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THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA.

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SECOND REPORT

OF THE

PARLIAMENTARY STANDING COMMITTEE ON
BROADCASTING.

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MEMBERS OF THE PARLIAMENTARY STANDING COMMITTEE ON BROADCASTING.
(Appointed 3rd September, 1942.)

Chairman Arthur Augustus Calwell, M.H.R.
Vice Chairman The Honorable Sir Charles William Clanan Marr, K.C.V.O., D.S.O., M.C., M.H.R.

Senate.
Senator Stanley Kerin Amour.
Senator Walter Jackson Cooper, M.B.E.
Senator the Honorable Herbert Hays.

House of Representatives.
Herbert Claude Barnard, M.H.R.
Herbert Victor Johnson, M.H.R.
Archibald Grenfell Price, C.M.G., D.Litt., M.H.R.
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* Ceased being a member of the Standing Committee after appointment as Chairman of Committees on 22nd June, 1943.

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SECOND REPORT OF THE PARLIAMENTARY STANDING COMMITTEE ON BROADCASTING.

In accordance with section 85 of the *Australian Broadcasting Act 1942*, we present to Parliament our second report on matters which have been referred to us by the Minister.

ABBREVIATIONS.

A.B.C.—means the Australian Broadcasting Commission.

The Gibson Committee—means the Joint Parliamentary Committee on Broadcasting under the chairmanship of Senator the Honorable W. G. Gibson, whose report was presented to Parliament in March, 1942.

SUMMARY OF CONCLUSIONS.

The following is a summary of our conclusions:—

- (1) An additional national, and at least one additional commercial, station should be provided at Newcastle when circumstances permit. The national station should be used mainly for local programmes, and the status of the A.B.C. representative at Newcastle should be appropriately raised. To assist him in connexion with programme proposals, the formation of a local citizens advisory committee under the auspices of the A.B.C. would be helpful. (Para. 12.)
- (2) Newcastle, with its population of 198,000 within 25 miles, is three times larger than any other extra capital city. For the purpose of church broadcasts, the Newcastle district should be regarded as a State within a State, thus facilitating a modification of the A.B.C.'s centralization policy to permit of the restoration of local church service broadcasts. Pending the establishment of the additional station, the existing relay station should be used for this purpose. (Para. 13.)
- (3) The A.B.C. could well adopt the principle of special treatment for non-capital cities which reach a population of 100,000. (Para. 12.)
- (4) As the A.B.C. is an independent body, with an obligation to maintain an impartial attitude to politics, any difference of opinion between the Commission and the Secretary of the Department of Information as to the party political significance of any broadcast ordered by that Department under National Security Regulations should be referred to the Parliamentary Standing Committee. (Para. 35.)
- (5) When the radio news session includes a Parliamentary Party political statement, the Commission should take the initiative of procuring an expression of the opposing viewpoint from the appropriate Parliamentary spokesman, for the purpose of including it in a news session as soon as possible after the first statement received radio publicity. (Para. 40.)
- (6) The powers of managerial and functional executives of the A.B.C. should be comprehensively defined, but before their delegated powers are finally decided upon the Commission's centralization policy should be re-considered. (Para. 47.)
- (7) Station 3CV (Charlton) should be permitted to transfer its activities to Maryborough, but a proposal to give the station clear channel working should not be proceeded with, as this would be unfair to the neighbouring Ballarat and Bendigo stations, both of which have to share their channels with other stations and were in the broadcasting business before 3CV. It would also be unfair to permit the station's power to be increased to 2000 watts, even if this were technically practicable, as the Ballarat and Bendigo stations both operate on the same power as 3CV (500 watts). (Paras. 70-72.)
- (8) All stations which conduct "Hit Parades" and similar sessions should revise their policy with the object of including a greater proportion of Australian compositions, in view of their obligation under section 88 (1) of the Broadcasting Act to give encouragement to the development of local talent. (Para. 77.)
- (9) Networks should be required to function under written agreements with stations, advertisers, programme producers and others associated with their activities. There should be Ministerial approval of the general terms of such agreements, which should cover a period not exceeding two years and should be contingent on the stations concerned securing renewal of their licences year by year under section 46 of the Broadcasting Act. If the general terms of the agreements contemplate a policy of granting discounts and other concessions to advertisers, the Postmaster-General might call upon the network organization concerned to show cause why this policy should be allowed. The networks should also be required to keep proper accounts and to supply annual statements to the Minister. (Para. 92.) To facilitate supervision of future developments additional data should be given in the profit and loss accounts of commercial stations, and certain statistics should be published in the Postmaster-General's annual report. (Paras. 94 and 95.)
- (10) No extension of multiple ownership of stations should be sanctioned. (Para. 99.)
- (11) In order to expedite construction of its new studios and administrative offices after the war, the A.B.C. should give further consideration to the completion of working drawings and specifications now, and all the authorities concerned should take steps to ensure that the transfer of the Commission's Head Office to Canberra is effected with the least possible delay after the cessation of hostilities. (Paras. 108-9.)

NEWCASTLE BROADCASTING FACILITIES.

Of all the witnesses we have heard, none impressed us more than those who urged restoration of local religious broadcasts at Newcastle.

2. For eleven years these broadcasts from the local regional station (2NC) were a regular feature, but the facilities were withdrawn under the policy which the A.B.C. introduced from the beginning of 1942, and under which religious services within New South Wales and within each of the other States are broadcast direct or relayed from the capital city stations.

3. The plea for the restoration of the facilities comes not only from the clergy of all the Free Churches, but also from a representative deputation of citizens, and is supported by a petition signed by between 4,000 and 5,000 residents, whose number, it is stated, could have been doubled if more time had been allowed for circulation of the petition.

4. It has been pointed out that people in hospital, the aged, and people who cannot attend church services temporarily, feel strengthened by a broadcast from the church with which they are familiar and with which they have had some association. It is contended that the broadcasts from Newcastle churches were traditionally valued in districts as far north as Queensland, and that the people in the outback areas particularly, who regard Newcastle as their capital, derived special benefit from the local sessions to which they had so long been accustomed.

