

## Pay slip at the ABC (A)

One morning in late November 2013, Australian Broadcasting Corporation staff around the country woke to find themselves in the news. More specifically, *The Australian* newspaper had published salary details of the network's highest-paid presenters and senior personnel. The hitherto confidential information had been taken from five years of payroll information leaked to a South Australian based reporter. Entitled "On air and off, the ABC spares no expense on its stars" the report revealed that the ABC's top on-screen journalist was Tony Jones who earned over \$355,000 during 2011-2012 (*Exhibit A*). ABC Managing Director Mark Scott reportedly took almost \$679,000 during the same period.<sup>1</sup> Angered by the article, Scott swiftly sent an email to ABC staff, apologising for the disclosure of their private information and vowing to uncover the source of the leak. He also explained why the organisation had resisted previous attempts to make staff salaries public:

"Whilst the public might be curious about what particularly on-air talent earn, the ABC operates in a highly competitive media environment. For the ABC to be the only media organisation where salaries are revealed puts us at a significant disadvantage to our competitors."<sup>2</sup>

Scott acknowledged that the revelations were likely to be a hot topic of conversation across office cubicles, canteens and water-coolers but noted that not all details published were accurate and that remuneration levels were considered very carefully, reflecting a number of factors. Michael Tull, national president of the Community and Public Sector Union (which represents ABC employees) agreed that individual salaries should not have been disseminated:

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This case was written by Marinella Padula, Australia and New Zealand School of Government for Professor John Alford as a basis for class discussion rather than to illustrate either effective or ineffective handling of a managerial situation.

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<sup>1</sup> Munro, P. 'ABC gave out details of its stars' salaries' *The Canberra Times*, 23 November 2013. All figures in Australian dollars.

<sup>2</sup> Knott, M. "'I'm not happy': ABC staff scandalised as salaries revealed. Crikey", 20 November 2013, [www.crikey.com.au](http://www.crikey.com.au), accessed: April 2014.

“The only people who will benefit from these revelations are commercial media outlets who now know how much they have to put on the table in order to secure the services of the ABC’s top on air talent. Given the ABC’s pockets are not as deep as rivals, it is the ABC and the viewing public that stands to lose out. The ABC is the most transparent and scrutinised media organisation in the country and the publication of the salary details of hundreds of staff is both unwarranted and unnecessary.”<sup>3</sup>

## ABC basics

The ABC is the larger of Australia’s two publicly-owned broadcasters, the other being SBS (Special Broadcasting Service) which specialises in foreign-language and multi-cultural content. In continuous operation for more than 80 years, the ABC’s role is to provide editorially independent, high-quality programming – especially news services – to all Australians. In 2012, the ABC operated four national television channels, four national radio networks, nine metropolitan radio stations, 51 regional radio stations, six digital-only radio channels, an online and mobile content division, international television and radio broadcast services, as well as retail, sales and publishing divisions. Federal funding made up almost all of the ABC’s approximately \$1 billion annual budget; in 2012, staff costs accounted for almost \$500 million.<sup>4</sup> Unlike other Australian broadcasters, the ABC did not rely on, nor feature commercial advertising. (SBS television introduced advertising in the early 1990s.) The Corporation employed some 5,400 people across Australia and in locations around the world.<sup>5</sup>

Although the ABC did not generally achieve the same audience share as commercial networks, an estimated 71 percent of all Australians accessed ABC services each week via one or more platforms.<sup>6</sup> According to community satisfaction surveys, almost 80 percent of respondents rated the quality of ABC television programming as “good”, as did more than 60 percent of radio listeners.<sup>7</sup> Respondents were substantially less positive about the overall output of commercial broadcasters. A significant majority of people also believed that the ABC was successfully fulfilling its charter obligations (*Exhibit C*) to provide diverse, balanced programming which made an important contribution to Australia’s cultural life. Two thirds of respondents agreed that the ABC was efficiently run and well managed.<sup>8</sup>

In recent years, however, the ABC had been under sustained criticism in conservative quarters. Critics frequently levelled accusations of ideological bias against the network, although independent audits cleared the network of systemically favouring any particular party, viewpoint or agenda.<sup>9</sup> Some advocated steep budget cuts; others questioned whether taxpayer funds should be diverted to broadcasting at all. News Corporation Chairman Rupert Murdoch was a particularly vocal opponent of the ABC (as well as Britain’s BBC) believing that their

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<sup>3</sup> Ibid.

<sup>4</sup> ‘Annual Report 2012’ Australian Broadcasting Corporation, October 2012, p. 179.

