



Community and Public Sector Union
Michael Tull ♦ Assistant National Secretary

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Committee Secretary
Senate Standing Committees on Environment and Communications
PO Box 6100, Parliament House
Canberra ACT 2600

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Dear Committee Secretary

Inquiry into the Australian Broadcasting Corporation Amendment (Local Content) Bill 2014

Please find attached a submission from the Community and Public Sector Union (PSU Group) to the Inquiry into the Australian Broadcasting Corporation Amendment (Local Content) Bill 2014. Also attached is the CPSU submission provided in December 2014 to the Select Committee into the Abbott Government's Budget Cuts regarding cuts to ABC funding.

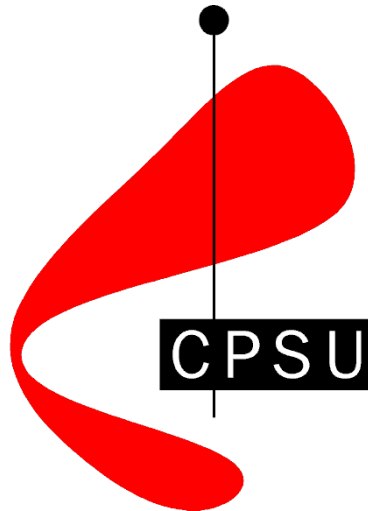
The purpose of the ABC Amendment (Local Content) Bill 2014, as stated in the Explanatory Memorandum, is "to strengthen the ABC Charter to ensure the national broadcaster is representative of all parts of Australian Society". This is a laudable objective and one supported by the CPSU.

Over recent years the CPSU has campaigned against a series of decisions by the ABC to reduce its regional presence and regional production. The CPSU is currently in consultation with the ABC over the first 300 of an expected 400 redundancies resulting from the government's recent decisions to cut ABC funding. That cut and the resulting ABC decision and redundancies will have a heavy impact on the ABC's regional presence including the end of TV production, other than news, in Adelaide.

This Inquiry can make an important contribution to the debate over regional production and programming, but the CPSU asserts that a change to the ABC Charter will not necessarily rectify what is fundamentally a funding problem. It is the view of the CPSU that current issues around local content and the centralisation of production are not because of any particular shortfall in the Charter but have come about because of deep and unrealistic funding cuts to the ABC.

Yours sincerely

Michael Tull



CPSU (PSU Group)

Submission to the Inquiry into the Australian Broadcasting Corporation Amendment (Local Content) Bill 2014

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CPSU Submission to the Inquiry into the Australian Broadcasting Corporation Amendment (Local Content) Bill 2014

Terms of reference

In undertaking this inquiry, the Committee should consider:

- The importance of local content in Australia, and the role the ABC should play in the provision of such content.
- The recent efficiency savings imposed on the Corporation by the Government.
- The centralisation of the Corporation's operations to Sydney and its effects on the production and quality local content, and any related matters.

Summary

1. Local content is important and the ABC has a crucial role to play in the production and broadcasting of local content.
2. Regional and cultural diversity are both essential elements of our national identity. The ABC Charter already requires the ABC to provide programs which 'contribute to a sense of national identity, and inform and entertain, and reflect the cultural diversity of the Australian community'. The CPSU submits that in order to meet this Charter obligation, the ABC must have a genuine regional presence and produce programs, for all platforms, in the regions. However, in recent years regional production has been substantially reduced. Furthermore recent Government cuts to the ABC will further reduce regional production.
3. The primary driver in the reduction in regional production is budgetary, as ABC management have steadily centralised production as part of their attempt to meet increased demands on the ABC whilst facing continued funding cuts.
4. Attempting to solve the local content and regional production problem through an amendment to the Charter without an increase in the ABC budget is unlikely to succeed.

