

The Senate

Environment and Communications
Legislation Committee

Australian Broadcasting Corporation
Amendment (Local Content) Bill 2014

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Committee members

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Table of Contents

Committee membership	iii
Australian Broadcasting Corporation Amendment (Local Content) Bill 2014.....	1
Introduction	1
Conduct of the inquiry.....	1
Background to the bill	1
Purpose of the bill.....	2
Issues raised in evidence	3
Committee conclusions	16
Dissenting Report by Senator Nick Xenophon - Whose ABC?	19
Appendix 1 - Submissions, tabled documents and answers to questions taken on notice	31
Appendix 2 - Public hearing.....	33
Appendix 3 - Australian Broadcasting Corporation Charter	35

Australian Broadcasting Corporation Amendment (Local Content) Bill 2014

Introduction

1.1 On 4 December 2014, on the recommendation of the Selection of Bills Committee, the Senate referred the Australian Broadcasting Corporation Amendment (Local Content) Bill 2014 (the bill) to the Senate Environment and Communications Legislation Committee (the committee) for inquiry and report by 25 March 2015.¹ The bill was introduced into the Senate by Senator Nick Xenophon.

Conduct of the inquiry

1.2 In accordance with its usual practice, the committee advertised the inquiry on its website and wrote to relevant individuals and organisations inviting submissions by 7 January 2015.

1.3 The committee received 12 submissions, which are listed at Appendix 1. A public hearing was held in Adelaide on 6 March 2015. The committee also inspected the Adelaide ABC studios. The submissions and transcript of evidence may be accessed through the committee's website at:

http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Environment_and_Communications/ABC_Local_Content_Bill

Background to the bill

1.4 Funding cuts to the ABC were announced in the 2014–15 Budget and in December 2014. In the 2014–15 Budget, the Government announced that the funding for the ABC would be reduced by one per cent which amounted to \$35.5 million over four years.² In addition, it was announced that the ABC's contract to run the Australia Network would be cancelled.³

1.5 In November 2014, the Hon Malcolm Turnbull MP, Minister for Communications, announced that further savings would be made over five years from 2014–15 for the ABC and SBS. The additional savings followed an Efficiency Study of ABC and SBS undertaken at the request of the Government by Mr Peter Lewis. The Minister stated that the study was provided to the ABC and SBS in April 2014 to assist their boards and management in identifying areas that may not have been previously explored in their efforts to improve efficiencies.⁴

1.6 The savings for the ABC amount to \$254 million or 4.6 per cent of its budget. The ABC also expected that it would have implementation costs over the period of

1 *Journals of the Senate*, 2013–15 No. 63, 30 October 2014, p. 1690.

2 Australian Government, *Budget Measures Budget Paper No. 2 2014–15*, p. 66.

3 Australian Government, *Budget Measures Budget Paper No. 2 2014–15*, p. 118.

4 The Hon Malcolm Turnbull MP, Minister for Communications, *The Future of Our Public Broadcasters*, 19 November 2014, p. 3.

\$41 million.⁵ It was noted that the 'precise efficiency measures to be adopted by the national broadcasters to achieve these savings are the responsibility of the ABC and the SBS Boards'.⁶

1.7 In response to the savings announcement, the ABC indicated that it would be implementing a range of measures. This includes staff cuts, changes to processes and aggregation of activities. Mr Mark Scott, Managing Director, ABC, commented there were currently 300 redundancies anticipated, rising to 400 when efficiency programs are fully implemented.⁷

Purpose of the bill

1.8 The purpose of the bill is to amend the Charter of the ABC contained in the *Australian Broadcasting Corporation Act 1983* (the Act). The Charter is contained in section 6 of the Act and is reproduced at Appendix 3.

1.9 The bill proposes to insert new subsection 6(3A) into the Act. The new subsection sets out specific requirements that the ABC must meet in fulfilling its obligations under the Charter. The new requirements are:

- paragraph 6(3A)(a) – the ABC must have a distinct and discernible presence in each state and territory, and across all platforms on which the Corporation disseminates content. This presence should include, but is not limited to, news programs (including one weekly half-hour current affairs program), investigative reporting and regional reporting. This content must be produced in, of, for and by that State or Territory; and
- paragraph 6(3A)(b) – requires that the ABC fund internal television production units in at least four States and/or Territories outside New South Wales and Victoria, and including the existing facilities in South Australia. Further, the units must be funded to the extent that they can produce content beyond news and current affairs, with the ABC required to commit 0.5 per cent of its annual budget to each unit.

1.10 In his second reading speech, Senator Xenophon noted that this bill is a response to the long-held concerns of members of the public, many parliamentarians and ABC staff members themselves. Senator Xenophon went on to state that the concerns arise from the increasing centralisation of the ABC operations in Sydney and Melbourne as many state- and territory-based production, journalism and broadcasting services are relocated. This has led to a reduction in diversity of stories and voices and an increased focus on east-coast metropolitan interests.⁸ In addition, to these concerns,

5 The Hon Malcolm Turnbull, Minister for Communications, *The Future of Our Public Broadcasters*, 19 November 2014, p. 5.

6 Australian Government, *Mid-Year Economic and Fiscal Outlook 2014–15*, December 2014, p. 141.

7 Mr Mark Scott, Australian Broadcasting Corporation, *Supplementary Estimates Hansard*, 1 December 2014, p. 14.

8 Senator Nick Xenophon, *Senate Hansard*, 27 November 2014, p. 9501.

Senator Xenophon noted that the reduction in funding for the ABC announced during 2014 has led to job cuts and the cancellation of the state-based 7.30 program editions.

1.11 Senator Xenophon stated that the amendments are a response to the centralisation of ABC operations; will ensure a distinct and discernible presence across Australia and across all platforms; and require the funding of internal television production outside Sydney and Melbourne.

1.12 Senator Xenophon concluded that the amendments are:

...a direct response to the winding back of local content within the ABC. It is vital that Australia's public broadcaster fully represent all members of our society, not just those who live in Sydney and Melbourne. This Bill will protect and enhance the ABC's provision of local content, and will ensure it truly remains 'our ABC'.⁹

Issues raised in evidence

1.13 As noted by Senator Xenophon, there are a number of issues which the proposed amendments seek to address. The committee first considers the evidence in relation to those issues before addressing evidence commenting on the proposed amendments.

Local content

1.14 A significant issue raised by submitters was the importance of local content and the promotion of diversity by the ABC. The Communications Law Centre (CLC), for example, commented that local content is 'essential for participatory democracy, particularly in regional communities throughout Australia'.¹⁰ Similarly, Professor McNair and Dr Goldsmith commented:

Where national news organisations rarely report on the routine affairs of state, regional and city governments, local media must ensure that citizens are aware of and understand the issues on which their locally elected representatives make policy and take decisions. Such scrutiny, a manifestation of the Fourth Estate and watchdog roles deemed to be core functions of the media in a democracy, is just as important at the local level as the national.¹¹

1.15 Other submitters noted the importance of local content to communities outside metropolitan areas and pointed to the survey conducted by the Australian

9 Senator Nick Xenophon, *Senate Hansard*, 27 November 2014, p. 9502.

10 Communications Law Centre, *Submission 1*, p. 2; see also Heriot Media and Governance Pty Ltd, *Submission 2*, p. 4; Professor Brian McNair and Dr Ben Goldsmith, *Submission 4*, p. 2; CPSU, *Submission 5*, p. 3; ABC Friends NSW & ACT, *Submission 8*, p. 2; ABC Friends, *Submission 10*, p. 1.

