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THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA.

THIRD REPORT

OF THE

PARLIAMENTARY STANDING COMMITTEE ON BROADCASTING.

CANBERRA, 22ND FEBRUARY, 1944.

By Authority :

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THIRD REPORT OF THE PARLIAMENTARY STANDING COMMITTEE ON BROADCASTING.

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

Abbreviations—

A.B.C.—means Australian Broadcasting Commission.
B.B.C.—means British Broadcasting Corporation.
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:—
Funds for the National Broadcasting System.—We recommend that the remaining shilling of the Commission's share of the licence-fee, which was taken from it in 1940, should be restored, making its allocation 12s. per licence (with corresponding allocations in respect of concession rate licences) as from the 1st July, 1944; and that the amount by which the remaining revenue proves insufficient to meet the annual charges on the technical services provided by the Post Office for the broadcasting of the national programmes should be financed from the Consolidated Revenue. We also suggest that the consequential reduction of the Post Office share of the licence-fee should not unfavorably influence the Government in allocating sufficient funds from year to year to permit of extension of the technical services at the rate of progress which the Government's responsible advisers deem justified, in order that, as soon as circumstances permit, the national programmes may be satisfactorily received by listeners in all the areas they are intended to serve under the fundamental plan of development designed by the Post Office. (Para. 55.)

The Powers of the A.B.C.—We consider that it would be improper to confer absolute power on a Government instrumentality to spend public moneys without some control, and that Parliament would be unwise to relinquish its power to control the A.B.C. through the Minister or the Government, in matters conceivably affecting high policy under contracts which involve more than £5,000 or exceed five years, as provided for in section 21 of the Broadcasting Act, which requires the A.B.C. to seek approval of such contracts. We do not favour the Commission's suggestion that section 21 should be deleted from the Act. We feel that the Commission's interests have been reasonably safeguarded since 1942 by the establishment of the Standing Committee, as the Commission may arrange for decisions with which it is dissatisfied to be referred to that Committee for consideration and report to Parliament. (Paras. 70 and 72.)

FUNDS FOR THE PROGRAMME AND TECHNICAL SERVICES OF THE NATIONAL BROADCASTING SYSTEM.

The question for decision is the extent to which, and the method by which, additional funds may be provided for the National Broadcasting Service.

2. When the national system was established in 1932, with a commission of five to take care of the

programmes, and with the Post Office in charge of the associated technical facilities, it was expected that the service would be self-supporting in relation to the revenue derived from licence-fees, as apportioned to the two authorities.

3. For ten years this expectation has been realized in the profit-and-loss accounts of the two authorities as a whole, but now there is not sufficient licence-fee revenue to meet the combined annual charges involved in their proposals, and unless the development of the national broadcasting system, as planned by the responsible authorities, is to be retarded, the necessary funds can only be provided by increasing the licence-fee or by a subsidy from other public moneys.

4. In the apportionment of the fees for programme and technical services, there have hitherto been credit balances in the broadcasting accounts of each organization (with the exception of 1941, when there was a small deficit in the Commission's accounts); but there has been a difference in method of treating the surpluses.

5. The programme authority's share has been paid into a special fund, and the unexpended balance of that share from year to year has remained at the disposal of the Commission, which up to 1942 had spent up, at the instance of the Treasury, a reserve of about £200,000 (most of which is invested in Commonwealth loans) with the intention of using it, after the war, mainly towards the cost of erecting and equipping buildings involving £700,000 at pre-war costs. Regardless of building obligations, however, prudence influenced the Commission to refrain from spending to the limit of its revenue as a precaution against unpredictable increases of expenditure without corresponding increases of revenue.

6. The Post Office share, on the other hand, has been paid to the credit of the Consolidated Revenue of the Commonwealth, and the expenditure on technical facilities for broadcasting has been met from the amounts authorized by Parliament under appropriate votes, in the same way as the activities of other Commonwealth departments are financed year by year.

7. At the inception of the national system in 1932 the ordinary licence-fee was 24s. per annum, of which the Commission received 12s., the Amalgamated Wireless Company 3s. for patent rights, and the balance (9s.) was credited to the Consolidated Revenue.

8. In 1934 the payment of patent royalties to the Amalgamated Wireless Company ceased and the licence-fee was reduced to 21s., of which the Commission continued to receive 12s., the balance (9s.) being credited to Consolidated Revenue.

9. In September, 1940, the licence-fee was further reduced to 20s., of which the Commission received 10s. and the other 10s. went to Consolidated Revenue.

10. In 1941 the Gibson Committee was appointed to investigate broadcasting services generally. In its report to Parliament in March, 1942, that Committee commented unfavorably on the action taken to reduce the Commission's revenue from 12s. to 10s. per licence in 1940 and recommended "that the fee should be restored to its former figure of 21s., or, if Parliament is unwilling to do this in war-time, it should restore the 1s. taken from the Commission and given to Consolidated Revenue or the Post Office". The Committee expressed the opinion that even in war-time there is much justification for a fee of 21s. in view of the services provided. However, on the

MEMBERS OF THE PARLIAMENTARY STANDING COMMITTEE ON BROADCASTING.

(Seventeenth Parliament.)

Chairman	*Senator Stanley Korin Amour.
Vice-Chairman	†The Honorable Josiah Francis, M.H.R. M.
<i>Senate.</i>	
*Senator Richard Darcey.	
*Senator the Honorable Allan Nicoll MacDonald.	
<i>House of Representatives.</i>	
†George James Bowden, M.C., M.H.R. M.P.	
†William George Bryson, M.H.R. M.P.	
†Cyril Chambers, M.H.R. M.P.	
†The Honorable James Allan Guy, M.H.R. M.P.	
†David Oliver Watkins, M.H.R. M.P.	

* Appointed 30th September, 1943.

† Appointed 14th October, 1943.

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recommendation of the Government, Parliament decided not to increase the licence-fee, but to restore 1s. of the 2s. cut in the Commission's share. This decision was embodied in the Australian Broadcasting Act, which came into operation on the 1st July, 1942.

11. The Commission asks that at least the other 1s. per licence should now be restored to enable it to put the national service on a satisfactory basis, at an estimated cost of £162,000 per annum. This amount includes £50,000 for new features to meet the changing demands of war-time existence. These new features contemplate—

- (a) More light entertainment to meet the mood of the fighting forces and war workers.
- (b) Sessions especially directed to country listeners to stimulate their response to the special needs of the nation and to remove any feeling there may be of isolation from the main stream.
- (c) The preparation of authentic documentaries of Australia's impressive war effort, both in respect of the fighting forces and the civilian population.

