The Senate

Environment and Communications References Committee

Recent ABC programming decisions

October 2011

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Recommendations

Recommendation 1

3.50 The committee recommends that the ABC ensure that it maintains an effective capacity to internally produce quality programming across the regions in addition to news, sport and current affairs. The committee notes that the increasing use of external producers has the capacity to diminish the ABC's independence and skill base.

3.51 The committee calls on the ABC and the Minister for Broadband, Communications and the Digital Economy to identify and implement processes which ensure value for money, transparency and skill retention. In the context of the need to maintain the ABC's skills base, the committee calls on ABC management to immediately reassess the implications of any employment decision on its capacity to deliver quality programming across the network.

Recommendation 2

3.69 The committee recommends that ABC management sets out in detail where it sees its future as a broadcaster and a content producer, and particularly with reference to the ABC Charter responsibilities of balancing programs of wide appeal and specialist interest as well as how ABC programming reflects the cultural and regional diversity of the Australian community.

Recommendation 3

3.74 The committee recommends that ABC management release a draft television production strategy for staff, community and private sector consultation, prior to its finalisation.

Recommendation 4

3.75 The committee recommends that the ABC consult with stakeholders prior to making significant changes to either internal creative and production structures or state-based activities.

Recommendation 5

3.76 The committee draws the attention of ABC management to the ABC Charter obligations to 'encourage and promote arts, including musical, dramatic and other performing arts' and calls on ABC management to urgently publish a strategy outlining how it can meet this obligation given the planned disbanding of the ABC arts unit.

Recommendation 6

3.87 The committee recommends that wherever appropriate the ABC include free archival use clauses in all future co-production contracts.

Recommendation 7

3.99 The committee recommends that the ABC publish annual targets of regional content on ABC television against which it reports in order to meet its Charter obligation to 'reflect the cultural diversity of the Australian community' and to promote ongoing internal program production in the BAPH states and regional Australia.

Recommendation 8

3.132 The committee recommends that the ABC actively manage its production facility infrastructure, particularly in the BAPH states, so that it is utilised as effectively as possible.

Recommendation 9

3.133 The committee recommends that the government take into account the findings of the Convergence Review about the structure of the media market and investment in Australian content by all broadcasters when considering the ABC's funding needs in the forthcoming triennial funding round.

Recommendation 10

3.148 The committee recommends that as part of the triennial funding round, the government consider the ABC's capacity to maintain a critical mass of staff, skills, infrastructure and production in regional areas.

Abbreviations and Acronyms

ABC	Australian Broadcasting Corporation
BBC	British Broadcasting Corporation
BAPH states	Brisbane, Adelaide, Perth and Hobart
OB vans	Outside Broadcast vans
PBS	United States Public Broadcasting Service
SBS	Special Broadcasting Service
WoCC	Window of Creative Competition

Chapter One

Context of the inquiry

Conduct of the inquiry

1.1 On 17 August 2011 the Senate referred the following matter to the Senate Environment and Communications References Committee for inquiry and report by 12 October:

> The decision by the television management of the Australian Broadcasting Corporation (ABC) to significantly cut the number and amount of ABC-produced programs, jobs (including through forced redundancies) and potentially affect resources, as announced on 2 August 2011, with particular reference to:
>
> a) the implications of this decision on the ABC's ability to create, produce and own its television content, particularly in the capital cities of Brisbane, Adelaide, Perth and Hobart;
>
> b) the implications of this decision on Australian film and television production in general and potential impact on quality and diversity of programs;
>
> c) whether a reduction in ABC-produced programs is contrary to the aims of the National Regional Program Initiative;
>
> d) the implications of these cuts on content ownership and intellectual property;
>
> e) the impact of the ABC's decision to end internal production of Bananas in Pyjamas and to outsource the making of a 'Bananas in Pyjamas' animation series to Southern Star Endemol Proprietary Limited; and
>
> f) the future potential implications of these cuts on ABC television's capacity to broadcast state league football and rugby; and
>
> g) any other related matters.

1.2 The inquiry stems from several recent programming decisions taken by ABC management.

1.3 The committee called for submissions by 9 September 2011. The committee received and published 335 submissions with a further 68 form letters received. Submissions are listed at Appendix 1.

1.4 On 26 September 2011 the committee held a public hearing in Canberra at which 19 witnesses were called to give evidence. Details of the public hearing are at Appendix 2.

1.5 The committee would like to thank all of the organisations and individuals that contributed to this inquiry. In particular the committee acknowledges the valuable contributions made by ABC staff members. The committee also acknowledges the cooperation it received from the ABC. Committee members placed over 70 questions on notice to the ABC, and, although some questions were not answered to the committee's satisfaction, the answers were generally provided in a very prompt manner under tight time constraints.[1]

1.6 The committee notes its disappointment that the Chairman of the ABC Board, Mr Maurice Newman AC, declined the committee's invitation for the ABC Board to give evidence to this inquiry. The committee acknowledges the evidence provided in the ABC's submission and also the testimony of the ABC's Managing Director, Mr Mark Scott and the Director of ABC Television, Mr Kim Dalton. However, the committee would nevertheless have appreciated the opportunity to hear from the ABC Board directly regarding its views on, and the role it played in the recent ABC programming decisions. In the committee's view this does not reflect well on the ABC Board and its preparedness to give its account on these matters.

Context of the inquiry

1.7 On 19 July 2011, Australian Broadcasting Corporation (ABC) TV Sport notified Bowls Australia that it would not renew its broadcast agreement. ABC TV also notified relevant sporting organisations that it would no longer broadcast the NT Sport Awards, the NT Rugby Union Finals or the Tiwi Islands Grand Final.

1.8 On 2 August 2011, the management of the ABC announced budget cuts to the number and amount of ABC-produced programs. In particular, the Sydney-based production *New Inventors* was not renewed after it completed its run on 17 August and the Melbourne-based Sunday afternoon production *Art Nation* will also not be renewed after it completes its run in November 2011.[2]

1.9 The announcements made by ABC management affect program production in the Television and Resources Division (responsible for Arts and Entertainment, Children's content, Fiction, and Factual and Documentary), and do not relate to News and Current Affairs which remains an in-house production area.

1.10 During the course of the inquiry concerns were also raised about the future telecast of state-based football leagues. The committee notes that on 22 September 2011 the ABC announced that negotiations to cover local leagues would commence in the following weeks. The ABC stated in its media release that it 'understands that local football coverage is important to the state leagues in developing profile and grass roots support'. Further, the ABC announced that it is 'continuing to develop a

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1 The ABC's answers to the committee's questions on notice can be found at: www.aph.gov.au/senate/committee/ec_ctte/abc/submissions.htm.

2 Australian Broadcasting Corporation, *Submission 138*, p. 2.

television production strategy which will include a more formal framework for sports coverage. That strategy will be released before the end of the year'.[3]

1.11 On 2 August 2011, ABC management indicated that the ABC will deliver a 3-year strategy for television programming by the end of 2011 in order to provide certainty to staff, audiences and relevant stakeholders.[4]

1.12 These issues are discussed in greater depth in Chapter 3.

Structure of the report

1.13 Chapter 2 of this report provides background detail on past reviews conducted into the ABC. The relevance of the ABC Charter to this inquiry is also discussed and specific clauses which are relevant to the scope of this inquiry are analysed.

1.14 Chapter 3 examines the impact recent programming decisions have had, and will continue to have, on the ABC. Analysis includes the extent to which specialist program content particularly reflects regional areas, levels of production in regional states, ABC funding, maintenance of the ABC's archive of material and implications these decisions have for ABC staff.

1.15 The scope of this report is limited to recent programming decisions announced by ABC management on 2 August 2011.

3 Mr Mark Scott, ABC Managing Director, Australian Broadcasting Corporation, 'ABC to Maintain Local Football Connection', Media release, 22 September 2011.

4 Mr Mark Scott, Managing Director, Australian Broadcasting Corporation, *Proof Committee Hansard*, 26 September 2011, p. 65.

Chapter Two

Background

2.1 This chapter provides an overview of key background issues relevant to the inquiry into recent ABC programming decisions. Firstly it covers the history of ABC reviews which are part of the ongoing process of evaluating the function and responsibilities of Australia's major public broadcaster. It then details the role the ABC Charter has in helping to steer the ABC's course as a national broadcaster.

Background to ABC reviews

2.2 Over the past three decades the ABC has been the focus of several reviews which have helped to define the ABC's role at pivotal moments in the history of Australian broadcasting.

2.3 The 1981 Dix Review resulted in the creation of the *Australian Broadcasting Corporation Act 1983* and the formation of the ABC Charter, which is discussed at paragraph 2.9 below. Since this time the ABC Charter has been viewed as the central document determining the responsibilities and function of the ABC as a national public broadcaster. The Charter has provided the Corporation, the government and the Australian public with a clear sense of the ABC's role in providing a high standard of broadcasting services. Accordingly, the Charter has been repeatedly referred to in submissions to this Senate inquiry by members of the public, media and community organisations. The relevance of the Charter to the current inquiry is discussed below.

2.4 In 1994 the Palmer Inquiry was initiated by the ABC Board as a result of allegations of outside influence on ABC program content. The ABC Annual Report 1994–95 states:

> Nineteen allegations of outside influence on ABC program content were investigated. Six of these allegations had been raised on the Sunday program on Channel Nine in September. Thirteen others were subsequently raised by ABC staff. Four programs were found to have been influenced by outside financial contributions – Export Australia, Holiday (Series One), Home Show (Series Four) and ABC Sport Australia Awards.
>
> After careful consideration of his [Mr Palmer's] report, the Board took action to ensure policies and procedures were reviewed and areas of deficiency rectified. The Board ruled that co-produced programs of the kind investigated should be abandoned as they 'had demonstrated unacceptable risks to program independence'.[1]

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1 Australian Broadcasting Corporation, *Annual Report 1994–95*. Available at www.abc.net.au/corp/annual_reports/ar95/arboard.htm (accessed 28 September 2011).

2.5 Subsequently, a Senate Select Committee on ABC Management and Operations was established in late 1994 with broad ranging terms of reference. Amongst other issues the Senate Select inquiry addressed the operational goals and direction of the ABC, budget funding, the ABC's increased dependence on external funding and subsequent impact on editorial independence. The 1995 report *Our ABC* made 23 recommendations including recommending amendments to editorial guidelines, commissioning 'regular audits on the impact of external funding on program selection' and, significantly, that 'the Board should reverse the current trend towards the concentration of ABC activities in Sydney'.[2]

2.6 As a point of comparison, 96 submissions were received by the Senate Select inquiry, in contrast to the 335 submissions which were received by the current inquiry, with an additional 68 form letters.

2.7 Two years later, the Mansfield Review (1997) focused on funding, and confirmed the need for an independent ABC.[3]

2.8 On 16 October 2008, the Government released a discussion paper, ABC and SBS: Towards a Digital Future.[4]

2.9 The paper formed the basis of a public consultation and review of the operations of the two national broadcasters, and covered such topics as harnessing new technologies to deliver services, education, skills and productivity and efficient delivery of services, alongside discussion of the broadcasters' core role in informing, educating and entertaining audiences and reflecting Australia's cultural diversity. Views were sought from all Australians and over 2000 submissions were received and considered.

2.10 The review resulted in the publication on 12 May 2009 of the Government's response, *Strengthening our National Broadcasters*.[5] The findings reflected in this paper about the under-resourcing of the national broadcasters during the previous decade underpinned the Government's decision to grant significant funding increases to the ABC and SBS in that year's triennial funding round. The ABC was particularly

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2 Senate Select Committee on ABC Management and Operations, *Our ABC*, March 1995, pp xi–xiv.

3 B Mansfield, *The challenge of a better ABC: volume 1: a review of the role and functions of the ABC*, AGPS, Canberra, 1997

4 Australian Government, Department of Broadband, Communications and the Digital Economy, *ABC and SBS: Towards a Digital Future*, Discussion Paper, October 2008.

5 Australian Government, Department of Broadband, Communications and the Digital Economy, *Strengthening our National Broadcasters*, May 2009, www.dbcde.gov.au/__data/assets/pdf_file/0016/112192/Strengthening_our_National_Broadcasters_web.pdf.

successful, gaining the largest funding increase since its incorporation in 1983 of $150 million over three years from 2009–10.[6]

2.11 This review of the national broadcasters was undertaken to inform the incoming Government of the current state of play (2008–09) in regard to the triennial funding needs of the ABC and SBS, and has continued to inform the Government's approach to funding and supporting the national broadcasters.

2.12 Broader issues surrounding the role of the national broadcasters, and the pressures facing the ABC (and SBS) in the contemporary media marketplace, are currently under consideration by the Convergence Review committee, which will hand its report to Government by the end of March 2012, in time for the finalisation of the next triennial funding round in the context of the 2012–13 Budget. On 6 July 2011 the convergence review committee released the *Convergence Review Emerging Issues Paper* and on 19 September 2011 the convergence review committee released five detailed discussion papers. This review:

> ...was formed to examine the changes in media and communications caused by the convergence of older technologies such as television with the internet. Recent changes in online communications are having profound effects on businesses, consumers and governments. New revenue models are emerging; consumers are adopting different technologies for entertainment, work and communication; and governments are recognising that regulations designed for an analog era need review.[7]

The ABC Charter

2.13 The ABC Charter is set out in section 6 of the *Australian Broadcasting Corporation Act 1983*. Since being passed by Parliament in 1983 the Charter has not been substantively amended.[8]

2.14 Despite not being listed as a formal term of reference, the ABC's ongoing commitment to its Charter has been raised as a relevant matter in the current inquiry into ABC programming decisions.

2.15 There are five key Charter responsibilities which are relevant to this current inquiry. The ABC is to:

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6 Budget Paper no. 2, May 2009, p. 113.

7 Department of Broadband, Communications and the Digital Economy, *Convergence Review, Emerging Issues Paper*, p. 4.

8 The Charter has had several minor amendments to update terminology such as replacing the 'Australian Broadcasting Authority' with the 'Australian Communications and Media Authority' in 2005 as a result of the *Australian Communications and Media Authority (Consequential and Transitional Provisions) Act 2005*; and replacing the 'public sector' with the 'community sector' in 1992 as a result of the *Broadcasting Services (Transitional Provisions and Consequential Amendments) Act 1992*.

- provide innovative and comprehensive broadcasting services of a high standard;
- provide programs that contribute to a sense of national identity and inform and entertain;
- provide programs that reflect the cultural diversity of the Australian community. This is often taken to mean that the ABC will represent small-interest groups as well as represent regional interests;
- encourage and promote the arts, including musical, dramatic and other performing arts by programming decisions; and
- provide a balance between programs of wide appeal with programs of a specialised nature.[9]

2.16 The full ABC Charter is reproduced at Appendix 3.

2.17 The ability of the ABC to meet its Charter commitments has been questioned by some submitters in light of current decisions to outsource some programs. This is due to the belief that independent producers remain interested in on-selling commercial products after the first-run ABC rights have expired, and that they will not prioritise the production of specialist programs for small-interest groups which the ABC has typically produced in the past. For example, former staff-elected director on the ABC Board from 1988–92, Mr John Cleary commented that:

> Commercial co-producers generally make their profits from securing the rights to on-sell the finished product into other markets after the initial screening with the public broadcaster. For the co-producer to secure a profit the production needs to be commercially attractive, that is attractive to the widest possible audience. If the production fails in the market place the commercial producer will go out of business. Hence the pressure exerted by the commercial partner to make the programme fit commercially successful templates can be extraordinarily strong.[10]

2.18 The submission from the Perth International Arts Festival focused on the debate on the ABC's Charter commitments from the perspective of arts programs:

> As the authors of the charter well knew, the arts, which by their very nature, do not have mass appeal and will not be picked up and promoted by commercial broadcasters, are an integral part of the Australian community, playing a massive, but often intangible (in terms of dollars, anyway) role in promoting communities, bringing people together, inspiring learning and achievement and firing imaginations.[11]

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9 *Australian Broadcasting Corporation Act 1983*, s. 6.

