

Report into the effects of

Government Funded National Broadcasting

on Victoria



Economic Development Committee
Parliament of Victoria
May 1999

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ECONOMIC DEVELOPMENT COMMITTEE

FINAL REPORT

**Inquiry into the Effects of Government-
Funded National Broadcasting on Victoria**

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Parliament of Victoria
Economic Development Committee

Report into the Effects of Government-Funded National Broadcasting
on Victoria.

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TERMS OF REFERENCE

PARLIAMENTARY COMMITTEES ACT 1968

TERMS OF REFERENCE FOR

JOINT PARLIAMENTARY ECONOMIC DEVELOPMENT COMMITTEE:

**EFFECTS OF GOVERNMENT-FUNDED NATIONAL
BROADCASTING ON VICTORIA**

The Lieutenant-Governor as the Governor's Deputy, with the advice of the Executive Council, under sections 4EC and 4F of the Parliamentary Committees Act 1968, refers the following to the Economic Development Committee:

To inquire into and make recommendations on the role and adequacy of government-funded national broadcasting and to examine the impact of these broadcasters on the Victorian economy and community.

Terms of Reference:

In particular the Committee is required to:

- (i) examine the current and long-term distribution of government-funded national broadcasting resources and the effect of this distribution on Victoria;
- (ii) examine the effects on industry, including broadcasting, film and video production and multimedia;
- (iii) examine the effects on the arts and cultural life in Victoria including whether government-funded national broadcasters adequately service Victoria, and Melbourne, as Australia's second largest city; and
- (iv) examine the programming mix available from government-funded national broadcasters and how programming decisions are made and whether the programming which is delivered is geographically balanced.

The Committee is required to report to the Parliament by 30 March 1999.

Dated: 2nd June 1998

Responsible Minister:

MARK BIRRELL
Minister for Industry, Science & Technology

Clerk of the Executive Council

EXTENSION OF REPORTING DATE

PARLIAMENTARY COMMITTEES ACT 1968

EXTENSION OF REPORTING DATE OF JOINT PARLIAMENTARY ECONOMIC DEVELOPMENT COMMITTEE INQUIRY INTO THE EFFECTS OF GOVERNMENT-FUNDED NATIONAL BROADCASTING ON VICTORIA

The Governor in Council, under section 4F of the **Parliamentary Committees Act 1968**, specifies that the time within which the Economic Development Committee is required to report to the Parliament on the inquiry into the role and adequacy of government-funded national broadcasting and to examine the impact of these broadcasters on the Victorian economy and community under the terms of reference contained in the Order in Council dated 2 June 1998 and published in the Victoria Government Gazette on 4 June 1998 (No. G22, page 1294) is extended to 1 June 1999.

Dated: 1 December 1998

Responsible Minister:

MARK BIRRELL

Minister for Industry, Science & Technology

Clerk of the Executive Council



Request to Members of the Parliament of the Commonwealth of Australia,
from Members of the
Victorian Parliamentary Economic Development Committee.

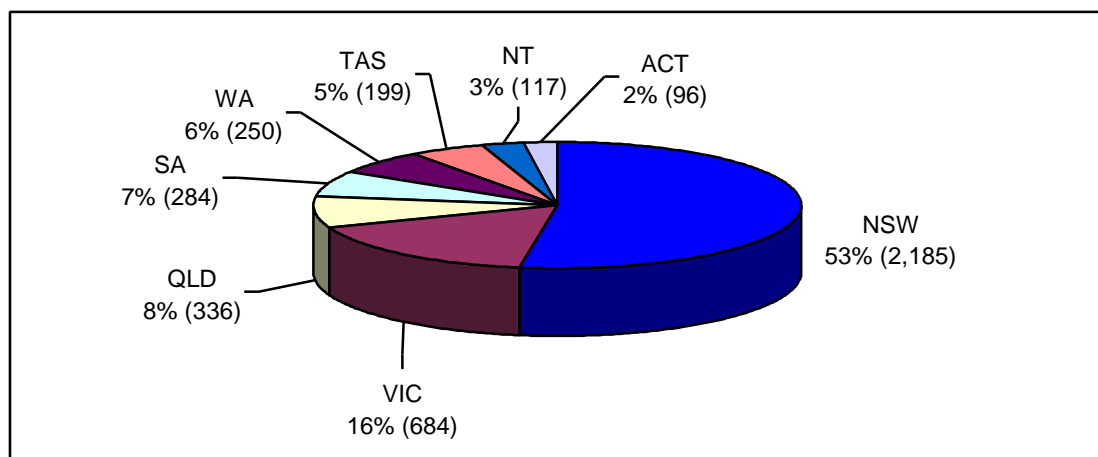
Special status of the ABC

As a Government-funded national broadcaster the ABC should do more than simply talk to all Australians from Sydney, it must allow all Australians to talk to each other where ever they live. This is an important differentiation from the commercial broadcasters who are concentrated in Sydney.

What is the situation?

The pie chart below clearly indicates a centralisation of ABC resources in Sydney.

ABC Staff Profile as at 21 June 1998



(Source: ABC Annual Report 1997-98)

AUSTRALIA WIDE CONCERN OVER CONCENTRATION OF RESOURCES

The Economic Development Committee did not create the concern about ABC centralisation. Such concern is not unique to Victoria, but is felt in all States and rural NSW. The 1996 Mansfield Review of the ABC and the 1995 Senate Select Committee review also focused on the need for decentralisation of the ABC.

ABC statements and policy also recognise the need for decentralisation. For example, the Managing Director of the ABC Mr. Brian Johns told the Committee:

“The ABC has emphatically rejected the concept of centralism.”

However, the facts fly in the face of such a claim.

Need for Action

The ABC has two inconsistent and illogical actions currently in play, and because of a unique combination of events, we believe the Commonwealth Parliament is able to intervene. These events are as follows:

On the one hand the ABC says it is committed to decentralisation, that is moving significant numbers of their Sydney based manpower and other resources out of Sydney to other centres across Australia.

This will mean reduced accommodation needs in Sydney, with increases in other States.

HOWEVER:

The ABC is seeking Commonwealth Parliamentary approval for massive new accommodation expenditure that will spend \$122 million on a new multi-storey central Sydney development to house its existing Sydney personnel and resources and rationalise its accommodation and facilities in all other States.

This will result in two possible outcomes:

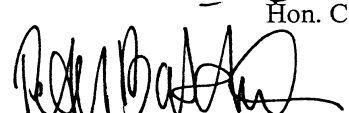
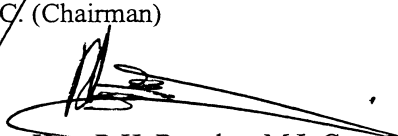
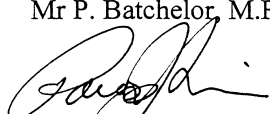
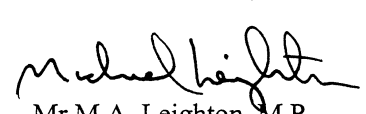
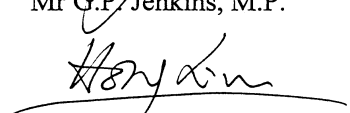
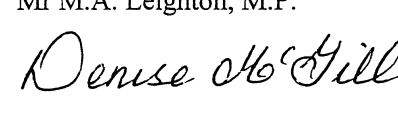
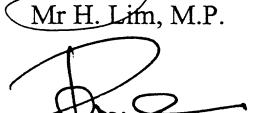
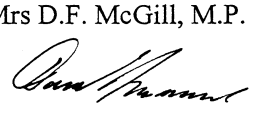
- The new Sydney development will be over-developed and under utilised if the ABC truly decentralises, or
- The proper utilisation of the new development will commit the ABC to continued centralisation.

Our Request to the Commonwealth Parliament

We urge the Commonwealth Parliament and particularly the members of the Public Works Committee of the Parliament, not to approve funding of this new development until the ABC has presented to Parliament its changed staffing and resource requirements to meet the Corporation's decentralisation plans.

Only then will you be able to judge if their proposal is too big, or if their plans for other capital cities are too small to accommodate real decentralisation.

Members of Victorian Parliamentary Economic Development Committee:

 Hon. C.A. Strong, M.L.C. (Chairman)	
 Mr P. Batchelor, M.P. (Deputy Chairman)	 Hon. R.H. Bowden, M.L.C.
 Mr G.P. Jenkins, M.P.	 Mr M.A. Leighton, M.P.
 Mr H. Lim, M.P.	 Mrs D.F. McGill, M.P.
 Hon. P. Power, M.L.C.	 Mr D.L. Treasure, M.P.

CHAIRMAN'S FOREWORD

Preface to Chairman's Foreword:

This particular Inquiry has been difficult and different in two aspects. Firstly, as an investigation by a Victorian State Parliamentary Committee into a Commonwealth Government body and secondly, the potentially political nature of the Inquiry.

This political dimension came to the surface during the first weeks of the Inquiry with media reports attributed to the then leader of the State opposition, Mr John Brumby, as saying:

"the inquiry was an act of gross political hypocrisy by the Premier, and that the four Labor MPs in the nine member committee would produce their own report scathing in its criticisms of Kennett". The Australian, 20/7/98

It was therefore a tribute to the Parliamentary Committee process, as well as the serious issues investigated, that after months of hearings, meetings, and discussions by the Committee, all members were sufficiently concerned and disturbed by the evidence that they were united in their desire to bring these concerns to the attention of all Australians.

To this end, the Committee worked hard to achieve a unanimous position, so that these issues would not be lost in the smoke of any party political fire. This process culminated on the 12th May, 1999, by the unanimous adoption of the Report by all members of the Committee.

I believe this outcome of unanimously adopting the report was driven by the Committee's concern over the ABC and SBS activity, and the desire by all members of the Committee to keep the focus on these issues, rather than cloud them with Party politics.

It is therefore with regret that I have to report, after the unanimous adoption of the Committee's Report, that two minority reports have been received and are therefore included in these documents.

These minority reports deal with questions that some members have perceived as additional to or not adequately covered by the unanimously adopted Report.

In the case of Labor's minority report, by three of the four Labor Party members of the Committee, it simply provides the Labor Party's foreshadowed "scathing attack on the Premier" signaled by Mr Brumby at the outset of the Inquiry. In addition, this minority report by the three Labor members, canvasses issues which are clearly outside the Committee's Terms of Reference, and as such, were never raised in any substantive fashion by them in the Committee deliberations.

In commenting on these minority reports, I would like to clearly note that neither dissents from, nor disagrees with any of the evidence and findings of the Committee's Report, but rather they raise new and different questions.

I am sure that I speak for all members of the Committee, in clearly stating that we do not want this last minute politicking to distract in any way from the very substantive evidence and findings presented in this Report, which we all believe must be addressed.

The above Preface to the Chairman's foreword was added following receipt of the two minority reports.

An investigation and report by a Victorian State Parliamentary Committee into a Commonwealth Government body is unusual and has taken the Economic Development Committee into uncharted territory in many ways.

The Victorian Parliament clearly has no jurisdiction over the ABC and SBS and as such the considerable powers that the Committee would normally have, for example to subpoena witnesses, records and other information, were not available to it in this Inquiry. As a consequence, the Committee had to rely on the good will and co-operation of the parties in the conduct of its investigation, and as this Report notes,

although the parties generally co-operated, it was not always as full and frank as the Committee would have wished.

Another area where the Inquiry breaks new ground is in this Report itself. Normally a Committee reports to and makes recommendations to the Victorian Parliament for action by the Victorian Government. But as the Victorian Parliament and Victorian Government have no jurisdiction over the ABC and SBS, this normal procedure is inappropriate.

This Report is therefore structured more around “*Findings*” by the Committee rather than recommendations. These *Findings* are more a statement in *the Public Interest* from the Committee and addressed to the public, rather than recommendations to the Victorian Government.

The Committee believes and hopes that the evidence and common-sense behind these *Findings* will bring about an environment for change, both within the ABC and SBS, as well as the community. This environment for change will flow through to the Commonwealth Government which does have jurisdiction over these bodies.

The Committee has made a small number of recommendations directed at the Victorian Government, and where the Committee’s concern over a particular *Finding* has been very strong, a recommendation has on occasions been made on that issue. These later recommendations are made to indicate to the ABC, the SBS and the Commonwealth Government the type of action that the Committee sees as an appropriate response to a *Finding*.

When the Terms of Reference was issued to the Committee in June last year, there was a distinct possibility that the Inquiry and its outcome had the potential to be politically driven. I am therefore very pleased to report that the Members of this all-party Committee, regardless of their personal views and opinions, have been sufficiently concerned by the evidence put to the Committee, that we resolved to jointly identify, and bring our concerns to the attention of the Australian and Victorian public. By doing this, the Committee aims to stimulate the type of action it believes is essential to ensure the successful continuation of these two important National Institutions.

A summary of the Committee's key findings is contained in Part One of this Report. Detailed analysis of key issues is provided in Part Two under specific chapters.

The issue that triggered this Inquiry were reports of the heavily centralised nature of ABC resources in Sydney. Unfortunately the Inquiry has found this to be true.

Examples of centralisation are found in:-

- program production, particularly news and current affairs, which is predominantly Sydney based, reflecting a Sydney view of Australia, by Sydney presenters and commentators;
- decision making, with most important programming and resources allocation being Sydney based and biased; and
- accommodation and digital technology strategies.

This over-concentration of resources and decision making in one location is not a desirable outcome for a national broadcaster funded by the taxpayers. It is also in conflict with a priority of government-funded national broadcasting to provide local programming.

The Committee has been heartened by the ABC's public rejection of centralism and corresponding support of what it terms 'Federalism'. However the Committee found time and again that the facts did not match the rhetoric. The Committee found that the inertia from many years of centralism seems to be the driving force despite the intentions and public pronouncements to the contrary.

Perhaps the most blatant manifestation of actions speaking louder than words, is the ABC's commitment to build a new \$122 million multi-storey office and digitally equipped production complex in central Sydney to provide permanent and long term accommodation for all of its temporarily housed Sydney personnel and production resources.

Having locked in its Sydney accommodation and digital conversion strategy by this decision, the ABC is about to commence a scoping study to examine the future of its

Melbourne facilities. However, even at this early stage, the Committee has evidence that the Ripponlea production facility will not be equipped for High Definition Digital TV (HDDTV), making Sydney the only non-news and current affairs centre with this important new facility.

Another example was the total and instant dismissal of the Committee's Discussion Paper highlighting the opportunities afforded to the ABC by the relocation of some of its production facilities to the new digital and multi-media complex being proposed in the Melbourne Docklands. This rejection was in favour of the new Sydney complex which permanently locates existing resources in Sydney.

The Committee believes that Australians outside of Sydney will not believe the ABC's pronouncements on decentralisation unless it makes a firm commitment to relocate a significant amount of its Sydney staff and resources to other States and announces a corresponding cut back in its Sydney developments.

The Committee has found that in the absence of any firm commitment to move resources out of Sydney, and in the face of firm commitments to enhance Sydney's resources, then all the good intentions on decentralisation will come to nothing.

ACKNOWLEDGEMENTS

The Committee wishes to acknowledge the valuable contributions made by various organisations and individuals during the course of the Inquiry.

The Committee particularly wishes to thank the many ABC and SBS staff and contractors who appeared in public and in-camera hearings and who provided information to the Committee's research staff. The Committee is aware that some of these witnesses came forward despite fearing some form of retribution from their employer.

The high public profile of this Inquiry necessitated the Committee conducting a large number of public hearings in Melbourne and regional Victoria. The Committee appreciates the significant contribution made by all witnesses, including the many ABC and SBS managers who travelled from Sydney to appear before the Committee as well as various ABC and SBS staff and other individuals and organisations.

The Committee is appreciative and grateful for the time and assistance of Mr Murray Green, ABC Victorian Manager, Ms Sue Howard, ABC Head of Regional Services, Ms Pauline Garde, ABC General Manager Corporate Policy and Development and Ms Chris Sharp, SBS Policy Manager.

Valuable public evidence was also received through written submissions and appreciation is extended to those who contributed written material to the Committee.

Early in the Inquiry, the Committee conducted visits and informal meetings in Sydney, Brisbane and Melbourne. The Committee would like to thank the individuals and organisations for their time and input extended during these visits.

Finally, the Committee is particularly grateful for the hard work of the Committee staff, namely the Executive Officer, Mr Richard Willis; Office Manager, Ms Anne Morgan; and Research Officer, Mr Charles Collins, who performed their roles admirably during a demanding Inquiry.



Part One

Inquiry Overview



Economic
Development
Committee

Overview

1.1 Terms of Reference

On the 2nd June 1998, the Victorian Minister for Industry, Science and Technology, The Hon. Mark Birrell MLC, issued the Economic Development Committee with a Terms of Reference to investigate the effects of government-funded national broadcasting on Victoria.

Briefly, the Reference required the Committee to inquire into:-

- the role and adequacy of government-funded national broadcasters; and
- the current and long-term distribution of these broadcasters' resources, both in number and effect, upon the Victorian economy and community.

1.2 Scope of Inquiry

The Inquiry has concentrated on the Australian Broadcasting Corporation (ABC) and the Special Broadcasting Service (SBS) both of which are funded by the Commonwealth Department of Communication, Information Technology and the Arts.

It is clear that the ABC, for more than 60 years, has held an important place in Australian society and is often described as a cultural icon. In a relatively short time, SBS has also become a unique and valued part of Australia's multicultural heritage.

There have been several reviews of the role of the ABC in the past, most recently the 1996 Mansfield Review. The Committee has not become aware of any past reviews of the SBS. An Inquiry by a State Parliamentary Committee into the functions of Federal Government bodies is unusual. With increasing concerns by States other than New South Wales that both the ABC and SBS are centralising activities in Sydney, it is timely that such a review be conducted.

The majority of submissions and evidence taken by the Committee have related to activities of the ABC. In this context, it should be noted that the ABC receives more than five times the funding, has a wider audience share and employs many more

resources than the SBS. As a consequence, the Inquiry and this Report have a greater concentration on the ABC than the SBS.

The process of gathering evidence has involved:-

- Receipt of 76 written submissions
- Evidence from 73 witnesses in Melbourne public hearings
- Conduct of regional hearings in south western and western Victoria and the Gippsland region taking evidence from 68 witnesses
- In-camera hearings with 15 witnesses
- Meetings and inspections in Melbourne, Sydney and Brisbane and many meetings with ABC management at various levels.
- The Chairman and Deputy Chair of the ABC met informally with the Chairman and Deputy Chairman of the Committee.

In March 1999, the Committee released a *Discussion Paper on the Future of ABC Television Production*.

1.3 General Conduct of the Inquiry

The ABC nominated the Victorian State Manager, Mr. Murray Green, as the official contact person during the course of the Inquiry.

In addition, as the Inquiry unfolded, the ABC's Sydney-based General Manager, Corporate Policy and Planning, Ms Pauline Garde, almost inevitably accompanied the Victorian State Manager at all site visits and Committee hearings as well as preparing the ABC's official written submissions. Other senior members of ABC management were generally present at all such hearings to listen to witnesses giving evidence to the Committee.

To further assist the public broadcasters, all Inquiry transcripts were made available as soon as possible after public hearings to allow the ABC and SBS to study evidence given to the Committee. Furthermore, at public hearings where appropriate, ABC management were provided with an opportunity to comment on the evidence given by other witnesses at the hearings.

The ABC presented three formal written submissions to the Committee:

- an initial submission in response to the Committee's Terms of Reference; (received on 9/10/98)
- a second submission (9/3/99) analysing, commenting on, and responding to the evidence presented to the Committee by other witnesses; and
- a third submission (4/5/99) in response to the Committee's ongoing requests for further information with respect to ABC's management structure and costs as well as a formal response to the Committee's March 1999 Discussion Paper.

The SBS made an initial written submission in response to the Committee's Terms of Reference and also provided a supplementary submission to address evidence given by SBS staff. Additional information on specific requests by the Committee was also provided. As with the ABC, SBS management were generally in attendance when evidence specific to SBS was being taken.

1.4 Conduct of the ABC

Throughout the Inquiry, the Committee sought to establish a good working relationship with ABC management for the purpose of better understanding the industry and being able to effectively carry out its investigation.

The Committee acknowledges that the ABC has provided it with a great deal of information, has made accessible to the Committee and its staff, relevant members of ABC management and staff to inform and educate the Committee into key issues and challenges facing the ABC.

However, this relationship could be characterised by a willingness to provide, and in many cases overwhelm, the Committee with information supporting the ABC's position on a particular issue. Unfortunately, there was reluctance on behalf of the ABC to be as forthcoming and open with information on areas being probed by the Committee. The Committee found the SBS to be more forthcoming in this respect.

In responding to the Committee's requests for information, the ABC appeared to place many impediments in the Committee's way, often could not provide what was asked for, provided insufficient details, and generally put forward a variety of reasons why they were unwilling or unable to provide such information.

The Committee's request for financial and staffing information, benchmarking and similar evidence of prudent management of finances, is a good example of this process.

In September/October last year, the Committee approached the ABC seeking a detailed geographical breakdown of staff, programs and budget allocation. After a series of informal meetings, the Committee received some incomplete staffing figures that could not be reconciled with the ABC's Annual Report figures.

The ABC indicated its new accounting system and the way in which it operates as a national body, would not allow for a geographical breakdown of program production and other budget allocation and as such the data was not available to the Committee.

Another example has been the endeavour by the Committee to benchmark the ABC's performance against other organisations. In dealing with these questions, the ABC failed to provide the data the Committee required to help in its analysis and declined to advance its own benchmarks in key efficiency areas. When the Committee developed its own benchmarking, it found that the ABC's response was to generally question and criticise the work done by the Committee, rather than be positive and attempt to develop their own benchmarks.

Only days before formally adopting this Report, the ABC submitted outdated (1995/96) and inappropriate performance measures to the Committee, all without details of methodology or source data.

⇒ **FINDING**

The Committee finds that the ABC committed significant time and resources into the Inquiry, however such a commitment did not result in the provision of key information requested by the Committee. The Committee found the SBS to be more forthcoming in this respect.

The Committee finds it impossible to believe that the ABC does not know the detailed geographical breakdown of staff and resources. The Committee finds that the ABC has sought to deprive the Committee of this key information by continual procrastination.

1.5 ABC and SBS Staff Contribution to the Inquiry

It should be emphasised that the information provided to the Committee on the public record represented only a part of the information brought to the Committee's attention.

