

Labor Senators' Dissenting Report

1.1 Labor Senators believe that the Australian Broadcasting Corporation (ABC) is one of Australia's most important public institutions. We believe the ABC plays a crucial role in adding to the diversity of news in our media landscape and providing an opportunity for Australian content to be shown and heard. The ABC also plays a vital role in our regional, rural and remote communities providing local news, public announcements and emergency messages.

1.2 Labor Senators affirm and advocate the independence of the ABC and understand the importance of safeguarding our national broadcaster from political interference. In Government, Labor implemented measures to protect the institutional independence of our public broadcasters and their governing boards.

1.3 Labor Senators value Australia's tradition of strong public sector broadcasting. In Government, Labor provided funding that helped establish a dedicated digital children's channel and supported efficiency measures in the ABC that helped fund ABC News 24 and ABC online. Labor's 2016 election commitment was to invest \$60 million over three years in the ABC to produce local drama—a funding boost that would have provided an opportunity for Australian stories to feature prominently in the ABC's schedule in a market that is increasingly being dominated by international content. These commitments demonstrate that Labor puts people, and the services they rely on, first.

1.4 Labor's positive approach is in stark contrast to that of the Liberal-National Coalition who, in breach of an election promise, slashed more than \$250 million from the public broadcaster in the disastrous 2014 Budget and then cut further in the 2016 Budget. We note the ABC submission, made prior to the 2016 budget, which states:

In 2014, the Government imposed funding cuts on the Corporation over a five-year period. In addition to further cuts announced during the course of 2014, the overall reduction is \$355 million over five years.¹

And:

The ABC is on track to deliver its required funding cuts via support service efficiencies and other non-audience-facing measures. The opportunity cost, however, of the funding cuts is the ability of the ABC to be more agile in addressing areas of need. It is a pool of diminishing returns—as the Corporation continues to service its budget reduction; it is ever more difficult to use internal efficiencies to invest elsewhere.²

1.5 Labor Senators note that, in this context, the Government commissioned the ABC and SBS Efficiency Study 'to identify potential savings from the many "back of

1 Australian Broadcasting Corporation (ABC), *Submission 16*, p. 14.

2 Australian Broadcasting Corporation (ABC), *Submission 16*, p. 15.

house" functions of the public broadcasters' operations. This included administration, use of equipment, property and technologies'.³ The study report identified the discontinuation of shortwave radio services as an area of potential savings,⁴ among a range of findings which also included 'the suggestion that the broadcasters investigate the feasibility of: options to charge audience members for content beyond the free period; charging for high definition and/or archival content; [and] monetising content through advertising' with respect to online catch-up services.⁵

1.6 Labor Senators are concerned that Coalition budget cuts are putting pressure on the ABC to find efficiencies in ways that may undermine important service provision. It is our view that the ABC's decision to cease shortwave radio transmission in the Northern Territory (NT) is an example of the national broadcaster having to make trade-offs as it is being stretched to deliver on its mandate to, among other things, provide both 'comprehensive broadcasting services'⁶ and 'digital media services'⁷ in a media landscape undergoing transformational change. Efficiencies were cited in the ABC's December 2016 announcement on shortwave cessation as follows:

Michael Mason, ABC's Director of Radio said, "While shortwave technology has served audiences well for many decades, it is now nearly a century old and serves a very limited audience. The ABC is seeking efficiencies and will instead service this audience through modern technology".⁸

1.7 Further, we note evidence from the ABC's Director of Regional who stated to the Committee:

[T]he ABC must make clear-headed and rational decisions about the services it can provide within a finite budget envelope...[T]he ABC's recent decision regarding the Northern Territory short wave services...is a case in point.⁹

1.8 Labor Senators note the uneven service availability across Australia, and are concerned that the push to find efficiencies is seeing the national broadcaster assert that the existence of VAST (Viewer Access Satellite Television) in remote NT

3 The Hon Malcolm Turnbull, 'ABC and SBS Efficiency Study—release of report', *Media release*, 1 December 2014.

4 Department of Communications, *ABC and SBS Efficiency Study: Draft Report*, April 2014, p. 91.

5 Department of Communications, *ABC and SBS Efficiency Study: Draft Report*, April 2014, p. 60.

6 *Australian Broadcasting Corporation Act 1983*, s 6(1)(a).

