



The Coalition's inside job on our ABC

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Introduction

Since forming government in 2013, the Coalition has waged a public war against our ABC. We've witnessed over \$337 million in budget cuts,¹ blatant attempts to censor and fire journalists for being critical of government policy,² five hostile government inquiries,³ and an overwhelming vote to privatise the ABC from the Liberal Party Council.⁴ It's a level of interference never before seen from a sitting Government towards our public broadcaster.

But the Coalition has also attacked our ABC in ways that haven't been visible, by stacking the ABC Board with their corporate mates, undermining its political independence in the process. We've recently witnessed the devastating consequences of this inside job. The Former ABC Chair Justin Milne - an old friend of Malcolm Turnbull - repeatedly sought to interfere in the ABC's editorial decisions and attempted to force management to fire senior journalists for reporting that angered the Government.⁵ The rest of the Board chose to ignore these acts of political interference.⁶

The ABC Board should champion independent journalism and protect reporting from political influence. But it's increasingly clear that Milne has effectively been acting as an agent of the Coalition Government and the rest of the board have, at the very least, sat on their hands in the face of political interference. Even former Coalition Communications Minister Neil Brown has condemned the ABC Board for sitting on their hands in the face of Milne's actions - claiming the Board now lacks legitimacy, and calling for their resignations.⁷

But the Coalition have no intention of stopping - with Prime Minister Scott Morrison point blank refusing to rule out appointing yet another Coalition lackey as the new ABC Chair.⁸ Unfortunately, the current appointment process does little to ensure the independence and integrity of the Board. Despite a 'merit-based' process being introduced in 2013, involving an 'independent' nominations panel and an external recruitment agency, the process is deeply politicised and often abused by the Minister.

This report will outline how deeply compromised the recruitment and appointment process is, examine the lead candidate under consideration for the role of Chair and other recent board appointments, and highlight reforms that would ensure the independence of our ABC's Board is protected from Government influence.

¹ Petty Turnbull budget cuts to ABC to cause lasting damage, CPSU press release, 9 May 2018.

² Minister Mitch Fifield lodges sixth complaint about the ABC in five months, Sydney Morning Herald, 1 June 2018.

³ Greens move to set up Senate inquiry into ABC interference, The Guardian, 13 October 2018.

⁴ Liberal Party council votes to sell off the ABC and move Australian embassy to Jerusalem, Sydney Morning Herald, 16 June 2018.

⁵ 'Shoot him': ABC chairman told Guthrie to sack political editor, Sydney Morning Herald, 27 September 2018.

⁶ Now Justin Milne has gone, the entire ABC board is exposed and may have to follow him out the door, Sydney Morning Herald, 27 September 2018.

⁷ 'More honoured in the abuse than application': ABC panel member hits out at board appointments, Sydney Morning Herald, 1 October 2018.

⁸ Scott Morrison says Justin Milne's ABC appointment was not 'a job for a mate', The Australian, 30 September 2018.

The Recruitment Agency: Korn Ferry

The Coalition Government abandoned the usual open-tender process for selecting an external agency to run the recruitment process for the new Chair. Instead it invited four handpicked firms to participate in a rushed limited tender process, before awarding them an unusually long two-year contract worth \$163,000.⁹ The selected firm - Korn Ferry - has strong links to the Liberal Party and their mates in big business.

Korn Ferry's Chairperson, Katie Lahey, is a former long-serving CEO of the Business Council of Australia. The BCA has long established links to the Coalition, and many of its senior staff are former Liberal party staff and directors.¹⁰ The BCA are also infamous for using millions of dollars in donations from the 100 biggest corporations in the country to campaign for the Coalition's corporate agenda during election periods.¹¹

Lahey may not be a card-carrying member of the Liberal Party, but she's certainly a regular at their functions and fundraisers.¹² Until very recently she was also a member of the Chairman's Panel for the Great Barrier Reef Foundation - another private organisation with strong links to the Coalition Government that was awarded \$443.3 billion in public funds without an open-tender process.¹³

But it gets even worse. The man in charge of leading the ABC's board recruitment process is Robert Webster - a former Coalition NSW MP and current member of the Liberal party. Webster has donated nearly \$30,000 to the Liberals over the last two financial years.¹⁴

Webster's links to the Coalition and the role he'd play in the recruitment process were disclosed in the firm's rushed tender application, but the Coalition saw no issue with it. It does, however, raise significant concerns. A former Coalition MP who still donates his own money to the Liberal party is hardly going to recommend anyone that a Coalition Government won't like.

