

Australian Broadcasting Corporation

Submission to the

**Senate Environment and Communications
Legislation Committee**

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

January 2015



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Introduction

The Australian Broadcasting Corporation welcomes the opportunity to contribute to this Inquiry into the Australian Broadcasting Corporation Amendment (Local Content) Bill 2014. The Bill was tabled by Senator Xenophon following the ABC's announcement of proposed changes to its operations in late 2014.

The Bill's Explanatory Memorandum states that the purpose is to "strengthen the ABC's Charter in relation to the production and broadcasting of content in each State and Territory, and to ensure the Corporation is representative of all parts of Australian society".¹

As a publicly-funded broadcaster, the ABC acknowledges the widespread interest in its activities, which are conducted in accordance with its enabling legislation, the *Australian Broadcasting Corporation Act 1983*, particularly the ABC Charter, which is set out in section 6 of that Act. Any change to that legislative framework is of clear importance and relevance to the Corporation. The ABC is cognisant of its responsibilities under its Charter and recognises the importance of reflecting the diversity of its audience in its programming. It currently delivers on this obligation and will continue to do so.

In 2013, the Corporation made submissions to two Senate investigations into the investment the ABC makes in Australia's regions and the breadth and depth of its regional services. The inquiries were: the Senate Environment and Communications References Committee Inquiry into the ABC's Commitment to Reflecting and Representing Regional Diversity (January 2013) and the Senate Environment and Communications Legislation Committee Inquiry into ABC News Services in Rural and Regional Australia (March 2013). It commends those submissions to the Committee as useful sources of information that will assist it in its work. The ABC also notes the terms of reference for the current inquiry, most notably that the Committee "should consider the importance of local content in Australia and the role the

¹ Australian Broadcasting Corporation Amendment (Local Content) Bill 2014: Explanatory Memorandum, p.1.

ABC should play in the provision of such content” and that these considerations should be made in the context of “the recent efficiency savings imposed on the Corporation by the Government” and the rationale behind the ABC’s recent programming and operation changes.

Local content and local audiences can be defined in different ways. The ABC interprets local content in this sense to mean content created or delivered in discrete regions that has particular relevance to local audiences in those areas. The term can also mean content created in discrete regions that has wider relevance to national audiences because of its reflection of local diversity.

However, it is important to point out that audience notions of local content are often far broader and more complex than that defined by regulation. As the ABC has identified in its collaborative research project, ABC Spoke, which looks at what people want from a news and information service, people’s definition of “local” can be fluid and heavily influenced by interest and relevance issues beyond geography.

In particular, relevance can be shaped by social or economic factors. For some people, that means where they work and live; although, even then, ABC Spoke has found that people living in discrete regions can have vastly different views of what “local” means to them. For others, it may mean sporting affiliations or social interests that do not directly connect with physical proximity. In general, audiences care more about the personal relevance of content, than the geographical source of its production. This makes it difficult to design local-content regulations that precisely and directly align with audience definitions of local content.

The ABC submits that it well recognises and understands the importance of local content, especially in a fast-changing media landscape. It believes it has acted in accord with the ABC Charter in reflecting the nation to the nation in its many diverse parts. The Corporation considers that its performance in providing such services must be assessed in terms of the framework of the appropriations released to the Corporation and the imperative that it operate as an independent, efficient, agile and modern media organisation.

At a general level, the ABC believes that the Bill is unnecessary, as the broad objective of ensuring that regional Australians are properly served by the Corporation is already well met. The ABC provides news, information and other media services for all Australians, including specialised services at the state/territory and local levels. The staff in its 47 non-metropolitan offices provide specifically for the needs of local regional and rural communities. The ABC does this as a necessary consequence of its role as a national broadcaster, as a reflection of the expectations of the Australian public and in accordance with its Charter obligation to reflect the diversity of Australia. Accordingly, the Corporation does not believe that any change to its enabling legislation is required.

At a more specific level, the ABC believes that the Bill, as drafted, represents a significant and unprecedented attempt to undermine its operational autonomy. While the Explanatory Memorandum to the proposed Bill provides little formal guidance, a central purpose of the amendment is clearly to overturn changes announced by the Corporation in November 2014 in response to reduced budget allocations and the need for new audience strategies.

The Bill's provisions and purpose pay little regard to history or to the environment in which the ABC operates: the Corporation is not, nor has it ever been, a static organisation with fixed funding tied to particular transmission or delivery systems. Instead, the Corporation must continually adapt to fiscal, technological and other changes. The current environment is one of rapidly-changing technology, shifting audience demands and tight financial outlays.

However, the one constant over time has been the ABC's presence and resolve to tell local stories—an integral part of its role as a national broadcaster and consistent with its Charter obligation to contribute to and reflect the cultural diversity of the Australian community.²

ABC funding

The terms of reference ask the Committee to consider the impact of the Government's funding cuts on ABC operations.

As set out in the ABC's recent submission to the Senate Inquiry into ABC Budget Cuts (August 2014), the Corporation is intent on maximising the proportion of its funding that is directed towards content and services for Australian audiences and reducing the proportion that it spends on support activities. Over the past decade, the ABC has continually sought efficiency savings to reinvest in new and innovative services that expand the breadth, quality and relevance of its services. Through major internal reviews of ABC television production (2007–08) and support services (2009–10), accompanied by careful fiscal management, the Corporation has funded the introduction of new services like iView, ABC News 24, mobile and tablet apps, and digital radio services, including new channels such as triple j Unearthed and Double J, from within its appropriations. These new services are enjoyed by millions of Australians each week.

In addition, the ABC has also managed to absorb many of the rising costs of production across all of its services. In recent years, the Corporation's budget has been affected by a number of factors, including, but not limited to, unfunded capital costs, rising content costs, and higher electricity bills.

Over the past seven years, the Corporation has systematically identified efficiency savings totalling more than \$45 million p.a., which it has applied to cover rising costs and to reinvest in new content initiatives for the public benefit. These savings reflect an effective and efficient management of public funds, without which the ABC would be a vastly different broadcaster today.

In 2014, the Government imposed funding cuts on the Corporation over the next five years. The net impact of the cuts is detailed in Table 1 on the following page.

² ABC Act, s 6(1)(a)(i).

Table 1. ABC funding cuts 2014–15 to 2018–19

Reduction (\$million)	2014–15	2015–16	2016–17	2017–18	2018–19	Total
1% reduction – May Budget	9	9	9	9	9	45
Australia Network Service	10.6	22	22	23	23	100.6
Cross-portfolio reduction (marketing)	0.4	0.8	0.8	0.8	–	2.8
November Funding reduction	–	20	62	56	69	207
Total	20.0	51.8	93.8	88.8	101.0	355.4

In addition, it should be noted that the funding for enhanced newsgathering (\$20 million in 2015–16) and digital content delivery (\$14 million in 2015–16) announced in the 2013–14 Budget will expire at the end of June 2016. If not renewed, these initiatives will constitute a further \$34 million annual reduction in funding for services that the ABC currently provides to the Australian public.