Recommendations:

The CPSU makes the following recommendations in relation this Inquiry:

1. That the Committee gives consideration to the reintroduction of a regional production funding initiative that is in addition to current funding arrangements.
2. To remain relevant and meet Charter obligations, the importance of investing local radio and digital jobs in the future should be publicly acknowledged by government and funding provided to reflect that recognition.
3. That redundancies in Adelaide be halted to allow this Inquiry to be completed and its final report considered before any further action taken regarding closing production facilities in Adelaide.
4. The ABC should be funded to a level that allows it to maintain existing services whilst developing further digital platforms and content.

What is local content?

The ABC Act and Charter provide a necessarily broad description of the purpose and functions of the national broadcaster, and makes no specific reference to 'local content' as the term is used in the proposed Bill. It is therefore useful at the commencement of this submission to be clear about what, in the view of the CPSU, is meant by 'local content'.

The license conditions of commercial broadcasters make specific reference to "material of local significance" and this is useful guidance in understanding what is meant by local content. These license conditions state:

"Material that may be considered of local significance could include:

- material dealing with people, organisations, events or issues that are of particular interest to people in the area, in a way that focuses on the interests of people in the area*
- material about an individual in whom people in the area are particularly interested because of an association with the area, such as the individual having grown up, or lived, in the area*
- material dealing with effects on the area of an event that occurs elsewhere*
- material about a sporting event that involves a team from the area or that involves a team from a nearby area, whose principal support base includes the area, or a significant part of the area*
- material about market conditions that closely affect a major business activity in the area, such as prices of a commodity in an area where that commodity is produced on a significant scale¹."*

The CPSU refers to local content and regional content interchangeably. This content can be for local, national or international audiences. The CPSU believes that locals must have a role in the production of local content.

The role the ABC should play in local content

The Charter states the purpose of the ABC is to provide programs which 'contribute to a sense of national identity and inform and entertain, and reflect the cultural diversity of the Australian community'.² The CPSU submits that the Charter references to national identity and cultural diversity oblige the ABC to reflect and represent regional diversity in Australia. ABC management have acknowledged as much. In the 2006-2009 Triennial Funding Submission, the ABC included the following description of its role:

'In addition to the ABC Act and Charter, long-standing Government and public expectations provide further guidance to the Corporation including... that the ABC should provide both

¹ <http://www.acma.gov.au/Industry/Broadcast/Television/Local--regional-content/material-of-local-significance-local-regional-tv-content-i-acma>

² Australian Broadcasting Corporation Act 1983, s 6

*national services and local services that meet the needs of communities, particularly in regional and rural Australia.*³

In its report on the 2011 Inquiry into Recent ABC Programming Decisions (2011 Inquiry), this committee noted that:

*'The core way of achieving programming which reflects cultural diversity is to broadcast programs which represent regional issues and subject matters'*⁴

It is clear that the both the Charter and ABC management recognise that regional and local content are essential to the role of the National broadcaster.

The CPSU submits that attempting to solve the local content and regional production problem through an amendment to the Charter will not be successful without an increase in the ABC budget. The current issues with local content and the centralisation of production are not because of any particular shortfall in the Charter. They have arisen because of deep and unrealistic funding cuts to the ABC.

Why is local content important?

1. Local content is important to regional Australians

A recent Australian Communication Media Authority (ACMA) investigation found that local content is important for regional Australians whether on television or radio, in newspapers or on the internet.⁵ Specifically, in a survey conducted by Newspoll for ACMA in mid-2013 as part of this investigation reported that:

- 91 per cent of regional Australians surveyed said access to local content was important or very important
- Nearly all regional Australians surveyed (95 per cent) said they accessed some kind of ABC local information or content available in their local area.

2. Local and regional content is important for national identity and part of our cultural diversity.

Despite our highly urbanised population, regional and rural Australia are critical elements of the Australian identity. From the Tasmanian wilderness, the Pilbara mines, Queensland rainforests and the Murray-Darling food basin, Australia has a rich diversity in community, history, natural resources and ethnicity. It is appropriate that our national public broadcaster reflect and reinforce the broad sweep of our country through media from and by local content.

