

ABC Inquiry

At Monday's hearing a request was made that I furnish copies of correspondence concerning the leaking of information to some private sector producers by the ABC.

I have attached copies of the letter I sent to the Managing Director of the ABC about this matter. The CPSU has not received a reply to this correspondence.

I have also provided a copy of the Margaret Simons article in *Crikey* that I referred to in evidence that also contained commercial in confidence material about the costs of producing local sport.

Senator XENOPHON: Sorry to interrupt—is that material that you have provided to the committee at this stage, or not? Have you provided this string of correspondence to the committee, because if you have not I would ask that you table that?

Mr Thomson: I would need to—

Senator XENOPHON: Perhaps on notice?

Mr Thomson: On notice.

Senator XENOPHON: That string of correspondence might be useful.

Mr Thomson: Yes. Further material arose out of leaks that were given to Margaret Simons in a *Crikey* article as well, which then went to very sensitive data about the cost to sport. It was an extraordinary amount of detail that was provided there that is, again, commercial-in-confidence. This is information that would only have been available to the TV division about audience sizes and information about production costs.

Graeme Thomson | ABC Section Secretary
CPSU



16 September 2011

Mark Scott
Managing Directors
Australian Broadcasting Corporation
Ultimo, NSW

Dear Mr Scott

cc CPSU members

Commercial in Confidence Data

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It comes as a surprise therefore that SPAA and the so called 'Independent Producers' submissions contain commercial in confidence material. The information that we believe to be commercial-in-confidence include:

Statements about the value of the ABC spend over the past few years on Entertainment. The SPAA submission includes the following statement

Adding to cost pressures are the rising costs of acquisitions for completed programs from overseas, declining revenues from DVD sales of past programs, and the costs associated with the increase in servicing three channels, funding ABC Online, and ABC 24. This has led to a squeeze internally and management have made some adjustments including **reducing the Entertainment budget down from \$13.5 million in 2008/09 to \$9.2 million in 2011/12** resulting in some of the cancellations that have excited this inquiry.

A similar statement is made in the Cordell Jigsaw (Independent Producers) submission:

Overshadowing debate over the appropriate levels of internal/external production is the broader issue of overall funding at the ABC. **Allocations for commissioning Entertainment shows have fallen by 40% in real terms in the last 4 years alone.** This affects both internal and external productions.

Less than 5% of the \$193 million FY12 budget for TV content is available for commissioning external Entertainment and Factual. **Cash funding to Entertainment TV has been seriously cut in recent years, from \$13.5 million in FY09 to \$9.2 million in 11/12. Independent producers have been informed that this figure is likely to fall again in 12/13.**

The Cordell Jigsaw submission also states:

There is now a genuine funding crisis for television programming at the ABC that affects both internal and external commissioning. The ABC spends \$48 million a year on internal facilities and staff, while only spending \$27 million commissioning Entertainment, Arts and Factual shows.

On a separate matter, the SPAA submission reveals:

“SPAA believes that sport is an important part of community life, particularly in regional areas, and the ABC has long played a significant role in the wider community by broadcasting regional sport. However, the cost to the taxpayer of maintaining and upgrading expensive outside broadcast equipment and personnel is extensive – in excess of \$10 million dollars a year.”

None of the highlighted information is in the public domain. The CPSU notes that information concerning where the ABC spends its resources is central to the public debate about the future of the ABC and the matters being investigated by the Senate Committee. It is disturbing therefore that commercial-in-confidence material has been leaked from within the ABC to assist the private sector producers’ position in the current debate. The CPSU can only assume that this information has been leaked by the Television Division of the Corporation to give effect to Mr Dalton’s request to SPAA in 2006 that their members take on the fight to dismantle internal production.

In the past, the leaking of sensitive information has resulted in the Federal Police being called to the ABC. The CPSU is not suggesting that the Federal Police be called in again, but rather calls on you to investigate the source of the leak and to take appropriate disciplinary action against those who have selectively leaked the information.

The CPSU notes that since parts of the so called commercial-in-confidence material have been leaked, the ABC should now make a full disclosure of its internal commissioning budgets. How much has been spent on internal and external commissioning by genre over the past four years? Are the figures on the cost of the maintenance and upgrading of the OB vans accurate? Is the claim that 65% of the TV local program budget is spent on fixed staff and facility costs accurate given the Annual Reports indicate that only 33% of expenditure is made on internally commissioned programs?