Early in its hearing process, the Committee was approached by various ABC and SBS staff (past and present) and contractors to these organisations, who had relevant information and evidence to provide. While supportive of the institutions, the majority of this information was critical of the management and processes of both broadcasters. Unfortunately many individuals were unwilling to present information at public hearings in the fear that it would adversely affect their careers, job prospects or commercial dealings with the ABC and SBS.

The nature of the industry is such that there are many casual, freelance and short-term staff who would be less certain about their futures in the event that they spoke out about their employers.

The need for such a concern was dismissed by the ABC and SBS, however the fact remains that there are many individuals who feared for their career prospects if they provided evidence in public. Several of these 'witnesses' quoted examples of the ability and the propensity of the ABC and SBS to impose significant sanctions on those who spoke out against the Corporations.

While both broadcasters were quick to dismiss these staff claims, the Committee believes there is an urgent need for the ABC and SBS to address the concerns of staff and to ensure that both organisations encourage openness.

⇒ FINDING

Despite the ABC and SBS dismissing accusations of staff intimidation, the Committee finds that there is enough evidence to cast doubt over the freedom of staff publicly expressing their views to the Committee.

1.6 Friends of the ABC

Although the Committee received useful information from its public hearing with the Friends of the ABC (Vic) Inc., the Committee is concerned over the apparent relationship between senior ABC management and the Friends of the ABC.

It became clear to the Committee that the Friends of the ABC undertake their role as one of generally supporting ABC management.

More importantly, the Committee was surprised and concerned that Friends of the ABC Victoria Branch, although genuinely concerned about budget cuts and pushing for an increase in funding, did not seek to lobby the ABC for an increase in Victorian based services.

Evidence from the Friends of the ABC focused predominantly on the recent cuts to ABC resources and the necessity to centralise staff and resources:-

“It is widely recognised that greater centralisation is an inevitable consequence of severe budget cuts in a large national organisation like the ABC. Cuts are made from and by the centre but do not fall most heavily on the centre. The same is true of other electronic media organisations.”¹

Of further concern to the Committee was correspondence received from the ABC and Friends of the ABC which often appeared to be an exact duplicate in content, clearly indicating a unified and co-operative approach between ABC management and the Friends of the ABC. An example of this is provided in Attachment 13.

⇒ FINDING

The Committee finds that the Friends of the ABC has a positive role to play in debate over ABC services and functions, but it can only perform this role if it works for the enhancement and improvement of ABC services and modes of operation rather than generally supporting ABC management.

The Committee believes the Friends of the ABC Victorian Branch should be actively lobbying the ABC to de-centralise resources away from

¹ Friends of the ABC (Vic) Inc., Submission No.43 to EDC, 30/9/98, p.3

Sydney and to ensure that Victoria has a fair and equitable share of ABC resources.

2. Criteria on Which to Judge the Role and Adequacy of Government-Funded National Broadcasters

A Victorian Parliamentary Committee could easily have taken a parochial view of the ABC and SBS. However, because of the broadcasters national objectives, the Committee believed it was appropriate to consider performance against more national criteria.

The Committee believes there are two core questions that need to be considered in establishing such criteria:-

- The extent to which the \$811 million² annual expenditure by government-funded national broadcasters is effectively and efficiently managed, all within the context of rapidly changing technology, globalisation and the multiplicity of easily available alternatives and competing media.
- The purpose behind the Federal Government funding two national television networks, five national radio networks and a multiplicity of local radio broadcasters.

2.1 Management of Government Funds

The Committee believed that an important part of its investigations was to ascertain how effectively the ABC manages its very significant resources.

As a consequence, the Committee spent many months endeavouring to obtain detailed financial and staffing information from the ABC so that it could benchmark the ABC's output both against industry in general and other media organisations where practicable.

The Committee was extremely disappointed to discover that the ABC did no significant benchmarking of its own. Further, the ABC was simply unable or unwilling

² In 1998/99, total expenditure for national broadcasting comprised \$631 million for the ABC; \$85 million for the SBS; and \$95 million for the National Transmission Agency.

to provide the Inquiry with information that would allow the Committee to undertake benchmarking or other cost comparisons to establish and monitor the ABC's efficiency and effectiveness.

After many months of futile endeavour seeking the ABC's assistance in obtaining financial and staffing data, the Committee was forced to commission a consultancy firm to carry out this task. The consultants, who are experts in benchmarking analysis, have developed measures from publicly available data, including annual reports and compared this to other industries in Australia and overseas.

This work is detailed in Chapter 4 of the Report and although it could only be derived at a very summary level, it clearly indicates that the ABC is not efficiently managing the taxpayers' funds to which it has been entrusted.

⇒ **FINDING**

The Committee's consultant found that if the ABC operated at best practice levels, then simply in respect of its management and administration costs alone, it could save between \$25 million and \$74 million per annum.

To gain an insight into efficiency of operation the Committee's consultant's report derived the ABC performance against several generic and generally accepted ratios of an organisation's management performance and productivity. It should be noted that the Committee did not attempt to benchmark the ABC's audience share and ratings, or the quality of programming which is often a subjective analysis.

Briefly, the Committee's consultants found as follows:-

- ***The ratio of management and administrative staff cost to all other costs:***

The consultant's report found that for every \$10 spent in the production and delivery of TV, the ABC spent \$5 in TV administration. For radio the equivalent figure is \$6 for administration for every \$10 spent in production.

The report also points out that this is a very conservative assessment as it is confined purely to head office administration activity. Information on the management

and administration staff within specific production areas is not published data, and accordingly was not available to the Committee.

- ***The ratio of head office staff to total staff:***

The ABC's final submission indicates there is 1 head office staff to every 3 total staff. Over the eight months from June 1998 to February 1999, overall staff reduced by 63 however an extra 37 staff were put on head office payroll.

- ***The ratio of personnel in executive management, finance, business services, and human resources to all other personnel:***

The ABC has one such person for each 7.5 staff, classifying the ABC possibly amongst the worst performers in Australia.

- ***The ratio of Human Resource staff to all other personnel***

The report illustrates that the ABC has one Human Resources staff member per 27 other staff, putting the ABC in the lower quartile of performers in terms of HR resources per staff member. The number of HR Staff for the ABC is more than two and a half times the USA best practice. Best practice in Australia is considered to be 1 HR staff to every 100 other staff.

- ***Using benchmarks for the communication industry the ABC's performance shows:***

The ABC spends 40% more on TV administration staff in comparison with the average USA TV industry.

The average cost of an ABC radio station is at least 90% greater than the average Australian commercial radio station, despite a high degree of centralisation of national radio programs.

⇒ FINDING

Based on the evidence presented to the Committee by its Financial Consultant and the failure of the ABC to provide detailed benchmarking or productivity data of their own, the Committee finds that the Commonwealth Auditor General should undertake a detailed performance audit of all aspects of ABC operations.

3. Purpose of Government Funded National Broadcasters

The second criteria the Committee considered was the purpose behind the Government funding the national broadcasters.

Non-Government funded media includes free to air commercial television (three national networks), at least two operators of cable television each with a wide variety of channels available, satellite television, an extensive national and local radio network, plus newspapers and digital image news available from a multiplicity of international and local internet sources.

Given the above, why does the Government outlay such a significant amount of funding for two other broadcasters?

⇒ FINDING

The Committee finds that the key purpose for the Federal Government to fund national broadcasters is the need for independent broadcasters whose first priority is to provide programs of a type or of a quality that are not supported by commercial broadcasters.

Much of the Committee's evidence would indicate that this purpose is not understood or accepted within the ABC and the SBS.

In making the case for government-funded broadcasters to be different to commercial broadcasters, the Committee is not suggesting the ABC and SBS simply become niche broadcasters avoiding types of programs offered by other sectors but that their first priority should be to meet the needs not covered by other broadcasters.

⇒ FINDING

The Committee finds that in meeting needs not covered by other broadcasters, the ABC and the SBS need to differentiate their services in two areas:

- **Management and operating practices that, because of their Government funding, should be more inclusive, geographically diverse and transparent than other broadcasters.**
- **A programming priority concentrating firstly into areas not covered by commercial broadcasters, such as local programming, rather than replicate commercial broadcasters' programming.**

4. Management and Operational Differences

These issues are dealt with in more detail in Part 2, however a key management and operational difference that the Committee finds as being in need of change, is the requirement to provide geographically diverse services.

Geographically Diverse Services

The Committee noted that the commercial networks are centralised in Sydney and are syndicating more of their output to audiences across Australia. These commercial broadcasters have no obligation, other than for commercial reasons, to be decentralised and to ensure programs and resources are geographically balanced and regionally diverse.

Management from both the ABC and SBS have justified their head offices being based in Sydney because most other major media organisations are also based in Sydney.

The Committee does not argue with the fact that the ABC and SBS head offices are located in Sydney. The major concern is the extent to which other resources, particularly staff and program production, as well as decision-making, is centred in the same location as head offices.

It may be acceptable for commercial broadcasters to centralise the majority of their functions in head offices, however if an important purpose of government-funded national broadcasters is to meet the needs not covered by commercial broadcasters, then it is not acceptable for the ABC and SBS to follow a similar trend.

⇒ FINDING

The Committee finds that a key purpose of government-funded national broadcasters is to broadcast to all Australians from all over Australia, rather than broadcast to all Australians from Sydney. To achieve this, the ABC and SBS must ensure that resources and programs are not centralised in Sydney like commercial broadcasters.

The Committee notes that it is not alone in making this finding and that previous reviews such as the 1996 Mansfield Review and the 1995 Senate Select Committee have all strongly rejected the concept of centralism.

5. Centralisation of ABC and SBS**5.1 ABC Centralisation**

Statistics provided throughout this Report indicate that in addition to the ABC having its head office in Sydney, there is a heavy weighting of non-head office resource allocation in Sydney at the expense of other States. These resources predominantly relate to staff numbers and the geographical location of program production.

Evidence also suggests decision making is still very much centralised in Sydney and that senior Sydney-based management have significant influence in programming decisions. The Committee has seen little evidence of ABC State Managers influencing programming decisions and also questions the ability of Commissioning Editors, some of whom are located outside of Sydney, to make decisions without the influence of Sydney senior management.

The extent of ABC resource centralisation is set out below:-

- 52% of staff are located in NSW compared to 16% in Victoria. Over the past two years, Victoria has lost 252 out of 936 staff compared to New South Wales which lost 109 out of 2,294. Similar trends were exhibited throughout other States;

- 8 out of 9 departments are located in Sydney. The only department located outside Sydney is Regional Services, which while headquartered in Melbourne, has the majority of its staff located outside Victoria;
- the vast majority of key output functions including News and Current Affairs, National Networks and Program Production are predominantly centralised in Sydney;
- some 85% of support staff resources are located in Sydney compared to 7% in Melbourne;
- all major national news and current affairs programs, *The 7.30 Report*, *Four Corners*, *Foreign Correspondent*, *Lateline*, radio programs *AM*, *PM* and *The World Today*, plus late night radio news bulletins are broadcast from Sydney; and
- 55% of Radio National programs and 90% Triple J programs are produced from Sydney.

5.2 SBS Centralisation

The Committee has viewed the centralisation of SBS activities in Sydney from a different perspective to the ABC.

SBS has only two production centres, Melbourne and Sydney. SBS Radio resources are spread evenly between the two cities however SBS Television staff and resources are overwhelmingly located in Sydney. At present, only 14 television staff (4%) are located in Melbourne with 343 (96%) located in Sydney.

While the Committee notes the SBS states that it, “*does not have the resources nor the broadcasting infrastructure to provide separate, State-based programming*”³, the Committee believes there is an unacceptable lack of SBS Television activity and resources in Melbourne.

There are some areas of SBS centralisation in Sydney which are of concern to the Committee and which will be addressed throughout the Report. Some of these

³ Special Broadcasting Service, Submission No.42, 30/9/98, p.9

concerns include the centralisation of SBS Independent drama productions in Sydney, and the Corporation's plans to relocate its Melbourne operations into Federation Square without any clear strategy to maximise usage of the new studios by relocating some television production to Melbourne.

5.3 ABC's Position on Centralisation

Given the overwhelming rejection of centralism by the Committee and by other reviews of the ABC, along with the clear evidence of existing and increasing centralism, the Committee sought the ABC's position on this issue.

Throughout its verbal and written submissions the ABC made much of its efforts to decentralise activity across Australia. For example the ABC's Managing Director, in giving evidence to the Committee stated *"the ABC has emphatically rejected the concept of centralism."*⁴

In support of decentralisation, the ABC submissions and evidence cited various examples as follows:

- *Some 40 regional television programs produced across Australia in the last twelve months.*

These include the regular one-minute Snapshot segment, for each State and Territory, before the weekday news broadcast. Primarily, these regional programs are produced in States other than New South Wales and Victoria and cover local events like the Royal Melbourne Show in Victoria, the Easter Service in South Australia and the Perth Tattoo in Western Australia.

- *The role of Commissioning Editors particularly those located in Melbourne.* Evidence presented to the Committee with respect to arts production (☛ Chapter 6) clearly indicates that the arts Commissioning Editor in Melbourne was often overruled by Sydney management. It also indicated that arts programs were destined to be relocated to Sydney.

⁴ Minutes of Evidence, 7/4/99, p.836

Perhaps the most enlightening exchange revolved around questions to the ABC's Managing Director, Mr Brian Johns, at a hearing on 7th April, with respect to how the ABC's commitment to decentralisation would be manifested.

- Initially, Mr Johns spoke at some length about changing work practices within the ABC, the opportunities offered by digital technology and multi channelling, the ABC's role in multi media and the Internet, and how the ABC was leading the way in decentralisation.
- When questioned once more on what decentralisation meant in terms of distribution of resources, the Managing Director explained the benefits of changing work practices and multi-skilling. In essence these changes would enable staff in Melbourne, Adelaide, etc to produce more local content, as a result of their enhanced skill and technology levels.
- Upon further requests for projected staff statistics reflecting the ABC's commitment to de-centralisation, the Managing Director took the question on notice.
- Finally, the ABC's second supplementary submission received less than one week prior to adoption of the Committee's Report, failed to provide the staff figures in response to the question taken on notice by the Managing Director. The submission referred to the difficulty the ABC has in developing staff projections into the future.

5.4 Evidence Contradicting the ABC's Stated Position

Throughout this Inquiry, evidence often strongly suggested that programming decisions made by Sydney-based management were not made in the interests of decentralisation.

Television Arts Production (→ Chapter 6)

In 1998 the ABC axed two of its successful television art programs produced in Melbourne, the book program *Between The Lines* and the arts program *Express*.

Industry sources clearly indicated that a new arts program, to be hosted in Sydney by the newly recruited Andrea Stretton, would replace the Melbourne based programs.

This issue was investigated in detail by the Committee where evidence indicated that the changes were made against the recommendation of the Melbourne based Commissioning Editor.

The Committee believes that its probing of ABC management on this question has resulted in a changed outcome, as the new arts program is currently being produced in Melbourne and hosted by Andrea Stretton, who is temporarily relocated/commuting from her home in Sydney.

Contrary to all industry-based information, the ABC insists that it was always their intention to produce the new arts program out of Melbourne. The Committee has some difficulty in believing this assertion based on the evidence presented.

Triple J Resource Allocation (➡ Chapter 10)

During the course of the Inquiry, the already heavily centralised Triple J national radio network became even more centralised in Sydney. In recent months, Victoria has lost the popular *Super Request* program to Sydney as well as comedy duo, Merrick & Rosso who have moved to Sydney to host the weekday afternoon program. Triple J management made no attempt to ensure these programs and presenters remained in Melbourne.

Committee's Discussion Paper (➡ Chapter 3)

Another example is the ABC's dismissal of the Committee's *Discussion Paper into the Future of ABC Television Productions*. This Paper highlighted advantages to both the ABC and Victoria to be gained from a relocation of the non-news and current affairs TV Production department to Melbourne. In effect, such a move would have changed the Sydney - Melbourne staff distribution balance from the present 52% to 16% to something like 40% to 28%.

While never expecting the ABC management would enthusiastically embrace this concept, the Committee was nevertheless shocked and disappointed by the illogical and inconsistent reasons advanced by management which demonstrated again their

failure to seriously look at the opportunities for real and significant decentralisation of resources.

The ABC's Managing Director, Mr Brian Johns, gave evidence which rejected what he referred to as the Committee's 4 key assumptions in the Discussion Paper. The Managing Director's rejections were as follows:

1. *That concentration of power and influence in one location will not lead to some element of bias in decision making to that location. Further, that the Committee's reference to the extent of staff concentration at 52% Sydney compared to 16% Victoria was incorrect.*

Unfortunately, Mr Johns publicly referred to the 1996/97 staff figures, rather than the 1997/98 figures used by the Committee. The difference being that the proportion of NSW staff had increased by 5% and Victoria's proportion had decreased by 3% over the last 12 months.

The Committee was concerned the Managing Director did not know the real extent of Sydney staff concentration.

Evidence throughout this Report indicates that centralised management has led to Sydney-biased decision making.

2. *The Managing Director asserted that Commissioning Editors and production must not be geographically separated.*

This statement is in direct conflict with existing and projected ABC practice. For example, with Commissioning Editors for Drama, Comedy and the Arts in Melbourne, the outcome of the Managing Director's assertion would be that all drama, comedy and arts programming would come from Melbourne. Clearly this has never been the case and from examination of ABC's forward production schedules, is never intended to be the case. A similarly unrealistic case exists with the sports Commissioning Editor who is based in Sydney.

That the ABC's Managing Director can advance such an unlikely proposition to a Victorian Parliamentary Committee, is an illustration of the contempt with which management views any significant relocation of resources away from Sydney.

3. *The Managing Director indicated the ABC cannot accept that the majority of television production can be centralised in any one State.*

The basic premise of the Committee's Discussion Paper was that the majority of television production, other than news and current affairs, be re-located in Melbourne. The Committee did acknowledge that television production would still take place in Sydney and other States, a point failed to be recognised by the ABC.

It should be pointed out that the vast majority of national news and current affairs production is centralised in Sydney. The ABC's plans for the development of a \$122 million television complex adjacent to its Sydney headquarters would suggest the majority of all television production will be centred in Sydney.

4. *The ABC cannot accept that moving to Melbourne would be justified by cost savings.*

The Committee provided anecdotal industry views and statistical evidence which indicated Melbourne's television production costs are 15-30% lower than in Sydney. In addition, the Committee identified significant capital cost savings to be achieved in a move from Sydney to Melbourne.

While there is no doubting Melbourne's capital costs and production location fees are lower than in Sydney, the ABC were at pains to prove that production crew rates in Sydney are equal to those in Melbourne. The ABC's own evidence suggested many people in the industry believed crew rates in Melbourne are 10-20% lower than in Sydney. An equal number of industry people thought crew rates in the two cities were on par.

On the balance of evidence, the Committee stands by its previous claim that production costs in Melbourne can be anything from 15 to 30 percent lower than in Sydney.

The ABC has advised the Committee that they are reviewing the Corporation's needs in Victoria and Melbourne, and will prepare a scoping study to be completed by the middle of the year. It is understood that future accommodation strategies have been completed in all States other than Victoria.

The Committee views the timing of this Melbourne scoping study very cynically. It will be undertaken after completion of this Inquiry and after the ABC has already locked in its commitment to accommodation developments in Sydney.

5.5 Sydney Office Development

Another disturbing inconsistency is the planned expansion of the ABC's Sydney headquarters complex. Details of this proposal are dealt with in Part 2, however the Committee finds it incomprehensible, that an organisation, which is allegedly committed to decentralisation, is about to embark on a new \$122 million building in central Sydney, to house and bring under one roof all its existing Sydney based resources and personnel.

In the face of such responses to the Committee's investigations, it is difficult for it to draw any conclusion other than the ABC senior management has not considered decentralisation in terms of a fairer geographical distribution of the organisation's physical and personnel resources. Accordingly, the ABC's understanding of the word decentralisation is quite unique.

⇒ FINDING

Facts and evidence put to the Committee indicate that there is an over concentration of ABC resources and services in Sydney and there is no clear strategy to reverse or slow this trend. Accordingly, the Committee finds no evidence to support the ABC's claim that it rejects centralisation.

The Committee finds that the inertia from many years of centralism seems to be the driving force, despite the intentions and public pronouncements to the contrary.

The Committee believes the only way to break the inertia of centralism is by an action to move significant functions of the ABC from Sydney to other States.

In Chapter 3, the Committee recommends that the ABC urgently identify functions that can be relocated from Sydney.

6. Programming Focus and Avoidance of Program Replication

In Chapter 1 of this Report, the Committee deals with the role and functions of government-funded national broadcasters and emphasises the priority for programming that meets the needs not covered by commercial broadcasters. In particular, the Committee finds that a key purpose of the Government funding the national broadcasters is to present programs of a type and quality not supported by other broadcasters.

The Committee found many examples of the ABC's first programming priorities being an attempt to offer programs available on commercial networks.

6.1 Programming priorities

As the commercial networks and cable networks syndicated more and more national and international material, a key focus of Government-funded national broadcasters should be to provide more local programming. In particular, the Committee believes the ABC is failing in the following areas:-

- in many rural areas there is a lack of local news and programming;
- there is a lack of regular State based television current affairs programs; and
- there is a need to reflect a local community to itself, as well as simply syndicating programs out of Sydney.

Specific programming areas:-

In Part Two of this Report, the Committee makes a number of recommendations with respect to programming priorities of the ABC. These include:-

- *The need for a regular week night State-based television current affairs program.*
- The Committee finds the ABC's decision to cancel the State-based program *The 7.30 Report* in 1995 was unacceptable for a government-funded national broadcaster who should focus on local programming. In Chapter 7, the Committee recommends that

the ABC re-prioritise programming to provide for a regular week night State-based current affairs program. (☛ p. 127)

- *The need for a 24 hour metropolitan radio news service.*

The Committee also finds that ABC radio news is deficient in that it does not provide a 24 hour local metropolitan news service. In Chapter 7, the Committee recommends that the ABC rectify this deficiency. (☛ p. 129)

- *Lack of regional radio stations in Victoria.*

Chapter 8 deals with regional services and highlights evidence from people in Geelong and Ballarat with respect to the lack of regional radio in these major centres. The Committee accepts the evidence that the ABC has neglected two of the largest regional centres in Victoria. Accordingly, the Committee has recommended that the ABC establish new radio studio complexes in Geelong and Ballarat. (☛ p. 143)

- *Youth Music*

Chapter 10 deals with youth music broadcasting on ABC TV and the Triple J radio network. Evidence indicated that the allocation of a 5-10 minute segment several nights a week during the 6.00 p.m. to 7.00 p.m. television viewing periods for the showcasing of Australian artists would have a significant affect upon the Australian record and music industry. (☛ p. 164)

- *Drama Production*

The Committee also questions the priorities of the ABC in allocating significant funds to programs that are, in many ways, a replication of programs readily available on alternative broadcasters.