³ ABC Triennial Funding Submission 2006-2009

⁴ Senate Environment and Communications References Committee, *Report - Recent ABC programming decisions*, October 2011, p 32

⁵ <http://www.acma.gov.au/Industry/Broadcast/Television/Local--regional-content/local-content-investigation>

3. It is essential for democracy.

Local news is a core part of accountability for local and regional councils and governments. For example, the Tasmanian parliament strongly relies on the ABC for its local news and current affairs reporting.

4. Local content must be supported by local production.

The ABC must have a discernable presence in regional Australia to support local content. A genuine regional presence means a deeper understanding of local issues and having resources on the ground means better content. This is best explained through these quotes from CPSU members :

“Getting local content right requires a real role for the regions in commissioning of programs and deciding what stories to tell and issues to cover. Sure it can be done from Sydney – but what we get then is what Sydney thinks are the issues in the regions, and that kind of defeats the purpose.” (CPSU member: John.)

“Having local and informed staff instead of metro-staff that can fly regionally is important to understand the local climate and circumstances, know who to contact for stories, and to make sure the ABC is the first to report accurate news.” (CPSU member - Julie)

“Local knowledge is always going to be more in depth..... And sending in outsiders can have a negative effect on the talent within the story.” (CPSU member - Martin)

5. There are more local stories produced and broadcast where the ABC has regional resources

Where the ABC has maintained local resources in radio and TV news and current affairs we continue to hear and see local stories told with local voices. However, where resources have been withdrawn, as is the case with TV production other than news, we have seen a reduction in locally flavoured TV programming.

In the 2013 Inquiry into the ABC commitment to regional diversity this Committee was told by the ABC⁶ⁱ that the closure of Tasmanian ABC production capacity would see no reduction in Tasmanian content for regional and national audiences, as the content would now come by way of externally commissioned productions. CPSU members in Tasmania advise that despite this assurance, the ABC has not been able to maintain the quantity of productions in Tasmania. The ABC also submitted to the committee at this time that the ABC remained committed to production in Adelaide. However, only two years later we see the proposed closure of Adelaide production.

The CPSU submits that all available evidence shows where resources are withdrawn there is a reduction in local content.

⁶ <http://about.abc.net.au/wp-content/uploads/2013/01/Senate-Inquiry-Sub-on-regional-diversity-210113-FINAL.pdf>

6. The public think regional production is important.

In late 2014 CPSU held a number of well attended public rallies in regional locations to protest against proposed cuts to the ABC. A strong theme from the public at every rally was the understanding that the withdrawal of local resources would see a reduction in the ABC's capacity to, and interest in, telling local stories.

A further notable feature of the rallies was that at each and every event the CPSU was approached by local community members - the local libraries, historical societies, sporting clubs and community groups - who told us their local ABC staff are important to the community for programs they produce, the jobs and income they represent, and for their very presence in the town. CPSU was told in Bendigo that "the ABC is at every community event and because they are there it makes the event seem important. If we lose our ABC people, we will feel less important". In a society where media plays such a large role in deciding what is worthy and important the withdrawal of ABC resources signals to the local community a lack of interest in their community.

These members of the public were describing a deep and genuine connection to their ABC. It is a connection that extends beyond the content of the programs produced and goes to how and where they are produced. It is not a connection that can be easily sustained if ABC production is centralised to Sydney and Melbourne.

7. Importance of TV in local content

Television is a crucial part of local content. Regional areas don't always have access to sufficient internet speeds or bandwidth to access online content and TV viewing is higher in these areas as a result. The following quote from Mark Scott illustrates the challenge of local content:

"I read with interest a recent analysis in The Sydney Morning Herald of the way in which reality formats have proliferated on Australia's free-to-air commercial television services.

Big budgets, big audiences—and lots of different ways to drive revenue. It's more efficient to put on one show every night and promote it hard, than to have lots of programs to promote. The strategy is to drive profits and share prices.

With quality Australian drama costing a million dollars an hour to make and broadcasters funding at least half that, audience numbers have to be very high to make maximum profits.

And if the ratings disappoint or the demographics skew too old to make the show appealing to advertisers, Australian drama as a genre will be in trouble. If commercial broadcasters succeed in having drama obligations, currently part of their license agreements, lifted, drama will be in deeper trouble.