11 Professor Brian McNair and Dr Ben Goldsmith, *Submission 4*, p. 2.

Communications and Media Authority (ACMA) which found that local content was important for regional Australians no matter what the media.¹²

1.16 Local content was also seen as being important for national identity and part of our cultural diversity.¹³ The ABC's importance as an emergency services broadcaster providing locally relevant, timely and accessible information was also noted by submitters.¹⁴

1.17 Submitters argued that the provision of local content by the ABC was under threat as a result of funding cuts and moves to centralise ABC operation in Sydney and Melbourne. Submitters pointed to staff reductions, closure of production facilities in South Australia and Queensland, and cessation of state-produced 7.30 programs, local radio programs and the *Bush Telegraph*.¹⁵

1.18 The Community and Public Sector Union (CPSU) pointed to the cuts to local radio content, citing in particular the replacement of the weekly local afternoon program in Newcastle with the Sydney program. The CPSU went on to comment that 'this is a major concern to the local community, and bodes ill for other local radio programs, that the largest non-capital city no longer has its own program'.¹⁶ The CPSU concluded that the funding cuts 'jeopardise the ABC's capacity to meet its current Charter obligations'.¹⁷

1.19 Heriot Media also commented on the problem of ensuring the local stories are available to communities:

Experience suggests that 'local' stories over time struggle to get to air in competition with national or international events coverage perceived to be more deserving. The risk is, without the guarantee of a half-hour slot on Friday, such local stories might not find a home or be featured prominently.¹⁸

1.20 Screen Producers Australia did not consider there was evidence that there has been a reduction in diversity of ABC content or that an increase of internal television production will result in more diverse ABC content. Screen Producers Australia went on to comment that there is no evidence that demonstrates any link between

12 Australian Communications Media Authority, *Regional commercial television local content investigation*, December 2013, p. 1; cited in Professor Brian McNair and Dr Ben Goldsmith, *Submission 4*, p. 1 <http://www.acma.gov.au/Industry/Broadcast/Television/Local--regional-content/local-content-investigation>

13 CPSU, *Submission 5*, p. 3.

14 Heriot Media and Governance, *Submission 2*, p. 4; ABC Friends, *Submission 10*, p. 2.

15 Friends of the ABC Tasmania, *Submission 6*, p. 1.

16 CPSU, *Submission 5*, p. 8.

17 CPSU, *Submission 5*, p. 8.

18 Heriot Media and Governance, *Submission 2*, p. 8.

centralising (internal) television production to Sydney and Melbourne and a 'winding back of local content'.¹⁹

1.21 The CLC also supported the ABC's commitment to local content. The CLC pointed to the number of ABC news bureaux across Australia, its designation as the emergency services broadcaster, and its development of new platforms for disseminating local content and to encourage local production. In this regard, the CLC noted *ABC Open* and *iView* which have provided opportunities for local production and for those productions to be available to a wider audience.²⁰

1.22 The ABC responded to concerns about local content across television, news and radio. In relation to news coverage, the ABC stated it provides more local news and current affairs reporting than any other Australian media outlet. The ABC pointed to the resources provided for news coverage including:

- fully-staffed and equipped local newsrooms in every state and territory capital city;
- 102 reporters in regional Australia;
- state-based reporting staff, including the national *7.30* program;
- local news and information and current affairs is provided on radio and online;
- in 2012–13 three new bureaux were established in Geelong, Ipswich and Parramatta; and
- resourcing up to 10 news and current affairs programs each year focused on major local issues in each state and territory.²¹

1.23 The ABC noted the provisions of the bill will require it to provide 'at least one weekly current affairs program of at least 30 minutes duration' in each state and territory. It stated that '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'.²²

1.24 The ABC went on to state that there were consistently lower audiences of the state and territory editions in comparison to the national *7.30* program. As a consequence, ABC News concluded that the more flexible, multi-platform approach to local news and current affairs developed by the ABC would deliver a more relevant service for increasingly-diverse audiences. The ABC concluded that:

It should be stressed that despite the overall cut in ABC News staff numbers, under these changes, the bulk of existing resources dedicated to

19 Screen Producers Australia, *Submission 9*, pp 3–4.

20 Communications Law Centre, *Submission 1*, pp 2–3.

21 Australian Broadcasting Corporation, *Submission 7*, p. 12.

22 Australian Broadcasting Corporation, *Submission 7*, p. 13.

regional news and current affairs will be maintained, but differently allocated.²³

1.25 In relation to local radio content, the ABC stated that 'no other broadcaster in the country has the footprint or delivers more Australian stories, every day, to a broader audience than the ABC'.²⁴

1.26 Mr Scott also responded to comments about the decrease in local content in some states and indicated that the ABC was of the view that the content being made will be more effective in reaching audiences. He went on to state:

Well, we are doing fewer hours. We were doing the state based 7.30 every week. Clearly we are doing fewer specials, but we are putting them in better timeslots and we are making more of an investment in them to reach a bigger return, and not just on television but in online and multiplatform as well. We do not think the audiences will drop on Friday night as a consequence of that. We think the audiences that these specials attract will be bigger, in fact. We have to respect the audience and what the audience is saying to us.²⁵

1.27 The ABC has also established a regional division based in Launceston, Tasmania. Mr Scott commented on this development and stated:

We have great people in regional and rural Australia, but under the structures that previously existed there was not a great opportunity or incentive for them to lock in and work together. Some worked for the regional division, some worked for the rural division, you had radio online and multi-platform people, you had ABC Open people, you had ABC rural division, so you could go into one of our larger regional offices and you would find staff who reported and plugged into all these different parts of the organisation. We thought we should bring that focus under one leader who has a clear brief and responsibility for our provision of ABC content for the people who live outside the capital cities...together some of these teams, such as the Landline team and the ABC rural team. I think there are real benefits in what they can achieve together.²⁶

Centralisation

1.28 The committee received submissions which outlined a range of concerns about the ABC's further moves to centralise operations in Sydney and Melbourne. Some submitters saw centralisation as a threat to the provision of a wide range of views and the marginalisation of the concerns of Australians outside these two centres.

23 Australian Broadcasting Corporation, *Submission 7*, p. 13.

24 Australian Broadcasting Corporation, *Submission 7*, p. 15.

25 Mr Mark Scott, Australian Broadcasting Corporation, *Committee Hansard*, 6 March 2015, p. 18.

26 Mr Mark Scott, Australian Broadcasting Corporation, *Committee Hansard*, 6 March 2015, p. 8.

1.29 Professor McNair and Dr Goldsmith commented that centralisation was a danger for the ABC as:

Perceptions that the ABC was retrenching to a metropolitan safe zone would fuel the opponents of public service media's alleged 'liberal elitism', and risk undermining the broad base of support which it currently enjoys with the Australian people.²⁷

1.30 Submitters pointed to a number of negative outcomes arising from centralisation. The CPSU commented that there are more local stories produced and broadcast where the ABC has regional resources.²⁸ It was noted that following the closure of the ABC production unit in Hobart, the ABC had stated that there would be no reduction in Tasmanian content for regional and national audience. However, submitters stated that the ABC had not been able to maintain the quantity of productions in Tasmania despite it sourcing some Tasmania-related programs from independent producers.²⁹

1.31 ABC Friends argued that the ABC is failing in its responsibility to reflect state diversity, particularly in television, as operations and editorial decisions become increasingly centralised in Sydney. ABC Friends argued that there are three key factors driving the loss of state programming and centralisation:

- inadequate funding – resulting in loss of program diversity and quality. In addition, inadequate funding has resulted in the ABC favouring programming that can be commissioned or acquired more cheaply because of external subsidies;
- the type of broadcaster that ABC management wants – it is claimed that the ABC, in some areas, is moving toward being a more commercial broadcaster and favouring light-weight programs whose value is measured by predictions of audience numbers. This included favouring youth audiences at the expense of the larger, older audiences. In addition, it appears that ABC management is ideologically committed to centralisation in Sydney and is favouring outsourcing; and
- the method of government support of the private production sectors undermines the ABC – ABC Friends argued that there is a financial disincentive for the ABC to produce some types of programming because it is able to commission or acquire programming that is subsidised externally.³⁰

1.32 Heriot Media was of a similar view in relation to management culture. It stated that:

...the ABC's sequential closure of in-house television production activities outside of Sydney and Melbourne is not just a response to financial

27 Professor Brian McNair and Professor Ben Goldsmith, *Submission 4*, p. 3.

28 CPSU, *Submission 5*, p. 4.

29 Heriot Media and Governance Pty Ltd, *Submission 2*, pp 8–9; CPSU, *Submission 5*, p. 4.

30 ABC Friends, *Submission 10*, p. 4.

constraints. It also expresses a particular industry and philosophical perspective.³¹

1.33 The ABC responded to questions about the move to centralise operations in Sydney and Melbourne. Mr Scott stated:

I do not think it particularly matters where administration takes place. I think what we are really interested in here and the debate that we are having is how we can fulfil our charter around diversity of voices and diversity of programming. Some of that centralisation comes through the back-office functions and back-office services. Apart from these tiny little regional hubs we have, we have kept our local radio network in place and we are keen to report on programming that we make around the country. I appreciate there has been change there. I think it is not dramatic change.³²

