
ABC Friends - National

Submission
to the
Inquiry into the
Australian Broadcasting Corporation
Amendment (Local Content) Bill 2014

of
the Senate Standing Committee
on Environment and
Communications Legislations Committee

January 2015



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Explanatory note: 'Local' is frequently used to distinguish content produced in Australia, as distinct from overseas. Due to the subject of this inquiry and the proposed amendment, the use of 'local' in this submission refers to local within Australia. (i.e. state, city and regional content).

A. ABC Friends

ABC Friends (previously Friends of the ABC) is the major community organisation representing the public's interest in its independent national public broadcaster. It is a politically independent body whose aim is the maintenance of the Australian Broadcasting Corporation (ABC) as a healthy, independent and comprehensive national public broadcaster. ABC Friends (ABCF) comprises state-based ABC Friends and Friends of the ABC organisations across Australia.

B. Local programming: valued and essential

1. State news and current affairs is essential for the healthy operation of democracy at local levels – for citizens to be informed on significant local matters, and for the scrutiny of local and state governments and other bodies whose activities may be without major national significance but important in a state.

The ABC's provision of this service is crucial due to its independence (from political and commercial influence) and accessibility to all in the community without direct cost.

2. Local communities rightfully expect the ABC to inform other Australians about important matters which affect them.
3. Regional and state identity are integral parts of Australian life. Differences in heritage, geography and culture between the states and regions are important to many Australians. People from all parts of Australia value having their own stories reflected through the national broadcaster.
4. All states are entitled to expect the public broadcaster will discover, nurture and provide opportunities for their talented local program makers.
5. All states are entitled to have the ABC put forward their ideas on the national stage.

6. The ABC's essential role as an emergency services broadcaster entails the ABC being ready to provide information that is locally relevant, timely and accessible.
7. The ABC can only meet its Charter responsibility to "encourage and promote the musical, dramatic and other performing arts in Australia"¹ if it has regard to those art forms across Australia.
8. The community as a whole benefits from the breadth of information, ideas, talent and culture that local program diversity can deliver. We all benefit from every state and territory having the opportunity to produce programs of national significance. An example of four nationally popular programs that originated from state ABC television units that have since closed: *Collectors* and *Gardening Australia* (Tasmania), *Rollercoaster* (Western Australian children's program) and *Talking Heads* (Queensland).
9. Public broadcasting exists precisely because broadcasters that operate along commercial lines do not provide adequately, if at all, many types of programming that are in the public interest, such as local programming.

The need for the ABC to produce local content is even greater due to the unhealthy lack of diversity in Australian mainstream media ownership and the serious commercial media's increasing failure to report on local matters and to provide local content.

C. ABC responsibility to local communities is specified in the ABC Act

As a national public broadcaster, the ABC has a responsibility to the entire community. The ABC Charter obliges the ABC to produce programs of national significance and programs that reflect state and regional diversity.

Included in the ABC's Charter is a requirement that the ABC provide programs that "contribute to a sense of national identity" and "reflect the cultural diversity of the Australian community."² The ABC must provide a "comprehensive" service.³

D. ABC becoming the Sydney Broadcasting Corporation

The ABC is failing in its responsibility to reflect state diversity, particularly in the influential medium of television:

- i) The ABC's production of non-news and current affairs television programming is unacceptably low, with the situation being far worse in capital cities outside of Sydney.
- ii) ABC television production is almost non-existent in capital cities outside of Sydney and Melbourne. Outside of news and the state-based 7.30 program (now axed too), television production ceased in Queensland in 2009, Western Australia's television production unit was closed in 2010, and Tasmania's in 2013. The ABC is now shutting down its South Australia unit.
- iii) In response to government cuts announced last year, the ABC has axed its only state-based current affairs television programs, the weekly state 7.30 editions.
- iv) ABC operations and editorial decisions are becoming increasingly centralised in Sydney.

Supplementary submissions on ABC South Australia and ABC Western Australia regarding the state of production in those states are attached to this national submission.

¹ Australian Broadcasting Corporation Act 1983 (Cth.), s 6 (1) (c)

² *Australian Broadcasting Corporation Act 1983* (Cth.), s 6 (1) (a) (i)

³ *Australian Broadcasting Corporation Act 1983*(Cth.), s 6 (1) (a)

E. Why the ABC is shutting down local diversity

ABC Friends believes that the loss of state programming and increased centralisation are the result of three key factors:

1. Inadequate funding

Due to a decline in funding over many years, the ABC was already grossly underfunded to meet its Charter responsibilities prior to its funding being cut by the present government. Information about ABC funding is contained in *Appendix A. ABC Funding : THE FACTS*.

It is inevitable that the cuts inflicted by the Abbott Coalition government will result in a further loss of program diversity and quality.

Inadequate funding is also resulting in the ABC in many instances favouring programming that can be commissioned or acquired more cheaply because it is subsidised externally and/or is perceived likely to be able to be sold to other content providers.

While it would be an abrogation of the ABC's responsibility to be a national broadcaster, increased centralisation of the broadcaster's operations is an obvious way open to the ABC to achieve savings in the face of such serious budgetary constraints.

2. The type of broadcaster that ABC management seeks

The ABC is moving in some areas to operate in a manner and broadcast content that is more akin to commercial broadcasters.

Outside of news and current affairs, the ABC's main television station appears to be favouring light-weight programs whose value is measured by predictions of audience numbers, over programming of cultural value or intellectual integrity.

ABC management appears to have an ideological drive to transform the public broadcaster from an independent producer of television programs into a platform for the private sector. It is moving the ABC away from its historical mixed model of television production, in which the ABC once produced a broad range of programming, to extensive outsourcing of program production to the private sector.

This is skewing the nature and selection of programming. It is happening, regardless of whether or not it is more cost-effective in either the short or long term.

Most recently, ABC management has revealed its interest to pursue youth audiences at the expense of older audiences who are the largest population demographic in Australia; with that focus entailing an interest to expand the digital and online platforms at the expense of television and radio content.

