

Senate Standing Committee on Environment and Communications
Answers to Senate Inquiry Questions on Notice
ABC Amendment (Local Content) Bill hearing February 2015
Communications Portfolio
Australian Broadcasting Corporation

Question No: 1

Program No. Australian Broadcasting Corporation

Hansard Ref: Page 9, 06/03/2015

Topic: Redundancies

Senator McEWEN asked:

Senator McEWEN: All right. Moving on to another topic, speaking of your staff, I go back to the figures that Mr Anderson gave us. You said, I think, that 287 of the 400 redundancies have been determined; and, of those 287, some 150 staff have already left the organisation. Is that correct, Mr Anderson?

Mr Anderson: That is correct.

Senator McEWEN: Of those 154, I think it was, who have left, 14 are from Collinswood. Is that correct?

Mr Anderson: I believe they are from South Australia.

Senator McEWEN: From South Australia?

Mr Anderson: Yes.

Senator McEWEN: How many more of the 287 are from South Australia?

Mr Anderson: There are 36 in total.

Senator McEWEN: Another 36?

Mr Scott: No, 36 in total.

Mr Anderson: Thirty-six in total.

Senator McEWEN: So another 22?

Mr Anderson: Yes.

Senator McEWEN: And will they all be from Collinswood?

Mr Anderson: My information says from South Australia, but I would—

Senator McEWEN: Can you take on notice where they are going to come from, including if they come from any of our regional ABC stations. When will those extra 22 be departing South Australian ABC employment?

Mr Anderson: We are still in consultations.

Senator McEWEN: Will it be by the end of the financial year?

Mr Scott: There is some programming that has been completed by our in-house team here, including Restoration Australia, which is a series that is yet to go to air. We have Anzac Day, too, that we are focussed on. We expect by the end of the financial year, but we are still working that through with our staff. We have had a detailed consultative process with the union that has largely wrapped up now. We are talking with individuals about this.

Answer:

Of the 36 proposed redundancies in South Australia, 35 are from Collinswood and one is from Mount Gambier.

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As at 19 March 2015, 18 of these employees had left the organisation (including the Mt. Gambier employee) with the remaining 18 due to depart over the next five months. The final exit date for the last remaining employees is 26 June 2015, but this will extend into August for those choosing to explore redeployment for the 6 week period to which they are entitled.

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Question No: 2

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Topic: Net hourly cost for internal productions

Senator McEwen asked:

Senator McEWEN: Can I just follow up. I know that Senator Xenophon has probably got more questions on that. But where is the net figure? Where do you account for the income, for example, that I presume you raise from selling—I do not know; were there DVDs of Countdown made to sell in the ABC shops or online?

Mr Scott: That is mainly on a cost-recovery basis. We have made some good money out of South Australian shows in the past. We have talked about The Cook and the Chef and Poh's Kitchen and we made some good documentaries, mainly about cricket, several years ago. If in fact we felt that by doing programming 100 per cent in-house counterbalanced the money that we can be guaranteed by other funding entities to leverage, then economically we would do that.

Senator McEWEN: But isn't it misleading to put these figures in here without having the net cost, because you have there the externally produced shows for which, I assume, the ABC does not get any revenue?

Mr Scott: No, not necessarily. It varies from show to show.

Senator McEWEN: Can we get the net hourly expense for these shows—

Mr Scott: We can try to get that for you.

Senator McEWEN: which will demonstrate how much money the ABC can make out of things as well.

Mr Scott: It is interesting, though. Occasionally, you do get a show or a series that sells quite well. To my mind, in our experience, it is largely cost recovery, except if you have a big break-out entertainment show or something like that. We do try and negotiate a good rights position with the independent producer, but you are right: part of the trade-off in working with the independent production sector is trading off a rights position for a guaranteed income position. We do that when we feel that it makes sense to do so. That is part of our business affairs team that works on these deals. That is the kind of thing that they can work through. We can try to get a netted-out position on some of these, if you like. As I have said, some of the programs we have made here in South Australia—

Senator McEWEN: I would like. The way you present it here is, 'Outrageous—it costs \$500,000 per hour to produce the Countdown show'. It was fabulously popular, and I do not know whether it made money from sales of merchandise afterwards or not; but I would like to know that.

