



15 February 2013

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

Email: ec.sen@aph.gov.au

Dear Committee Secretary,

Additional information requested regarding the inquiry into the Australian Broadcasting Corporation's commitment to reflecting and representing regional diversity.

The CPSU would like to thank the Committee for the opportunity. Please find attached the additional information which the CPSU was asked to provide to the Committee during our appearance at the Senate Hearing on 1 February 2013.

Yours sincerely,

Michael Tull
National President

The CPSU has been asked to provide comment on the ABC's position that their commitment to reflect and represent regional diversity should be measured across all platforms and not the prism of one. The CPSU has also been asked to provide details about the questions which CPSU members have put to the ABC regarding the closure of Tasmanian TV Production.

From the outset the CPSU's position is that there are serious concerns being raised about the ABC's core business of Television and Radio irrespective of the platforms they work across. We believe that funding is a driver for some of the problems but not all of them. Centralisation is playing a role in these decisions and in some instances could be creating long term financial inefficiencies for the ABC.

The ABC is not providing core services to Regional Australia

As noted in the CPSU's triennial funding submission, the ABC has been actively engaged in embracing new services and delivery options for ABC content, however the rate of technological progress is putting our national broadcaster under enormous financial and cultural pressure.

The CPSU submission deals with serious concerns in Regional Radio and Television which constitute the majority of the ABC's core business regardless of which platforms they use. The question at hand is not about whether the ABC is providing a lot of services – they clearly are – but whether the provision of those services is representing and reflecting regional diversity in accordance with the Charter. Our concern is that they are not. It has long been understood by the ABC that television production units outside of Sydney and Melbourne do not afford the same economies of scale but that there is a Charter Obligation to maintain them.

Who gets to define the needs of regional Australia?

The ABC submission notes that the ABC plays an important role in regional Australia – now more than ever given the challenges the regional commercial broadcasters are facing – however it is our view that there is a stark disconnect between how the ABC is defining the needs of regional Australia – and what regional Australia is saying they need. In regards to ABC TV, regional Australia have been very clear that they do not think their needs are being met. As demonstrated in all of the Tasmanian submissions to this Inquiry, Tasmanians want dedicated and skilled locally-based staff and production teams, they want local production quotas. Nationally in radio, regional communities do not want reduced services over summer. It seems that the ABC is not genuinely listening – this is why we are calling for Regional Consultation forums in our submission. We think this is a practical first step to shifting the centralisation mindset and will give regional communities a stronger voice.

The “centralised mindset” of senior ABC management affects every part of the ABC's business

It is our view that the ABC's core line of argument itself is flawed because it continues to deal with the issues raised in this inquiry, through the prism of centralisation, and key regional stakeholders are not being represented or included in decision making.

A key part of being representative is ensuring that stakeholders are involved in decision-making processes. In the context of this inquiry, it means that regional managers get to have a say in what happens in their stations. But this is not the case. By and large they are excluded from decision making about budgets, staffing and in the case of the Tasmania experience, significant stakeholders discussions regarding production in their states.

The CPSU notes that during the Senate Committee Hearing for this inquiry, when the Tasmanian State Director, Ms. Fiona Reynolds was asked to discuss the potential partnership discussion for co-production which had occurred in her state, she had to defer to Mr. David Anderson, the Melbourne-based Acting Director of Television. This example is one of many which support our concerns that the centralisation of management and decision-makers in Sydney and Melbourne is diminishing regional ABC's

The 'drivers' for some of the ABC's decision-making on regional TV

In the Hearing, the Committee questioned the role that ideology might play in the ABC's most recent decision to close Tasmanian Production. We think it has played a major role in driving some of the changes we have witnessed at the ABC over the last 6 years.

The former Director of ABC Television, Mr. Kim Dalton pursued an agenda to source more TV content from the independent sector on the basis that the ABC could reap the benefits of the producer off-set and therefore make the ABC's budgets go further. However the mixed television production model pursued by Mr. Dalton was not conceived in a converged media environment. Whilst it is absolutely true that the ABC can access more pots of money through co-productions, there is more to this story.

- In the converged media environment, it is crucial that ABC maintains owning content which can be limitlessly reproduced, re-versioned and redistributed across platforms. The financial costs of not being able to do this are substantial and need to be measured.
- The fact that the ABC does not currently own content in this way with co-productions needs to be carefully examined. What have the financial implications to revenue streams been over this period of the mixed television production model?
- The decision to acquire more content from the independent sector has actually created economic inefficiencies inside the ABC –specifically in the ABC TV and ABC Resources operations. These inefficiencies have been exacerbated by the fact that under the Mixed Production Model, the ABC has actively encouraged the independent sector NOT to utilise the labour of ABC staff. "There is also no requirement to use ABC resources or facilities or ABC Enterprises as part of the financing structure. Should producers choose to use ABC facilities, they will be provided in addition to the cash contribution." Screen Producers Association of Australia (SPAA) conference on the Gold Coast March 2009 Dalton addresses additional funding provided to the ABC:
- At the same time that these things have occurred, the ABC has not provided opportunities for staff to make programs and the downward spiral for internal production started. The unintended or perhaps intended consequence of all of this has been a consistent devaluation of ABC Production staff. So for example, when the ABC was looking to find new programs recently, the person who oversees the Tasmania's TV Production Unit visited Screen Tasmania and independent producers to talk to them about how to pitch ideas to the ABC but they did not visit their own team in Tasmania whom they supervise.
- These problems have occurred at a time when the ABC has concentrated more resources on the expansion of their news services and in particular the creation of ABC News 24.