12. Elaborating the need for the £50,000 proposals, the Commission points out that the great majority of our fighting men are now serving on their own soil, and alongside them are the United States of America fighting forces. Their demand is for light entertainment, for plenty of variety and of a quality to compare with overseas standards in this field. The proposals outlined above are based upon thorough and continuous research as to the needs of soldiers and war workers, and have regard to the opinions of those responsible for national morale.

13. The vast developmental works by such bodies as the Allied Works Council and the story of our industrial expansion offer unique material for documentary and dramatic presentation. The Commission plans to broadcast this material in such a way as to make the people more aware of the distinctiveness of Australia's effort, and to develop their pride in and understanding of their own country. The Commission feels that tendencies to belittle or under-rate these achievements can be corrected by imaginative radio presentation of facts.

14. The conversion of secondary industries to war work and the expansion of those industries have been made possible only by training or retraining hundreds of thousands of inexperienced people. The methods by which this has been achieved and the efforts upon the lives and habits of the people involved can be presented by national radio in a vivid and convincing manner to our own people and to our Allies. Such broadcasts would make the war workers feel that their part in the national effort was being understood and appreciated.

15. The Commission holds that broadcasting projects on this scale are of national importance, but cannot undertake them without a large increase in programme expenditure. To illustrate: A talk on, say, the work of a munition factory would cost from five to seven guineas, but to dramatize the material might cost from fifty to seventy guineas. Such form of presentation is, however, the only way in which a deep impression can be made upon the public. Its preparation and performance necessitate mobile units visiting the factories for authentic sounds; script writers to live among the workers and to know the factories; producers and actors to complete the presentation. Similarly, to present such huge national works as are being undertaken by the Allied Works Council would necessitate covering wide areas of the continent, at a cost many times greater than is involved in merely giving a straight talk.

16. For the country hour referred to, the Commission has in mind a session which would not only be listened to by the people immediately concerned, but would grip the interest of the city people also. World experience, particularly in Canada and America, has shown that it is not sufficient merely to give listeners the latest detailed market reports, but that it is desirable to feature agricultural pursuits and to supplement these broadcasts by such entertainment as a regular daily serial in which homely people discuss real problems. The writing and presentation of a serial alone would cost more than £5,000 a year. As the session must have an all-Australian interest, despite varying seasonal conditions, all States would have to be covered.

17. In the light entertainment field the Commission faces serious competition from commercial stations whose advertisers are spending huge sums on network feature programmes. Light entertainment is the most expensive of all broadcast programme matter.

18. The Commission has to face many problems, such as finding script writers, artists, feature producers, &c., but its main problem is one of finance, because under the Broadcasting Act it is required to so conduct its activities that they will be financially self-supporting. Confronted with a heavy reduction in revenue, due to the licence-fee cut which operated from the 1st September, 1940, and a heavy increase in commitments of a more or less inescapable nature, the Commission was forced to effect embarrassing economies at short notice—economies all the more difficult because of the importance of long-range planning if the best results of broadcasting are to be obtained. Its expenditure on artists' fees and concerts, for instance, was reduced by £52,000 in 1940-41. At the end of that year its accounts showed a surplus of £25,000, which was slightly more than 3 per cent. of its total revenue, and which the Commission, in the light of ordinary business acumen, considered to be a dangerously low margin.

19. In the following year (1941-42) it was found impossible to manage provision for any reserve, and the Commission's operations showed a deficit of £120, due mainly to the continuing reduction in its share of the licence-fee.

20. Appendix 1 shows the Commission's income and expenditure for each of the ten years ended 1941-42. Its total net surplus for the period amounted to approximately £201,700, of which £38,700 was transferred to a reserve fund, represented by investments of £259,700 in Commonwealth loans and £30,000 on fixed deposit with the Commonwealth Bank. The balance of the net surplus, £512,000, is represented by fixed and movable assets necessary for the conduct of the undertaking, and is not available for conversion into "liquid" form, as are the investments represented by the reserve fund of £259,700.

21. During 1942-43 the Commission's share of the fee was £745,000, representing an increase of £57,000 on the previous year's figure, due to the combined effect of the restoration of half the cut imposed in 1940, the issue of half-fee licences, and the normal increase in the number of licences. Out of its total income of £791,000 in 1942-43, it reserved £43,000, representing approximately 5 per cent.—a wise precaution.

22. During 1943-44 it is expected that the Commission's receipts from licence-fees at the existing rate of apportionment will be £767,000, representing £111,000 above the 1941-42 figure. However, in comparison with the pre-cut year 1939-40, when the Commission's revenue from licence-fees was £700,000, the increase is reduced to £67,000 which, apart from the Commission's intention to budget for a reserve of £50,000, is not sufficient to meet current extra costs amounting to

£50,500 which have been incurred in comparison with 1939-40 and much of which are automatic, beyond the Commission's control, except by wholesale dismissals of experienced staff. These extra costs are—

	£
(a) Superannuation (introduced by Parliament in 1942)	15,000
(b) Annual automatic increments excluding senior officers (who have not had any increase since 1940)	35,000
(c) Increases due to cost-of-living variations	22,500
(d) Performing-right fees	5,000
	80,500

23. In addition to this group of increased costs, the Commission has been obliged to spend considerable sums in engaging extra staff on account of conditions which did not obtain in the present year. For instance, the necessity for the dispersal and manning of its studios because of the enemy threat to Australia, and the opening of new regional stations, have required 26 extra announcers and sixteen other additional officers, as well as 40 more cleaners and house staff besides other expenditure for air raid precautions, war correspondents, a field unit, &c. The cost of the news services has also substantially increased, but the net cost of the A.B.C. Weekly has been reduced from £37,000 in 1939-40 to £21,000 in 1942-43 and will probably not exceed £12,000 in 1943-44.

24. Citing cases to demonstrate how increased costs were experienced without any increase of staff, the Commission has said:—

"In 1940 we had 154 members of symphony orchestras throughout Australia. In 1943 there was one less. The cost of those members in 1940 was £68,368 and in 1942-43 the cost was £72,700. The Commission has no way of recovering that by increasing prices as a private trader might. The award rate, plus cost of living, has gone up 15s. from 1940 to 1943. The same thing has happened with the military band and for the same reason. There were 31 members in 1940 but the cost has gone up by £1,500. These two units have cost us £5,500 more than in 1940."

25. The main items of programme development detailed to us would bring the total increased expenditure to approximately £102,000 per annum above the pre-cut year. This amount does not include the costs of stations in New Guinea for the benefit of the fighting forces there. If three are established the estimated capital cost will be £25,000 and the annual charges will be £9,000 for programmes and £17,000 for technical services. These costs, we understand, are to be met by the Department of the Army.

26. If the Commission's share of the licence-fees were fully restored to the pre-cut rate of 12s. per licence, its estimated receipts would be—

For 1944-45—£843,000, or £143,000 above the pre-cut figure.

For 1945-46—£848,000, or £148,000 above the pre-cut figure.