Local production

1.34 The bill proposes that the ABC must establish internal production units in South Australia and at least three other states and/or territories outside NSW and Victoria. The CPSU supported this amendment and argued that local content must be supported by local production.³³ The CPSU went on to state:

The CPSU's position on that is that regional content is best made by regional people and that it is best made locally, and that you are going to get a much more genuine quality of local content if it is made on the spot, so to speak. When we are talking about regional presence, we mean not just covering the regions from Sydney, but the ABC maintaining a presence in the regions, employing local people and producing local content.³⁴

1.35 While acknowledging the ABC's financial position and the incentives of external production, Ms Sarah Hunt, CPSU, went on to comment:

...we do believe that there is a value in the ABC producing its own content in house...The ABC has traditionally been a place where skills and talent have been nurtured that have then gone out into the Australian entertainment industry and benefited the industry as a whole. We think that keeping those skills and talents within the ABC allows them to be developed. The ABC also has the option—because they are not dependent on ratings as much as other networks—to take a chance on people or on new ideas and programs that might take a little while to be established. I think that is a really good reason to have some production in house.³⁵

31 Heriot Media and Governance Pty Ltd, *Submission 2*, p. 5.

32 Mr Mark Scott, Australian Broadcasting Corporation, *Committee Hansard*, 6 March 2015, p. 16.

33 CPSU, *Submission 5*, p. 4.

34 Ms Sarah Hunt, CPSU, *Committee Hansard*, 6 March 2015, p. 22.

35 Ms Sarah Hunt, CPSU, *Committee Hansard*, 6 March 2015, p. 22.

1.36 The experience of the maintenance of Tasmanian local content following the cessation of production in Hobart was also noted by Heriot Media. It stated that:

...for whatever reasons legitimate or not, experience indicates the ABC cannot be relied upon for a consistent approach or commitment to levels of independent production in the States or Territories – that is, in the absence of formal obligation. If the Corporation no longer wishes or no longer has the financial capacity to operate internal production activities, across the nation, it should be held to account to ensure that a reasonable proportion of its screenbased commissioning and acquisition relates to the diversity of the Australian federation.³⁶

1.37 However, Screen Producers Australia commented that it was not the case that internal production will lead to greater diversity of programming and that external production will lead to a reduction in diversity. Screen Producers pointed to examples where external production and co-production actually leads to more diversity. In addition, Screen Producers noted that ABC commissioning decisions are governed by a rigorous commissioning process.³⁷

1.38 Screen Producers Australia stated that it was simplistic and 'patently false' to argue that having a production facility in a particular location will ensure the ABC broadcasts content about that location. It pointed to programs produced recently in the ABC Adelaide studio, such as *Auction Room* and *Poh's Kitchen*, which did not contain local content. In addition, it noted that while there may not be internal production, relevant local content can be provided by external producers contracted by the ABC. Finally, Screen Producers Australia noted that audiences do not distinguish between internally or externally produced content, they are simply 'ABC programs'.³⁸

1.39 However, Mr Matthew Deaner, Screen Producers Australia, went on to comment on the need to ensure that the ABC continues its level of investment in Australian production. Mr Deaner stated:

It is critical that the ABC does not short change the Australian audiences it has by maintaining its level of investment in production. Our point is that it does not matter where that production necessarily is sourced from, but we would be most alarmed if there was a decrease in the overall amount of production that was being created by the ABC. We would also be alarmed if the balance of regional storytelling was changed.³⁹

1.40 The ABC submitted that its existing internal production model is adequate to serve the needs of Australian audiences and meet its Charter requirements. It noted that it employed a mixed model of television production, commissioning television from both internal and external sources. The mixed model allowed the ABC to

36 Heriot Media and Governance, *Submission 2*, p. 9.

37 Screen Producers Australia, *Submission 9*, pp 9–10.

38 Screen Producers Australia, *Submission 9*, p. 7.

39 Mr Matthew Deaner, Screen Producers Australia, *Committee Hansard*, 6 March 2015, p. 30.

leverage external funding sources including Screen Australia, state and territory film funding bodies, local and international distributors and the producers themselves.⁴⁰

1.41 Mr Scott commented on the mixed model and stated:

Our model is one that keeps internal production capability at the ABC whilst backing local production firms, creating jobs and encouraging creative industries. That is why key industry organisations that are behind the massive employment and investment in the film and television sector, like Screen Producers Australia, back our model strongly. That is why the talent that has made many of the ABC's most memorable programs over recent decades back it strongly.⁴¹

1.42 Mr Scott concluded that the ABC was committed to the mixed model and noted that the ABC had been able to make more programming for the investment because of 'the leverage that can come to bear around some forms of production'.⁴²

1.43 In relation to South Australia, at the February 2015 Additional Estimates, Mr Scott noted that while there had been internal production, the ABC had also commissioned 34 hours of production from external producers. He went on to state that the production in South Australia had employed hundreds of people and had stimulated the local film and television industry.⁴³

Digital platform

1.44 The ABC's development of new platforms for disseminating local content and to encourage local production was supported by submitters.⁴⁴

1.45 Professor McNair and Dr Goldsmith also commented that the ABC's digital future 'need not be seen as undermining the public service remit of the corporation'. With increasing moves to digital connection, it was argued that digital investment is 'entirely rational, indeed essential if the ABC is to retain its current role as the country's national voice'. Professor McNair and Dr Goldsmith went on to comment that the ABC's digital presence 'should focus on supporting existing and well established public service functions, rather than going online for its own sake'.⁴⁵

1.46 The CPSU supported the investment in digital development, commenting that the ABC must invest in a digital future if it is to remain relevant and meet Charter obligations. However, the CPSU did not support the closure of the production unit in Adelaide as a means of funding digital development. It argued that the amount saved

40 Australian Broadcasting Corporation, *Submission 7*, p. 9.

41 Mr Mark Scott, Australian Broadcasting Corporation, *Committee Hansard*, 6 March 2015, p. 2.

42 Mr Mark Scott, Australian Broadcasting Corporation, *Committee Hansard*, 6 March 2015, pp 12–13.

43 Mr Mark Scott, Australian Broadcasting Corporation, *Additional Estimates Committee Hansard*, 24 February 2015, p. 80.

44 Communications Law Centre, *Submission 1*, pp 2–3.

45 Professor Brian McNair and Dr Ben Goldsmith, *Submission 4*, p. 2.

in Adelaide (\$1.8 million per year) 'will not make or break the ABC's digital strategy'.⁴⁶

1.47 The CPSU, while acknowledging that digital production is cheaper than TV production, and will offer opportunities for more local content in new platforms, saw a danger in centralising digital production in Sydney and Melbourne.⁴⁷

1.48 The CPSU made specific comments in relation to the opportunities for digital production in Adelaide. The CPSU pointed to the success of *The Daters*, which was originally produced by Adelaide staff for online viewing, and was subsequently moved to TV due to its popularity.⁴⁸ The CPSU went on to note that, during the course of making this program, digital content skills had been developed by Adelaide production staff. Staff had proposed that, since the ABC is taking resources out of Adelaide production in order to focus more on digital content, the skills developed could be maintained and transition into an Adelaide-based digital content unit. The CPSU stated:

...we do strongly believe that those skills exist in Adelaide and that rather than getting rid of the staff who have them they could be doing some of the ABC's future digital work from here. That proposal was rejected by the ABC.⁴⁹

1.49 In response to a question about whether the ABC would establish a digital film unit, Mr Scott commented that it envisaged a mixed model using funds from Screen Australia and independent producers from some state-based bodies. Mr Scott concluded that 'it does not make sense for us to do that in-house. So it is unlikely that will create a unit in-house to do that work'.⁵⁰

Reporting by the ABC

1.50 A further issue raised in evidence was accountability by the ABC. Screen Producers Australia commented that it would like to see greater transparency and a more consistent approach in reporting by the ABC. Mr Deaner, Screen Producers Australia, went on to state, in relation to the ABC meeting its requirements:

The degree to which we can do that at the moment is by identifying Screen Australia's reporting, by surveying our members directly, because they can tell us where they are investing—and the data that is in our submission comes directly from them—and by hearing what comes out of Senate estimates. We would like that to be not as higgledy-piggledy a process; we would like that to be something the ABC commits to out of this exercise in