The Corporation had previously indicated it could not and would not make any decision on its future plans until it had received confirmation of the Government funding intentions. The ABC’s response was made via a statement to staff on 24 November 2014 (see Appendix 1). The statement makes clear that the proposed changes to ABC operations were designed to address the twin challenges confronting the organisation today: significantly-reduced funding and a highly-competitive, fast-changing media landscape. The two challenges are inextricably linked, as the opportunity cost of returning efficiency savings to the Federal Government is that the Corporation has a reduced capacity to invest in ensuring its operations are relevant and compelling in the digital era.

Announcing the changes, the Managing Director stated:

This [opportunity cost] presents a challenge for the ABC, which strives to reach a demanding and fickle audience in a competitive industry, by continually reinvesting our efficiency savings in new content.

Broadcasting is not and never has been a static industry. Each year, content divisions sit down to map out their plans, taking into account audience trends, technological developments, budgets, and the tactics of others in their respective markets. Programs are changed, cancelled and replaced. Staff are reassigned, resources re-allocated. This is part of the normal cycle of business.

ABC TV, Radio, News, Online and International have identified programming savings that they can reinvest in new content priorities. Over the next few years, about \$20 million will be placed in an investment fund, set up to fund new content.³

The new internal investment fund is a clear acknowledgement of the pressures that remain on the ABC to modernise its business, even in an era of reduced budgets. It recognises that, in a convergent world of globalised competition and fragmented markets, the ABC must continually reinvest to maintain relevance by servicing audiences across existing and emerging platforms. In this environment, the Corporation should be assessed on its performance and efficiency across all platforms, not viewed through the prism of a single

³ Mark Scott, Managing Director. Speech to staff, 24 November 2014.

medium—television—as this Bill would appear to do. For example, one of the applications of recent funding for enhanced newsgathering was the introduction of state- and territory-specific news pages which are delivering relevant news and information for online and mobile audiences. This multi-platform approach is understood by the audience, which continues to value the ABC and the services it provides to the community across its many platforms.⁴

The Corporation notes commentary in the wake of the Managing Director’s announcement suggesting that any such changes may place the ABC in breach of its Charter obligations. A careful reading of the Charter and the Act would show that such criticism is unwarranted and misguided. As the ABC Board explained in a statement supporting the management proposals:

We consider that the measures announced today will, when implemented, ensure that the ABC is able to continue to deliver its Charter obligations and to retain its pivotal place in Australian society as the trusted, independent home of Australian stories and conversations.

We note that last year the Australian Parliament unanimously added the provision of digital media services as a new core function of the ABC. The national broadcaster has been, and intends to remain, an industry leader in its approach to digital media, with innovative programming and platforms driven by the input of a creative workforce. Many of the initiatives outlined today will assist the Corporation to fulfil this important new responsibility.

The package of measures also recognises that, in a context of demand for access to different services and reduced funding, the ABC must further prioritise choices. The initiatives outlined by Mr Scott comprise a carefully considered response to the twin challenges of technological change and reduced funding. They provide funds to invest in essential new online and mobile strategies that better connect the ABC with its audiences. Like the best media companies across the globe, the ABC is using its digital expertise to achieve deeper and broader audience engagement and relevance.

The initiatives maintain the ABC’s fundamental commitment to the provision of programming that contributes to a sense of national identity; that informs, educates and entertains and which reflects the cultural diversity of the Australian community. In its contribution to the process, the Board has had particular regard to its responsibility “to ensure the functions of the Corporation are performed efficiently and with the maximum benefit to the people of Australia”.⁵

Scrutiny of the ABC

Over the past four years, a number of inquiries and reviews have considered the ABC’s performance and its delivery of content. The Corporation has welcomed each inquiry as an opportunity to provide further context around its internal decision-making and to ensure wider understanding of the business of the Corporation and the pressures it faces in the current climate.

In addition to the inquiries listed in the introduction, the ABC’s role in providing local content was also addressed in the inquiry into ABC Programming Decisions (2012) and also in the

⁴ See, e.g., Newspoll. *ABC Appreciation Survey*, June 2014.

⁵ ABC Board. Statement, 24 November 2014.

government's Convergence Review. One of the key recommendations in the Convergence Review's Final Report was to update the public broadcasters' charters to make explicit their role in providing online services:

Online delivery of content provides for greater convenience for users. It also allows for the development of local content that is more closely tailored to the needs of individual Australians. Significantly, online content can also provide Australians with greater opportunities for greater interaction with content and a forum to exchange views.⁶

The ABC believes that, as fast broadband infrastructure expands across the country, it is ideally placed to exploit the opportunities that this platform provides for the benefit of rural and regional audiences. It is part of the rationale for the ABC's continued investment in digital services. This strategy does not mean, as some critics have claimed, that the ABC is abandoning traditional platforms in pursuit of new audiences. It means the ABC must make careful resource allocations to ensure that it delivers, as the ABC Charter also stipulates, "innovative and comprehensive broadcasting services" that span both "programs of broad appeal" and those of a "specialised" nature.⁷

The resource challenges of the new digital era were also identified by the ABC and SBS Efficiency Study released by the Federal Government in December 2014, which noted that:

Audience demand appears to be shifting away from the linear experience of the past towards a preference for on-demand content accessed through multiple devices. While the traditional broadcast model is proving more robust than some predicted, the national broadcasters are likely to face pressure to make their content available on a wider range of devices and to plan for content to be increasingly provided to consumers on demand. The challenge for national broadcasters is to rebalance their resources to adjust to these pressures whilst continuing to meet expectations of providing traditional services.⁸

Each of these inquiries and reviews recognised the importance of the ABC in delivering local content to areas outside the major population centres, particularly at a time when commercial media players are struggling to devise business models that work in smaller markets.

The Bill

The provisions of the Australian Broadcasting Corporation Amendment (Local Content) Bill 2014 set out specific requirements that the Corporation must meet in fulfilling the Charter. The Bill states that the ABC must have a distinct presence in each state and territory, and across all platforms, and that presence must include:

- the in-state production of one weekly half-hour current affairs program, plus investigative and regional news reporting; and
- internal television production units in at least four states and/or territories outside NSW and Victoria, with the SA facilities to be maintained as one of the four sites.

⁶ Australian Government. *Convergence Review: Final Report*, March 2012, p.84.

⁷ ABC Act, s 6(1).

⁸ Department of Communications. *ABC and SBS Efficiency Study: Draft Report*, April 2014, p7.

Additionally, the Bill requires that the ABC commit at least 0.5 per cent of its annual budget to each of the four units and that the funding must be for content beyond news and current affairs.

The Bill goes much further than the recommendations of previous Senate inquiries in that it actually mandates ABC production outcomes, regardless of the financial envelope, technical advances, or audience response. This effectively ignores the realities of the environment in which the ABC operates.

It is also inconsistent with the structure and intent of the remainder of the ABC Act, including the underlying principle that the ABC should operate as an independent media organisation. While other parts of the Act specify standards, such as the need for “independence and integrity” and the “accurate and impartial” delivery of news and information, they do not mandate processes or content outcomes. These are left to the purview of the ABC Board and management.

If enacted, the amendments proposed in the Bill would have a significant impact on the flexibility of the Corporation and its ability to manage its affairs efficiently and effectively.