Answer:

The ABC did not create any merchandise leveraging the intellectual property from the documentary series *Countdown: Do yourself a favour*. As a result the ABC has not generated any revenue from the documentary.

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ABC Commercial was not able to release a DVD or digital download of the documentary due to the high cost of rights clearances for the songs used in the documentary. The clearance of rights for broadcast and commercial sale are subject to a separate arrangement with the rights holders.

ABC Music did release a *Countdown 40th Anniversary* CD and a further *Countdown 40th Anniversary Continues* double CD set is due to be released in late March 2015. These releases do not leverage the intellectual property from the documentary; rather, the product features artists who regularly appeared on *Countdown* through its history.

ABC Licensing produced a series of on demand *Countdown* t-shirts which are available through ABC Shop Online. These products utilised the *Countdown* brand more generally and did not leverage the intellectual property from the documentary.

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Question No: 3

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Topic: Breakdown of costs provided in submission

Senator Xenophon asked:

Mr Scott: That is right. But as Mr Anderson said, there are staff costs, facilities costs, cash costs. If we did not include all of them, then we would not be realistically costing up the actual cost to the ABC delivery.

Senator XENOPHON: I appreciate that but, further to Mr Anderson's evidence, would it be fair to say that some of the costs that are factored in terms of the figures that we have been provided in this table are somewhat inflated? You charge \$100 an hour for an editing suite; I am not sure whether you charge on a daily rate, even if the suite is being used only for an hour or two, or if someone is being paid \$35 or \$40 an hour when in fact it is being charged out at a much higher rate than that. I would be grateful if we could obtain that sort of detail.

Mr Scott: Sure.

Mr Anderson: Sure. We go down to the per hour on each of those rates, and if it is not being used it is not being charged.

CHAIR: Is it possible, for the exercise that Senator Xenophon is going through, to get a proper breakdown of what one of these particular productions uses?

Mr Anderson: Of course.

...

Senator XENOPHON: All I am suggesting is that we get a breakdown of the costs given in table 2 and perhaps we could look at them a little more forensically and that might be a fairer way of assessing that.

Answer:

It is important to note that the ABC does not set internal labour and facilities rates, these rates are set by the market.

The total cost to the ABC for the program *Countdown: Do Yourself a Favour* was \$727,966. This is split between \$440,938 in labour, \$179,088 for facilities and \$107,940 in cash.

The total cost to the ABC for the program *When The Beatles Drove Us Wild* was \$506,961. This is split between \$336,449 in labour costs, \$115,512 in facilities and \$55,000 in cash.

The total cost to the ABC for the seven part series *Restoration Australia* will be \$3,550,552. This is split between \$2,260,856 in labour costs, \$717,808 in facilities and \$571, 888 in cash.

The total cost to the ABC of *Great Expectations*, the story of orang-utans at the Adelaide Zoo, was \$208,589, with \$129,404 in labour, \$61,185 in facilities and \$18,000 in cash.

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Question No: 4

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Topic: 7.30 Friday ratings in 2014

Senator XENOPHON asked:

Mr Scott: I must say I emphatically reject the comment that you made, that was quoted in The Australian's media section on Monday, that my comments were misleading. My comments were not misleading. I do have last year's full audience results for capital cities and for regional centres, pre-football, post-football, during the football season, and the argument I made to the Senate was actually true—

Senator XENOPHON: Can you table those for us?

Mr Scott: Yes, I can. I will point out to you that, if there was any selective use of statistics, rather than looking at a full year result, to selectively pull out a four-week window, I would have viewed it as being a more misleading use of information than the information that I had provided.

Answer:

Across the full year in 2014, local 7.30 on Friday evenings achieved a five city metro average audience of 521,000, and a combined metro and regional average audience of 766,000.

7.30, 2014, 5 city metro (47 week run of show)

	SYD	MEL	BRI	ADE	PER	5 City Metro
Monday-Thursday	207,000	231,000	114,000	70,000	79,000	702,000
Friday	160,000	164,000	81,000	55,000	61,000	521,000

7.30, 2014 Regional

	QLD	NNSW	SNSW	VIC	TAS	Total Regional
Mon-Thurs	53,000	94,000	81,000	53,000	34,000	315,000
Friday	38,000	70,000	62,000	43,000	31,000	245,000

The 7.30 Friday five city metro average audience decreased during the NRL and AFL seasons in 2014 (weeks 10-40). During this time, 7.30 Friday achieved a five city metro average audience of 511,000, down 6% compared with its average Pre/Post football audience of 544,000. Total TV share dropped from 11.6% in the weeks before and immediately after the football season to 9.7% during weeks 10-40.