46 CPSU, *Submission 5*, p. 9.

47 CPSU, *Submission 5*, p. 6.

48 CPSU, *Submission 5*, p. 10.

49 Ms Sarah Hunt, CPSU, *Committee Hansard*, 6 March 2015, p. 23.

50 Mr Mark Scott, Australian Broadcasting Corporation, *Committee Hansard*, 6 March 2015, pp 6, 19.

a much more consistent way that means that everyone has a bit of transparency.⁵¹

1.51 Screen Producers Australia cited the Broadcasting Financial Results published by ACMA as a good example of reporting obligations for commercial free-to-air broadcasters which could be replicated for public broadcasters. It noted that 'this type of reporting is a vital tool for industry and government in guiding policy development. It crucially provides a layer of commercial transparency that underpins business confidence in the independent sector'. Screen Producers Australia suggested that the data be enhanced across a range of content delivery services, including the ABC, and published more regularly.⁵²

1.52 In response to questions about the ABC's accountability mechanisms, Mr Scott pointed to the annual report and the strategic plan. In addition, there is a cost and performance review of the investment that is made in the ABC through the triannual funding. This review is provided to the Department of Finance and there is other reporting to the Department of Communications. Mr Scott added:

I think it is a reasonable question as to whether in fact there is more detail that members of parliament would want on the outcomes of the ABC. We are currently undergoing an intensive internal process around creating more detail and more reporting for the management team and the board, based around our performance and our key goals. I am happy to engage in that, but I think that since we became a corporation back in 1983 there has been a detailed process of reporting on performance through a range of those outcomes.⁵³

ABC South Australia archives

1.53 An issue relating to the archives of the production unit in South Australia was raised in evidence. The CPSU commented that staff being made redundant because of the closure of the production unit should be given adequate time to archive records properly. The CPSU noted that the material to be archived was highly valuable to the Australian public: it includes interviews with World War I diggers, cricketers, and recordings of South Australian sporting events. In addition, the CPSU argued that staff members are owed the right to leave the ABC, after decades of service, with dignity and respect.⁵⁴

1.54 The CPSU noted that staff members had been given an exit date but had requested additional time to undertake archiving activities. In one case known to the CPSU, the ABC had denied the request. The staff member commented, in their letter to the ABC, that they sought time to catalogue 'a treasure trove of archived Betacam tapes that have content of local, national and international significance'. These tapes

51 Mr Matthew Deaner, Screen Producers Australia, *Committee Hansard*, 6 March 2015, p. 30.

52 Screen Producers Australia, *Answer to question on notice*, p. 2.

53 Mr Mark Scott, Australian Broadcasting Corporation, *Committee Hansard*, 6 March 2015, p. 3.

54 Ms Sarah Hunt, CPSU, *Committee Hansard*, 6 March 2015, p. 25.

have not been formally logged and deposited in the ABC archive.⁵⁵ As the staff member is the only person who knows the contents on the tapes, the CPSU argued that it would be more cost effective for the ABC to retain the staff member for a few weeks to undertake the task rather than to send the tapes to Sydney.⁵⁶

1.55 While not knowing of the particular case raised by the CPSU, Mr Scott responded that the material from South Australia would not be lost and will be archived. Further, archiving was a significant issue at the ABC and it was looking at how to digitise and organise its archives around the country.⁵⁷

Issues in relation to proposed new subsection 6(3A)

1.56 While supporting the intent of the bill, most submitters did not agree with the proposed amendments citing, in particular, their impact on the independence of the ABC. For example, ABC Friends supported the intent of the bill 'to ensure the ABC has a strong local presence in all states and territories' and agreed that the Charter should be amended so that the ABC is more clearly committed to produce local content in each state.⁵⁸ However, ABC Friends saw a 'strong and overwhelming public interest to maintain the ABC's independence from government and that there are risks in introducing specificity on programming matters to the ABC Charter'.⁵⁹

1.57 A similar view was provided by the CPSU, CLC, Heriot Media and Governance and Screen Producers Australia. The CPSU, while supporting the objective of the bill, submitted that any Charter amendment should be approached with great care as it is essential that the independence of the public broadcaster be maintained.⁶⁰ In addition, the CPSU stated that the local content and regional production problems would not be solved by amending the Charter without an increase in the ABC's budget.⁶¹

1.58 The CLC argued that programming and production decisions should be the responsibility of the ABC and noted that provision of local content is already contained in the Charter obligations.⁶²

1.59 Heriot Media and Governance, while supporting the stated purpose of the bill, did not consider that the proposed section adequately reconciled the legislative intent with the practical responsibilities of the ABC Board and management as industry

55 Ms Sarah Hunt, CPSU, *Committee Hansard*, 6 March 2015, p. 25.

56 Ms Sarah Hunt, CPSU, *Committee Hansard*, 6 March 2015, p. 26.

57 Mr Mark Scott, Australian Broadcasting Corporation, *Committee Hansard*, 6 March 2015, p. 2.

58 ABC Friends, *Submission 10*, p. 4.

59 ABC Friends, *Submission 10*, p. 4.

60 CPSU, *Submission 5*, p. 10; see also Ms Sarah Hunt, CPSU, *Committee Hansard*, 6 March 2015, p. 24.

61 CPSU, *Submission 5*, p. 3.

62 Communications Law Centre, *Submission 1*, p. 4

participants. It pointed to technology driven changes and the need for the ABC to remain innovative in this environment. Heriot Media concluded:

...it is unwise to link the legislated statement of purpose with detailed prescriptions as to what organising principles the ABC should apply in fulfilment of its purpose. To do so might impede unreasonably the capacity of the Board and management in anticipating or responding to trends in the digital and increasingly globalised media environment.⁶³

1.60 The bill was not supported by Screen Producers Australia which argued that it amounts to regulation 'for its own sake'.⁶⁴ It also considered that the bill undermines the independence of the ABC and its Board by placing management and editorial decision-making in the hands of the Parliament. Screen Producers Australia concluded that:

Paragraphs 3A(a) and 3A(b) of the Bill fundamentally change the Charter of the ABC. These clauses have no relation to the long established goals of the Corporation to broadcast and distribute high quality content. The Bill represents a major change in the way in which Parliament interacts with the ABC and significantly reduces the independence of the ABC.

In conclusion, Screen Producers Australia submits that if the ABC loses independence there will be a broad range of unintended consequences that will ultimately shortchange audiences by reducing their access to a diverse range of screen content. The cumulative effect of the proposals in the Bill will lead to a weaker ABC.⁶⁵

1.61 While not supporting the amendments as currently contained in the bill, ABC Friends, the CLC and Heriot Media proposed amendments which would address concerns with recent operational changes. ABC Friends suggested that only the first part of paragraph 6(3A)(a), as amended, be included in the Charter: 'the Corporation must have a distinct and discernible *production* presence in each State and Territory, and across all platforms on which the Corporation disseminates content'.⁶⁶

1.62 The CLC acknowledged that there was public concern surrounding the closure of the South Australian television production unit and continuing centralisation of ABC functions due to budgetary constraints. In this regard, the CLC concluded that 'there is a case for introducing a less specific amendment [than that] proposed by the Bill to provide a minimum safeguard for the local production of content by the ABC outside major metropolitan areas'. The CLC suggested the following:

The Corporation must have a distinct and discernible presence in each State and Territory, across all platforms on which the Corporation disseminates content.⁶⁷

63 Heriot Media and Governance Pty Ltd, *Submission 2*, p. 3.

64 Screen Producers Australia, *Submission 9*, p. 3.

65 Screen Producers Australia, *Submission 9*, p. 15.

66 ABC Friends, *Submission 10*, p. 5.

67 Communications Law Centre, *Submission 1*, pp 3–4.

1.63 Heriot Media also submitted an alternative amendment which it stated aligned with the language contained in the Act. The amendment proposed would also prescribe the intended outcome or benefit to be achieved on behalf of state and territory audiences, rather than the means by which the outcome is to be achieved. A new paragraph was proposed as follows:

Paragraph 3A(a) – the Corporation must have a distinct and discernible presence in each State and Territory, providing a reasonable amount of content across all ABC media platforms in common usage, as required to reflect the diverse circumstances and culture of the Australian federation. This presence should include, but is not limited to, State and Territory-sourced news and information relating to current events.⁶⁸

1.64 The ABC did not support the bill. It stated:

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.⁶⁹

1.65 The ABC went on to make specific comments about why it did not support the bill. The ABC considered the bill:

- effectively ignores the realities of the environment in which the ABC operates;
- is inconsistent with the structure and intent of the Act, including the underlying principle that the ABC should operate as an independent media organisation;
- would have a significant impact on the flexibility of the Corporation and its ability to manage its affairs efficiently and effectively;
- have the potential to conflict with duties of the ABC Board, particularly those set out in paragraph 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'; and
- would lock the ABC into budgetary allocations, production processes and programming choices that could only be altered by further legislative changes.⁷⁰