An example of this is the ABC's decision to spend approximately \$20 million (two-thirds of its total drama budget) on the police drama series *Wildside*.

Given the availability of police dramas on commercial networks and the extent to which the funding of Sydney-based *Wildside* limited alternative ABC drama productions in other States, the Committee questions the ABC's decision making and program priorities.

The Committee notes that drama series today are almost invariably produced under some form of joint venture, co-production or pre-sale arrangement, to help defray the enormous cost involved. Such an arrangement was used to commission the successful Melbourne-based *SeaChange* series.

Wildside was co-produced with Sydney producers Gannon & Jenkins. The ABC decided to use its own money to fund the bulk of the production on the assumption that the ABC would be able to sell the series in overseas markets to defray the cost. The Melbourne-based series, *SeaChange*, was co-produced with Artist Services. On this occasion the ABC required that Artist Services fund the majority of the production.

To date the ABC's attempts to sell yet another police drama into an international market place already swamped with police dramas, has not surprisingly been very difficult.

Chapter 9 deals with the *Wildside* issue in more detail. (↩ p. 154)

6.2 The use of personalities who command high fees

The Committee was concerned that the ABC was allocating significant scarce resources to obtain the services of highly paid personalities in an attempt to secure ratings or compete with commercial broadcasters. Examples of this are the hiring of Andrea Stretton to present television arts programs and the fees paid to former commercial presenter, Jana Wendt for the series *Uncensored*.

The Committee believes the ABC's programming priority should always be content driven and not personality driven as is often the commercial priority of other broadcasters.

⇒ FINDING

The Committee finds that a refocussing of the ABC onto those areas not adequately covered by other broadcasters would allow for an allocation of scarce ABC resources away from replication of programs and into more appropriate areas.

In addition, the Committee found replication of programs between the two government-funded national broadcasters.

6.3 SBS and ABC Program Replication

Without doubt, the multi-lingual services of SBS radio are perceived as being excellent, very cost-effective, and providing a real community need that is not met by commercial radio stations. As such, these services are enthusiastically supported by the Committee.

With regard to SBS television, the Committee notes that during the prime-time period of 6.00 p.m. till 9.00 p.m., SBS is an English language broadcaster, broadcasting programs for all Australians. Outside this core area, the SBS does provide an essential service in broadcasting multi-lingual news, current affairs and entertainment.

However during the core 6.00pm to 9.00pm viewing time there is often program replication with the ABC. For example, SBS current affairs programs like *Dateline* are very similar to ABC programs like *Foreign Correspondent*, and both ABC and SBS feature many English language overseas documentaries, comedy programs and specials. At the time of finalising its Report, the Committee noted that ABC TV was broadcasting a Scottish cooking program, whilst SBS TV was showing an Irish cooking program,

⇒ FINDING

The Committee finds that during the core 6.00 p.m. to 9.00 p.m. time slot, there is significant program replication between the Government-funded ABC television and SBS television.

7. Digitisation Costs

The Committee is concerned that the high cost of digital conversion for the ABC and SBS, estimated to be approximately \$600 million could put significant strain on the Corporations' ability to allocate resources into program production. This is particularly the case given the cost of program production for high definition digital television will

increase while the facility for multi-channeling will mean that more content will have to be produced or purchased for the new channels.

In Chapter 12, the Committee canvasses the possibility of resource sharing of this new and expensive infrastructure between the ABC and SBS. (↩ p. 169)

8. Conclusion and Need for Action

The two main criteria on which the Committee has found that a government-funded national broadcaster should be assessed are:

- The extent to which the Government funding is effectively and efficiently managed.
- The need for programming priorities concentrating firstly into areas not covered by commercial broadcasters, such as local programming, rather than replicate commercial broadcasters' programming.

⇒ FINDING

The Committee finds that the ABC fails these criteria and there is a definite need for action to ensure that the ABC becomes more efficient and that its first priority is to focus more clearly on those areas of broadcasting not adequately covered by other providers.

Throughout Part Two of this Report, the Committee has examined these issues in more detail.

Part Two contains findings and recommendations as to what the Committee believes is the appropriate action to ensure that the criteria for the operation of government-funded national broadcasters is met.

Specific recommendations in Part Two cover the following areas:-

- ABC and SBS Charters
- Need for ABC to develop a de-centralisation strategy

- Need for ABC to undertake regular performance benchmarks
- SBS Melbourne's relocation to Federation Square
- Need for SBS to address concerns of Melbourne staff
- Relocation of significant ABC functions from Sydney
- ABC television arts production in Melbourne
- News and current affairs broadcasting
- Regional services
- Drama production
- Youth music
- Business programming
- Digitisation



Part TWO

Report incorporating
Findings and
Recommendations



Economic
Development
Committee

Chapter 1: Role and Adequacy of Government-Funded National Broadcasting Services

This chapter provides an overview of the functions and services provided by both the Australian Broadcasting Corporation (ABC) and the Special Broadcasting Service (SBS).

Given the Committee's Terms of Reference requires it to inquire into and make recommendations on the role and adequacy of government-funded national broadcasting, this initial chapter also examines the question as to why the Government outlays a significant amount of funding for two national broadcasters.

1.1 Function and Duties of ABC and SBS

Both the ABC and SBS are independent statutory authorities, governed by separate Boards of Directors and accountable to the Commonwealth Parliament.

The ABC was established in 1932 as the Australian Broadcasting Commission. In 1983, the ABC became a Corporation with its duties and functions set out in a Charter of the Corporation under the *Australian Broadcasting Corporation Act 1983*. A full copy of the ABC Charter is shown in Appendix 2 (➤ p. 182). Briefly, the ABC's function is to provide innovative and comprehensive broadcasting services which contribute to a sense of national identity and reflect the cultural diversity of Australia.

The SBS was established as a Corporation with its Charter set out in *The Special Broadcasting Service Act 1991*. SBS actually developed out of ethnic radio stations 2EA in Sydney and 3EA in Melbourne back in the mid 1970s. SBS Television began in 1980. SBS's Charter states that its main function is to provide multilingual and multicultural radio and television services that inform, educate and entertain all Australians, and, in doing so, reflect Australia's multicultural society. A copy of the SBS Charter is shown in Appendix 3 (➤ p. 183).

The Committee paid particular attention to the respective Charters of ABC and SBS in determining whether both broadcasters are adequately fulfilling their roles. Later in this chapter, further comment is made with respect to each Charter.

1.2 Overview of ABC Services

As a consequence of ABC's re-structure in 1996, radio and television responsibilities have been combined under the National Networks Department. The major change in the way the ABC operates was to separate the program commissioning process from program production. The operation of this structure is best illustrated on the opposite page.

The operation of the new ABC structure is shown on page 34.

In the ABC's written submission to the Committee, the Corporation lists its broad range of services as follows:-

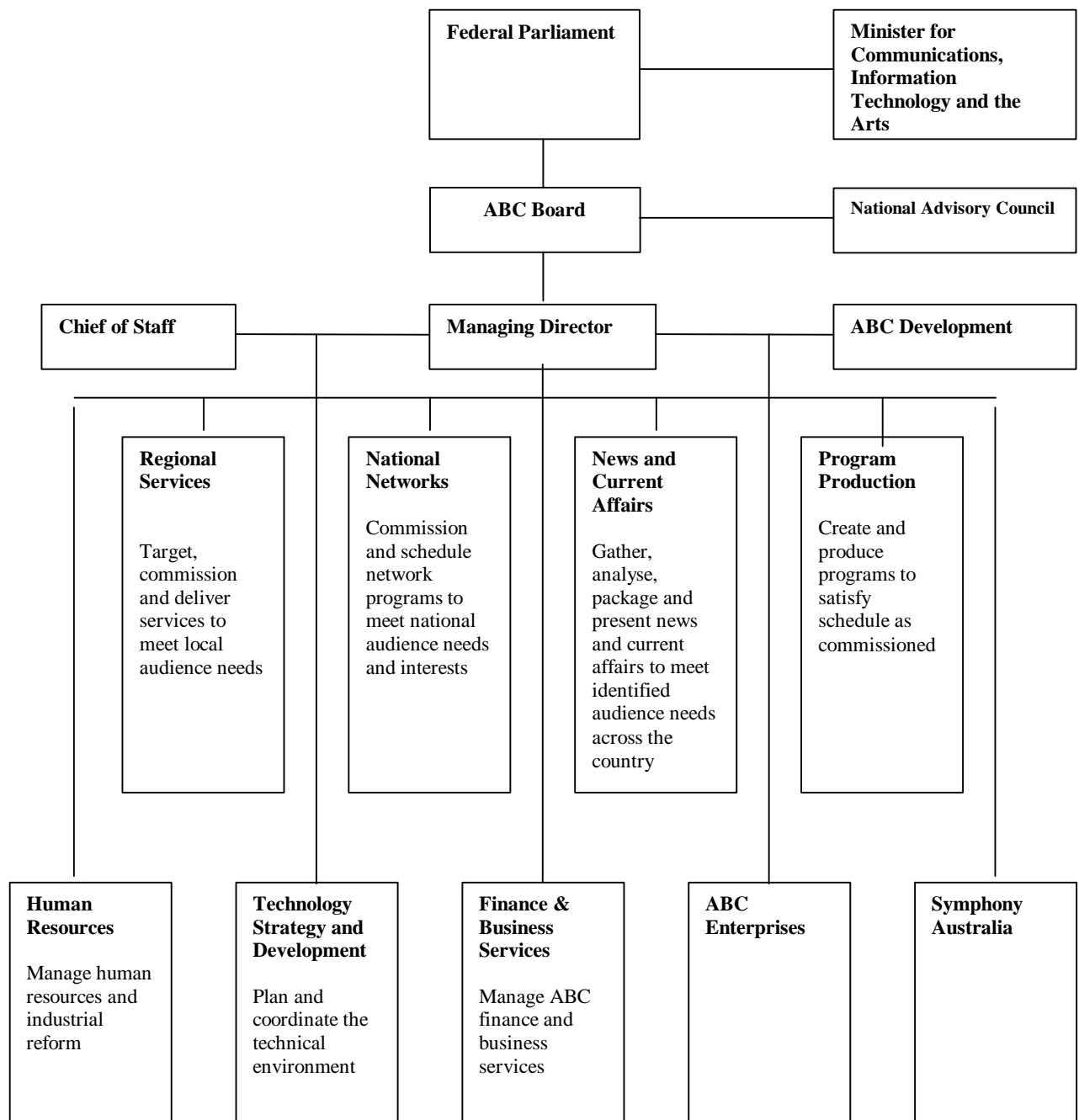
National Networks

- Network Television – commissions, purchases, schedules and presents programs for the single national television network.

In the case of Network Television, Commissioning Editors are employed as the Head of each unit, eg. Commissioning Editor of Arts & Entertainment, Commissioning Editor of Drama, Commissioning Editor of Documentaries, etc. The Commissioning Editors provide editorial direction to program makers and are responsible for ensuring that programs are completed as commissioned.

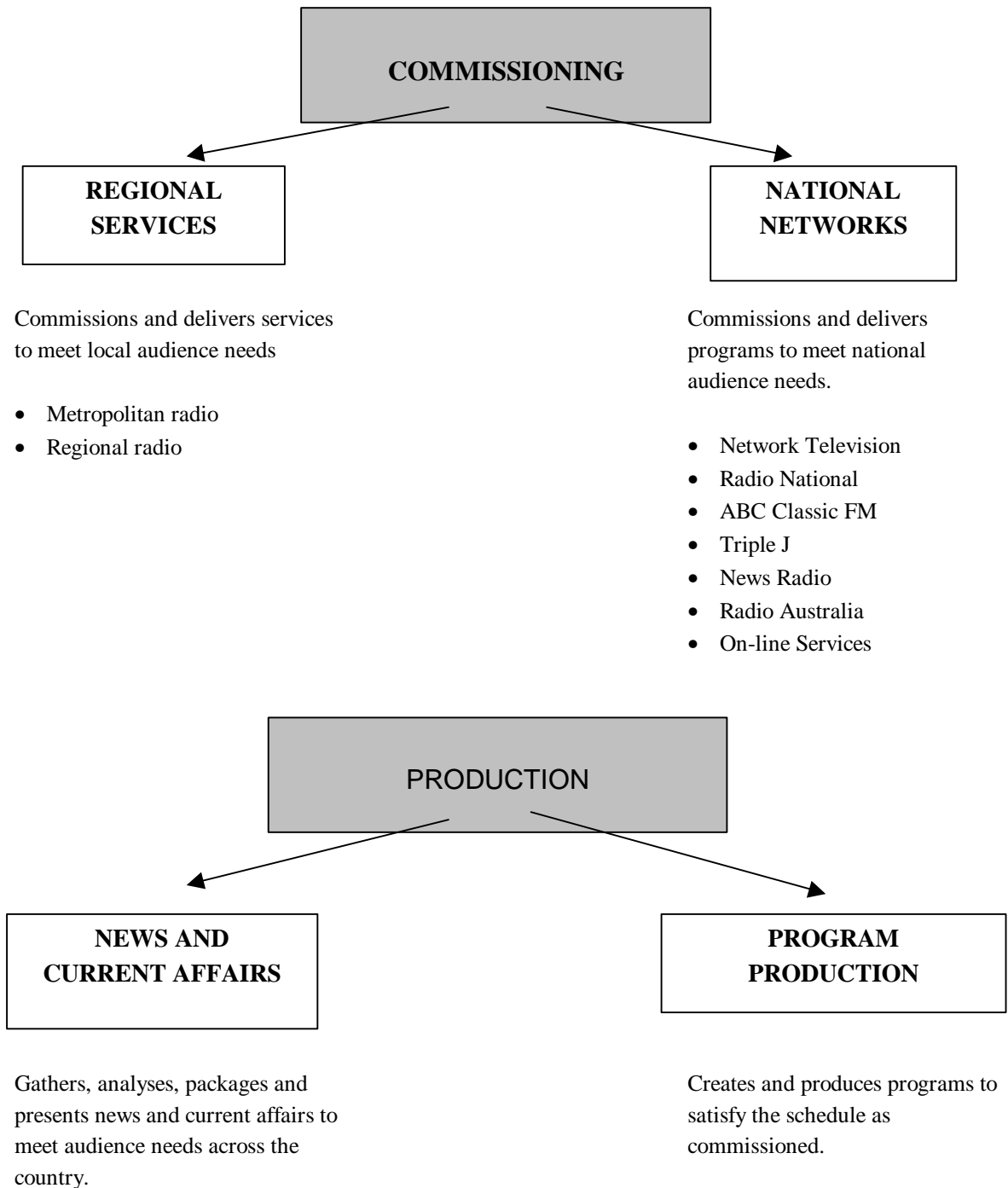
- Radio National – a national radio network focussing on national and international news and information and providing specialist programs on health, law, science, religion, arts, business, education by using a range of radio forms including documentaries, features, drama and specialist music programming.
- ABC Classic FM – a national classical music network which does a significant amount of live-music recording and also broadcasts a wide range of new music, jazz and performance.

ABC ORGANISATION



(Source: ABC Annual Report 1997/98)

Operation of ABC Structure



(Source: ABC Network Television Commissioning Guide 1997)

- Triple J – a national youth network broadcasting music, information and news to young Australians.
- ABC News Radio – a network to all capital cities and Newcastle, broadcasting the proceedings of Federal Parliament, and at other times providing 24 hour continuous news, current affairs and sport, incorporating material from Australia-wide newsgathering teams, Radio Australia and Radio National.
- Multimedia – includes ABC Online and the development of CD-Roms and other interactive media.
- Radio Australia – an international radio service broadcasting by short wave and satellite, in English and five other languages, to Asia and the Pacific.

Program Production

Program Production was created out of the new ABC organisational structure in 1996. Its function is to produce commissioned programs, other than news and current affairs, to satisfy broadcast schedules. The portfolio has a production arm with responsibility for production of the full range of television programs including drama, comedy, sport, arts and entertainment.

News and Current Affairs

News and Current Affairs gathers, analyses, packages and presents all news and current affairs programs for National Networks and Regional Services. They employ journalists, editorial and production staff in fifty-six locations throughout Australia and have foreign correspondents operating in fourteen overseas bureaus.

Regional Services

Regional Services is responsible for local radio in 9 metropolitan areas and 48 regional locations (40 stations and 8 outposts). Programming is a mix of news, information, sport and entertainment relevant to local audiences. Regional Services also has a responsibility to produce local television programs, largely for States other

than New South Wales and Victoria. In addition, the portfolio provides the regional on-line services.

ABC Enterprises

ABC Enterprises is the marketing, retailing and licensing arm of the Corporation. There are 28 ABC shops and approximately 100 ABC centres (outlets in other shops) throughout Australia. Some of the activities the Division is involved in include retail, book, magazine and music publishing, audio tapes, videos, and music recording.

Symphony Orchestras

A network of six State symphony orchestras, under the umbrella of Symphony Australia, are now incorporated as wholly owned subsidiaries of the ABC. The orchestras are involved in concert performances, simulcasts and broadcasts on ABC Classic FM and ABC Television and recordings.

1.3 Overview of SBS Services

The broadcast services provided by SBS are divided between SBS radio and television. The multicultural television network is available to 90 per cent of Australians (depending of transmission facilities), whilst SBS Radio is a multilingual radio service available in all capital cities as well as Geelong, Wollongong and the Hunter region.

SBS Television

SBS Television began in 1980 in Sydney and Melbourne. Gradually other cities and rural centres joined what is now a national network. SBS policy is that half of scheduled programming will be in languages other than English. SBS' in-house subtitling and language services unit makes these programs accessible to the community at large.

SBS Television programs are obtained through purchasing, commissioning and production. About two-thirds of all programs shown on SBS TV are purchased from more than 600 suppliers from around the world and within Australia. SBS

Independent is the network's commissioning arm for film and documentaries from Australian independent producers.

Television programs are distributed from SBS' Sydney headquarters by satellite across the country and terrestrially retransmitted in all capital cities and most major regional centres. A number of other smaller towns have used their own funds to set up their own terrestrial transmitters. SBS indicates that its television service is presently available to 90% of the population.

SBS Radio

SBS provides a national multilingual radio network, with two frequencies in both Sydney and Melbourne and one frequency in each of the other capital cities. It broadcasts 650 hours of programming weekly in 68 languages and focuses on serving Australia's multi-cultural communities.

Each frequency is divided up into hour length segments throughout the day, each hour devoted to a specific language. The allocation of hours varies according to the size and needs of each language community.

SBS Radio language programs include local and international news, community information, cultural events, music, sports and entertainment features.

1.4 Purpose of Government-Funded National Broadcasters

In 1998/99, the total expenditure for national broadcasting was \$811 million comprising:

- | | |
|---------------------------------------|---------------|
| • Australian Broadcasting Corporation | \$631 million |
| • Special Broadcasting Service | \$85 million |
| • National Transmission Agency | \$95 million |

The National Transmission Agency provides a transmission service to the ABC and SBS. On 30 April 1999, the transmission service was privatised and is now provided by National Telecommunications Limited.

The source of funding is largely from Commonwealth Government appropriations and from some independent sources.⁵

Australia has an abundance of media sectors, including, three free to air commercial television networks, at least two operators of cable television, each with a wide variety of channels available, satellite television, an extensive national and local radio network, plus newspapers and digital image news available from a multiplicity of local and international internet sources.

Given the above, why does the Government outlay such a significant amount of funding for two other broadcasters?

⇒ **FINDING**

The Committee believes there are two key reasons why the Federal Government funds and should continue to fund national broadcasters-

- **the need for independent broadcasters whose first priority is to provide programs of a type, quality and a programming priority not fully covered by commercial broadcasters, such as local programming, rather than replicate commercial broadcasters' programming.**
- **the need for broadcasters who are more inclusive, geographically diverse and transparent than other broadcasters, (in SBS's case to reflect multicultural Australia) and to broadcast programs that contribute to a sense of national identity and reflect the cultural diversity of Australia.**

⁵ For the year ended 30 June 1998, the ABC's total revenue was \$647 million comprising \$468 million in Commonwealth Parliament appropriations, \$54 million from the National Transmission Agency and \$124 million from independent sources. For the same period, the SBS's total revenue was \$121 million comprising \$84 million in Commonwealth Parliament appropriations, \$8 million from the National Transmission Agency and \$28 million from independent sources.

1.4.1 Government funding to meet needs not covered by commercial broadcasters

Evidence given to the Committee has identified many areas of needs not covered by commercial broadcasters, including:-

- Geographically Diverse Services
- Programming
- Market Audience
- Content vs Personalities
- Australian Content
- SBS and ABC Program Replication

Geographically Diverse Services:

The majority of media organisations, including all three commercial television networks, are headquartered in Sydney. These commercial broadcasters have no obligation, other than for commercial reasons, to be de-centralised and to ensure programs and resources are geographically balanced and regionally diverse.

Management from both the ABC and SBS have often said to the Committee – we are based in Sydney just like most other major media organisations.

ABC - “Locating the head office in Sydney is also consistent with industry practice of the other television networks, and many of the radio networks and major publishers”⁶

SBS – “Our headquarters have to be somewhere. Like the majority of national media organisations in Australia, SBS is Sydney based.”⁷

The Committee does not argue with the fact that the ABC and SBS head offices are located in Sydney. The major concern is the extent to which other resources, particularly staff and programs, as well as decision making, are centred in the same location as head offices.

⁶ Australian Broadcasting Corporation. Submission No.60 to EDC, 9/10/98, p.29

⁷ Minutes of Evidence, 9/3/99, p. 674

It may be acceptable for commercial broadcasters to centralise the majority of their functions in head offices, however if an important purpose of government-funded national broadcasters is to meet the needs not covered by commercial broadcasters then it is not acceptable for the ABC and SBS to follow a similar trend.

Government-funded broadcasters must strive to be different to cover areas of localism not covered by commercial broadcasters. One needs to ask the question why there is a need for government-funded national broadcasters if their resources and head offices must be centralised in Sydney just like other media organisations.