7 *Australian Broadcasting Corporation Act 1983*, s 6(1)(ba).

8 Australian Broadcasting Corporation, 'ABC Exits Shortwave Radio Transmission', *Press Release*, 6 December 2016.

9 Mrs Fiona Reynolds, Director of Regional, Australian Broadcasting Corporation, *Committee Hansard*, 6 March 2017, p. 33.

satisfies the requirement to provide 'comprehensive' broadcasting services, despite it not being a substitute for radio transmission in terms of the accessibility and portability of a shortwave radio receiver compared to a satellite receiver. Similarly, with respect to the cancellation of a number of music programs on Radio National, the Corporation is asserting that audio music programs delivered over digital television provide alternative access to ABC music programming for audiences in rural and regional areas, despite the need for a digital television receiver and the concomitant impact on portability.

1.9 It is instructive to note evidence to the inquiry canvassing what is known as the 'digital divide' in Australia:

We know that Radio National, via its powerful AM and FM transmitters, reaches most of Australia's rural community with a strong, portable, accessible signal. It is a great platform for RN music...

ABC management told us...that regional and rural listeners could access similar programming on DAB+ digital radio or digital streaming stations on the internet or digital TV audio streaming. This basically shows that they do not understand how their rural listeners access the ABC content. The decision is premature.

Digital DAB radio is a really nice signal, but it can only be heard in five capital cities and, shortly, Darwin and Canberra. There are no specific plans for the time line by the CRA [Commercial Radio Australia], in conjunction with the ABC, to roll out DAB+ to rural communities...DAB+ radio does not exist in the bush.

Digital streaming radio stations via the internet is part of the future, but it is just a delivery system, with the usual benefits and problems of any delivery system...Our 23,000 supporters regularly tell us of their reception loss, loss of streaming, dropping to 3G, slow or no internet and poor mobile reception. Finally, not everybody can afford a smartphone with a fat data contract, but they usually have a radio in their car, kitchen or bedroom. In fact, industry figures say that 96 per cent of households have at least four radios.

Digital TV requires a TV set, a big fat aerial if you live in the country, and it is plugged into the wall. It is not portable. As well, the content is mostly poor cousin to you iPod, with little or no curating and no artist or song details. It is not radio...The radio industry-wide survey in August last year indicated that only 2.1 per cent of people listen via digital TV audio. It is no substitute for Radio National on the AM/FM bands across Australia.¹⁰

1.10 Labor Senators note that the Australian Broadcasting Corporation Amendment (Rural and Regional Advocacy) Bill 2015 (the bill) was introduced by Nationals Senator Bridget McKenzie on 1 December 2015, after the announcement of the Coalition Government's significant budget cuts to the ABC. The bill is for an Act

10 Mr Geoffrey Horsnell, Campaign Committee and Specialist Radio Consultant, Save RN Music Campaign, *Committee Hansard*, 6 March 2017, p 12.

to amend the Charter and board composition in the *Australian Broadcasting Corporation Act 1983* (the ABC Act), and for related purposes.

1.11 Labor Senators note that the Committee supports the bill only on the proviso that substantial amendments are made.

1.12 Labor Senators understand that the bill picks up on broad and valid concerns about rural and regional media coverage in Australia, including ABC media coverage. We understand and share in widespread concern about the decline of rural and regional media coverage in Australia. We note the frustration of regional media broadcasters at the Government's failure to make progress on media reform¹¹ despite the fact the Coalition has the support of Labor to repeal the outdated 75 per cent reach rule and to strengthen local content obligations. We further note the MEAA submission which states:

Traditional rural and regional media voices—across print, broadcast television and radio have been in decline for some time and this trend shows no sign of abating. The unfolding crisis in rural and regional media coverage is far greater than the ABC's role and contribution. Diversity and local content are rapidly diminishing across the board as funds dry up in both commercial and public media organisations.¹²

1.13 Referring specifically to the ABC, the MEAA notes:

The reorganisation of regional services has occurred on several occasions in the last decade or so. These reorganisations are always attended by supportive words and some new deeds; they cannot, however, mask the slow deterioration in the ABC's actual presence in regional communities.¹³

1.14 Labor Senators acknowledge that the Senate Inquiry into the bill provided a useful opportunity for the Committee to explore concerns about rural and regional media in Australia, as well as for adducing evidence about the impact of recent ABC decisions to cease shortwave radio transmissions and cut most music programming from Radio National, which occurred during the course of the Inquiry.