The contract to run the ABC board recruitment process is just the latest of \$3.7 million worth of Government contracts given to the recruitment firm over the last decade.¹⁵ So what was Korn Ferry's qualifications, other than its ties to the government? Its record certainly throws up red flags - with the company infamously involved in the recruitment of the new CEO for Parramatta City Council who was later exposed for having lied on his resume.¹⁶

Despite all of this, and with no competitive open tender process to ensure they were the best available firm, the Coalition gave Korn Ferry an unusually long two-year contract - which is likely well beyond the term of this government.¹⁷ The Coalition are ensuring their friends will be able to continue filling the ABC with candidates they'd like well after they're no longer in government.

⁹ Foreign-owned recruitment firms keep profits low, and taxes lower, Australian Financial Review, 18 November 2018.

¹⁰ Business Council of Australia to ramp up role in politics, ABC News, 1 May 2018.

¹¹ Business Council of Australia to ramp up role in politics, ABC News, 1 May 2018.

¹² Search for new ABC chairman already tainted, Australian Financial Review, 24 October 2018.

¹³ Corporate figures to help decide Great Barrier Reef priorities under \$444m grant, Sydney Morning Herald, 21 May 2018; Kristina Keneally, Twitter, 23 October 2018.

¹⁴ Search for new ABC chairman already tainted, Australian Financial Review, 24 October 2018.

¹⁵ Foreign-owned recruitment firms keep profits low, and taxes lower, Australian Financial Review, 18 November 2018.

¹⁶ Hiring controversial Parramatta boss was not our call: recruiters, Sydney Morning Herald, 4 September 2018.

¹⁷ Search for new ABC chairman already tainted, Australian Financial Review, 24 October 2018.

Current front runner: Greg Hywood

The current leading candidate is Greg Hywood,¹⁸ the former CEO of Fairfax media - a man committed to gutting the ABC, just like the Coalition.

While CEO of Fairfax Media, Hywood was a leading critic of the ABC and repeatedly advocated for our public broadcaster to be scaled back and reduced to nothing more than a market failure service. He was particularly critical of the ABC providing online digital services.¹⁹

Under his tenure, Fairfax was a leading advocate of the Government's insidious competitive neutrality inquiry that threatened to gut the ABC's operations. Fairfax complained the ABC had "undermined the level playing field" in the Australian media market through its "aggressive expansion" into digital news,²⁰ and called for our ABC to "refocus its content" to things that "address market failure".²¹ Essentially, he didn't want the ABC to be allowed to create any content that was similar to that being produced by commercial media outlets.

Hywood is no champion of journalists. As CEO he hollowed out the Fairfax newsrooms - cutting 3600 people through five rounds of brutal redundancies over a six year period.²² His final act as CEO was to help orchestrate the controversial Nine-Fairfax merger that has put the masthead's editorial independence at risk. The merger has already seen 92 people lose their jobs,²³ and the likely sale of regional mastheads like the Canberra Times and Newcastle Herald²⁴ – while Hywood could collect up to an \$8.2 million payout for helping to plan it.²⁵

Nominations Panel

The 'independent' nomination panel is supposed to depoliticise board appointments, but has itself often been the subject of political stacking from the government.²⁶

The Coalition have previously appointed Janet Albrechtsen, a NewsCorp journalist who has been openly hostile towards our ABC, as well as Neil Brown, an ex-Coalition Communications Minister who advocated scrapping the ABC entirely.²⁷ Currently, the panel is led by Ted Evans, John Howard's former treasury secretary and the former Chair of Westpac.

Even when the nominations panel isn't stacked with its political allies, the Coalition has repeatedly ignored the panel's recommendations in favour of handpicking board appointments unilaterally.

¹⁸ Fairfax boss Greg Hywood emerges as candidate for ABC chairman, *The Australian*, 16 October 2018.

¹⁹ Fairfax Media boss Greg Hywood accuses ABC of threatening future of commercial rivals, *Sydney Morning Herald*, 17 May 2017.

²⁰ ABC and SBS cleared by review into claims they compete unfairly with commercial rivals, *Sydney Morning Herald*, 12 December 2018.

²¹ Fairfax condemns ABC clickbait and spending, *NewsMediaWorks*, 5 July 2018.

²² End of the Fairfax era: The complex legacy of Greg Hywood, *Sydney Morning Herald*, 3 December 2018; Greg Hywood announces his own redundancy, \$8.2m pay day, *Australian Financial Review*, 27 July 2018.