Look at narrative comedy. No commercial network is doing it, while the ABC invests in shows like Utopia, Please Like Me and Upper Middle Bogan. Similarly, we cannot expect commercial TV to invest in shows on science, religion or the arts.

But if we want to ensure that programming like this is accessible in every Australian home, then a well-funded ABC is a sure bet.

*What is significant about many of these programs is that even if there wasn't an ABC, commercial free-to-air television wouldn't deliver them. It isn't that they don't attract an audience; it's just that they don't attract the biggest possible audience or the right demographics for advertisers."*⁷

8. Radio and local content

Local content is increasingly becoming an issue for radio too. The recent decision to cut some of the local programming from Newcastle ABC highlights these challenges. With a population around 700,000 these programming cuts were justified by the claim that the local audience was no longer deemed to be large enough to warrant its own programs. In a community of this size Novocastrians expect local issues to figure prominently. Newcastle also has a Lord Mayor and a large local council. Local news is pivotal to the accountability of this body and communication of important local community events and announcements.

Without specific funding local content is increasingly at risk in radio too.

9. How and where digital content is produced – opportunities for local content and for local production

Digital production is cheaper than TV production and will become increasingly more accessible. While it also offers an opportunity to bring more local content to new platforms there is also a danger that all of this work will be centralised to Sydney and Melbourne. For example, in Adelaide where TV production is being closed down, digital jobs are also being relocated. The CPSU believe that these jobs should be kept at a local level. The ABC has stated that these skills are not available in Adelaide however the CPSU believes that current production staff could be suitable for this work. A transitional workforce plan that includes the investment in digital jobs will be good for workers and good for the community.

At a time of growth in this area of the media there is an opportunity for digital jobs to be based in the regions using a mix of skills development for existing staff and recruitment of new staff. The CPSU submits that this should be a priority for the ABC.

⁷ Scott, M., Speech to Queensland University of Technology, Faculty of Creative Industries, as reported <http://www.theaustralian.com.au/media/mark-scott-foreshadows-major-changes-to-abc-services/story-e6frg996-1227025385731> 15 August 2014

2014 budget cuts – the so called ‘efficiency savings’

In building its public case to justify ABC budget cuts the current government made a number of arguments that require examination.⁸ The Government argues that the ABC has been exempt from efficiency measures common across the public sector. It is the view of the CPSU that this is incorrect. The ABC has been subject to two practical forms of efficiency dividend over a lengthy period. The first has been steady reduction in the real value of ABC budget funding as demonstrated by the following:

- The current budget allocation represents a decrease in real funding of 22.5% or \$251 million since 1985-86⁹
- Each and every year the ABC has been required to find efficiencies to maintain services within this declining real budget.

Secondly, major new services have largely been funded from within the ABC’s existing budget through internal cost-cutting and productivity improvements. These services include:

- New and expanded radio services including three new regional stations and eleven new digital stations
- Three new digital television channels, including the 24 hour news channel, and
- New and expanded online services, including iView and streaming, podcasting, vodcasting services.

Another feature of the Government’s argument is that the ABC was an inefficient organisation. Government members, and others, argued that the ABC was “bloated”. The CPSU argues that this element of the Government’s position is also incorrect. In 2006 the Howard government commissioned KPMG¹⁰ to review the efficiency and funding adequacy of the ABC. The review found that the ABC was an efficient organisation, and that the ABC:

- Provided a high volume of output and quality for the level of funding it received
- Managed its costs well, with ABC employment costs having risen more slowly than in the commercial TV and radio sectors
- Actually required increased funding

Furthermore it is the case that the public and government are getting more from less. In 1996 the ABC budget accounted for approximately 0.44% of total government expenditure, and by 2012 this had fallen to around 0.28% of total government expenditure¹¹. In the 1980’s ABC employed 6000 staff. Now it is just 4600 – a 23% reduction.