1.15 Labor has made representations to Government on its concerns about programming cuts to Radio National and the cessation of shortwave radio. On these matters, Labor Senators understand there is merit in the Committee's observation that the ABC has moved towards providing more digital content without sufficient regard to how appropriate this format is for many living in rural and remote Australia, and that digital technology is limited in rural and regional Australia due to insufficient internet and mobile phone coverage. Satellite technology is unreliable during rain and heavy smoke, and some technologies require a fixed base station and power supply. In

11 RadioInfo, 'Mitch still not switched on Media Reform', 3 April 2017.

12 Media Entertainment and Arts Alliance (MEAA), *Submission 10*, pp. 4–5.

13 Media Entertainment and Arts Alliance (MEAA), *Submission 10*, p. 14.

some areas there is no mobile reception or radio reception, which is highly concerning in emergency situations.

1.16 While Labor Senators are sympathetic to the concerns picked up on in the bill, and found the inquiry process to be a useful evidence-gathering opportunity, we have reservations about the bill itself on three key fronts:

1.17 Firstly, Labor Senators do not support amending the ABC Act unless there is compelling evidence of a problem or deficiency with the ABC Act. Based on evidence to the inquiry, Labor Senators are not satisfied that the ABC Act is the problem. Under the current Act, the ABC has maintained a strong commitment to rural and regional Australia in the face of harsh budget cuts.

1.18 Secondly, Labor Senators are not satisfied that amending the ABC Act as drafted by Senator McKenzie and/or as amended by the Committee would solve the problems as identified, furthermore the proposals in the bill risk interfering with ABC independence and may be costly and/or duplicative.

1.19 Thirdly, Labor Senators note the bill does nothing to address the key issues relating to ABC budget pressures or general differences in service availability in rural and regional areas.

1.20 It is the view of Labor Senators that the current ABC Act is fit for purpose and that the real problem is that recent Coalition funding cuts to the ABC mean the ABC is being spread too thinly, being asked to do too much with too little and being forced into making 'efficiencies' that undermine its ability to serve both the spirit and the letter of the ABC Charter. We acknowledge the submissions of MEAA and CPSU:

..."In an era where the fragmenting media landscape means newspapers are downsizing or closing in regional areas, it is more important than ever that the ABC is funded to remain a news-forward, responsive and in-depth provider of quality news for regional Australians"...The ABC's regional service delivery cannot be divorced from the organisation's funding.¹⁴

And:

In the context of regional and rural Australia, the CPSU assert that the ongoing decline in the ABC's real funding, coupled with the Coalition's unsustainable cuts to the ABC budget in 2014 present a more immediate and imminent threat to the programs and services that regional and rural Australians enjoy and rely on.¹⁵

14 Media Entertainment and Arts Alliance (MEAA), *Submission 10*, pp. 13–14.

15 Community and Public Sector Union (CPSU), *Submission 22*, pp. 1–2.

Proposed ABC Charter amendments

1.21 Labor Senators regard the current ABC Charter to be fit for purpose and understand it is important maintain a clear distinction between concerns with the way in which the ABC Executive implements the Charter, and concerns about the Charter itself.¹⁶ We accept the ABC's submission that 'the current Charter create[s] obligations for the ABC to serve regional and rural Australians,'¹⁷ provides a firm and clear mandate for the Corporation to deliver a high level of broadcast service in the regions and that 'the ABC effectively delivers on that mandate'.¹⁸ We consider current provisions in section 6 of the Act to be sufficient and accept the ABC's submission that the current phrases "national identity" and "cultural diversity" must be and are interpreted broadly.¹⁹

1.22 Labor Senators acknowledge the strong commitment and achievements of the ABC with respect to rural and regional Australia, which is understood by the ABC to be the one-third of Australians who live outside the capital cities. We note that the range of ABC regional initiatives, including ABC programming such as *The Country Hour*, *Landline* and *Back Roads*, the creation of the ABC's Regional Division in 2015 and the March 2017 announcement of a Content Fund including a \$15 million per year investment in regional jobs and extra digital and video output,²⁰ were realised without the inclusion of the words "regional" or "geographic" in the Charter.