5. On the other hand, Bishop Batty, of the Church of England, Newcastle, prefers the Commission's present policy.

6. The A.B.C. has explained to us that its decision is part of the Commission's rationalization policy in connexion with programmes from regional stations. In its review of arrangements for the broadcasting of church services in 1941, it reached the conclusion that it was unfair for towns like Albury, Horsham, &c., to have special programme facilities because there happened to be a broadcasting transmitter in the locality, while cities like Ballarat, Bendigo, &c., were excluded because a national station did not exist in the neighbourhood. For this reason the A.B.C. decided that in the interests of listeners it would be preferable to make available to the widest possible audience the best service of each type that could be obtained, no matter where it originated. The Commission considered that the authority most qualified to determine which services should be broadcast (after the respective allocations as to numbers of services on a census basis had been made) was the head of the particular denomination in each State, or in the Commonwealth in the case of interstate services.

7. We realize that the Commission's attitude is consistent with a policy which places all extra-capital cities on the same basis, but from our examination of comparative conditions in relation to Newcastle's broadcasting facilities, we feel that the city has claims to special consideration.

8. During a visit to the city we heard evidence from representatives of the Civic authorities, the Newcastle Trades Hall Council, the Newcastle Federal Electorate Council of the Australian Labour Party, the Chamber of Commerce, the Returned Soldiers' League, and others. From the points of view of population, the special nature of the industries, the skilled local talent available, and the bad reception of programmes from Sydney, it was held that Newcastle should receive the same consideration as a capital city, with the right to present special features in its programmes and to direct the attention of listeners to important aspects of the life of the city and district. It was claimed that its technical college is particularly well equipped, that

well-qualified scientists and other experts are available to give talks on technical subjects and that its musical talent is well above the average. A proposal to establish a university college in the city is under consideration.

9. We were impressed with these representations. As is well known, Newcastle is a large and growing city, the home of many of Australia's most important industries, and the centre for a prosperous and vigorous district. Its population of 246,000 within a radius of 50 miles, and 198,000 within 25 miles, compares favorably with that of certain capital city areas in Australia. Yet Newcastle has only one national station (which only caters for local interests to a very minor extent), and one commercial station, compared with two national and two commercial stations at Hobart, and one national and two commercials at Launceston, and two nationals and five commercials at Perth.

10. Apart from the capital cities, no other city in the Commonwealth is anything like the size of Newcastle. The next largest is Ballarat, whose 66,000 people within 25 miles are only one-third of the population of Newcastle within the same distance. Both are approximately the same aerial distance from their respective capitals, but, while Ballarat experiences reasonably satisfactory reception from the Melbourne national stations, reception of the Sydney programmes at Newcastle (except those relayed) is very unsatisfactory on account of a combination of disabilities arising from the topography of the country, the location of the district in relation to the tropical zone, and higher noise level due to industrialization.

11. The need for additional stations has been accentuated since the revocation of the licence of 2HD about two years ago under National Security Regulations. A significant fact brought to our notice was the difficulty experienced in arranging time for the Commonwealth Treasurer when opening a loan campaign in Newcastle. There are on record in the Post Office as many as 31 applications from various individuals and organizations for commercial station licences at Newcastle, dating as far back as 1928. Probably many of these applicants are no longer interested. At all events, only four have made representations to us, notwithstanding the publicity given to our visit by the local press and by the newspaper reports of the evidence tendered. These four, in chronological order of application to the Post Office, are the Trades Hall Council, Newcastle (1934), the Church of England, Newcastle (1937), the Returned Sailors and Soldiers' League, Sydney (1941), and the Newcastle Federal Electorate Council of the Australian Labour Party (1942).

12. In our opinion, for the purpose of broadcasting facilities, the exceptional circumstances at Newcastle justify the city being placed in the same category as capital cities with comparable population (Perth and Hobart), and an additional national station and at least one additional commercial station should be provided at the earliest possible date. The additional national station should be used mainly for local programmes and the status of the A.B.C. Newcastle representative should be appropriately raised. To assist him in connexion with programme proposals, the formation of a local citizens advisory committee under the auspices of the A.B.C. would be helpful. We recommend accordingly, subject to any rationalizing of broadcasting decided upon, and suggest that in the years to come the A.B.C. could well adopt the principle of special treatment for non-capital cities which reach a population of 100,000.

13. Under the principle suggested we consider that for the purpose of church broadcasts, the Newcastle district should be regarded as a State within a State,

thus facilitating a modification of the A.B.C.'s centralization policy to permit of the restoration of local church service broadcasts. For the reasons indicated in our First Report to Parliament, concerning religious broadcasts generally, we consider that the withdrawal of facilities which had been conceded for so many years for such an important purpose was ill-advised. There is an intense demand, from listeners and clergy alike, for their restoration, and in the national interest such manifestations of concern for the transcending importance of religion should receive every encouragement. Pending the establishment of the additional national station, we recommend that the existing relay station (2NC) be used for this purpose.

14. From our discussions with the Post Office it appears that the prospects of providing an additional national station at Newcastle in the near future are not bright, as there is no technically suitable channel available (unless the Government acquired station 2HD). Additional channels will not be provided until the introduction of broadcasting in what are called the ultra high frequency bands after the war.

15. Even if a channel could be made available for an additional national station at Newcastle under the existing broadcasting system, the Post Office considers that the people in the Manilla area have a stronger claim than Newcastle. There is no national station in this area, which, the Post Office advises, has a population comparable with that of Newcastle and includes the important city of Tamworth. Owing to war conditions it is a most difficult matter to have a radio transmitter manufactured for domestic broadcasting, and the Post Office feels that the first one to become available should be allocated to Manilla, which is regarded as the most urgent of the outstanding regional station proposals.

16. Under existing conditions the only way of establishing an additional broadcasting service in Newcastle, either national or commercial, is by using the channel and equipment of 2HD, whose licence has been revoked. The fact that the Post Office is averse to the establishment of an additional national station at Newcastle until the claims of Manilla have been satisfied, appears to rule out the question of the Government incurring the expenditure which would be involved in acquiring the assets of 2HD with the object of operating it as a national station. There remains the possibility of some other interest purchasing 2HD's assets for the purpose of continuing the station as a commercial service, subject to the necessary licence being granted. Negotiations to that end are proceeding.

ORDERING AND PROHIBITING OF BROADCASTS.