ABC management's agendas and strong interest to outsource production mitigate against the ABC producing specialist programming for smaller audiences and state and regional programming, particularly television programming. The public broadcaster is abandoning its responsibility to be a truly national broadcaster which reflects the diversity of voices and interests across the country.

Outsourcing of production is a crucial underlying cause of the ABC neglecting its Charter responsibilities in important areas like local programming, and so must be considered. Information on outsourcing, why it is happening and why extensive outsourcing results in less local programming is contained in *Appendix B. Outsourcing*

Centralisation

ABC management appears to be ideologically committed to the centralisation of editorial and operational control of the ABC in Sydney. Furthermore, a model in which the ABC is transformed into a commissioner of external programs favours centralisation.

Centralisation becomes self-perpetuating. Those in the centre are more likely to make decisions with little consideration of interests outside the centre, let alone an understanding of them, and to develop a belief that their abilities are superior.

It is unacceptable that the ABC is being fundamentally transformed without the community being informed and consulted.

3. The method of government support of the private production sector undermines the ABC

The government's method of support for the private production sector results in a financial disincentive for the ABC to produce some types of programming. The outcome is that the ABC is able to commission or acquire some types of programming more cheaply because they are subsidised externally, albeit with money which also comes from the taxpayer.

F. ABC Friends: Recommendations and The Australian Broadcasting Corporation Amendment (Local Content) Bill 2014

ABC Friends supports the intent of the proposed amendment to ensure the ABC has a strong local presence in all states and territories.

ABC Friends believes the ABC Charter should be amended so that the national broadcaster is more clearly committed to produce local content in each state and territory.

It also believes that there is 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. The Charter is presently a broad and encompassing document, and programming decisions are and should remain the responsibility of the ABC.

ABC Friends is of the strong opinion that the ABC's inadequate funding be addressed. The failure to fund the ABC so that it is resourced to meet any requirement to provide local programming would result in funds being diverted away from other important ABC services and programming areas – an unsatisfactory outcome for audiences across Australia, including residents in smaller states whose interests in the ABC extend beyond local programming.

Recommendations

1. Funding

That the Senate Communications Committee seek specialist advice and conduct an inquiry to consider:

- i) the adequacy of the ABC's present funding and the level of funding that is required for the national broadcaster to fulfil its Charter and other responsibilities specified and implied in the ABC Act to a high standard, including to have a distinct and discernible presence in each State and Territory across all platforms on which the Corporation disseminates content; and
- ii) suitable funding processes and/or formulas that could be introduced to ensure the ABC is well funded by federal governments (regardless of their political persuasion) to fulfil all its responsibilities, as specified in inquiry purpose i); and to ensure that funding is provided to the ABC in a manner that upholds the ABC's independence.

The review should seek public submissions and its findings should be made public.

2. Private Production sector support

That the present systems of government assistance to private producers be replaced with one that delivers assistance in a manner that supports private producers without making it cost-ineffective for the ABC to produce in-house programming in any genre.

3. The Bill

3.1 With regard to **Paragraph (3A)(a)**:

ABC Friends agrees with the inclusion in the Charter of the words, “the Corporation must have a distinct and discernible presence in each State and Territory, and across all platforms on which the Corporation disseminates content”.

Furthermore, Friends proposes it be strengthened by inserting the word ‘production’ before ‘presence’.

ABC Friends agrees that the amendment should mention that the presence should include state news and current affairs programs but not be limited to them. However, Friends does not agree that the Charter should include specification of the duration and occurrence of programs.

3.2 With regard to **the remainder of Paragraph (3A)(a) and to Paragraph (3A)(b)**:

ABC Friends does not support them for reasons mentioned previously regarding the risk of introducing specificity into the ABC Charter.

Furthermore, we also strongly recommend against the present wording of **Paragraph (3A)(b)**. Not only can it not be assumed that the ABC would maintain reasonable levels of production in Victoria if it were required to increase its production in other states, it is unlikely the ABC would do so. ABC management did not want to replace the television studios which will be lost with the imminent closure of Victoria’s television complex and only reluctantly agreed to a single television studio in the new development which is yet to be built.

4. ABC Board

ABC Friends proposes that the Chairman of the ABC Board be asked to give evidence to this Inquiry so that the Inquiry can ascertain:

- i) what the ABC Board believes should be the nature and extent of the ABC’s presence in Australian states and territories; and
- ii) the type of public broadcaster into which the ABC is being transformed, and the steps it will take to inform and consult the community.

Appendices:

- A. ABC Funding : THE FACTS
- B. ABC Outsourcing

Supplementary Submissions attached:

- . ABC South Australia
- . ABC Western Australia

Submission to the Inquiry into the Australian Broadcasting Corporation Amendment (Local Content) Bill 2014, Jan 2015:

- . ABC Friends national submission and ‘ABC SA’ supplementary submission prepared by prepared by Glenys Stradijot, National Spokesperson, ABC Friends – National.
- . ‘ABC WA’ supplementary submission prepared by Bobbie Mackley, President, ABC Friends (WA).

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ABC Funding : THE FACTS

Before the election Prime Minister Tony Abbott promised “no cuts to the ABC”. By any measure, the ABC’s funding had already seriously declined before the Abbott Coalition Government’s decision to break its promise and slash ABC funding:

<p>Halved as a share of government funding</p>	<p>As a share of government spending, ABC funding has almost halved since 1996. (source: <i>Business Spectator</i> www.businessspectator.com.au/article/2014/1/30/politics/abcs-aunties-budget)</p> <p>Yet during a period of funding decline, ABC services have had to expand for the ABC to remain relevant. Eg. The public broadcaster now provides online services, digital channels such as ABC3 children’s TV and ABC News 24, iView catch up television service, digital radio, apps for mobile services, and the ABC Open website for regional Australians to contribute their stories.</p>
<p>Cut by almost a quarter since ‘86</p>	<p>ABC operational funding has decreased in real terms by \$251 million (22.5%) since 1985-86. (source: Federal budget appropriations, ABC 2013 Annual Report)</p>
<p>One-sixth of BBC funding</p>	<p>For three times the population of Australia, the BBC receives six times the funding of the ABC. Australia’s land mass is 32 times greater than the United Kingdom. (sources: 2014 Australian and British government budget appropriations)</p>
<p>More efficient than commercial</p>	<p>For a budget of \$1,228 million – a little more than the \$995 million it takes the Seven Network to deliver its three TV channels (Seven, 7TWO and 7mate) – the ABC delivers so much more:</p> <ul style="list-style-type: none"> Five national television services across four channels – ABC1, ABC2, ABC4kids, ABC3 and ABC News 24. Four specialist national radio networks – Radio National, Classic FM and Triple J and News Radio. Sixty local radio stations – nine metropolitan and 51 regional. Digital radio – three music-based services and a live sport and commentary service which are available on digital radio, digital television and online. Online services – an extensive network of websites and the provision of content through steaming, vodcasting, SMS, video on demand and mobile services. <p>(sources: Seven West Media Annual Report 2104 p.12 and ABC Annual Report 2014.)</p>

ABC Friends



ABC Friends is a national campaign. It comprises ABC Friends and Friends of the ABC organisations across Australia.

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The ABC has moved away from a mixed model of television production, in which the ABC once produced in-house a broad range of programming, to extensive outsourcing of non-news and current affairs programming to the private production sector. For example, no Australian drama is any longer produced in-house by the ABC, and the ABC no longer has an in-house documentary department – leaving only a small amount of in-house documentary programming which is made by the ABC's News Division.

The back-door privatisation of ABC television that is occurring is having a detrimental impact on ABC programming in many ways. It has implications for the type and diversity of ABC programming – due to the nature of television programs that are produced by the private production sector and the diversion of resources away from other areas of ABC programming.

A. Implications for ABC programming of shutting down the ABC's production capacity

- a) There are some exceptions, but outsourced programs are often not dissimilar to those of commercial broadcasters because they are produced at the outset with later sales to commercial and overseas companies in mind, and are made by the same production companies that make programs for commercial broadcasters.

In other words, programs are often produced to appeal to large audiences. This in turn results in product that needs to be entertaining and the focus being on costly, slick production values, rather than content of depth and quality. There is less likelihood the programs will reflect genuine state and regional diversity.

- b) Most major Australian private production companies are located in the two largest capital cities (Sydney and Melbourne); and their focus is becoming more international – with a strong interest to seek international markets for the sale of their products.

Furthermore, there is reason to believe that the already small number of private producers with the capacity to achieve the physical production values the ABC expects in programming will decrease in the future, shrinking diversity even further.

For example, Cordell Jigsaw and Andrew Denton's Zapruder's Other Films (two Sydney-based recipients of ABC money) merged in 2012 to become Australia's biggest privately owned production company. In 2013, Cordell Jigsaw Zapruder acquired New Zealand's Greenstone TV, one of the most prolific producers of factual programming in New Zealand.

The outcome of extensive ABC outsourcing could turn out to be similar to the British experience:

Georgina Born, a Cambridge University anthropologist who was given unprecedented access to the inner workings of the BBC for her detailed study of Britain's public broadcaster, reported that outsourcing at the BBC during the 1990s had resulted in "risk-averse" centralised commissioning of programming and "decreasing autonomy for producers and writers", and had led to "lowest common denominator", "formulaic" programming.

[Note: the BBC outsourced a considerably smaller proportion of its television production than has the ABC.]

Born wrote of Channel Four, which the Thatcher government established as a public service channel that would buy-in all of its content: Initially many 'independent' production houses that made programs for Channel Four were hives of creativity and more like artists collectives. However, as the sector and profits grew, there were takeovers and mergers. External production houses became more like standard commercial operations and increasingly risk averse. "A number of the most successful independents were bought up by larger, sometimes international cross-media groups" and "no longer enjoyed the autonomy of dedicated creative organisations". The high profile and extraordinary riches

accruing to the successful independents sent a signal to the rest of the independent sector to “think international not national”. “The sector was increasingly dominated by business logics, the inexorable drive to complete, and the search of higher productivity and profits”¹

- c) Some types of programs are not commercially feasible for the private production sector to produce, so many worthwhile programs won’t be produced if resources are diverted away from ABC programming or the broadcaster’s production capacity is shut down.

These can include programs for which the private production sector does not have the expertise or resources, which are not commercially viable or are ineligible for funding from federal or state screen funding bodies.

Examples of some past programs produced by the ABC which the private production sector was unwilling or unable to produce: *Choir of Hard Knocks* (prohibitive music licence costs), *Peking to Paris* (a fast decision needed to be made and that doesn’t happen with Screen Australia), *Not All Tea and Scones* (a series on the Country Women’s Association).

- d) The private production sector presently relies on many people whose experience was gained at the ABC or had been assisted by its creative production staff and managers. It is highly unlikely to devote the levels of resources to training as the public broadcaster has done, let alone provide the secure employment that is needed for development and to prevent talented people being lost from the industry. If the ABC is allowed to almost entirely hand over its television production to the private sector, where will highly skilled program-makers come from in the future?
- e) In dismantling its own production capacity and outsourcing so much of its television programming, the ABC is weakening its bargaining position with the private sector and abandoning its ability to control production costs in the future.

Already, the ABC is pushing up the cost of outsourced programming. Production companies which have achieved success as the result of the public broadcaster’s assistance and exposure become a more expensive commodity for the ABC to purchase for further productions.²

The result is that even more funding is drained away from other networks and areas of ABC programming.

- f) With a strong financial incentive to gain even more public money through ABC outsourcing, the private production sector, represented by the Screen Producers Association of Australia (SPAA), is lobbying for outsourced programming to be favoured over other areas of ABC programming.
- (i) SPAA lobbies politicians to have the Federal Government direct ABC expenditure to the areas of programming which the ABC outsources to the private production sector. In the 2009 Rudd Labor Government Budget that addressed ABC triennial funding a large amount of funding was targeted to a program area to be entirely outsourced to the private production sector, local drama; other other important areas of ABC programming were overlooked.