These increases would be reduced to ~~above~~ £62,000 and £67,000 respectively, if allowance be made for the £50,500 inescapable commitments since the pre-cut year, as listed in paragraph 22.

27. In the computation of these estimates, consideration has been given to the retardation of the normal increase in licences due to (a) the prohibition of manufacture of radio receivers for public use and (b) the absence of many potential licences in the fighting forces or on other essential war work.

28. On the technical side, the Post Office accounts showed surpluses each year from the inception of the national system in 1932 up to 1942. These surpluses, detailed in Appendix 2, aggregate £790,000, and the Commission has suggested that this sum should be taken into account in reaching a decision on its application for additional funds.

29. Post Office officials have explained that these are book surpluses under the departmental accounting system, and suggest that in visualizing the cash position cognisance should be taken of the funds provided by the Treasury for capital expenditure on broadcasting and for the network of telephone channels associated with the relaying of programmes.

30. The Commission, however, considers that the debits in the Post Office accounts for depreciation should not be overlooked in relation to financing the cost of assets, and represents the association of capital expenditure and operational costs.

31. In further reference to the surpluses in its accounts, the Post Office has supplied particulars of its capital expenditure on wireless assets before and since the establishment of the A.B.C. in 1932. These are given in Appendix 3 and show that the total surplus on the wireless branch since its inception was £255,000, of which, after allowing for depreciation, £470,000 had been absorbed by capital expenditure on broadcasting stations and other wireless assets up to 30th June, 1942, excluding capital expenditure on telephone channels used for broadcasting.

32. Differences between the Treasury and the Post Office accounting methods have been explained to us by the Department as follows:—

"The Treasury accounts are based on actual cash receipts and expenditure of the Commonwealth during the year to which the accounts relate. They do not record the value of services rendered by the Postal Department to other departments unless the Post Office is actually paid in cash for those services. They also do not take into account the year to which receipts and payments actually belong nor do they make a strict distinction between capital and working expenditure."

"Parliament requires the Postmaster-General's Department to prepare annual profit and loss accounts and balance-sheets, and these are prepared on commercial lines. They record separately capital and working expenditure in the year in which the expenditure is incurred and similarly record Post Office revenue in the year the service is given or revenue earned, irrespective of when payment is made for the service or, in the case of other departments, whether payment is made at all for the service given."

"The commercial system of accounts is a recording one only. Revenue received in cash is not at the disposal of the department but is paid over to the Treasury. Similarly, any out-payments by the department are made from funds provided by the Treasury."

"In the commercial system of accounts, working expenses are debited with provision for depreciation of certain assets, but the reserve so credited is a book reserve only, no actual cash being set aside to meet depreciation. The accounts are also debited with superannuation liability which is incurred year by year but has not to be met until the retirement of the officer. These items are mentioned as examples of the difference between the Treasury and departmental accounting systems."

33. Appendix 4 shows the aggregate net surpluses in respect of all branches of the Post Office from

1922-33 to 1941-42, with explanatory notes supplied by the department, indicating that under the Treasury accounting system, there was a deficit of £255,000 in respect of the Post Office as a whole during the two years ended 1942-43, excluding revenue raised towards the cost of the war.

34. As the result of discussions we have had with representatives of the Commission, the Post Office and the Treasury jointly, the essential fact emerges that no portion of the surpluses in the profit and loss account of the Post Office has ever been earmarked for broadcasting. The department's share of the licence-fee lost its identity when it was credited to the Consolidated Revenue; that is to say, no unexpended balance was ever credited to any Trust Fund or used to create a reserve for its future technical requirements in the manner in which portion of the Commission's share was transferred by the Commission to a reserve fund represented by readily realizable investments for the Commission's future needs.

35. The situation now to be faced is that instead of surpluses it is estimated by the Post Office under its accounting system that there will be progressively increasing deficits in the technical service under the existing allocation of the licence-fee, which commenced (as shown in Appendix 5) with a deficit of £25,000 in 1942-43 and will be followed by deficits of £20,000 in 1943-44, £64,000 in 1944-45, and £117,000 in 1945-46.

36. If the second 1s. per licence were restored to the Commission from, say, 1st July, 1944, it is estimated by the Post Office that the deficits on technical services would be £135,000 in 1944-45 and £187,000 in 1945-46, under its accounting system.

37. The Commission has suggested that certain charges debited to the Post Office account in connexion with the use of telephone lines for broadcasting appear to be excessive, the point being that, if they are excessive, the Commission's case for an increased share of the licence-fee might be correspondingly prejudiced, because the estimated deficits on technical services would be loaded to the extent of any such excessive debits. The Post Office, however, has explained that the charges debited to the national system are on the same basis as those charged to commercial stations; that any alteration would mean discrimination in favour of the A.B.C.; that it is not in a position to set aside for exclusive use the number of channels which the A.B.C. would like for relay purposes, and that it could not apply to lines which are only used part-time, the lower charge prescribed for lines which are used permanently for broadcasting. In the Gibson report it was shown that the charges in Australia were much lower than in the United States of America, e.g., for a relay involving 1,000 miles the Australian rates for one hour were £12 7s. 6d. for music and £10 7s. for speech, as compared with 62 10s. and 231 5s. in the United States.

38. The Post Office estimates may be considerably altered if unforeseen developments arise in connexion with the war. The deficits are based on an intention to establish twelve additional stations during the next two years and several more after 1945-46. It is likely, therefore, that after 1945-46 even greater deficits will be experienced on the technical side under its accounting system, irrespective of whether the Post Office proportion of the licence-fee is retained at the present rate of 9s. or reduced to 8s. in order to fully restore the Commission's share to 12s. Among other factors contributing to the estimated losses on technical services in comparison with more favorable figures supplied to the Gibson Committee in 1941 are—

(a) Calculation of the Post Office share of the licence-fee at 9s. instead of 10s. and on the basis of 1,399,000 licences in 1946 instead of the 1,500,000 previously estimated for that year;

(b) Cost-of-living increases have added £30 to the salary of each adult male;

(c) Cost of essential materials and equipment has increased;

(d) Costs of operation have been increased by extensions in the hours of service of various stations;

(e) The Commission has requisitioned the use of broadcasting channels to an extent not covered in 1941 figures.

39. The Commission suggests that the technical services be subsidized to an extent that more than an additional 1s. a licence would be available to the Commission. In support of this suggestion the Commission has pointed out that even with the restoration of that 1s. rate it will be faced with estimated losses of £34,000 during 1944-45 and £41,000 during 1945-46, if all of its proposals are put into effect.

40. Referring to the handicap to which its activities would be subjected if its share of the revenue were restricted to its former allocation of 12s., the Commission says—

"This really raises the question of whether or not the principle should be introduced that is observed in connexion with big public undertakings such as the Railways and the Post Office.