<sup>5</sup> Ibid.

<sup>6</sup> Ibid, p.10.

<sup>7</sup> Ibid, p.33.

<sup>8</sup> Ibid, p.33.

<sup>9</sup> Robin, M. ‘Audits clear ABC of bias, but don’t expect critics to listen’ *Crikey*, 5 May 2014.

dissemination of “free” news services unfairly undermined commercial providers.<sup>10</sup> Prior to the November 2013 salary leak, the ABC had resisted a number of Freedom of Information (FoI) requests from News Corporation publications seeking details of staff remuneration. Discussing a FoI request in January 2013, then ABC *Media Watch* host Jonathan Holmes argued that there was no real public interest in revealing individual staff salaries:

“I think it’s unnecessarily intrusive and I don’t see what it’s trying to prove...If they have reasonable grounds for suspecting the ABC is absurdly overpaying people then there might be a case for it. Otherwise it’s just a fishing expedition and I don’t see any justification for it...I negotiated my salary in what I thought were confidential conditions. My colleagues don’t know what I get paid and I don’t see why the public should. It’s up to the ABC to manage its budget as well as it can.”<sup>11</sup>

Holmes believed that publicising ABC staff salary figures in isolation could be misleading, especially when frequently bigger private sector salaries would remain confidential. Other ABC insiders feared that such a move would cause internal disharmony and lead to payrise bids. By contrast, former ABC Managing Director David Hill argued that “At the end of the day it’s taxpayers’ money and the taxpayers have a right to know where it’s going...It’s about the principle of transparency.”<sup>12</sup> He also contended that revealing salaries might diffuse some criticism of the ABC, saying “It should just be done and then it wouldn’t have to be this big an issue.”<sup>13</sup>

## Read all about it

In late November 2013, *The Australian* newspaper finally succeeded where its News Corporation stable mates had failed, publishing the individual salaries of notable ABC staff. The paper’s coverage featured figures for the organisation’s top 50 earners, including both on-air presenters and management. Their listed earnings in 2011-2012 ranged from just under \$200,000 to almost \$680,000 (*Exhibit A*). Managing Director, Mark Scott quickly issued an email vowing to investigate the breach and assured staff that, ‘As far as is possible, we look to reward our staff in ways that are fair and equitable within our budgetary constraints and these matters will continue to be reviewed at an Executive level’ (*Exhibit A*). It soon became evident that not all ABC employees agreed.

Most ABC staff were publicly non-committal about the matter or limited their remarks to *The Australian*’s conduct but veteran broadcaster Philip Adams, who ranked outside the Top 50, didn’t hold back: “I’m not happy ... always accepted the fiction that we were paid much the same...[S]eems I’m heavily discounted. Half price. Will be discussing it with ‘upstairs’.”<sup>14</sup>

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<sup>10</sup> Dyer, G. And Keane, B. ‘The ABC v the Murdochs: your guide to the battlefields’ Crikey, 3 December, 2013, [www.crikey.com.au](http://www.crikey.com.au), accessed: April 2014.

<sup>11</sup> Knott, M. ‘What’s in Tony Jones’ pay packet, and whether you should know’ Crikey, 8 January 2013, [www.crikey.com.au](http://www.crikey.com.au), accessed: April 2014.

<sup>12</sup> Ibid.

<sup>13</sup> Ibid.

<sup>14</sup> Knott, M. “‘I’m not happy’: ABC staff scandalised as salaries revealed.” Crikey, 20 November 2013, [www.crikey.com.au](http://www.crikey.com.au), accessed: April 2014.

Some, however, chose to express their displeasure anonymously like one senior broadcaster who described the mood in the ABC newsroom following the revelations:

“I think it hit like a small tsunami, actually...The newsroom was quite tense because a lot of ordinary foot-soldiers had gone for small pay increments and been told there was no money left... There is no fairness in this as such. Some of those top salaries ought to be downgraded by \$50,000 to \$80,000, frankly...The pay disparities were pretty staggering and the issue probably won't go away fast.”<sup>15</sup>

Commentary from inside and outside the organisation raised a number of different issues. One was the divide between wages paid to Sydney-based staff versus interstate employees. “It leads to a lot of sideways glances and arguments about parity,” said a Melbourne staffer, “Why would a Melbourne newsreader be paid half of what a Sydney newsreader gets? This is further evidence of how Sydney-centric the ABC has always been.”<sup>16</sup> Northern Territory (NT) presenters were reportedly quite dismayed: the Territory’s 7pm TV news presenter, Claire Mackay, was revealed to have earned \$79,648 in 2011-2012, compared to her NSW counterpart, Juanita Phillips, who took \$316,454. Meanwhile, Louisa Rebgetz, then host of the NT’s 7.30 Report, was listed as earning just \$60,035 – less than an administrative officer at the ABC's Sydney headquarters.<sup>17</sup> Some remarked upon the relative lack of women amongst the organisation’s upper echelons while others queried apparent anomalies between pay and output. They questioned why, for instance, Leigh Sales was paid less than Quentin Dempster when her programme aired four nights per week and his just once?