The leaking of this information suggests collusion between ABC management and private sector interests. The CPSU requests that you help clear the air by supporting our call for an audit of the TV books and a performance audit of the TV commissioning process by the Australian National Audit Office.

Yours sincerely,



Graeme Thomson
ABC Section Secretary

Monday, 19 September 2011 / [10 comments](#)

Leaks shows local footy costs cash-strapped ABC \$22 per viewer

by [Margaret Simons](#)

The cash-strapped ABC is spending a massive \$22 per viewer each week of the season to bring Tasmanian football to a tiny audience of about 3000, reveal figures leaked to *Crikey*.

Responding to the leak, the Community and Public Sector Union has accused ABC management of collusion and selectively leaking commercial in confidence data to private sector producers. In [a letter released to Crikey](#), the CPSU has called for ABC managing director Mark Scott to hold a leaks inquiry and take disciplinary action.



The revelations are part of the continuing white-hot battle within the national broadcaster over the correct balance between in-house and outsourcing of television production.

Within the ABC it is a current joke that it might be cheaper to shout each Tassie football fan a taxi and a ticket to the game rather than to send the expensive outside-

broadcast van and staff each week. The more so since audiences for local football are declining by 30% a year.

These figures are regarded as a scandal by some in ABC management. They are part of a bunch that have been leaked, and that reveal the true cost of the ABC maintaining outside-broadcast vans and production crews, which in turn cuts into the money available for commissioning new television entertainment content.

In total, on a Saturday afternoon six fully crewed ABC outside-broadcast vans cover local football in every state, but the average total audience is just 135,000, and falling fast.

The figures have become available in the lead-up to week Monday's public hearing of the Senate committee in to recent ABC programming decisions, which was established after the recent axing of locally produced programs, including *Art Nation*, and resulting staff redundancies.

The Senate hearing is shaping to be a battle royal, with appearances not only by ABC management and union representatives, but also by the people behind some of Australia's leading independent production houses.

Nasty allegations will fly in all directions. Whether light is generated as well as heat remains to be seen.

In comments to *Crikey*, the ABC section secretary of the CPSU, Graeme Thomson, claims that if TV budgets have been selectively leaked to some producers, it will give them a competitive advantage. "They would be able to adjust their pitch for commissioning and extract more money out of the ABC. Their bargaining power would increase if they knew exactly how much money the ABC had up their sleeve."

Meanwhile, Nick Murray, of private production house Cordell Jigsaw, has accused the ABC's chief operating officer, David Pendleton, of "running an empire of staff and facilities which is not responsive to the actual needs of ABC TV. The ABC should not have these large fixed cost in-house facilities. No other network in Australia has this level of in house facilities".

The leaked figures show that nationwide, the cost of covering local football is \$2.63 per viewer per episode, or \$469,000 per episode. This compares to the average cost of television entertainment, which is 23 cents per viewer and \$196,000 per episode, with an average audience of 962,000.

Meanwhile factual television content—documentaries and the like—costs 29 cents per episode per viewer, or \$94,000 per episode, for an average audience of 489,000.

The background to these figures is a bitter battle within the ABC between head of television Kim Dalton, and Pendleton.

Dalton has argued for more control over the resources spent on television content, many of which are presently tied up in fixed costs represented by the staff and facilities under Pendleton's control.

The high fixed costs have resulted in reductions of 30-40% in the amount of money available to commission new entertainment programs in the past four years, independent producers claim.

Due to increased government funding being largely tied to production of Australian drama, and the high level of fixed costs, entertainment is one of the few areas of discretionary spending where cuts can be made.

Cost pressures on the ABC are also resulting from the increased cost of buying in programs, caused by increased competition from commercial digital multichannels, and declining sales of DVDs.

The internal battle has resulted in Scott's announcement in August of an internal strategy to determine the balance between in-house and outsourced production over the next few years.

Those who favour retaining in-house production argue that the capacity it represents is vital for a national broadcaster. Thomson said in comments to *Crikey* that outside-broadcast vans were used most regularly to cover sport, but were also used for significant regional events such as Anzac Day marches.

He said: "The attack that is being launched by the so called independent producers is all about trying to get their hands on the money that underpins regional multicam coverage ... Take away sport and you then also lose coverage of the rest."