68 Heriot Media and Governance Pty Ltd, *Submission 2*, pp 10–11.

69 Australian Broadcasting Corporation, *Submission 7*, p. 2.

70 Australian Broadcasting Corporation, *Submission 7*, p. 7.

1.66 Mr Scott further commented that the ABC:

...is an independent public broadcaster, and that independence is inextricably linked to the authority and independence of the ABC board around decision-making. Under the Act, it is the board members who are the trustees for the public, making the decisions around programming, standards and expenditure that will allow the charter obligations to be met.⁷¹

1.67 In relation to the costs of implementing the production requirements proposed by the bill, Mr Scott stated that the bill would impose a significant financial impost and noted that, at a minimum, there would need to be a \$20 million commitment. In addition, there would be costs for state-based current affairs. Mr Scott concluded that:

There is no guarantee of additional funding in Senator Xenophon's bill. He is just indicating that we have to spend money in those places and we would have to make cuts elsewhere in the organisation. We have already gone to our back office; we have already gone to our efficiencies to make the savings that have already been demanded by the government. Effectively, Senator Xenophon's bill demands a further \$20 million cut to the ABC and, as we have indicated, that \$20 million would have to come out of content elsewhere if there was no additional funding guarantee in it.⁷²

Committee conclusions

1.68 The committee considers that the issues to which the bill responds are significant. First, the committee is concerned that recent decisions by the ABC will impact adversely on the provision of local content, particularly in the news and current affairs area. The committee notes comments by submitters concerning the importance of local content to the democratic process, diversity and the maintenance of social cohesion, particularly in rural and regional Australia.

1.69 The experience in Tasmania, following the closure of production facilities in Hobart, was raised by submitters. It was argued that the quantity of locally focused productions has not been maintained by the ABC. This evidence concerned the committee, particularly as the ABC has commented that the closure of the production facilities in South Australia will not affect local content. The Tasmanian experience does not appear to support such an optimistic outlook.

1.70 While there has been a focus on the cessation of the state-based 7.30 programs on ABC TV, the committee notes that some local radio programs have also been replaced by those emanating from capital cities. The committee does not consider that this is a positive outcome.

1.71 The committee acknowledges that the ABC has been subject to efficiency savings. However, it also considers that the ABC has actively sought to concentrate

71 Mr Mark Scott, Australian Broadcasting Corporation, *Committee Hansard*, 6 March 2015, p. 2.

72 Mr Mark Scott, Australian Broadcasting Corporation, *Committee Hansard*, 6 March 2015, p. 13.

functions and operations in Sydney and Melbourne. The committee supports the view that centralisation has the potential to undermine diversity and the provision of local content. The committee therefore considers that closure of ABC production presence in certain capital cities, and the substitution of capital city produced programs for local programs on regional radio, must be weighed very carefully against the obligations contained in the ABC Charter.

1.72 Secondly, the committee notes comments about the production model adopted by the ABC. The ABC has focused on a mix of internal and external production. The ABC commented that this model allows it to co-produce material at a much lower cost than would be the case for internally produced material. The ABC noted that lower costs were achieved as independent producers are able to access funding from sources such as Screen Australia and state-based Film Corporations, as well as because of certain tax arrangements.

1.73 The committee acknowledges the benefits of a mix production model for the ABC to maximise its production investment. However, the committee is concerned that the correct balance is maintained between in-house and external production. Without in-house production facilities, the committee believes that the ABC may diminish the skills of the workforce that it relies on to meet its statutory obligations and to respond to changes in the environment in which it operates.

1.74 One area where new skills are being developed is in digital media. The ABC has directed internal savings toward digital platforms. The committee considers that this move will ensure the ABC maintains its presence in this emerging area and notes that, as pointed out by Mr Scott, this is a core function of the ABC.⁷³ However, the committee does not consider that centralisation of digital skills is essential. It appears to the committee that it is short-sighted to not retain staff in Adelaide who have developed skills in digital media which could be used to support production in the Adelaide studio.

1.75 The committee is also concerned that the ABC's current accountability mechanisms are do not sufficiently transparent, or comprehensive, to enable the Parliament to establish whether the ABC is meeting its Charter. The committee considers that, given the many organisational and programming changes currently under way, greater emphasis on reporting on matters related to the Charter is required. The committee considers that reporting obligations similar to those of free-to-air broadcasters should be developed.

Recommendation 1

1.76 The committee recommends that the Commonwealth Government establish a mechanism to enable the transparent and comprehensive reporting by the Australian Broadcasting Corporation against its Charter.

73 Mr Mark Scott, Australian Broadcasting Corporation, *Supplementary Budget Estimates Hansard*, 20 November 2014, p. 158.

1.77 Finally, the committee has noted comments relating to the archiving of important film material from the Adelaide production unit. This includes interviews with World War I diggers and sporting identities. The committee considers that this material must be comprehensively catalogued before being transferred to ABC Sydney. This would not only be more efficient, but the committee also believes it would be detrimental for this material not to be archived by those people who were involved in creating the material and have a complete understanding of its significance.

1.78 The committee will write to the ABC seeking a short extension of time for the relevant staff to undertake archiving activities.

1.79 While the committee is concerned with the overall direction of recent changes within the ABC, the committee has carefully considered the implications of amending the Charter of the ABC as proposed in the bill.

1.80 The committee considers that there is substance to concerns that the proposed amendments may impinge upon the independence of the ABC and the ABC Board. The committee considers that the ABC must be free to make decisions that ensure that its functions are performed efficiently and effectively. In addition, the committee notes that the operational environment in which the ABC works is subject to rapid change through technological developments particularly in the digital area. The committee acknowledges that the legislative framework under which the ABC operates must be sufficiently flexible for the ABC to respond to technological developments and to maintain a presence across all platforms.

1.81 For these reasons the committee does not support the bill.

Recommendation 2

1.82 The committee recommends that the Australian Broadcasting Corporation Amendment (Local Content) Bill 2014 not be passed.

**Senator Anne Ruston
Chair**

Dissenting Report by Senator Nick Xenophon

Whose ABC?

1.1 The Federal Government's cuts to the ABC budget, in clear contravention of the election eve commitment made by the Coalition's leader, have provided the cover for ABC management to further centralise the operations of the ABC to its Sydney headquarters. This is shameful.

1.2 The evidence provided to the committee indicates a growing level of centralisation of the ABC in Sydney, and to a lesser degree Melbourne, and that it may be against the spirit of the ABC Charter. It is therefore disappointing that the Chair's report did not find in favour of supporting the Bill.

1.3 The argument in the majority report appears to be that the Bill, by specifying minimum levels of local programming around the country, somehow undermines the independence of the Board and therefore its Charter. However, given the Bill was drafted to reflect the ABC's Charter, to suggest that it somehow prevents the Board from fulfilling the Charter cannot be logically supported.

1.4 The necessity of this Bill stems from concerns that the ABC Board and management are currently not fulfilling the Charter, so any argument that it would unduly damage the Board's independence is really an argument for the Board's right not to fulfil the Charter.

1.5 In any event, suggesting that a modest allocation of resources (2 per cent of the ABC's total budget) to the BAPH states for local television production, without in any way directing editorial content, would compromise the ABC's independence lacks credulity.

1.6 There is nothing to lose and everything to gain – especially for regional and remote Australia – in the Parliament adopting this Bill.

1.7 The ABC Board does not have carte blanche to carry out its plans. Rather, it has a Charter which it is duty-bound to support, specifically under section 8(d) of the ABC Act. The Bill seeks to crystalize the duties of the Board in an amended Charter that is clearer about the Corporation's role in regional Australia, including the so-called 'BAPH' states with capitals of Brisbane, Adelaide, Perth and Hobart.

1.8 For the Managing Director of the ABC to suggest that the Bill, if passed, could compel the Board to make decisions to have local production facilities in Australian territories such as the Cocos Islands, or Christmas Island, or even Antarctica, is not only absurd, it evidences an apparent contempt on the part of Mr Scott for the intent of the Bill.¹ A corollary of the ABC management's argument is that there would be nothing, right now, to prevent an even greater degree of

1 Mr Mark Scott, *Committee Hansard*, 6 March 2015, p. 13.

centralisation of ABC functions to Sydney, with only skeleton resources outside its head office.