17. In our First Report to Parliament, we drew attention to certain differences between the *Australian Broadcasting Act 1942* and the National Security (Information) Regulations.

18. The Broadcasting Act is administered by the Postmaster-General and the National Security (Information) Regulations are administered by the Minister for Information. The same Minister holds both portfolios.

19. Under the Broadcasting Act, power to order broadcasts of public interest is vested in the Postmaster-General and his direction must be in writing. Under the National Security Regulations the Secretary of the Department of Information is given greater power. He may give orders for broadcasts orally and may delegate his power to others.

20. We reported that in the circumstances explained to us by the Secretary of the Department of Information, the differentiation in the powers is justified in

cases of emergency, but that we were making further investigations in regard to certain aspects. We now report the result of those investigations.

21. Under the Broadcasting Act, the Postmaster-General has power to prohibit, as well as to order, broadcasts. Under the National Security Regulations a general power to order broadcasts is conferred, but the regulations are silent in regard to any general power to prohibit (except in cases of special emergency under an order from the Minister for Defence, for the period covered by the order).

22. Under the Broadcasting Act the Commission is required to include, in its annual report to Parliament, details of cases in which the Minister (the Postmaster-General) has exercised his power under that Act to order or prohibit broadcasts, as well as any cases in which he has ordered or prohibited broadcasts otherwise than in pursuance of the provisions of the Act. The object of this requirement (which was included in the Act on the recommendation of the Gibson Committee) is to subject a contemplated instruction to a more severe test of propriety or expediency than it might be called upon to stand if it were not to be made public at a later date, and also to give Parliament an opportunity of judging whether the nature or extent of the Ministerial intervention was appropriate or desirable. An example of such an instruction would be one directing the Commission to broadcast something of a party political character which the Commission would not normally authorize without arranging for other parties to broadcast their views on the subject.

23. The National Security Regulations do not contain similar provision, that is to say, it is not obligatory for the Commission to report to Parliament details of orders given under those regulations by or on behalf of the Minister for Information. Nevertheless, under section 42 of the Broadcasting Act, the Commission is obliged to report on its operations during the year, and in complying with that requirement it could, if it deemed fit, report details of orders received under the National Security Regulations.

24. With the foregoing in mind, we have considered certain incidents brought to our notice by the Commission.

25. In December, 1942, the Minister for Aircraft Production asked the Commission whether arrangements could be made for a selected speaker to broadcast "the case against the merging of the A.M.F. with the A.I.F., and the proposed amendment of the Defence Act to provide for the conscripting of men for military service in areas of the South-West Pacific outside Australia". The Commission declined the request on the ground that up to then it had not allowed any presentation of views on the subject, but promised that in the event of arrangements being made later for the broadcasting of varying viewpoints, the application would receive further consideration.

26. On 10th February, 1943, the Secretary of the Department of Information arranged a broadcast by the Minister for the Army, over national and commercial stations, entitled "The Australian Army". The Commission was not supplied with the script beforehand, and it considers that the broadcast was a "party political talk on a bill which was actually being debated in Parliament at the time, and was the subject of sharp controversy both inside and outside Parliament". The Commission's view is "if that sort of broadcast can be forced on it by the Secretary of the Department of Information, there is no limit to the propaganda that could be broadcast by a Government without any power in the Commission to prevent it".

27. On 22nd February, 1943, the Leader of the Opposition, at his request, was allowed by the Commission to broadcast on the same subject, but whereas the

talk by the Minister for the Army was given over both national and commercial stations, the Opposition Leader's was restricted to the national service.

28. Another incident related to an objection by the Commission to statements in a script submitted by the Secretary of the United Trades and Labour Council of South Australia for broadcasting in the series of weekly trade union talks arranged by the Menzies Government and continued by the Fadden and Curtin Governments.

29. As the issue is a very important one, on which there is conflict of opinion between the Commission and the Secretary of the Department of Information on the question whether the proposed broadcast deals with party politics, we quote some extracts from the script:—

"The essential basis of our planned democracy must be production for use and not for profit. War-time controls in industry and agriculture must be maintained to avoid the scramble for profits. India, both in the centre and in the provinces, must be given full responsibility now. The post-war world will have the choice of two paths, one leading to a new order on the Socialist basis, the other leading to the end of our civilization. The only real solution to the problems mentioned can be found in Labour objective; in the socialization of industry, production, distribution and exchange; in the social ownership and the cultivation of the land, the social ownership of the mines, railways, ships and factories, and all the other means of production".

30. The Secretary of the Department of Information expressed himself as being unable to view the script as something of a party political character, and to meet the Commission's objection he suggested an introductory announcement to the effect that the broadcast would be expressing the author's point of view and that the talk had been arranged by the Department of Information.

31. The Commission, however, felt that the announcement would not overcome the difficulty and that it would be necessary to get a panel of speakers to put counter points of view. To illustrate the reason for its attitude, the Commission visualized an imaginary situation in which a spokesman of some other organization might broadcast some such statement as—

"We regret to hear of this talk on post-war reconstruction. It will be a sorry business if we get any more socialization. It is bad enough now, but after the war there ought to be complete freedom."

The Commission considers that it would be justified in refusing to accept such a statement, even with a preliminary announcement to the effect that it was the view of the author of the broadcast.

32. Discussions ensued between the Commission and the Secretary of the Department of Information on the question of altering the script. The Commission adopted the attitude that it regarded these talks, not as union talks to unionists, but as Government talks to the people as a whole on their responsibilities during wartime. The Commission felt it could not take upon itself the obligation of indicating what the speaker might say; only when the script was rewritten by the author could the Commission attempt to say whether it would be acceptable or not. The talk was abandoned.

33. Eventually, in connexion with this series of talks by trade union officials, the Commission suggested that the session be dropped for a while, as the talks had been proceeding for twenty months, which was longer than would normally be authorized for any session without change, lest it lost its audience. This suggestion was not acceptable to the Secretary of the Department of Information, who replied that although the talks were sometimes below standard, steps had been taken to effect improvements, that the session was most important to the war effort, and that it should

be regarded as coming under National Security Regulation 6, which requires the Commission to arrange broadcasts when so requested by the Department of Information. He suggested that the talks be continued for another three months, and the Commission accepted that as an instruction to continue them.

