

## ABC Managing Director- Senate Estimates, Opening Statement, 1 December 2014

Since we last met - the ABC has announced details of budget savings. We are now consulting about these matters with our staff, under protocols set down in our industrial agreements.

The ABC has always sought to operate within the Budget allocated to it by the Federal Government.

As has been well documented, the ABC's budget was cut in May and now will be further cut in 4 subsequent budgets from next year. The total cut is around \$250m over 5 years, excluding the Australia Network cut.

The shape of the cut is as I outlined at our last meeting, it represents 1% this year, 3% next financial year - but rising to around 8% in year 5. As I have indicated to our staff, we need to continue to make savings immediately so we can fund the increases that are well above 5 percent, that hit over the 3 years starting from the middle of 2016.

In addition to meeting this budget cut, the ABC also has to fully fund redundancy costs because unlike other Government agencies, the ABC has not been allocated any additional funds to meet these commitments. We anticipate around 300 redundancies at this point, rising to more than 400 when efficiency programs are fully implemented. The full impact of the Government's cut should be seen not only in the cut, but in the additional cost of funding these redundancies and other transition costs.

As I indicated in our previous meeting, the ABC Board and Executive have a number of goals in mind in implementing these changes:

- To meet our legal responsibilities under the ABC act, as spelt out in the charter
- To treat our staff fairly and well, meeting our responsibilities to them at this difficult time
- To position the ABC as best we can for the future, so it continues to play its central role in Australian life and the lives of millions of Australians each day.

To this end, we are also establishing a \$20m investment fund to meet audience demand for services and content delivered through online and mobile technology. Every media organisation in the world is increasing its investment in these areas - because failure to do so condemns the organisation to irrelevance, failure and an inevitable demise.

We are committed to being an indispensable public broadcaster for Australians everywhere. We are committed to being the home of Australian stories and conversations - in the big cities and in our regional and rural centres - where the ABC will continue to have by far - the biggest commitment to local broadcasters telling local stories, covering local news and hosting local conversations.

This morning we are happy to talk about the measures we are using to find efficiency and content savings. There has been considerable discussion about these measures since we last met, beyond the political debate about the pre-election commitment on ABC funding, which is a matter the ABC has not commented on.

The ABC will seek to make the savings required by the Government's cut by finding efficiencies in our support service areas. In doing so, we deprive the organisation of the source of funds we have used in recent years to fund our initial investment in online and mobile services that have proved so popular with Australians everywhere.

We are happy to discuss the details of the plans