²³ Nine reveals 92 redundancies in wake of Fairfax Media merger, *Sydney Morning Herald*, 3 December 2018.

²⁴ Canberra Times faces quick sale as Fairfax is consigned to history, 10 December 2018.

²⁵ Greg Hywood announces his own redundancy, \$8.2m pay day, *Australian Financial Review*, 27 July 2018.

²⁶ Depoliticising the ABC Board and appointment process, *The Australia Institute*, September 2018.

²⁷ No Politics at Aunty's Table, *The Australia Institute*, March 2016.

How the current board was stacked



...they came to be directors of the ABC by a nominations system which is more honoured in the abuse than application of it.”

- Former member of the Independent Nominations Panel ²⁸

For years Communications Minister Mitch Fifield has ignored proper process in favour of hand-picking the Coalition's mates to be ABC Board members - including fossil fuel lobbyists, friends of senior Liberal party politicians, and even a big business lobbyist who didn't apply at all.²⁹ Of the six current government-appointed board members, four were appointed without the endorsement of the nominations panel.

Donny Walford

A fellow of big business lobby group the Australian Institute of Company Directors, Walford never even applied to be on the ABC Board. The nominations panel had never seen her, she didn't fill out an application form, she didn't even express interest in the job.³⁰

Yet she was hand-picked by the Coalition without any independent or transparent due-diligence process. At the time of her appointment, Communications Minister Fifield said she was appointed for having the 'requisite skills'³¹ - without any further explanation of how her experience met the selection criteria. In fact Minister Fifield didn't publish any formal reasons for his unilateral appointment of Walford until almost 3 months after she commenced, and even then it was a single line buried on page 3,639 of the Journals of the Senate.³²

What we do know is that Walford is a friend of the Coalition's, and as recently as October 2018 was attending their fundraisers and giving money to the Liberal Party.³³

Vanessa Guthrie

As a fossil fuel lobbyist, Guthrie was rejected by the nominations panel's merit-based evaluation process for having zero media experience or any other relevant qualifications.³⁴ But the Coalition parachuted her into the role anyway.

Guthrie is a leading figure in two organisations that are major donors to the Coalition. She is the Chair of the Minerals Council of Australia - who donated \$50,645 to the Coalition in the

²⁸ More honoured in the abuse than application: ABC panel member hits out at board appointments, Sydney Morning Herald, 1 October 2018.

²⁹ More honoured in the abuse than application: ABC panel member hits out at board appointments, Sydney Morning Herald, 1 October 2018.

³⁰ More honoured in the abuse than application: ABC panel member hits out at board appointments, Sydney Morning Herald, 1 October 2018.

³¹ Senator Mitch Fifield, Media Release: Appointment of two new directors to the ABC Board, 18 November 2015.

³² Depoliticising the ABC Board and appointment process, The Australia Institute, September 2018.

³³ ABC board member attends Liberal Party fundraiser, InDaily, 19 October 2018.

³⁴ ABC board members appointed by Fifield despite being rejected by merit-based panel, The Guardian, 28 September 2018.

2016-2017 financial year alone.³⁵ She's also a director of oil and gas mega-corporation Santos, who gave a further \$64,395 to the Coalition in the same period.³⁶

But it's not just direct contributions. The Minerals Councils have spent more than \$500 million over the past decade to help push the Coalition's dangerous pro-coal agenda and undermine climate science - including the \$22 million it spent on the infamous advertising blitz in 2010 to unseat Labor Prime Minister Kevin Rudd.³⁷

With Government Ministers accusing the ABC of publishing 'fake news' over its reporting on mining companies,³⁸ and Coalition MPs calling for the broadcaster to give more air-time to climate-deniers,³⁹ the Government has a clear motivation in stacking the ABC Board with supporters of its climate-denial agenda. Guthrie, in turn, has a vested interest in protecting the Coalition's image and encouraging friendly reporting of its pro-coal policies.