¹ Dr Georgina Born BSc(Lond), PhD(Lond) is College Lecturer in Social and Political Sciences and Director of Studies; Reader in Sociology, Anthropology and Music; and Official Fellow of Emmanuel College, Cambridge University. She is the author of *Uncertain Vision: Birt, Dyke and the Reinvention of the BBC* (Vintage 2005)

² For example, leaked information in 2011 revealed that the ABC was paying the Chaser team’s production company Giant Dwarf \$1.2 million for The *Hamster Wheel* series (\$150,000 per episode for the eight-part series), as well as providing production staff and facilities. The total cost of \$3.2m (\$400,000 per half-hour episode) made this co-production one of the most expensive shows on the ABC.

In contrast, the costs for two weekly internally produced half-hour programs which the ABC decided to axe at that time was: *The Collectors* \$122,000 per episode and *Art Nation* \$2 million a year. *Collectors* was produced in Tasmania, and *Art Nation* was Melbourne-based.

- (ii) At the 2011 Senate inquiry into Recent ABC programming decisions, Nick Murray, the head of a private production company which had lodged a joint submission with four other production companies and a former president of SPAA, argued to have the ABC shut down particular local production so that more ABC resources could be directed to the private sector.³
- (iii) More recently, SPAA sought and secured from the Government's Convergence Review a recommendation that the Australian content quota which sets minimum levels of Australian adult drama, documentary and children's programming for commercial television⁴ be imposed on ABC television.⁵

There is no evidence that the ABC's failure to produce high levels of programming in these areas on any occasions has been a lack of will. On the contrary, with more funds, in the past the ABC's level of production in these areas was greater than that of the commercial networks.

If adopted by any government, the recommendation would undermine the ABC's editorial independence. In instances that the ABC is under-funded to fulfil its Charter responsibilities, it would result in the programming area that is now almost entirely outsourced to the private production sector being favoured for resources at the expense of other equally important ABC program areas and networks.

As an under-resourced community organisation, ABC Friends does not have the resources to monitor, let alone match, the lobbying power and influence of the private production sector. Who will ensure that the community's interest to have diverse, quality programming is maintained and that ABC programming does not come to be determined by vested financial interests?

B. Why the ABC is outsourcing

The ABC's movement from its historical mixed model of television production, in which the ABC once produced in-house a broad range of programming, to extensive outsourcing of program production to the private sector appears to have occurred as the result of:

1. Inadequate funding

Information on ABC funding is in Appendix A.

2. The commercial outlook of the ABC's managing director, Mark Scott, and its recent television heads

ABC management appears to have an ideological agenda to outsource program production where it can, regardless of whether or not it is cost-effective.

Outsourcing of ABC television production began to escalate after the appointment of Mark Scott as Managing Director and Kim Dalton as director of television in 2006. Over the years, ABC Friends has gained the distinct impression that outsourcing is a preference, not merely a financial decision.

Kim Dalton had a long association with the private production sector prior to his appointment at the ABC, and is well known for his strong support of it. His influence continued after he stepped down at the end of 2012, as he continued to be engaged by the ABC on a consultancy basis.

³ *The Inquiry into recent ABC programming decisions* of the Senate Environment and Communications References Committee (2011), Hansard (26.9.2011), p. 1-2

⁴ Broadcasting Services (Australian Content) Standard 2005. (available from the Australian Communications and Media Authority www.acma.gov.au/WEB/STANDARD/pc=PC_91809)

⁵ *A Three-Tier Convergence Model of Television/New Media Service Provision and Regulation*, Additional SPAA submission to Convergence Review (Nov 2011) p.4, 1.5 The Model in Practice

SPAA submission in response to the Convergence Review Panel Interim Report (10 Feb 2012)

Page 3: "SPAA welcomes the Panel's recommendation to extend the existing content standard provisions to the ABC for adult drama, children's programming and documentary ..."

Convergence Review Final Report (March 2012)

Richard Finlayson moved to the ABC in 2013 from Australia's other public broadcaster, SBS, to replace Kim Dalton as head of television. Richard Finlayson was SBS's commercial director when in 2006 SBS reinterpreted the SBS Act's provision for 'natural breaks' so that it could begin its present practice of interrupting programs with advertisements. In a 2007 interview with the advertising industry magazine B&T, he reported that SBS was positioning itself to be Australia's fourth commercial network.

3. The method of government support for the private production sector

Due to the way in which federal and state governments support the private production sector, it has become cheaper for the ABC to buy/commission some types of programming from the publicly-subsidised private sector than to produce them itself.

This occurs not because the private production sector is more cost-effective than the ABC in the production of programs of commensurate quality.

On the contrary, it is reasonable to assume that ABC production of many types of programs would be more cost-effective, given the public broadcaster's existing facilities and infrastructure, long-standing experience, archives and greater pool of resources and staff. (That is, assuming that fair and reasonable working conditions and health and safety standards apply similarly across the ABC and the private production sector.) Add to this that the cost of ABC production does not include a profit component, and the ABC does not pay tax.

It happens because the system of public support for the private production sector results in the private production sector being able to sell to the ABC some types of programming considerably more cheaply than the ABC can produce it itself.

Public assistance to the private production sector is delivered through the provision of tax offsets and funding from government (federal and state) film and television funding agencies. The ABC is denied direct access to these forms of financial assistance because they are intended to assist the private sector, and not the ABC. The ABC is meant to be adequately funded directly by the Federal Government.

This method of funding has resulted in a strong incentive for the cash-strapped ABC to commission some types of programs, which private producers can afford to provide for a lower cost because the private producer has been publicly subsidised, instead of produce them itself.

Note: Although the ABC would be technically unable to access a tax offset because it is an untaxed public body, it was also barred from Federal Government support when the assistance was previously delivered through direct subsidy.

C. True cost of ABC outsourcing is obscured from public

There is an unacceptable lack of transparency in the decisions of ABC management to outsource production.

Full and accurate information on the cost of outsourcing versus ABC in-house production is frequently not revealed to the public. ABC management often provides inappropriate comparisons and insufficient or misleading information.