		5 City Metro	Sydney	Melbourne	Brisbane	Adelaide	Perth
Average Audience	7.30 Friday During Football	511,000	160,000	162,000	78,000	54,000	57,000
	7.30 Friday Pre/Post Football	544,000	164,000	169,000	84,000	58,000	70,000
	<i>Diff</i>	-6%	0%	-4%	-7%	-7%	-19%
Total TV Share %	7.30 Friday During Football	9.7	10.5	10.5	7.5	10.4	8.7
	7.30 Friday Pre/Post Football	11.6	11.9	12.7	8.5	12.9	12.3
	<i>Diff</i>	-1.9	-1.4	-2.2	-1	-2.5	-3.6

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In 2015, 7.30 on Friday evenings returned to air on 6th February, and to date has achieved a five city metro average audience of 603,000.

**‘During Football’ based on Wks 10 – 40, 2014 (NRL season: 6th March – 5th Oct; AFL season: 14th March – 27th Sept); ‘Pre/Post Football’ based on Wks 1 – 9 & 41-49, 2014)
**Primetime = 6pm – 12mn

Source: OzTAM & Regional TAM Consolidated data

Definitions:

Average audience - Average audience represents the average number of people who viewed each minute of a program or across a specified timeslot

Total TV Share % - Share of viewing is average audience expressed as a % of Total TV viewing during that timeslot

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Question No: 5

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Topic: Performance of ABC News 24 in regional and metropolitan areas

Senator XENOPHON asked:

Senator XENOPHON: I have some ratings figures from TV Tonight, and ABC News 24 is rating two per cent or one per cent?

Mr Scott: Yes, something like that. It is a good result for a multichannel. It has grown year on year. It dramatically outperforms the other 24-hour news channel. We are happy with those figures. Only people like you and me sit and watch 24-hour news hour after hour.

Senator XENOPHON: Speak for yourself.

Mr Scott: I have been to your office, Senator; I have seen that it is on.

Senator XENOPHON: Blame my staff.

Mr Scott: But the reality is that most people dive into a 24-hour news service. They watch some of it, they get a sense of the news and if there is a big issue they want to engage in, and then they move on to other kind of programming. That is why the reach question I think is a relevant one for 24-hour news. Who uses it as a destination? In a big news week, 4½ million Australians use that as a destination.

Senator XENOPHON: Sure, a big news week, but overall—

Mr Scott: In a small news week, it is 3½ million Australians. The public engage with and like ABC News 24. I think there is a strong appreciation for it out there. I believe, actually, it may actually do better in regional areas than it does in metropolitan areas. I would get on its side, Senator.

Senator XENOPHON: If we can get that on notice.

Answer:

On average in 2014, close to one in five Australians living outside the five cities (Sydney, Melbourne, Adelaide, Brisbane and Perth) watched ABC News 24 on a weekly basis. Within the five cities the average weekly reach was lower at 15%.

The table below shows the audience reach and share data for ABC News 24. This is based on Television ratings data supplied by OzTAM & RegionalTAM. These two services measure television viewing at home, and therefore do not take into account viewing outside of home or online viewing.

The data in the table shows audience reach and share results for the channel since its first full year of service, 2011. The table shows the average weekly reach expressed in thousands of viewers and as a percent of the population being measured.

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ABC News 24				
Average Weekly Reach				
000s	2011	2012	2013	2014
5 city	1,967	2,121	2,341	2,342
Regional	1,125	1,275	1,374	1,308
Average Weekly Reach				
%	2011	2012	2013	2014
5 city	13	14	15	15
Regional	16	18	20	19

The data in the next table shows the share of viewing audience watching ABC News 24 during the day time and during primetime for the same time period. The day portion (day time or primetime) of shares for a News channel, which typically offer a dip in and out service, are usually small.