34. In his book, *How Britain is Governed*, Ramsay Muir points out that "a new and immeasurable power to influence opinion has come into being with the invention of broadcasting. Every day and every night, in a million homes and more, people are listening at their own firesides to facts and opinions which must profoundly modify their thinking. . . . It is an extraordinarily powerful means of moulding and directing public opinion, and the more subtly it is employed the more powerful it becomes."

35. As the A.B.C. is an independent body, with an obligation to maintain an impartial attitude to politics, we suggest that where there is a difference of opinion between the Commission and the Department of Information as to a proposed broadcast having political party significance, the matter should be referred to the Standing Committee on Broadcasting.

36. Our discussions on this question have also elicited the possibility that while a Minister might not succeed in getting broadcasting facilities for a party political statement, he might circumvent that difficulty by making a statement to the Press, relying on this statement being included in the Commission's news broadcasts. In that case he would get as effective radio publicity for his views as if he were granted a direct broadcast. In fact, it is likely that on most occasions he would get a wider audience for a statement in a news broadcast, particularly if the Press happens to be partial to the Minister's viewpoint, in which event it would be inclined to feature it more conspicuously as "headline" news than would otherwise be the case.

37. The same opportunity is open to a Minister who issues a statement to the Commission's news representatives. This also could be included in the news bulletins, although the Commission might (unless otherwise directed by the Department of Information) refuse a Minister's request to give a broadcast in which the same statement appeared, or, alternatively, permit the broadcast and arrange for another broadcast by some representative person holding different views.

38. To meet this anomaly, the Commission at first suggested that it had the choice of two alternatives:—

(a) To exclude from its news bulletins party political statements appearing in the Press. This would be a drastic remedy, because the publication of an important statement by a public man brings the question into the arena of public interest and so warrants its broadcast as news.

(b) If members or other representative public men released to the Press a counter point of view, the broadcasting of the public statement would tend to restore the balance. To guard against the possibility that the Press might refuse to publish such a counter statement in full, or even at all, it could simultaneously be released to the local representative of the Commission.

39. On further consideration, the Commission expressed preference for an attitude of dealing with each case on its merits.

40. We recommend that when the radio news session includes a Parliamentary party political statement, the Commission should take the initiative of procuring an expression of the opposing viewpoint from the appropriate Parliamentary spokesman, with the object of including it in a news session as soon as possible after the first statement received radio publicity.

NATIONAL PROGRAMME ADMINISTRATION COSTS.

41. During 1941-42 the A.B.C.'s revenue, in round figures, decreased by £29,330 to £700,640, and the expenditure decreased by £1,200 to £700,760. The main reductions of expenditure were £8,730 in "other expenses", £3,620 in rental of telephone lines, and £1,530 in broadcasting rights. Artists' fees and programme expenses increased by £4,580 to £484,170, and expenditure for staff salaries and allowances rose by £3,820 to £70,040. There was an increase of £1,835 in copyright fees. The result of the year's operations was a deficit of £120 as against a surplus of £25,000 for the previous year. This was due mainly to the reduction in the Commission's share of the listener's licence fee from 12s. to 10s. During 1942-43, as recommended by the Gibson Committee, the Commission will have received an additional 1s. per licence, representing an estimated increase of £82,000 in revenue, compared with its receipts for 1941-42.

42. Among the recommendations of the Gibson Committee was one that an inquiry be held by an appropriate authority to report on the costs of personnel and administration of the A.B.C. In making this recommendation, the Committee explained that it cast no reflection on the Commission, but certain complaints had been received, particularly in regard to centralization of activities, and it was felt that the suggested inquiry would be advantageous to all concerned.

43. At a preliminary discussion with the Chairman of the Commission we acceded to his request that the newly-appointed Commission be given time to examine the situation. At a later conference with us, the view was expressed on behalf of the Commission that an investigation was not necessary; that the Commission had released a large number of its experienced officials for service in connexion with the war; that some senior officers had considerable recreation leave due to them which it was not practicable to grant in the absence of relieving staff; and that the consultations and other work which would inevitably be associated with the suggested investigation would impose a severe strain on responsible officials who were already carrying on under great disabilities, not only because of the loss of the services of the officers who had been released to meet war requirements, but also on account of the scattered and inadequate accommodation in the various buildings in which the Commission had been obliged to conduct its activities pending the erection of modern studios and administrative offices.

44. Subsequently, we inspected the offices in which the main staff of the Commission is housed, and from what we saw, as well as from information supplied in regard to the conditions in the other premises rented for the remaining sections of the staff, we are satisfied that the national service is being operated at a considerable disadvantage in comparison with other organizations, and that the handicaps to which the Commission is subjected by inadequate, unsatisfactory and scattered premises should be removed as early as possible in the post-war period.

45. The main criticism of the Commission's organization relates to excessive centralization of its programmes, on which we received further complaints from Newcastle. One of the witnesses whose evidence gave rise to the Gibson Committee's recommendation is a former State manager, who questioned the necessity for certain extensions of staff and alleged that the organization was such that there had been friction due to methods of procedure under which minor executives could issue instructions to officials of higher status.

46. In the course of our discussions, the reliability of that manager's evidence was challenged by the Commission, whose spokesman, nevertheless, admitted that the Commission had refrained from defining the powers of its executives. The policy has been, in the words of the Commission's representative—"to give the various executive officers an opportunity to shake down and adjust matters between themselves", although "a further step towards the definition of powers has recently been taken".

47. In the early stages of the Commission's activities from 1932 onwards, it was natural that the organization would be tentative, but after its ten years' experience we consider, in the interests of harmonious relationships between managerial and functional executives, that all the steps necessary to permit of their powers being comprehensively defined should now be taken. In recommending the adoption of this course, we suggest that before the delegated powers are finally decided upon, the Commission should take the opportunity of reconsidering the desirability of modifying its centralization policy.

48. When the powers of the executives have been defined, we propose to discuss their significance with the Commission before reaching a conclusion on the question whether it is desirable and expedient under existing conditions to proceed with the investigation suggested by the Gibson Committee.

THE CHARLTON CASE.

49. During our investigation of the general questions of power and frequency allocations, the experience of the Charlton Station (3CV) was brought forward as an illustration of the grounds on which there had been dissatisfaction with the policy pursued by the Post Office. There was an appeal for our intervention and with the Minister's consent we have examined the position in consultation with the parties concerned.