Meanwhile, employees of commercial networks confirmed that ABC senior management and on-air talent were indeed paid less than their commercial counterparts. High-profile presenters, for example, would earn at least two-three times more than the ABC’s top earner, Tony Jones. Mark Scott’s salary was also well below his peers’. Despite that, most media observers did not expect an imminent exodus of senior ABC staff or a bidding wars between networks. Some of the ABC’s biggest names would probably struggle to find a suitable niche at a commercial broadcaster and would likely miss the editorial freedom they enjoyed, along with other benefits. They also noted that many of the ABC’s best known-faces had segued into lucrative sidelines such as public speaking, hence their ABC salaries did not necessarily reflect their true income.

Approximately 48 hours after *The Australian* first published the salary figures, an internal investigation located the source of the leak – payroll information was inadvertently embedded in data sent to South Australian Family First MP Robert Brokenshire as part of an unrelated FoI request. One of his staffers then forwarded it to *The Australian*, unbeknownst to the MP. ABC Managing Director Mark Scott issued another staff communiqué informing them of developments and the organisation’s plans to prevent future security lapses (*Exhibit D*).

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<sup>15</sup> Munro, P. “‘Your’ salaries uncapped’ *The Sydney Morning Herald*, 23 November 2013.

<sup>16</sup> Ibid.

<sup>17</sup> Bennett, C. ‘ABC pay leaks reveal massive area disparity’ *Northern Territory News*, 22 November 2013.

He also added:

“There is a legitimate public debate about the appropriate level of disclosure for areas of public expenditure. The ABC has always complied with all legal requirements in this area. In releasing personal details like this, media companies and newspaper editors will make their decisions. Readers will judge their motivation and the credibility of their justification for publication. My concern for staff was that the ABC had not kept confidential, important private information...In any organisation, the release of this kind of information would be distracting and disruptive. I know our staff are committed to the work the ABC does and the special role it plays in Australian life. Despite the noise this has created in some circles, I am confident we will get on with our job of creating great programs and delivering outstanding journalism; as we have done this week. That is what our owners, the Australian public, want us to do. It is that commitment that makes us the most trusted and respected media organisation in the country.”<sup>18</sup>

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<sup>18</sup> Collins, B. ‘Here Is Mark Scott's Full Note To ABC Staff After The Devastating Salary Revelations This Week’ Business Insider Australia, [www.businessinsider.com.au](http://www.businessinsider.com.au), accessed: April 2014.

## Exhibit A: ABC top 50 earners 2011-2012

		\$
Mark Scott	Managing Director	678,940
David Pendleton	Chief Operating Officer	362,838
Kim Dalton	Director of Television	359,238
Tony Jones	Journalist	355,789
Lynley Marshall	Director ABC Commercial	355,492
Paul Chadwick	Director Editorial Policies	350,978
Kate Torney	Director News	350,394
Robert Simpson	Director Legal and Business Affairs	344,713
Angela Clark	Director ABC Innovation	334,225
Juanita Phillips	Journalist	316,454
Kenneth Gallacher	Director Technology	315,500
Michael Millett	Director Corporate Affairs	314,801
Murray Green	Director ABC International	300,746
Katherine Dundas	Director Radio	298,207
Quentin Dempster	Journalist	291,505
Richard Glover	Presenter	290,000
Jonathon Faine	Presenter	285,349
Leigh Sales	7.30 Host	280,400
Bruce Dover	Chief Executive Australia Network	279,006
Brendan Dahill	Controller ABC 1	266,300
Brian Jackson	Director Business Services	260,000
Chris Uhlmann	7.30 Political Editor	256,400
Ursula Groves	Director People and Learning	255,270
Frances Kelly	Presenter	255,000
Alun Noll	Director Multi Channel Retailing	