⇒ **FINDING**

The Committee finds that a key purpose of government-funded national broadcasters is to broadcast to all Australians from all over Australia, rather than broadcast to all Australians from Sydney. To achieve this, the ABC and SBS must ensure that resources and programs are not centralised in Sydney like commercial broadcasters.

Programming:

Just as importantly, in terms of community expectations, the ABC and SBS should strive to differentiate their services from those provided by commercial broadcasters. This particularly relates to the need for localised programs such as State current affairs, regional services and the need for specialised arts & entertainment and educational programs.

In making the case for government-funded broadcasters to be different to commercial broadcasters, the Committee is not suggesting they simply become niche broadcasters avoiding types of programs offered by other sectors but that their first priority should be to meet the needs not covered by other broadcasters.

There will always be an area of commonality between both public and commercial broadcasting sectors, such as news and current affairs, drama and comedy. However, it must be a requirement of government-funded broadcasters to concentrate firstly into areas not covered by commercial broadcasters, such as local programming, rather than replicate commercial broadcasters' programming.

⇒ FINDING

The Committee finds ABC broadcasting is inadequate in the following key areas:-

- **State based current affairs program on television or radio**
- **24 hour local metropolitan radio news service (including detailed weather reports and emergency service reports)**
- **Lack of regional radio service throughout Victoria particularly in major regional centres such as Ballarat and Geelong**
- **Insufficient specialised programs focussing on local issues**
- **Inability to reflect a wide range of Australian views**

Market Audience:

The ABC has a charter responsibility to provide an innovative and comprehensive broadcasting service. Unlike commercial broadcasters, the ABC's programming is not driven by ratings and the need to maximise advertising revenue. Consequently, ABC radio and television aim to provide a range of programs that have a different emphasis to commercial broadcasters. In particular, a specific charter requirement is to broadcast programs of an educational and informational nature, an obligation that is often not a priority for commercial broadcasters.

Given the ABC generally broadcasts specialised programs, its overall audience share is low compared to the major commercial networks. On average the ABC Television's market share in Melbourne is 14% and 16% in Sydney.

Average Ratings for Television Networks – 1999 (up to May)

Television Network	Ratings
Nine Network	32.6
Seven Network	28.2
Ten Network	21.6
ABC	14.6
SBS	3.0

It is also worth looking at the ABC's share of the market in Melbourne for each radio network compared to some commercial stations.

Average ABC Market Share in Melbourne for Radio (late 1997- early 1999)

3AW	14.2
FOX	13.5
TT	11.0
MMM	10.8
3LO	9.2
GOLD	7.7
MAGIC	6.6
3MP	4.9
3JJJ	5.4
ABC Classic FM	2.1
Radio National	1.8
PNN	0.9

(Source: AC Nielsen McNair Radio Ratings) (see Appendix 10 for State by State ratings figures)

The ABC gauge their audience by means of average market share based on ratings surveys and on average weekly reach surveys. The weekly reach of ABC television in Melbourne is approximately 70%, meaning 70% of all people surveyed in Melbourne watch ABC Television at least once a week.

It should be emphasised that weekly reach results cannot, in any way, be compared with market share results. To suggest a person who has tuned into the ABC for a five-minute period once in a week, is part of the ABC's audience is misleading. The Committee therefore considers the market share figures as a more accurate reflection of the ABC's audience.

While many ABC programs are extremely popular with Australian audiences, particularly ABC TV programs such as *SeaChange* and *Brides of Christ*, overall the ABC cannot, and should not, expect to compete with the major commercial broadcasters in terms of audience share.

The 1996 Mansfield Review also found that the ABC should not compete with commercial broadcasters:-

“While people supported the notion of comprehensiveness, the ABC was clearly expected to be different from the commercial broadcasting sector and offer a distinctive alternative.”⁸

Indeed, the Committee is strongly of the view that the ABC and SBS should be offering an alternative broadcasting service and variety of programs to commercial broadcasters.

Content vs Personalities:

Another area where the ABC and SBS should not be trying to compete with the commercial networks is in providing high cost programming and in the use of personalities who command high fees for the purpose of securing ratings in programs similar to those offered by other broadcasters.

Evidence put to the Committee, referred to in detail later in the Report, indicates that the ABC needs to look very seriously at its programming priorities and whether some recent programming is presenter driven rather than content driven.

The ABC's former Commissioning Editor of Arts & Entertainment, Mr Paul Grabowsky, made the following pertinent observation in a newspaper article last year:

“One of the things we have to drum home is whether or not the ABC should be presenter driven, like the commercial networks, or content driven – and in my opinion it should be content.”⁹

This statement was made in reference to the future of the ABC's television arts programming and the decision by ABC senior management to recruit SBS presenter Ms Andrea Stretton. This matter received a lot of focus during the Inquiry and is dealt with in detail in Chapter 6.

“ABC honchos congratulated themselves on securing her (Stretton) sought after services at a part-time salary estimated conservatively at \$120,000 per year”¹⁰

⁸ Mansfield, Bob, *“The Challenge of a Better ABC, Vol.1: A Review of the Role and Functions of the ABC”*, Jan 1997, p.21

⁹ Holgate, Ben, *“Battle Stations at the ABC”*, The Australian, 22/5/98, p.18

¹⁰ Taylor, Catherine, *“The Trouble With Andrea”*, The Weekend Australian, 30-31/5/98, p.22

The Committee also questions the ABC's priority in hiring former high profile commercial broadcaster, Jana Wendt to host an expensive series of television interviews, *Uncensored*. The ABC has not been able to confirm the cost of this series however it is reported to be in the vicinity of \$1 million for five hours of television.

The Committee believes the expensive *Uncensored* program is another example of the ABC allocating scarce resources to a program that would be more appropriately acquired by a commercial network.

⇒ FINDING

The Committee finds that there have been recent occasions where the ABC has spent considerable resources in hiring high profile personalities to present programs on ABC Television. The Committee believes the ABC's programming emphasis should always be content driven and not a personality driven quest for ratings.

The Committee notes that the 1996 Mansfield Review of the ABC dealt with the issue of the need for the ABC to differentiate itself from other broadcasting sectors and the need for the ABC to lead the commercial networks in the areas of content creation and presentation.

Mansfield also referred to the problem of the ABC using personalities who command high fees. The Committee is concerned that the above examples relating to Ms Stretton and Ms Wendt occurred after the Mansfield Review.

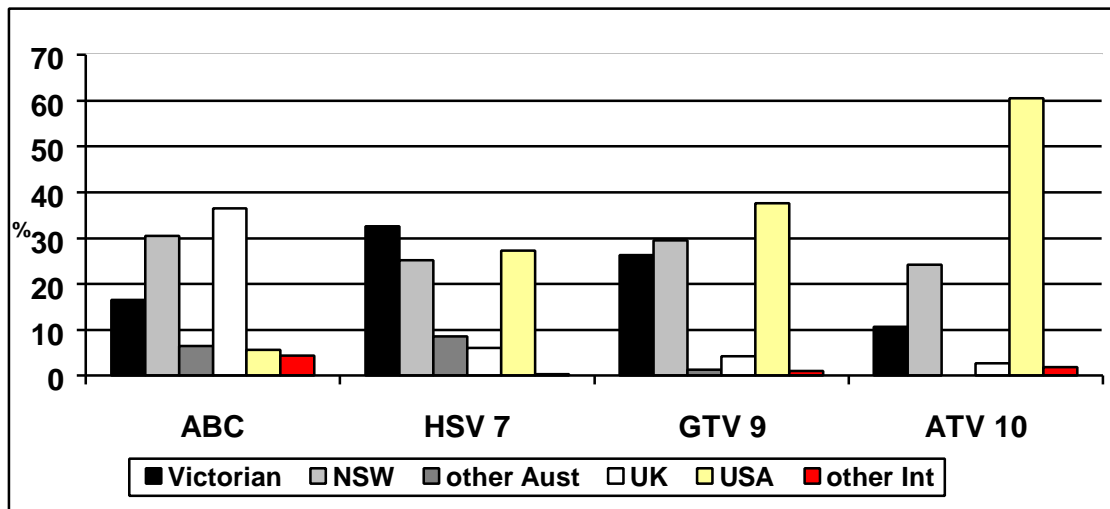
Australian Content:

The Committee believes that the issue of the level of Australian content on the ABC is an important one as it will influence the ABC's ability to provide more State based programming.

A survey of ABC TV content during prime-time (6.00 p.m. – midnight) during a 7 week period early in 1999 (aligned with the ratings period for television), indicated that just over half the total output of ABC Television is Australian content and that overseas content is predominantly from the United Kingdom. Victorian output during

this period was approximately 15% compared to 30% from New South Wales. (Appendix 11)

**State, National and International Content on Victorian Television –
March/April 1999
as a Percentage of total output – 6.00 p.m. - midnight**



(Source: EDC research)

A similar review of program output on the commercial networks suggest that the Seven and Nine Networks have a higher Australian content than the ABC due primarily to local sport, drama productions and lifestyle programs.

The greatest output of ABC Australian television programs during prime-time are news and current affairs, drama, education and sport. Other high content areas in non prime-time include children's television.

The importance of drama productions to industry and economic development is illustrated in Chapter 9. It is worth noting at this point, that the volume of Australian and particularly Victorian drama productions provided by commercial networks is considerably higher than the ABC.

The Committee was particularly concerned at the high level of British programs shown on the ABC during prime-time. While the Committee accepts that it is a cheaper option for the ABC to purchase overseas productions as opposed to producing Australian content, it is questionable as to how the majority of these programs meet the charter criteria to *“broadcast programs that contribute to a sense*

of national identity and inform and entertain, and reflect the cultural diversity of the Australian community.”

It is perhaps a reflection of the television audience that 7 out of the top 10 most popular ABC Television programs in 1998 were British. The most popular program was the Melbourne-based drama, *SeaChange*.

Many of the British programs initially shown on ABC TV have eventually been acquired by commercial networks. Some have even been re-acquired by the ABC after the commercial networks have aired them. The Committee questions this process particularly in view of the need for more local content.

Overall, the Committee is of the view that the ABC should aim for a higher level of Australian content, particularly on ABC TV. The Committee considers the 6.00 p.m. to 7.00 p.m. weekday time slot could be used more effectively to broadcast first release Australian content, such as local current affairs, drama, arts & music programming or educational material. At present, this timeslot is used by the ABC to provide endless repeats of British comedies, some dating back to the mid 1970's.

⇒ FINDING

The Committee finds that the ABC has an obligation to provide a greater level of Australian content than it does at present. Given the charter functions are specifically aimed at Australian programming, the ABC's Australian content should be well in excess of the Australian content quotas established for the commercial networks.

On the issue of Australian content, Bob Mansfield, in his major review of the ABC in 1996, noted that *“a number of submissions, particularly from organisations associated with the television industry, expressed the view that ABC-TV was not broadcasting sufficient Australian produced material and suggested that formal quotas for Australian content on ABC-TV should be considered.”*¹¹

The Committee believes the level of Australian content on the ABC should be at least equal to the Australian Broadcasting Authority requirement for commercial networks.

¹¹ Mansfield, Bob, op cit, p. 27

SBS and ABC Program Replication:

Without doubt, the multi-lingual services of SBS radio are perceived as being excellent, very cost-effective, and providing a real community need that is not met by commercial radio stations. As such, these services are enthusiastically supported by the Committee.

With regard to SBS television, the Committee notes that during the prime-time period of 6.00 p.m. till 9.00 p.m., SBS is an English language broadcaster, broadcasting programs for all Australians. Outside this core area, the SBS does provide an essential service in broadcasting multi-lingual news, current affairs and entertainment.

However during the core 6.00 pm to 9.00 pm viewing time there is often program replication with the ABC. For example, the ABC has a Scottish cooking program, whereas SBS has an Irish cooking program, SBS current affairs programs like *Dateline* are very similar to ABC programs like *Foreign Correspondent*, and both ABC and SBS feature many English language overseas documentaries, comedy programs and specials.

⇒ FINDING

The Committee finds that during the core 6.00 p.m. to 9.00 p.m. time slot, there is significant program replication between the Government funded ABC television and SBS television.

1.5 Charter Responsibility of ABC and SBS

Charters, by their very nature, must not be overly prescriptive. It was noted by the Committee that in certain instances, the flexibility of the ABC and SBS Charters has been extended to such a degree to allow almost any activity to be interpreted as being acceptable under each broadcaster's Charter.

The Mansfield Review also noted the flexibility of the ABC Charter:-

“The current ABC Charter provides considerable flexibility as to how it interprets its role as a national public broadcaster and how the ABC determines priorities and allocates resources.”¹²

Mansfield further noted how the enabling nature of the Charter provides the ABC with *“discretion to alter the balance of its activities, and to expand or contract them in ways which may not reflect the community’s priorities.”¹³*

The ABC’s decision to change the State-based *7.30 Report* to a national program is an example of this and is discussed in detail in Chapter 7.

⇒ FINDING

The Committee finds that a wide interpretation of the ABC and SBS Charters should not affect what is considered to be the key purpose of the Government’s funding of the national broadcasters.

Within this context, the Committee paid particular attention to the respective Charters of ABC and SBS in determining whether both broadcasters are adequately fulfilling their roles and serving the Victorian community.

The respective charters of both broadcasters are similar with the SBS Charter having an emphasis on multiculturalism.

As stated earlier in this Chapter, the ABC’s function is to provide innovative and comprehensive broadcasting services which contribute to a sense of national identity and reflect the cultural diversity of Australia. SBS’s Charter states that its main function is to provide multilingual and multicultural radio and television services that inform, educate and entertain all Australians, and, in doing so, reflect Australia’s multicultural society.

The ABC has the advantage of being able to offer a wide range of services covering radio, television and online mediums. It operates four national network radio stations, Radio National, ABC Classic FM, Triple J and News Radio and the Parliamentary

¹² Mansfield, Bob, op cit, p.17

¹³ ibid

News Network and local radio in 9 metropolitan areas and 48 regional locations. Radio Australia, an international radio service, broadcasts to Asia and the Pacific.

Its single national television network broadcasts predominantly national and international programs with State news service and a weekly local current affairs program. Some other special local television programs are produced on occasions.

The ABC is also responsible for a popular Online service and the development of CD-Roms and other interactive media.

SBS, on the other hand, has one Television Network which broadcasts from Sydney and a national multilingual radio network, with two frequencies in both Sydney and Melbourne and one frequency in each of the other capital cities.

1.6 Need for Review of ABC and SBS Charters

This chapter has highlighted a number of failings in the existing programming of the ABC and SBS which can be attributed to a lack of clearly understood and defined purpose and function of Government funding.

The 1996 Mansfield Review found that the current ABC Charter provides the ABC with neither a clear definition of its role and functions nor protects those services and activities which Australians value most.

The Committee's investigations have confirmed Mansfield's view and suggest a similar statement could be made with respect to SBS Television.

The Mansfield Report made a number of specific recommendations on amending the ABC Charter including:

- *That a revised ABC Charter requires ABC services to contribute to the diversity of broadcasting services in Australia.*
- *That a revised ABC Charter emphasises the importance of providing services to regional Australia and the need for ABC services generally to reflect Australia's regional and cultural diversity.*

- *That a revised ABC Charter states that the ABC should make use of Australia's creative resources.*

These recommendations are particularly relevant to the Committee's Terms of Reference and findings that there needs to be a more equitable distribution of resources and programming throughout Australia.

The Committee notes with concern that since the Mansfield recommendations were made over two years ago, there has been no change to the ABC Charter. The need for a review of the Charter to more clearly focus on the purpose and function of Government-funded broadcasting, has become even more apparent since the Mansfield Review with a continuing trend of centralising staff and programs in Sydney.

⇨ FINDING

The Committee finds that the ABC should adhere to the Corporation's Charter obligations and that the ABC provide an alternative to commercial broadcasters in terms of local programming.

In particular, the Committee finds that the first priority of government-funded national broadcasting is to meet needs not covered by commercial broadcasters.

The Committee finds that the ABC and SBS Charters are not clearly defined and allow for a flexible interpretation of the services and programs being delivered.

RECOMMENDATION 1

The Committee recommends that the Australian Broadcasting Corporation Charter and the Special Broadcasting Service Charter be more clearly defined to ensure that the first priority of government-funded national broadcasting services is to meet the needs not covered by commercial broadcasting sectors.

RECOMMENDATION 2

The Committee recommends that the ABC Charter include a requirement that the level of Australian content (originating within Australia) provided on the ABC be no less than the levels and quotas established by the Australian Broadcasting Authority for commercial networks.

RECOMMENDATION 3

The Committee recommends that the ABC Charter should make specific reference to a priority to broadcast State news and current affairs.

RECOMMENDATION 4

The Committee recommends that the ABC Charter specifically incorporates the ABC's commitment to de-centralisation and that specific reference is made to the need for geographically balanced resource allocation.

Chapter 2: Centralisation of Government-Funded National Broadcasting Services

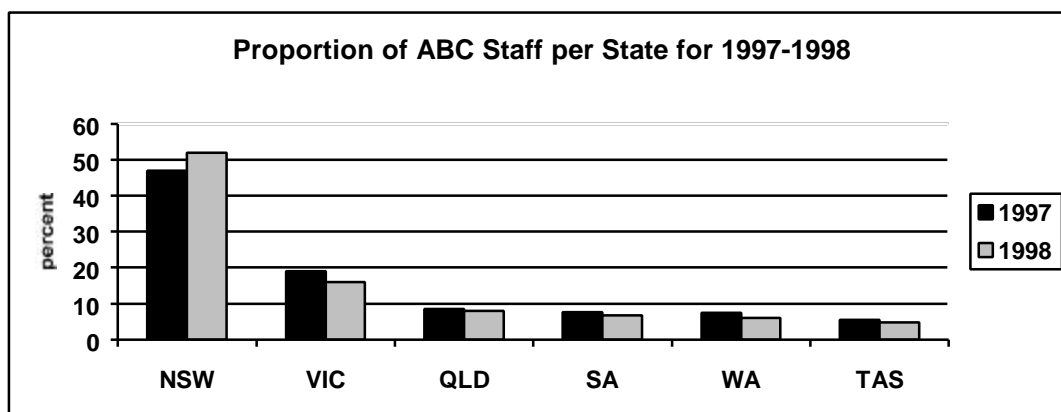
2.1 Centralisation of the ABC

Statistics provided throughout this Report indicates that in addition to the ABC having its head office in Sydney, there is a heavy weighting of non-head office resource allocation in Sydney. These resources predominantly relate to staff numbers and program production.

Evidence also suggests decision making is very much centralised in Sydney and that senior Sydney-based management have significant influence in programming decisions. The Committee has seen little evidence of ABC State Managers influencing programming decisions and also questions the ability of Commissioning Editors, some of whom are located outside of Sydney, to make decisions without the influence of Sydney senior management.

Briefly, the following statistics point to the ABC centralising resources in Sydney:-

- 52% of staff are located in New South Wales compared to 16% in Victoria. The previous year this breakdown was 47% in NSW and 19% in Victoria. In the past two years, Sydney has lost 109 out of 2,294 staff while Melbourne has lost 252 out of 936 staff.
- Other States share of staff has also decreased over the last 12 months.



(Source: ABC Annual Reports 1996/97 & 1997/98)

- Eight out of nine departments are headquartered in Sydney. The only Department based outside of Sydney is Regional Services which, while headquartered in Melbourne, has the majority of staff located outside Victoria.

Location of ABC Departments

Sydney	Melbourne
<ul style="list-style-type: none"> • Corporate Management • National Networks • News and Current Affairs • Program Production • Human Resources • Finance & Business Services • Technology Strategy & Development • ABC Enterprises 	<ul style="list-style-type: none"> • Regional Services

- The vast majority of key output functions, including News and Current Affairs, National Networks and Program Production are predominantly centralised in Sydney.
- Approximately 85% of support function staff, including Corporate Management, Enterprises, Finance & Business Services, Human Resources and Technology Strategy & Development are located in Sydney, compared to 7% in Melbourne.
- All major national news and current affairs programs are produced in Sydney including television programs *The 7.30 Report*, *Four Corners*, *Foreign Correspondent* and *Lateline*, radio programs *A.M.*, *P.M.* and *The World Today*. Late night local radio news bulletins are broadcast from Sydney.
- 55% of Radio National programs and 90% Triple J programs are produced in Sydney.

⇒ FINDING

The Committee finds that there is an over-concentration of ABC resources in Sydney which significantly disadvantages other States and capital cities.

Throughout this Report, evidence will be referred to which strongly suggests that decisions made by Sydney-based management are not made in the interests of all Australians. These decisions range from news editorial decisions, programming decisions and corporate decisions relating to future technology and accommodation strategies.

2.2 Centralisation of SBS

The Committee has viewed the centralisation of SBS activities in Sydney from a different perspective to the ABC.

SBS has only two production centres, Melbourne and Sydney. SBS Radio resources are spread evenly between the two cities however television staff and resources are overwhelmingly located in Sydney. At present, only 14 television staff (4%) are located in Melbourne with 343 (96%) located in Sydney.

While the Committee notes the SBS states that it, *“does not have the resources nor the broadcasting infrastructure to provide separate, State-based programming”*¹⁴, the Committee believes there is a lack of SBS television commitment in Melbourne.

There are some areas of SBS centralisation in Sydney which are of concern to the Committee and which will be addressed throughout the Report. Some of these concerns include the concentration of SBS Independent drama productions in Sydney, and the Corporation’s plans to relocate its Melbourne operations into Federation Square without any clear strategy to maximise useage of the new studios by relocating some television production to Melbourne.

2.3 Why the Need for De-centralisation?

There has been considerable debate on whether or not government-funded national broadcasters are ‘Sydney-centric’ and whether their respective activities are centralised.

¹⁴ Special Broadcasting Service, Submission No.42 to EDC, 30/9/98, p.9

The Committee has been provided evidence which clearly indicates that the majority of ABC and SBS resources and activities are centralised in Sydney. This leads to the question of why it is necessary to debate the issue of centralism, and why:-

- the ABC,
- the Economic Development Committee; and
- previous reviews such as Mansfield and the 1995 Senate Select Committee

have all strongly rejected the concept of centralism.

In reviewing the role and adequacy of government-funded national broadcasters, the Committee has examined this question and other issues of fundamental importance to the purpose and structure of both organisations.

Two main themes are examined which form the basis of the Committee's findings and recommendations throughout this Report. These are as follows:-

1. The purpose and function of the Commonwealth Government in funding two national broadcasters. This question leads to the issue of why government-funded national broadcasting resources should be distributed more evenly throughout Australia.
2. The extent to which these funds are effectively and efficiently managed, both within the context of rapidly changing technology, globalisation, and the availability of alternative and competing media. This leads to the question of how the ABC and SBS operate and should be structured to ensure that resources are not centralised.