10 Mr John Cleary, *Submission 253*, p. 6. See also See Community and Public Sector Union, *Submission 145*, p. 2, pp 26–29; Mr Quentin Dempster, private capacity, *Submission 80*, p. 3

11 Perth International Arts Festival, *Submission 131*, [p. 2].

2.19 When looking at these issues in light of recent programming decisions by the ABC to cut the number and amount of ABC-produced programs, the committee notes that the Charter was written in the early 1980s when current issues such as multi-channelling and out-sourcing production were not applicable to broadcasting.

2.20 Therefore the issue of out-sourced program production was not pertinent at the time the Charter was written and therefore there are no requirements in the Charter for the ABC to produce programs internally. Equally, there is no requirement in the ABC Charter to co-produce programs. A number of submissions have specifically stated that co-productions do not breach the Charter and further, that the ABC retains editorial control in the programs it commissions from external production companies. For example, the Screen Producers Association of Australia submitted:

> The ABC charter says that the ABC is required "to provide within Australia innovative and comprehensive broadcasting services". Nowhere in the charter is there a mandate for the ABC to create, produce, and own content. The ABC's primary purpose is to broadcast as a user of rights, rather than a creator or owner of rights. Throughout its history, the ABC has broadcast program content from a variety of sources, including programs acquired on completion from external producers in Australia and overseas, programs made entirely internally at the ABC, programs commissioned entirely from independent Australian producers and programs made with a mixture of internal and external resources and personnel. The recent management decision does not represent a significant departure from past practice and does not in any way violate the charter.[12]

2.21 This view was supported by the South Australian Film Corporation:

> The ABC's core business is broadcasting – rather than those activities that have *supported* its broadcasting role (such as internal production and the provision of production facilities) – and it has a responsibility to maximise its resources to ensure that it is able to broadcast the greatest quantity of quality Australian programs that fit its charter.[13]

2.22 A wider issue is at stake in the current debate over out-sourced production. This concerns the responsibilities and functions the ABC has as a public *broadcaster* of program content (which involves transmitting internal content, co-productions as well as content purchased from national or international sources) or a public *producer* of content.[14] Tension over this issue is at the heart of much of the evidence received by the committee and is discussed in chapter 3.

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12 Screen Producers Association of Australia, *Submission 139*, [p. 7]. See also Cordell Jigsaw Productions Pty Ltd. *Submission 171*, pp 7–8.

13 South Australia Film Corporation, *Submission 189*, [p. 2]. Emphasis in original submission.

14 Emphasis added to distinguish between the issue of broadcasting material, which may come from a number of sources and producing material.

Committee comment

2.23 Whilst accepting that the Charter does not stipulate the function of the ABC as being a producer of content and that there are real economic pressures facing the ABC to meet multi-channelling needs, the committee notes that the Charter obligation to reflect the cultural diversity of the Australian community is partially achieved by the ABC maintaining production units in state capitals across Australia. In this regard the committee finds the comments raised in the submission of the Media, Entertainment and Arts Alliance persuasive:

> In fulfilling [national identity and cultural diversity obligation of the Charter] the ABC has long established TV production units in all State capitals including Sydney, Melbourne, Brisbane, Adelaide, Perth and Hobart. Given the concentration of the commercial and independent production industry in Sydney and Melbourne, the production of broadcast material by the ABC TV units in Brisbane, Adelaide, Perth and Hobart, have been particularly important in ensuring an industrial base in cities outside of these two cities, and supporting the development and production of broadcast material with perspectives and viewpoints created from across the country.[15]

15 Media, Entertainment and Arts Alliance, *Submission 255*, [p. 2].

Chapter Three

Key Issues

Introduction

3.1 A number of concerns were raised in submissions from members of the public, media groups, independent producers and staff of the ABC. A core debate was the balance between the levels of internal production and co-production currently occurring at the ABC.

3.2 The current balance that exists at the ABC between internally produced and co-produced programming was highlighted by the ABC announcement on 2 August 2011 that budget cuts would affect the number and amount of ABC produced programs.[1]

3.3 The overriding sense from submitters on both sides of the internal versus co-production debate is that a mixed production model is a necessary feature of modern broadcasting. The critical point of divergence is the impact recent programming decisions will have on a number of core issues particularly program content that fulfils the ABC's Charter commitments and regional production levels.

3.4 In particular, concerns were raised that television programs reflecting the cultural diversity of Australia and programs of a specialised nature will be reduced as a result of an increased focus on co-production or out-sourced production. There is also a strong concern that outsourced production will affect regional content, regional production and internal production capacity.

3.5 The level of transparency in the commissioning process was also raised by a number of submitters and will be addressed in this report.

3.6 This chapter firstly considers the current mixed production model and then addresses these issues in the following way:

- programs of a specialised nature;
- archiving;
- regional content and production facilities; and
- the sustainability of the ABC's funding base.

The mixed production model

3.7 Mixed production refers to the different options broadcasters have in providing television content to fill on-air hours of television.

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1 See Australian Broadcasting Corporation, *Submission 138*, p. 2 for details.

3.8 Internal production refers to programs which are produced internally using 100 per cent ABC staff members, producers, production facilities and funding. The ABC subsequently retains all rights for repeats, merchandising and licensing as a result of owning the intellectual property and copyright of the program. This can raise revenue when finished programs or program ideas are sold to other broadcasters or through retail DVD sales.

3.9 Co-production occurs when the ABC commissions original content from external sources (i.e. independent producers). The ABC provides some funds while the external source provides additional funding. The ABC retains editorial control as set out by editorial policies and by the ABC board;[2] however the external producer will provide most of the staff and negotiate a contract for the use of facilities. The ABC can negotiate a range of different rights with the external source including inserting specific clauses relating to the provision of footage as part of the Archive, rights to repeat content and percentage of income opportunities. In evidence to the committee the ABC have acknowledged that: 'Yes, the ABC's capacity to earn revenue can be reduced as a result of outsourcing, dependent on the rights retained by the ABC'.[3]

3.10 The third option open to the ABC involves the direct purchase of content from another source. Traditionally this has been the BBC although content from countries such as America has also been purchased by the ABC.[4]

3.11 Historically, production at the ABC occurred in-house or through purchasing content, primarily from the BBC. However, as noted in earlier sections of this report relating to the ABC Charter, there is no mandated percentage relating to methods of production and co-production has become a more important part of the ABC's production slate.

3.12 As mentioned above there was broad support for ABC's use of a mixed production model as a necessary feature of modern broadcasting.

3.13 The main issue that emerged about the relative benefits of internal versus external production and in particular the ABC's ability to leverage additional funding, the BBC's quota model and the ability of staff to pitch programming ideas.

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2 Mr Mark Scott, Managing Director, Australian Broadcasting Corporation, *Proof Committee Hansard*, 26 September 2011, p. 63. See also Cordell Jigsaw Productions Pty Ltd, *Submission 171*, p. 6.

3 Australian Broadcasting Corporation, answer to question on notice no. 15, p. 6, 26 September 2011 (received 1 October 2011), at: www.aph.gov.au/senate/committee/ec_ctte/abc/submissions.htm.

4 Community and Public Sector Union, *Submission 145*, p. 57; see also Parliamentary Library, *The ABC: An Overview*, 20 April 2011.

Leveraging funding

3.14 The relative cost-benefit of producing in-house programming versus co-produced programming was a contentious issue and was discussed at length in several submissions. Leveraging funds from other sources has been described by the ABC as essential:

> A key challenge for the ABC, as a taxpayer-funded body, is meeting these commitments [broadcasting programs of a specialist nature and those with broader appeal] in a way that ensures an efficient and effective use of its resources. One of its key strategies has been through the use of a mixed-production model—with the Corporation focusing on its strengths in in-house production in some areas and partnering with the independent production sector to produce quality content in others. The economics of the industry make it impossible for the ABC to maintain the massive infrastructure and staff base necessary to be a solely internal television maker.[5]

3.15 Leveraging works by allowing the ABC to draw on funding sources it would otherwise be unable to access. This includes funds from state-based and federal agencies, private investment, as well as the Producer Offset.[6] The Community and Public Sector Union described the leveraging system as:

> ...relatively straightforward. By entering into a coproduction deal with a private sector producer, and by trading what otherwise would have been program rights held by the ABC, the private sector partner is able to structure future licensing arrangements with Pay TV providers, international broadcasters and the like. The private sector producer is also able to seek a Producer Offset for some types of productions. In some cases the deal is structured to secure state film funding for projects such as the South Australian FACTory initiative and the West Australian ScreenWest arrangements.[7]

3.16 A number of independent producers and state government film bodies have commented positively on the ABC's ability to leverage funds. For example, the committee received evidence from Mr Tony Wright, Managing Director of December Media, a Melbourne-based independent television production company which has worked with the ABC for 15 years, that the ABC's proportionally small budget can be leveraged:

> For every dollar the ABC spends on commissioning, it benefits from many more dollars in production finance, the costs associated with securing that

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5 Australian Broadcasting Corporation, *Submission 138*, p. 1.

6 The Producer Offset is a refundable tax offset (rebate) for producers of Australian feature films, television and other projects including documentaries www.screenaustralia.gov.au/producer_offset/.

7 Community and Public Sector Union, *Submission 145*, p. 22. See also Screen Producers of Australia, *Submission 139*, [p. 9].

> finance and the costs associated with the development of the project. This also leverages the ABC's minority budget contribution to a full production budget.[8]

3.17 The joint submission received from 5 independent producers also stated that leveraged funding arrangements have benefitted programs such as:

> *Rake*, *Three Boys Dreaming*, *Two Men In A Tinnie*, *Year of the Dogs*, *On Trial*, *The Slap*, *The Straits*, *Anatomy*, *Leaky Boat*, *My Place* and *Mrs Carey's Concert*.[9]

3.18 The independent producers submission outlined the extent of leveraged funding:

> Over the last five years, the ABC's contribution to external projects has triggered, on average, at least double additional funding from external funders such as state and federal funding bodies. These leveraged funds are not available for internally produced ABC productions.[10]

3.19 Several submitters however questioned the value of leveraging as it relies heavily on government funding from other sources. For example the CPSU stated that 'a significant proportion of the additional 'value' being generated or 'leveraged' is in fact government funding from either state or federal funding initiatives'.[11]

3.20 The cost-effectiveness of co-production versus internal production was challenged in several submissions which noted that there is no substantiation of the cost effectiveness of outsourcing. For example, the Friends of the ABC indicated that:

> ...no evidence has been provided to demonstrate that the private production sector is more cost-effective than the ABC in the production of programs of commensurate quality. There is no authoritative Australian study that FABC is aware of that considers outsourcing of the kind in which the ABC is engaging.[12]

3.21 This view was supported in a number of other submissions. The committee received evidence from former staff-elected Director and current ABC presenter, Mr Quentin Dempster in his private capacity:

> There is nothing in the current industrial award payroll costs of technical and production support – producers, directors, editors, camera and sound

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8 December Media, *Submission 137*, [p. 2].

9 Cordell Jigsaw Productions Pty Ltd; Princess Pictures Pty Ltd; Zapruder's Other Films Pty Ltd; Giant Dwarf Pty Ltd; and Token Artists Pty Ltd, *Submission 171*, p. 11. See also Screen NSW, *Submission 140*, [p. 2].

10 Cordell Jigsaw Productions Pty Ltd; Princess Pictures Pty Ltd; Zapruder's Other Films Pty Ltd; Giant Dwarf Pty Ltd; and Token Artists Pty Ltd, *Submission 171*, p. 11.

11 Community and Public Sector Union, *Submission 145*, p. 22.

12 Friends of the ABC, *Submission 254*, p. 6.

> operators, set makers, costumiers etc – which systemically make program creation at the ABC more expensive than the commercial TV production industry. In fact, I assert it is cheaper to make programs inside the ABC given the facilities (sound stages, studios, rehearsal spaces, post-production technology) already provided in the ABC's property assets around Australia. These assets, with capital costs amortised over decades, are currently under utilised and (appropriately) let out to the private sector to defray holding costs through facilities hire. The ABC does not pay state payroll or company tax and has an operating cost advantage over the commercial TV production industry because of this. Currently the ABC does not pay an efficiency dividend often applied to other Commonwealth Government trading enterprises and departments.[13]

3.22 The ABC provided the committee with a detailed overview of how it makes its programming decisions including a budget review, resources assessment and proposal review for each proposed program.[14]

The BBC commissioning model

3.23 A number of submissions raised the possibility of the ABC adopting a fixed model for commissioning production. These comments seem to particularly stem from the BBC model currently in place which commissions production according to a fixed percentage system. The BBC's model guarantees that 50 per cent of production is in-house, 25 per cent provided by external sources, with a further 25 per cent competitive and open to internal or external providers. This last quota is called the 'Window of Creative Competition' (WoCC). The BBC has stated the following intention in its commissioning decisions:

> Our objectives throughout the commissioning process are to be transparent about our content needs; give all suppliers equal access to clear information; and to commission openly and fairly from across our diverse supplier base.[15]

3.24 The BBC has identified two clear commissioning issues which are also relevant to the ABC. First, the BBC is mindful of the differences which exist in the production of different genres and states that 'the guarantees [for in-house production] vary from genre to genre'.[16]

3.25 Second, the BBC makes a specific recommendation about safeguarding regional production:

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13 Mr Quentin Dempster, *Submission 80*, [p. 4.]

14 Australian Broadcasting Corporation, answer to question on notice no. 55, p. 26, 26 September 2011 (received 1 October 2011).

15 BBC Commissioning, *How we commission*, www.bbc.co.uk/commissioning/tv/how-we-work/how-we-commission.shtml.

16 BBC Commissioning, *WoCC*, www.bbc.co.uk/commissioning/tv/how-we-work/the-wocc.shtml.

> All WoCC commissions will be won only on the strength of the submitted ideas (and not on the order they are submitted).
>
> To ensure the system is fair, there will be a wide range of programming available in the WoCC across each genre, at a wide range of prices.
>
> In order to meet our overall targets for programming from the nations and regions, we will need to plan for some of the WoCC to be commissioned from producers outside London - but these could either be from regionally based independents or from regional BBC production centres.[17]

3.26 Preliminary research into other overseas models used by public broadcasters suggests that there are a number of public broadcasters such as the United States Public Broadcasting Service (PBS) which does not directly produce any programs, instead commissioning the entirety of its schedule from independent producers. Funding for PBS programs comes from a variety of sources—including individual donors (27.6 per cent), local businesses (16.4 per cent), the Corporation for Public Broadcasting (15.1 percent), state governments (12 percent) and colleges and universities (11 percent).[18]

3.27 Amongst public broadcasters which do produce some internal content it would appear that there are a number of different models being used. The Canadian Broadcasting Corporation/Radio Canada sources programs both internally and from external producers.[19] A report on Hong Kong public sector broadcasting notes:

> In addition to creating in-house programmes, CBC sources programmes from independent producers, which accounted for 81 percent of non-news and sports programmes of its English-language television service in 2004–05.[20]

3.28 In Europe, the Television Without Frontiers Directive (TVFD) states:

> Member States shall ensure, where practicable and by appropriate means, that broadcasters reserve at least 10 % of their transmission time, excluding the time appointed to news, sports events, games, advertising and teletext services, or alternately, at the discretion of the Member State, at least 10 %

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17 BBC Commissioning, *WoCC*, www.bbc.co.uk/commissioning/tv/how-we-work/the-wocc.shtml.