1.9 Concerns about ABC management's commitment to the Charter are not new. A Senate Environment and Communications References Committee inquiry into Recent ABC Programming Decisions found in October 2011 that many then believed the ABC wasn't fulfilling its Charter, following the winding-up of some television production in several smaller states, that resulting in the loss of about 50 jobs. I called it a "worrying trend" in my additional comments then, and unfortunately the direction to centralised editorial, creative and program control in Sydney has only gotten worse.

1.10 Nevertheless, despite the Committee's decision not to support the Bill, it's noteworthy that the Chair's majority report agreed that ABC management had recently taken decisions that 'will impact adversely on the provision of local content'. The report says:

The committee acknowledges that the ABC has been subject to efficiency savings. However, it also considers that the ABC has actively sought to concentrate functions and operations in Sydney and Melbourne. The committee supports the view that centralisation has the potential to undermine diversity and the provision of local content.²

1.11 Several submitters agreed that the ABC Charter required amendment so that local content levels can be made more explicit. This is a view widely held in the Australian community after more than a decade of centralisation program production, creative and editorial control in and ordered from Sydney.

1.12 The cuts to the ABC, amounting to 4.6 per cent of its budget or \$254 million over five years, were a broken election promise from the Government.

1.13 However, decisions by ABC management to further centralise the ABC and cut back production in regional states and areas were not an inevitable result of the budget cuts imposed by the Government. Rather, they are a continuation of a long-term strategy driven by the current managing director, Mr Mark Scott, and his executive team, seemingly unconstrained by the ABC Board.

1.14 The Bill will ensure a distinct and discernible local presence for the ABC across Australia – something that Australians broadly expect from their national broadcaster.

1.15 Specifically, it inserts a new paragraph (3A)(a) stating that the Corporation must have a distinct and discernible presence in each State and Territory, and across all platforms on which the Corporation disseminates content. This presence should include, but is not limited to, news programs (including one weekly half-hour current affairs program), investigative reporting and regional reporting. This content must be produced in, of, for and by that State or Territory.

1.16 Further, the Bill inserts a new paragraph (3A)(b) requiring that the Corporation fund internal television production units in at least four States and/or

2 *Committee Chair's Report*, p. 16.

Territories outside New South Wales and Victoria, and including the existing facilities in South Australia. Further, the units must be funded to the extent that they can produce content beyond news and current affairs, with the Corporation required to commit 0.5 per cent of its annual budget to each unit.

Recommendation 1

1.17 That the Bill be passed.

The ABC Charter and regional production

1.18 The ABC Charter is contained in the ABC Act, and states, at section (1)(a)(i) that:

(1) The functions of the Corporation are:

(a) to provide within Australia innovative and comprehensive broadcasting services of a high standard as part of the Australian broadcasting system consisting of national, commercial and community sectors and, without limiting the generality of the foregoing, to provide:

(i) broadcasting programs that contribute to a sense of national identity and inform and entertain, and reflect the cultural diversity of, the Australian community; and...

1.19 These sections have in the past been widely interpreted as envisaging an ABC that produces content by and for all parts of the country. That is, which is 'comprehensive' and 'consists of national, commercial and community sectors' and that also 'contribute to a sense of national identity...and reflect the cultural diversity of the Australian community'.

1.20 Due to the decisions of ABC management to reduce, and in some cases axe, local production across radio, television and news and current affairs, this Bill seeks to amend the Charter to make clear minimum levels of local content, rather than leaving it up to the interpretation of the existing Charter. This broad objective was supported by the submission from experienced media governance consultant and former ABC foreign correspondent and senior executive, Geoff Heriot, among others:

To introduce such an amendment would be consistent with the accepted duties of national public broadcasters internationally. A World Bank publication on public interest broadcasting¹, for example, described one typical responsibility of a national public broadcaster in these terms: "contribute to national identity while also reflecting cultural and regional diversity".³

1.21 While Mr Heriot did not agree with the specific wording of amendment to the Charter in the Bill, he agreed the Charter should be changed to support local content and provided his own suggested amendment.

3 Heriot Media and Governance Pty Ltd, *Submission 2*, p. 2.

1.22 Similarly, the Communications Law Centre (CLC) at the University of Technology Sydney (UTS) also acknowledged the continuing centralisation of ABC functions and concluded that 'there is a case for introducing a less specific amendment proposed by the Bill to provide a minimum safeguard for the local production of content by the ABC outside major metropolitan areas'.⁴ The CLC also suggested its own amendment, broadly consistent with the aim of the Bill.

1.23 While the Community and Public Sector Union (CPSU) did not back a change to the ABC Charter, it agreed in its submission that funding cuts 'jeopardise the ABC's capacity to meet its current Charter obligations'.⁵

1.24 It's noteworthy that these submitters, as well as the Friends of the ABC and many other voices in the wider community, agree that there were difficulties with and failures to meet the ABC Charter. Scope remains in the future to engage with community stakeholders and arrive at a widely supported amendment to the ABC Charter that addressed local content concerns.

Recommendation 2

1.25 In the event that the Bill is not passed, that the Government launch an independent review, including a broad stakeholder engagement process, leading to the drafting of an ABC Charter amendment in which the concerns of increasing centralisation of the ABC and the adequate representation in programming of the BAPH states be considered.

The ABC's mixed model of television production

1.26 ABC Managing Director Mark Scott sought to portray the ABC's strategy of outsourcing television programs to private sector TV production houses as good for regional states because of the flow-on employment opportunities in those states.

1.27 Mr Scott told the Committee that, overall, the ABC's mixed model 'created jobs in the states:

Our model is one that keeps internal production capability at the ABC whilst backing local production firms, creating jobs and encouraging creative industries.⁶

1.28 However, the Committee heard evidence that this has not been the case in Tasmania since the ABC closed its TV production unit in that state.⁷

1.29 In the wake of management closing down the Adelaide television production unit, with the loss of approximately 19 jobs, Mr Scott did not tell the Committee that

4 Communications Law Centre, UTS, *Submission 1*, p. 3.

5 CPSU, *Submission 5*, p. 8.

6 Mr Mark Scott, *Committee Hansard*, 6 March 2015, p. 2.

7 Heriot Media and Governance Pty Ltd, *Submission 2*, pp 8–9.

the ABC would generate more jobs in the South Australian television production sector.

1.30 The fact is that the ABC has retrenched 19 highly qualified and productive staff members from its television production unit and provided no guarantees that the same number or more jobs will be generated elsewhere in the state, as a result.

1.31 Evidence provided by Mr Scott during Senate Estimates revealed that the savings from decimating the Adelaide television production unit would not go to making up for funding cuts, but would go to expanding online content based interstate. This further appears to confirm the disingenuous manner in which management used the budget cuts as cover for a strategy of further centralisation of the ABC.

1.32 Further, a CPSU proposal that the highly trained and productive Adelaide television production staff be reassigned into a new online content production unit in Adelaide was rejected out of hand by ABC management.

1.33 The axing of local television production units in the ABC means the loss of production, direction and writing talent from these states, and it appears there is no commitment to engage equivalent levels of programming in the private sector in South Australia as part of the ABC's mixed model strategy.

Recommendation 3

1.34 That the ABC make an ongoing commitment for an equivalent number of television production positions are engaged each year in the private sector in South Australia as were dispensed with when it axed the Adelaide television production unit. And that the equivalent commitment is made in other states that have seen television units closed, in particular Queensland, Western Australia and Tasmania.

The ABC's centralisation and disproportionate cuts on South Australia

1.35 Mr Scott acknowledged to the Committee that South Australia was hit harder than other states in the cuts announced last November, confirming what he told the Senate Environment and Communications Estimates Committee in February:

I know that in this last round of cuts South Australia was disproportionately hit harder because of the closure of that (television) production unit.⁸

1.36 Mr Scott confirmed with the Committee, and to previous Estimates Committees, that savings from closing television production in Adelaide would go to a range of online activities across the ABC.

The closing of the studio—but we decided to take that money and allocate it to programming and content, including digital content.⁹

8 Senate Environment and Communications Estimates Committee, *Committee Hansard*, February 24 2015, p. 71.

9 Mr Mark Scott, *Committee Hansard*, 6 March 2015, p. 19.

1.37 These jobs are in the process of being lost and they will not be replaced. Online content production is based on the east coast (including Brisbane) and, while some online journalists have been appointed in Adelaide, the net effect of management decisions in South Australia has been overwhelmingly negative for some years.