An explanation of why the information that ABC management provides on the costs of internal an external production may be misleading is in point C.3 of the supplement to this submission that is titled 'ABC South Australia'.

A. Radio

Services like regional radio are even more vital for small regional communities. With Port Augusta being almost 100 kilometres from Port Pirie and ABC regional radio stations already understaffed, ABC Friends believes that regional radio coverage of Port Augusta will suffer with the ABC's closure of its Port Augusta radio office.

B. Current Affairs

State, local government and major institutions will become less accountable without state-based 7.30 editions to scrutinise their activities. The loss of 7.30 will be particularly damaging in BAPH (Brisbane, Adelaide, Perth, Hobart) states where the major daily newspapers are owned by a single media proprietor.

C. Television

1. South Australia has been the last of the ABC BAPH states to retain a television production unit. Since the ABC under Mark Scott changed its commissioning processes to favour the private production sector, the ABC has closed internal TV production units in Western Australia (2010) and Tasmania (2013). Television production ceased in Queensland in 2009.

If the ABC closes its Adelaide television unit, South Australians will join other BAPH states in being deprived of an important opportunity to put forward their ideas, and to have their stories told and their lives reflected on the screen. A significant medium for the discovery of local talent will be lost. The national broadcaster's disregard for the interests of citizens outside of Sydney and Melbourne is scandalous.

2. Local state and Australian programming is lost and not replaced when BAPH state television production is shut down by the ABC.
 - 2.1 In 2011, 160 x 30-minute internally made, cost effective, multi-episode Australian content programs produced by Adelaide, Perth and Hobart ABC were wiped off the ABC program slate: *Talking Heads* (40 - SA), *Collectors* (40 - Tas), *Can We Help?* (40 - WA), *Poh's Kitchen* (40 - SA). At the same time, the internal arts unit in Melbourne that produced *Art Nation* (40 x 30-minute) and the internal unit in Sydney that produced *New Inventors* (40 x 30-minute) were closed.

These 30-minute multi-episode programs have not been replaced with externally produced Australian content. The Australian private production sector is geared to make one-off or short-run series (eg. 4 – 6 episodes) and does not have the economy of scale possessed by the ABC to produce multiple episode program strands.

Since 2011, the result has been a significant reduction in Australian made content, as these types of programs have been replaced by a plethora of British content. For example, *QI* with Stephen Fry is screened Monday to Friday at 6.30pm or 8pm – the timeslots formerly filled by programs like *Talking Heads*, *Poh's Kitchen*, *Can We Help* and *Collectors*.

- 2.2 There are many worthwhile programs that will never be made if the ABC does not maintain an in-house production capacity.

One example of a program produced by the South Australia ABC television production unit that would not have been made is *Restoration Australia* (aka 'Life in Ruins') – a seven x 60-minute prime time series.

External companies were initially approached but declined to make the program because they did not believe there was sufficient profit to be made from a heritage restoration series.

With a heritage restoration series featuring 'battlers' on limited income and with limited time, there can be no guarantee the houses would be finished when the program went to air. Commercial production companies prefer programs like *Grand Designs Australia* or *The Block* that have brand new or fully renovated houses, all shiny and gleaming just before the roll of the closing credits.

2.3 With the planned closure of ABC South Australia's television unit, the ABC has informed the Community and Public Sector Union that it has commissioned 34 hours (across 19 projects) of production in South Australia with the independent sector.¹ However, the 34 hours is spread over three different financial years, so it equates to only about 11 hours of South Australian television production a year.

3. ABC managing director Mark Scott said in his justification for the closure of the South Australian television unit² that the States' funding model worked best for bulk production.

Scott's statement is true of any production funding model. (*Four Corners*, for example, turns out high quality documentaries weekly on a comparatively tiny budget.) However, he omitted to inform the Committee that the ABC, under his direction, had removed bulk production from the smaller states, including South Australia.

In 2005/06 the States were producing 40 weeks a year of *Talking Heads* (Brisbane), *Cook and the Chef* (Adelaide), *Collectors* (Hobart), *Can We Help?* (Perth) - along with other shows like *Beat the Chef* (Adelaide), *Second Opinion* (Hobart), and *The Pet Show* and *Rollercoaster* (WA).

These shows, which brought Regional Australia to our screens every night of the week, were made with tiny budgets. For the first year, when their interstate travel was restricted, their cash budget was \$5,000 per week.

These were not token 'regional' programs. They were the bedrock of the schedule in the crucial pre-news, 6.30pm time-slot that launched the evening programming and helped to deliver the best ratings the ABC had experienced in many years.

It was the same in Sydney and Melbourne where the ABC internal production unit delivered (at the same time) weekly shows in *Message Stick*, *Difference of Opinion*, *Compass*, *Catalyst* and *Gardening Australia*. (*Gardening Australia* is also one of ABC Commercial's top earning programs.)

ABC South Australia Television

The Adelaide television unit was instructed to cease making cost-efficient series from 2011/12 and instead produce prime time programs with high end production values. By their very nature, these prime time programs and short run series need more research and development and bigger budgets.

ABC Friends has been informed that when the Adelaide TV unit was making multi-episode programs, such as *Talking Heads*, it did not need to spend money on research and development because this type of program had a formula and a format. That is why *Talking Heads* was able to be produced at a cost efficient price of \$53,460 per episode, forty episodes a year, every year, for six years.

¹ Information contained in a letter from Alan Sunderland (ABC Acting Director of People) to the CPSU national president Michael Tull. (12.12.2014)

² Evidence that Mark Scott gave to the Senate Select Committee Inquiry into The Abbott Government Budget Cuts. (December 2014)

4. ABC Friends believes that evidence given by ABC managing director Mark Scott at the Senate Select Committee Inquiry into the Abbott Government Budget Cuts³ to justify the planned closure of the South Australia television unit on cost efficiency grounds was misleading.

There were inappropriate comparisons. The true costs to the public of the outsourcing of television production were not made apparent.