18 Corporation for Public Broadcasting, Appropriation Request and Justification FY 2012 and FY 2014, Submitted to the Labor, Health and Human Services, Education, and Related Agencies Subcommittee of the House Appropriations Committee and the Labor, Health and Human Services, Education, and Related Agencies Subcommittee of the United States Senate Appropriations Committee, February 2011, www.cpb.org/appropriation/justification_12-14.pdf.

19 Canadian Broadcasting Corporation website, CBC/Radio-Canada Program Content Responsibility, www.cbc.radio-canada.ca/docs/policies/program/responsibility.shtml.

20 Report on the Study of Public Service Broadcasting for Hong Kong, www.rthk.org.hk/special/psb/pdf/itb_rpt061009e.pdf.

> of their programming budget, for European works created by producers who are independent of broadcasters.[21]

3.29 Further, a report on regional television production in South Africa notes that public service broadcasting needs to include programmes:

> ...made by the nation's public broadcaster 'as well as those commissioned from the independent production sector.[22]

3.30 The committee has received evidence from the independent production sector and from the Community and Public Sector Union both supporting a fixed commissioning model along the lines of the BBC's WoCC. The CPSU referred to the BBC quota system as a positive model which it believes the ABC would benefit from, stating:

> The CPSU advocates what it believes to be world best practice in commissioning models, the approach adopted by the BBC which provides a floor level of internal production, and ensures that a proportion of programming is open to competitive tendering by internal and external.[23]

3.31 This view was repeated in the joint submission of five independent producers which affirmed that:

> ...we believe that the ABC should seek not just to continue its existing support of external productions, but to further it by adopting the BBC model of:
>
> 50% mandated internal production
>
> 25% mandated external production
>
> 25% contested between internal and external production.
>
> We believe this well proven BBC model will provide the ABC with the capacity, and flexibility, to commission the best ideas from across Australia's television production community, and to ensure its ongoing relevance in a rapidly-changing media landscape.[24]

3.32 However, Mr Simon Whipp, Assistant Federal Secretary, Media, Entertainment and Arts Alliance which represents individuals who work in Australia's media and entertainment industries, expressed reservations with the ABC adopting the BBC model:

> The reason we would not [support the ABC adopting BBC commissioning model] I think is because the whole BBC model was a push by the

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21 Article 5, Television Without Frontiers Directive, Text of the Directive at: http://ics.leeds.ac.uk/papers/vp01.cfm?outfit=ks&folder=4&paper=11.

22 Independent Communications Authority, Inquiry into Regional Television Discussion Paper, 22 August 2003, www.info.gov.za/view/DownloadFileAction?id=70197.

23 CPSU, *Submission 145*, p. 4.

24 Cordell Jigsaw Productions Pty Ltd, Submission 171, p. 18. Emphasis in original excluded.

> independent sector to ensure that the BBC outsourced a certain percentage of their production. I do not think there is in Australia a problem of lack of outsourcing by the ABC. The problem is rather the reverse.[25]

3.33 The ABC's Managing Director, Mr Mark Scott, stated in strong terms that he does not support a fixed internal quota:

> **Senator Ludlam**: ...how do you feel about somebody, maybe parliament, imposing a quarantined amount of internal production across your different program streams? Would that be just profoundly unhelpful?
>
> **Mr Scott**: Unhelpful and unwise, and I will tell you why. We are an independent public broadcaster, and I do not think we really want to set the stage for parliament doing the programming, not even parliament programming the mix in the shape of the schedule that we put together. We have specialist people internally who are specialists in their genres, who are specialists in scheduling and who work well with internal staff and the independent production sector. I fear that the rigidity that that kind of modelling might bring would hinder the ABC rather than help it. It certainly would not make us flexible and nimble in dealing with what is now a very, very competitive sector. So I would argue that, in trying to be helpful, the parliament, if it went down that road, could well be harmful. It would inhibit the independence of the ABC Board to make the decisions it needs to make under the charter and the power that it has under the act to ensure that the programming mix is right and delivered efficiently. So I do not think that would be a wise path.[26]

3.34 In this regard the committee notes that an ABC response to a question on notice shows that over almost all of the past decade, the proportion of expenditure on internally produced content has steadily declined from 65 per cent in 2001–02 to 52 per cent in 2009–10. By comparison the co-produced content has remained largely constant at around 30 per cent.[27] There was a significant deviation to this trend in 2010–11, when internal production declined to 45 per cent while co-produced content rose to 42 per cent. The ABC's table setting out these figures is reproduced at Appendix 4.

Ability of ABC staff to pitch ideas

3.35 Concerns were raised about the apparent lack of consideration ABC management currently gives to proposals by internal staff for new programming ideas. A term which was frequently raised in submission was 'pitching ideas'. The following

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25 Mr Simon Whipp, Assistant Federal Secretary, Media, Entertainment and Arts Alliance, *Proof Committee Hansard*, 26 September 2011, p. 12.

26 Mr Mark Scott, Managing Director, Australian Broadcasting Corporation, *Proof Committee Hansard*, 26 September 2011, p. 66.

27 Australian Broadcasting Corporation, answer to question on notice no. 51, p. 21, and Table A, p. 41, 26 September 2011 (received 1 October 2011). The decline in internally produced content is balanced by a commensurate increase in pre-purchase or external content.

exchange broached the opportunities ABC staff have in pitching ideas specifically in relation to staff from the ABC Arts Unit:

> **Senator Wright**: ...from what I understand, they [the ABC Arts Unit] were not actually given the opportunity to pitch, bid or propose—that is what it was in the submission—to show that they may have had the capacity to do that. I just wonder why that would be the case.
>
> **Mr Dalton:** I do not really see it as a matter 'an opportunity to pitch'. Certainly if somebody had had an idea to do a feature length documentary such as *Mrs Carey's Concert* then they could certainly have proposed that idea within the ABC. I think the problem which would then immediately arise is: how would you finance it?[28]

3.36 Further evidence relating to the capacity for internal staff to pitch ideas was raised in ABC's response to a question on notice about the *Talking Heads* program:

> Question: What opportunities did the ABC provide to its staff to rebuild a local replacement program for Talking Heads when it was considering not re-commissioning the program?
>
> Answer: There was no requirement to replace Talking Heads in the schedule. Despite this, a number of ideas were submitted from the team. None of those ideas were considered by ABC TV to be strong enough to commission or develop further.
>
> Local staff were instead encouraged to focus on producing new ideas for a brand new format for Poh's Kitchen. A number of ideas from the team were considered with the travel series emerging as the strongest idea.[29]

3.37 The committee heard evidence however from a number of submitters that ABC staff were told not to pitch ideas for new programs from within the ABC. Ms Bobbie Mackley, a former ABC staff member based in Perth from 1980 until 2010 and staff representative for the CPSU reported that:

> In May 2010 Kim Dalton met with Perth staff, at their request, while he was in Perth for discussions with the independent production sector. This was the first and only time the Director of ABC Television had met with a large group of Perth staff. He quite openly and clearly told the 30 or 40 staff present that only program ideas pitched from outside the ABC would be considered for production. In effect, if you have an idea worthy of production by the ABC, you need to resign from the ABC first.[30]

3.38 This position was similarly advanced in the submission of the Community and Public Sector Union which indicated that ABC staff are restricted from pitching concepts:

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28 Mr Kim Dalton, Director of Television, Australian Broadcasting Corporation, *Proof Committee Hansard*, 26 September 2011, p. 56.

29 Australian Broadcasting Corporation, answer to question on notice no. 10, p. 4, 26 September 2011 (received 1 October 2011).

30 Ms Bobbie Mackley, *Submission 159*, p. 4.

> He [Mr Kim Dalton, Director of Television, ABC] has repeatedly advised ABC employees who have attempted to 'pitch' ideas internally that if they want to make a pitch, they know what they have to do - resign from the ABC and pitch the idea from outside.[31]

3.39 A submitter who requested their name be withheld, discussed opportunities for ABC staff to suggest ideas in different terms by commenting that outside support is essential to successfully pitch ideas to ABC management:

> Equally important are ABC employees getting the opportunity to launch ideas for programs. It's known you have to get the support of an outside producer before pitching a given program idea. ABC TV management should have more of an open door policy, allowing ideas to grow from within the ABC's own ranks. There is a lot of creativity and skill to tap.[32]

Committee comment

3.40 The committee supports the ABC's mixed production model referred to earlier in this report. The committee acknowledges that there will be times when co-produced content is preferred and others when internally produced material is preferred.

3.41 It is clear that a mixed production model is commonplace around the world, including in North America, Europe and Asia. Based on the evidence presented during this inquiry, the committee recognises that the ABC is following a wider trend to commission content from external sources. The committee has not, however, heard enough evidence to support the introduction of a fixed quota production model at the ABC.

3.42 The committee affirms the BBC's aim of being transparent about its commissioning decisions and commissioning openly and fairly and that this is a standard that the ABC should genuinely adopt.

3.43 The committee notes the submissions put forward by organisations such as the independent producers that co-production complies with ABC editorial policies and that the ABC works closely with independent producers.[33]

3.44 Although a number of submitters from the independent production sector and also state screen agencies commented positively on the process of leveraging funding through co-productions, the committee notes that partnerships with the ABC benefits them and enables them to compete for production space on television.

3.45 The committee also notes the concerns raised about the recent outsourcing of content and the degree of reliance on co-production.

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31 CPSU, *Submission 145*, p. 18.

32 Name withheld, *Submission 2*, [p. 1].

33 Cordell Jigsaw Productions Pty Ltd, *Submission 171*, p. 7. See also Mr Tony Wright, *Submission 137*, [p. 1]; Australian Children's Television Foundation, *Submission 141*, [p. 1].

3.46 The committee believes that a degree of competition between internal and external sources for pitching new program ideas is in the best interests of the ABC's television programming, noting that from the audience's perspective the two distinct forms of commissioning should complement each other. Sourcing the best program ideas either from within or outside the ABC will ultimately be in the best interests of the broadcaster. The committee therefore supports ABC staff being actively encouraged to suggest ideas to ABC management and that any implicit or explicit restrictions on staff from pitching ideas are removed.

3.47 The suggestion that ABC staff are effectively being discouraged from bringing forward programming ideas has prompted some committee members to call for the ABC to introduce procedures that will enable internal staff, including in the BAPH states, to pitch program ideas and that the ABC pays genuine attention to the feedback it receives. One way to achieve this outcome could be through the employment of a travelling commissioning editor to consult with and represent the BAPH states and regional areas.

3.48 The committee notes that this report has been undertaken in the context of forced redundancies in some areas announced by ABC management. Some committee members thought it important to call on the ABC to suspend decisions concerning ABC staff redundancies until after the final outcomes of the committee's recommendations are known.

3.49 The committee believes it is important for the ABC to ensure the value for money, transparency, skill retention and capacity to internally produce quality programming. Accordingly, the committee makes the following recommendation.

Recommendation 1

3.50 The committee recommends that the ABC ensure that it maintains an effective capacity to internally produce quality programming across the regions in addition to news, sport and current affairs. The committee notes that the increasing use of external producers has the capacity to diminish the ABC's independence and skill base.

3.51 The committee calls on the ABC and the Minister for Broadband, Communications and the Digital Economy to identify and implement processes which ensure value for money, transparency and skill retention. In the context of the need to maintain the ABC's skills base, the committee calls on ABC management to immediately reassess the implications of any employment decision on its capacity to deliver quality programming across the network.

Programs of a specialised nature

3.52 From the evidence received there appears to be a significant concern within aspects of the Australian community that out-sourcing production is having, and will continue to have, a negative impact on television content.

3.53 The committee notes that members of the public were particularly troubled by the apparent loss of specialised program content tailored to certain interest groups. Many of these submissions understandably focused on the arts, as it is one of the key areas affected by the recently announced cuts. For example, the committee received numerous submissions which expressed concerns similar to those raised by Ms Penelope Shepherd:

> I wish to register my shock and dismay at the announcement by the ABC of the axing of Art Nation and the closure of the ABC Arts Unit, the axing of the New Inventors and the Collectors programs. My understanding was that as part of it's [sic] charter the ABC catered for a wide variety of Australian tastes. It catered for a diversity of cultural interests and needs.[34]

3.54 This view has also been voiced by others:

> This flagship arts program is my only source of information on the arts that gives a national perspective. Knowledge of what is happening in each region throughout Australia is important to my sense of cultural connectedness.[35]

3.55 The loss of arts content has also sufficiently concerned independent arts bodies which presented evidence to the committee that the loss of arts content, such as *Art Nation*, fundamentally affects the ABC's charter commitment to 'encourage and promote the musical, dramatic and other performing arts in Australia'.[36] The Tasmania Theatre Company stated that:

> The ABC produces so few news programs about key contemporary arts issues and events that is perilously close already to not fulfilling its charter.[37]

3.56 The confederation of peak national arts bodies, Arts Peak, also raised concerns with the cancellation of arts programming as part of the ABC's current schedule, submitting that:

> In taking these actions [reducing arts content for example the cancellation of *Art Nation* and potentially *Artworks* on Radio National], the ABC leaves no overall arts news or magazine program on the national broadcaster, with the exception of the occasional arts event report located almost at the very end of the 7.00pm TV News on ABC 1. Without providing any regular daily and weekly arts news coverage, in taking this decision the ABC is effectively banishing the arts from its national current affairs coverage. This is not just a case of updating or reformatting arts programs that have reached their use-by date; it creates a vacuum.[38]

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34 Ms Penelope Shepherd, *Submission 170*, [p. 1].

35 Name withheld, *Submission 11*, [p. 1].

36 *Australian Broadcasting Corporation Act 1983*, para. 6(1)(c).

37 The Tasmanian Theatre Company, *Submission 10*, [p. 1].

38 Arts Peak, *Submission 123*, p. 1.

3.57 More generally, there was a pervasive belief that the ABC 'has lost its ability to make the unique quality programmes it was once famous for'[39] and that 'there has already been some "dumbing down" with the loss of specific programme areas'.[40] This sentiment was similarly expressed by Ms Diane Hart:

> I mourn the loss and the losing of science information, of local sports, of the radio program "star stuff" (last round of cuts), of drama that keeps me riveted, of seeing modern dance programming, of exposure to different ideas, of debate and difference.[41]

3.58 The committee accepts that this issue was of deep concern to submitters. The committee believes that these views express more fundamental questions in terms of specialised program content for the arts versus programs of broader appeal. The committee also recognises that there is a broader issue at stake relating to the balance between ratings and the production of programs of critical acclaim. For example the ABC TV Arts Unit submitted on this matter:

> Both ABC Managing Director Mark Scott and the Director of Television Kim Dalton have stated publicly that the weekly arts program Art Nation was axed because of declining ratings and the need to focus on prime time.[42]

3.59 The Friends of the ABC also highlighted similar concerns with the ABC's commitment to pursuing ratings:

> The comments of Mark Scott and some ABC networks heads over several years indicate that they view ratings as a prominent indicator of the success or otherwise of many parts of the ABC.[43]

3.60 This view was repeated in evidence by Ms Glenys Stradijot, Campaign Manager for Friends of the ABC, who reiterated this belief in the following way:

> What we see is that, in recent years, the ABC is being taken in a different direction in terms of the approach of the ABC's management to its programming. There is increased interest in measuring the success of programming through ratings, the ABC is increasingly engaging in activities that imitate commercial TV, promotions on television and things that distract the audience, and the outsourcing.[44]

3.61 However Mr Mark Scott, Managing Director of the ABC, gave evidence that ratings were only one part of the equation the ABC considered in commissioning

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39 Mr Brett Ramsay, *Submission 31*, [p. 1].