Little has been said about these things by the ABC but we believe that not all of the ABC Executive or the ABC Board agree that the Mixed Television Production Model has (a) delivered or (b) will continue to deliver, the economic efficiencies stated by the ABC during this Inquiry.

The CPSU would be interested to know how the ABC differentiates between what they describe as “finding work for staff to carry out rather than letting demand drive resourcing” (pg. 13) and their strategy for commissioning content as pre-purchase or coproduction. It is our understand that the ABC proactively seek out the types of content they want and have a dedicated team of genre heads that do this.

The ABC talks about the problem of under-utilisation of labour on pg 13 of their submission. But in the absence of tangible production quotas and a transparent and measurable commitment from the ABC to make programs internally, the CPSU believe that we will continue to see the demise of TV Production capabilities across regional Australia.

ABC's evidence is consistent with our position on critical role the ABC plays in regional Australia

In the ABC's submission they state one of the major drivers for the launch of ABC Open was to “provide regional employment”. The ABC also state that they believe they have a role to play in “the development of a sustainable local content creation industry”. We agree which is why the ABC needs to continue to play this role in Tasmania.

ABC Services must be accessible

One of the arguments that the ABC has put to this Inquiry to substantiate their commitment to Regional Australia is that they are providing more online services. Certainly this is good news for those regional Australians who fall into the demographic of people who are familiar with and dedicated to accessing content on-line. However many communities do not have access to online services and are heavily reliant on their local regional radio station and TV. What figures has the ABC provided to substantiate that the expansion of online is actually meeting the needs of regional Australia?

Regional Production Quotas and the BBC Model

The ABC is arguing against regional production quotas – I think the language which Mark Scott used in his testimony was “arbitrary quotas” it certainly felt that he was disdainful of it – yet the BBC example shows that there is merit in this model and it can be adapted to the Australian experience without the over-the-top budget increases Mr. Scott alluded to in his appearance at Senate Estimates on Monday 11th February.

The ABC has not provided evidence to substantiate that local production quotas for television are not economically viable. The ABC already owns ample production infrastructure and employs the staff – the staff are desperate to make new and different types of content to populate the various ABC platforms - so we really don't understand what the problem is.

Inefficiencies created by the co-production model

We believe that there are a number of inefficiencies arising from the co-production model which the ABC has not addressed in their submission – particular in regards to rights ownership and the ABC's ability to reuse content across the various platforms. According to the ABC's Chief Operating Officer, Mr. David Pendleton, rights management is one of the most important issues the ABC will need to deal with in the converged media environment. The CPSU note that the former Director of Television

openly acknowledged the economic tension between the ABC and independent sector in regards to this issue – he referred to their discussions as ‘robust engagement’. We also note that there are internal tensions between ABC TV and ABC Resources and ABC Commercial. The CPSU believe that the ABC should provide hard data that tracks reproduction and licensing rights and associated revenues for co-productions and internal TV productions in order for the Committee to see assess the economic efficiencies of more comprehensively. The ABC has noted on page 12 of their submission that commercial revenues have decreased but not addressed this issue at all.

Financing the Tasmanian Redundancies

The ABC has not been forthcoming about the full cost of these redundancies. It is our understanding that the ABC is required to borrow money and pay it back with interest, in order to finance the redundancy costs in any given budget year. Without full disclosure from the ABC about redundancy costs including figures for the amounts borrowed, interest repayments and terms, it is difficult to assess if the figures the ABC are presenting as a savings add up.

Performance and efficiency discussions between the CPSU and ABC regarding Tasmania

The Committee also asked whether the CPSU had been in discussions about performance and efficiency in the Tasmanian production unit.

1. In the announcement about the closure of the Tasmanian Production Unit the ABC said that “Tasmania does not have the scale and market to justify the high fixed costs”.
2. In meetings the ABC did explain the different kind of productions it aired on television (In house, co-productions and purchased programs) and that they believed it was more efficient to ‘leverage’ money from other screen authorities by commissioning co-productions. As discussed in previous submissions it is likely that this is more expensive overall to the Australian taxpayer as money is obtained from other government authorities, generally the ABC only has screening rights to the program for one or two repeats and it no longer holds the selling or merchandise rights for the program.
3. While the only figure on the cost of Tasmanian production we have been able to obtain from management is \$1.5m per annum, and that full cost is “more then that” it is written in the submission from the Tasmanian Department of Economic Development, Tourism and the Arts, on page 5 that “If internal ABC television production in Tasmania is to cease, resulting in savings (as cited by ABC Managing Director Mark Scott) of \$2.7 million annually in administration and staffing costs alone...”. It is unclear to the CPSU as to where this quote was obtained from as we have never heard it.
4. ABC management stated that its audience share for Auction Room had dropped in the second series. However the figures that the ABC provided us told a different story. Although they showed a marginal drop in ratings, , its viewer share in the regional areas of Australia actually increased. We did ask in consultation what viewer ratings were required to keep it going but were never given an answer.
5. In discussion during the consultation period the CPSU constantly sought details on the cost and efficiency of the Tasmanian Production Unit. A few examples of the questions asked by the CPSU and the ABC reply are below:

- CPSU: How much does Tasmanian production cost per annum? ABC Response: In excess of \$1.5m p.a.
- CPSU: How does Tasmanian Production costs compare to production costs in other states? ABC Response: The costs are higher due to higher fixed costs.
- CPSU: What expense ratio to hours of content would be deemed viable in keeping the Tasmanian branch producing television? ABC Response: The cost of having an internal production unit in Hobart and making another program in Hobart is no longer financially viable. The ABC cannot continue the costly option of having an internal television production unit in four locations, additional to a news presence, in every state and territory.