In a widespread country like Australia many people are battling in the backwoods, away from the amenities of the city. It is impossible for those people to pay for the services that are necessary for them even to live there, in the way of railways, and telephone and postal services.

The State recognizes that if Australia, with its big hinterland, is to be developed, there must be something other than that which is paid for by the people concerned. In connexion with the railways the principle is well recognized. . . .

"Australia is proud of its increasing vision in respect of the education and culture of its people, which lead to their thinking, not in terms of bread and butter alone, but also of things that will lift them above the downtrodden peoples of Europe. They will be lifted not merely by means of education but also by being given every opportunity for cultural attainment in the best sense of the term—giving to them an appreciation of fine things and the possibility of forming their own judgments in the important issues that must increasingly face our democracies in the fight against totalitarianism anywhere in the world. . . .

"If we are limited to an arbitrary system of raising revenue by means of so much a licence, we can go a certain distance. If you ask what the position would be if we were to have another shilling we should say that we could go so far, but no farther. It is our duty to say that we could go farther and that we could accelerate the pace of this development. . . . Increase of revenue from additional licences is going to be at a diminishing rate unless there is a big increase of population. The rate of increase is very slight now; it is not sufficient to meet the automatic increase of the costs of the undertaking at a given standard. If the Commonwealth Government takes the broad view that the development of education and culture should proceed at a faster pace than is possible by means of this mechanical provision for revenue from increased licence-fees, then it will say, 'We shall face this problem and provide the extra amount, so long as we are satisfied that these services can be brought to the country'. It may not desire to increase the

licence-fee. . . . The Commonwealth should face the fact that in respect of some portion of our extension of services there should be a community cost; that is, something from the general fund. . . . The general community would not always be aware of what it was missing because many times things like education and culture are things which men do not fight for; they are not aware of the need for them. We are close to the problem and have seen what can be done with what we have had. It is our duty to tell you that a lot more could be done. We want to get away from the suggestion of the Treasury that we have a lot of income on which it would like to get its fingers, and the suggestion of the casual outsider who says that we are extravagant and have too much money. It is time to regard broadcasting as being in the hands of people who have been engaged in it long enough to know what can be done. We should not be put on the defensive for having spent our revenue, as we were once. We should not be chided upon having a big reserve, but should be encouraged to point out how the education and the general culture of the people, particularly in the back country, could be furthered, if we were given an opportunity to 'feel our wings' more.

"A public utility can be of great benefit to the community, yet not show a cash profit. After the war, the Government will be interested in attracting population back to the country, and amenities such as are provided by broadcasting will be an important factor. Commercial broadcasters who are in the business for profit will not erect stations where there is no chance of their being a payable proposition; consequently the only chance for the country people will be in having regional stations provided by the Government. Furthermore, at present country listeners have only one national programme, whereas the city listeners have two, there being an alternative station in each capital city. In the country, the one programme must carry a number of essential services such as news, education broadcasts and so on. The people who receive broadcasts and so on. The people who are not particularly interested in that particular service have no alternative. The Government should later consider the advisability of providing an additional transmitter at each regional centre in order to give to country listeners the same choice of programmes as is available to city listeners."

41. We are in full agreement with the Commission's aim to cultivate a wider appreciation of culture and all that it implies. It is true that its plans contemplate some expansion in the field of light entertainment as a relaxation from the strain of war, but there is no reason to apprehend that it will allow any of its programme to descend, in the words of the Director of an Education Department, to "a low level of alleged popular taste". Current evidence to the contrary is afforded by its praiseworthy attitude in banning a certain song which subtly envelops drunkenness as an ideal expression of thanksgiving for our coming victory in the war.

42. Having captured its audiences by unexceptionable features broadly classified as "what the people want", the Commission no doubt intends to avail itself of the opportunity to foster a taste for the finer things so admirably enlarged upon by the chairman in his discussions with us on ideals in broadcasting.

43. "Broadcasting is an engine of the mind and carries with it cultural, moral and political implications of the most formidable character," says W. A. Robson, LL.M., Ph.D., B.Sc., in his book *Public Enterprise*. In contrast with an unfavorable reference to the B.B.C. in evidence tendered to us on behalf of

certain commercial interests in Australia, it is noteworthy that Robson's opinion is expressed in these words: "If we wish to appraise it at its proper value we have only to compare the general quality of broadcast quality in this country (England) with the general quality of the press and the films. One gets an impression of continuous effort towards an enlightened end in the case of the radio service which is entirely lacking in the case of the popular press and rarely encountered in the films."

44. Years ago that renowned idealist, Sir John (now Lord) Reith, when Director-General of the B.B.C., adopted as the Corporation's standard "the greatest good for the greatest number" and enjoined his staff "always to give listeners something a little better than they are expecting".

45. In parentheses it is on record that when a famous editor was asked by the proprietors of his newspaper what he proposed to do in order to increase the paper's circulation, his reply was: "I'm going to give the public what it doesn't want." Then he added: "And after twenty years of this I have proved that what it didn't want is what it did want."

46. It is gratifying to be assured that in our own national service the powerful influence of broadcasting is being guided by commissioners with such commendable aspirations as those voiced by the chairman on behalf of his colleagues. With the enthusiastic co-operation of staff imbued with the same high ideals, the Commission has invaluable opportunities not only to develop culture but also to assist in winning the fight against totalitarianism, to which the chairman has referred.

47. Reverting to the financial question, it should not be overlooked that although there are certain restrictions on normal advertising in war-time, an arbitrary limit has not been fixed in regard to the revenue which may be raised for the activities of the commercial stations. We feel that this aspect should receive due consideration in determining the merits of the Commission's application for additional resources to enable it properly to pursue objectives appropriate to its functions as a national undertaking, with its costly obligations to foster orchestral, choral and hand music of high quality—obligations which are not imposed in the commercial service and which involve expenditure of the order of £124,000 per annum for artists' fees alone. We think it should be borne in mind, too, that if commercial stations were required to duplicate the service provided by national stations in some sparsely populated areas, there would be financially embarrassed, there being cases where the annual costs of the plant in a national station (i.e., excluding programme costs) are over five times the total revenue drawn from the area served. The income available for the programme and technical services of the national system was approximately £1,563,000 in 1941-42, when the commercial service income was £1,830,000.

48. An innovation which the Commission contemplates introducing is the establishment of a listener research organization along the same lines (though on a more modest scale) as have been found necessary in the service of the B.B.C. and the American radio companies. Such an organization may ultimately cost about £15,000 a year, although if it could undertake confidential researches for Government departments, on a contributory basis, the cost would be reduced. For example, in Britain the Corporation's staff of 30 engaged on this work has been used to secure data required by the Ministry of Information as to "man-in-the-street" reactions to problems associated with post-war reconstruction.