The provisions also have the potential to conflict with duties of the ABC Board, particularly those set out in section 8(1)(a) of the ABC Act, which provides that the Board must “ensure that the functions of the Corporation are performed efficiently and to the maximum benefit to the people of Australia”.

The proposed amendments would lock the ABC into budgetary allocations, production processes and programming choices that could only be altered by further legislative changes. This is inconsistent with the efficiency demands being made on the Corporation and is at odds with the observation of the *ABC and SBS Efficiency Study* that:

Most modern organisations are focussed on increasing the variability of their expenditure to ensure their cost bases are able to adjust to changing economic conditions. This ‘variabilising’ of the cost base provides greater levels of fiscal efficiency even without specific cost reductions by providing the organisation with capability to manage its activities with less risk across both the short and longer terms.⁹

The ABC’s commitment to local content

Over the last two decades, the ABC has transformed itself into a modern media organisation, keeping pace with technological developments, rising content costs, increased competition and changing audience expectations. This has been achieved while accommodating a decline in funding in real terms since 1985–86 and a workforce decline from over 6,500 in 1997 to some 4,600 today.

The ABC of today provides Australian taxpayers with a greater return on investment than at any stage in its history. Where once it provided a small number of radio stations and, after the advent of television, one TV station, it today provides:

- Four national television stations and an online television on-demand platform

⁹ *ABC and SBS Efficiency Study*, p.11.

- Four national radio networks and associated websites
- 55 Local radio stations and associated websites
- Specialist websites, such as ABC Splash
- Extensive online and mobile news and entertainment sites.

New investment is not undertaken lightly and always reflects the ABC's legislative obligations, Corporate Plan, available funding and audience demand. New investment in no way diminishes the Corporation's resolve to serve Australian audiences with the best local content. Examples of the ways in which the ABC does this are set out below.

Local television content

As described above, the Bill proposes that the ABC must fulfil its Charter requirements, inter alia, by establishing internal television production units in South Australian and at least three other States and/or Territories outside NSW and Victoria, that these units be funded to the extent that they can produce content beyond news and current affairs and that 0.5 per cent of the ABC's annual budget be allocated to each internal television production unit.

The ABC submits that its existing internal production model is adequate to serve the needs of Australian audiences and meet its Charter requirements. The Corporation's commitment to reflecting and representing regional diversity in television was canvassed in the Senate Committee Inquiry of January 2013 ("Inquiry into the ABC's Commitment to Reflecting and Representing Regional Diversity"), prompted by the closure of the ABC's internal production unit in Tasmania. In its report, the Committee acknowledged that internally-produced television programs in dedicated ABC production facilities are not the only way in which the ABC can reflect and represent regional diversity.¹⁰

Further to the Committee's then finding, the ABC reiterates that it produces a significant amount of content across the nation. Since 2011–12, the ABC has commissioned 140 separate programs and over 900 hours of television from States and Territories. This equates to total production budgets for internal and external productions in the "BAPH" states¹¹ equating to approximately \$120 million over three years. The ABC's contributions to external productions have totalled more than \$35 million over the period, leveraging over \$90 million in total production expenditure across the external BAPH-state production industry.

In addition to this, ABC Television has commissioned programs in NSW and Victoria that have been filmed in regional areas. A more comprehensive list is provided in Appendix 2.

Likewise, it is important to acknowledge that the ABC produces a number of national programs, such as *Gardening Australia*, *Catalyst*, *Compass*, *Australian Story* and *Landline*, which involve significant production in, and contributions from, regional areas.

¹⁰ Senate Environment and Communications References Committee. "The Australian Broadcasting Corporation's commitment to reflecting and representing regional diversity", Report, March 2013, p.23.

¹¹ "BAPH", which abbreviates the names of the state capitals—Brisbane, Adelaide, Perth and Hobart— is internal ABC shorthand for the states other than NSW and Victoria.

For the last four decades, the Corporation has employed a mixed model of television production, commissioning television programs from both internal and external sources. Regardless of the source of the program, the ABC remains committed to commissioning the best television programs that will fulfil Charter obligations and reflect regional issues and engage regional audiences.

A key advantage of the ABC's mixed television production model is that it enables the Corporation to leverage external funding sources, including from Screen Australia, State and Territory film funding bodies, local and international distributors and the producers themselves. Over the last three years, for every dollar invested by ABC Television in commissions outside of NSW and Victoria, the Corporation has returned three dollars in production value to audiences. Clearly, this model is efficient and ensures that the ABC's production investment goes further and allows a greater amount of content to be commissioned and produced to the benefit of Australian audiences.

The ABC is unable to access external funding sources for ABC internal productions. Likewise, the Government's Producer Offset tax rebate is not available to the ABC for internal productions. By way of example, *Miss Fisher's Murder Mysteries*, an award-winning program of significant quality, would not be made by the ABC without access to such funds. To produce it, the ABC relies on a mix of funding from its own budget, Screen Australia, Film Victoria and the producers, who are able to access the Producer Offset (which allows 20% of the production budget to be a tax rebate).

The additional benefit of the ABC's mixed television production is the creation of employment opportunities in the creative sector. It is estimated that the four recent drama productions—*The Code*, *The Doctor Blake Mysteries Season 3*, *The Time Of Our Lives Season 2* and *Miss Fisher's Murder Mysteries Season 3*—each created employment for 200 people. This comprised 100 full-time crew and 100 main and guest cast roles. Additionally, on average, these drama series engaged approximately 500 extras on daily contracts, with *Miss Fisher's Murder Mysteries Season 3* employing approximately 700 extras.

Furthermore, this mixed model of production also provides indirect employment to staff in post-production houses, equipment (camera, grip, sound and lighting) hire companies and catering companies. For the four programs mentioned above, the average expenditure on image and sound post-production was close to \$400,000 and on equipment hire was over \$420,000.

A further example of jobs creation as a result of the ABC's mixed television production is the recent drama production *Anzac Girls*, filmed and post-produced entirely in South Australia. The series employed over 1,500 South Australians (87 crew, 130 cast and 1,300 extras) at a total spend of over \$5.5 million.

In this context, the ABC notes the commentary in relation to the proposed closure of its SA television production unit, announced by the Managing Director in November 2014. As a result of budget cuts, the Corporation has had to consider more efficient ways of producing content and adopting such measures where prudent to do so. As a result, the ABC determined that it is more economically-efficient to base television production, other than news and current affairs, in Sydney and Melbourne and close its television production studio in Adelaide.