40 Ms Ruth Borenstein, *Submission 276*, [p. 1].

41 Ms Diane Hart, *Submission 289*, [p. 1].

42 ABC Arts Unit, *Submission 133*, [p. 2].

43 Friends of the ABC (Vic), *Submission 254*, p. 4.

44 Ms Glenys Stradijot, Campaign Manager, Friends of the ABC, *Proof Committee Hansard*, 26 September 2011, p. 21.

programs: 'We do need to watch the audience numbers too. People ask about ratings. What I say about ratings is this: ratings matter; they are not the only thing that matters'.[45]

3.62 In support of the ABC's position that they did not rely on ratings as a sole indicator of success, programming decisions were referred to as developing out of a range of processes:

> The ABC Board and Management consider that ratings are just one measure that is considered in assessing programs. ABC also considers the impact and audience engagement, quality of the product, critical response and value for money.
>
> Television management is responsible for decisions on evaluating the performance of TV programs. Regular updates are provided to the Board.[46]

3.63 In the ABC's submission to the inquiry however, ratings was the main metric used to explain the cessation of *Art Nation* and *New Inventors*:

> In the case of New Inventors, ABC Television commissioned 314 episodes and invested over $32 million across its eight series. However, over that run audience fatigue became evident, with the program's audiences falling from a peak of over a million viewers in 2004 to an average of 500,000 in 2010.
>
> The decision to cancel Art Nation reflected similar audience concerns. In 2011 to date, the program has averaged around 77,000 viewers each week, down from 104,000 the previous year. Sunday Arts, the program that it replaced in 2010, had average audiences of 145,000 in 2009 and 175,000 in 2008. This pattern of declining audiences for a late-afternoon arts program motivated ABC Television to consider new and more effective ways of providing quality content to audiences with an interest in the arts.[47]

3.64 The success of out-sourcing *Bananas in Pyjamas* was similarly described specifically in respect to audience numbers in Australia and within the overseas market:

> The original series of Bananas in Pyjamas attracted an average audience of 168,000 viewers on ABC1 in Australia's five capital cities during 2010.
>
> The animated series launched on ABC2 in May 2011 with an initial audience of 262,000 viewers (comprising 174,000 viewers at 8am and 88,000 viewers for the repeat showing at 1.30pm). In July 2011, the animated series was moved to a new timeslot of 5.50pm on ABC2. In this new timeslot, it achieved an average audience of 203,000 viewers over the first three weeks from 25 July 2011.

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45 Mr Mark Scott, Managing Director, Australian Broadcasting Corporation, *Proof Committee Hansard*, 26 September 2011, p. 61.

46 Australian Broadcasting Corporation, answer to question on notice no. 52, p. 22, 26 September 2011, (received 1 October 2011).

47 Australian Broadcasting Corporation, *Submission 138*, p. 2.

> This success is not limited to Australian viewers. The animated Bananas in Pyjamas is also broadcast with great success in the UK and the ABC anticipates it being rolled out into markets across Europe, the Middle East, Africa and Asia in coming months. This evidences that the new animated series has revived a once ailing format, bringing it to millions of new fans.[48]

3.65 The committee also received evidence that the recently announced program cuts were decided without prior staff consultation. For example Mr Thomson of the CPSU stated:

> So what tends to happen is that the union and our members are advised at the time decisions are taken to axe programs. In the past there was a different system that operated, and that was because there was a commitment to retaining internal production at the ABC and before decisions were taken to axe programs, in most cases the staff would be told that the programs they were working on were tired, and often they were the first to recognise that anyway, and they would have been given an opportunity to rebuild programs and come up with other ideas, new pitches, and to start building new programs before the old ones got axed.[49]

Committee comment

3.66 The committee recognises that as an independent national broadcaster the ABC has the right to produce programs it believes will meet its Charter obligations and that editorial decisions are the responsibility of ABC management and should not be influenced by government. The committee however is mindful that the ABC is not a business but a publicly-funded statutory authority and that its responsibilities are not those of a commercial broadcaster.

3.67 The committee also recognises the complexity of the ABC Charter responsibility in providing an appropriate balance between those programs designed to appeal to a mass audience, different to that of the commercial stations, and those particular cohorts with special interests or those reflecting and supporting cultural and regional diversity. The committee notes the concerns of submitters such as Friends of the ABC which indicates that the ABC is overlooking or flouting the original spirit and intention of its Charter, for example producing content that would be more appropriate for a commercial broadcaster.[50]

3.68 The committee believes that now is an appropriate time for the ABC to genuinely provide explanation for where it sees its future as a broadcaster of both wide appeal and specialist interest as well as how it reflects the cultural and regional diversity of the Australian community.

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48 Australian Broadcasting Corporation, *Submission 138*, pp 6–7.

49 Mr Graeme Thomson, ABC Section Secretary, Community and Public Sector Union, *Proof Committee Hansard*, 26 September 2011, p. 2.

50 Friends of the ABC, *Submission 254*, p. 1.

Recommendation 2

3.69 The committee recommends that ABC management sets out in detail where it sees its future as a broadcaster and a content producer, and particularly with reference to the ABC Charter responsibilities of balancing programs of wide appeal and specialist interest as well as how ABC programming reflects the cultural and regional diversity of the Australian community.

3.70 In this regard the committee welcomes ABC's commitment that it will develop a television production strategy which it will release before the end of 2011.[51] The committee also welcomes Mr Scott's commitment to provide greater certainty for staff:

> ...I am keen that we have some more certainty for our staff as best we can on this mix for the next couple of years. That is the plan that we are working towards. Now, you cannot be too precise around everything because sometimes some things change—audiences or programming that you feel you need to make. But we are looking for more certainty and that is what we are working on. We have been discussing amongst the executive, we have been discussing it with the board meeting, and we have more work that we need to do. But as I say, I am hopeful that by year's end we will be able to provide some greater clarity on the outlook for our television production model for the next three years, just as we had a plan three years ago, in a sense—our television production model up to about now.[52]

3.71 The committee notes that the ABC was unwilling to provide the committee with the ABC's previous production strategy, which Mr Scott described as a 'production guarantee'.[53] The committee believes that in future the ABC needs to be more open about its commissioning model.

3.72 Whilst welcoming the ABC's commitment to greater staff certainty, it is clear that the upcoming production strategy will be a model based on a top-down assessment. In this regard the committee believes it would be preferable for the ABC to consult with its staff about the television production strategy prior to its formal release. To achieve this aim the committee recommends below that the ABC release a consultation draft strategy prior to its finalisation.

3.73 Whilst acknowledging that ABC editorial decisions are the responsibility of ABC management, the committee also believes that in future ABC management

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51 ABC Media Release, 'ABC to Maintain Local Football Connection', 22 September 2011.

52 Mr Mark Scott, Managing Director, Australian Broadcasting Corporation, *Proof Committee Hansard*, 26 September 2011, p. 65.

53 Mr Mark Scott, Managing Director, Australian Broadcasting Corporation, *Proof Committee Hansard*, 26 September 2011, p. 68; and Australian Broadcasting Corporation, answer to question on notice no. 79, p. 43, 26 September 2011, (received 1 October 2011).

should engage its stakeholders prior to significant changes to internal creative and production structures such as the specialist ABC Arts Unit or the Natural History Unit. Given its importance to regional production and programming content, there should also be consultation prior to any significant changes to the ABC's state-based activities. Furthermore, noting the ABC Charter obligation to 'encourage and promote arts, including musical, dramatic and other performing arts', the committee believes that the ABC should urgently publish a strategy outlining how it can meet this obligation given the planned disbanding of the ABC arts unit.

Recommendation 3

3.74 The committee recommends that ABC management release a draft television production strategy for staff, community and private sector consultation, prior to its finalisation.

Recommendation 4

3.75 The committee recommends that the ABC consult with stakeholders prior to making significant changes to either internal creative and production structures or state-based activities.

Recommendation 5

3.76 The committee draws the attention of ABC management to the ABC Charter obligations to 'encourage and promote arts, including musical, dramatic and other performing arts' and calls on ABC management to urgently publish a strategy outlining how it can meet this obligation given the planned disbanding of the ABC arts unit.

The ABC as a cultural archive

3.77 The ABC's role as an archive of Australian culture, 'a repository for the social history of Australia'[54], was raised by a number of submitters and witnesses. Their concerns centred on the ABC's ownership of content and the accessibility of this content, particularly as a record of Australian culture.

3.78 The ABC Television Archives summarised these concerns, and explained the relationship between content ownership and the use of content as a resource and record of Australian history and culture:

> As a result of over 50 years of internally produced TV broadcasting, the ABC currently has a rich and diverse archive; the biggest of all the television networks in Australia. This archive is not only used by ABC productions but also by third-party clients. The ABC Archive's importance as a repository of cultural information and of political and social history extends far beyond the demands of the ABC, and is a crucial resource for

54 Mr Quentin Dempster, *Proof Committee Hansard*, 26 September 2011, p. 25.

> the entire Australian film and television production community. Being a government organisation, the ABC Archives are subject to stringent archival policies that ensure the content is catalogued appropriately, stored correctly and accessible by the public and private sectors.
>
> A shift away from internal product...will result in a radical diminishing of the ABC's archival scope, in both size of the collection and its content...the copyright for co-produced footage rests solely with the co-producer; meaning that important content, such as unique camera overlay, rare moments of history, script documentation or exclusive interviews, will no longer be easily accessible to the wider community or the ABC. Independent producers do not necessarily share the same commitment to archiving their footage, scripts, photographs or ancillary documentation as the ABC does, thus making co-produced content inaccessible for future use for all Australians. Co-produced footage no longer has value beyond the few transmissions the ABC purchases...taxpayer-funded, internally produced footage has the potential to be reused hundreds of times, for the financial and cultural advantage of the ABC and the nation.[55]

3.79 The ABC Television Archives went on to explain that:

> The ABC seeks to continue building its strong news archive, but the beauty of internal television production within the ABC is that the archive is able to draw its contents from beyond the news scope; to document our social and cultural identity in a way no other television network does in Australia. Arts, science, natural history and religion are not covered in-depth in news programs the way they are in television productions. It is a simple equation; the fewer programs the ABC produces, the less content we have, and the less viable it is for more programs to be produced internally.[56]

3.80 The Media, Entertainment and Arts Alliance South Australia (MEAA SA), the Community and Public Sector Union (CPSU) and Mr Quentin Dempster shared this view.[57]

3.81 The CPSU opined that the diminution of internal production at the ABC would mean 'an invaluable national archive of TV Arts owned by the ABC in perpetuity will not be added to'.[58]

3.82 In response, independent producers argued the content of television programs was a less important archive than news and current affairs. Ms Sally Ingleton, Company Director of 360 Degree Films, stated:

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55 ABC Television Archives, *Submission 208*, p. 1.

56 ABC Television Archives, *Submission 208*, p. 3.

57 Media, Entertainment and Arts Alliance SA (MEAA SA), *Submission 249*, pp 3 and 13; and Community and Public Sector Union, *Submission 145*, p. 37; and Mr Quentin Dempster, *Proof Committee Hansard*, 26 September 2011, p. 25.

58 Community and Public Sector Union, *Submission 145*, p. 37.

> I think the archive is really critical. But I would say that probably the most valuable archive is news and current affairs. Certainly that is one area of the ABC that is not being cut back...[59]

3.83 Ms Ingleton went on to explain that:

> I would have to also say that sadly a lot of that stuff is not kept by ABC. I know that there have been times where I have tried to access the original camera tapes for arts programs and they have all been wiped. They have just basically been recycled. All they actually keep is the final program. In the independent sector, we always have to lodge our programs with the National Film and Sound Archive, so everything is kept for the record. We keep all our tapes.[60]

3.84 Mr Nick Murray, Managing Director, Cordell Jigsaw Productions Pty Ltd indicated that contracts between the ABC and independent producers for ABC-commissioned (and externally produced) television programmes could contain a free archival-use clause:

> Another thing about archives: we make entertainment shows and factual shows, mainly for the ABC, and I am fairly sure that there is a free archival use clause in all of our contracts...that lets the ABC continue to use bits of our shows for archival purposes for no charge. I am certain that that is there.[61]

Committee comment

3.85 The committee notes the important cultural record provided by the ABC archive. This is of particular importance in the area of news and current affairs but also extends to other areas of Australian cultural endeavour. The committee also notes the requirement for independent producers to lodge their programs with the National Film and Sound Archive.

3.86 The availability of Australia's cultural history to future generations is important. In the committee's view this ought to be a consideration but not the ABC's primary one when making commissioning decisions. Although the committee did not receive conclusive evidence on this point, the ABC should commence or continue to include free archival use clauses wherever appropriate in all co-production contracts.

Recommendation 6

3.87 The committee recommends that wherever appropriate the ABC include free archival use clauses in all future co-production contracts.

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59 Ms Sally Ingleton, Company Director, 360 Degree Films, *Proof Committee Hansard*, 26 September 2011, p. 51.

60 Ms Sally Ingleton, Company Director, 360 Degree Films, *Proof Committee Hansard*, 26 September 2011, p. 51.

61 Mr Nick Murray, Managing Director, Cordell Jigsaw Productions Pty Ltd, *Proof Committee Hansard*, 26 September 2011, p. 51.

Regional production and content

3.88 A number of submissions described the importance of maintaining regionalism in both program content and production capabilities in areas outside of Sydney and Melbourne.[62] The committee notes that this trend is part of a sustained move towards centralisation to the eastern seaboard and particularly Sydney, which was noted in the 1995 'Our ABC' inquiry.[63] This report addresses both the issue of regional content and regional production.

3.89 The terms of reference for this inquiry highlighted whether television content could continue to be created, produced and owned in the capital cities of Brisbane, Adelaide, Perth and Hobart, often referred to as the BAPH states. Former President of the Friends of the ABC (SA branch) the Hon. Sandra Kanck provided the following response in her submission:

> That east-coast centrism has implications for program content, and I invite you to examine the percentage of stories being aired on "7.30" which originate from, for example, South Australia and Tasmania: you will find that it is well below what one might expect on the basis of the percentage of the Australian population that lives in these states.[64]

Regional content

3.90 With regard to regional content, the committee received submissions from a number of state-based interest groups which provided evidence relating to individual state concerns. For example, the situation in Tasmanian appears in the following submission from The Tasmanian Theatre Company:

> Tasmanian artists could make a reasonable argument that this charter [the ABC Charter] is barely being fulfilled now. Local arts stories are very rarely broadcast on any ABC medium in this state and there is no indication that a reduction in national broadcasting of arts news will lead to any kind of increase in local coverage.[65]

3.91 Similar concerns have been raised by other states. The submission from the Western Australia independent arts body, the Chamber of Arts and Culture WA, raised the matter that Western Australia based content is declining to levels which are causing alarm:

> Here in Western Australia, we now have a particularly dire situation in which we are providing no significant program content for the national television network. This is in spite of a major financial investment in a

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62 Chambers of Arts and Culture WA Inc, *Submission 76*, [p. 1]. Friends of the ABC (Vic), *Submission 254*, p. 5.