1.38 The loss of 19 television production jobs, closing the ABC Port August radio office, the job losses at the Adelaide-based ABC Classic FM, and the axing of the state-based 7.30 programs on Friday (replaced by the national 7.30 based in Sydney) will add to the long term trend of centralisation of jobs away from South Australia towards Sydney.

1.39 The centralising trend is national and well established.

1.40 Mr Scott accepted that the figures I quoted during questioning in the public hearing, from ABC Annual Reports, were correct.

1.41 In the past ten years, according to ABC figures, the proportion of total ABC jobs in South Australia has fallen the most of any state or territory – from 8 per cent to 6.9 per cent, while it grew the most in New South Wales, from 47 per cent to 51 per cent.

1.42 All states and territories, except NSW and Queensland, saw a deteriorating staffing position, as a proportion of total staff numbers. And Queensland only saw a marginal increase, according to ABC figures.

1.43 Submitters including the Friends of the ABC¹⁰, the CLC¹¹, and Heriot Media¹² said that ABC management, through this centralisation, were failing to reflect national diversity as stated in the Charter.

1.44 While not supporting the wording of the Bill, the CLC said that 'there is a case for introducing a less specific amendment proposed by the Bill to provide a minimum safeguard for the local production of content by the ABC outside major metropolitan areas'.¹³

1.45 Geoff Heriot, a former senior executive in the ABC and since leaving the Corporation a consultant in media governance, made a salient point in support of the objectives of the Bill and against the centralisation trend:

Local content is important to media diversity and share of voice in the democratic system. It is especially important in smaller State and Territory markets where there are fewer locally domiciled enterprises and highly concentrated patterns of media ownership. A more diverse media sector will have a greater capacity, collectively, to fulfil the role of public sentinel and witness to issues of public interest. It is not just in states like NSW

10 ABC Friends, *Submission 10*, p. 4.

11 Communications Law Centre, UTS, *Submission 1*, p. 3.

12 Heriot Media and Governance Pty Ltd, *Submission 2*, p. 4.

13 Communications Law Centre, UTS, *Submission 1*, p. 3.

where the need is apparent. The Chief Commissioner of Tasmania's Integrity Commission, former Victorian Supreme Court judge Murray Kellam, told a Parliamentary inquiry in November 2014 that the Commission had "plenty of evidence of misconduct and serious misconduct within the state".¹⁴

1.46 Submitters Professor McNair and Dr Goldsmith also supported the necessity of local news and current affairs production:

Where national news organisations rarely report on the routine affairs of state, regional and city governments, local media must ensure that citizens are aware of and understand the issues on which their locally elected representatives make policy and take decisions. Such scrutiny, a manifestation of the Fourth Estate and watchdog roles deemed to be core functions of the media in a democracy, is just as important at the local level as the national.¹⁵

1.47 I support these eminent submitters' view that Australians require local television, radio and news and current affairs production where they live, not content decided upon and largely made in New South Wales, and to a lesser degree, Victoria and Queensland.

1.48 In a recent interview on Adelaide radio 891, with Matthew Abraham and David Bevan, Mr Scott admitted that, had this Bill been passed he would not have been able to undertake the radical cuts in Adelaide that are the subject of widespread concerns in this and the majority report.

Misleading statements by Mark Scott in relation to ratings figures for state-based Friday 7.30 programs in 2014

1.49 Mr Scott has made two arguably misleading statements at Senate Committee hearings since late last year about the ratings of the state-based 7.30 programs in 2014, which were broadcast every Friday until Mr Scott axed them last December as part of the ABC's centralisation strategy. I am not suggesting this was deliberate. Mr Scott replaced the programs with a fifth, Friday, edition of the national 7.30 program, which is made in Sydney but can draw on correspondents in each state and territory.

1.50 Firstly, Mr Scott told the Senate Environment and Communications Legislation Estimates Committee on December 1 last year:

At I can tell you that, across the country, if you look at that Friday 7.30 timeslot, the ratings on average across the country are significantly lower than they are for the rest of the week.¹⁶

14 Heriot Media and Governance Pty Ltd, *Submission 2*, p. 4.

15 Professor Brian McNair and Dr Ben Goldsmith, *Submission 4*, p. 2.

16 Environment and Communications Legislation Estimates Committee, *Committee Hansard*, 1 December 2014, p. 15.

1.51 This statement echoed several to Senate committees in which Mr Scott sought to portray the state and territory 7.30 programs as being ratings failures.

1.52 However, by grouping all the different programs together and comparing to a national program, Mr Scott ignores their distinct content and audiences. The comparison Mr Scott makes is nonsensical and arguably misleading.

1.53 Mr Scott's comments also ignored several important facts in relation to television ratings across the country.

1.54 The Friday night time slot is widely known to be a ratings 'black hole' in which the total number of television viewers falls, due to people being engaged in social, sporting or other activities at that time. So the realistic measure of the success of a program on a Friday, when comparing to during the week, is to look at the 'share of total audience' ratings figure.

1.55 Also, AFL matches screened live on Fridays during the football season reduce the audience for all other programs on Friday night.

1.56 For these reasons, I requested ratings figures from ABC Corporate (which it sourced from OzTAM) for share of audience for October and November 2014, the two months following the end of the 2014 AFL season, for each of the five mainland capitals.¹⁷

1.57 During this two month period, 7.30 programs made in Western Australia and South Australia and broadcast on Fridays in fact out-rated the national program in those states, on average as a share of audience.

1.58 It's fair to say that Mr Scott's comment, lumping together five separate state programs into one average ratings figure, ignoring the distorting factors of the AFL season, the Friday 'black hole' and using gross ratings rather than share of audience ratings, lacked any insight or meaning as a comparison.

1.59 The ratings success of the state 7.30 programs in WA and South Australia showed that viewers in those states valued the state current affairs coverage provided. This was perhaps due to the lack of coverage of those states afforded on the national program during 2014. In the same way, the lower ratings figures for state-based 7.30 programs in Victoria, New South Wales and Queensland in October–November 2014 could be explained by the larger media markets in those states, with more sources of local news and current affairs, not least from the national 7.30 program broadcast from Monday to Thursday.

1.60 It can be argued that Mr Scott's statement was misleading (I'm not suggesting it was intentional), as was reported by *The Australian* this month¹⁸, at least as far as Western Australia and South Australia are concerned.

1.61 Mr Scott responded to the Committee that he had 'certainly not been misleading', in relation to his December 1 statement about state-based 7.30 ratings.¹⁹

17 See attached spreadsheets provided by ABC Corporate.

18 'Scott used "misleading" 7.30 ratings: Xenophon', *The Australian*, 2 March 2015.

1.62 A local television current affairs program was valued more highly in WA and South Australia in late 2014 than the national current affairs program. From the many statements of Mr Scott to various committees since November last year, Mr Scott does not appear to have been taken into account when he axed the state programs in favour of the national one.

1.63 Mr Scott again arguably confused matters when he told a Senate committee in February:

Senator, that on Friday night we have been running a national 7.30 and this year, year on year, the audience figures for that national program in the five capital cities have about 80,000 more viewers than there were last year.²⁰

1.64 On checking the year-on-year ratings figures²¹, this statement again appears to be a gross simplification, and arguably misleading. As later reported in *The Australian*²², Mr Scott's figures were not as extensive as one might think. Of the four weeks that the national program had been screened as at the time of the public hearing on February 24, only two of those weeks had led to a five-city aggregate figure, due to two 30-minute specials broadcast in Brisbane and Adelaide. To arrive at his figure Mr Scott has not compared the first two weeks of 2015 with the first two weeks of 2014, but rather compared the first two weeks of 2015 with the second and third weeks of 2014, which gives a significantly more favourable result for the 2015 programs.

1.65 Mr Scott has again relied on aggregating the ratings of five separate Friday 7.30 programs from 2014 with a single program in 2015, which is not a meaningful comparison.

1.66 By looking at the individual state-based program ratings from 2014, a very different story emerges. It shows that, after five weeks of the ratings season, the Queensland and New South Wales Friday 7.30 programs in 2014 in fact out-rated the national Friday programs in those states this year.

1.67 However, this year's national Friday program has out-rated the South Australian and WA state programs from 2014. There was very little difference in Melbourne between 2014 and 2015.

