

**JCPAA INQUIRY INTO AUDIT REPORT NO.46 2007-08 REGULATION OF COMMERCIAL BROADCASTING
OPENING STATEMENT BY MATT CAHILL, GROUP EXECUTIVE DIRECTOR, PERFORMANCE AUDIT SERVICES GROUP.**

1. Thank you Chair. The audit's objective was to examine if ACMA was, in respect of commercial broadcasting services, effectively discharging its regulatory responsibilities under the *Broadcasting Services Act 1992* (BSA).

2. The BSA adopts a co-regulatory approach to broadcasting services. For this co-regulatory approach to operate effectively, the ANAO considers that more attention needs to be given to the following areas:

- the considerable level of stakeholder dissatisfaction with the broadcasting complaints process reported in *ACMA's Reality Television Review*;
- the high number of complaints handling breaches identified by ACMA (and prima facie breaches identified by the ANAO that were not fully investigated);
- monitoring whether broadcasters are publicising the Codes and their complaints procedures; and
- verifying the accuracy of complaints data broadcasters report, on a risk assessment basis.

3. The ANAO concluded that although ACMA has adequately addressed the majority of complaints it has received, the timeliness of its response to these complaints has deteriorated in the last couple of years. We identified a number of areas where ACMA's management of its investigations could be improved. Near the completion of the audit, ACMA advised that it is implementing a number of initiatives to improve its complaints and investigations processes, including producing an operations manual.

4. Chair, we also found that:

- broadcasters are not generally required to confirm that they implemented compliance and enforcement actions arising from breaches found in broadcasting investigations and non-compliance with media ownership and control rules;

- most programming data reported by broadcasters to demonstrate their compliance with broadcasting content quotas and the anti-siphoning provisions is not independently verified by ACMA;
- the ongoing management of regulatory and operational risks needs to be incorporated into ACMA's risk management strategies to position ACMA to respond to changing risks; and
- expanded performance reporting would improve ACMA's management of, and accountability for, the regulation of commercial broadcasting.

5. ACMA has acknowledged that its governance arrangements in the 18 months following its establishment were not as effective as they could have been. For this reason, ACMA has reviewed and is currently implementing revised corporate governance, performance management and risk management frameworks.

6. Chair, we made five recommendations for improvement, all of which have been agreed by ACMA. The thrust of the recommendations was for ACMA to:

- improve the quality and transparency of investigations;
- review the complaints handling processes of broadcasters where patterns of complaints handling breaches are identified;
- to improve the monitoring of commercial radio broadcasters' compliance with the Australian Music Code of Practice;
- implement a standard operating procedure for handling late or incomplete change of control event notifications (under the media ownership and control rules) and develop standard timeframes for imposing compliance and enforcement action, based on the seriousness of the breaches; and
- report separately its performance on each area of regulatory responsibility (that is, broadcasting, internet, telecommunications and radiocommunications) in future annual reports.

7. Finally, I have with me today two members of the audit team to assist the Committee in its inquiry, Ms Barbara Cass, Executive Director, who oversighted this audit and Mr Grant Caine, the Audit Manager.