Table 2. Comparative examples of internally and externally-produced factual programs

SA Internally-produced factual programs	Episodes	TV Hours	Average Cost per Hour to the ABC
<i>Countdown: Do yourself a Favour</i>	2	2	\$363,983
<i>The Day the Beatles Drove Us Wild</i>	1	1	\$506,961
<i>Restoration Australia (a.k.a. Life in Ruins)</i>	7	7	\$522,548
<i>Great Expectations</i> (orang-utan documentary at the Adelaide Zoo)	1	0.5	\$417,178
Externally-produced factual programs	Episodes	TV Hours	Average Cost per Hour to the ABC
<i>Flying Miners</i> (WA)	3	3	\$135,000
<i>The War That Changed Us</i> (WA)	4	4	\$192,500
<i>Save your Life Tonight</i> (Qld)	6	3	\$142,500
<i>The Outlaw Michael Howe</i> (Tas)	1	1.5	\$100,000

A number of factors informed this decision. In particular, a significant proportion of efficiency savings from internal production are achieved by maximising utilisation rates for facilities and equipment. The small number of internal productions that the ABC was able to make in South Australia meant that the site could not achieve high utilisation levels, particularly when compared to Sydney and Melbourne. The result is that the cost of producing television programs in Adelaide has been relatively high. Choosing to close the Collinswood television production unit and centralise non-news television production in Sydney and Melbourne enables the ABC to avoid the higher costs that flow from production at a smaller site with low production volumes, while potentially offering further efficiency savings from increased utilisation rates in those cities.

Table 2, below, shows the average hourly cost to the ABC of internally-produced factual programs from South Australia alongside comparable external productions made in states other than New South Wales and Victoria. It illustrates not only the relatively high costs of internal production in Adelaide, but the advantages to the Corporation of accessing external contributions to the funding of television productions. It is important to note that, while the total budget of externally-commissioned factual programs may vary greatly, reflecting different types and styles of programs, the total cost to the ABC is significantly less than the cost of comparable internal productions, due to the leverage opportunities available to external producers.

In addition, the 300 m² Adelaide studio space is limited to certain types of production, as it is too small to accommodate large sets or audiences and is therefore not suitable for entertainment programs. It is worth noting that, during planning for the Melbourne Accommodation Project at Southbank, the ABC determined that the optimum size for the new television studio was approximately 800m². This is consistent with the size of both the ABC Sydney Studio 22 and Global Television’s modern, purpose-built facility at Redfern.

Further, if the Corporation continues to use the Adelaide studio, it would have required an investment in a substantial upgrade. To create a state-of-the-art production facility on the site, the ABC would need to refurbish the space and purchase additional equipment. This would require investment in fixed capital infrastructure, such as lighting battens, control rooms and an EVS system for record and replay, at an estimated cost of \$6–\$9 million.

The Corporation draws the Committee's attention to the Government response to the 2012 Inquiry into recent ABC programming decisions. The then Government noted that "management of production facility infrastructure is a matter for the ABC Board and Executive".¹² It further stated that:

The government does not consider the mixed production model diminishes the ABC's independence or skills base, the mixed production model harnesses the skills and experience of both the independent and ABC production teams, and ensures viewers benefit from seeing more quality Australian production.¹³

The Corporation has made clear that the decision to centralise internal non-news production in Sydney and Melbourne will not undermine its commitment to serving the news, information and entertainment needs of the states and territories. To this end, ABC Television has committed to reporting on its local production. Specifically, it will report annually on the total number of hours of television produced where the majority of production and expenditure is outside of Melbourne and Sydney. The Corporation will also provide information on the number of programs where there is any production expenditure outside of Melbourne and Sydney on an annual basis.

As it has done in the past, the ABC will continue to commission and produce programming that reflects the nation's cultural diversity.

Local News coverage

As described above, the Bill proposes that the ABC must fulfil its Charter requirements, inter alia, by providing in-state production of one weekly half-hour current affairs program and investigative and regional news reporting.

The ABC submits that it already produces a significant amount of local news and current affairs each week.

On weekdays, under the newly-introduced schedule, the ABC typically broadcasts:

- one hour and 20 minutes of local radio news in each state and territory;
- three hours and 15 minutes of radio current affairs;
- one hour and 30 minutes of dedicated television news bulletins on ABC1 (half-hour locally-produced 7pm News, half-hour nationally produced *Midday Report* and half-hour nationally-produced *Early Edition* at 5pm); and
- five hours of daily national television current affairs/news programming (comprising *News Breakfast*, *7.30*, *Lateline*, *The Drum* and *The Business*).

Each week, ABC audiences also receive five hours of national current affairs: *Australian Story*, *Four Corners*, *Foreign Correspondent*, *Insiders*, *Offsiders* and *Landline*.

The adequacy of the ABC's news and current affairs coverage was the subject of a Senate Committee Inquiry in March 2013, predicated on WIN Television closing its service in South

¹² Australian Government. "Government Response: Inquiry into recent ABC programming decisions", Response to Senate Committee Report, October 2012, p.3.

¹³ "Government Response: Inquiry into recent ABC programming decisions", p.3.

Australia and resultant concern that local communities would not receive adequate local news.¹⁴ The Committee report for this Inquiry did not make any adverse findings against the ABC in relation to its news or current affairs coverage.¹⁵

The ABC provides more local news and current affairs reporting than any other Australian media outlet. To deliver this level of service, the ABC maintains fully-staffed and equipped local newsrooms in every state and territory capital city, and employs 102 reporters in regional Australia. This allows it to offer unparalleled specialist coverage of local news and information. In an environment in which audiences can access a world of information and develop truly global perspectives, investigating and reporting at a local level becomes more important than ever.

In addition, national programs also have state-based reporting staff. The national 7.30 program has reporters in Queensland, South Australia, Western Australian and Tasmania. *Landline* is based in Queensland and uses reporters in South Australia and Tasmania, as well as travelling extensively in regional Victoria and New South Wales. A significant part of the *Australian Story* team is based in Queensland.

The Corporation provides access to local news and information and current affairs on radio and online, as well as through a nightly 7pm television news bulletin in each state and territory with a strong focus on local content, the dedicated 24-hour digital television news channel ABC News 24 and the ABC News YouTube channel.

In 2012–13, the ABC received \$68 million in additional funding over four years to invest in enhanced newsgathering. With this funding, the Corporation expanded its resources, included opening three new bureaux outside of capital cities—in Geelong, Ipswich and Parramatta—and invested heavily in technology for its regional and rural reporters and new positions for multi-skilled video journalists and links operators. These included 11 editorial positions and 13 resources positions. This additional funding also created four new digital production roles in each state and territory, so online and mobile services could be tailored to a state and local agenda, alongside national and international news. It meant that ABC state and territory news output was, for the first time, geared to local audiences on all platforms. As noted above, the funding for these services is currently only guaranteed until the end of the ABC's current funding triennium.

In November 2014, ABC News announced operational changes to realign its services and improve the audience experience across all platforms. The key initiatives are:

- Investing in more in-depth reporting, live interviews and analysis of state and territory news and current affairs for the 7pm television news.
- Extending TV news bulletins at 7pm on Sundays, as well as on ABC News 24, local digital sites and Local Radio to provide more opportunities for local coverage.

¹⁴ See ABC. "ABC submission to the Senate Environment and Communications Legislation Committee on ABC news services in rural and regional Australia", Submission, March 2013.

¹⁵ Senate Environment and Communications Legislation Committee. "Broadcasting Services Amendment (Material of Local Significance) Bill 2013", Committee Report, June 2013.