During the prime time viewing period the share results for ABC News 24 are slightly stronger in regional areas than in the five cities. During the day time, the gap between the two is greater with the share of viewing to ABC News 24 more than half a point greater in the regional areas.

ABC News 24				
Prime-time Total TV Share (6pm-Midnight)				
%	2011	2012	2013	2014
5 city	0.6	0.7	0.9	0.9
Regional	0.8	0.9	1.0	1.0
Day-time Total TV Share (6am-6pm)				
%	2011	2012	2013	2014
5 city	1.5	1.7	2.4	2.7
Regional	2.5	3.0	3.1	3.3

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Question No: 6

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Topic: Production costs The Daters vs Fresh Blood

Senator Xenophon asked:

Senator XENOPHON: Even from Antarctica! So you can do online content pretty well anywhere. Why was that rejected out of hand? You have got skilled people who you are sacking here in Adelaide—skilled producers, editors, camera men and women—and you are not using them as resources because you are spending that money elsewhere.

Mr Scott: I suppose there are a number of things in that. Firstly, as I have said earlier, we have looked for redeployment opportunities as we can. There will be a number of different things that we invest this content money on. But I do not think we are going to create a unit that is only making digital content, particularly television style content that we run on iView. We talked about *The Daters* earlier. There is leverage money available for that kind of model, that short-run video production.

Senator XENOPHON: That was *The Daters* that actually did so well online that it ended up on ABC2—is that right?

Mr Scott: It was critically good and we were happy with it. But we have got some comparison data on *The Daters* compared to another series that we did, *Fresh Blood*. *The Daters* did quite well on iView. We made more of *Fresh Blood*; certainly it was cheaper unit cost, because there was money that was available to leverage that. We can provide you with that detail.

Senator XENOPHON: Mr Anderson, you can give that on notice because of time constraints.

Answer:

The ABC produced *The Daters* in-house at a total cost of \$347,702 for 23 episodes of 15 minutes each. It was first available on iView and was then broadcast on ABC2 to support the series on iView.

Online comedy series *Fresh Blood* cost the ABC \$130,104 to produce, with a total production budget of \$284,818 leveraged from Screen Australia funds for 77 episodes of 3-5mins. The average cost per episode of *Fresh Blood* to the ABC was \$13,517 in comparison to \$60,470 of *The Daters*.

The series *Fresh Blood* received 880,000 plays on iView and *The Daters* generated 480,000 plays.

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Question No: 7

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Topic: Archiving material in Adelaide

Senator Xenophon asked:

Senator XENOPHON: Sure, but the issue is this: if you get somebody in Ultimo or someone who is not familiar with that material to archive it, then to catalogue it would presumably take three or four times longer than it would for the people who were actually involved.

Mr Scott: I am not sure that archiving Don Bradman material is a geographically specific skill.

Senator XENOPHON: No, please do not—perhaps you misunderstood my question. The issue is this: if you have the people who were involved—Don Bradman is not the best example; there is a lot of other material—in producing that content, they would have some corporate history of the place, whether it is in Adelaide or in Sydney or Melbourne or wherever, and they are usually in a better position to archive that and to catalogue it more efficiently than someone who knows nothing about it.

Mr Scott: We will consult with staff about it. It has not been an issue raised with me.

CHAIR: Maybe Mr Anderson might like to make a comment? It falls into your purview, Mr Anderson. Is it something that has been raised with you?

Mr Anderson: Yes. I have been copied on correspondence where the issue was raised. I have not been copied on the response. It went to divisional representatives who would otherwise need to consult with unions and individuals over that particular matter. There is a content services division, which does archive material. I do know that in that process normally a producer or researcher would provide information prior to it being archived, usually happening around the time it was made. I am not sure what the circumstances are any deeper than that. I do know it is an issue. I do not know what the outcome was, but I know it has been raised in the consultation in the last seven days.

Mr Scott: We will take that on notice.

Answer:

It is the ABC's practice that once a production is completed, all masters and field tapes used in production are sent to the ABC's Ultimo offices where trained archivists catalogue and store the material in a controlled environment. This procedure is in place so that subsequent ABC productions and potential resource sales can preserve the footage for future use.

In the case of this material, approximately 200 hours of material have not been catalogued. This material will now need to be collated and reviewed by ABC Content Services to manage the appropriate custodianship of the archived material.