2.4 Centralisation of Australian Cultural Institutions

There has been a growing concern that most cultural institutions in Australia are centred in Sydney. This concern was apparent in evidence put to the Committee.

For the record, it is important to note the following list of cultural organisations and their head office locations:

Sydney

- Australian Broadcasting Corporation
- Special Broadcasting Service
- Australian Film Commission
- Australian Film Finance Corporation
- Australian Film, Television & Radio School
- Australian Broadcasting Authority
- Film Australia
- Opera Australia

Melbourne

- Australian Children's Television Foundation
- Australian Ballet

⇒ FINDING

The Committee finds that there is an over-concentration of government-funded cultural institutions in Sydney. The Committee believes the ABC and SBS, as important cultural institutions, by their example are able to either consolidate or reverse this concentration.

The Australian Writers' Guild, in its submission to the Committee noted the affects of such centralisation:

“In Sydney, they (film and television makers) have access to networking opportunities and information; they do the full range of AFTRS (Australian Film, Television & Radio School) courses; they get jobs in the Commonwealth production and broadcasting organisations. In all these ways, Melbourne filmmakers are disadvantaged.”¹⁵

Cinemia, in its submission to the Committee, made a pertinent point with respect to concentration of media activity in Sydney being contrary to Government policy of diversity in the media:

“There is a strong danger that Australia's television programming reflects a Sydney bias. All major broadcasters have their headquarters in Sydney. This concentration of management is contrary to the Australian policy of diversity in the media. It is the same policy that operates to restrict the ownership of cross-media interests. It is the same policy that is expressed in section 3 of the Broadcasting Services Act 1992: to encourage diversity in the control of

¹⁵ Australian Writers' Guild, Submission No.66 to EDC, 26/10/98, p.3

the more influential broadcasting services – to promote the role of broadcasting services in developing and reflecting a sense of Australian identity, character and cultural diversity.”¹⁶

2.5 Centralisation of the ABC Organisation Structure and Decision Making

The Committee has closely examined the appropriateness of the ABC's organisational structure and decision making processes which, the Committee believes, have led to a centralisation of resources and services.

With the vast majority of ABC senior management working in the Sydney head office, concern has been raised that decision-making, in addition to resource allocation, has been centralised in Sydney. This concern was highlighted in the Committee's *Discussion Paper on the Future of ABC Television Production* released in March 1999 which found that de-centralisation can only be achieved if major function areas are relocated out of Sydney.

2.5.1 Existing Organisational Structure

The ABC and SBS have a typical vertically integrated organisational structure with a senior management team headed by a Managing Director who reports to a Board appointed by the Commonwealth Parliament.

Chapter 1 outlined that the ABC's management structure included four operational Departments. These are:-

- Regional Services and National Networks, which are responsible for determining what programs will be broadcast on their respective networks and regional services;
- News & Current Affairs which is responsible for the creation and production of all news and current affairs programming; and
- Program Production which is responsible for the creation and production of programs commissioned by National Networks.

¹⁶ Cinemedia, Submission No. 67 to EDC, 9/11/98, p.5

There are also four corporate service Departments:

- Human Resources
- Finance & Business Services
- Technology, Strategy & Development
- Corporate Management

Regional Services, although headquartered in Melbourne, is by its very nature the most de-centralised department in the ABC and only 9% or 96 of the Regional Services Department's staff are located in Victoria, compared to 20% or 213 in New South Wales.

In 1996, as a consequence of the Mansfield review, the ABC developed the 'One ABC' structure. The major part of the 'One ABC' policy has been to integrate all radio, television and on-line news and current affairs activities into one cross-media unit.

In its written submission to the Committee, the ABC commented on the new structure:-

“One ABC embodies the notion of shared business support functions – managed centrally from a single (though not uniform) location – and through the devolution of program commissioning and editorial functions through the Regional Services portfolio.”¹⁷

“The strength of the ABC lies in its spread of services and audiences throughout metropolitan and regional Australia. This new structure will enable the Corporation to reverse a trend to centralised decision-making and give real prerogative back to ABC branches in the States and Territories.”¹⁸

⇒ **FINDING**

The Committee finds that evidence put to the Committee does not support the ABC's view that the new 'One ABC' structure will reverse the trend of centralisation.

¹⁷ Australian Broadcasting Corporation, Submission No. 60 to EDC, 9/10/98, p.10

¹⁸ op cit, p.13

The ABC's Managing Director, in giving evidence to the Committee, suggested examples of what he believed was the ABC's commitment to de-centralised decision making. These included State Managers, whom he believes have real authority and influence in programming and news editorial decision making, and Commissioning Editors, some of whom are not based in Sydney.

The ABC Victorian Manager outlined his role in evidence to the Committee:-

MR GREEN -- *I have two core areas of responsibility; one is to represent the interests of the ABC to the Victorian community. Much of the task of the state manager is an external one, in terms of liaising with stakeholders and with organisations, whether they be business organisations, arts organisations or sporting organisations....*

The second part of my task is divided into two functions. One is direct accountabilities and the other is working relationships in order to advance the one ABC.

In terms of the direct accountabilities, I am directly accountable for the performance of local radio in the state, which is 3LO and eight regional offices throughout Victoria. I am directly responsible and directly accountable for local television and local television projects. I also have direct responsibility for technical services and the operation centre that acts as the transmission hub for what we are doing in radio. That is a very significant part of my direct accountabilities.

Much of my time is spent on advancing the notion of the one ABC as we move towards restructuring both our output and our work practices. For example, I am chairman of the news/caff project that is currently under way to bring television journalists from news and the "7.30 Report" to the Southbank centre.¹⁹

The Committee has seen little evidence of State Managers having any influence in programming decisions or news and current affairs editorial decisions. The Committee queries whether the Victorian State Manager had any say in the cancellation of Melbourne based national programs such as *Between The Lines*, or the relocation of Melbourne staff to Sydney for programming reasons.

Furthermore, the Committee questions what influence a State Manager has on national television and radio news bulletins coming out of Sydney.

¹⁹ Minutes of Evidence, 17/3/99, p.780

Chapter 6 on arts programming also highlights how Sydney-based senior management can easily over-rule the decisions made by Commissioning Editors.

The producer of the now defunct television book program *Between The Lines*, gave evidence to the Committee which succinctly summarised where the decision making currently takes place:

Ms McGUINNESS — *Management in Sydney call the shots in the ABC and always have done. There is nothing new about this; it has always been the case.*²⁰

The success of the 'One ABC' organisational structure has been widely questioned over the past two years. A recent *Bulletin* article on the ABC certainly made it clear how successful it considers the new structure to be:

*"It became One ABC in name in 1996 – nothing could be less accurate. Internally, the ABC is shambolic – many have no idea who their boss is. 'One ABC is an absolute dog and everybody knows it's a dog' said one Board member"*²¹

⇒ **FINDING**

The Committee finds that the very structure of the ABC as a monolithic vertically integrated organisation, makes regional diversity difficult, and leads inevitably to centralisation of management, decision making and resource allocation.

2.5.2 Ultimo Complex

The Committee's *Discussion Paper into The Future of ABC Television Production* was released following a decision by the ABC to re-locate all the non-news and current affairs studio and associated production, editing and administration facilities from Gore Hill (approximately 7km north of Sydney CBD) into a brand new multi-storey building, adjacent to the existing headquarters building in Ultimo (located on the south-west fringe of the Sydney CBD). This building proposal is generally called the Ultimo B proposal.

²⁰ Minutes of Evidence, 21/9/98, p.196

²¹ Lyons, John, "High Noon at Your ABC", *The Bulletin*, 30/3/99, p.28

This proposal is estimated to cost some \$122 million, including land.

News and Current Affairs staff will leave the Gore Hill site and will be collocated at the Harris Street, Ultimo A site by June 1999 in time for the Sydney Olympics. The proposed Ultimo B development is likely to be completed by 2002. The combined Ultimo complex will house approximately 2,000 staff with a small number of staff working from the significantly reduced Gore Hill site. Approximately half of the total ABC staff will therefore be accommodated in the combined complex.

⇒ **FINDING**

The Committee finds that if the ABC is truly committed to de-centralisation, and that such will result in a more even spread of staff and resources around Australia, the multi-storey, \$122 million Ultimo B development is destined to become an over-developed and under-utilised resource.

The Committee requested that the ABC provide a projection for the next 5 or 10 years, to indicate what, under the move away from centralism, it anticipates will be the resource allocation across the nation. During his appearance in a public hearing the Managing Director made it clear to the Committee that de-centralisation would involve staff re-allocations and not reductions. The ABC's second supplementary submission received less than one week prior to adoption of the Committee's Report, failed to provide the staff figures in response to the question taken on notice by the Managing Director.

The Committee anticipates that the ABC's stated objective to de-centralise resources will include the relocation of some staff away from Sydney. This would be consistent with the ABC's response to the Committee's Discussion Paper proposal:

MR JOHNS – *...(the ABC) cannot accept that the majority of television production can be centralised in any one State.*²²

²² Minutes of Evidence, 7/4/99, p.838

2.5.3 Television Production Location

The latest ABC Annual Report indicates that 65% of Program Production staff are located in New South Wales. The ABC's decision to construct a new sound stage in Sydney and to construct the Ultimo B complex to house television production would suggest that the majority of television production will remain in New South Wales.

In addition, the construction of a new digitally equipped sound stage will, of necessity, concentrate more activity in Sydney.

A January 1999 ABC staff newsletter made the following statement on the Ultimo B complex – *“it projects and supports in-house production – we will have a single site which locks in all our TV, radio and online production facilities”*²³

All of the ABC's national news and the vast majority of current affairs production is produced in Sydney.

At the time of finalising this Report, the ABC had yet to make a firm decision as to the future of Ripponlea, which is a major concern and will be dealt with in more detail in the following chapter.

⇒ FINDING

The Committee finds that the ABC's decision to spend \$122 million on the Ultimo B complex will ensure a further extension of centralism in Sydney.

The Committee finds that the ABC should have a clear strategy of its decentralisation policy in terms of staff and resource allocation. Any proposed development of the Ultimo B complex should only proceed after this strategy has been formulated.

²³ ABC Staff Newsletter, January 1999, p.3

RECOMMENDATION 5

The Committee recommends that if the ABC Board and Management are committed to de-centralisation, the ABC should not proceed with the development of the Ultimo B complex at this point in time.

RECOMMENDATION 6

That Committee recommends that the ABC develop a de-centralisation strategy which clearly indicates the projection of staff resources over the next five years to be submitted to the Commonwealth Minister for Communications, Information Technology and the Arts, and the Commonwealth Parliamentary Public Works Committee.

2.5.4 Centralised Decision Making

Throughout this Report, examples are given of ABC centralised decision making which adversely affects Victoria and other States. Examples of this are evident in:

- *The lack of local television current affairs programming*

Chapter 7 provides evidence from the ABC which indicates the decision to axe State-based *The 7.30 Report* in 1995 was made because of a declining audience in some States. The decision to revert to one national *7.30 Report* produced in Sydney and the lack of resources allocated to the weekly *Stateline* programs are clear examples of centralised decision making affecting other States.

- *News editorial decisions*

Chapter 7 also outlines evidence with respect to ABC national news stories and content being biased towards Sydney. Examples include a lack of adequate coverage when the Victorian Gas Crisis occurred and the preference for national late night radio news to cover National Rugby League results at the expense of Australian Football League results.

- Television arts production

Chapter 6 discusses the interference of Sydney-based senior management in the axing of Melbourne-based arts programs, *Between The Lines* and *Express*. Evidence illustrates how the ABC was going to shift arts production to Sydney but changed its mind when this Inquiry was announced.

- News Radio's coverage of AFL Football

Prior to the commencement of the 1999 AFL football season, a decision was made by the ABC's Head of News Radio on the ABC's Parliamentary News Network to discontinue AFL football coverage on the national network. The outcome of such a decision was that ABC would be in breach of an agreement with the AFL to broadcast football in every State, such an outcome would result in 3LO losing rights to broadcast football.

While this decision was reversed and PNN is continuing to broadcast AFL matches, the initial decision made by a Sydney-based manager, clearly highlighted a lack of understanding of the needs and cultural importance of AFL football broadcasts in States outside of New South Wales.

- Accommodation and digitisation strategies

This Report also highlights various decisions made with respect to the ABC's accommodation strategy and strategy for digital conversion which favour Sydney over other cities.

In particular, the Committee has highlighted the ABC's decision to spend \$122 million on a new television production facility in Ultimo, as well as the construction of a new drama sound stage, while no decisions have been made with respect to the future of television production facilities in Melbourne.

In addition, it has become evident that the ABC has no plans to install high definition digital television facilities in Melbourne, while such facilities are planned for Sydney.

- Triple J Resources

Chapter 10 illustrates the over-concentration of Triple J resources in Sydney. Concern is raised with respect to the recent decisions to reloacte the Melbourne-

based program *Super Request* to Sydney and to relocate Melbourne presenters, Merrick & Rosso to Sydney.

- *Wildside*

The ABC's decision to spend \$20 million, two thirds of the total drama budget, on the Sydney drama production *Wildside*, was clearly a decision which benefited Sydney at the expense of other cities. The Committee received a great deal of evidence from people in the film and television industry that highlighted the lack of opportunities for productions in other States as a result of the significant volume of funds allocated to *Wildside*. This matter is discussed in detail in Chapter 9.

2.5.5 The Need to De-centralise the ABC's Organisational Structure

As stated earlier, in its March 1999 Discussion Paper, the Committee made the following key finding:

⇒ **FINDING**

The Committee believes that to change the trend of centralisation, very specific and deliberate actions of an organisational structure are required if the objective of reversing the trend of centralisation is to be anything but a short-term reaction.

The Discussion Paper noted that the existence of the Parliamentary Inquiry has led to some programming decisions that have either maintained or resumed some Victorian based programs that otherwise may have been discontinued.

In particular, the Committee notes some recent decisions such as:

- the re-creation of a Melbourne based evening program on 3LO hosted by Peter Clarke;
- the creation of a new television program *The Arts Show* being produced in Melbourne utilising the production team previously responsible for *Express*;
- basing the ABC on-line and multi-media unit in Melbourne; and

- commissioning the new drama series *Something in the Air*.

The real concern of the Committee and ABC Melbourne staff is that at the completion of this Inquiry, programs will inevitably drift back to Sydney, particularly television production in view of the Ultimo development and uncertain future of Ripponlea.

In Chapter 3, the Committee pursues the Discussion Paper recommendation that organisational changes within the ABC are required which will bring activity to Melbourne for the benefit of the ABC as well as Victoria.

The Committee notes the recent move to locate many of the finance and business functions of the ABC into South Australia, and sees this form of relocation as the most effective structural arrangement to ensure geographic disbursement of resources.

The Committee believes the South Australian relocation of resources is an appropriate model that could be applied in Victoria. The Committee also understands some assistance by the SA Government has helped in this relocation.

At this point, it is also worth noting the findings of a recent review of the ABC, the *1995 Report of the Senate Select Committee in ABC Management and Operations*. Key findings emanating out of this review were:-

- *The ABC's Charter obligations are not only to represent the 'centre' to the regions but also the regions to each other. Centralising facilities and programming can militate against cultural diversity.*
- *The Committee recommends that the Board should reverse the current trend towards the concentration of ABC activities in Sydney and actively promote a strategy whereby new initiatives and senior management positions are located in centres other than Sydney so as to maintain diversity and develop regional 'centres of excellence'.*
- *Attention to better resource utilisation will also ensure that the ABC can continue to maintain or re-establish suitable career paths for staff outside NSW. This objective is not inconsistent with the ABC Charter obligations.*²⁴

²⁴ Senate Select Committee in ABC Management and Operations, *Our ABC*, Parliament of the Commonwealth of Australia, March 1995, p.89

Chapter 3: The Future of ABC Television Production

3.1 Background to the Committee's March 1999 Discussion Paper

Throughout this Report, the Committee has highlighted the over-concentration of ABC resources in Sydney and the need for a permanent re-location of services and functions away from head office.

In March 1999, the Committee released a Discussion Paper titled *"ABC Production: Discussion Paper on the Future of ABC Television Production."*

The Discussion Paper was an attempt to achieve such a permanent re-location and to determine the extent to which the ABC is committed to a de-centralisation of resources.

Briefly, the Discussion Paper outlined the benefits to the ABC and Victoria if the ABC re-located the majority of its non-news and current affairs television production to Melbourne. In effect, such a move would have changed the Sydney - Melbourne staff distribution balance from the present 52% to 16% to something like 40% to 28%. Further details of the Paper are set out below.

The Committee was concerned that from the moment the Paper was released, the ABC had set out to dismiss the Committee's proposal and to pursue its plan to construct a \$122 million complex adjacent to its Sydney Ultimo head office.

3.2 Future of Television Production in Melbourne in Light of Sydney Expansion

The Ripponlea complex is the centre for ABC television production in Melbourne.

Throughout the Inquiry, the Committee has been unable to obtain any solid assurances from ABC management that Ripponlea will remain a viable production base in the future. The ABC has continually indicated that television production in Victoria will not diminish.

The ABC has advised the Committee that it is reviewing the Corporation's needs in Victoria and will prepare a scoping study to be completed by the middle of the year. The ABC's decision on the future of the Ripponlea complex will therefore be made after the tabling of the Committee's Report. It is understood that future accommodation strategies have been completed in all States other than Victoria.

In light of the infrastructure being planned for Sydney and the lack of any plans for Melbourne, the Committee can only conclude that the future of ABC television production in Melbourne is considerably less certain and healthy than what the ABC has planned for Sydney.

Throughout the Inquiry, the Committee has heard the views of ABC Television staff located at Ripponlea who have repeatedly raised concerns over the future of the Ripponlea complex. These concerns initially arose due to the plans to collocate news and current affairs production to Southbank and have been exacerbated by the Ultimo B proposal.

The Committee is aware that the Ripponlea building would require approximately \$3 million to be spent to improve the building to appropriate standards. It is in a similar condition to the Gore Hill site, which the ABC has decided not to spend money on to upgrade.

The Committee is also concerned that there are no plans by the ABC to upgrade Ripponlea for high definition digital television production.

3.3 Future Melbourne Options

The Committee is disappointed that initial discussions between the ABC and Viacom did not appear to have achieved a positive outcome as proposed in the Committee's Discussion Paper. In particular, the Committee notes that ABC equity in the development could not be achieved, however opportunities remain for the ABC to own and operate its own studios on the same site or an alternative site within the Docklands precinct.

In particular, since the release of the Discussion Paper, the Committee has noted that there may be an opportunity for the ABC to explore a further option within the

Docklands site which may involve the ABC acquiring its own, independent facilities on the Batman Hill precinct which is to be re-tendered.

⇒ **FINDING**

The Committee finds that the ABC's decision to reject the Committee's proposal to re-locate the majority of non-news and current affairs television production to Melbourne is clear evidence that the ABC is not seriously seeking to de-centralise functions away from Sydney.

The Committee finds that the future of television production in Melbourne is uncertain in view of-

- **the ABC's commitment to constructing the Ultimo B building;**
- **the lack of a future accommodation strategy for the Ripponlea complex; and**
- **the lack of high definition digital television production facilities planned for Ripponlea.**

The Committee further finds that since the issuing of its Discussion Paper, a possibility may exist for the ABC to independently explore opportunities at the Batman's Hill precinct within the Melbourne Docklands site.

One of the key points raised in the Discussion Paper was that the ABC could only achieve de-centralisation if significant functions were physically relocated from Sydney to other cities. An example of this was the relocation of finance and business functions of the ABC from Sydney to Adelaide. The Committee identified a similar relocation could take place in Melbourne with respect to television production.

The Committee also noted there are possibilities for the Victorian Government to encourage the ABC to locate a major part of its television production base in Melbourne. To this end, the Committee encouraged the Victorian Government to

consider any incentives it may offer the ABC to relocate this part of its activity to Melbourne.

RECOMMENDATION 7

The Committee recommends that the ABC urgently identify significant functions that can be relocated out of Sydney and that such relocation be implemented.

RECOMMENDATION 8

The Committee recommends that the Victorian Government liaise with the ABC with respect to facilitating relocation of functions to Victoria.

The remainder of this chapter outlines in detail the Committee's Discussion Paper proposal and the ABC's response to the proposal.

With respect to the ABC's decision to reject the Committee's Discussion Paper, the decision was conveyed to the Committee by:-

1. a Sydney press report on 1st April indicating the ABC Board had decided to reject the Committee's proposal;
2. evidence by the ABC Managing Director in a public hearing on 7th April; and
3. final written submission by the ABC received on 4th May (one week before adoption of this Report).

3.4 Committee's Discussion Paper

3.4.1 Aim of Discussion Paper

The aim of the Committee's Discussion Paper was to:-

1. highlight the benefits to the ABC of concentrating its production activity in a new/upgraded, state of the art, major television production facility in Melbourne; particularly:-
 - significant savings in production costs in Melbourne, estimated to be between 15-30%; and
 - significant capital expenditure savings compared to the Sydney options involving the Ultimo B development
2. focus the ABC's attention on the significant financial and operational benefits of acquiring new film & television studio facilities in Melbourne and the potential for synergies with currently proposed studios in the Docklands precinct; and
3. highlight the issue to the State and Federal Governments who may have an interest and ability to influence capital requirements of any proposals.

The Committee decided to release the Paper prior to the tabling of its Final Report as it became aware of ABC decisions with respect to the sale of its studios at French's Forest, the sale of the majority of its Gore Hill site, the proposal to construct a new complex at the Ultimo B site and decisions regarding digitisation.

Given that these issues were under active consideration by the ABC and coupled with the development of television and film studio complexes under consideration in the Melbourne Docklands area, it was critical that the issue of the ABC acquiring new film and television studio facilities in Melbourne be considered as a matter of urgency.

The Committee was also aware that the ABC's final submission on the Ultimo development is to be presented to the Joint Commonwealth Parliamentary Committee on Public Works in May/June this year prior to seeking Parliamentary approval.