50. The station is owned by the proprietor of the Bendigo *Advertiser* newspaper. Its radio channel is shared by another commercial station at Murwillumbah (New South Wales). The licensee desires—

- (a) an alteration of the radio channel to prevent interference from Murwillumbah;
- (b) permission to transfer the station from Charlton to Maryborough; and
- (c) an increase in power from 500 to 2,000 watts.

RADIO CHANNEL.

51. Our discussions with Post Office officials show that a way can be found to provide a clear channel temporarily for the Charlton station for a number of years, but they are not eager to adopt it, mainly because they feel that in the years to come there will be agitation for permanent retention of the channel.

52. The proposal is that the Murwillumbah station be allowed to temporarily use one of the channels reserved for the national service, provided that station can obtain the necessary equipment. This would enable Charlton to operate on its present channel exclusively. It would not be possible to allocate the national channel to Charlton, instead of Murwillumbah, because there is not sufficient separation from a neighbouring station, whose operations would result in what is called "side channel" interference.

53. The idea of allowing a commercial station to use a channel reserved for the national service would not be an innovation. Three commercial stations are already occupying such channels, and in two other cases channels are being shared by national and commercial stations.

54. Although the Post Office officials are not enthusiastic about the proposal, they concede that when

the time would arrive for requiring the station to surrender the channel, it might be possible to arrange more favorable channel-sharing conditions for Charlton than are experienced at present.

55. This possibility arises from two factors. First, by the time all the national stations are completed it will be practicable to make use of ten additional channels allotted for broadcasting at an international conference held in 1938. It has not so far been possible to use these in Australia because, generally speaking, present listeners' sets have not been constructed for the reception of programmes via those channels. It is estimated that in normal times it would take several years to replace the receivers, and the present war-time restrictions on the manufacture of new receivers will further delay the use of the channels.

56. The second factor is the effect of the probable introduction of broadcasting in what are called the ultra high frequency bands, after the war. This will permit of the adoption of the process known as frequency modulation and will release a number of valuable channels at present occupied by city stations, some of which will be quite suitable for rural services.

57. The question of arranging for the Charlton station to have the temporary use of a clear channel depends upon the decision reached on the request for permission to change the location of the station.

TRANSFER TO MARYBOROUGH.

58. The Charlton station has not paid any dividends. In recent years it has sustained considerable losses, and the licensee's desire for the transfer to Maryborough is actuated by the belief that the station will be able to pay its way there. This belief is not shared by the Post Office officials, who are of the opinion that encroachment on the revenue of two neighbouring stations at Bendigo and Ballarat will result in the operations of the three stations becoming unprofitable. They also consider that a station at Maryborough is not necessary, as the area is served by other stations.

59. Listeners at Maryborough receive service mainly from the Melbourne national stations and from three commercial stations, namely:—

Ballarat, 37 miles distant, the *Courier* newspaper station, owned by Ballarat Broadcasters Pty. Ltd.

Bendigo, also 37 miles distant, owned by Amalgamated Wireless (A/asia.) Ltd.

Lubeck, 67 miles distant, owned by the *Herald* newspaper, Melbourne.

60. We are of the opinion that if the Charlton project were a new venture making an initial effort to establish itself in the broadcasting business in an area served by stations whose stability would be jeopardized by its intrusion, there would not normally be any reasonable grounds to dissent from a decision to withhold sanction of the encroachment. We feel confident that, if the situation were reversed, the Charlton licensee would be the first to protest against a newcomer being allowed to enter a sphere in which there were limitations and in which he would have a prior claim by reason of his enterprise in being first in the field.

61. But as 3CV has been in the broadcasting business for a number of years we consider that there should be sympathetic consideration of any reasonable proposition designed to enable it to operate without loss, provided that the facilities it seeks can be granted without injustice to others. With this principle in mind, we have studied the evidence and opinions for and against the desired transfer.

62. Station 3CV originally commenced operations at Birchip in 1935. Three years later it was transferred to Charlton. One of the considerations which influenced the Post Office to agree to that transfer was

the prospect that the station would derive additional revenue at Charlton. But the expectations have not been realized. With a town population of 1,600 Charlton advertisers only contribute an insignificant sum to the station's income at the present time.

63. Listeners to the Charlton station are also served by the Lubeck station which has a power of 2,000 watts, four times that of Charlton. Lubeck is advertised as the most powerful commercial station in Victoria, and this factor, combined with the programmatic advantages associated with membership of the Major Network, which the Charlton station does not share, enables the Lubeck station to influence advertisers in its favour to a degree which the Charlton station is not in a position to emulate. This exploitation of power for advertising purposes was referred to in our First Report to Parliament.

64. Maryborough, with a town population of 7,500 is prepared to make a free grant of land available for 3CV. The local business houses have guaranteed operating costs, and the civic authorities are willing to provide facilities to assist in ensuring the success of the station. After canvassing only one-third of the potential advertising public, 3CV has secured a large number of contracts for local revenue, subject to the condition that the transfer to Maryborough will not be allowed to proceed. These contracts involve a sum 220 times greater than the amount subscribed by Charlton advertisers. In addition, the station has assured us that it would continue to receive the revenue from the national advertising which it has secured from agencies independent of the network controllers. The revenue also amounts to a substantial sum.

65. Although the civic and other authorities, as well as the business people of Maryborough, in a petition forwarded to us, have enthusiastically welcomed the proposal to transfer the station to that town and have promised financial support, the Ballarat and Bendigo stations are opposed to the move. They both fear inroads on their revenue.

66. We have examined the latest balance-sheets and profit and loss accounts of the Ballarat and Bendigo stations, and in our opinion neither station has anything to fear from the desired operations of 3CV at Maryborough. The contingent contracts which 3CV has arranged in that town comprise revenue which has not hitherto been secured by the other stations, neither of which receives any advertising revenue from Maryborough worth mentioning.

67. Whilst there is something to be said for the opinion that from the point of view of Maryborough listeners there is no pressing necessity for the establishment of a station at Maryborough, it should not be overlooked that 3CV has been enterprising enough to discover sources of revenue which it can exploit without injustice to the other stations concerned. Such being the case, we think it inequitable that a station should be obliged to continue carrying on at a substantial loss in a location where local advertisers are not prepared to support it.