1.23 In view of the range of ABC endeavours in rural and regional, Labor Senators find it difficult to accept the proposition that there are shortcomings with the ABC Charter with respect to regional and rural Australia. To the extent that coverage, amount or frequency of local news could be improved, we note that the problem is not related to the ABC Act, but to other factors.

1.24 Labor Senators do not consider that the proposed Charter amendments clarify or improve existing provisions and are wary that, they may serve to narrow the existing interpretation. Further, such amendments may impede the Corporation's editorial independence by compromising its efforts in ensuring other aspects of the Charter are carried out.²¹

16 Community and Public Sector Union (CPSU), *Submission 22*, p. 1.

17 Australian Broadcasting Corporation (ABC), *Submission 16*, p. 1.

18 Australian Broadcasting Corporation (ABC), *Submission 16*, p. 3.

19 Australian Broadcasting Corporation (ABC), *Submission 16*, p. 6.

20 ABC, '\$50 million audience investment in ABC transformation', *Press Release*, 7 March 2017.

21 Media Entertainment and Arts Alliance (MEAA), *Submission 10*, p. 3.

Proposed ABC Rural and Regional Advisory Council

1.25 Labor Senators regard the proposal for a further, rural and regional-specific, ABC Advisory Council does not seem to be the best use of resources, given the ABC is already stretched in service provision and given it would overlap with the existing ABC Advisory Council. We note that the current ABC Advisory Council includes members who reside outside of capital city locations,²² that it is open to the existing Council to advise on rural and regional matters and that the Corporation already conducts an annual Newspann of ABC audiences.²³

1.26 Labor Senators consider that the level of public consultation undertaken by the ABC was lacking around ABC decisions to cease shortwave radio transmission in the Northern Territory, and to cut music programming from Radio National. We note that Labor Senators and Members alike have been proactive in supplying this feedback to the ABC, while Labor Senators have called the ABC to account to provide transparency for these decisions through Senate Estimates processes.

1.27 Labor Senators note that the insertion of a requirement for the ABC Board to consult with the proposed Rural and Regional Advisory Council before implementing any policy affecting regional areas does not amount to a requirement to consult with such council before making an actual policy decision affecting regional areas. While the proposed amendment is careful to preserve ABC independence, on the other hand we are not convinced of its efficacy in addressing concerns identified in the inquiry.

Proposed ABC Board appointments amendment

1.28 Labor Senators note that the Committee does not support the requirement that two non-executive members of the Board reside in a regional area and recommend a more relaxed requirement around having a 'regional interest', along with the requirement that the Minister must table a statement of reasons in the Parliament detailing how the appointees satisfy that requirement.

1.29 Labor Senators accept that '[t]he ABC is a corporation operating in a complex and rapidly-changing media environment', that '[s]tewardship of that business requires board members with business and media skills' and that it would be concerning 'if geographic quotas were to hinder the ability of Government to choose people best qualified to help steer the Corporation through this challenging landscape'.²⁴ We otherwise accept the view expressed by the MEAA that 'the appointment of two Board

22 According to the ABC Annual Report, the 12 members of the Advisory Council reside in Albert Park VIC, South Melbourne VIC, Braddon ACT, Inglewood WA, Parilla SA, Youngtown TAS, Coburg North VIC, Nhulunbuy NT, Sherwood QLD, Westbrook via Singleton NSW, Bentleigh VIC and Figtree NSW (pp. 136–137)

23 Australian Broadcasting Corporation (ABC), *Submission 16*, p. 9.

24 Australian Broadcasting Corporation (ABC), *Submission 16*, p. 10.

members whose principal residence is in regional and/or rural Australia does not in itself qualify a person to provide advice to the national broadcaster'.²⁵

Proposed content and staffing amendments

1.30 Labor Senators note that the Committee does not support these proposals and recommends they be omitted from the bill.