1.68 Therefore, the real picture of the ratings performance of the state-based 7.30s, when examined on an individual state basis, is very different to Mr Scott's broad-based statements portraying the entire stable of state-based programs as a ratings failure.

1.69 Clearly, the performance of the state-based programs rose and fell depending on the news and issues of the day during 2014.

19 Mr Mark Scott, *Committee Hansard*, 6 March 2015, p. 11.

20 Environment and Communications Legislation Committee, *Committee Hansard*, 24 February 2015, p. 73.

21 <http://www.tvtonight.com.au/category/ratings>

22 'Ratings fight sees ABC's new 7.30 lose to the old', *The Australian*, 9 March 2015, p. 3.

1.70 Based on OzTAM ratings, it is clear that state audiences valued their local programs so highly that, for lengthy periods they out-rated the national program in the same state (as a share of audience in 2014) and also on gross figures when comparing the same cities in 2014 and 2015.

1.71 But the ratings success of the state-based programs compared to the national program, and their evidently loyal local audiences, appears not to have figured in the decision of ABC management to axe the programs.

1.72 It's regrettable that Mr Scott, the Editor-in-Chief of ABC News and Current Affairs, has not given the full story of the performance of these valued state-based programs.

1.73 In any event, the ABC is not meant to be ratings-driven when it comes to its key Charter obligations. The fact is, there is now a chasm in the broadcasting of local issues in the states by having a Monday–Friday national 7.30 program.

1.74 A number of questions were put to Mr Scott and ABC management in respect of internal production costs. For instance, the ABC was queried as to the internal production costs of the Countdown and Beatles specials. At the time of writing this report the ABC has not provided answers to Questions on Notice to this. There is a concern that such costs have been inflated to give an impression that internal production is much more costly than it actually is. I look forward to the ABC's response to those questions and foreshadow that this is a matter that needs to be forensically examined by the Committee once those answers are provided.

Recommendation 3

1.75 That the ABC reinstates state and territory television current affairs programming, the Adelaide television production unit and other program production, creative and editorial positions cut by ABC management from South Australia, Queensland, Western Australia and Tasmania, the ACT and Northern Territory, as a matter of urgency.

**Senator Nick Xenophon
Senator for South Australia**

7.30 Friday

Oct/Nov 2014

Average Audience

3rd Oct - 28th Nov

Date	5 City Metro	Sydney	Melbourne	Brisbane	Adelaide	Perth
3/10/2014	518,000	148,000	138,000	93,000	61,000	78,000
17/10/2014	561,000	170,000	164,000	81,000	66,000	81,000
24/10/2014	554,000	130,000	178,000	97,000	76,000	73,000
31/10/2014	506,000	143,000	156,000	70,000	69,000	68,000
7/11/2014	508,000	137,000	157,000	70,000	59,000	84,000
14/11/2014	124,000		124,000			
21/11/2014	447,000	158,000	105,000	66,000	47,000	71,000
28/11/2014	526,000	165,000	139,000	103,000	60,000	60,000
Average	515,000	150,000	146,000	83,000	62,000	74,000

Total TV Share %

Date	5 City Metro	Sydney	Melbourne	Brisbane	Adelaide	Perth
3/10/2014	10.8	10.3	9.9	9.8	14.3	13.4
17/10/2014	11.8	12.2	12.3	8.1	15.1	13.2
24/10/2014	11.8	9.1	13.8	9.9	17.9	13.1
31/10/2014	11.8	11.6	13.5	7.5	14.7	13.4
7/11/2014	10.7	9.6	12	7.2	13	14.1
14/11/2014	9.1		9.1			
21/11/2014	9.6	11.3	8.2	7	11.3	11.8
28/11/2014	12.1	13.3	11.7	11.3	14.1	10.5
Average	11.1	11	11.3	8.7	14.3	12.8

3rd Oct - 31st Oct

Combined Regional					
Markets	QLD	NNSW	SNSW	VIC	TAS
230,000	45,000	45,000	68,000	41,000	31,000
270,000	38,000	79,000	74,000	42,000	36,000
245,000	37,000	57,000	73,000	44,000	33,000
256,000	43,000	76,000	64,000	37,000	35,000
Average	41,000	64,000	70,000	41,000	34,000

*1 hr news (SBAP)

Combined Regional					
Markets	QLD	NNSW	SNSW	VIC	TAS
9.6	7.5	6.4	14.0	10.1	15.5
11.7	6.8	11.3	16.0	11.1	17.8
10.6	6.2	8.4	15.5	11.6	17.9
11.7	8.2	10.8	16.6	9.8	18.2
Average	7.2	9.2	15.5	10.6	17.3

*1 hr news (SBAP)

Source: OzTAM and Regional TAM Consolidated Data

Appendix 1

Submissions, tabled documents and answers to questions taken on notice

Submissions

- 1 Communications Law Centre, UTS
- 2 Heriot Media & Governance Pty Ltd
- 3 Australian Children's Television Foundation
- 4 Professor Brian McNair and Dr Ben Goldsmith, Queensland University of Technology
- 5 Community and Public Sector Union (CPSU)
- 6 Friends of the ABC Tasmania
- 7 Australian Broadcasting Corporation
- 8 Friends of the ABC NSW
- 9 Screen Producers Australia
- 10 ABC Friends
- 11 Confidential
- 12 Confidential

Tabled documents

Opening statement by Mr Mark Scott, Managing Director, Australian Broadcasting Corporation (public hearing, Adelaide, 6 March 2015)

Answers to questions taken on notice

CPSU – Answers to questions taken on notice (public hearing, Adelaide, 6 March 2015)

Screen Producers Australia – Answers to questions taken on notice (public hearing, Adelaide, 6 March 2015)

Appendix 2

Public hearing

Friday, 6 March 2015 – Adelaide

Australian Broadcasting Corporation

Mr David Anderson, Director Corporate Strategy and Planning
Mr Michael Millett, Director Corporate Affairs
Mr Mark Scott, Managing Director

Community and Public Sector Union

Mr Martin Davies, South Australian ABC Section Councillor
Mr Sarah Hunt, PSU Group

Screen Producers Australia

Mr Matthew Deaner, Chief Executive Officer
Mr Matthew Hancock, Manager, Strategy and Operations
Ms Jennifer Jones, Head of Television Drama, Triptych Pictures
Mr Kristian Moliere, Producer, Triptych Pictures

Appendix 3

Australian Broadcasting Corporation Charter

Australian Broadcasting Corporation Act 1983

6 Charter of the Corporation

(1) The functions of the Corporation are:

- (a) to provide within Australia innovative and comprehensive broadcasting services of a high standard as part of the Australian broadcasting system consisting of national, commercial and community sectors and, without limiting the generality of the foregoing, to provide:
 - (i) broadcasting programs that contribute to a sense of national identity and inform and entertain, and reflect the cultural diversity of, the Australian community; and
 - (ii) broadcasting programs of an educational nature;
- (b) to transmit to countries outside Australia broadcasting programs of news, current affairs, entertainment and cultural enrichment that will:
 - (i) encourage awareness of Australia and an international understanding of Australian attitudes on world affairs; and
 - (ii) enable Australian citizens living or travelling outside Australia to obtain information about Australian affairs and Australian attitudes on world affairs; and
- (ba) to provide digital media services; and (c) to encourage and promote the musical, dramatic and other performing arts in Australia.

Note: See also section 31AA (Corporation or prescribed companies to be the only providers of Commonwealth-funded international broadcasting services).

(2) In the provision by the Corporation of its broadcasting services within Australia:

- (a) the Corporation shall take account of:
 - (i) the broadcasting services provided by the commercial and community sectors of the Australian broadcasting system;
 - (ii) the standards from time to time determined by the ACMA in respect of broadcasting services;
 - (iii) the responsibility of the Corporation as the provider of an independent national broadcasting service to provide a balance between broadcasting programs of wide appeal and specialized broadcasting programs;
 - (iv) the multicultural character of the Australian community; and
 - (v) in connection with the provision of broadcasting programs of an educational nature—the responsibilities of the States in relation to education; and

- (b) the Corporation shall take all such measures, being measures consistent with the obligations of the Corporation under paragraph (a), as, in the opinion of the Board, will be conducive to the full development by the Corporation of suitable broadcasting programs.
- (3) The functions of the Corporation under subsection (1) and the duties imposed on the Corporation under subsection (2) constitute the Charter of the Corporation.
- (4) Nothing in this section shall be taken to impose on the Corporation a duty that is enforceable by proceedings in a court.