63 Senate Select Committee on ABC Management and Operations, *Our ABC*, March 1995, pp 81–89.

64 Ms Sandra Kanck, *Submission 136*, [p. 1].

65 The Tasmanian Theatre Company, *Submission 10*, [p. 2].

> state-of-the-art production studio at the ABC's new East Perth headquarters. Given this, on a national level, we are currently virtually "out of sight, out of mind". And this is a state that continues to make a massive contribution to the Australian economy, and one that is also punching above its weight in terms of its contribution to Australia's arts and cultural life.[66]

3.92 Although the ABC has suggested that the production of *Poh's Kitchen* is a positive benchmark of South Australian content,[67] evidence received from South Australian bodies expressed similar concern about the lack of regionalism in content appearing on the ABC.[68]

3.93 The committee received evidence from ABC staff members that out-sourcing production will affect the extent to which regional content is sufficiently represented on the national broadcaster. For example, while the core of the ABC TV Arts Unit was based in Melbourne they made the point that they took extremely seriously the need to represent local content issues. They describe their activities in this way:

> Art Nation also distributes other internal ABC Arts content from regional Australia via initiatives including ABC Open, ABC Local and using technology such as Skype, and has contributed its content to other parts of the ABC, including News 24, Big Ideas and Radio National.
>
> One of the vital roles of a weekly arts program is to provide coverage in centres outside of Sydney and Melbourne, beyond where the Unit's staff is based. An audit of internally made content demonstrates that virtually every episode of Art Nation since 2010 has featured regional content from right across Australia – from WA, QLD, SA, Tasmania, the NT and the ACT.[69]

3.94 Mr Scott told the committee that the ABC does not automatically equate production in regional areas with the production of regional content:

> I am not sure that simply scattering generic programming around the country is the same thing as doing television production that reflects the expertise, the history, the geography and the culture of that part of the country back into the national schedule.[70]

3.95 The following exchange at the committee hearing elaborates on this point:

> **Senator XENOPHON**: Sorry, Mr Scott, but the information I have from my contacts within the ABC is that, when they are told to pitch nationally

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66 Chambers of Arts and Culture WA Inc, *Submission 76*, [p. 1].

67 Mr Mark Scott, Managing Director, Australian Broadcasting Corporation, *Proof Committee Hansard*, 26 September 2011, p. 59.

68 For example South Australian National Football League Inc, *Submission 70*; Ms Sandra Kanck, *Submission 136*, [p. 1]; and Media Entertainment and Arts Alliance (SA), *Submission 249*.

69 ABC Arts Unit, *Submission 133*, [pp 1–2].

70 Mr Mark Scott, Managing Director, Australian Broadcasting Corporation, *Proof Committee Hansard*, 26 September 2011, p. 59.

> for a program, they are told, 'We don't want anything too regional; it's got to have a national feel to it.' Am I missing something here?
>
> **Mr Scott**: All I am saying is that some of best regional programming we have done has reflected a particular part of Australia. There is no doubt that some of the stuff we have commissioned with the independent production sector is going to reflect a particular part of the country too. One of the strong reasons for doing regional productions is to reflect the diversity of the country to the country.[71]

Committee comment

3.96 Based on the evidence presented during this inquiry, the committee believes that the ABC needs to be vigilant about its Charter commitments to broadcasting 'programs that contribute to a sense of national identity and inform and entertain, and reflect the cultural diversity of, the Australian community'.[72] It is clear to the committee that one core way of achieving programming which reflects cultural diversity is to broadcast programs which represent regional issues and subject matters.

3.97 In this regard the committee emphasises the importance of maintaining and developing regional content on ABC television. The committee recognises the effective way that the ABC has achieved regional coverage through its Local Radio network. The committee also notes and endorses the following statement from the ABC's 2010 annual report:

> Public broadcasters are particularly intrinsic to regional life, as the relative cost of providing localised services beyond major population centres is not a commercially attractive proposition.[73]

3.98 The committee would support the ABC publishing annual targets of regional content on ABC television against which it reports in order to meet its Charter obligation to 'reflect the cultural diversity of the Australian community'.

Recommendation 7

3.99 The committee recommends that the ABC publish annual targets of regional content on ABC television against which it reports in order to meet its Charter obligation to 'reflect the cultural diversity of the Australian community' and to promote ongoing internal program production in the BAPH states and regional Australia.

3.100 If the achievement of such targets is found to be inadequate, the committee encourages the government to implement requisite proportions of regional content on ABC television.

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71 Senator Nick Xenophon and Mr Mark Scott, Managing Director, Australian Broadcasting Corporation, *Proof Committee Hansard*, 26 September 2011, p. 59.

72 Australian Broadcasting Corporation Act 1983, subpara. 6(1)(a)(i).

73 Australian Broadcasting Corporation, *2010 Annual Report*, p. 1.

Regional production facilities

3.101 Regional production facilities include a raft of physical assets including sound stages, studios and post-production suites and OB vans.

3.102 A core issue which was raised during the inquiry is whether internal ABC regional production in the BAPH states will be reduced to levels that cannot be rebuilt in the short-term as a result of current decisions to out-source productions to independent producers.

3.103 The submission from the Community and Public Sector Union drew attention to the loss of production capability in Hobart because of the decision to cease the *Collectors*:

> Hobart production capacity is endangered by the recent announcement. Collectors is a Hobart based production that is the staple of ABC Tasmanian production. The announcement that the program will be replaced by a new program, Auctions, gave no reprieve to the Tasmanian production crew. The Collectors production is to be replaced by a short run (5 episodes). The replacement program is only ten episodes compared with the 22 episode production of Collectors.[74]

3.104 The Media, Entertainment and Arts Alliance provided evidence that increased centralisation towards Sydney and Melbourne is likely to continue unless the ABC's base funding is increased:

> Should this increase [in base funding] not occur, we are likely to see an increase in outsourcing of production and, in the alliance's view, further centralisation of production in Sydney and Melbourne.[75]

Outside broadcast vans

3.105 Several submitters raised the subject of the ABC's outside broadcast (OB) vans which in particular relates to the issue of the ABC's coverage of regional events.

3.106 In response to questions on notice, the ABC provided the following general information on the use of OB vans:

> The ABC operates nine outside broadcast (OB) vans which are used extensively for a range of television genres and programs, including news and current affairs. The OB vans are also a central part of the ABC’s disaster recovery strategy. It costs the ABC approximately $2.79m per year

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74 Community and Public Sector Union, *Submission 145*, p. 47.

75 Mr Simon Whipp, Assistant Federal Secretary, Media, Entertainment and Arts Alliance, *Proof Committee Hansard*, 26 September 2011, p. 9.

> to provide and maintain the vans. Personnel costs vary, depending on the complexity of the broadcast and are charged to the relevant program.[76]

3.107 In response to questions on notice on the potential flow on effect reducing local sports coverage would have on the ABC's ability to cover significant multi-camera events, such as ANZAC day, the ABC stated:

> The ABC believes there would be no impact on the capacity of the ABC to cover multi-camera events if it chose not to broadcast local football in the future.[77]

3.108 The ABC further stated that 'There is commercial capacity for OB vans across Australia'.[78]

3.109 Mr Nick Murray, Managing Director, Cordell Jigsaw Productions Pty Ltd, told the committee that the cost of operating and maintaining OB vans is a costly exercise and not core business for the ABC:

> ...the reason for the cost is the fact that the crews who are working on those OB vans actually only work for one or two days a week whilst being paid full-time, and probably more than full-time because most of their work occurs on weekends when they are being paid penalty rates. It is not the broadcast of the sport itself that is inefficient, it is the huge cost of maintaining the OB vans in every state. It is much cheaper to hire OB vans and crew in. The ABC is the only broadcaster in Australia which owns outside broadcast vans. Owning vans and owning studios are not core ABC activities...[79]

3.110 Several submitters noted the importance of the ABC owning and operating OB vans to cover both sporting events and significant multi-camera events. ANZAC day coverage in regional areas such as Tasmania was raised by Community and Public Sector Union as one example of how OB vans are currently used:

> When we are discussing the loss of sport and of football, it is important to remember that the future of sport is inerrably linked with the retention of the Outside Broadcast vans that support it. To the informed, the discussion about the axing of sport is as much about the scrapping of the OB vans that are required for multi-camera outside broadcasts. The closure of sport would inevitably reduce the business case for the retention of the OB vans,

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76 Australian Broadcasting Corporation, answer to question on notice no. 8a, pp 2–3, 26 September 2011, (received 1 October 2011).

77 Australian Broadcasting Corporation, answer to question on notice no. 24, p. 10, 26 September 2011, (received 1 October 2011).

78 Australian Broadcasting Corporation, answer to question on notice no. 25, p. 10, 26 September 2011, (received 1 October 2011).

79 Mr Nick Murray, Managing Director, Cordell Jigsaw Productions Pty Ltd, *Proof Committee Hansard*, 26 September 2011, p. 46.

> and with the capacity, particularly of the smaller branches, to cover large external events including the ANZAC Day marches.[80]

3.111 Further, an ABC staff member, Mr Phil Long, provided evidence on Tasmania's OB van in his submission. He highlighted reasons why the ABC's OB vans are necessary both for coverage of sporting and other events, as well as an employment opportunity for 6 technicians:

> Tasmania has two outside broadcast vans. Of the two, the ABC's is the most capable and comprehensive. The other van is owned by a commercial network is [sic] has very limited capability....Part of the reasoning as to why we have an OB van on the island is due to the commitment to a winter season of sport. Over the past few years, this has included state and national football, hockey, basketball and netball. Other commitments include the studio content of the successful The Collectors program and the ANZAC day march and service.... Without the van, there would be no requirement for an estimated 6 technicians and their positions would be made redundant. That would put Tasmania below what is locally thought to be a 'critical mass' and impact on our economies of scale which would have ripple effects onto associated departments.[81]

3.112 Mr Long then noted that there was a broader impact on Tasmania's regional production and on longer-term employment:

> Less production in Tasmania results in a lower Tasmanian profile on the national stage. With fewer productions happening in the state and those that do now attracting [sic] a larger slice of the budget, anything of Tasmania's desires to be seen as a good location to shoot in with well controlled budget elements will be lost. Possible employment and career opportunities will be severely reduced and anyone looking for a career in the industry will almost be assured of having to leave the state in order to advance any career possibilities.[82]

3.113 Similar evidence of the importance of OB vans was presented to the committee by submitters from other states.[83]

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80 Community and Public Service Union, *Submission 145*, p. 45.

81 Mr Phil Long, *Submission 257*, [pp 3–4].

82 Mr Phil Long, *Submission 257*, [pp 3–4].

83 Mr Grant Stephen Dorrington, Director of Football, West Australian Football Commission, *Proof Committee Hansard*, 26 September 2011, p. 34.

State football league broadcasts

3.114 During the course of the inquiry concerns were also raised about the future telecast of state-based football leagues. For example the Senate passed two motions on the important role of state based football leagues in South Australia and Western Australia (the full text of the motions are at Appendix 5).

3.115 Many submitters also gave their unqualified support to the broadcast of state football league. For example Mr Grant Dorrington, Director of Football of the West Australian Football Commission told the committee of the importance of the televising local matches:

> ...[the state football league actually adds] to the social fabric of Western Australian life. You can take that from the north, where there are major Indigenous communities and their life is built around our great Australian game. I should say again—and we all know—that this Australian game is unique. It is indigenous, and in my personal opinion that should be heritage listed. It is about connecting people—connecting them to teams and to the social fabric.[84]

3.116 The committee notes that on 22 September 2011 the ABC announced that negotiations to cover local leagues would commence in the coming weeks. The ABC stated in its media release that it 'understands that local football coverage is important to the state leagues in developing profile and grass roots support.' Further, the ABC announced that it is 'continuing to develop a television production strategy which will include a more formal framework for sports coverage. That strategy will be released before the end of the year'.[85]

Committee comment

3.117 Whilst accepting that the Charter does not stipulate the function of the ABC as being a producer of content and that there are real economic pressures facing the ABC to meet multi-channelling needs, the committee notes that in some circumstances the Charter obligation to reflect the cultural diversity of the Australian community could be achieved by the ABC maintaining production units in state capitals across Australia. In this regard the committee finds the submission by the Media, Entertainment and Arts Alliance persuasive:

> In fulfilling [national identity and cultural diversity obligation of the Charter] the ABC has long established TV production units in all State capitals including Sydney, Melbourne, Brisbane, Adelaide, Perth and Hobart. Given the concentration of the commercial and independent production industry in Sydney and Melbourne, the production of broadcast

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84 Mr Grant Dorrington, Director of Football, West Australian Football Commission, *Proof Committee Hansard*, 26 September 2011, p. 32.

85 Mr Mark Scott, Managing Director, Australian Broadcasting Corporation, 'ABC to Maintain Local Football Connection', Media release, 22 September 2011.

> material by the ABC TV units in Brisbane, Adelaide, Perth and Hobart, have been particularly important in ensuring an industrial base in cities outside of these two cities, and supporting the development and production of broadcast material with perspectives and viewpoints created from across the country.[86]

3.118 The committee is concerned that internal production capacity is being run down with the loss of discrete internal production units within the ABC, recently seen with the loss of the ABC Arts Unit and the Natural History Unit in 2007.[87] This is particularly worrying when a unit or program is produced in one of the BAPH states.

3.119 The committee supports continued coverage of local and regional events particularly in the BAPH states. In light of this, the committee is pleased to hear that the ABC will enter into negotiations 'to bring the state-based Australian Rules competitions, Queensland's Rugby League competition and NSW's Shute Shield to audiences on ABC1 in 2012 and 2013'.[88]

3.120 The committee acknowledges the important social role of local football as an avenue for supporting and promoting community interests and as an outlet for young people. As such, the committee welcomes the ABC's decision to commence negotiations to broadcast state-based Australian rules competitions, Queensland's Rugby League competition and NSW's Shute Shield for at least the following two years over 2012 and 2013.

3.121 Further discussion on the funding of regional initiatives is discussed below.

Sustainability of the ABC's funding

3.122 Closely linked to the issue of the ABC's commissioning model is the broader subject of the sustainability of the ABC's funding base. The ABC's submission outlined its current television funding environment:

> The Corporation received significant funding increases for specific genres of television programming in its last triennial funding round [for the period 2009–10 to 2011–12]. This has allowed it to substantially boost its output of children's content and drama, and, to a lesser extent, documentaries. However, in other output areas, the funds available to ABC Television have declined. This has been particularly marked over the past two financial years. Commercial and Screenrights revenues returned to ABC Television for reinvestment in programming have slumped, while, as described above, the costs of acquiring content have increased.[89]

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86 Media, Entertainment and Arts Alliance, *Submission 255*, [p. 2].