⁸ See the attached CPSU submission to the Select Committee into the Abbott Government’s Budget Cuts regarding cuts to ABC funding for a full exploration of these issues.

⁹ ABC Annual report 2013 p161

¹⁰ Funding Adequacy and Efficiency review KPMG: Summary of Recommendations 19 January 2006

¹¹ The Business Spectator *ABC’s of Aunty’s budget* 30 Jan 2014

The major element of the Governments 2014 case was to commission an external efficiency study. Minister Turnbull is on the record saying that Lewis efficiency report provides enough savings for the ABC to be able to absorb the \$254m of cuts without impact on content.

The Lewis report identifies possible savings of \$208m but with this very strong caveat:

Some of the efficiencies are mutually exclusive and several vary in terms of their achievability, risk and implementation costs. A number of efficiencies would require further investigation. The study specifically cautions against an approach of totalling all the efficiencies to gain an overall figure which is then used to reassess the funding base of the ABC and SBS.” p4 Lewis Report

It seems clear that the government has in fact done what Lewis said not to. This means that the cuts will have an impact on content. And to compound the problem the real level of cuts, CPSU submits, are higher than the announced \$208m. The full list includes:

- The 1% efficiency dividend’ down payment’ (\$9m pa) from the May 2014 Budget
- The on going Australia Network cut (\$106m over 5 years)
- The MYEFO cut (\$208m)
- The end of additional funding for Enhanced News gathering (\$60m) from 16/17
- The end of additional funding for Digital delivery (\$42m) from 16/17
- Reduced marketing budget (\$3.6) announced in 2014 Federal budget

This increases the level of funding cuts to the ABC to an estimated \$458m out to 18/19.

The CPSU argues that the cuts are based on a flawed premise, and government assertions about the ABC capacity to absorb the cuts without impact on content are also flawed. This is evidenced by the vast cuts to regional content and production across the country that have been announced in response to the funding cuts. Consequently the CPSU submits that the basis on which the Government justified its cuts are not supported by the evidence.

Impact of cuts on local content

The reality is that funding cuts do have a real impact on content, and the will be felt strongly in regional areas as the ABC withdraws some local radio resources and centralises TV production, other than news and current affairs, to Sydney and Melbourne. The CPSU submits that these cuts jeopardise the ABC’s capacity to meet its current Charter obligations.

CPSU draws the Committees attention to two particular impacts of the cuts. In Newcastle the ABC has determined to cut local radio content, replacing the weekly afternoon program with the Sydney program. This is of major concern to the local community, and bodes ill for other local radio programs, that the largest non-capital city no longer has its own program.

The Newcastle situation illustrates that even local radio is now threatened with centralisation.

The ABC decision to close TV production in Adelaide is also of particular concern as it represents the last production facility outside of Sydney and Melbourne.

Cutting regional production to fund digital development

ABC management says they are closing Adelaide production to make savings that will be invested in the ABC's digital development. The CPSU considers this an appropriate investment. Audiences are increasingly demanding access to online content and technological change is driving further convergence and changes in audience demands. This requires the ABC has to invest in a digital future if it is to remain relevant and meet Charter obligations.

In recent years ABC has had a track record of funding its necessary digital developments through finding internal efficiencies and reinvesting those savings. The government is now harvesting those savings and production in Adelaide is paying the price for that.

To remain relevant and meet Charter obligations, the ABC does have to continue to invest in digital platforms and content. The ABC should be funded to a level that allows it to maintain existing services whilst developing further digital platforms and content. However the CPSU cannot support the closure of Adelaide production capacity. Firstly the savings to be made in Adelaide are in the order of \$1.8m per annum. It is clearly not an amount that will make or break the ABC's digital strategy.

Secondly, Adelaide is in fact an efficient production house. The Lewis Report recommends the centralisation of production on efficiency grounds but the report did not conduct an analysis of Adelaide. It instead made some examination of Melbourne and extrapolated that finding to Adelaide. ABC management has also been somewhat selective in making arguments that Adelaide is an expensive place to make television. The CPSU believes a proper examination of Adelaide would reveal that it is capable of producing innovative, cost effective and successful programs. *The Daters* is a good recent example. CPSU estimates that this program was made for less than \$100,000 per hour. This is extremely cheap television production, noting that the average production cost for a one hour drama is upwards of \$1 million per hour.