68. So far as national advertising is concerned, could not be said that the transfer of the Charlton station to Maryborough would result in diminution of the Ballarat and Bendigo stations' earnings, because 3CV already receives its own national advertising revenue in its Charlton location and would continue to receive it at Maryborough. Moreover, the Ballarat station is a member of the Macquarie Network, which specializes in that field of advertising and would not allow 3CV to share in its sources of revenue because of the duplication of coverage. The Bendigo station, although not a member of either the Major or the Macquarie Network, shares in the Networks' income to some extent, but its main source of national advertising

revenue is derived through independent agencies which, in our opinion, are not likely to transfer their business to a station in Maryborough with its 7,500 people compared with Bendigo's 30,000.

69. In regard to possible repercussions from listeners in the area at present served by 3CV in its Charlton location, it is reasonable to assume that they will recognize the injustice of expecting 3CV to continue operating in Charlton at a loss due to the lack of sufficient financial support from local advertisers, and that there is no alternative but to be content with the service which would still be available to them from the 10,000-watt national station at Doon, 66 miles distant, and the 2,000 watt commercial station at Lubeck, 53 miles distant, both of which, we are assured by the Post Office, are satisfactorily and reliably received by listeners in the area concerned. As previously noted, the Lubeck station is a member of the Major Network, and consequently those listeners will continue to receive that Network's programmes. The only alternative is for 3CV to close down. Therefore, listeners in the area at present served by the station would lose that station's programmes in either case.

70. We recommend that the transfer to Maryborough be allowed to proceed, it being understood that, in common with all other stations, 3CV's operations may be affected by any scheme of rationalization of broadcasting which may be decided upon if the war situation forces that issue into greater prominence. On that aspect, reference is invited to our First Report to Parliament.

71. If the transfer be approved, then the proposal to give 3CV a clear channel should not be proceeded with, because it would be unfair to the Ballarat and Bendigo stations, both of which have to share their channels with other stations and were in the broadcasting business before 3CV.

POWER.

72. We accept the Post Office view that it is not technically practicable to allow 3CV's power to be increased to 2,000 watts. Even if the increase were practicable, it would be unfair to permit it because the Ballarat and Bendigo stations both operate on the same power as 3CV (500 watts).

AUSTRALIAN MUSIC COMPOSERS.

73. In our First Report, reference was made to the fact that an Australian composer, in Australia, has not much chance of getting his work on the market unless it is broadcast many times to enable the public to appraise its worth.

74. A representative of the Australasian Performing Right Association subsequently informed us, in effect, that there is little prospect of popularizing an Australian composition unless it is included in what are called "Hit Parades" or similar sessions.

75. We made a check of tunes which were included in such sessions in the commercial service during the month of January, 1943, and found that the number of Australian compositions was so small as to be negligible in proportion to those of overseas composers.

76. A significant feature of the selected items is that they are not necessarily chosen on a basis of approved popularity. For instance, an important city station which broadcasts one of these sessions four times a week does not base its selections on actual sales of gramophone discs or sheet music. It constitutes itself the sole judge of what is a "hit" tune. The studio manager says, "If any member of our programme staff thinks that a number has hit potentialities, it is included in this session".

77. We suggest that all stations which conduct sessions of this type should revise their policy with the object of including a greater proportion of Australian compositions, particularly in view of their obligation under section 88(1) of the Broadcasting Act to give encouragement to the development of local talent.

PROGRAMME NETWORKS AND MULTIPLE OWNERSHIP OF STATIONS.

NETWORKS.

78. The term "network" in relation to broadcasting is used to describe a group or chain of commercial stations admitted to membership of an organization formed mainly (in the words of a responsible representative of the system) "for the purpose of buying programmes on economical terms and providing national advertisers with a simple method of buying space on a number of stations distributed throughout the Commonwealth".

79. From the advertiser's point of view, another representative has summed up the usefulness of the system in these words:—

"These (benefits) apply particularly to the simplification of contact and service. Whereas in the old days an advertiser desiring to plan a national campaign would have to interview a dozen different representatives, and arrange a great deal of detail individually with the stations concerned, the network system gives him a single point of contact. In dealing with stations individually, it was difficult, if not impossible, to obtain standard times, whereas the network office is constantly organizing time channels so that a standardized service is available when required."

80. In addition to being advantageous to stations and advertisers, networks are in a position to indirectly encourage Australian talent to the extent that they may give preference to programmes produced in Australia. They are also beneficial to listeners insofar as they provide opportunities for production of programmes of a higher standard than those which individual stations are in a position to arrange with the resources at their disposal.

81. The operations of networks in the United States of America were adversely criticized in a report submitted in 1940 by a committee of the Federal Communications Commission after two years' investigation. That committee reached the conclusion that the two major networks "directed by a few men, hold a powerful influence over the public domain of the air and measurably control radio communication to the people. . . . If freedom of communication is one of the precious possessions of the American people, such a condition is not thought by the committee to be in the public interest and presents inherent danger to the welfare of a country where democratic processes prevail". The American committee recommended revision of the system for the purpose of eliminating abuses while retaining the advantages of chain service.

82. The Gibson Committee, with the American experience in mind, expressed its views as follows:—

"We feel that, whilst there is nothing inherently wrong with the network system, its future development might well be watched carefully by the proposed Parliamentary Standing Committee. The main danger to be avoided in such a system is monopoly control, either by business or press interests, as this would inevitably give great advantages to the strongest networks over competitors whose stations are not as strong financially because of location and other reasons. The evils of the American system must not be introduced here."

83. There are two of these organizations in Australia with interstate affiliations. They are known as the Major Network and the Macquarie Network. The former has 15 members and the latter 21, making a total of 36 out of 99 commercial stations. Programmes are either relayed direct from the originating

station or they are recorded and subsequently broadcast independently, according to the availability of landlines. There are certain differences in the policies of the two organizations.