49. After examination of the methods adopted by other interests in Australia in the compilation of surveys in connexion with broadcast advertising, the

Commission has satisfied itself that the expenditure involved in its research project is justified for the purpose it has in view, particularly in catering for the special needs of country listeners, for whom the provision of appropriate programmes will become increasingly important in connection with proposals for the decentralization of industry and the development of regional community centres after the war. The Commission does not contemplate embarking upon a large expenditure on this innovation at present. From a small beginning, expansion of the organization will be a gradual process extending over two or three years.

50. The various other activities on which the Commission has been engaged in discharging its responsibility for developing Australian cultural life having been traversed in detail in the Gibson Committee's report, it is not necessary to reiterate them. Special reference, however, is invited to that Committee's review of the Commission's excellent service to the nation, despite financial difficulties, in its development of educational broadcasts, particularly to schools—activity in which there have been immense strides in our country such as Great Britain and the United States of America. Because of the national character and importance of this new educational system, the Gibson Committee expressed the opinion that there is a case for assistance by the Federal Government. An opportunity to provide that assistance is now afforded by the Commission's application for additional funds. In this connexion it is noteworthy that the Australian Council for Educational Research, in a publication issued in July, 1943, under the title, *The Future of Education—A Plan for Australia*, has also advocated, as one of several proposals for Commonwealth activity in education, that "the Federal Government should develop the use of radio for educational purposes".

51. The Treasury has revised its attitude to the Commission's reserve fund. Some six years ago, when the A.B.C. sought an advance of capital towards the cost of its buildings programme, the Treasurer declined the request and expressed the opinion that the Commission should economize in its programme expenditure in order to provide a suitable reserve from its own income. That was in June, 1938. Since then the Commission has built up a reserve fund of approximately £290,000. The Treasury now suggests that this might be used for programme development to the extent necessary to meet estimated retardation of increase in revenue from licence-fees on account of circumstances associated with the war; and that capital expenditure on behalf of the A.B.C. and the Post Office might be provided from loan moneys under a joint schedule of projects mutually agreed upon, it being understood that the dual requirements would need to be considered by the Loan Council and the Government in conjunction with capital expenditure programmes of all other authorities.

52. The idea of budgeting for capital expenditure in consultation with the Post Office is acceptable to the Commission, but, on grounds of business prudence, it does not favour the use of its reserve fund for operational costs unless such a course is absolutely necessary.

53. For psychological reasons we dissent from the suggestion that the A.B.C. should be placed in the position of having to realize Commonwealth loan securities at the present time. We consider it would be preferable to finance its operational needs from the "new money" which listeners will contribute in licence-fees from their future earnings.

54. The Treasury representative has also suggested that the Commission should adopt the policy imposed on Government departments of reducing expenditure to the absolute minimum. We feel that such a procedure

would unfairly handicap the development of the national broadcasting system which, unlike Government departments, is in competition with rival undertakings—the commercial stations. The latter are not subject to any Government instruction to reduce their expenditure to the absolute minimum. On the contrary, there is disquieting evidence that the prices they are prepared to pay in the competition for artists are forcing increased expenditure on the Commission to an alarming extent to keep its service at the standard which listeners are entitled to expect for the licence-fees they pay. We do not share the Treasury representative's view that these fees should be regarded as a source of contribution to the Consolidated Revenue; we consider that they should be devoted to broadcasting.

55. Our recommendation is that the Commission's share of the licence-fee should be restored to its pre-cut rate of 12s. (with corresponding allocations in respect of concession rate licences) as from the 1st July, 1944, and that the amount by which the remaining revenue proves insufficient to meet the annual charges on the technical services should be financed at community cost, i.e., from the Consolidated Revenue. We also suggest that the consequential reduction of the Post Office's share of the licence-fees should not unfavorably influence the Government in allocating sufficient funds from year to year to permit of extension of the technical services at the rate of progress which the Government's responsible advisers deem justified; in order that, as soon as circumstances permit, the national programmes may be satisfactorily received by listeners in all the areas they are intended to serve under the fundamental plan of development designed by the Post Office. Post-war use of what are called "the high frequency bands", including frequency modulation, television and facsimile, may necessitate a new approach to the question, but the possibilities are too indefinite to enable the Post Office to estimate the financial effect of radical innovations. In the meantime the department proposes to proceed with the establishment of twelve additional stations during the next two years (to 30th June, 1946), under the existing plan of expansion of the national service, unless unforeseen difficulties are experienced in connexion with the supply of the necessary equipment. The figures shown in Appendix 5 for the next two years are based on the erection of those twelve stations, one of which (Newcastle) has since been completed.

56. In making this recommendation we have been influenced, to some extent, by the enormous sums which the community has contributed to the Consolidated Revenue over many years through the medium of the profits made on the operations of the Post Office as a whole, as disclosed in the departmental accounting system even though, as explained in Appendix 6, the figures include the value of services rendered to other departments which are only partly, or not at all, paid for in cash. Excluding revenue raised by increased charges to assist the Treasury to meet war expenditure, these profits, after debiting interest and depreciation, during 1941-42 amounted to £4,400,000 and during the last ten years to £31,330,000.

THE POWERS OF THE AUSTRALIAN BROADCASTING COMMISSION.

57. The Australian Broadcasting Act, which came into operation on 1st July, 1943, confers certain discretionary powers on the national programme authority—the A.B.C.—but these powers are subject to reservations designed to maintain ultimate parliamentary control.

58. The question for determination is whether Parliament should adopt a suggestion from the Commission that it should be relieved of the obligation to seek ministerial approval to enter into agreements involving expenditure in excess of £5,000 or extending over a period of more than five years.

59. In the original bill for the establishment of the Commission, as submitted to Parliament in 1932 by the Government of the day, there was a general provision which contemplated, in effect, that the whole of the Commission's activities would be subject to ministerial direction, but in deference to opinions expressed in Parliament during the debates, the Government decided to withdraw that general provision from the bill. At the same time, however, Parliament agreed to a number of reservations of authority. One of these became section 48 of the 1933 act in the following terms:—

48. Notwithstanding anything contained in this Act, the Commission shall not be empowered to enter into any agreement involving any expenditure in excess of Five thousand pounds, or extending over a period of more than five years, unless the approval of the Minister thereto has first been obtained.

60. Ten years later a joint parliamentary committee (known as the Gibson Committee) recommended no change in section 48, and Parliament confirmed its earlier decision by repeating that section, in the same terms, in section 21 of the 1943 Act.

61. In support of its suggestion that section 21 should be deleted from the act, the Commission claims that the power conferred on the Minister in that section aims at ensuring that an agreement shall be entered into in a proper manner (e.g., after calling tenders, where this is possible or appropriate) and that the contemplated expenditure shall be reasonable, but that it is not intended to invest the Minister with power to veto a proposed agreement in whole or in part on grounds affecting the Commission's policy.