87 Friends of the ABC, *Submission 254*, p. 2.

88 ABC Media Release, ABC to Maintain Local Football Connection, 22 September 2011.

89 Australian Broadcasting Corporation, *Submission 138*, p. 2.

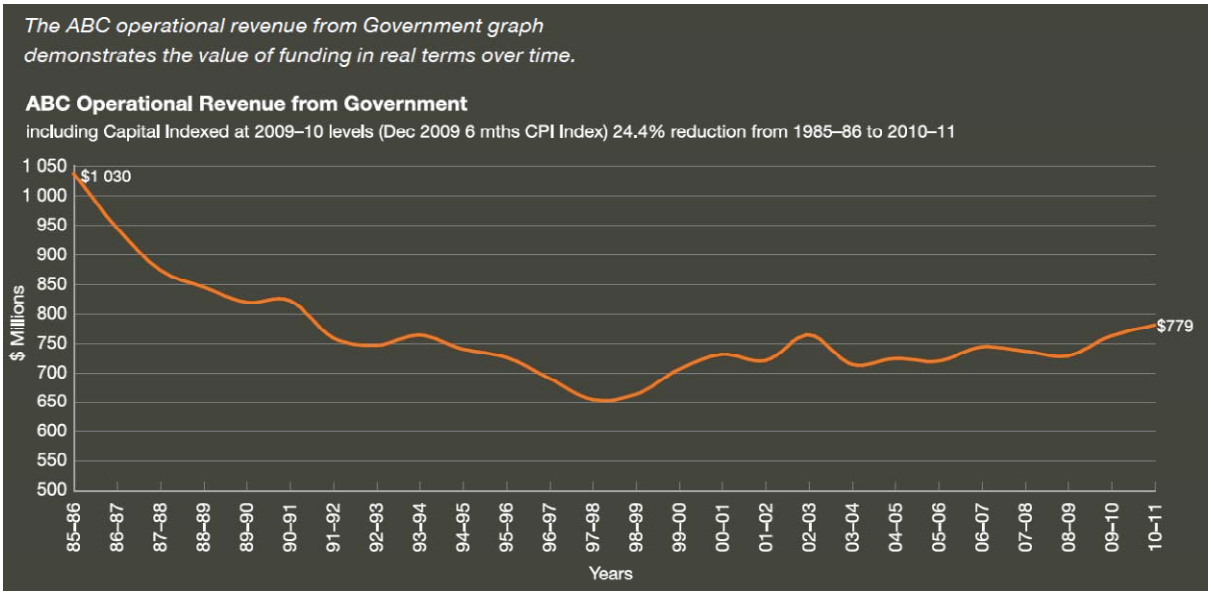
3.123 In August 2011, Mr Scott told the National Press Club of the ABC's significant reliance on government funding: 'We have finite money and little means of raising more outside government appropriation'.[90]

3.124 This view is supported by a cursory assessment of the ABC's 2010 Annual Report. In 2009–10 the proportion of the ABC's annual revenue sourced from government funding was 83.4 per cent whereas other non-government sources such as ABC Commercial provided only 16.6 per cent.[91]

3.125 According to the ABC's 2010 Annual Report, 28.7 per cent of the ABC's expenditure in 2009–10 was allocated to 'television programs produced (including news and current affairs and captioning)'.[92]

3.126 The committee heard evidence that the ABC's operational base funding received from the Government has declined in real terms. Although there has been a gradual increase in the level of government funding in real terms since the late 1990s, several witnesses drew the committee's attention to the 24 per cent decline since the mid-1980s.[93] This situation is demonstrated in Figure 1.

Figure 1—ABC operational revenue from government in real terms (1985–2010)



Source: Australian Broadcasting Corporation, *Annual Report 2010*, p. 122.

90 Mr Mark Scott, Managing Director, Australian Broadcasting Corporation, *Trust and Relevance – Defining the modern ABC*, National Press Club Address, 31 August 2011.

91 Australian Broadcasting Corporation, *Annual Report 2010*, p. 120. Government revenue in 2009–10 was $932.1 million whereas non-government revenue was $185.4 million.

92 Australian Broadcasting Corporation, *Annual Report 2010*, p. 121.

93 For example Mr Quentin Dempster, personal capacity, *Proof Committee Hansard*, 26 September 2011, p. 29.

Increasing cost pressures

3.127 Submitters identified a variety of funding challenges currently faced by the ABC. For example, Mr Simon Whipp, Assistant Federal Secretary of the Media, Entertainment and Arts Alliance told the committee:

> ...it needs to be acknowledged that the ABC's base funding has been under considerable cost pressures from a variety of forces, including the changing retail sector, the impacting of convergence and the need to engage with a proliferation of distribution platforms. Importantly, though, base funding has significantly decreased in real terms.[94]

3.128 Similarly, the Screen Producers Association of Australia submitted that:

> Even taking recent funding increases into account the ABC, in adjusted terms receives less funding then it did 25 years ago and employs far less staff. ABC CEO Mark Scott estimated that "operational funding from government, including capital, fell in real terms from slightly over $1 billion in 1986 to $800 million today."
>
> Adding to cost pressures are the rising costs of acquisitions for completed programs from overseas, declining revenues from DVD sales of past programs, and the costs associated with the increase in servicing three channels, funding ABC Online, and ABC 24. This has led to a squeeze internally and management have made some adjustments including reducing the Entertainment budget down from $13.5 million in 2008/09 to $9.2 million in 2011/12 resulting in some of the cancellations that have excited this inquiry.[95]

3.129 The ABC itself gave the specific example of the funding pressures created by the recent emergence of digital television multi-channels:

> ...the Australian free-to-air television market now has 16 digital multi-channels competing for audiences, content and creative talent. This has delivered audiences a much greater level of viewing choice. However, an unforeseen consequence for broadcasters is that, as a result of competition for programs to fill these channels, the cost of acquired content has increased. Since mid-2009, the average price paid per hour of acquired content for ABC1 has risen by 8%. The ABC estimates that hourly rates for ABC1 prime-time programmes will increase by 36% across 2011–12. For the ABC, which operates within a budget that is indexed annually, such a large increase necessarily places pressure on its television programming budget.[96]

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94 Mr Simon Whipp, Assistant Federal Secretary, Media, Entertainment and Arts Alliance, *Proof Committee Hansard*, 26 September 2011, p. 8.

95 Screen Producers Association of Australia, *Submission 139*, p. 3.

96 Australian Broadcasting Corporation, *Submission 138*, p. 2.

3.130 Even members of the independent production sector raised concerns about the increasing cost pressures faced by the ABC:

> Overshadowing debate over the appropriate levels of internal/external production is the broader issue of overall funding at the ABC.
>
> ...
>
> Adding to those challenges is a perfect storm of financial pressures for Entertainment on ABC TV:
>
> - The cost of acquiring overseas programs has skyrocketed due to competition from the Pay and Free-to-Air digital channels.
> - The rise of downloading, streaming and portable digital entertainment has led to a collapse in the DVD market and with it a significant drop in income from ABC DVD sales.
> - Funds have been diverted from Entertainment and Factual programs – among its best known and most popular – to other parts of the organization, most notably, ABC News 24.[97]

3.131 Another area of significant operating cost was production facility infrastructure such as studios, editing suites and outside broadcast vans. The committee notes the evidence from witnesses such as independent producers, that some ABC infrastructure, such as the Perth production studio and OB vans, is currently being underutilised.[98] This appears to be a particular issue in the BAPH states. Whilst acknowledging that the ABC hires out its infrastructure to its co-production partners and other entities, the committee encourages the ABC to utilise its production facility infrastructure as effectively as possible, particularly in BAPH states.

Recommendation 8

3.132 The committee recommends that the ABC actively manage its production facility infrastructure, particularly in the BAPH states, so that it is utilised as effectively as possible.

Prior funding of regional programming

3.133 The Committee received a number of responses to Term of Reference (c) 'whether a reduction in ABC-produced programs is contrary to the aims of the National Regional Program Initiative'.

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97 Joint submission from Cordell Jigsaw Productions Pty Ltd, Princess Pictures Pty Ltd, Zapruder's Other Films Pty Ltd, Giant Dwarf Pty Ltd, Token Artists Pty Ltd, *Submission 171*, p.15. Emphasis in original excluded.

98 See for example Mr Nick Murray, Managing Director, Cordell Jigsaw Productions Pty Ltd, *Proof Committee Hansard*, 26 September 2011, pp 46 and 49; and Mr Julian Morrow, Executive Producer, Giant Dwarf Pty Ltd, *Proof Committee Hansard*, 26 September 2011, p. 49.

3.134 The National Regional Program Initiative refers to the National Interest Initiatives (NII) which is also referred to as the Regional and Local Programming Initiatives (RLP). This would seem to be where the term 'National Regional Program Initiative' has originated.

3.135 The history of RLP funding requires a brief explanation. This funding was provided to the ABC in the May 2001 Federal Budget. The stated intention was that:

> The Government will provide $71.2 million over four years to the Australian Broadcasting Corporation. It is anticipated that most of these funds will provide additional regional and local programming across all media. This will allow the Australian Broadcasting Corporation to broaden its coverage of regional and local events, present regional perspectives to a national audience and convert regional radio stations to multimedia broadcast centres.[99]

3.136 In 2009–10, at the request of the ABC, RLP/NII funding was rolled into the ABC's base appropriation. The ABC has assured the committee that 'The ABC continues to apply these funds to programming activities in line with the purpose for which they were originally provided'.[100]

3.137 The ABC's ability to meet regional needs in terms of content and production was boosted in the last triennial funding round with the increase in funding allocated to the development of the ABC Open digital media project. This online project provides an avenue for regional communities to create and distribute material specifically focusing on regional matters which is then distributed through the ABC Open website.

Support for increased funding

3.138 As a consequence of the increasing pressures on the ABC's budget, there was universal support for increasing the ABC's base funding. The sentiments expressed by witnesses such as Mr Whipp were fairly typical:

> The building of a highly skilled and motivated workforce, clear training and professional development, economies of scale that ensure lower production costs, the development and creation of risk-taking and distinctive Australian productions could not be supported if left solely to the market. In order to ensure that these key functions are able to continue to be carried on by the ABC in a mixed-model environment, a significant increase to ABC base funding is required. Should this increase not occur, we are likely to see an

99 Portfolio Budget Statement, *Australian Broadcasting Corporation 2001–2*, p. 158.

100 Australian Broadcasting Corporation, answer to question on notice no. 27, p. 11, 26 September 2011, (received 1 October 2011).

> increase in outsourcing of production and, in the alliance's view, further centralisation of production in Sydney and Melbourne.[101]

3.139 Mr Quentin Dempster also expressed a need for the ABC's base funding to be commensurate with increased real costs for producing programs:

> Significantly the ABC Board again noted the historical reduction in ABC operational base funding: "The 2010-11 operational revenue from Government of $779million represents a decrease in real funding of $251million or 24.4% since 1985-86". The sustainability of operational funds is emerging as a critical issue for the ABC.[102]

3.140 The committee also received numerous submissions from members of the public as a form letter which stated the belief that the ABC needed to be funded to produce sufficient quality programming. This was often expressed in the following terms:

> the ABC to be funded and rebuilt so that it has strong specialist units to produce high levels of high quality and genuinely local in-house programming in all program genres on radio, TV and online[103]

Committee comment

ABC's triennial funding

3.141 The committee recognises that the ABC Charter was prepared well before the age of digital media. In order to fulfil its Charter obligation to provide an 'innovative and comprehensive broadcasting services of a high standard'[104], the ABC is now providing a broad range of new services and utilising new media platforms to engage with its audience in ways which could not have been imagined when the Charter was approved by the Parliament.

3.142 The committee also recognises that as a result of recent technological innovations, to fulfil its Charter obligations and to meet growing audience expectations, the ABC is faced with a range of increasing costs which are outstripping the indexed funding provided by government. In the medium term, it is the committee's view that it is not sustainable for the ABC to continue to meet its Charter obligations, and to maintain a critical mass in the BAPH states, without some adjustment to its operational funding level.

3.143 The ABC needs certainty of continued funding in order to provide the widening range of services required to fulfil its Charter and in line with audience

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101 Mr Simon Whipp, Assistant Federal Secretary, Media, Entertainment and Arts Alliance, *Proof Committee Hansard*, 26 September 2011, p. 9.

102 Mr Quentin Dempster, *Submission 80*, [p. 5].

103 Form Letter 1.

104 ABC Charter, paragraph 6(1)(a), *Australian Broadcasting Corporation Act 1983*.

expectations. The committee supports the maintenance of ABC funding at least at its current level in real terms. During the next triennial funding round, the committee also encourages the government to consider the range of new services being provided by the ABC, the increasing cost pressures the ABC is experiencing, and also the ABC's capacity to maintain a critical mass of staff, skills, production and infrastructure in regional areas. The committee recommends that the Government take into account the findings of the Convergence Review about the structure of the media market and investment in Australian content by all broadcasters when considering the ABC's funding needs in the forthcoming triennial funding round.

Recommendation 9

3.144 The committee recommends that the government take into account the findings of the Convergence Review about the structure of the media market and investment in Australian content by all broadcasters when considering the ABC's funding needs in the forthcoming triennial funding round.

Regional funding

3.145 As noted previously, the ABC gave the committee the assurance that it 'continues to apply these funds [National Regional Program Initiative fund which were rolled into base funding] to programming activities in line with the purpose for which they were originally provided'.[105] However the ABC did not provide any supporting information to verify this claim or to demonstrate how it is meeting the ABC Charter responsibility to reflect the cultural diversity of the Australian community. The committee is concerned that rolling funding, which had originally been tied to regional production, into base funding reduces the ABC's ability for coverage of regional perspectives and production to be guaranteed in the BAPH states.

3.146 In particular, the committee notes that the ABC itself stated in its submission that NII/RLP funds were linked to building and sustaining production centres outside of the central Sydney and Melbourne production areas:

> In the case of television, NII funds were applied to generate and sustain production outside of the major production centres of Sydney and Melbourne.[106]

3.147 Despite at times being a more expensive option, the committee is strongly supportive of ongoing regional production and content. The committee believes that such activities contribute to fulfilling the ABC's Charter obligations of providing programs that reflect the cultural diversity of the Australian community. For the ABC to maintain a presence in these areas and particularly in BAPH regions, it is important that a critical mass of staff, skills, infrastructure and production is maintained.

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105 Australian Broadcasting Corporation, answer to question on notice no. 27, p. 11, 26 September 2011, (received 1 October 2011).

106 Australian Broadcasting Corporation, *Submission 138*, p. 4.

Accordingly, the committee recommends that this issue be considered by the government as part of the triennial funding round.

Recommendation 10

3.148 The committee recommends that as part of the triennial funding round, the government consider the ABC's capacity to maintain a critical mass of staff, skills, infrastructure and production in regional areas.

Senator Mary Jo Fisher
Chair

Additional Comments

Australian Greens

1.1 The ABC is a highly valued and trusted Australian institution. A 2010 Newspoll survey found that 88 per cent of Australians believe that the ABC provides a valuable service to the community. The number of submissions and form letters received by the committee in this inquiry reflect the degree of interest and concern felt by Australians about the future of "their" ABC.

1.2 In particular, Australians value the fact that the ABC is independent of political and commercial interests and is seen to be a trusted source of accurate news and information and a means of conveying Australian culture and identity, in all its diversity, to Australians.

1.3 Given the public standing of the ABC, and the significant amounts of public money invested in its continuing operations, it is understandable and fitting that the Australian public feels a sense of entitlement to scrutinise, understand and be consulted on the overall direction of the ABC and programming decisions that affect us all.

1.4 The ABC's Charter encompasses expectations and tasks which require it to be almost "all things" to "all people". In a climate where there is an increasing need for content to service an increasing number of channels and delivery modes, this is increasingly difficult to achieve. Indeed, the ABC's funding for 2010/11 is 24.4 per cent less, in real terms, than what it received in 1985.[1] Much of the discussion in the course of the inquiry reflected the fact that the ABC could do so much more in fulfilling its Charter and public expectations if it were more adequately funded.

The degree of outsourcing of program making versus internal production

2.1 As reflected in the report, this issue emerged as key to the inquiry and the consensus was that a mixed production model was a necessary, and even desirable feature of modern broadcasting.

2.2 It is the balance to be struck between these sources of programming which must be carefully determined and, in the view of the Australian Greens, clearly articulated and communicated by ABC management to the Australian public.

2.3 It was submitted by some that the viewing or listening public was not overly concerned about who actually made the programs they enjoyed (the ABC itself, with a co-production or someone else entirely) and was often not able to differentiate. While

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1 *ABC Annual Report*, 2009/10, p.122.

this may be true, evidence before the committee made it clear that the source of programming will affect many aspects of the ABC's future functioning if the balance is not struck appropriately.