1.31 Labor Senators understand the appeal of regular regional or local news bulletins, and employment of a proportion of staff in regional areas, but does not regard setting such requirements for an independent national broadcaster in to legislation to be optimal for an independent national broadcaster. Further, we note the recent March 2017 announcement by the ABC of its plans to reinvest in regional services as having superseded this element of the bill.

1.32 Labor Senators note that the MEAA supports these objectives, subject to their compatibility with the ABC's independence and on the fundamental qualification that the bill's objectives cannot be supported without the guarantee of additional protected funding as rural and regional broadcasting should not have to take precedence or compete with the rest of the ABC's operations. The MEAA notes here that funding is critical:

[T]he Government and the ABC must acknowledge that the delivery of relevant local news and stories in regional areas requires employees living where the stories happen. Honouring a requirement that the Corporation broadcast at least 5 radio bulletins that consist solely or primarily of regional or local news between 5am and 8pm, at regular intervals, will be doomed if dedicated additional resources are not made available.²⁶

Further:

If a suitable funding increase to regional editorial (and related) employees, MEAA would support the requirement that the Corporation facilitate the employment of a proportion of staff in regional areas.²⁷

Proposed Annual reporting amendments

1.33 Labor Senators understand the desirability of enhancing transparency and accountability arrangements, particularly around employee locations, ratios of journalists to support staff and particulars of hours of local rural and regional news broadcasts, for example.²⁸ We encourage the ABC to provide such transparency through existing processes and reporting requirements.

25 Media Entertainment and Arts Alliance (MEAA), *Submission 10*, p. 4.

26 Media Entertainment and Arts Alliance (MEAA), *Submission 10*, p. 5.

27 Media Entertainment and Arts Alliance (MEAA), *Submission 10*, p. 5.

28 Media Entertainment and Arts Alliance (MEAA), *Submission 10*, p. 6.

Shortwave radio and RN music

1.34 Labor Senators agree with the view of the Committee that:

[C]onsideration of the limitations of digital technologies in rural and regional Australia should be part of the ABC's aim to improve the provision of local services...The termination of shortwave transmission services in the Northern Territory is a case in point. The committee considers that this was an ill-advised decision which appears to have been based on a lack of research on audience reach and lack of understanding of the importance of shortwave services in some of the remotest parts of Australia.²⁹

1.35 Labor Senators are not satisfied that the ABC's decisions on shortwave radio and Radio National music cuts were undertaken in accordance with best practice. We are disappointed that the ABC didn't consult appropriately, and thus did not provide transparency or obtain relevant evidence for considering alternative options as part of the decision-making process.

1.36 Similarly, Labor Senators are not satisfied the Government has done all it can to investigate the impact of cessation of shortwave transmission, or explored options for reinstating shortwave transmissions in the NT and Pacific, despite representations from Labor.³⁰

Emergency broadcasting

1.37 Labor Senators concur with the Committee that the ABC plays an important role in providing emergency broadcasts and that, although other broadcasters also provide emergency information, many in the community see the ABC as the national emergency broadcaster.

Recommendations:

Rather than recommending that the bill be passed, whether or not subject to amendment as recommended by the Committee:

1.38 Labor Senators recommend that the ABC Board review its role as an emergency service broadcaster, in light of community expectations, with a view to formalising this vital function.

1.39 Labor Senators recommend that the ABC Board and ABC Management review their interpretation of what it means to provide 'comprehensive broadcasting services' in view of evidence to this inquiry that various satellite

29 Senate Environment and Communications Legislation Committee, Report of Inquiry into ABC (Rural and Regional Advocacy) Bill 2015, para 3.7.

30 The Hon Bill Shorten MP, Leader of the Opposition, Letter to the Hon Malcolm Turnbull, 26 January 2017.

and digital technologies do not provide an adequate substitute for radio transmissions in various rural, regional and remote areas of Australia.

1.40 Labor Senators recommend that the ABC Advisory Committee consider the discharge of its role in relation to advising the ABC Board in view of the evidence to this inquiry and proposals contained in the bill.

1.41 Labor Senators reiterate Labor representations calling on Government to work with Labor, ABC Management and local stakeholders as a matter of urgency to ensure the provision of shortwave radio service in the NT.

**Senator Anne Urquhart
Senator for Tasmania**

**Senator Anthony Chisholm
Senator for Queensland**