84. The Major Network has no agreements or conditions of membership. It has no supreme head. There are two head offices, one in Sydney (associated with station 2CH) and the other in Melbourne (associated with station 3DB). Decisions affecting the Network's operations as a whole are made after consultation between these two stations. The network is described as "a loose affiliation of friendly stations from which any member may retire at any time". It does not favour the admission of stations outside capital cities to membership. Meetings are held every six months to discuss the Network's future operations. Discounts up to 10 per cent. are given to advertisers as an inducement to patronize it. The Network, as such, has no revenue. Each member station submits its own account on the basis of its rate card, irrespective of the audience it claims. Costs of operating the Network offices in Sydney and Melbourne are borne by member stations in proportion to the business received from the two centres. Costs of programmes constructed by, or purchased by, the Network are borne by members in proportion to their revenues. A responsible spokesman has said that if legislation were passed to check the network system, much the same result would probably be achieved by the use of records. He considers that the financial status of country stations which may be in difficulties in consequence of war-time restrictions on advertising would not be improved by admitting them to membership. He suggests that city stations, with powerful financial backing at their call, should be encouraged to take over such country stations. He recognizes that this would necessitate a relaxation of the limits of ownership or control which at present have to be maintained.

85. The Macquarie Network (unlike the Major Network) has a supreme head, Macquarie Broadcasting Services Pty. Ltd., Sydney, under a general manager. Meetings are held annually to determine policy. Membership of the network is not restricted to stations in capital cities, but stations are not admitted if their territory is already covered by another station already in the network. Member stations pay into the network a 10 per cent. commission on all sales. They also make a contribution to network publicity and programmes, based on a formula according to time sold. They receive payment at rates fixed by each station, having regard to the audience it claims and the time occupied by the network programmes. Their contracts with the network may be cancelled at three months' notice. We endeavoured to ascertain whether country stations have found it financially advantageous to belong to it. The replies to our inquiries were generally in the affirmative, although one or two were evasive. No station replied in the negative.

86. There has been conflicting evidence as to network activities in indirectly fostering industry in larger States at the expense of smaller States. In Western Australia, for instance, it is alleged in some quarters, and denied in others, that small manufacturers are at a disadvantage in that their more powerful eastern State competitors are able to include Western Australian network stations in their advertising campaigns at virtually no cost, by reason of the discounts they receive in buying time on a network. It is said that this disadvantage is not so apparent at the present time, due to war conditions, but that it will again become very real when the smaller State manufacturers wish to resume competition in the civilian market after the war. It is claimed that opinion to the contrary is influenced by interests associated with

network activities. A witness has suggested that there should be a flat advertising rate throughout the Commonwealth and that there should not be any concession to advertisers in the way of discounts or free "scatters" (an expression used to describe brief advertising announcements scattered throughout programmes).

87. Under existing conditions, production of Australian programmes is centered mainly in the larger capital cities. In view of the support which has been evidenced in various quarters in favour of the decentralization of industry in relation to post-war reconstruction, we discussed with responsible executives the networks' attitude to the question of encouraging the production of programmes in other centres, particularly in provincial areas.

88. We are informed that the considerations governing the selection of an originating point for a radio programme are:—

- (a) The availability of actors, singers, musicians and other entertainers in that particular area;
- (b) The availability of producers, writers, technicians, music arrangers, &c.
- (c) The location of adequate studios, landline facilities or recording equipment;
- (d) The location of the advertising agency or head-quarters of the sponsoring firm, or the location of an enterprising radio station which desires to go into production on its own initiative.

89. These factors have tended to retard decentralization of programme production. Just prior to the war, the question of originating broadcasts at important country centres was investigated by one of the networks. An experimental broadcast was actually made from a country centre in Victoria, but the war made it necessary for further development of this policy to be shelved temporarily. The other network has also been active in the search for talent in the smaller States and has met with some success in Adelaide and Hobart.

90. Although there is no legislation dealing with networks, as such, a safeguard against the principal abuses discovered in America is provided in Section 53 of the Australian Broadcasting Act, which prescribes certain limitations of ownership or control of stations.

91. There are potential developments, however, which we consider it would be wise to supervise in the general public interest. For example, at the present time the networks do not possess a monopoly of national advertising. Stations can, and do, secure such advertising through agencies independent of the networks. But, seeing that discounts are offered as an inducement to patronize network programmes, it is conceivable that the granting of this and possibly other concessions might gradually extend to execution of contracts between networks and national advertisers whereby the latter would place all their business with the networks. Such a development would probably be disadvantageous to at least some country stations and their listeners, particularly stations excluded from network membership. Confronted with total loss or substantial reduction of national advertising revenue, they might be obliged to close down or submit to an invitation to come, as has been said in a responsible quarter, "under the wing" of influential city stations, owned by press interests, willing to accept control of them within the limits of Section 53, or even beyond those limits if amending legislation to that end were introduced.

92. We recommend that—

- (a) Networks should be required to function under written agreements with stations, advertisers, programme producers, and others associated with their activities.
- (b) There should be Ministerial approval of the general terms of such agreements, which should cover a period not exceeding two years and should be contingent on the stations concerned securing renewal of their licences year by year, as provided for in section 46 of the Broadcasting Act.
- (c) If the general terms of the agreements contemplate a policy of granting discounts or other concessions, the Minister might call upon the network organization concerned to show cause why this policy should be allowed.
- (d) The networks should also be required to keep proper accounts and supply annual statements to the Minister.

93. In regard to recommendation (b) in the preceding paragraph, we do not suggest that networks should be required to obtain approval of contracts with individual advertisers, &c., unless they involve departure from the principles set out in the approved general terms.

94. To facilitate a watch on future developments it would be useful to know the total expenses incurred and revenue received by commercial stations for national advertising (a) in respect of the Major and Macquarie Network programmes and (b) in connexion with contracts through independent agencies. This could be provided for by including these items in the form of profit and loss account which is at present prescribed in the regulations (Statutory Rules No. 297 of 1942) and which the stations are required to supply in completed detail annually to the Minister under Section 67 of the Broadcasting Act. We recommend that provision be made for this information to be included in future, commencing with the year 1943-44; and that the aggregate amounts in relation to the combined totals of other items of revenue and expenditure in respect of all commercial stations, be mentioned in the Postmaster-General's annual report to Parliament.