		\$
Barrie Cassidy	Presenter Insiders	243,478
Alexander Menzies	Controller ABC 2	239,649
Virginia Trioli	Senior Presenter ABC News Breakfast	235,664
Timothy Brooke Hunt	Controller Childrens	235,507
David Crittenden	Director ABC Newsroom	234,000
Andrew Cavenett	Head Production Planning and Business	234,000
Robert Hutchison	General Manager Digital Business Devel	231,115
Michael Mason	Group Program Director	230,641
Mark Tapley	Consultant to the Managing Director	226,600
Michael McClusky	Chief Executive Radio Australia	224,682
Gerard Whateley	Broadcaster	222,740
Leon Coningham	General Manager Sales and Distribution	220,546
Bruce Belsham	Head Current Affairs	219,106
Jennifer Collins	Head Entertainment	219,106
Annabel Crabb	Chief Political Writer ABC News 24	217,426
Diana Constantini	Head Marketing Television	216,983
Gaven Morris	Head Continuous News	213,210
Michael Ward	Head Operations Planning	212,715
James Middleton	Australia Network Presenter	208,831
Joanne Wathen	Manager Product and Content Devel.	208,375
Carole Sklan	Head Fiction	205,548
Gary Linnane	Head ABC Secretariat	204,773
Margaret Cassidy	Deputy Director Technology	198,700
Peter Stapp	Developer	198,233
Jacob McMullin	Developer	198,233

Source: The Top 50: their paypackets at your ABC, *The Australian*, 20 November 2014

## **Exhibit B: Mark Scott Email to ABC staff (1)**

This morning *The Australian* has published salary information about some members of our staff, from what the newspaper suggests is leaked payroll data.

My advice is that some of the information is clearly wrong and other parts out-of-date. We are not precisely sure at this point what information has been accessed and is in the possession of the paper. First and foremost, I want to apologise that information like this has not been securely managed. Staff are entitled to be concerned and upset. I have asked for a full and complete investigation about how this highly confidential material was accessed.

The matter of whether ABC staff salaries should be publicly disclosed was subject to debate and a special “in-camera” hearing by a Senate Committee some years ago. Of course, there is an argument that because we are paid by the taxpayers, the taxpayers are entitled to know what everyone is paid. The ABC currently meets all its legal requirements on remuneration reporting through the Annual Report.

We argued successfully in the Senate, however, that the issue was more complicated than that. Our arguments went beyond the privacy of our staff. Whilst the public might be curious about what particularly on-air talent earn, the ABC operates in a highly competitive media environment. For the ABC to be the only media organisation where salaries are revealed puts us at a significant disadvantage to our competitors.

Aside from staffing matters, the ABC has many contractual matters around the provision of goods and services that are confidential, because public disclosure would be damaging to the ABC and put us at a disadvantage to everyone else. It would hurt our ability to manage the ABC efficiently and effectively. This seems uncontroversial.

At the Senate we discussed how ABC remuneration was set and reviewed. Senators were assured, as the figures released today testify, that high profile ABC talent are not overpaid compared to their commercial counterparts.

The story will doubtlessly be the topic of numerous internal conversations today! I expect that if any organisation’s payroll was revealed, it would raise queries and questions. In some roles, particularly those with competitive market pressures, there are many reasons that go into setting a particular remuneration level.

As far as is possible, we look to reward our staff in ways that are fair and equitable within our budgetary constraints and these matters will continue to be reviewed at an Executive level.

Kind regards

Mark Scott  
Managing Director

Source: Knott, M. “‘I’m not happy’: ABC staff scandalised as salaries revealed.” Crikey, 20 November 2013, [www.crikey.com.au](http://www.crikey.com.au) , accessed: April 2014.

## Exhibit C: ABC charter and duties of the board

From the *Australian Broadcasting Corporation Act 1983*

### 6. Charter of the Corporation

- 1 The functions of the Corporation are:
  - (a) to provide within Australia innovative and comprehensive broadcasting services of a high standard as part of the Australian broadcasting system consisting of national, commercial and community sectors and, without limiting the generality of the foregoing, to provide:
    - (i) broadcasting programs that contribute to a sense of national identity and inform and entertain, and reflect the cultural diversity of, the Australian community;
    - (ii) broadcasting programs of an educational nature;
  - (b) to transmit to countries outside Australia broadcasting programs of news, current affairs, entertainment and cultural enrichment that will:
    - (i) encourage awareness of Australia and an international understanding of Australian attitudes on world affairs; and
    - (ii) enable Australian citizens living or travelling outside Australia to obtain information about Australian affairs and Australian attitudes on world affairs; and
  - (c) to encourage and promote the musical, dramatic and other performing arts in Australia.
- 2 In the provision by the Corporation of its broadcasting services within Australia:
  - (a) the Corporation shall take account of:
    - (i) the broadcasting services provided by the commercial and community sectors of the Australian broadcasting system;
    - (ii) the standards from time to time determined by the ACMA in respect of broadcasting services;
    - (iii) the responsibility of the Corporation as the provider of an independent national broadcasting service to provide a balance between broadcasting programs of wide appeal and specialised broadcasting programs;
    - (iv) the multicultural character of the Australian community; and
    - (v) in connection with the provision of broadcasting programs of an educational nature—the responsibilities of the States in relation to education; and
  - (b) the Corporation shall take all such measures, being measures consistent with the obligations of the Corporation under paragraph (a), as, in the opinion of the Board, will be conducive to the full development by the Corporation of suitable broadcasting programs.
- 3 The functions of the Corporation under subsection (1) and the duties imposed on the Corporation under subsection (2) constitute the Charter of the Corporation.
- 4 Nothing in this Section shall be taken to impose on the Corporation a duty that is enforceable by proceedings in a court.