3.4.2 Victoria's Competitive Advantages

The Discussion Paper outlined a number of areas where evidence indicated Victoria holds a competitive advantage in terms of television and film production, these were:-

- Significant operation and capital cost savings
- Creative and technical skill base
- Diverse and accessible locations
- Stable weather conditions

Based on evidence put to the Committee, initial investigations suggested the costs of television productions in Melbourne are 15-30% less than in Sydney. These production costs mainly relate to crew rates and location costs. The Committee acknowledges that there was considerable debate surrounding the extent to which these costs were realistic. Further comment on this is provided later in this chapter.

The Committee also noted that real estate and building costs are, to varying degrees, considerably lower in Melbourne than in Sydney that would equate to lower capital costs in Melbourne.

3.4.3 ABC's Proposal to re-locate non-news and current affairs studio and production facilities from Gore Hill

The ABC is currently considering re-locating all the non-news and current affairs studio and associated production, editing and administration facilities from Gore Hill into a brand new multi-storey building, adjacent to the existing headquarters building in Ultimo. This building proposal is generally called the Ultimo B proposal.

This proposal is estimated to cost some \$112 million, not including the Ultimo B land, which, if included, would increase the value to an estimated \$122 million.

The Committee's Discussion Paper highlighted the following problems with a studio location in Ultimo:-

- the complex will be situated in the centre of the Sydney CBD with its expensive real estate and associated building costs;
- the production facilities will be housed in a land-locked multi-storey building that does not have the flexibility and advantages of a low level single storey site; and

- access to the location is extremely difficult, being in a highly trafficked area, with heavy traffic congestion.

The Committee found that proposal to re-locate production facilities into a multi-storey, central city, highly expensive, restricted access location, would seem to be at odds with conventional logic for the location of production facilities.

3.4.4 *The need to explore other options*

In view of the cost saving in production that could be made by re-locating production facilities to Melbourne and the problems outlined with respect to the Ultimo B proposal, the Committee urged the ABC to explore various Melbourne options, namely:-

- the state-of-the-art studio facilities proposed at the Docklands site by the Entertainment City consortium;
- an upgrade of existing studio facilities at Ripponlea; and
- a possible greenfield development option.

The Committee initially preferred the Docklands option as offering the greatest opportunities in terms of synergies in creating a critical mass of television and film production activity.

3.5 ABC's Response to the Discussion Paper

When releasing its Discussion Paper in March, the Committee was hopeful that the ABC would view the Paper as a positive initiative in putting forward a proposal which the ABC could meet its objective of de-centralising activity away from Sydney.

Unfortunately, evidence would suggest the ABC had no plans to defer the Ultimo B development to consider re-locating a major part of its non-news and current affairs production to Melbourne.

The ABC rejected the Committee's proposal outright on a number of grounds.

3.5.1 *The ABC does not accept that the presence of the ABC head office in Sydney inevitably creates bias.*

The Committee's Discussion Paper noted that:-

“Centralisation of staff and senior management, with the responsibility of making decisions will, by its very nature, have a bias towards the city where the ‘management team’ is located. The Committee sees evidence of this in programming decisions, resource allocation, and in decisions relating to accommodation strategies and future technology strategies.”²⁵

The ABC's Managing Director rejected this statement in evidence given on 7th April:-

MR JOHNS - *Organisations need a head office. However, the ABC under its federalist policy, which I have been pursuing extremely vigorously, is seeking to decentralise decision making as far as possible. I have already indicated the extent of the checks and balances in our structure which militate against the inertia of head-office domination. In modern management terms we are moving from a hierarchical, centralised structure to a networked structure in which independent units combine to make up the strength of the whole.*

The figures in this section to support the Committee's claim of decentralisation do not accord with figures provided by the ABC on staff numbers. They exaggerate, to our mind, the number of staff in New South Wales and minimise those in Victoria. Our figures — presented to the inquiry in our first submission, and I refer you to that — show that of all Australian-based staff, 47 per cent reside in Sydney and 19 per cent in Melbourne.²⁶

Unfortunately, Mr Johns publicly referred to the 1996/97 staff figures, rather than the 1997/98 figures used by the Committee. The difference being that the proportion of NSW staff had increased by 5% and Victoria's proportion had decreased by 3% over the last 12 months. Evidence referred to elsewhere in this Report indicates other States' proportion of total staff has also decreased.

Also throughout this Report are a number of examples of decisions made by Sydney-based management which disadvantage Victoria and other States.

²⁵ Economic Development Committee, *Discussion Paper into the Future of ABC Television Production*, March 1999, p.8

²⁶ Minutes of Evidence, 7/4/99, p.838

The Committee's view that centralised activity inevitably creates a bias in decision making is a view shared by the vast majority of ABC Melbourne staff, past and present, who spoke to the Committee in public hearings, in-camera hearings and in numerous telephone conversations with Committee staff. Many of these staff members were understandably reluctant to give public evidence as they did not want to jeopardise their careers.

The Committee also received evidence from people in the film and television industry throughout Victoria who suggested the presence of the ABC head office in Sydney inevitably creates bias in decision making.

This is not just a parochial Victorian view of a New South Wales based organisation. The Committee heard similar concerns in Queensland. The lack of ABC resources in the other States would no doubt lead these States to having similar concerns.

Throughout the course of the Inquiry, numerous press reports highlighted the centralisation of ABC resources in Sydney. The issue of ABC Management's denial that resources are centralised in Sydney was dealt with in the Age newspaper's editorial on 12th April 1999:-

*"Bias is often invisible when it accords with one's own. Perhaps this is the explanation for the insistence by the ABC's managing director, Mr Brian Johns, that the national broadcaster is not Sydney-centric. – Mr Johns' insistence that ABC news and current affairs is not dominated by a Sydney focus is at odds with the perceptions of many Victorian viewers and listeners."*²⁷

3.5.2 The ABC cannot accept that the geographical separation of commissioning from production is a viable proposition.

The Committee's Discussion Paper highlighted the ABC trend to program purchasing, independent production and co-productions which, the Committee believed, is not without its problems in both cost efficiency and probity. Chapter 4 in this Report provides evidence of these problems.

²⁷ The Age Editorial, "The Sydney Broadcaster", 12/4/99, p.12

The Committee believes some of these problems may be overcome if the Program Production department/unit was to be more clearly separated from the ABC programming and broadcasting unit.

The ABC's Managing Director did not accept this statement:-

MR JOHNS - *we cannot accept that the geographical separation of commissioning from production, as suggested in your paper, is a viable proposal. The ABC has already separated commissioning from production as part of its One ABC structure. However, it is vital for the development of the creative process that the commissioning arm is not isolated from the production arm. What we have done is ensure that as far as possible commissioning and production are both decentralised. Hence, in Melbourne commissioning editors have been appointed in the major production areas of drama, comedy, and arts and entertainment, along with the head of the natural history unit. They are the areas, as you will recall, that I have enumerated as being of particular significance in Melbourne.*

In Sydney, on the other hand, commissioning editors have been appointed in TV documentaries, science and talk, sport and children's programs. In Adelaide we have created an additional editorial position to manage education, reflecting the major production in education that comes out of Adelaide.

Transparency is achieved not just through the separation of commissioning from production, but through contestability, a process which ensures that annually between 10 and 15 per cent of our production other than news and current affairs is subject to competitive bidding from internal and external producers.²⁸

The Managing Director's statement that commissioning should not be geographically separated from production is in direct conflict with existing and projected ABC practice.

For example, with Commissioning Editors for Drama, Comedy and the Arts in Melbourne, the outcome of the Managing Director's assertion would be that all drama, comedy and arts programming would come from Melbourne. Clearly this has never been the case and from examination of the ABC's forward production schedules, is never intended to be the case. A similarly unrealistic case exists with the Sports Commissioning Editor who is based in Sydney.

²⁸ Minutes of Evidence, 7/4/99, p. 838

That ABC's Managing Director can advance such an unlikely proposition to a Victorian Parliamentary Committee, is an illustration of the contempt with which management views any significant relocation of resources from Sydney.

It is worth noting that the Commissioning Editor of Drama is based in Melbourne but this did not prevent the bulk of last year's ABC drama budget being spent in Sydney.

The ABC believes it is vital for the development of creative process that the commissioning arm is not isolated from the production arm. However, it then states that as far as possible, commissioning and production are both de-centralised.

3.5.3 *That the ABC cannot accept that the majority of television production can be centralised in any one State.*

The basic premise of the Committee's Discussion Paper was that the majority of television production, other than news and current affairs, be re-located in Melbourne. The Committee did acknowledge that television production would still take place in Sydney and other States, a point failed to be recognised by the ABC.

The ABC rejected the notion that the majority of television production can be centralised in any one State.

MR JOHNS – *we cannot accept, consequentially, the central thesis of the discussion paper — that the majority of television production can be centralised in any state. To do so would be to abrogate our responsibilities as a national broadcaster. Nor can we turn our backs on the independent production industry, which itself is spread across the nation.*²⁹

This statement is clearly in conflict with the current situation where the majority of ABC activity is centralised in New South Wales. It should be pointed out that the vast majority of national news and current affairs production is centralised in Sydney. The ABC's plans for the development of Ultimo B would suggest the majority of television production will be centred in Sydney. Evidence of this is provided throughout the Report and specifically in Chapter 2 which suggests the new Ultimo B complex will provide the ABC with a single site which locks in all of its TV, radio and online production facilities.

²⁹ Minutes of Evidence, 7/4/99, p.838

3.5.4 The ABC cannot accept that moving to Melbourne would be justified by cost savings.

The Committee provided anecdotal industry views and statistical evidence which indicated Melbourne's television production costs are 15-30% lower than in Sydney. In addition, the Committee identified significant capital cost savings to be achieved in a move from Sydney to Melbourne.

While there is no doubting Melbourne's capital costs and production location fees are lower than in Sydney, the ABC was at pains to prove that production crew rates in Sydney are equal to those in Melbourne. While the Committee notes there are some discrepancies in crew rate figures, the ABC's own evidence suggested many people in the industry believed crew rates in Melbourne are 10-20% lower than in Sydney. An equal number of industry people thought crew rates in the two cities were on par.

Details on location fees suggests New South Wales fees are at least double those in Victoria. Examples of crew rates between the two States also suggested, that on average, Victorian rates were lower than New South Wales rates. The ABC rejected the Committee's calculations on crew rates indicating the difference in rates was minimal.

The Committee notes that the ABC's General Manager of Business Affairs, National Networks confirmed that location fees in Melbourne were lower than Sydney and indicated there were mixed views on the crew rate comparisons:-

MR SMITH -- *I am covering everything: feature film, mini series, TV Series..... In the main, the difference seems to be location costs between Sydney and Melbourne (\$1,000 to \$2,000 a day for Melbourne and between \$2,000 and \$5,000 a day in Sydney) and, secondly, half the people I spoke to felt that crew costs in Melbourne could be lesser by 10 or 20 per cent. The other half felt they were on par. All the rest of the components that go to make up the budget such as facilities, equipment, writers' fees, actors, lab costs and post-production are pretty much on a par.*³⁰

On the balance of evidence, the Committee stands by its previous claim that production costs in Melbourne can be anything from 15 to 30 percent lower than in Sydney.

³⁰ Minutes of Evidence, 10/3/99, p.741

The Committee also reiterates its view that in the long term, the ABC could make substantial capital and production cost savings if the majority of non-news and current affairs television production is relocated to Melbourne.

Chapter 4: Efficiency and Effectiveness of the ABC

Evidence put to the Committee has questioned the efficiency and effectiveness of the ABC in a number of areas. Of equal concern is the lack of transparency and accountability in management decision making with respect to the spending of taxpayers' funds.

On the basis of financial analysis carried out by consultants, Australian Continuous Improvement Group, on behalf of the Committee, and in light of other evidence before the Committee, this chapter concludes that:-

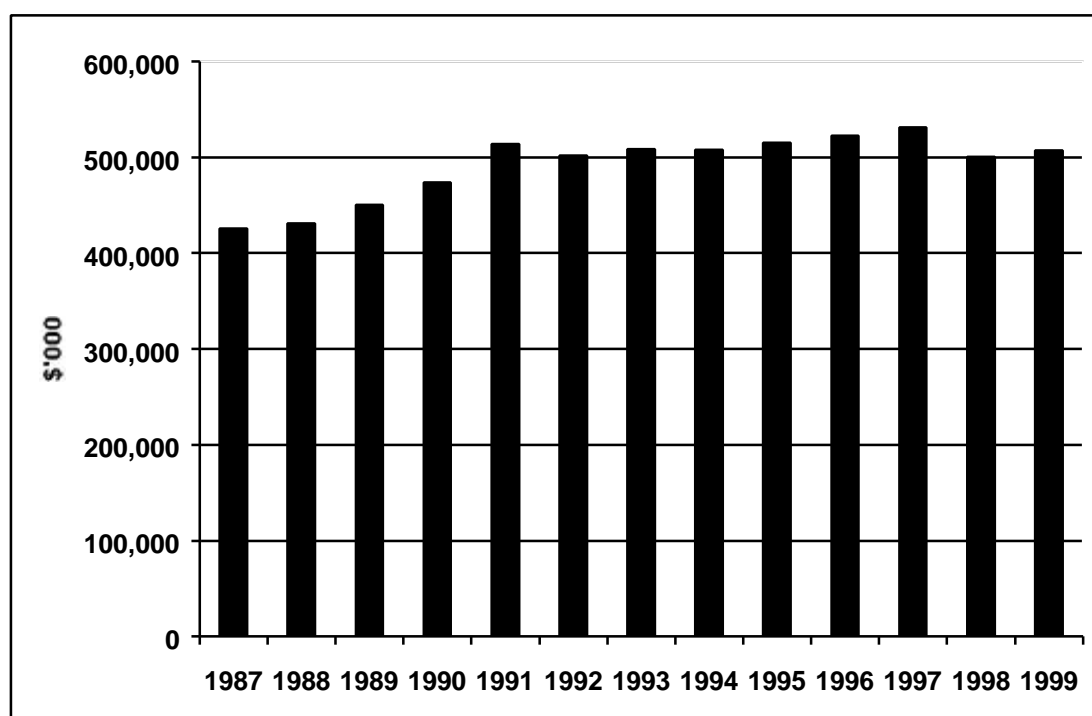
1. The ABC is not operating as efficiently as it could and that significant efficiencies could be achieved in administrative and support functions in order to allocate more funds to local programming.
2. There are a number of problems with the existing management structure. In particular, the Committee has identified a lack of transparency and accountability in decision making and a lack of clear lines of authority.

4.1 Federal Government Budget Cuts

The Committee noted that during recent times Government funding for the two national broadcasters has declined. This has been repeatedly emphasised by the ABC and Friends of the ABC in their submissions and evidence.

The Committee notes the concerns raised with respect to budget cuts, however the purpose of the Inquiry has been to inquire into the distribution of existing government-funded national broadcasting resources.

The graph below illustrates the extent of ABC funding from the Commonwealth Government over the past 12 years.

ABC'S TOTAL REVENUE FROM COMMONWEALTH GOVERNMENT: 1987 – 1999

(Source: ABC Annual Reports 1987/88 to 1997/98)

It is clear that various Federal Governments have reduced ABC funding during the past decade. As part of the current Government's directive that ongoing cost efficiencies be achieved, the ABC's funding was reduced by approximately \$66 million in 1996. The ABC explained the funding cuts in the following way:-

*"...the Federal Government's decision announced in August 1996 to reduce the ABC's funding base for the 1996-97 financial year by an ongoing 2% efficiency dividend (or \$10.8 million), and to cut a further 10% or \$55 million annually from the ABC's budget for the life of its current triennial funding arrangement. The two reductions represented 12% of the ABC's funding base."*³¹

Savings were achieved through the 'One ABC' restructure where management identified an estimated \$27 million worth of efficiency savings.

Other significant savings were made by the halving of Radio Australia's resources and overseas reach. This included the closure of the Radio Australia transmitters in Carnarvon (W.A) and Cox Peninsula (near Darwin). The Committee notes that Radio Australia is based in Melbourne.

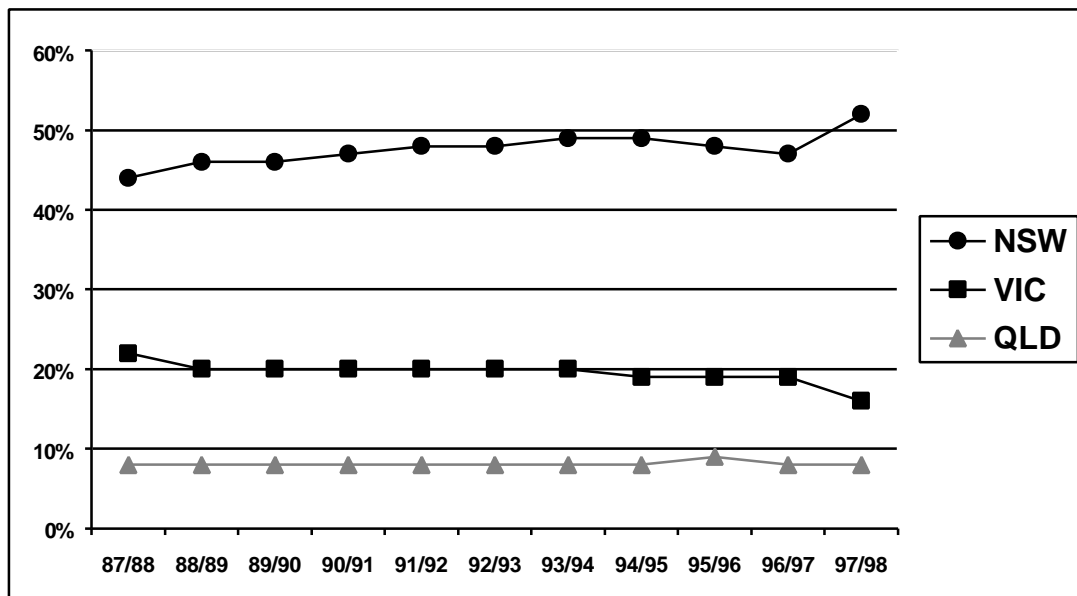
³¹ Australian Broadcasting Corporation, Submission No.60 to EDC, 9/10/98, p.25

The ABC's submission noted how the Corporation had responded to the challenge of Radio Australia's cuts:-

*"To face these challenges, Radio Australia has repositioned itself as a leading provider of knowledge about Australia and the Asia-Pacific regions. Its services are broadcast and online in English, Indonesian, Mandarin Chinese, Tok Pisin (PNG), Khmer (Cambodian) and Vietnamese."*³²

ABC management have often asserted that recent budget cuts have necessitated a centralisation of ABC resources in one location. The graph below illustrates how Victorian staff numbers have been affected more than New South Wales staffing over the years.

**ABC STAFFING LEVELS FOR NSW, VIC & QLD
AS A PER CENTAGE OF NATIONAL ABC EMPLOYMENT: 1988-98**



(Source: ABC Annual Reports 1987/88 to 1997/98)

⇒ FINDING

The Committee finds that many witnesses, in defence of centralisation, linked centralisation of ABC resources to funding cuts. However, the Committee notes that in the period 1989 to 1997 when funding increased, centralisation was still taking place.

³² Australian Broadcasting Corporation, Submission No.60 to EDC, 9/10/98, p.38

4.2 Efficiency of the ABC

One of the Committee's most difficult tasks during the course of this Inquiry was to obtain detailed budgetary and staffing information from the ABC in order to assess the effects of resource allocation on Victoria and to measure the level of efficiency of the ABC's operations.

The Committee believes its lack of success in obtaining this information from the ABC partly relates to the fact that if a full disclosure of information was made, as requested, the centralisation of resources would become even more apparent.

In order to assess the efficiency and effectiveness of the ABC, the Committee engaged the services of financial consultants, Australian Continuous Improvement Group. The consultants attempted to benchmark ABC operations with accepted 'best practice' levels based on publicly available information. (➡Appendix 14)

The results of the consultants' findings are not favourable for the ABC.

⇒ FINDING

The Committee's consultants found that the ABC is not efficient. If the ABC operated at 'best practice' levels in its management and administrative functions alone, it could save between \$25 million and \$74 million per annum.

RECOMMENDATION 9

The Committee recommends that the Commonwealth Auditor General undertake a detailed performance audit of all aspects of the Australian Broadcasting Corporation's operations. As part of this audit, the Auditor General should ensure the ABC undertake regular performance benchmarks against best practice operations and that the ABC should publish these results in its Annual Reports.

4.2.1 Organisational Effectiveness

In order to assess the organisational effectiveness of the ABC, the Committee's consultants analysed the ratio of direct to indirect staff for three major output areas.

For the purpose of understanding the distinction between the two, the direct category includes TV Production Operators, TV Directors, TV Production Services, TV Transmission, TV Production Support, Engineering, Journalists and Reporters, Radio Broadcasters and ABC Shop Staff.

The indirect category includes all of the administration support and management staff but is understated because it excludes the senior executives in the production and delivery areas for which numbers were not available but who can also be considered indirect staff.

⇒ FINDING

The Committee's consultants found that the ABC spends-

- **almost five dollars in management and administration for every ten in TV production and program delivery in TV;**
- **almost six dollars in management and administration for every ten in radio production and program delivery in Radio; and**
- **nine dollars in management and administration for every ten in staffing the Enterprises businesses.**

The Committee's consultants found that although there had been a reduction in staff costs each year since 1996 there has not been a significant change in the ratio of indirect to direct staff since that time.

In the absence of detailed explanations and information from the ABC, it could be interpreted from the above analysis that the ABC has not introduced significant improvements in the last three years into the way that it manages people and processes.

4.2.2 External Benchmarking

A common basis of comparison is for the management and administration functions to be compared against organisations that have similar but not necessarily identical functions. For instance, the ABC is comparable with many non-broadcasting organisations that have management, finance, technology, human resources, property, compliance and general clerical functions. Almost all commercial and government organisations have these functions.

The Committee's financial consultants included the ABC's executive management, finance and business services and human resources divisions in analysis to compare the ABC's performance against similar organisations providing finance, management and human resources functions. When comparing this data with other organisations of a similar nature whether they are other government authorities or commercial organisations, the ABC does not compare favourably.

⇒ FINDING

The Committee's consultants found that the ABC has one person in executive management, finance and business services and human resources alone for each 7.5 staff in all other parts of the ABC. Comparison with the NSW Government sector shows that some NSW Government agencies operate with a ratio of 1 to 28. This analysis puts the ABC in the least productive 25% of agencies in the general administration staff to direct staff ratio.

4.2.3 Human Resources Ratios

A major area of inefficiency highlighted in the consultant's report was in respect to the volume of Human Resources staff within the ABC. The ABC has a total of 140 Human Resources staff at a ratio of 1 HR staff to every 27 other staff.

