car, around \$500 of what you outlay is for advertising. Last year \$13.1 billion was spent on advertising, of which \$4.9 billion was for commercial TV and radio, and \$2.6 billion was for newspapers.

To put these figures into a digestible form, we are paying about \$1500 a year per household for advertising, of which \$500 is for commercial TV and radio and \$300 is for newspapers (not including the cover price). By contrast we are paying about \$120 a year for the ABC.

It's an asymmetric deal: those who use only the ABC pay \$500 a year for commercial TV and radio, while those who use only commercial media pay \$120 for the ABC. While advertising has to bear agency and production costs (not covered in the above figures), funds for the ABC are collected through the comparatively efficient taxation system.

Also a "sales tax" such as advertising is regressive (falling disproportionately on those with limited capacity to pay), while our taxation system is reasonably progressive. Advertising is an indirect and second-best way to fund media.

Perhaps it's part of our civic contract that those who pay for the commercial media they never use don't complain, but the commercial media, particularly the Murdoch media when they attack ABC funding, don't seem bound by such rules of decency. Bernardi, when he suggested that the ABC charge a subscription for its online services, didn't want to acknowledge that ABC users are already paying a subscription through their taxes. Fran Kelly said "You're asking people to pay again?" but he didn't respond.

Bernardi's main call was to keep the ABC out of online media, essentially freezing its structure as an "old media" player. He made this clear when he said:

"I'd support the ABC's radio and television networks ... my concern is more about the rapid encroachment into the online space and the threat it imposes on the commercial operators."

A candid rendition of his sentiment may be "The old media are having trouble coping with the disruptive changes resulting from new technologies. The ABC has coped well, but we want them shackled so the old media can catch up and take over that space." It's consistent with this government's protectionist policies, and therefore should be taken seriously – it's more than a rant from a politician renowned for his far-right views.

His references to the ABC "crowding out" and "competing with" commercial competitors, however, are off the mark. The ABC provides a different service to the commercial sector – it is more complementary than competitive.

The very nature of advertising determines this difference. Advertising is most effective when it is directed at those who have disposable income but who are not set or committed in their consumption patterns – in other words the young. By contrast it is much harder to reach the older, the educated and the sceptical. Note, for example, that we don't find jazz or classical music on commercial radio stations. That's why advertising would change the very nature of the ABC, and reduce media diversity even further.

The other difference relates to quality of programming – admittedly a somewhat subjective measure.

Among Australian adults, 64 percent regard ABC radio programs as "good" while only 51 percent give a "good" rating to commercial radio. (The "bad" ratings are 11 percent for the ABC, 35 percent for commercial radio.) The contrast for television is even higher – 78 percent "good" for the ABC comparing with 44 percent for commercial stations.

Similar differences are found for trust. For coverage of the recent election campaign, the ABC was highly trusted, followed by the Fairfax media, and the Murdoch media came a very poor third.

Certainly in the area of my interest, economic policy, I detect no "left" bias in the ABC. In fact, it gave the Coalition easy runs up to both the 2010 and 2013 elections, not out of any partisan bias, but more because of its commitment to "balance", a commitment which gave an unearned legitimacy to most of the Coalition's unsubstantiated claims. An opposition party always has more leeway than a government in making extreme claims, so perhaps therefore, the ABC's charter prescribing "balance" gives it an "opposition" bias, but that's not a "left" bias.

Also, to the Gillard/Rudd government's detriment, the ABC gave a poor coverage of policy (where Labor was reasonably competent) at the expense of politics (where their performance was abysmal). The journalists with the best grasp of economic policy, such as Geraldine Doogue, seemed to play only a minor role in the election campaigns.

Perhaps "viveka", a commentator on Ben Eltham's piece on the ABC's independence, got it right when he or she noted the ABC's huge output on its limited budget, and wrote "I suppose the organisation is just too efficient". Public enterprises aren't supposed to be like that.