- Increased resourcing for special cross-platform coverage of major state and territory events, such as elections, budgets, major sporting events and significant breaking local news.
- Investing \$250,000 in a special State Coverage Fund to further facilitate coverage of breaking news in the regions, including:
 - 24 in-depth exclusive local television stories each year, with associated digital and radio stories (some of these might be part of a series on a particular issue run in two or three parts);
 - 24 original local feature stories each year, with associated digital and radio stories; and
 - 12 set-piece studio interviews a year with local politicians or identities.
- Resourcing up to 10 news and current affairs programs each year focused on major local issues in each state and territory. They may include:
 - one-hour 7pm news specials, including outside broadcasts and associated digital content;
 - half-hour specials across television, radio and online;
 - live co-productions between News and Local Radio; and
 - special, in-depth digital reports on local issues or events.
- Creating the new role of State Coverage Producer to plan and oversee expanded in-depth coverage across platforms.
- Launching a national edition of 7.30 on Friday nights, to replace the weekly state and territory editions. Local current affairs will no longer be confined to a single half-hour of scheduled television on Friday nights; events can be covered as they unfold, and across all platforms.
- Tailoring radio news output to better match audience needs. From 2015, apart from the flagship news bulletins at 7 am and 7.45 am, all bulletins on all radio networks (with the exception of triple j) will become five minutes in duration. To meet the peak audience demand, in the morning the ABC will continue producing local news bulletins in regional areas in peak periods. Newsrooms will continue to have the capacity to provide local coverage at any time during major news events.

The ABC notes that the Bill, if enacted, would require it to provide “at least one weekly current affairs program of at least 30 minutes duration” in each state and territory. This provision is clearly intended to compel the Corporation to reverse its decision to replace the weekly state and territory editions of 7.30 with a national program.

That decision was a response to the consistently lower audiences of the state and territory editions in comparison to the national 7.30 program. ABC News concluded that the more flexible, multi-platform approach to local news and current affairs embodied in the various initiatives described above would deliver a more relevant service for increasingly-diverse audiences. It should be stressed that despite the overall cut in ABC News staff numbers, under these changes, the bulk of existing resources dedicated to regional news and current affairs will be maintained, but differently allocated.

The effectiveness of the new approach has already been demonstrated. On 6 January 2015, when the Queensland Premier announced a snap election, the ABC broadcast an extended, one-hour evening News bulletin in Queensland that included analysis, interviews with the

Premier and Opposition Leader and reports from around the State on key issues likely to affect the campaign. On 22 January, the Corporation will host a panel discussion of the key election issue of privatisation before an audience that will be carried across television and Local Radio. This more-flexible coverage is indicative of the benefits of the new strategy.

By comparison, the legislated program levels set out in the Bill would straitjacket the ABC into providing a specific, weekly program.

Local online content

While the Bill does not make any proposed amendments to the ABC Act in relation to the ABC's local online coverage, the Corporation believes that it is worth setting out all that the ABC does in the increasingly popular online space.

In order to remain a relevant platform for Australian stories and national conversations, the ABC needs to meet audience demands for online and mobile services, as well as securing and strengthening its presence in traditional content areas. The ABC's expansion online has allowed the Corporation to engage with regional audiences in new ways.

The ABC Local Radio network is supported by 53 websites representing individual urban centres and regions. Each website showcases content from the Local Radio station and broader content from and about their metropolitan and regional communities. These sites enhance the ability of audiences to connect and interact with their community, their local ABC station and with other communities. They build on the strong relationships already established with local communities and act as a gateway to coverage and content from other regions and communities and from across ABC Online. Special features focus on the events, places and people that make each region unique. In 2014, the ABC launched localised news homepages in each state, which tailor the homepage of ABC Online with local stories and content.

ABC Open encourages regional audiences to participate in media to bridge the digital divide currently experienced by many Australians living outside capital cities. It provides regional communities with the opportunity to develop and showcase digital media skills and share personal stories from regional and rural Australia to a much broader audience.

The ABC recently conducted three pilot projects in local communities to understand how people in regional and rural areas get their news and information, how they want to get their news and information in the future and how the ABC can meet those needs with mobile and digital products. Titled "ABC Spoke", the research has been a combination of field discovery and short pilot trials with prototype products in rural and regional centres around the country, including Newcastle, Launceston, Mt Gambier, Townsville, Canberra and Albury-Wodonga. The ABC is collaborating with other media and information organisations and sharing the insights gathered from the research.

The ABC Spoke projects have generated a number of important insights: communities want "local content" to be embedded alongside national and international content, as part of a whole, rather than as a separate category of interest; similarly, there is a desire to be able to adjust local content for topic preferences, personal interests and for multiple locations. The

Corporation will use the outcomes of the Spoke research to inform the development of its online and mobile news and information offerings so that they are of greatest possible relevance to local audiences.

The ABC Splash website provides high-quality Australian educational resources for primary and secondary school teachers and students. This free online service provides access to a media library of over 3,000 videos, games and audio files aligned to the Australian Curriculum and cutting-edge interactive education services and games. Qualitative and quantitative feedback for ABC Splash has demonstrated a high take-up and level of engagement in regional and rural communities across Australia, where, on a typical school day, Splash is accessed by approximately 53,000 students.

Local radio content

As with online services, the Bill does not make any proposed amendments to the ABC Act in relation to the ABC's local radio coverage. However, for the Committee's benefit, the Corporation believes that it is worth setting out all that the ABC does in local radio broadcasts and the benefit this brings to local communities.

No other broadcaster in the country has the footprint or delivers more Australian stories, every day, to a broader audience than the ABC.

ABC Local Radio delivers more than 90,000 hours of original content to audiences across metropolitan and regional Australia each week. Approximately 56% of the weekday output of those stations is local and state-/territory-based. ABC Radio employs 290 staff outside of the state capital cities. Local Radio stations enjoy strong links with regional and rural communities as a result of their provision of local programs and coverage of local and rural issues, sport and community events. Demonstrations of these links include:

- The ABC's provision of essential emergency coverage at times of natural disasters (see below). The Corporation works in close cooperation with State and Territory Emergency Services and connects communities in times of need. Such coverage begins before (educational focus) and continues during (information, warnings, updates, coverage) and after (recovery and rebuilding phase) emergencies.
- The ABC's active participation in community events.
- The broadcast and publication of community service announcements (CSAs).
- ABC participation in community forums.

In addition to a dedicated regional Local Radio service, a number of discrete programs with a strong regional focus are delivered to broader, national audiences. For example, RN's *Country Breakfast* examines rural and regional issues around Australia on Saturday mornings. Likewise, Local Radio connects its metropolitan and regional audiences on Sunday morning for *Australia All Over* with Ian "Macca" McNamara and on Saturday evenings with *Saturday Night Country*, which focuses on Australian country music.

As part of the November 2014 changes, the ABC announced that, for efficiency reasons, it would close small regional outposts in Wagin, Morwell, Gladstone, Port Augusta and Nowra. These closures will have minimal impact on regional programming and staff.

The ABC Rural team, a network of 67 reporters, will continue to provide specialist rural content for local regional, metropolitan and national audiences. These will include daily Rural Reports on Local Radio in each region, as well as local content contributed to *The Country Hour* programs produced in each state and in the Northern Territory. Coverage by ABC Rural Reporters also features in a range of RN programs, including *Country Breakfast*, in Local Radio's regional state-based *Drive* programs, on Radio Australia and on ABC NewsRadio and ABC News 24.