95. Another potential development which needs supervising, in view of American experience, is the possibility of chain broadcasting occupying an unreasonable amount of stations' time, to the exclusion of sessions of particular interest to local listeners. We suggest that appropriate statistical returns should be periodically supplied to the Postmaster-General to enable a check to be kept on any such tendency, as well as on any move in the direction of perpetually monopolizing the most valuable periods of the evening for network broadcasts, especially if it should be found that the programmes are not maintained at the standard which would be expected of organizations with substantial resources. A summary of these statistics might also be published in the Postmaster-General's annual report, together with relevant commentary, particularly as to whether the Minister found it necessary to direct variations in programmes with a view to making them satisfactory to him, under the power conferred by section 60(2), in the exercise of which he has the assistance of the State Advisory Committees appointed under section 87.

MULTIPLE OWNERSHIP.

96. No person or company may own or control, either directly or indirectly, more than—

- (a) one metropolitan station in any State;
- (b) four metropolitan stations in Australia;
- (c) four stations in any one State; or
- (d) eight stations in Australia,

These limitations, which were previously in the form of regulations issued in 1935, were incorporated in the Broadcasting Act on the recommendation of the Gibson Committee, which also suggested that the Standing Committee should consider whether the law should be altered to provide for the issue of a fewer number of licences to the same person or body.

97. Since that suggestion was made war-time restrictions have been imposed on the manufacture of equipment to such an extent that it would now be quite impracticable for a prospective licensee to secure new apparatus to operate a station. For this reason, and also because existing licensees could not be compelled to sell their assets to new licensees, we feel that consideration of the Gibson Committee's suggestion should be deferred until it becomes possible to relax present restrictions on production of equipment for domestic broadcasting.

98. During discussions on networks there was evidence that capital city press interests would be prepared to extend their activities to additional country stations if the limitations as to ownership or control in section 53 were modified.

99. In our opinion such a move should be discouraged, particularly in view of what happened in America. For the preservation of democratic principles, it is essential that there should be restraint on efforts to obtain an undue measure of control of the air; otherwise those who succeeded in securing it would have an undemocratic advantage in aligning public opinion in directions they favour. This advantage could be used in many subtle ways not discernible to listeners. In radio commentary, for example, public opinion might be influenced merely by the exclusion of, or ignoring of, news and views unfavorable to the interests of the controllers. Speaking of the dangers of control by a majority or a minority interest, even for a limited period, a highly experienced and competent Australian authority has expressed the opinion that "it is possible for a short period of radio misuse by a single authority completely to stultify the normal democratic processes of popular judgment". We consider that it would be unwise to hold out any hope of an extension of multiple ownership being sanctioned.

100. Incidentally, it would appear that some of the difficulties which stations had been experiencing as the result of war-time restrictions on advertising have been overcome, partially at any rate, by the receipt of additional revenue from Government advertising. The Federation of Commercial Stations complained that Government Departments paid the press for advertising matter which the broadcasting stations were expected to accept free of charge; and it was decided to increase the amount of "paid-for" radio advertising time. The stations received from this source £21,000 in 1941, £30,000 in 1942, and £13,000 from January to March, 1943.

STUDIOS AND ADMINISTRATIVE OFFICES FOR THE NATIONAL PROGRAMME SERVICE.

101. In connexion with our terms of reference concerning the provision of studios and administrative offices for the national service, we suggested to the Commission, in September, 1942, that it should consider the advisability of initiating certain action (including the selection of a site for its head-quarters at Canberra) with the object of being in a position to commence its building programme immediately after the war.

102. In making that suggestion we were influenced by three considerations—first, the desirability of arranging for the Commission's head office to be established in the Australian Capital Territory with the least possible delay after the cessation of hostilities; second, the contribution to post-war reconstruction

which the Commission could justifiably make in rehabilitation of ex-service personnel in the building industry in every capital city as well as in Canberra; and third, the probability that, with so many other works claiming the attention of architects and administrators in the early stages of transition from war to peace, there will be prolonged delay in the execution of projects which have not been advanced beforehand to the stage of completion of essential working drawings and specifications in readiness for immediate commencement of construction.

103. The Commission considered it advisable to defer attention to the building plans, but accepted the suggestion that steps should be taken to secure a site for its Canberra building. Its negotiations with the Department of the Interior to that end are still proceeding.

104. The fact that such a comparatively long time is entailed in reaching finality in regard to the Canberra site confirms our belief that there is likely to be substantial delay in commencing construction of the buildings in the various capital cities unless detailed plans are ready for immediate implementation at the end of the war.

105. The Commission's reluctance to proceed further with the preparation of building plans is founded on the possibility that improvements of studio design may have been evolved during the war, and that it would be better to suspend designing until it is known whether any such improvements will eventuate.

106. If the services of architects and draftsmen can be made available without detriment to the war effort, even intermittently, an alternative attitude would be to proceed with the planning in accordance with the technique already evolved, leaving for "last minute" alteration, if necessary, the sections of the building to be allocated for studio purposes.

107. Support for this alternative may be found in the claim that the studio design adopted, and the technical equipment installed, in the recently completed

building for the Macquarie Broadcasting Network in Sydney, is equal to the world's best; and that the whole of the interior, studios and offices incorporate the latest experience of overseas practice. It is said to embody the closest approach to acoustic perfection within the range of technical knowledge.

108. We suggest that the Commission give consideration to the question of adopting the alternative, at least as regards its Canberra and Sydney projects; also that, in consultation with the Department of the Interior, it should reach finality in advance of the termination of the war, as to the provision of sites and the erection of residences for the members of the Commission's staff who are to be located at Canberra, so that completion of their construction may synchronize with the erection of the official building in the Federal Capital.

109. Fifteen months have passed since the Gibson Committee recommended that the central administration of the Commission should be located at Canberra as soon as practicable. That recommendation was incorporated in section 7 of the Broadcasting Act, which came into operation twelve months ago. We strongly urge that all the authorities concerned should take the necessary preliminary steps to ensure that the recommendation is carried out with the least possible delay after the cessation of hostilities.

ARTHUR A. CALWELL, Chairman.

C. W. C. MARR, Vice-Chairman.

S. K. AMOUR.

WALTER J. COOPER.

HERBERT HAYS.

H. C. BARNARD.

VICTOR JOHNSON.

A. GRENFELL PRICE.

28th June, 1943.