But these comments caused what could only be described as an explosive reaction from Murray, who pointed out that Anzac Day comes only once a year. "That is unbelievable bullshit ... all they are trying to do is protect their jobs, and those jobs would exist in the private sector if they were not at the ABC."

The CPSU, Media Entertainment and Arts Alliance and groups such as the Friends of the ABC have been conducting a campaign against ABC outsourcing of production— which was given some comfort by Communications Minister Stephen Conroy in his comments around the time of the recent program cancellations.

Recently Dalton has been encouraging companies in the private sector to fight back against the union campaign.

These competing points of view have come to light in the submissions to the Senate inquiry, which are available [here](#).

Independent producers argue that the Australian public does not distinguish between internally or externally produced programs, seeing them all as simply "ABC programs". They say that external programs are the most popular with viewers, and employ large numbers of Australian staff and crew.

“ABC TV management needs the flexibility to manage its budget freely to deliver the Australian public the best programs, regardless of whether they are produced internally or externally,” says a submission signed by Cordell Jigsaw, Princess Pictures, Zapruder’s Other Films, Giant Dwarf and Token Artists.

Shows produced by these companies include *The Election Chaser*, *We Can Be Heroes*, *Summer Heights High*, *Angry Boys*, *Hungry Beast*, and *The Gruen Transfer*. Other programs created for the ABC by the independent sector include *Kath and Kim*, the Ita Buttrose biopic *Paper Giants* and new drama *The Slap*.

Programs produced in-house at the ABC include *Q&A*, *Media Watch*, *First Tuesday Book Club*, *Collectors*, *Can We Help*, *New Inventors*, *Gardening Australia*, *Auctions*, *Giggle and Hoot*, *Good Game*, *Changi*, *Message Stick*, *Poh’s Kitchen*, *Catalyst*, *Compass*, *Play School* and *The Cook & the Chef*.

Some programs that are internally made still use contract production staff. *Spicks and Specks*, for example, uses the same contract production staff and writers who work on programs for the independent production sector.

Other submissions to the Senate inquiry argue that the distinction between internal and external production is a false one. For example, Dr Tony Moore, of the National Centre for Australian Studies at Monash University, argues that the ABC has failed to recruit talent widely enough, that its drama is dull and safe, and that in all this the in-house outsourcing dispute is a “false divide”.

Says Moore: “I have admiration for the work of both in-house ABC program makers and the independents. It’s an artificial divide as so many independent producers are ex-ABC staff who reckon they get a better deal this way. It is often the case that, free from managerial interference and compromise, contracted production teams led by cultural entrepreneurs like Chris Lilley, *The Chaser* or Zapruder’s Other Productions Andrew Denton are able to break more aesthetic rules, cut red tape, and negotiate more creative autonomy, especially in comedy and documentary. These partnerships are to be applauded as they enable the ABC to intersect with the wider Australian creative community than exists in its own silo. This reality harmonises with the vision of the ABC as a ‘town square’ rather than a factory.”

In its submission, the CPSU argues that the outsourcing of programs by ABC television is “transforming the ABC” and limits its ability to deliver its charter responsibilities, particularly to specialist audiences.

The CPSU submission calls for a full review of the direction of the ABC, and claims it “no longer has a clear vision of where it is headed or its role or purpose”.

“The recent decisions to axe programs are part of an ongoing process over the past five years to systematically destroy the ABC’s ability to generate its own programs. The significant public investment in its infrastructure is being wasted. The CPSU argues that the drive to outsource production is not cost effective. The ABC has been a highly efficient production house.”

The CPSU submission directly fingers Dalton as the foe of in-house production.

“The current TV management group acts as though it is a commissioning arm of Screen Australia.”

Meanwhile in a personal submission, ABC broadcaster and former staff elected director Quentin Dempster also attacks Dalton as the agent of outsourcing, and claims that the co-production model means the ABC no longer has a capacity to generate its own intellectual property or make its own documentaries or natural history programs.

Dempster and the CPSU call for detailed disclosure of the ABC’s internal commissioning budgets.

Dempster argues that unless the parliamentary inquiry gets to the bottom of the facts, ABC management will “dodge its commitment” to a mixed internal and external production model, making only news and current affairs in house. “This should not be allowed to occur without a full public debate of the implications for the future of the ABC as a cultural, broadcasting and now ‘cybercasting’ institution meant to underpin sectoral diversity.”



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