62. The Commission contends that the limiting effect of section 21 is inconsistent with the Commission's powers to do certain things "as it thinks fit", or words to that effect in sections 18, 19, 25 and 26, which define its powers as to the provision of programmes generally, the issue of publications, the collection of news and information, the establishment of orchestras, &c.; that the obligation to apply for ministerial approval of agreements involving over £5,000 or more than five years impairs the responsibility which, it is said, the community in general believes the Commission to possess; and that "only with freedom and the use of its own judgment in respect of its contracts will the Commission be able to carry out an efficient job, in addition to which the people and the Parliament will know exactly where responsibility lies".

63. Amplifying its point of view, the Commission points out that broadcasting is a powerful weapon for influencing public opinion and that "in the hands of a political party or an unscrupulous Minister it could be used so as to bring great advantage to the party which controlled it and it might be used against the interests of the community".

64. The A.B.C. also objects to section 21 on the ground that its provisions are the same as when the Commission was "a baby" in 1932, when the number of licences was comparatively small; that the Commission has since "grown up" and that it is empowered to spend over £700,000 per annum without reference to the Minister except where a particular item involves more than £5,000 or more than five years—that it can spend, for instance, £100,000 on the bringing out of artists provided no one contract exceeds

the £5,000 or five-year limits. The Commission believes that these limits were originally imposed "so that we would not run away with a £100,000 building programme in the first few years".

65. Sir Harry Brown, whose advice we sought, and who, as Director-General of Posts and Telegraphs for many years before and after the constitution of the A.B.C., in 1932, has been uniquely associated with broadcasting, reminded us that in the establishment of Commissions of various kinds, powers and responsibilities and a certain degree of freedom are conferred without relieving these bodies of the obligation to obtain the approval of some other authority in specific circumstances—very often the approval of Parliament itself. To that end there is frequently some overriding provision which limits the powers elsewhere delegated. Thus, as regards the Broadcasting Act, the powers in sections 18, 19, 25 and 26, to which the Commission specially referred, are subject to the overriding provision in section 21 which is significantly prefaced with the word, "notwithstanding anything contained in this Act". That expression is a convenient method of drafting legislation, because it avoids the necessity for repeating the same limiting provision in each section affected. There is therefore no conflict between Section 21 and the four sections mentioned; in other words, the Commission's power to act "as it thinks fit" under those sections is limited by section 21 to proposals not exceeding £5,000 or five years, so far as contracts are concerned.

66. If opinion to the contrary were upheld, then, as Sir Harry pointed out, it could be argued that there is conflict in respect of the obligations and duties which rest upon the Postmaster-General himself. He is called upon to establish and render all sorts of services, yet he finally has to go to Parliament in order to get the money with which to provide them; that is to say, he is restricted and controlled by a higher authority, and, we add, Parliament could withhold its sanction of his proposals, not merely because of the amount of expenditure proposed but also because it might disapprove of one or more aspects of the policy underlying them.

67. Sir Harry, who is of the firm opinion that there should be some provision to limit the expenditure of the Commission, also recalled that some years ago the Government experienced a good deal of embarrassment because of the setting up of certain similar organizations, with people in authority who had freedom to enter into commitments. Because of certain developments the Government found it necessary to relieve itself of these responsibilities, and it might not have found itself in that embarrassing position had it had, from the outset, restrictive provisions of the nature of those in the Broadcasting Act. In this connexion our attention has been drawn to the possibility that the Government of the day might have in mind an important change of policy of which the Commission would not necessarily be aware, and that in such a situation the limitation of the Commission's power in section 21 brings directly into the hands of the Government any proposal entailing a substantial commitment into which any pending change of policy by the Government would make it undesirable to enter.

68. It would be incorrect to infer that the deletion of section 21 would make the Commission an entirely free agent. There are several other important limitations on its independence. For instance, although section 17 empowers it to appoint a general manager and such other staff "as it thinks necessary", the act requires the Commission to obtain approval of the rate of salary which it proposes to pay to that official and to the next six most highly paid executive officers, and also to obtain approval of the regulations under which

its staff may be employed. Another section (20) requires the Commission to seek the Minister's approval of proposals for the purchase or sale of property exceeding £5,000 and for leases exceeding five years. In section 33 it is stipulated that no payment of compensation exceeding £100 to members of the Commission, its officers or servants or other bodies or persons shall be made without the approval of the Minister. Section 38 makes it compulsory for the Commission to devote not less than 24 per cent. of broadcast music time to works of Australian composers, and in section 92 the Minister is given authority which can limit the Commission's powers to retain particular broadcasters or other personnel on its service.

60. All of these limits on the Commission's independence are clearly intended to give Parliament, through the Minister or the Government, some control over the Commission's activities. That control, if it is to be effective, must cover, in our opinion, not merely the expenditure and procedure aspects of propositions submitted by the Commission under the ministerially reserved powers, but also the very policy underlying the propositions themselves; otherwise the value of the approving authority's jurisdiction would be little more than that of the proverbial "rubber stamp".

70. The A.B.C. has described to us in detail certain experiences in which it considers Ministers have adopted an arbitrary attitude to its recommendations. But even if it were established that any Minister had misused his power, it would not follow that there is a case for entire withdrawal of that power. Our view is that it would be improper to confer absolute power on a government instrumentality to spend public funds without some control. We feel that the Commission's interests have been reasonably safeguarded since 1942 by the establishment of the Standing Committee, as the Commission may arrange for decisions with which it is dissatisfied to be referred to that committee for consideration and report to Parliament, in accordance with the provisions of paragraph (2) of section 85 of the Broadcasting Act which prescribes—

(1) The Committee shall, subject to the provisions of this Act, consider and report to the Parliament upon every matter affecting broadcasting in Australia or the Territories of the Commonwealth which either House of the Parliament, by resolution, refers to the Committee and upon every other such matter referred to the Committee by the Minister.

(2) The Minister shall refer to the Committee any such matter which the Commission or the body known, at the commencement of this Act, as the Australian Federation of Commercial Broadcasting Stations requests him to refer to the Committee.

The very existence of section 85 is in itself a substantial guarantee against the likelihood of any Minister unreasonably withholding his approval of proposals submitted to him by the Commission.

71. It is not without significance that the five-year limitation in section 21 synchronizes with the maximum term certain of office prescribed for any one commissioner in section 9. In the absence of the power reserved to the Minister in section 21, it would be possible for the Commission to enter into an agreement for a lengthy period that would bind its successors to obligations which might not meet with their approval and which they might be powerless to alter without the payment of heavy compensation.

72. In our opinion Parliament would be unwise to relinquish its power to control the Commission, through the Minister or the Government, in matters conceivably affecting high policy under contracts which involve more than £5,000 or exceed five years, as provided for in section 21, the retention of which we recommend.