It appears that Mark Scott has used figures from internal ABC commissioned budgets to compare ABC television costs in South Australia with external production.

Commissioned budgets are estimates or provision for anticipated costs. The actual amount spent often turns out to be less than. Furthermore, commissioned budgets include notional costs (eg. costs for the hire of existing ABC facilities and staff above the real costs incurred by the ABC). They also include costs that the ABC would incur in any case (eg. costs entailed in the acquisition and maintenance of equipment used for program production).

Commissioned budgets give an inflated picture of the true cost to the ABC of internally made programs and so do not provide a sound basis for comparison with external production.

Example 1:

In contrasting the costs of in-house production with outsourcing Mark Scott recently provided the examples of *The War That Changed Us* (a four x 60 minute episode co-production with a private production company) and two documentaries made by the ABC, *Countdown* and *When the Beatles Drove Us Wild*.

- i) Scott informed the Committee that *The War That Changed Us* (a four x 60 minute episode co-production with a private production company) cost the ABC only \$192,500 per hour.

However, the lower ABC expenditure due to a program being a co-production with a private partner is no saving to taxpayers, who pay the balance. Programs like *The War That Changed Us* (i.e. full period costume re-enactments with high end production values) are likely to cost about one million dollars per hour to produce.

The ABC may have contributed only an estimated \$200,000 per hour, being a total of \$800,000 for four hours of a total production budget of \$3-4 million. However, the private production company was funded by the taxpayer – via Screen Australia, ScreenWest, and tax concessions.

- ii) The ABC may have as little as one per cent equity in the production for its \$800,000 investment. The private production company will own the production and make the lion's share of money derived from future program sales (to Foxtel or overseas, and from DVD sales, for example).
- iii) The loss of copyright that is associated with ownership may also mean that footage of historical value will no longer be held in the ABC's archives for the benefit of future generations. It may result in the ABC needing to pay to utilise such footage itself in the future.
- iv) Mark Scott quoted the cost of the ABC documentary *When the Beatles Drove Us Wild* to be \$506,000. The total cost of the Beatles documentary was closer to \$450,000 (including research and development costs). This figure is higher than the hourly cost of *Countdown* (also produced by the ABC) because some costs can be amortized over two x 60-minute programs rather than a single hour. (Note the \$500,000 figure that Scott initially provided the inquiry for the cost of *Countdown* was revised down to \$363,983 per hour when he returned on 12 Dec after Senator Xenophon had requested he take the question on notice.)

³ Senate Select Committee Inquiry into The Abbott Government Budget Cuts. (December 2014)

- v) The Beatles documentary and *Countdown* would have been prohibitively expensive and not made at all by the private sector. Internally produced music documentaries like these are covered by the ABC's Blanket Music Licences which enable music to be used without paying clearance fees. The music costs, for private producers, which are not covered by the Blanket licence, would have been exorbitant.

Note: ABC Friends is unable to reveal the sources for its figures. However, the Committee can check the information provided with the ABC

Example 2:

Mark Scott said the ABC-produced documentary *Great Expectations* (on the orangutan Karta and Adelaide Zoo's breeding program) cost \$417,176 per hour. However, the program was only a 30 min documentary, so the actual cost was around half of the figure that Scott provided.

Supplement to ABC Friends national submission to the Inquiry into the Australian Broadcasting Corporation Amendment (Local Content) Bill 2014, Jan 2015.

In 1980, when I started work at the ABC, the Perth branch was a vibrant and bustling centre of creativity in both Radio and Television. It is now much depleted.

According to the ABC Annual Report 1985/6 (the first Report to which I have access), there were 522 members of ABC staff in Western Australia, including those at the five WA regional radio stations but not including the WA Symphony Orchestra¹. Like now, this was a time of great change at the ABC when it was restructured into divisions based on media (Radio and Television) in response to funding cut-backs and the resultant redundancies. In 1986 ABC WA staffing had reduced to 511 persons, representing 7.8% of the total ABC workforce².

In the 1980s ABC staff at the Perth studios produced radio and television programs for local and national audiences using WA talent, WA facilities and WA backdrops and with a full range of production facilities. Often, part of the role of permanent staff was mentoring the next generation of radio and television program-makers, people who jumped at the chance to spend time at the national broadcaster whether as a student for a day or a few weeks, or as an employee at the starting point of their careers.

In 2006, the year following the move to the new custom-built premises in East Perth, staff numbers were down to 274.63 FTEs³. Despite the drop in numbers, a wide range of production activities in radio and television still took place. A TV Production Unit filled a large open plan area of the second floor of the new building with young creative people, many of them graduates of media courses at WA universities and colleges, working alongside experienced producers, editors, sound and vision crews etc. This came to an end in 2010 when production ceased on the show *Can We Help?* resulting in a large loss of jobs, many of which were contract positions and not necessarily included in staff statistics.

The ABC's latest Annual Report (2014) states that there are 245.34 FTEs at the ABC in Western Australia (5.24% of the total ABC workforce)⁴. The ABC Acting WA State Director, Mark Yates, said in a speech given to *ABC Friends (WA) Incorporated* at our Annual General Meeting of 26th October 2014, that there were 380 Perth staff at the ABC prior to the move to the new building in 2005; in 2014 there are 180 staff only. Most Perth staff these days work in Local Radio or for the News & Current Affairs Division, and this will be even more the case later in 2015.

Mr. Yates' speech was given prior to the current round of redundancies which will see at least a further 28 positions made redundant. These positions include the single remaining non-News/C.Aff. TV producer in WA and the WA Resources Manager (the substantive position of Mr. Yates). The State Director positions are to be abolished in all states; though the holders of these positions had little actual control of production activities in their respective states, they were at the least a voice for the smaller states and a focal point and figure-head for local staff with overall responsibility for the functioning of the branch and the well-being of people working there beyond the usual Human Resources role, and with some discretionary budget; someone also to greet important guests to the studios, host community events and represent the ABC at a senior level at outside events and functions.