2.4 On one hand, co-production enables a stretching of dollars through leveraging of funds available to the co-production partner and some of the best-loved programs which have featured on the ABC have been co-produced or purchased externally. Certainly, the involvement of outside program-makers can be a source of fresh ideas, vision and expertise.

2.5 On the other hand, the evidence before the committee pointed to the fact that an undue reliance on outsourcing runs the risk of:

- concern about commercial success and ratings and resale value on the part of production partners skewing decisions about content and a homogenous "commercial" voice;
- a loss of objectivity and independence in the commissioning of some work by interested institutions (such as performances or documentaries);
- a loss of diversity and regional content;
- reduced revenue from resale and the licensing of products;
- reduced control over intellectual property in the programs in the form of re-screening rights and use of archival material;
- loss of internal production capacity weakening bargaining power in negotiating purchase of content;
- loss of staff skills and corporate memory;
- loss of the capacity to train new/junior staff in broadcasting skills and in the ethic of public broadcasting; and
- failure to embrace or value the creativity, ideas and expertise of internal staff in the commissioning of new programs.

2.6 Certainly many of the submissions asserted that these effects are already in evidence.

2.7 We note with concern the evidence before the committee that over the past decade there has been a steady decline in the proportion of expenditure on internally produced content from 65 per cent (2001–02) to 45 per cent in 2010–11.[2] It is clear that outsourcing is proceeding apace at the ABC.

2.8 It would be highly damaging for the ABC to reach a point whereby it is merely a transmitter of other people's content (apart from News and Current Affairs content, which was outside the scope of this inquiry). It could lose its identity as a shaper and

2 Australian Broadcasting Corporation, answer to question on notice, p. 41, 26 September 2011 (received 1 October 2011), reproduced at Appendix 4.

custodian of Australian culture. It would be even more damaging if that content, as has been presaged in some of the submissions, was so similar to that provided by commercial broadcasters that there was little justification for continued funding by taxpayers.

2.9 The report (at paragraphs 3.35 to 3.39) discusses the ability of ABC staff to "pitch" ideas for new programming ideas. We note that a substantial number of the submissions to the inquiry asserted that staff were actively discouraged from offering or pursuing new program ideas to ABC management. We are concerned that this indicates a lack of respect for staff expertise and value, contributes to poor staff morale and deprives the ABC of a potentially rich source of creative ideas.

2.10 The Australian Greens regret the Committee's report, while presenting an accurate summary of the range of issues presented by witnesses, ultimately falls far short of turning this evidence into a focused set of recommendations.

Recommendation 1

2.11 The Australian Greens recommend that the ABC engage an external provider to conduct a performance and financial audit of the Television division's production commissioning model and to recommend ways to improve the transparency of the ABC's commissioning decisions, including an articulation of the willingness of ABC management to consider internal staff proposals for programming ideas.

Loss of internal arts production capacity

3.1 The Australian Greens are extremely concerned by the recent decision by ABC management to axe the TV *Art Nation* program with the likely redundancy of the 15 producers and researchers who make up the specialist TV Arts Unit. (The decision to cut the Radio National specialist arts program is a further cause for concern.)

3.2 The Arts in all their manifestations are a fundamentally important aspect of Australian cultural life and not well represented on commercial broadcasters. The Arts Unit has produced content which covers the gamut of arts including forms which are little discussed or featured in other media: design, installation art, musical theatre, photography, sculpture, street art and architecture – as well as visual and performing arts.

3.3 On the basis of the evidence before the committee, the likely effects of these decisions are:

- An inability to make regular, timely programs about the arts which involve objective commentary, reviews and critiques independent of the institutions, companies and individuals who make the art which is being portrayed;

- A decrease in the availability of content documenting Australia's diverse and regionally widespread arts scene – not only for TV but also radio and online broadcast:

  > The other significant contribution of the TV Arts unit is the content it provides for 'Arts Gateway'. In addition to Art Nation and Artscape stories, the Gateway will lose hundreds of items such as web extras, previews, photo galleries and blogs produced by the Arts unit.[3]

- A reduction in the ABC's rights to own and re-screen arts content and a concomitant reduction in the national archive of TV Arts material owned by the ABC which can then be used for retrospectives, obituaries and historical overviews.

3.4 It is our view that the ABC management decisions to axe *Art Nation* (and thereby the staff who currently produce it) will lead to a diminution in the ABC's capacity to fulfil its charter obligation to encourage and promote the musical, dramatic and other performing arts in Australia. The provision of arts broadcasting on the ABC also falls within the Charter obligations "to inform and entertain" and "reflect the cultural diversity of the Australian community".

Recommendation 2

3.5 The Australian Greens recommend that ABC management reconsider its decision to axe its only TV arts magazine program and disband the television arts unit, and instead retain a team of specialist arts programmers for the creation and commissioning of quality arts content including critical, review type programming.

Recommendation 3

3.6 The Australian Greens recommends that the ABC adopt a mandated proportion of regional content on ABC television in order to meet its Charter obligation to 'reflect the cultural diversity of the Australian community'.

3.7 We thank all those who demonstrated their concern about the future of the ABC by making submissions and giving up their time to appear as witnesses to the inquiry, including ABC staff and former staff, program makers from outside the ABC, interested commentators, members of the public and ABC management.

Senator Ludlam **Senator Wright**

3 CPSU, *Submission 145*, para 88.

Additional Comments by Independent Senator Nick Xenophon

Whose ABC?

1.1 The core argument at the centre of this issue is whether the ABC, as a cultural institution that is fully funded by the Australian taxpayer, should continue to be a creator, producer and owner of a large proportion of its content, or be transformed into merely a transmitter of externally produced programs owned by private independent production companies.

1.2 The August 2, 2011 announcements of forced redundancies in BAPH states are of grave concern and raise serious questions about the future ability of the ABC to produce internally-made content outside of Melbourne and Sydney in the long term.

1.3 Forced redundancies in South Australia will see a 50 per cent reduction in local program making capacity to a unit that has been delivering high-quality and cost-effective content for over a decade.

1.4 While submitters to the inquiry including the ABC and independent production companies have suggested that ABC management are supportive of a mixed-production model, the manner in which this model is implemented is critical.

1.5 As Simon Whipp of the MEAA argued in his appearance before the committee, it is crucial that there is a "critical mass of in-house production to ensure that the benefits that in-house production brings to the ABC and the industry are not lost".[1]

1.6 The perceived short term gain achieved by outsourcing program production to the private independent sector must be measured against the long term cost in terms of loss of content ownership and intellectual property rights in a multi-platform environment.

1.7 Loss of ABC ownership of content affects future revenue streams in terms of program sales and sales of program formats, DVD sales, merchandise, intellectual property rights as well as the future ability of ABC archives to licence the sale of ABC owned content.

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1 Mr Simon Whipp, Assistant Federal Secretary, Media, Entertainment and Arts Alliance, *Proof Committee Hansard*, 26 September 2011, p. 8.

Less for more

1.8 In 2010, the ABC internally-produced 40 episodes of Talking Heads and 40 episodes of *Poh's Kitchen* in South Australia, 40 episodes of *Can We Help?* in Perth and 40 episodes of *Collectors* in Tasmania, totalling 160 half-hour episodes of internally-produced content.

1.9 Should the slated cuts to internal programming proceed, BAPH states will create 13 episodes of *Poh's Kitchen* and 12 episodes of independently produced and owned programs from the South Australian Film Corporation FACTory initiative, 12 from the ScreenWest initiative and 10 of an auction program in Tasmania.

1.10 This equals a reduction of 70 per cent of on-air output for the same cost. Furthermore, only 15 per cent of these programs will be owned in entirety by the ABC.

1.11 However, it is not just an issue of airtime. According to the SAFC Program Guideline:

> Based on a minimum per episode budget of $125K (to produce 20 episodes) a finance plan may consist of: $40k ABC Licence Fee, $15K ABC Resources and Facilities (equity contribution in kind), $50K SAFC Equity Investment, $20K Producer Offset.[2]

1.12 The CPSU, among other submitters, raised concerns with this arrangement. As its submission to the Committee states:

> Under this arrangement a private sector producer may enter into this arrangement and obtain equity in a production that has been fully funded by the taxpayer, i.e. $55,000 from the ABC, a further $20,000 from the Commonwealth Government through Screen Australia and a further $50,000 from South Australian taxpayers.
>
> The ABC will have invested $55,000 in the production and hold no rights to the program. Its money will have simply paid for a licence fee. That licence fee is likely to cover a limited number of showing rights…[3]

1.13 To draw the parallel, this means twice as much money will be spent to produce one SAFC externally produced episode as compared with the money spent on an internal episode of *Talking Heads* for example, which was produced at a cost of $50,000 per episode.[4] Furthermore, the ABC will not retain the content rights to

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2 South Australian Film Corporation Program Guideline, p. 4, (www.safilm.com.au/library/1.03_RevolvingFilmFund_GuidelinesFINAL_0.pdf), accessed 13 October 2011.

3 Graeme Thomson, CPSU, *Submission 145*, p. 55.

4 Graeme Thomson, CPSU, *Submission 145*, p. 56.

programs produced under the SAFC initiative as they do currently with *Talking Heads*.

1.14 This is of considerable concern, particularly given this information does not appear to be widely known to the taxpayer.

Ratings versus responsibility

1.15 Many submitters to the Inquiry discussed a perceived deviation from the ABC Charter as a result of recent programming decisions.

1.16 As discussed in the majority report, the ABC Charter specifically requires the ABC to provide programs that contribute to a sense of national identity and inform and entertain, and also provide programs that reflect the cultural diversity of the Australian community.

1.17 The decision of the ABC to axe *Art Nation* and 'rest' *Collectors*, for example, has been cause for considerable community concern and feedback.

1.18 Mr Sam Walsh, Chairman of the Chamber of Arts and Culture WA Incorporated, submitted that the ABC was "perilously close to multiple breaches of its Charter" following the decision to axe Art Nation and the "virtual decimation" of the ABC Arts Unit.[5]

1.19 Ms Julie Adams, President of the Public Galleries Association of Victoria, similarly suggested that it was critical the ABC continued to broadcast unique and diverse arts content:

> Art Nation and the specialist Arts Unit produced and presented 350 stories about Australian art last year, with numerous stories, previews, blogs and extras delivered online. These stories play a critical role in the ABC achieving its Charter of contributing to a sense of national identity and reflecting cultural diversity; transmitting Australian culture; and encouraging and promoting the arts in Australia.[6]

1.20 As per its Charter, the ABC is required to provide a balance between broadcasting programs of wide appeal and specialised broadcasting programs. However, the axing of internally-made programs such as *Art Nation*, *New Inventors*, *Can We Help?* and *Talking Heads*, is a worrying trend that raises concerns about whether the ABC will in fact continue to provide 'specialist broadcasting programs' that reflect Australia's national identity.

1.21 The CPSU discussed this trend in its submission to the Inquiry:

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5 Sam Walsh, Chamber of Arts and Culture WA Incorporated, *Submission 76*, p. 1.

6 Julie Adams, President of the Public Galleries Association of Victoria, *Submission 188*, p. 1.

> There have been significant shifts in resources within the ABC over the past few years. These have resulted in the movement of close to $20 million from TV to fund the creation of News 24. Programming styles have changed in the same period. The ABC appears to be more concerned now with its prime time audiences at the expense of its specialist audiences. This in part is reflected in the shift towards infotainment programs, and a shift away from researched documentaries and towards observational/reality style documentaries. These shifts are eroding the quality of programs, and the distinctiveness of its schedule.[7]

1.22 It must be emphasised that the ABC is not a commercial network; its role is not to chase ratings, but to provide a balance between programs of wide appeal with programs of a specialised nature.

1.23 Of utmost concern remains the lack of consultation with stakeholders over the ABC's decision to outsource increasing amounts of production.

1.24 As Friends of the ABC Victoria aptly suggests in its submission:

> The commercial emphasis now a feature of sections of the public broadcaster is contrary to the spirit, if not the terms, of the ABC Act and Charter. This trend threatens the essential character of the ABC – its independence and integrity. And it is happening without the authority of the national broadcaster's owners, the people of Australia.[8]

1.25 As also discussed in the additional comments submitted by the Australian Greens, letters received by the Committee reflect a level of concern from the community about the future of the ABC and the decisions to outsource increasing amounts of production.

1.26 A form letter submitted to the Committee by 66 submitters aptly summarise these concerns:

> I expect the ABC to be a producer of innovative quality programming in all areas. I want:
>
> The ABC to be less dependent on outsourced programming;
>
> The ABC to be funded and rebuilt so that it has strong specialist units to produce high levels of high quality and genuinely local in-house programming in all program genres on radio, TV and online;
>
> A public broadcaster that is focused on diversity and quality, not ratings.[9]

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7 Graeme Thomson, CPSU, *Submission 145*, p. 5.

8 Friends of the ABC (Vic), *Submission 254*, p. 1.

9 Letter to Committee, 'Stop the ABC Privatisation'. Pg.1.

Conflict of interest

1.27 Concerns were raised with the Committee as to the way the ABC dealt with any potential conflicts of interests when it came to the commissioning of new programs.

1.28 While the ABC has suggested "the whole of the organisation [has] quite strict guidelines and protocols around conflict of interest"[10], there may be a case to have a greater level of transparency and disclosure requirements to deal with such concerns.

Australian Greens

1.29 I support the general thrust of the additional comments of the Australian Greens.

Recommendation 1

1.30 The August 2, 2011 announcement of forced redundancies to be reversed and the level of ABC internal program production be restored and maintained at least at 2010 levels on an ongoing basis.

Recommendation 2

1.31 The ABC engage an independent external provider to conduct a performance and financial audit of the Television division's production commissioning model and to recommend ways to improve the transparency of the ABC's commissioning decisions, including reference to the recent SAFC FACTory initiative and ScreenWest outsourcing arrangements.

Recommendation 3

1.32 The committee recommends the Minister for Communications stipulates that as part of the ABC's next triennial funding allocation, the ABC quarantine funding for the National Interest Initiative (NII) and the Regional and Local Program Initiative (RLP) to promote ongoing internal program production in the BAPH states.

Senator Nick Xenophon

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10 Mr Kim Dalton, Director of Television, Australian Broadcasting Corporation, *Proof Committee Hansard*, 26 September 2011, p. 60.