73. Incidentally, although there is no such limitation under the charter of the B.B.C., the corresponding controls in Canada are much more stringent than in Australia, namely, \$10,000 (approximately £2,250 sterling) and three years, notwithstanding that the income of the Canadian Broadcasting Corporation (£1,025,000 for 1942) is considerably higher than that of the A.B.C. (£791,000 for 1942-43).

S. K. AMOUR, Chairman.
JOS. FRANCIS, Vice-Chairman.
R. DARECY.
A. N. McDONALD.
G. J. BOWDEN.
W. J. BRYSON.
C. CHAMBERS.
J. ALLAN GUY.
D. O. WATKINS.

22nd February, 1944.

APPENDIX 1.

AUSTRALIAN BROADCASTING COMMISSION—INCOME AND EXPENDITURE ACCOUNTS, 1932-33 TO 1941-42.

	1932-33.	1933-34.	1934-35.	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.	1940-41.	1941-42.
	£	£	£	£	£	£	£	£	£	£
EXPENDITURE.										
Artists' fees and programme expenses	126,002	170,400	171,297	232,405	395,711	420,239	473,696	610,491	479,601	484,171
Copyright fees	37,469	20,387	40,201	44,137	40,080*	33,222*	33,087	34,701	37,437	39,272
Broadcasting rights	2,439	8,960	9,570	9,950	13,791	16,093	15,091	16,835	17,299	15,771
Rental of telephone lines for broadcasting outside pick-up code	6,601	7,283	11,292	9,602	12,107	13,977	14,625	16,234	16,748	13,128
Commissioners' fees	1,800	1,800	1,778	1,800	1,800	1,800	1,800	1,800	1,725	1,823
Staff salaries	25,710	33,363	34,031	38,075	33,631	37,744	42,076	56,269	65,718	70,010
Rent of offices and furniture	6,770	8,901	8,351	9,482	2,339	2,772	3,142	4,823	5,003	5,416
Publicity	4,244	8,183	6,387	4,000	4,350	4,657	4,675	7,230	7,133	6,857
Depreciation	1,375	3,443	3,552	5,235	6,903	7,733	9,315	9,633	9,558	9,747
Preliminary expenses written off	1,257	1,687	1,687	..	..	..	..	2,044	3,420	3,420
Other expenses	16,892	22,325	22,320	24,646	27,421	26,862	17,004	60,425	63,765	54,029
Balance—Surplus	231,290	292,728	310,450	370,632	512,782*	573,258*	613,641	726,011	705,008	700,760
Total	200,610	326,732	405,635	470,097	658,238	642,082	720,131	773,866	720,908	700,760
A.B.C. Weekly expenditure included in "Other expenses"										
								52,208	54,883	48,901

REVENUE.										
Revenue from licence fees	260,610	314,127	460,949	461,373	520,136	500,973	638,737	700,071	679,403	656,400
Interest on investments	..	..	316	1,657	2,670	3,647	6,183	8,265	5,757	9,677
Other revenue	..	11,605	171	7,065	20,432	35,462	55,214	65,530	40,718	34,403
Balance—Loss	..	..	..	..	..	..	..	..	..	121
Total	260,610	325,732	460,935	470,097	558,238	642,082	720,131	773,866	720,908	700,760
A.B.C. Weekly revenue included in "Other revenue"										
								14,871	22,056	17,041

* The above figures are an adjustment of the figures shown in the Annual Reports for the years ended 30th June, 1937, and 30th June, 1938. The published accounts for the year ended 30th June, 1938, included an item of £22,952 representing savings in fees to A.P.H.A. for the period of 10th May, 1937, to 15th May, 1938. In this statement this sum has been apportioned over the period affected.

APPENDIX 2.

POSTMASTER-GENERAL'S DEPARTMENT—WIRELESS BRANCH.
PROFIT AND LOSS ACCOUNTS, 1932-33 TO 1941-42.

	1932-33.	1933-34.	1934-35.	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.	1940-41.	1941-42.
	£	£	£	£	£	£	£	£	£	£
EXPENDITURE.										
Upkeep and operation of broadcasting stations	43,674	37,107	45,180	56,183	75,767	85,740	88,368	122,225	141,200	147,970
Upkeep and operation of broadcasting studios	28,779	27,109	27,361	30,413	32,805	44,704	62,181	53,605	61,063	64,003
Issue, &c., of licences, inspections, &c.	42,460	55,446	62,401	70,686	81,620	91,611	97,593	99,439	95,557	107,231
Telephone circuits used for broadcasting and miscellaneous expenditure	16,333	26,230	31,682	47,023	71,564	92,410	118,587	101,825	180,000	201,600
Proportion of general administration expenses	2,778	2,743	3,217	4,700	6,820	7,122	8,140	9,090	10,650	12,417
Depreciation	15,416	17,850	18,810	30,349	30,776	38,100	46,932	57,329	67,900	69,804
Proportion of superannuation	3,767	4,136	4,900	4,781	6,054	6,098	8,135	8,612	8,121	9,185
Interest and exchange charges	10,485	11,094	15,754	13,648	17,221	21,018	20,723	21,640	20,093	20,347
Balance—Surplus	25,706	57,235	102,343	85,164	87,718	82,210	70,054	13,256	115,501	68,477
Total	192,480	269,640	371,004	344,036	409,241	469,623	610,988	547,939	680,093	682,133
REVENUE.										
Gross Revenue	503,621	634,711	770,693	805,411	939,370	1,060,465	1,176,725	1,248,010	1,369,278	1,338,602
Less—Payments to Amalgamated Wireless Ltd.	63,277	50,944	..	..	..	..	..	..	..	..
Proportion paid to Australian Broadcasting Commission	247,764	314,127	405,049	491,375	620,136	609,972	658,737	700,071	682,885	656,400
Net Revenue—Licence fees, fines, &c.	192,480	269,640	371,004	344,036	409,241	469,623	610,988	547,939	680,093	682,133

Note.—Expenditure and revenue relating to wireless services other than broadcasting are included in the above figures. For 1941-42 such expenditure and revenue amounted to approximately £18,000 and £2,000 respectively. Nevertheless, insofar as "other than broadcasting" expenditure relates to research work on radio frequency generation and transmission, broadcasting benefits.

APPENDIX 3.
POSTMASTER-GENERAL'S DEPARTMENT.
NET CAPITAL EXPENDITURE ON WIRELESS ASSETS TO 30TH JUNE, 1942.