Emergency broadcasting

The ABC functions as Australia's emergency broadcaster and in fulfilling this role, the Corporation has developed strong partnerships with emergency services organisations across regional areas.

Across radio, television and online, the ABC delivers vital and timely warnings and acts as a vital link to communities—most frequently regional communities—before, during and after emergencies. Through the Local Radio network, ABC Local websites and the ABC Emergency portal, warnings and essential information are distributed quickly to affected communities and coverage provided to the broader community.

During significant events, Local Radio stations provide rolling coverage. That coverage is available to wider audiences through online streaming on ABC Local websites, mobile apps and digital radio, as applicable. Local staff also provide regular emergency updates on social media platforms, including Facebook and Twitter.

Community events

The ABC is involved in numerous community events across Australia each year. These range from events with a rural focus, such as the Gympie Muster in Queensland and Agfest in Tasmania, to regional arts and cultural festivals, such as the Regional Arts Summit, the Chamber Music Festival in Townsville, the Port Fairy Music Festival in Victoria and the Brisbane, Sydney, Melbourne, Perth and Adelaide arts festivals.

Triple j has a strong relationship with audiences in regional Australia. The station actively promotes Australian musical performance from and in regional locations through triple j Unearthed and events such as the One Night Stand concert, which takes Australian acts to regional areas. The free, all-ages concert is preceded by triple j reports from the host town, using its multiple platforms to cover stories and issues relevant to the region's young people. In 2014, One Night Stand was held in Mildura, Victoria and attracted more than 17,000 people. The event was broadcast live on radio and ABC2, as well as streamed online and made available on iView and YouTube after the event.

Radio outside broadcasts (OBs) are an important component of the Corporation's participation in local communities. In addition to local OBs conducted by local and state-wide programs throughout the year, national networks travel to different parts of the country, providing regional audiences with access to presenters and programs from outside their region and exposure of their perspectives and concerns to broader Australian audiences. The ABC recognises the cultural significance of such events and the importance these radio

OBs play in broadcasting these to a wider audience. The ABC has no plans to reduce its commitment to radio OBs.

Regional Division

The ABC understands the importance of its local coverage for all Australians, wherever they may live, and that local news and information is of vital importance to Australians living in rural and regional areas. For this reason, notwithstanding the recent funding cut, the ABC will maintain its current investment in regional Australian content and it will create a new Regional Division, merging its regional radio and newsgathering capacity into a unified service for audiences beyond the capital cities. Through a consolidated approach, the Corporation will provide more focused rural and regional service for these audiences.

The newly-appointed Director Regional will be based in Tasmania and will sit on the ABC Executive, ensuring regional issues are well represented at the top management table. The Division will bring together some 400 staff from regional Local Radio, ABC Rural, ABC Open and regional news journalists, delivering a smarter, more effective suite of services to regional Australia when it launches in May 2015.

The ABC will always have and need a strong regional footprint. However, it recognises that it must also allocate resources sensibly. To this end, the Regional Director will undertake consultations around the country in early 2015 to determine audience needs and how the division can best work to meet them.

Conclusion

The Corporation is committed to meeting its Charter obligations to deliver programs that contribute to a sense of national identity and reflect the diversity of the Australian community. As a result of recent budget cuts, however, it has had to consider more efficient ways of producing content and will adopt these measures where prudent to do so.

The ABC accepts that there will be scrutiny as to how these efficiencies are achieved; however, it submits that the measures it has taken are necessary and do not in any way undermine its commitment to its Charter or its audiences. As this submission demonstrates, the Corporation is working to prioritise the delivery of local content and continuing to engage in local production activity. Due to its onerous nature, this Bill would, if imposed on the Corporation, constitute a significant financial impost, as well as reducing the ABC's independence and creating a conflict within the Board's legislative duties. This submission also demonstrates that providing a cross-platform, flexible news services is a more effective way of meeting the ABC's Charter obligations.

In spite of budgetary pressures, the ABC has, to the best of its abilities and in line with its statutory obligations, continued to innovate and grow, providing a rich and diverse suite of services across Australia and on the full range of platforms. In the context of reduced funding and a changing media environment, the proposed changes being pursued by the Corporation are designed for one purpose only: to position the organisation so that it can continue its role of best serving the Australian people into the future.

APPENDIX 1

A STATEMENT FROM THE MANAGING DIRECTOR—24 NOVEMBER 2014

Dear Colleagues

I have just completed a presentation to staff in ABC offices around the country, outlining a range of measures we propose to implement over the next few years. The initiatives are designed to reposition the ABC for its current and future challenges and to maintain a clear focus on our audience strategy and Charter obligations. I am aware that some of you may not have caught the address or are seeking further detail. This email is designed to provide more information about our plans. It sits alongside a statement released today by the ABC Board.

In charting this new course, my thoughts go out firstly to those who face losing their jobs. As other companies in the media sector have found, structural change can have painful personal consequences. We anticipate that more than 400 people—close to 10 per cent of our ongoing workforce - face redundancy as we adjust our activities. We regard the changes as vital to securing the long-term health of the organisation but I acknowledge that is no comfort to those who may lose their positions.

My thanks go to everyone at the ABC for the patience, discipline and application they have displayed over a testing period. We have had to deal with the reality of cuts in the May budget, the speculation over the departmental study into the efficiency of the public broadcasters and the uncertainty surrounding the Government's "down payment" strategy on further cuts. Like any responsible organisation, we have used our time constructively—taking heed of the departmental study and other inputs—to assess our activities and processes and to recalibrate on programming. We have had to wait for clarity on funding to complete the task.

The proposals announced today form an integrated package: they are a whole-of-ABC response to our funding issues and our audience strategy. They recognise that programming cannot stay frozen and that our content divisions must regularly update their strategies and schedules; that audience dynamics drive reinvestment decisions and that repositioning necessitates tough decision-making and execution. Change is never easy for an institution that has so many stakeholders with a passionate interest in its work. But change is now a media industry constant and the one guarantee I can offer you is that change will remain a reality for the ABC. What I can say with confidence is that the resilience of the ABC and the professionalism of the staff will help build a stronger organisation, better-equipped to meet the audience challenges of the present and the future.

ABC Funding

The Government has confirmed that, in addition to the May 2014 budget cut of \$120million, the ABC budget will be cut from July 2015 by a further \$207 million over four years. The schedule of cuts outlined by the Government acknowledges that extracting efficiencies incurs a big upfront liability for the ABC in the form of redundancies and early transitional costs. We must fund these costs from our current funding allocation and asset base. Because the cuts are back-end loaded, in the latter years the accumulated impact to the

ABC is over eight per cent a year. We face immediate work to meet the 2016-17 ask of more than \$60 million. This target requires concerted, disciplined action to meet our twin challenges. We must make significant savings to ensure that our content is largely protected from external funding shocks. In a changing media landscape, we must also closely scrutinise our programming, shifting investment to strengthen our connection to audiences.

Efficiency Savings

Delivering efficiencies is not a new concept for the ABC. It is a legal responsibility of the ABC Board “to ensure the functions of the Corporation are performed efficiently and with the maximum benefit to the people of Australia”. We have applied ourselves diligently to the task over the years.