Furthermore, the centralisation of switchboard operations in Sydney means, in Perth, the loss of a position that also performed Receptionist duties. Whilst Property staff will have to take on this function during busy times, there will be members of the public coming into the ABC building to find no-one behind the Reception counter.

Cont. O/P

¹ ABC Annual Report 1985/6 Appendix 10 P.82

² Ibid

³ ABC Annual Report 2006 Appendix 15 P.197

⁴ ABC Annual Report 2014 Appendix 13 P.221

During most of my 30 years at the ABC I took phone calls from the public, both enquiries and comments positive and otherwise, I am therefore very aware of how pleased people always were, and are, to find themselves talking to an ABC person from their own state. We do not even know, at this point, whether the operational hours of the national switchboard will be extended to cover the 2 or 3 hour time difference between WA and NSW.

In 2000, Radio 'National Networks' (Radio National and Classic FM) had 12 people working in Perth making social history programs, drama, poetry and book readings, specialised music programs, recording the WA Symphony Orchestra and other special musical events around WA. There are currently 5 full-time positions and one part-time remaining; two of these positions, one from RN and the other one of two only CFM positions, are marked to go in this current redundancy round.

The loss of a defined local current affairs program on television is a rebuff to the people of Western Australia, as it is to those in other states. *ABC Friends WA* will be watching the output of News and Current Affairs originating over east for Western Australian content.

Regarding the loss of Television production generally, the ABC says that programs are still being produced in Western Australia through co-production arrangements with ScreenWest and independent producers. We are told again and again that it is much cheaper to make programs this way rather than in-house. Until we see a proper comparison we are not convinced that this is the case. Reports that may have shown whether or not this is the case have not been released to the public. Regardless of quantifiable production costs, no value has been given to the positives of a workforce made up of highly skilled and experienced program-makers used to working together, or to corporate memory, or to the commitment of those proud to be working for Australia's public service broadcaster. There is now no opportunity for students and new graduates outside Sydney and Melbourne who wish to work in Television to increase their skills and experience at the national broadcaster.

ABC Friends WA has deep concerns about ABC policies which increase the centralisation of the ABC in Sydney and which have already diminished and downgraded the ABC in the capital city of Western Australia over the last several years. *ABC Friends WA* believes that the people of Western Australia are being short-changed and reminds the ABC that it is a *national* broadcaster.

I refer the committee also to my personal submission (#159) to the 2011 *Senate Inquiry into recent ABC programming decisions*:

http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Environment_and_Communications/Completed_inquiries/2010-13/abc/index.

I also refer the committee to my submission (#1) and witness statement on behalf of *Friends of the ABC (WA) Incorporated* (as we were known at the time) to the 2012/13 *Senate References inquiry into the ABC's commitment to reflecting and representing regional diversity*:

http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Environment_and_Communications/Completed%20inquiries/2010-13/abcproduction/index.

These submissions and my witness statements and responses to questions (particularly in the case of the latter) are very relevant to this inquiry.

Bobbie Mackley
President - ABC Friends (WA) Incorporated
Email: wa@abcfriends.org.au

Attached: *ABC Staffing Percentages by Location 1986-2014*
WA ABC-TV Production 1999-2014

Supplement to ABC Friends national submission to the Inquiry into the Australian Broadcasting Corporation Amendment (Local Content) Bill 2014, Jan 2015.

ABC STAFFING PERCENTAGES BY LOCATION 1986-2014

Percentage of total staff:-

Location	1985/6	1994/5	2000/01	2004	2006	2008	2009	2010	2011	2012	2013	2014
NSW	43.50	49.00	52.10	47.26	46.90	47.50	47.60	48.70	48.50	49.23	50.37	51.31
VIC	21.10	19.00	16.40	17.61	17.60	17.40	18.30	18.00	18.10	18.44	17.72	17.15
QLD	8.70	8.00	8.20	8.79	9.00	8.80	8.50	8.50	8.80	8.87	8.84	9.18
SA	8.60	8.00	6.80	8.29	8.30	8.00	7.80	7.70	7.70	7.58	7.43	6.90
WA	7.80	7.00	5.80	6.47	6.30	6.10	6.10	5.90	5.70	5.42	5.29	5.24
TAS	6.90	5.00	4.70	4.39	4.60	4.50	4.20	3.90	3.80	3.65	3.09	3.11
ACT	1.50	2.00	2.60	3.69	3.80	3.90	3.80	3.80	3.90	3.64	3.96	3.85
NT	0.90	2.00	2.80	2.95	2.90	3.20	2.90	2.80	2.70	2.63	2.59	2.61
O/SEAS	0.90	N/A	0.60	0.54	0.70	0.60	0.80	0.70	0.70	0.54	0.71	0.64
TOTAL	99.90	100	100	99.99	100.01	100	100	100	99.99	100	100	99.99

Statistics sourced from ABC Annual Reports to Parliament 1985/6, 1994/5, 2000/01, 2004, 2006, 2008, 2009, 2010, 2011, 201, 2013 & 2014.

Compiled by: B. Mackley
Updated December 2014

ABC-TV PRODUCTION IN WESTERN AUSTRALIA 1999 – 2014

(Does not include News and Current Affairs)