	Total to 30th June, 1942.	1932-33.	1933-34.	1934-35.	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.	1940-41.	1941-42.	Total to 30th June, 1942.
	£	£	£	£	£	£	£	£	£	£	£	£
Broadcasting Stations	100,100	18,265	9,659	90,678	10,855	71,644	20,846	80,560	13,711	Cr. 4,886	13,833	490,769
Broadcasting Studios	17,368	5,572	10,708	8,456	9,848	17,325	21,384	17,804	12,602	8,920	11,554	141,670
Other Broadcasting and Wireless Assets	8,767	244	273	906	1,407	1,856	1,899	1,736	1,667	Cr. 2,535	977	16,897
Total	126,365	24,081	17,740	100,038	30,810	90,625	74,229	99,000	27,850	1,698	26,164	619,336
Expenditure on Wireless Buildings and Sites to 30th June, 1942—												
Buildings												188,056
Sites												21,885
Grand Total—Wireless Assets												820,277
Deduct Depreciation Reserve (approximate)												359,277
												470,000

The excess of credits over expenditure in 1940-41 was due to the dismantling of several large assets.

Total surplus on the Wireless Branch from its inception to 30th June, 1942 £ 855,554

Net Capital Expenditure on Wireless Assets to 30th June, 1942 (approximate) £ 470,000

It will be seen that approximately £470,000 of the surplus on the Wireless Branch has been absorbed by capital expenditure on Wireless Assets. In addition to these assets it has been necessary to provide transmission lines to link up the country regional transmitters with the studios situated in the capital cities. There are also programme lines between capital cities which have been installed solely for broadcasting purposes. All these lines, although used exclusively for the transmission of broadcast programmes, are treated as Telephone Assets but have involved the Treasury in considerable outlay of funds.

Moreover, in order to meet the requirements of the National Broadcasting Service, it is necessary to withdraw trunk line channels from their normal traffic use, often for appreciable periods, and to adapt them for broadcast relay purposes. The total value of the joint trunk and telegraph plant was £13,687,978, as at the 30th June, 1942. The value of the trunk equipment was £2,645,340.

APPENDIX 4.
POSTMASTER-GENERAL'S DEPARTMENT.
AGGREGATE NET SURPLUSES—ALL BRANCHES—1932-33 TO 1941-42.

	1932-33.	1933-34.	1934-35.	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.	1940-41.	1941-42.
	£	£	£	£	£	£	£	£	£	£
Telephone Branch—										
Surplus ..		200,273	402,332	884,428	1,117,458	1,283,684	1,392,492	1,038,881	1,074,011	2,189,068
Deficit ..	200,276									
Telegraph Branch—										
Surplus ..			15,010	61,963	79,791	73,020	51,017	108,283	104,797	404,005
Deficit ..	101,588	41,012								
Postal Branch—										
Surplus ..	1,471,085	1,684,068	1,828,270	1,648,385	2,055,953	2,004,561	2,105,208	1,098,146	2,174,737	2,016,343
Wireless Branch—										
Surplus ..	22,706	87,235	102,343	86,184	87,718	82,210	76,051	13,250	113,301	58,477
All Branches—										
Net Surplus ..	1,192,618	2,000,104	2,407,973	2,983,085	3,340,930	3,533,475	3,626,371	3,768,565	4,007,746	5,018,793

NOTES.—The rates charged to the public for the services rendered by this Department are not wholly fixed on the basis of cost but as a matter of Government policy to raise certain revenue and, at present, include increased charges estimated to yield over £2,000,000 per annum (£1,100,000 in 1941-42 part year only) to the Treasury to assist it in meeting its heavy commitments for expenditure on account of the war.

The revenue from services rendered by the Postmaster-General's Department is not at the disposal of the Department but forms part of the Consolidated Revenue Fund.

The revenue shown in the Postmaster-General's Department Profit and Loss Accounts includes the value of services rendered to other Departments which are only partly, or not at all, paid for in cash so that in determining the actual cash position of the Treasury, as regards the activities of this Department, Treasury figures should be used. In the next paragraph is shown the position for the last two years for which the information is available.

In 1941-42 the Treasury received in cash from Post Office Revenue £21,639,394; approximately £1,100,000 of this was from increased rates to meet war expenditure, leaving approximately £20,500,000 as legitimate Revenue. The Department spent that year, on its services, from cash provided by the Treasury, a similar amount, viz., approximately £20,500,000, which left the Treasury with no balance in cash. For 1942-43 the Treasury position was worse as its receipts from this Department totalled £24,301,000 of which approximately £2,500,000 has to be deducted as war receipts, leaving a balance of approximately £22,200,000; and the Treasury provided approximately £22,851,000 which was spent by this Department, so that the Treasury was approximately £650,000 on the wrong side of the ledger.

APPENDIX 5.
POSTMASTER-GENERAL'S DEPARTMENT—WIRELESS BRANCH.
ESTIMATED PROFIT AND LOSS ACCOUNTS—YEARS 1942-43 TO 1945-46.
Expenditure.

Expenditure.	1942-43.	1943-44.	1944-45.	1945-46.
	£	£	£	£
Upkeep and operation of broadcasting stations ..	158,000	171,200	181,800	205,000
Upkeep and operation of broadcasting studios ..	68,000	70,000	72,000	74,000
Issue, &c., of licences, inspections, &c. ..	110,000	112,000	114,000	114,000
Telephone circuits used for broadcasting and Miscellaneous expenditure ..	216,000	218,000	234,000	255,000
Proportion of general administration expenses ..	15,800	15,900	15,000	15,000
Depreciation ..	62,000	62,700	60,800	74,700
Proportion of superannuation ..	9,200	9,600	9,600	10,000
Interest and exchange charges ..	21,000	21,300	23,300	27,300
Total	656,000	679,700	719,400	775,000

Revenue.

Revenue.	1942-43.	1943-44.		1944-45.		1945-46.	
		A.	B.	A.	B.	A.	B.
	£	£	£	£	£	£	£
Gross Revenue ..	1,374,900	1,417,250	1,417,250	1,428,250	1,428,250	1,435,750	1,435,750
Less—Proportion to Australian Broadcasting Commission ..	743,543	767,388	837,150	773,238	843,632	777,563	848,250
Net Revenue—Licence fees, fines, &c. ..	631,357	649,862	580,100	655,012	584,718	658,187	587,500
Less ..	24,643	20,838	69,900	64,388	134,625	116,818	187,500
Total	656,000	679,700	679,700	710,400	710,400	775,000	775,000

A.—Basis of licence fee allocation—Australian Broadcasting Commission, 11s. ; Post Office, 9s.

B.—Basis of licence fee allocation—Australian Broadcasting Commission, 12s. ; Post Office, 8s.

NOTE.—Expenditure (£18,000) and revenue (£2,000) relating to wireless services other than broadcasting are included in the above figures. The deletion of these figures would reduce the estimated losses by £16,000 per annum. Nevertheless, insofar as "other than broadcasting" expenditure relates to research work on radio frequency generation and transmission, broadcasting may benefit.