Joseph Gersh

Another appointment handpicked by the Coalition despite being deemed unsuitable for recommendation by the nominations panel⁴⁰ Gersh - a former investment banker - has a personal relationship with the Liberal party, as a close and long-term friend and confidante of former Liberal treasurer Peter Costello.⁴¹ In fact, this is not the first appointment Gersh has been given by a Coalition Government, having previously been appointed to the Reserve Bank's payment systems board by Costello himself.⁴²

Kirstin Ferguson

The current acting Chair also did not receive a recommendation by the nominations panel to be on the board. In fact, she withdrew from the nominations process entirely - but the Coalition handpicked her and personally appealed to her to accept the position.⁴³

Ferguson is a former mining executive, and is infamous for failing to protect a whistleblower who personally alerted her to a bribery scandal over a multi-billion dollar coal deal.⁴⁴

It's little wonder then that the Board did nothing to stop Milne's political interference into the ABC's editorial team - despite having documented evidence of his behaviour before it was made public.⁴⁵ Many of them were hand selected by the Coalition to provide cover for the sort of rampant interference we've seen play out in the last 12 months.

³⁵ Minerals Council of Australia, AEC Return, 2016-2017.

³⁶ Santos Limited, AEC Return, 2016-2017.

³⁷ The Minerals Council, coal and the half a billion spent by the resources lobby, Michael West, 2 October 2017.

³⁸ Cabinet minister Matt Canavan accuses ABC of publishing 'fake news' in bizarre Adani interview, Sydney Morning Herald, 22 December 2016.

³⁹ Nicolle Flint: It's time hold our public broadcaster, the ABC, to account, Adelaide Now, 14 July 2014.

⁴⁰ Senator Mitch Fifield, Media Release: Appointment of new directors to the ABC and SBS Boards, 11 May 2018.

⁴¹ ABC board members appointed by Fifield despite being rejected by merit-based panel, The Guardian, 28 September 2018.

⁴² ABC board members appointed by Fifield despite being rejected by merit-based panel, The Guardian, 28 September 2018.

⁴³ More honoured in the abuse than application: ABC panel member hits out at board appointments, Sydney Morning Herald, 1 October 2018.

⁴⁴ Top director spurned corruption whistleblower as corporate scandal grows, Sydney Morning Herald, 7 April 2016.

⁴⁵ ABC investigation fails to answer key questions about the downfall of Michelle Guthrie and Justin Milne, Sydney Morning Herald, 15 October 2018.

The Solution

Our ABC plays a vital role in our society - speaking truth to power, keeping our communities informed, and holding politicians to account. It provides essential servicing to regional areas and local radio programming not provided by commercial media. Every week, our ABC reaches 71% of Australians across the country⁴⁶ - and is widely regarded as the most trusted source of news by members of the community.⁴⁷ We want our public broadcaster to be innovating and expanding the range of quality programming it provides, not hollowing it out.

Political interference undermines the integrity of the ABC's news coverage, and risks weakening our democracy by removing the ability of our society to be kept informed by an independent and unbiased news source.

A thriving democracy requires governments to respect the editorial and programming independence of its public broadcasters. It is unacceptable that the Coalition Government has sought to undermine our ABC's independence by stacking the Board with their political mates.

ABC Board directors should be champions of public broadcasting who uphold its independence and value its public ownership - not government cronies. The appointment process for board members must be reset. Now, more than ever, our ABC needs leaders who are as committed to defending and championing public broadcasting as our communities are.



⁴⁶ ABC facts, figures and FAQs, ABC.net.au, 19 June 2018.

⁴⁷ Trust in news sources, Essential Report, 9 October 2018.

Recommendations

1. Remove the ability of the Minister to handpick board members

Any independent selection process would be undermined if the Minister is able to ignore the recommendations of the process in favour of handpicking the appointment unilaterally. The current requirement for the Minister to table reasons in Parliament for bypassing the recommendations has proved ineffective at increasing political accountability and transparency.

2. Replace the nominations panel with a genuinely cross-party committee

The best way to ensure non-partisan board appointments is to require parties across the political spectrum to reach a consensus on which candidates to recommend. Giving ownership of the process to a cross-party committee will also reduce the ability of governments to stack the nominations process with their own supporters.

3. Increase transparency of the entire process

Vacancies for Board positions and relevant selection criteria should be widely publicised on ABC and other media platforms. The names of the nominated candidates should be published publicly, along with an explanation of how they meet the advertised selection criteria.

4. Replace a government-appointed director with a second staff elected director

Reducing the number of government-appointed board members makes it harder for any Government to stack the board with their political friends. ABC Staff are also uniquely placed to protect the integrity of the organisation.

5. Replace another government-appointed director with an audience supported director

ABC audiences - the public - are the main stakeholders in our ABC and its board appointment process. But right now they have no say in who runs their public broadcaster. Applicants will self-nominate, and have their profiles public for ABC audiences to vote on. The shortlist of winning candidates would then be considered by the cross-party committee to make a reduced recommendation list to the government.