- 2014** ANZAC Day March & Service
Sport: WA Football League (coverage of a weekly game and half-time programming)
Factual Series: *Gardening Australia* – WA-based segments for national program
Factual: *The Day The Shark Came In* – 58' documentary (fully in-house production)
Coverage of WW1 First Fleet commemorations in Albany (November)
- 2013** ANZAC Day March & Service
Sport: WA Football League (coverage of a weekly game and half-time programming)
Factual Series: *Gardening Australia* – WA-based segments for national program
- 2012** ANZAC Day March & Service
Sport: WA Football League (coverage of a weekly game and half-time programming)
Factual Series: *Gardening Australia* – WA-based segments for national program
- 2011** ANZAC Day March & Service
Sport: WA Football League (coverage of a weekly game and half-time programming)
Factual Series: *Gardening Australia* – WA-based segments for national program
Factual: *Compass - Rebuilding Bunbury Cathedral* (one-off documentary)
Factual Series: *Can We Help?* (20 x 30min Eps, final series)
News Series: *Australian Story - Mr Quigley's Quandary* (2 parts)
News Series: *Australian Story - Desperate Remedies* (2 parts)
- 2010** ANZAC Day March & Service
Sport: WA Football League (coverage of a weekly game and half-time programming)
Factual Series: *Gardening Australia* – WA-based segments for national program
Factual Series: *Can We Help?* (41 x 30min Eps)
- 2009** ANZAC Day March & Service
Sport: WA Football League (coverage of a weekly game and half-time programming)
Sport: Hopman Cup Tennis (national)
Factual Series: *Gardening Australia* – WA-based segments for national program
Factual Series: *Can We Help?* (40 x 30min Eps)
Children's Series: *Rollercoaster Hostings* (multiple shorts for ABC3, final screening Jan 2010)
- 2008** ANZAC Day March & Service
Sport: WA Football League (coverage of a weekly game and half-time programming)
Sport: Hopman Cup Tennis (national)
Factual Series: *Gardening Australia* – WA-based segments for national program
Factual Series: *Can We Help?* (40 x 30min Eps)
Children's Series: *Rollercoaster Hosting* (290 shorts, national)
- 2007** ANZAC Day March & Service
Sport: WA Football League (coverage of a weekly game and half-time programming)
Sport: Hopman Cup Tennis (national)
Factual Series: *Gardening Australia* – WA-based segments for national program
Factual Series: *Can We Help?* (40 x 30min Eps)
News Series: *Australian Story – Beyond Reasonable Doubt* (3 parts)
Children's Series: *Rollercoaster Hosting* (290 shorts, national)

- 2006** ANZAC Day March & Service
 Sport: WA Football League (coverage of a weekly game and half-time programming)
 Sport: Hopman Cup Tennis (national)
 Factual Series: *Gardening Australia* – WA-based segments for national program
 Factual Series: *Can We Help?* (28 Eps, national)
 Factual Series: *The Pet Show* (37 Eps, national)
 Children's Series: *Rollercoaster Hosting* (290 shorts, national)
- 2005** ANZAC Day March & Service
 Sport: WA Football League (coverage of a weekly game and half-time programming)
 Sport: Hopman Cup Tennis (national)
 Factual: *Gardening Australia* – WA-based segments for national program
 Factual Series: *How The Quest Was Won* (36 Eps, national)
 Children's Series: *Rollercoaster Hosting* (multiple shorts for ABC3, national)
 Arts: *Boys Don't Dance* (one-off documentary, national)
- 2004** ANZAC Day March & Service
 Sport: WA Football League (coverage of a weekly game and half-time programming)
 Sport: Hopman Cup Tennis (national)
 Factual: *Gardening Australia* – WA-based segments for national program
 Factual Series: *Reality Bites - Children's Ward*
 Factual: *George Negus Tonight* (40 Eps, national)
- 2003** ANZAC Day March & Service
 Sport: WA Football League (coverage of a weekly game and half-time programming)
 Sport: Hopman Cup Tennis (national)
 Factual: *Gardening Australia* – WA-based segments for national program
 Arts: Festival of Perth (one-off program)
 Factual Series: *Outback Upfront* (co-pro with ScreenWest & FTI, national)
 Factual Series: *People Dimensions* (40 eps, national)
 Children's Science Series: *Our Earth* (7 Eps, national)
 Factual Series: *George Negus Tonight* (40 Eps, national)
- 2002** ANZAC Day March & Service
 Sport: WA Football League (coverage of a weekly game and half-time programming)
 Sport: Hopman Cup Tennis (national)
 Factual: *Gardening Australia* – WA-based segments for national program
 Factual Series: *Outback Upfront* (co-pro with ScreenWest & FTI, national)
 Children's Science Series: *Atoms Alive* (8 Eps, national)
 Factual Series: *Radio Pictures Shorts* (cut-down programs used as fillers, national)
 Factual Series: *Police Training Academy* (4 Eps, screened 2003, national)
 Factual: Series: *Consuming Passions* (40 short Eps, national)
- 2001** ANZAC Day March & Service
 Sport: WA Football League (coverage of a weekly game and half-time programming)
 Sport: Hopman Cup Tennis (national)
 Sport: Women's National Basketball League (for national broadcast)
 Sport: Davis Cup 1st. Round (national)
 Factual: *Gardening Australia* – WA-based segments for national program
 Arts: *Terrace Proms* (one-off)
 Arts: *Dennis Cleveland Opera* (one-off, national)
 Arts: *Rolf Harris Centenary Concert* (one-off, national)
 Children's Science Series: *Atoms of Fire* (7 Eps, national)
 Factual Series: *Consuming Passions* (40 short Eps, national)
 Factual Series: *Radio Pictures* (10 Eps, national)

2000

ANZAC Day March & Service

Sport: WA Football League (coverage of a weekly game and half-time programming)

Sport: Hopman Cup Tennis (national)

Sport: Women's National Basketball League (national)

Factual: *Gardening Australia* – WA-based segments for national program

Arts: *Angels in the Architecture* (one-off performance feature)

Arts: *Terrace Proms* (one-off performance)

Arts: *The Planet* (6 Eps, national music program with Lucky Oceans)

Factual Series: *Consuming Passions* (cooking show with Ian Parmenter; 40 short Eps, national)

Factual Series: *Radio Pictures* (10 Eps, national)

Snapshot (200 x 5mins per year)

1999

ANZAC Day March & Service

Sport: WA Football League (coverage of a weekly game and half-time programming)

Sport: Hopman Cup Tennis (national)

Factual: *Gardening Australia* – WA-based segments for national program

Children's Science Series: *Waterworks* (4 Eps, national)

Factual Series: *Radio Pictures* (5 Eps, WA only)

Factual Series: *Consuming Passions* (40 short Eps, national)

Factual Series: *Snapshot* (200 x 5mins per year)

Compiled by B. Mackley (ABC staffer 1980-2010) with information provided by ABC staff.

Updated December 2014