We have used our efficiency savings to finance key initiatives like ABC News24 and iview. These initiatives have been critical to the development and relevance of the ABC at a time of intense competition in the media sector. In considering efficiencies, it is important to appreciate that:

- New technology changes what we can do and how
- It is a fast-changing media market place; and
- We need to ensure that our investments deliver value for money.

Our aim in delivering the savings required by the Federal Government is to focus primarily on overheads and back-office functions. But, as I have stressed repeatedly over the past few months, there is no simple quarantining formula for cost-cutting. The very nature of the media business means that some savings inevitably impact content. The ABC must also focus on where and how it can best add value in its processes and content creation.

We believe there are compelling business reasons to:

- Close our Adelaide television production studio and wind down remaining television production in smaller states. The economics of the television sector make it difficult to maintain small-scale operations. It is more economically efficient to base production (outside news and current affairs) in Sydney and Melbourne. TV’s aim is to work with the independent sector on programming that better reflects local diversity. To demonstrate accountability, the ABC will deliver detailed annual reports on its local production, including dollars invested and programs made.
- Rationalise our television outside broadcast vans and scale back our sports involvement. The ABC is the only broadcaster maintaining its own outside broadcast fleet. With the ABC facing declining audience interest in local sport competitions and some codes chasing commercial opportunities, ABC Television is revising its sports strategy to ensure the most cost-efficient use of resources and optimal audience impact. ABC Television will be providing more detail on its revised sports strategy;
- Shut five of our very small regional radio posts in Wagin, Morwell, Gladstone, Port Augusta and Nowra. These sites need continual maintenance, the number of staff impacted is minimal and there are no content implications. The ABC will always have and need a strong regional footprint. But we need to be responsible in how we allocate resources and maintaining these sites is not best practice.

Today, we are proposing a range of efficiency measures that will transform the operational base of the ABC and provide the bulk of the savings that the Federal Government has imposed. There are more than 40 proposals that go to our processes and systems, our contracts with key suppliers and our infrastructure. They are designed to deliver savings with minimal adverse cost impact—scooping up the benefits of collaboration, harnessing technology, modernising the business and better resource allocation.

The proposals address:

- Our procurement. We will systematically review key contracts to extract efficiencies and explore joint purchasing arrangements with our colleagues at SBS.
- Our property holdings. We are exploring various options to get savings out of our portfolio. As a first step we will plan for the sale of Lanceley Place in Sydney as well as closing five of our smallest regional radio stations that operate as virtual outposts.
- Our systems and processes. We will streamline and automate our rostering, performance and other HR paper-based systems, easing bureaucratic demands on staff
- Key tasks like our switchboard and mail rooms. We will centralise the former and reorganise the latter to yield savings;
- Our audience and marketing strategies. The Audience and Marketing Division, which was centralised in March, will find efficiencies by aligning more closely with priority content and brand initiatives.

We also want to strip back our management layers. Management comprises more than 10 per cent of the proposed redundancies. In mid-2015, we propose dismantling the State and Territory Director structure and looking at new ways of handling local administrative and stakeholder responsibilities.

Audience at the centre

Competition in the media space is intensifying and audiences are asserting their power. The ABC needs to meet the surging audience demand for online and mobile services while, at the same time, securing and strengthening our grip in the traditional content areas. We must be the home of Australian stories and conversations across all platforms.

Structural change can help us in this regard, ensuring we better harness our skills, people and strategies for the benefit of current and future audiences.

We propose replacing ABC Innovation with a new digital division, ABC Digital Network, with the aim of prioritising our online and mobile expenditure. The new division would bring our digital designers, user experience specialists, digital project managers and developers together to maximise our investment in this competitive audience space. It would ensure we are better placed to identify audience trends and respond to them with new and enhanced products and services, developed with a whole-of-ABC mindset and discipline. ABC Digital Network is the key to improving the skills of our digital specialists and unlocking a better audience experience: it means better search, single sign-on, better recommendations, localisation, segmentation, profiling and navigation. These areas are vital to keeping our audiences connected and our services relevant.

We are also planning a new Regional Division, recognising that, with new digital technologies and better organisation, we can be smarter and more focused in our approach to rural and regional audiences. The new division would bring together regional radio and news staff and look afresh at how we best deploy our knowledge, skills and technology. We will advertise internally for a new director and the position will be located outside Sydney and Melbourne. We have committed to a period of consultation with staff and to engagement with regional communities in crafting the new division. We will maintain our level of content investment while acknowledging that in this new environment, not everything should or will remain as it has been.

As part of our structural change, we propose transferring responsibility for News Radio from ABC Radio to ABC News. A reshaped Radio Division would then consist of the local radio stations in the capital cities, Radio National, Classic FM and triple j, offering strong audience focus through both national and localised programming. Michael Mason, who has been acting head of Radio for some months, will be the new Director of Radio. His long leadership experience across many of the Radio networks makes him perfectly qualified for the job.

Content reinvestment

The budget cuts represent a real opportunity cost for the ABC. The efficiency savings we normally used to finance our digital reinvestment are now being returned to the Government's general revenue. The reinvestment task cannot simply stop to meet federal budgetary demands. With competition intensifying and audiences growing more demanding and fickle, we cannot afford to abandon our efforts to invest in the content and services our listeners, viewers and readers want. We lag behind other media in terms of our digital reach and penetration. We need to make up ground quickly in terms of the money we devote to reinvestment.

Broadcasting is not and never has been a static industry. Each year, our content divisions sit down to map out their plans, taking into account audience trends, technological developments, budgets, and the tactics of others in their respective markets. Programs are changed, cancelled and replaced. Staff are reassigned, resources re-allocated. This is part of the normal cycle of business.

Recently, ABC TV announced a raft of exciting new projects for 2015, building on their quality output across three channels. Radio are about to finalise their schedules for next year and will maintain their depth and range of content to loyal audiences across national networks and local radio. ABC News will continue to display cross-platform leadership in news and current affairs. ABC International is delivering for its audiences in the Pacific and Asia. Online, the ABC will continue to show flair, creativity and innovation.

But, in responding to the audience challenge, the divisions have identified programming savings that they can reinvest in new content priorities. We have set up an investment fund that will progressively ramp up to \$20 million over the next few years.

I need to stress this: there will be programming changes, but money saved will be reinvested back into programming.

Programming savings

In ABC TV, as I flagged earlier, we propose ceasing television production in the smaller states and winding back our TV sport production.

ABC News has proposed launching a new, national end-of-week edition of 7.30, replacing the state editions, and delivering more state coverage throughout the week across all platforms. I acknowledge there is a level of debate around this proposal, but we want to focus on delivering more local news and analysis whenever it happens during the day, rather than confining it to Friday nights. Lateline will shift to a new more time-friendly fixed slot on ABC News24 (while also airing on ABC TV in 2015) where it can build the audience it deserves. We propose readjusting the shape of our foreign bureaux but will continue to recognise the importance of our investment in foreign coverage at time of 24/7 news demand and the challenges posed by convergence. As part of this, we will open a new post in Beirut to extend our coverage of the Middle East. Other measures include creating a new National Business Team to boost business and finance coverage across all platforms and better tailoring radio news output to match audience needs. ABC News will outline the more specific proposed changes.