## 8. Duties of the Board

- 1 It is the duty of the Board:
  - (a) to ensure that the functions of the Corporation are performed efficiently and with the maximum benefit to the people of Australia;
  - (b) to maintain the independence and integrity of the Corporation;
  - (c) to ensure that the gathering and presentation by the Corporation of news and information is accurate and impartial according to the recognized standards of objective journalism; and
  - (d) to ensure that the Corporation does not contravene, or fail to comply with:
    - (i) any of the provisions of this Act or any other Act that are applicable to the Corporation; or
    - (ii) any directions given to, or requirements made in relation to, the Corporation under any of those provisions; and
  - (e) to develop codes of practice relating to:
    - (i) programming matters; and
    - (ii) if the Corporation has the function of providing a datacasting service under section 6A—that service; and to notify those codes to the ACMA.
- 2 If the Minister at any time furnishes to the Board a statement of the policy of the Commonwealth Government on any matter relating to broadcasting, or any matter of administration, that is relevant to the performance of the functions of the Corporation and requests the Board to consider that policy in the performance of its functions, the Board shall ensure that consideration is given to that policy.
- 3 Nothing in subsection (1) or (2) is to be taken to impose on the Board a duty that is enforceable by proceedings in a court.

Source: 'Annual Report 2012' Australian Broadcasting Corporation, October 2012, p.206.

## **Exhibit D: Mark Scott email to staff (2)**

Colleagues,

Earlier this week I wrote to you about the publication of confidential ABC salary information.

You will be aware that salary details of staff members have been released in News Corp newspapers.

There is a legitimate public debate about the appropriate level of disclosure for areas of public expenditure. The ABC has always complied with all legal requirements in this area.

In releasing personal details like this, media companies and newspaper editors will make their decisions. Readers will judge their motivation and the credibility of their justification for publication.

My concern for staff was that the ABC had not kept confidential, important private information. We were concerned about a deliberate leak or computer hacking and asked for an expedited investigation from our Group Audit team.

Their investigation has shown that the material was inadvertently sent to the office of a South Australian Member of Parliament in October last year in response to a request under the Freedom of Information Act.

The request was for simple summary information regarding staff numbers in certain regional areas and at Ultimo from 2007 to 2012. The payroll detail was accessed through material embedded underneath a simple one-page spreadsheet showing the relevant staffing numbers. The hidden detail included confidential information for all ABC staff for the last pay cycle for the six financial years from 2006/07 to 2011/12: annual salary/pay, date of birth, and name (only) of the relevant superannuation fund. No details such as bank account information or tax file numbers were included.

Clearly, at the ABC, this material was created and distributed in an inappropriate way. Again, I want to apologise for our failure in that regard. New protocols for handling organisational data have been implemented and will be closely reviewed by Group Audit.

The ABC is notifying the Privacy Commissioner of the matter and the steps being taken in response.

I want to thank the team at Group Audit for their forensic work in a short time to uncover how this information left the ABC systems.

In any organisation, the release of this kind of information would be distracting and disruptive. I know our staff are committed to the work the ABC does and the special role it plays in Australian life.

Despite the noise this has created in some circles, I am confident we will get on with our job of creating great programs and delivering outstanding journalism; as we have done this week. That is what our owners, the Australian public, want us to do. It is that commitment that makes us the most trusted and respected media organisation in the country.

Mark Scott  
Managing Director

Source: Collins, B. 'Here Is Mark Scott's Full Note To ABC Staff After The Devastating Salary Revelations This Week' Business Insider Australia, [www.businessinsider.com.au](http://www.businessinsider.com.au), accessed: April 2014.