Information in the private and public domain indicates the ABC could be in the lowest quartile of performers in terms of HR resources per staff. The average spend per staff member on HR salaries for the ABC is more than two and a half times the USA best practice equivalent measure.

The ABC's Head of Human Resources provided the following explanation for the large number of human resources staff at the ABC:-

MS HUTCHINSON - *To give just an idea as to why so many HR people were required, apart from the structure and the duplication there are currently five separate industrial awards to cover our staff of approximately 4000. We then have three umbrella agreements that are essentially working conditions which sit under the awards. We have in excess of 200 staff rules, appendices and general orders. We have 68 different classification groups, which means there are 68 different salary structures for our employees. We have 11 different methods of determining salary advancement — that is, performance-based assessment. We have 23 sets of different working conditions, and they can range from hours of work allowances, penalties and overtime to termination or redundancy procedures. We do not have common sets of leave entitlements for the largest group of staff, the production people, in whom you indicated interest. We have inconsistencies in the ways the ABC has applied certain conditions to certain groups, so it is not surprising that the ABC has been labour intensive in the human resource area.*³³

⇒ **FINDING**

The Committee's consultants found that the ABC has one Human Resources staff member per 27 other staff, putting the ABC in the lowest quartile of performers in terms of HR resources per staff member. The number of HR Staff for the ABC is more than two and a half times the USA best practice.

The ABC's Head of Human Resources noted in evidence given to the Committee, that Human Resources staff numbers were expected to reduce by 40 in this calendar year. Even with this reduction it would result in one HR staff member for every 37 staff, which whilst an improvement, would be still be a long way from world best practice.

³³ Minutes of Evidence, 22/3/99, p.816

4.2.4 Comparing the Public Broadcasters to Australian and Overseas Media Organisations

Analysis of data from the USA indicates that the ABC uses more staff on average in support and finance functions than the average USA TV industry.

Comparison of the ABC against the Australian commercial radio broadcasting industry indicates that the average cost of an ABC radio station is almost 80% more expensive than the average commercial radio station. (These figures include all costs reported to the Australian Broadcasting Authority). If one removed the sales and promotion costs from the commercial radio costs (these are not reported in ABA statistics) then the comparison would be well in excess of the 80%.

This cost position is despite the fact that in almost every State, ABC National networked programs (emanating mainly from Sydney) comprise more than 50% of the local radio sourced material.

4.2.5 Effect of Operating at Best Practice

As a result of the prior analysis on benchmarking, there appears to be significant opportunity for further efficiencies. The Committee's consultants have found that if the ABC operated at best practice levels, then simply in respect of its management and administration costs alone, it could save between \$25 million - \$74 million per annum.

Such efficiency savings could provide funding for higher programming priorities identified by the Committee later in this Report.

⇒ FINDING

The Committee finds that ABC efficiency savings identified and estimated to be between \$25 million - \$74 million per annum, should be used to fund programming in key priority areas. The Committee has identified such priority areas including-

- **additional regional radio stations in Victoria;**
- **a nightly State-based current affairs television program; and**

- **24 hour radio news room operations in major capital cities.**

4.2.6 ABC's Response to Benchmarking

After many months of investigations during which the ABC highlighted their problems and inability to develop appropriate measures of performance, the ABC's final submission to the Committee, received only days before adoption of this Report, provided details of a performance comparison study the ABC had undertaken based on 1995/96 figures for the ABC, British Broadcasting Corporation and Canadian Broadcasting Corporation.

These figures showed that the ABC compared favorably with the BBC and CBC.

The Committee's consultant is studying these figures but has made a preliminary analysis, specifically for ABC data, so that the Committee could include reference to this last minute data in its Report. The following points are raised:

- The performance measures do not address the ratios of supervision, management, HR and other overhead costs to total cost. It being noted that these were the only measures that could be reliably derived from public submissions.
- The ABC has provided no backup figures, methodology, or worksheets to show the data source, adjustments that may have been made to that data.
- The BBC, CBC and ABC, although all public broadcasters are very different in their size and scope. For example, the BBC has several television networks and operates the BBC World Service and the CBC undertakes broadcasts in both French and English, all of which significantly increase production costs.
- The costs of production in UK and Canada compared to Australia is not accurately reflected by currency differences. By simply applying a currency conversion to BBC costs would not give an accurate reflection of the equivalent Australian costs. The BBC and CBC also have a large volume of local productions, whereas the ABC imports a lot of its content.

The Committee's consultant has selected several of the indicators and attempted to interpret them based on ABC published data from their 1995/96 Annual Report. These examples are set out below:

- **Measure:** Radio cost per broadcast hour at \$2,100/hour.

If ABC Annual Report figures are used the calculation would give a result of \$4,865/hour, more than double the ABC benchmark figure.

- **Measure:** Broadcast hours per staff at 4.2.

Once again if Annual Report figures are used the ratio is 3.7, rather than 4.2.

- **Measure:** Hours of in-house production per staff member, at 2.5.

Taking this 2.5 figure and using the Annual Report staffing for the ABC to derive in-house production hours, provides a result in excess of the total Australian content hours published in the Annual Report.

⇒ **FINDING**

On the evidence before it, the Committee has difficulty in accepting the credibility of the ABC's performance measures.

4.2.7 Need for Publication of ABC performance measures in Annual Reports

In its final submission, the ABC commented on the benchmarks selected by the Committee's consultant and proposed the following as more appropriate measures of efficiency:

- Staffing
- Costs
- Work reforms
- Introduction of technology
- Introduction of systems

⇒ FINDING

The Committee finds that the ABC's measures of efficiency are not appropriate as they do not measure outputs.

The Committee's recommendation earlier in this chapter deals with this issue.

4.3 Effectiveness of ABC Management Structure and Decision Making

Evidence suggests the existing ABC management structure has lead to inefficient and ineffective decision making. Such evidence is consistent with the benchmarking analysis carried out by the Committee's financial consultant. The Committee has identified a number of problems with the existing management structure, these are:-

- there is a lack of transparency and accountability in decision making;
- there are no clear lines of authority; and
- resources and facilities often are setting the agenda for programming.

4.3.1 Lack of transparency and accountability in decision making

The 1981 Dix Review of the ABC found that the ABC should be more publicly accountable than it had in the past. It said under increased accountability the ABC should make public what programs cost, and when failures occur, make public why they did so.

Sydney-based ABC television producer and presenter, Mr John Millard made the following comment in his submission to the Committee:

“we are talking about the ABC and all it stands for in the eyes of the public, then the cure must be complete openness, total transparency...anything less in this particular organisation inevitably leads to the problems the ABC currently has. The term commercial-in-confidence should have no place in ABC dealings of the special public accountability of this special organisation.”³⁴

³⁴ Millard, John, Submission No.19 to EDC, 27/8/98, p.2

The lack of transparency and accountability is particularly evident in the ABC's financial matters and the contestable process for outsourced television programs. Throughout the Inquiry, the Committee has been unable to obtain detailed budgetary information from the ABC on programming costs and a breakdown of budgets allocated for various output functions areas.

A March 1999 *Bulletin* article on the ABC also made mention of the lack of accountability of the ABC to the Government and suggested incorrect and misleading financial information was being presented to the ABC Board by Management.

When the Committee sought details on contestable bids, the ABC advised it could not provide the information as it was commercial-in-confidence. The Committee attempted to investigate various claims and anecdotal evidence that called into question the openness of the contestable process. Allegations were made that bids are sometimes awarded to 'mates in Sydney'.

The Committee also queried the process whereby some ABC staff who had resigned and received a pay-out, had returned through the contestable process to receive contract payments by the ABC.

One example given to the Committee related to the previous Head of Television, Ms. Penny Chapman who won a contestable bid to produce a series on horseracing.

It was reported that the ABC had paid Ms Chapman's Sydney company \$2.1 for a six-part series on horseracing, one-fifth of the entire science and talks budget.

When questioned by Committee Members on this issue, the ABC's Head of National Networks did not refer to the \$2.1 million payment to Ms. Chapman's company.

MR LLOYD-JAMES - *During the discussions over her departure we agreed with Penny that we would take a position in a drama series she was proposing to develop called the "Road From Coorain" which is a Victorian-based series, and the Board approved that. It does not re-employ Penny. The ABC's position on it was only to develop the project. The development fees the ABC pays on a project go to writers, not the producers of a series. Malcolm would know; I may be wrong on this.*

MR SMITH - *I am not sure of the details.*

MR LLOYD-JAMES -- *They go to the writers, not to the producers. If the series goes into production the ABC will probably support the series because it is one we keenly wanted. Penny was not made redundant and she has not been re-employed by the organisation.*

MR POWER - *But it is true that she continued to receive financial remuneration from the ABC.*

MR LLOYD-JAMES - *No. The people who get the funds for development are the writers. The producer does not*

THE CHAIRMAN - *In all honesty, that is splitting hairs.*³⁵

The Committee's questioning of Mr Lloyd-James was with respect to a significant sum paid to Ms Chapman's company for a six-part history of Australian turf, *The Track*, which was a successful bid in the last round of contestables.

Mr Lloyd-James responded by referring to another series that was in development stages. The Committee sought clarification on this evidence and the amount paid to Ms Chapman however the ABC declined to provide this information in its final submission on the grounds it was commercial-in-confidence. However, the previously referred to Bulletin article managed to obtain the figure of \$2.1 million from the ABC.

Another example of a questionable contestable process was in a forthcoming ABC TV pet series *Animal Companions*.

The ABC's own *Media Watch* program raised concern that the series might be compromised by the relationship between its presenter, Dr Jonica Newby, and her employer, Petcare, an information service funded by Uncle Ben's (manufacturers of Pal dog food).

"Welcome to Media Watch which this evening explores the credible and the incredible. And no more clearly are these forces at play than in the way your ABC allocates money in what is called a contestable process.

In the very same week that submissions for the contestables were called, Dr Jonica set up her own production company Biophilia Propriety Limited. Neither the company nor Dr Jonica have a track record in television production. Consequently the ABC's Quantum production unit is to produce the series for Biophilia. The whole exercise leads to a peculiar financial round robin. Nearly half a million dollars of your ABC's money goes to Biophilia, Biophilia pays the ABC back for the production costs, and Biophilia keeps a

³⁵ Minutes of Evidence, 10/3/99, p.746

meaty bite by way of payment to Dr Jonica. The question we pose is why have financial controls to a company outside the ABC. Why doesn't the ABC keep the half million and contract Dr Jonica directly to present a show about canines, felines, equines, foul and fish. Why doesn't your ABC save most of the cost of one episode and purchase the Channel Four dog show? These and the other mysteries of a contestable life remain unravelled."³⁶

One final example, which will be dealt with in more detail in Chapter 9, relates to the television drama series *Wildside*. The Committee's main concern with *Wildside* was that it was commissioned entirely with ABC money, approximately \$20 million for 60 episodes, and effectively used up something like two-thirds of the entire ABC budget. Poor overseas sales of the program have resulted in the cancellation of the series at a considerable financial loss.

4.3.2 There are no clear lines of authority

The 1996 Mansfield Review of the ABC noted:

*"One of the features of this review was the extent of criticism I received concerning management performance and inflexible work practices within the ABC. Most of this criticism originated from within the ABC. Early in the review I formed the view that much of the criticism of the existing management structure was valid."*³⁷

Despite the ABC's re-structure and move to the 'One ABC' model, the Committee has found that the criticisms referred to by Mansfield are still very much valid today.

One of the major problems with the existing management structure is that there appears to be no clear lines of authority or decision making process.

Chapter 6 of this Report graphically highlights this problem with respect to the ABC's decision to cancel the book program *Between The Lines* and the confusion over the future of television arts production.

Evidence provided by the former presenter of arts program *Express*, Stephen Feneley and former producer of *Between The Lines*, Jan McGuiness, adequately sum up the problem:

³⁶ Transcript from ABC TV program, *Media Watch*, 12/10/98
³⁷ Mansfield, Bob, op cit, p.38

MR FENELEY — *One of the other great problems is the line of authority. It is never clear whom we answer to, and that has a lot to do with the two ABCs that exist inside the ABC management structure. Commissioning is on one side and program production is on the other, so there is a commissioning editor and an executive producer in any one area, each of whom has different responsibilities but operates parallel to each other instead of one person being in clear authority. So as program makers you are never sure whom it is you are answering to.*³⁸

MS MCGUINESS - *It is circuitous, at best. It is like wading through custard; there is nothing to grab hold of. Nothing works, and there is no clear line of authority.--- They are all running around fighting for control of the steering wheel and the steering wheel is not attached to anything; it just does not work.*³⁹

4.3.3 Resources and facilities are often setting the agenda for programming

A major problem with the current structure is that ABC television resources and studio facilities will often set the agenda for programming, rather than the needs of the programming setting the resources requirements.

Despite the move to increased outsourcing, the ABC still provides the bulk of its contribution to co-productions in the form of ABC staff, services and facilities.

The Committee's discussions with the ABC have clearly indicated that when the ABC decides to commission a drama production, its decision is dictated by the need to use its resources rather than looking at where the best talent, skill or programming might be located.

The long running ABC drama series *GP*, was kept in production because of the need to utilise ABC's Sydney drama facilities and staff. *Wildside* took over from *GP* for the same reasons. The Committee understands the current hit series, *SeaChange*, was commissioned because there happened to be a production gap in Ripponlea's studio facilities.

Witness, Jan McGuiness summed up this inadequate process:

³⁸ Minutes of Evidence, 21/9/98, p.178

³⁹ Minutes of Evidence, 21/9/98, p.199

Ms McGuiness - *There is a tremendous amount of inefficiency and waste and tailoring program needs to available resources ... It is a case of the tail wagging the dog.*⁴⁰

The 1996 Mansfield Review also commented on this issue:

*“Existing infrastructure is not used optimally. The ABC’s production flow is patchy and there are periods when infrastructure is lying idle waiting for the next production to commence. The resources tied up in under-utilised infrastructure are resources which cannot be applied to improve program output.”*⁴¹

⇒ **FINDING**

The Committee finds that the inefficient and ineffective management practices identified in the anecdotal evidence illustrated above, is consistent with the findings of the Committee’s financial consultants.

⁴⁰ Minutes of Evidence, 21/9/98, p.200

⁴¹ Mansfield, Bob, op cit, p.36

Chapter 5: SBS Melbourne Operations

This chapter deals with two important issues relating to the future of SBS's Melbourne operations. These issues are:-

- the relocation of SBS Melbourne operations to Federation Square; and
- concerns raised by SBS Melbourne staff in relation to centralised decision making and resource allocation.

5.1 SBS Melbourne's Move to Federation Square

During the course of the Inquiry, it became evident that there were possibilities for the SBS to enhance its presence in Victoria through its Melbourne operations relocating to Federation Square.

Elsewhere in this Report, reference is made to the centralisation of SBS Television and Management in Sydney. SBS Radio is evenly resourced in Melbourne and Sydney.

The existing Melbourne operations are based in South Melbourne which is predominantly the broadcast centre for SBS Melbourne Radio. A small number of television staff are also located in Melbourne working on news and current affairs production.

Evidence from SBS management suggests the *“move to Federation Square will be significant for the Corporation and in particular for its Melbourne-based operations.”*⁴²

SBS cited several advantages the move would bring including:-

- an increased SBS profile with a presence in a capital city centre;
- state-of-the-art digital technology;

⁴² Special Broadcasting Service, Submission No. 73 to EDC, 9/3/99, p.12

- double the number of studios, one capable of radio, TV and internet broadcasting; installation of satellite dishes to enable links with overseas broadcasters; and
- closer co-operation with Cinemedia.

However, upon further examination by the Committee, it became clear that the move will not involve an increased allocation of resources to Melbourne in terms of staff numbers and program production. Rather, the move to Federation Square will be a replication of the current level of resources albeit in a new building. The size of the new accommodation space will be identical to the existing South Melbourne premises.

The Managing Director of SBS, Mr Nigel Milan noted that the move would consolidate SBS in Melbourne:-

MR MILAN - *In fact, SBS's presence in Melbourne has been consolidated. The relocation and redevelopment of our facilities into Federation Square, which is now definite, is another clear indication that SBS is committed to Victoria and to Melbourne and is here to stay.*⁴³

While the Committee is encouraged that one of the government-funded national broadcasters has made a commitment to Melbourne production facilities, the Committee is concerned that the initial expectations for an increased capacity and allocation of resources is unlikely to occur.

*“Although the space allocation at Federation Square is not much higher than the current allocation, more effective use of space and digitalisation will allow for expanded activity (e.g. 30% more space for broadcaster/journalist work areas). SBS's request for more space could not be met by the project partners.”*⁴⁴

Evidence received from SBS staff in Melbourne would suggest there is a fair degree of disappointment that the Federation Square relocation will not involve an increase in SBS's presence in Victoria.

SBS French language presenter, Ms Danielle Kemp, outlined hope for the relocation:-

⁴³ Minutes of Evidence, 9/3/99, p.674

⁴⁴ Special Broadcasting Service, Submission No. 73 to EDC, 9/3/99, p.13

MS KEMP -- *We want full cooperation with Sydney media for production in the future. It is, really, the one great hope, and one of the purposes of the submission was precisely to prepare the ground for new bases and a new structure for 2001.*

*The hope we have been given is that there will be new technology which will offer new opportunities, that we will be more visible and that we will be working in a different way because we will be surrounded by other arts and media organisations. Also we will have the possibility of cooperation with Cinemedia and production opportunities, but we have not been given any assurances whatsoever about a decision-making structure. At the moment it is only a hope.*⁴⁵

The Committee views SBS's move to Federation Square as a lost opportunity to enhance the Corporation's presence in Victoria. Existing staff will have new, state-of-the-art studios and office space however there has been no commitment by SBS to de-centralise television production away from Sydney.

The new multi-media studio is potentially an exciting development, however unless additional television staff and programs are relocated to Melbourne, it will become an under-utilised asset. It should be re-emphasised that only 14 of the total 357 television staff are currently located in Melbourne.

The Committee believes SBS should be committed to greatly enhancing the television output in Melbourne with a more even share of television resources and programs between Melbourne and Sydney. Such a commitment would also be consistent with Melbourne's status as the premier multi-cultural city in Australia.

The Committee also believes the move to Federation Square offers significant potential for SBS and SBS Independent to cement links with the Victorian Government's film body, Cinemedia.

⇒ **FINDING**

The Committee finds that SBS Melbourne's relocation to Federation Square and the availability of a new multi-media studio is unlikely to be exploited to its maximum potential given only 4% of SBS television staff will be located in the new premises.

⁴⁵ Minutes of Evidence, 4/11/98, p.424

The Committee finds that SBS and SBS Independent should enhance partnerships with Cinemedia in order to maximise opportunities at the Federation Square development.

The Committee finds that an increase in SBS television output in Federation Square would be consistent with Melbourne's status as the premier multicultural city in Australia.

RECOMMENDATION 10

The Committee recommends that the Special Broadcasting Service, in relocating its Melbourne operations to Federation Square, show a commitment to decentralising its television resources away from Sydney. Such a commitment would involve an enhancement of SBS' presence in Melbourne including the relocation of some television staff, programs and decision making to Melbourne, in order to capitalise on the new state-of-the-art multi-media studio proposed for Federation Square.

RECOMMENDATION 11

The Committee recommends that SBS and SBS Independent strengthen existing linkages with Cinemedia in order to maximise opportunities at the Federation Square development.

5.2 Concerns Raised by SBS Melbourne Staff

The Committee was particularly concerned upon receiving a written submission, signed by more than 70 SBS Melbourne staff, highlighting major discrepancies between the Melbourne and Sydney centres. Additional submissions were also received from specific language groups listing various grievances.

In summary, the key issues raised in the joint submission were:-

- centralisation of decision making in Sydney, including a lack of editorial decisions made in Melbourne;

- lack of career opportunities in Melbourne;
- discrepancies in staff opportunities and advantages;
- discrepancies in production volumes between Sydney and Melbourne; and
- discrepancies in other facilities such as computers, parking and a lack of a payoffice in Melbourne.

SBS management provided a detailed response to the staff submission, which basically dismissed the issues raised.

The Committee questioned the Managing Director of SBS over the concerns of Melbourne staff:-

MR LIM - *I would like to touch on staff morale. From the submission from SBS staff, Melbourne's appears pretty low.*

MR MILAN - *Nonsense. It is rubbish. I take that as being offensive. Two or three staff members with a grudge.*⁴⁶

The Committee was concerned to hear that a submission signed by the majority of SBS Melbourne staff was dismissed by the Managing Director as two or three staff members with a grudge.

The facts are that 71 SBS Melbourne staff signed a joint submission. Three staff appeared before the Committee in a public hearing. Some also appeared in-camera. Many more rang the Committee Office or met with Committee staff to express their concerns. Others were also present in the public gallery during hearings dealing with SBS.

⇒ **FINDING**

The Committee finds that the majority of SBS Melbourne staff provided evidence to the Committee in good faith, highlighting a number of discrepancies between SBS's Sydney and Melbourne operations.

Despite the dismissal and trivialising of these concerns by SBS Sydney-based management, the Committee believes that there are real concerns facing SBS Melbourne staff that require immediate resolution.

RECOMMENDATION 12

The Committee recommends that senior management within the Special Broadcasting Service urgently meet with staff representatives in Melbourne to address the long running concerns highlighted by Melbourne staff.

⁴⁶ Minutes of Evidence, 9/3/99, p.687

Chapter 6: ABC Television Arts Production

6.1 Background

One of the catalysts for this Parliamentary Inquiry was the growing concern over a reduction in the level of ABC television arts production in Melbourne. In announcing the Inquiry in May 1998, the Victorian Premier, who is also the Minister for the Arts, indicated there were fears that the Melbourne based *Express* program would be re-located to Sydney. Following the axing of the ABC television book program *Between The Lines*, such a move would be seen as a diminution of support for Victorian based productions and creativity.

The demise of *Between The Lines* prior to the commencement of this Inquiry and the ABC's plans to replace *Express*, came under close scrutiny by the Committee from the point of view of the ABC's decision making process and the effects of these programming decisions on the arts and cultural life in Victoria.

The cases and supporting evidence outlined in this chapter illustrate an example of a Victorian-based production activity that the ABC had planned to relocate to Sydney. Evidence indicates that it was the announcement of this Parliamentary Inquiry that led to arts production remaining in Melbourne for the immediate future.