In recent years the ABC has cut the amount of production in Adelaide which has led to overheads being allocated to fewer and fewer production hours. With more production the average per hour costs would of course reduce. CPSU also notes that ABC management figures that compare Adelaide with other sites are misleading. These figures do not include all the most recent programs produced in Adelaide and the CPSU submits that the cost of production in Adelaide is amongst the most cost effective in the country.

The CPSU believes redundancies in Adelaide should be halted to allow this Inquiry to be completed and its final report considered before any further action is taken about closing production facilities in Adelaide.

What can be done on local content and regional voices?

The purpose of the ABC Amendment (Local Content) Bill 2014, as stated in the Explanatory Memorandum, is “to strengthen the ABC Charter to ensure the national broadcaster is representative of all parts of Australian Society”. CPSU is strongly supportive of the intent of the objective.

The CPSU argues that a Charter amendment in and of itself, is unlikely to resolve a problem that is primarily budgetary. This is particularly so given that the current Charter does include an obligation to regional representation and local content through the national identity and cultural diversity obligations.

The CPSU believes any Charter amendment should be approached with great care. It is essential that the independence of the public broadcaster be maintained. We recognise there is some tension between this principle and the importance of maintaining a discernible regional presence that includes production capacity through the inclusion of this requirement in the Charter. We are strongly of the view that no amendment to the Charter should be made that would impinge upon the principle of independence.

The CPSU recommends that the Committee give consideration to the reintroduction of a regional production funding initiative. The Howard Government, recognising the desirability of retaining regional production, made additional funding available on the basis that it was tied to regional production. While that funding was available and quarantined it made a demonstrable difference in both local content and regional production. Once that funding was rolled into the general budget regional production declined.

The CPSU previously sought more community engagement and clearer reporting from ABC on what is produced, where and how much it costs. This was supported by the Committee. Without wishing to increase the already large reporting burden on the ABC, CPSU still contends that additional reporting in this area would be useful. The Committee may wish to consider whether more explicit recognition of regional production and local content could be made in the Strategic plans the ABC Act requires be produced.

While there are a number of options and issues for the Committee to consider, CPSU submits that it is crucial for the ABC to have a discernible presence that includes the ability to produce content for all platforms in each of the States and Territories.

Currently much of the debate on the regional production issue has focused on TV production. While TV remains of central importance, it is also the case that attention needs to be given to where the ABC intends its new digital production capability to be based. For example, in regards Adelaide, CPSU members have proposed to their ABC managers that if the ABC does proceed to close TV production then ABC management should retain the Adelaide production staff and move those staff onto producing the digital content the ABC says it needs. The great success Adelaide staff had with producing *The Daters*, originally produced for online viewing but so popular that ABC moved the program to TV, supports

the case for Adelaide in this regard. However the ABC argues that they intend for new digital jobs to be based on Sydney or Melbourne. One of the benefits of digital technology should be for work to be moved to where the workers are. As already stated, the ABC has an opportunity to both invest in its digital future and retain experienced staff and local production in Adelaide. As digital platforms and content grow, the nature of this technology should allow this type of work to be expanded into other areas beyond Sydney, Melbourne and Adelaide.

Recommendations:

In support of this submission, the CPSU makes the following recommendations in relation this Inquiry:

1. That the Committee gives consideration to the reintroduction of a regional production funding initiative that is in addition to current funding arrangements.
2. To remain relevant and meet Charter obligations the importance of investing local radio and digital jobs in the future should be publicly acknowledged by government and funding provided to reflect that recognition.
3. That redundancies in Adelaide be halted to allow this Inquiry to be completed and its final report considered before any further action taken regarding closing production facilities in Adelaide.
4. The ABC should be funded to a level that allows it to maintain existing services whilst developing further digital platforms and content.

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