ABC Radio plans to cut back on the number of concerts recorded on Classic FM. This is a prudent efficiency measure that still ensures a quality service for the Classic audience. There would be programming changes and staff cuts in Radio National and Local Radio. The changes to Radio National aim to reshape the structure and flow of programming across the middle of the day and to rethink our delivery of documentary content. However, the majority of proposed radio savings are in the administration and management areas. The creation of a Regional Division will impact on work flows for Local Radio and the delivery of digital services across Australia. ABC Radio will provide a more detailed briefing to staff on these and other proposed changes.

The need for digital reinvestment does not preclude the search for audience or workplace efficiencies in that area. We are rationalising our websites, with the goal of closing down more than 100 and consolidating content into websites that generate the most traffic, like ABC News, to present our stories to wider audiences.

The reinvestment fund priorities

The creation of ABC Digital Network will ensure we mobilise our resources to deliver a better audience experience in online and mobile—factors that are vital to success in this competitive market.

That is the first of our reinvestment priorities with other initiatives to be rolled out as savings become available. Our focus will be on priority areas of News, children's, triple j and iview and will include:

- The upgrading of our innovative catch-up TV service. iview has become an important platform for viewers of every age. We will enrich the audience experience with fast-feature development, improved personalisation, 24-hour support, capacity for audience recommendations and the development of stand-alone content.
- Exploring the potential for new video streaming and transaction-based services

- New investment in News Digital, including extending our capacity for breaking and rolling news coverage to online and mobile audiences and building digital newsgathering skills within our metropolitan newsrooms and our current affairs and international teams
- The extension of radio streaming to regional areas and the development of the personalised radio player that enables listeners to draw in content from across the ABC's array of services and to access it in one location.

The ABC expects that new specialist jobs, funded by our programming changes, will be created across the ABC as we roll out these new digital initiatives.

Next stage

The ABC has endeavoured to speak to every member of staff directly affected by these proposals and we will embark on a process of consultation with staff and unions about the proposed changes. Some initiatives are still in the planning stage—they will be rolled out as we develop a full understanding of the savings potential and risks. This means it is difficult, at this stage, to provide absolute precision on the size and impact of cuts. Nor can we provide a definite number on redundancies. With more than 40 separate proposals to cut overheads and backroom costs, we need time to work through the processes. However, we expect the staff cuts will be significant. They are likely to exceed 400 over the next few years—close to 10 per cent of our ongoing staff numbers as we consult, bed down the initiatives and seek to realise the savings.

These are challenging times, but our responsibility is to recognise the internal and external realities and confront them. We need to manage our budget cuts in a way that best protects audiences. But we also need to realise there is an opportunity cost of the Government taking back the money that we normally use to meet our reinvestment priorities.

Our efficiency drive requires the co-operation, involvement and sacrifice of every division. I will visit state and territory branches over the next two weeks to talk personally to workers there. The message I will convey, both internally and externally, over the next few weeks is that the ABC cannot stand still and run the risk of becoming less relevant and compelling to this and future generations.

What we've proposed today is in the best interests of the ABC and its many stakeholders. It is designed to position the organisation for the future; to ensure its pivotal place as the home of Australian stories and conversations.

Working together, we can be confident in our ability to see through these changes and to build a stronger ABC.

Mark Scott

Examples of ABC local television productions

Drama

- ***The Doctor Blake Mysteries*** series 1 & 2 was set in Ballarat and largely filmed there.
- ***Anzac Girls*** filmed and post-produced entirely in South Australia.
- The ***Jack Irish*** programs were set and filmed in Melbourne and Regional Victoria.
- ***An Accidental Soldier*** was set in Normandy in France and shot in Regional WA.
- ***Please Like Me*** was set and shot in Melbourne and Tasmania, with episode 7 shot entirely on location in Cradle Mountain in Tasmania.
- ***The Code*** was set in Canberra and a fictional outback NSW town and was filmed in Canberra, Broken Hill and Sydney.
- ***Cliffy*** was set in Regional Vic, Sydney and Melbourne and filmed in multiple rural locations in Regional Vic and NSW.
- Upcoming dramas: ***Glitch*** will be filmed in Regional Victoria and Melbourne; ***Hiding*** is shot on the Gold Coast and Sydney; the new series of ***Doctor Blake*** was filmed in Ballarat; and ***The Secret River*** was filmed in Regional Victoria, despite it being set in the Hawkesbury in NSW.

Factual programs

- ***Flying Miners***—shot across regional Australia from the Pilbara to Mildura, Gove Peninsula to Townsville, Port Headland and Cue.
- ***Devil Island***—set and filmed on Maria Island in Tasmania on Tassie Devils
- ***Hello Birdy***—with William McInnes was made with WA based production company
- ***Gaycrashers***—one episode is set and filmed in the Victorian town of Colac.
- ***The Dreamhouse***—part of the ABC/ScreenWest Factual Entertainment initiative. Made by a WA production company and filmed in Perth.
- ***Croc College***—part of the ABC/South Australia Film Corporation Factual Entertainment initiative. Made by a South Australian production company and filmed in Koorana Queensland.
- ***Kakadu***—shot in the Northern Territory.
- ***Vet School***—part of the ABC/Screenwest Factual Entertainment Initiative. Made by a Western Australian Production Company and filmed in Perth.

Indigenous commissions

- ***Gods of Wheat Street***—set in Casino, regional NSW.
- ***Wild Kitchen***—set in Bellingen in regional northern NSW
- ***Outside Chance***—set in Perth
- ***Seasons***—set in Pilbara, Kimberley, South West regions.
- ***Mystery Road***—film set and filmed in regional Queensland.

Children's programs

- **Play School** regularly features regional Australia including Falls Creek in Victoria, Far North Queensland, Broken Hill, NSW, Rural South Coast, NSW, Rural ACT, Darwin and surrounds, Adelaide Hills SA, Kangaroo Island SA and Coober Pedy, SA
- **3 ON 3** interstitial series had a large regional focus and went to South Australia (Coober Pedy, Kangaroo Island, Victor Harbor, Port Lincoln, Adelaide Hills, Roxy Downs, Gawler, Port Augusta, Kalgoorie, Tom Price, Albany); Regional Victoria (Geelong, Healesville, Bendigo, Mt Baw Baw, Warrnambool, Halls Gap, Dromana, Murraylands); ACT (Golulburn); WA (Bunbury, Perth, Joondalup, Bunbury)
- **Bushwhacked, S1 and S2** (and currently in production, **S3**)—shot throughout Australia, almost entirely in regional—especially remote—Australia.
- **Handball Heroes** shot in primarily regional areas.
- **My Great Big Adventure, S2**—shot in some regional locations in NSW, including Gosford and Bathurst.
- **Dancing Down Under** was shot and produced in different parts of regional Australia.
- **Behind The News** (ABC News Production) contains significant regional coverage.
- **Blue Zoo** was set in and featured regional NSW (Coffs Harbour)
- **MY: 24** featured young people throughout and including regional Australia.