Appendix 1

Submissions, tabled documents and answers to questions taken on notice

Submissions

1 Mr Joe Mithiran

2 Name Withheld

3 Ms Deborah Gower

4 Mr John Bresland

5 Name Withheld

6 Dr Jodie Vaile

7 Mr Julian Scott

8 Biosystems Engineering

9 Dr David Kilner

10 The Tasmanian Theatre Company

11 Name Withheld

12 Mr David and Mrs Judy Ferguson

13 Mr Terry O'Brien

14 Mr Malcolm Mummery

15 Mr Ken McKay

16 Mr Joe Pascoe

17 Mr Russell Bell

18 Ms Jacqueline Eyre

19 Ms Bev Kilsby

20 Ms Valma Morrison

21 Mr Peter Kable

22 Helen and John Howells

23 Ms Mary R Moore

24 Mr John Daley

25 Professor Robert Scopes

26 Australian Society of Authors

27 Mr Alex Robinson

28 Mr John Yealland

29 Mr Anthony Lunt

30 Ms Katherine Ascot

31 Mr Brett Ramsay

32 Mr John Curtis

33 Ms Rochelle Airey

34 Ms Christine Banks

35 Mr Don Henley

36 Ms Sandra White

37 Mr Max Deuble

38 Ms Virginia Stuart-Smith

39 Mr Kevin Watson

40 Mr Julian Lamont

41 Mr Russell Murray

42 eTool

43 Mr Anthony Meyrick

44 Name Withheld

45 Ms Carol Rea

46 Mr Peter Monie

47 Ms Jennifer Bryce

48 Mr Alex Tyrrell

49 Ms Annette Madden

50 Ms Ruth Boschen

51 Ms Margaret Sharpin

52 Mr A B Wilson

53 Mrs Joan Boyd

54 Helen and Peter Curtis

55 Mrs Meg Henderson

56 Ms Trish Venn

57 Mr Philip Lamb

58 Ms Susan Faine

59 Mr Derek Bruins

60 Name Withheld

61 Mr James Roberts

62 Ms Gillian Johnson

63 Ms Gwen De Lacy

64 Mr Bradley Sheen

65 Ms Suzanne Dance

66 Mr John Card

67 Dr Gwenda Davey AM

68 Ms Helen Verity

69 AFL Northern Territory Ltd

70 South Australian National Football League Inc

71 Ms Nola Firth

72 Ms Ann Greenwood

73 Mr Alan Tulloch

74 Ms Joan Aitkin

75 E A Swan

76 Chambers of Arts and Culture WA Inc

77 Ms Gael Barrett

78 Ms Crina Virgona

79 Great Northern Football League

80 Mr Quentin Dempster

81 Mr John Groppi

82 Mr Alan and Ms Deni McKenzie

83 Mr Robert Sessions

84 Ms Sarina Noordhuis-Fairfax

85 Mr Ian Harvey

86 Ms Kaye McFarlane

87 Ms Sandy Buck

88 Mr Ken and Ms Lynne Makings

89 Mr Bill Murray

90 Mr Simon Champion

91 Mr Hans Paas JP

92 Ms Barbara Darvall

93 Ms Janet Howell

94 Name Withheld

95 Wide Angle Tasmania Inc

96 Mr Timothy Ould

97 Mr Frank Pederick

98 Mrs Joy Kitch

99 Ms Joan MacLean

100 Miss Elizabeth Ottey

101 Ms Michaelean O'Donnell

102 Ms Jennifer Murray

103 Ms Val Adamson

104 Ms Katrine Pilcher

105 Name Withheld

106 Mr David Robertson

107 Mrs Mary Murray

108 Mr Bill Wiglesworth

109 Dr Sophia Constantinides

110 Name Withheld

111 Name Withheld

112 Clare Cremin and Neil Hamilton

113 Mr Rob and Ms Gail Savage

114 Anne O'Donovan and Brian Doyle

115 Mr John McKinnon

116 Ms Claire Bredhauer

117 Mr Robert Corcoran

118 Dr Ronald F Price

119 Mr Warwick Moss

120 Ms Angela Munro

121 Mr Wolfgang Heuer

122 Government of Tasmania

123 Arts Peak

124 Ms Catherine Lewis, Wild Dingo Press

125 West Australian Country Football League

126 Australian Football League

127 Ms Sally Ingleton

128 Australian Publishers Association

129 ScreenWest

130 AFL Tasmania

131 Perth International Arts Festival

132 West Australian Football Commission

133 ABC Arts Unit

134 Council of Australian Art Museum Directors

135 The Australian Ballet

136 Ms Sandra Kanck

137 Mr Tony Wright

138 ABC

139 SPAA

140 Screen NSW

141 Australian Children's Television Foundation

142 AFL Victoria

143 Ms Sandra Cotton

144 Dr Tony Moore

145 Community and Public Sector Union

146 Australian Academy of Science

147 Name Withheld

148 Mr Graeme Lock

149 Ms Di Rolands

150 Ms Sandra Marks

151 Ms Suzette Willis

152 Mr Michael White

153 Ms Ellie Bastow

154 Ms Ngaire Wright

155 Mr Ian Shepherd

156 Name Withheld

157 Sister Susan Connelly

158 Ms Janet Howie

159 Ms Bobbie Mackley

160 Ms Daniella Greenwood

161 Ms Joan E Jones

162 Mr Ross Trivett

163 Mr Bruce Miller

164 Name Withheld

165 Ms Jacqueline Loney

166 Dr Graham Lang

167 Mr Richard Windsor

168 Mr Chris Reeve

169 Ms Tracey Stewart

170 Ms Penelope Shepherd

171 Cordell Jigsaw Productions Pty Ltd

172 Ms Sharon Perry

173 Ms Margaret J Roberts

174 City of Joondalup

175 Ms Virginia Burns

176 Ms Margaret Tomkins PSM

177 Mr Michael Collins

178 Ms Anne Findlay

179 Name Withheld

180 CSIRO Staff Association

181 Ms Danae Bosler

182 Acurest

183 Name Withheld

184 Name Withheld

185 Name Withheld

186 Name Withheld

187 Mr Martin Davies

188 Public Galleries Association of Victoria

189 South Australian Film Corporation

190 Mr David Wood

191 Ms Cheryl Williams

192 Name Withheld

194 Ms Karena Gregory

195 Queensland Rugby League

196 Ms Rebecca Nevin Berger

197 Name Withheld

198 Name Withheld

199 Mr William G Fenner

200 Ms Anne Levy

201 Mr Matthew Scott

202 Name Withheld

203 Name Withheld

204 Confidential

205 Ms Patrizia Bertozzi

206 Mr Geoff Edwards

207 Mr Jon Steiner

208 ABC Television Archives

209 Mr Martyn Smith

210 Ms Sue Floyd

211 Mr Michael Kemp

212 Ms Beth Shepherd

213 Name Withheld

214 Name Withheld

215 Confidential

216 Ms Louise Rynia

217 Prof. Colin Jevons

218 Ms Joan Lynn

219 Ms Annaliese Williams

220 Mr Alan McConachie

221 Mr Peter Curtis

222 John Clarke and Annette Minchin

223 Ms Joan Laing

224 Ms Jennifer Bowen

225 Ms Patricia Grainger

226 Friends of the ABC Northern Rivers

227 Mrs Sophie Norved

228 V Swan

229 Mr Kevin Lamb

230 Ms Carolyn Eccleston

231 Prof. Clare Bradford

232 Mr David Hudspeth

233 Name Withheld

234 Name Withheld

235 Betty and Keith Potter

236 Name Withheld

237 Mr Mark Farnall

238 Ms Kay McWilliam

239 Name Withheld

240 Mr Michael Barrett

241 Mr Andrew Burch

242 Mr Douglas Tapfield

243 Ms Helen Carter

244 Ms Janette Price

245 Mrs Janet Gibson

246 Confidential

247 Dr Margaret White

248 Mr Brett Franklin

249 Media Entertainment and Arts Alliance (SA)

250 Southern Star Entertainment Pty Ltd

251 Name Withheld

252 Essential Media and Entertainment

253 Mr John Cleary

254 Friends of the ABC (Vic)

255 Media, Entertainment and Arts Alliance

256 Members of the Post Production Department (Ripponlea, Vic), Production Resources Division, ABC

257 Mr Phil Long

258 Ms Rachel Williams

259 Confidential

260 Ms Gwladys McLachlan

261 Ms Carmel Cowan

262 Mr Alan McNaughton

263 Prof. Peter Seligman

264 Dr Lea Jellinek and Eva Jellinek

265 Confidential

266 Mr Rudolf Anders

267 Mr John McCredie

268 Ms Kate Randell

269 Ms Mandy Coats

270 Mr Noel Jeffery

271 Ms Jan Lyttle

272 Name Withheld

273 Mr Ronald R Ewington

274 Ms Helen Askew

275 Mr Keith Dalton

276 Ms Ruth Borenstein

277 Gary and Hendrina Tearle

278 Ms Reta Kaur

279 Mr Patrick Murphy

280 Mr Paul O'Malley

281 Mr Anthony Cookson

282 Mr John Gare

283 Mr James Jago

284 Mr Ta Nguyen

285 Name Withheld

286 Mr Lou Baxter

287 Name Withheld

288 Ms Audrey Hudspeth

289 Ms Diane Hart

291 Mr Harold Levien

292 Dr June Factor

293 Mr Tony Taylor

294 Ms Anne Isaac

295 Nis and Marie Kjer-Nielsen

296 North Ballarat Football Club and Sports Club

297 Ms Mary J Florrimell

298 Ms Barbara Argall

299 Ms Lorrainne Crawford

300 Mr James E Martin

301 Ms Jenny Ellis

302 Ms Angela Mende

303 Name Withheld

304 Mr Bryan R Marshall

305 Ms Gudrun Schell

306 Ms Marguerite Marshall

307 Mr Salim and Geraldine Lakha

308 Ms Barbara Hadkinson

309 Ms Jo Hobson

310 Mr Frank and Ann Albrecht

311 Ms Helen Sinclair

312 Dr Juliet Flesch

313 Ms Mary-Ann Lovejoy

314 Ms Jenny Saulwick

315 Ms Margaret Gilbert

316 Mr John Kellett

317 Ms Dymphna Laurie AM

318 Mr John Doré

319 Dr Judith Trimble

320 Mrs Jean Jordan

321 Ms Liz Aird

322 Ms Jenni Mitchell

323 Mr Geoff Pryor

324 Ms Monica Walsh

325 Ms Elizabeth Lawrence

326 Ms Julie van den Driesen

327 Ms Freya Povey

328 Mrs Elaine Smith

329 Mr Ralph Humphries

330 Ms Rina Mullen

331 Ms Marita Macrae

332 Name Withheld

333 Confidential

334 Confidential

335 Confidential

Form Letters Received

Form letter one was been received from approximately 66 submitters.

Form letter two was been received from 2 submitters.

Tabled documents

Paper: ABC1 programming for the TV viewing week commencing Friday 23 September 2011 in prime-time viewing hours (6pm – 11.30pm), tabled by Friends of the ABC (Vic) (public hearing, Canberra, 26 September 2011)

Paper: NATURAL HISTORY, ABC Total Contribution to Natural History Commissions (Cash, Resources and Facilities), tabled by Ms Sally Ingleton, 360 Degree Films (public hearing, Canberra, 26 September 2011)

Answers to questions taken on notice

Australian Children's Television Association (from public hearing, Canberra, 26 September 2011)

CPSU (from public hearing, Canberra, 26 September 2011)

ABC (from public hearing, Canberra, 26 September 2011)

Appendix 2

Public hearings

Monday, 26 September 2011 – Canberra

Community and Public Sector Union

Mr Graeme Thomson, ABC Section Secretary

Media, Entertainment and Arts Alliance

Mr Simon Whipp, Assistant Federal Secretary

Ms Angelique Ivanica, Branch Secretary, South Australia and the Northern Territory

Australian Children's Television Foundation

Ms Jennifer Buckland, Chief Executive Officer

Friends of the ABC (Victoria)

Ms Glenys Stradijot, Campaign Manager

Mr Quentin Dempster, Private capacity

Ms Bobbie Mackley, Private capacity

South Australian National Football League

Mr Darren Chandler, General Manager, Football and Corporate Operations

West Australian Football Commission

Mr Grant Dorrington, Director of Football

AFL Northern Territory Ltd

Mr Stephen Nugent, Commercial Operations Manager

ScreenWest Inc

Mr Ian Booth, Chief Executive

Screen NSW

Ms Tania Chambers, Chief Executive

South Australian Film Corporation

Mr Richard Harris, Chief Executive Officer

360 Degree Films

Ms Sally Ingleton, Company Director

Giant Dwarf Pty Ltd

Mr Julian Morrow, Executive Producer

Cordell Jigsaw Productions Pty Ltd

Mr Nick Murray, Managing Director

Screen Producers Association of Australia

Mr Brian Rosen, President

Australian Broadcasting Corporation

Mr Mark Scott, Managing Director

Mr Kim Dalton, Director, Television

Appendix 3

The ABC Charter

Excerpt from the *Australian Broadcasting Corporation Act 1983*

Section 6 Charter of the [Australian Broadcasting] 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; and

(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 specialized 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.

Appendix 4

ABC Production Plans – Expenditure and Hours by Production Type (excluding Rage), 2001–02 to 2010–11

Table A

Production Plans - Expenditure and Hours by Production Type per Financial Year (excluding Rage)

	Reported to Senate 2006/07												Updated information							
	01/02		02/03		03/04		04/05		05/06		*06/07 est @ P10*		07/08		08/09		09/10		10/11	
ABC Production Type	Hrs	$$	Hrs	$$	Hrs	$$	Hrs	$$	Hrs	$$	*Hrs*	*$$*	Hrs	$$	Hrs	$$	Hrs	$$	Hrs	$$
Internal	91%	65%	90%	64%	86%	56%	86%	64%	89%	69%	*86%*	*59%*	84%	56%	86%	55%	85%	52%	84%	45%
Co-produced	6%	31%	6%	28%	9%	31%	10%	32%	8%	23%	*9%*	*32%*	9%	29%	7%	30%	7%	31%	10%	42%
Pre-purchase/external	3%	4%	4%	8%	5%	13%	4%	4%	3%	8%	*5%*	*9%*	7%	15%	7%	15%	8%	16%	6%	14%

Notes:

1. Detailed data is not available in this form prior to 2001/02
2. These percentages exclude 'rage' hours and costs
3. 0607 was reported to the government at financial period 10. Difference to period 12 in 0607 is marginal therefore this has not been updated to reflect the period 12 position
4. Changes around the treatment of development in the last 3 financial years means expenditure is generally offset by recoupment from development processed in the previous financial year.
5. Discrete content produced for broadcast on online platforms and associated expenditure has been captured in reporting from 0910
6. Expenditure reconciles directly to the finalised position reported corporately by ABC Financial Control

Appendix 5

Senate motions supporting the public broadcast of state football leagues

Excerpt from Journals of the Senate No. 52, 15 September 2011, p. 1481.

COMMUNICATIONS—SOUTH AUSTRALIAN NATIONAL FOOTBALL LEAGUE—BROADCAST

Senator Hanson-Young, also on behalf of Senators Wright, McEwen, Birmingham and Xenophon, pursuant to notice of motion not objected to as a formal motion, moved general business notice of motion no. 414—That the Senate—

(a) notes:

(i) the future of the South Australian National Football League (SANFL) broadcast on the Australian Broadcasting Corporation (ABC) is in doubt, and

(ii) the South Australian Football Association was established in 1877 (later to become the SANFL) making it the oldest football league of any code in Australia and one of the oldest sporting codes in the world;

(b) recognises the coverage:

(i) is enjoyed by thousands of South Australians and football is intrinsic to the culture of this state and the nation as a whole, and

(ii) is consistent with the ABC's charter which refers to broadcasts that contribute to national identity and cultural diversity; and

(c) calls on the ABC to maintain its broadcasts of SANFL games.

Question put and passed.

Excerpt from Journals of the Senate No. 54, 20 September 2011, p. 1517.

COMMUNICATIONS—WEST AUSTRALIAN FOOTBALL LEAGUE—BROADCAST

Senator Bishop, also on behalf of Senators Johnston and Ludlam, pursuant to notice of motion not objected to as a formal motion, moved general business notice of motion no. 425—That the Senate calls on the Australian Broadcasting Corporation to maintain its broadcasts of West Australian Football League (WAFL) games, recognising:

(a) the widespread following of the WAFL, domestically in Western Australia quite separate from the Australian Football League;

(b) the WAFL has extensive and far reaching support throughout regional and remote areas of the state;

(c) that Australian football, our indigenous game, has a special place within our Indigenous communities and is an ideal vehicle to engage Indigenous students in school;

(d) the WAFL provides development opportunities for emerging talent in a range of skills and industries; and

(e) the WAFL instils a sense of community pride in the players place of origin.

Question put and passed.