The story of the demise of *Between The Lines* and *Express* and the ABC's decision to recruit SBS presenter, Andrea Stretton, is pieced together using evidence put to the Committee by many witnesses including senior ABC management and arts production staff directly involved in the two programs.

6.1.1 *The Between The Lines and Express Saga*

Briefly, this saga can be summarised as follows:

- *Between The Lines* and *Express* were successful, economically produced Melbourne-based ABC television productions.

- Sydney-based senior management decided to recruit Andrea Stretton as the 'face of ABC Arts', which resulted in *Between The Lines* and *Express* programs being cancelled in favour of a different format, allegedly to suit Andrea Stretton.
- This decision was taken against the recommendations of the Melbourne based Commissioning Editor, who theoretically is responsible for such decisions.
- An ABC memorandum was issued advertising jobs for an arts unit to be based in Sydney.
- The Sydney jobs memorandum referred to above was withdrawn on the basis that it was issued by mistake.
- The Victorian Premier announced his intention to establish this Inquiry and the *Express* production team were informed by the ABC that they would still be required in Melbourne for arts production.
- Mr. Grabowsky, the Commissioning Editor for Arts & Entertainment resigned from the ABC.
- The acting arts Executive Producer advised the *Express* team their program would not be re-commissioned for 1999.
- This decision lead to the *Express* team raising concern with ABC Management who, in turn, advised there was a misunderstanding and reversed the situation again.
- In November 1998, *Express* went to air for the last time.
- New arts presenter, Andrea Stretton, is now commuting from Sydney and temporarily residing in Melbourne, at a significant cost to the ABC, for the production of the new arts program to which the *Express* team is making a small contribution.

Unfortunately, some of the evidence given to the Committee by ABC management is in conflict with evidence provided by arts production staff. In particular, the ABC's

Head of National Networks provided evidence in conflict with evidence from other witnesses and evidence which, on occasions, itself was contradictory.

Finding on Witnesses

The Committee finds that sworn evidence given by Mr. Andy Lloyd-James, the ABC's Head of National Networks, on both the *Express* and *Between The Lines* axing appears to be at odds with evidence given by other witnesses on this matter.

Of equal concern was that the evidence by Mr. Lloyd-James at different times and on different aspects of the same question, was often at odds with itself.

This has made it extremely difficult to arrive at the truth behind the axing and proposed re-location of these programs to Sydney.

On the weight of evidence, the Committee has arrived at the following findings.

⇒ FINDING

The Committee finds that the cases of *Between The Lines* and *Express* were clear examples of ABC Sydney-based management attempting to further centralise resources, in this case television arts production, in Sydney.

The Committee finds that the ABC's decision to cancel the Melbourne-based programs, *Between The Lines* and *Express*, highlights a lack of a transparent decision making process and unclear lines of authority within the ABC management structure.

The Committee finds that both cases illustrate the lack of power and authority given to Commissioning Editors, whom while supposedly responsible for program commissioning, lacked the influence of Sydney-based senior management.

The Committee welcomes the ABC's decision to keep production of its new arts program, *The Arts Show*, in Melbourne. However it is concerned that a diminution of the weekly schedule of the new program

will adversely affect the ability to cover topical arts events throughout the calendar year.

RECOMMENDATION 13

The Committee recommends that the ABC make a long-term commitment to maintaining the television arts department in Melbourne and that Commissioning Editors be given clear responsibility and accountability to commission programs without the interference of senior Sydney-based management.

6.2 Detailed Evidence on the *Express* Program

Express was, until the *Sunday Afternoon* program went to air late last year, Australia's only national television arts program. It commenced production in March 1997 and concluded in November 1998. The focus of the program was to cover the broadest possible range of art forms including visual art, contemporary dance, music, opera, architecture, film, theatre and digital art. Featuring artist profiles and reviews of new work as well as breaking stories about the issues which affect and shape Australian art and culture.

During the course of the Inquiry, the ABC did not re-commission *Express*. However, in its place another arts magazine style program, *The Arts Show* hosted by Andrea Stretton, was commissioned.

Evidence given to the Committee raised doubts over whether or not the ABC had originally intended to relocate its arts production to Sydney and whether the existence of the Inquiry had influenced those decisions.

Set out below are the decisions relating to the *Express* program's cancellation based on evidence given to the Committee.

The presenter of *Express*, Mr Stephen Feneley, was naturally an outspoken supporter of the program and gave valuable evidence to the Committee on the ABC's plans for the show.

MR FENELEY — *When this whole issue arose in May (1998), it was because we were told quite categorically that our program would not be in the run-down next year. Accompanying that— I am not divulging secret information by saying it because it is well and truly on the public record— a memo was issued on the ABC intranet inviting applications from staff to join an arts unit based in Sydney. That was to us the smoking-gun evidence that this was really on, that we were dead and that plans were afoot to move production resources back to Sydney. Management very quickly disassociated itself from that memo and claimed not to understand how it came into existence.*⁴⁷

With respect to the author of the memorandum, Mr Feneley observed:

MR FENELEY — *The author is no longer with the ABC. From what I understand, he is no longer with the ABC because of that memo— that person resigned. I am reluctant to talk too much about it only because I know that that person suffers from ill health. Because of the stress relating to that memo and the pressure that I understand was put on him about claiming full responsibility for that memo, he left the ABC.*⁴⁸

The ABC's Head of National Networks was reported as saying the internal memorandum was issued by mistake and was withdrawn on the same night. Certainly the issuing of the memorandum increased the concerns of Melbourne arts staff over their future.

Shortly after the release of the memorandum and the public outcry that followed, the Victorian Premier announced the commencement of the Parliamentary Inquiry. According to Mr Feneley, ABC management assurances that production resources would remain in Melbourne were given for the first time on the day the Inquiry was announced.

This is consistent with media reports on the matter where Mr Lloyd-James had said in mid-May 1998 that the ABC had yet to finalise arts programming decisions. On the day the Inquiry was announced, Mr Lloyd-James gave his first public assurance that arts production would remain in Melbourne.

What followed were a series of conflicting decisions and statements by various ABC arts managers which highlighted a lack of a clear decision making process.

⁴⁷ Minutes of Evidence, 21/9/98, p.177

⁴⁸ *ibid*

MR FENELEY — *We were given an assurance from our commissioning editor that this person was at one with him and shared his views about the future and that we should have nothing to worry about.....The new acting executive producer turned up. He has a meeting with my producer in which he tells her point-blank that Express is not in the run-down for 1999. He was saying basically that magazine-style programming would be done away with, to be replaced by a more documentary, long-form kind of program.....It was on the basis of that, which seemed to us to run directly counter to all the undertakings we had been given in May, that we basically cranked up the campaign again. No sooner had we cranked up the campaign than management came back to us and said, 'Everything that has been told to you by the acting executive producer is a complete misunderstanding. We don't know where it has come from' — basically a re-run of the previous situation — 'and all our undertakings stand'.⁴⁹*

Mr Feneley reiterated concerns made by other ABC arts staff with respect to the ABC management structure:

MR FENELEY — *One of the other great problems is the line of authority. It is never clear whom we answer to, and that has a lot to do with the two ABCs that exist inside the ABC management structure. Commissioning is on one side and program production is on the other, so there is a commissioning editor and an executive producer in any one area, each of whom has different responsibilities but operates parallel to each other instead of one person being in clear authority. So as program makers you are never sure whom it is you are answering to.⁵⁰*

While Sydney management did not appear to support the format for *Express*, the then Commissioning Editor, based in Melbourne, fought for the program's retention:

MR GRABOWSKY — *I have always been a great supporter of Express, as the Express people know. Express has had an unhappy history of always being in danger, at least probably from six months into its existence. I had a lot of pressure on me to change this and that, and people were not happy with various aspects of the program. So we would work through the problems and I would spend a lot of time defending what I believed to be the program's integrity. I continued to do that for as long as humanly possibly. Yes, I would have given Stephen assurances until May, June — or July, possibly — that I would continue to see to it that Express be recommissioned.*

The reason I said that — and I would have said that with absolute integrity — was because I could not see a better program being suggested than Express to deal with the arts on a regular weekly basis — in other words, to do quality arts reportage.⁵¹

⁴⁹ Minutes of Evidence, 21/9/98, p.177

⁵⁰ Minutes of Evidence, 21/9/98, p.178

⁵¹ Minutes of Evidence, 21/9/98, p.209

Mr Grabowsky has since resigned from the ABC and a new Melbourne-based Commissioning Editor has been appointed. Clearly, the examples of *Between The Lines* and *Express* indicate that Mr Grabowsky's views and desires for commissioning programs were not being supported by Sydney senior management. Indeed, his decision making powers as a Commissioning Editor had been significantly reduced. This situation must have had some influence on his decision to leave the ABC.

“The present editor (sic) for the arts, Paul Grabowsky, said last month that the confusion following Stretton’s appointment left him uncertain about his decision when his contract ended at the end of the year.”⁵²

The new Commissioning Editor of Arts & Entertainment, Mr Paul Clarke, spoke of the need to redefine the powers of his position:

MR POWER — *Your predecessor, Paul Grabowsky, made it as plain as I think was possible in saying that he, as a commissioning editor, felt significantly compromised if not circumvented by the fact that his views were not listened to all that often and that in one instance decisions were made when he was out of the country. Are you confident that that behaviour by senior ABC management is a thing of the past?*

MR CLARKE — *As part of my job application I wrote a response on what I imagined arts and entertainment has been and could be in the future. I made the point that if management wanted to give me the job it would have to do so on certain terms. Part of the terms of agreement was that I would have to have the power to instruct staff in program production as to content, direction and format and the specific visual approaches of how programs would be made and that I would have budgetary control over those issues. In terms of Paul Grabowsky’s fears, I understood and dealt with him on a regular basis. He was a champion of the programs that I was executive producer of. I was aware of the frustrations, and that is why when applying for the job I said I would do it under those circumstances, and management agreed to that.⁵³*

Express was a program that was inexpensive, fulfilled an ABC charter obligation ‘to reflect the cultural diversity of Australia’ and was a valuable medium for the arts industry. The Committee collected a volume of evidence to suggest a program like *Express* has a real economic impact on the arts industry.

⁵² Usher, Robin, “ABC Arts Will Stay”, The Age newspaper, 1/6/98, p.16

⁵³ Minutes of Evidence, 5/11/98, p.477

Mr Bill Nuttall, Director of Niagara Galleries in Richmond and a member of the Australian Commercial Galleries Association, commented as follows:

MR NUTTALL — *I know that whenever there is coverage on, say, a program like Express, which can be very rare these days— a gallery that is one of the major galleries, it might be lucky to be once a year— when that coverage happens you notice in the week afterwards that there is a definite surge in the number of people that come through to see the particular exhibition. It does not matter whether the coverage is negative or positive; there is definitely a surge*⁵⁴

Mr Raimondo Cortese, a writer with Ranters Theatre Company, also espoused the virtues of *Express*:

MR CORTESE — *I really like Express because it covers what is happening on the ground. It is not so much influenced by a lot of the highbrow art themes; it involves a lot of the mid-level and smaller theatre companies and it has a very broad coverage in visual art as well.*⁵⁵

The Curator for the Museum of Modern Art at Heide gave the following evidence:

MR DELANY — *Programs such as Express, in contradistinction to most commercial and popular Sunday afternoon forms of programming, play an important role in covering the grassroots of creative production, the research and development end and the critical, innovative, and cuttingedge aspects of contemporary artistic practice. It is important that the national broadcaster continues to produce programs of substance related to contemporary art and ideas rather than endlessly repackaging the safe and historically validated areas of artist practice.*⁵⁶

Finally, the following exchange demonstrated the impact the Committee's Inquiry had on arts production remaining in Melbourne for the time being:-

MR BOWDEN - *There has been some suggestion of a move to Sydney; we have the two blocks of resources of Sydney and Melbourne. Do you have any thoughts on how committed the ABC might be to keeping the arts programs in Melbourne?*

MR FENELEY - *We go back to what I said earlier. I have no doubt in my mind that had this not become a public matter you would have seen a dramatic reduction in arts resources in Melbourne.*⁵⁷

⁵⁴ Minutes of Evidence, 26/10/98, p.403

⁵⁵ Minutes of Evidence, 26/10/98, p.412

⁵⁶ Minutes of Evidence, 5/11/98, p.459

⁵⁷ Minutes of Evidence, 21/9/98, p.42

6.3 The Future of ABC Television Arts Production

The *Express* program was cancelled in November 1998 and has been replaced by a new one-hour arts program, *The Arts Show* which first went to air on 12th April 1999. The program is produced in Melbourne with Andrea Stretton as presenter. *Express* production staff are employed on the show, including *Express* presenter Stephen Feneley who is a reporter on the new program.

According to the ABC, *“the decision to end (and replace) Express was not driven by budgetary cuts, but was an editorially and creatively driven decision. The new program reflects a greater budgetary commitment on behalf of the ABC.”*⁵⁸

While the Committee is not in a position to pass judgements about the creative style of any particular program, it is uncertain why the ABC would replace *Express* with a more expensive production given budgetary constraints and the high esteem in which *Express* was held within the arts community.

The arts community will be hopeful that the replacement program will be similar in format to *Express* and that it will be able provide a wide coverage of contemporary art that is topical and relevant to the arts and cultural life in Australia.

The Committee does have some initial concerns over *The Arts Show*. One of the advantages of a program like *Express* was its ability to cover major events over a significant proportion of the arts calendar. *Express* was a half-hour program that ran for 40 weeks. The replacement program will be a one-hour program to run for an initial 15 weeks, with a likelihood of a further 15 weeks in the second half of 1999.

The new arts program should ultimately have more broadcast hours than *Express*, however, the key concern is that it will only cover events for up to 30 weeks as distinct from the previous 40 week *Express* schedule. From the point of view of the arts community, this reduction in coverage is a major concern, in terms of the ability to have exhibitions, events, performances etc. covered throughout the year.

Another concern is that the *Express* production team has not been guaranteed employment beyond June 1999 despite a commitment to produce the program until

⁵⁸ Australian Broadcasting Corporation, Submission No. 74 to EDC, 9/3/99, p.81

November. The Committee trusts that the ABC will honour its commitment to fully employ the *Express* production team on the new program well beyond the end of the current financial year.

The Committee also questions the ABC's decision to hire a Sydney based presenter to be its 'face of the arts' while stating that arts production will be based in Melbourne. Many people gave evidence to indicate that this situation is not appropriate for a number of reasons. The current Commissioning Editor for Arts & Entertainment agreed that it would be easier for the presenter to live in the same location as production.

MR POWER — *Do you think in terms of budget, flexibility and commonsense that it would be preferable if the presenter, who I understand will be Andrea Stretton, resided in Melbourne?*

MR CLARKE — *We have already had discussions along those lines. I am not in a position to say where Andrea will be residing next year, but it has been under discussion for some time.*

MR POWER — *I was not asking you where Andrea Stretton might live. I am asking you, as commissioning editor with all the strength that you have asked ABC management to give you, whether you believe it would be more flexible and productive if the presenter lived in Melbourne.....*

MR CLARKE — *That is my personal perception, that it would be easier.*⁵⁹

The Committee had received anecdotal evidence to suggest that Ms Stretton was renting accommodation in Melbourne during production of *The Arts Show* at a considerable cost to the organisation. ABC Head of National Networks confirmed that Ms Stretton would reside in Melbourne for 3 months during production but could not give details of the costs associated with this temporary accommodation when questioned on the matter during a public hearing on 10th March 1999.

MR POWER — *My question was: if you cannot tell us what the cost of funding her commuting is, who do we go to to get the answer?*

MR LLOYD-JAMES - *I can get you the answer, but I do not know what it is now.*⁶⁰

⁵⁹ Minutes of Evidence, 5/11/98, p.476-477

⁶⁰ Minutes of Evidence, 10/3/99, p.750

However, two days after this hearing, it was reported in the press that the budget for Ms Stretton's travel and accommodation is \$20,000 for this financial year. With *The Arts Show* programmed for 30 episodes for the entire year, a further \$20,000 will be budgeted in the 1999/2000 financial year.⁶¹

When the Committee sought to clarify this issue, the ABC's response in its final submission was that employee salary entitlements are confidential. This response was despite Mr Lloyd-James' assurances that he could provide the information to the Committee and despite a journalist being able to obtain the figure from the ABC.

6.4 Detailed Evidence on the *Between The Lines* Program

Between The Lines first went to air in March 1996. The program developed from a previous magazine style book program *Bookchat Magazine* which appeared on the *Sunday Afternoon* program in 1995. The producer of the program, Ms Jan McGuinness was initially an ABC staff member, however in order to overcome budgetary problems and to ensure the survival of the program, Ms McGuinness formed a production company, JM Productions to co-produce the program with the ABC in 1997.

Fears over the future of the program emerged towards the end of 1997 when a decision had to be made on re-commissioning for the following year. During this time, it became clear that ABC management were interested in recruiting Andrea Stretton from SBS to become the ABC's face of the arts. Five days before *Between The Lines* was to be re-commissioned, the program's producer was told the matter was put on hold.

Producer Jan McGuinness provided the following evidence in a public hearing on 21st September:

MS MCGUINNESS - *On 22 October (1997) I received a phone call from management telling me to put everything on hold while the then general manager of television Penny Chapman and the then and current head of network television Andy Lloyd-James resolved an issue. I did not know what the issue was. No-one was telling me but it subsequently became clear what it was because they wanted to hire Andrea Stretton as the face of the arts— that is what they called her, they told me — and she may or may not want to do a*

⁶¹ Usher, Robin, "Stretton/ABC Arts Saga Rolls On", *The Age*, 11/3/99, p.17

*book program. So everything was in limbo until they secured her or otherwise. That took months to resolve. We were told the program would go ahead in 1998.*⁶²

While management in Sydney were negotiating a contract with Andrea Stretton, the ABC's then Commissioning Editor of Arts & Entertainment, Mr Paul Grabowsky, had indicated support for *Between The Lines* continuing in 1998. Mr Grabowsky confirmed this in evidence given to the Committee shortly before his departure from the ABC:

MR GRABOWSKY - *...certainly the decision not to have the program Between The Lines was not a decision that I agreed with. It was a decision made by other people, but I accepted that.*⁶³

It had become clear to the Committee that senior management in Sydney, particularly the Managing Director, was very keen to hire Andrea Stretton and that if *Between The Lines* had to be axed to achieve this, then such would occur. This was confirmed by ABC arts staff and indeed the then Commissioning Editor:

MR GRABOWSKY - *I think the decision to axe Between The Lines was certainly something Brian (Johns) had views about, and I would also say the decision to hire Andrea Stretton was something Brian felt very strongly about, too.*⁶⁴

The program's future was on hold for several months early in 1998 while Andrea Stretton was being secured from SBS. It had become clear to the *Between The Lines* production staff after meeting with Andrea Stretton before her arrival, that she did not want to be involved in a book program hosted by another presenter. This is in spite of the ABC's initial plans for Ms Stretton which included her presenting a weekly book program.

The ABC had budgeted for a further 20 episodes of *Between The Lines* but this money was used to produce two documentaries while the *Between The Lines* issue was resolved. At the conclusion of those productions, the *Between The Lines* production team were told that their services were no longer required. Jan McGuinness noted:

⁶² Minutes of Evidence, 21/9/98, p. 191

⁶³ Minutes of Evidence, 21/9/98, p.205

⁶⁴ Minutes of Evidence, 21/9/98, p.210

MS MCGUINNESS - *In May, Don Reynolds (ABC Head of Program Production) told us that our services were no longer required, that there would be no book program, no nothing.*⁶⁵

It should be pointed out that the decision to axe *Between The Lines* was made while the Commissioning Editor who supported the program's retention, was overseas.

The presenter of the arts program *Express*, Mr Stephen Feneley, also provided evidence on the demise of *Between The Lines* and the involvement of Andrea Stretton:-

MR FENELEY - *I know that before Andrea Stretton arrived she was consulted about programs. It was confirmed to us by management that the fate of Between The Lines was in no small part determined by her six months before she arrived at the network.....Management later admitted that it did not go ahead because Andrea Stretton did not want to front a program that had been associated with another host.*⁶⁶

The Committee considered the allegations of Andrea Stretton's involvement very seriously and pursued this matter with ABC management in public hearings. Committee Member, Mr Michael Leighton, MP, questioned the ABC's Head of National Networks, Mr Andy Lloyd-James on 9th November 1998:

MR LEIGHTON - *Was she involved in the decision-making?*

MR LLOYD-JAMES - *No. To do what? To change the programs around? No. She was not here when we were looking at Between The Lines. She has been here doing Sunday Afternoon.*

MR LEIGHTON - *She may not have been on the ABC's payroll, but that does not mean she did not influence the decision-making.*

MR LLOYD-JAMES - *No.*⁶⁷

This evidence contradicted Mr Feneley's evidence referred to above in terms of Ms Stretton's involvement.

Mr Lloyd-James further commented on the matter during his appearance in a public hearing on 10th March 1999:

⁶⁵ Minutes of Evidence, 21/9/98, p.194

⁶⁶ Minutes of Evidence, 21/9/98, p.183

⁶⁷ Minutes of Evidence, 9/11/98, p.519

MR LLOYD-JAMES - *I think the only discussions that took place with Andrea were to do with whether she would like to come to the ABC. Certainly she had no editorial input as to the outcomes of either "Express" or "Between The Lines" at all, unless they were completely unknown to me.*⁶⁸

Mr Lloyd-James went on to comment that Ms Stretton did not discuss the program *Between The Lines* with either the ABC Managing Director, the then Director of Television, Ms Penny Chapman, or the ABC Board. He also indicated it would be highly unlikely that any discussion took place with the Commissioning Editor. However, the next time Mr Lloyd-James appeared before the Committee he confirmed that discussions between Ms Stretton and the Commissioning Editor had taken place:-

MRS MCGILL - *Are you aware of a plane flight up to Sydney by Paul Grabowsky to encourage Andrea to take on that show?*

MR LLOYD-JAMES - *I know they talked because Andrea was going to do it. That was the program she was going to be involved in.*

MRS MCGILL - *Yes, that is very glib, but I am asking: were people sent on an exercise to Sydney to put pressure on or encourage Andrea to take on that role?*

MR LLOYD-JAMES - *Yes. That was one of the things Andrea was going to be doing with us.*⁶⁹

The Committee attempted to clarify the conflicting evidence:

MR LEIGHTON - *The situation we are faced with is, a number of staff members are taking your name in vain where they are claiming that you told them that she was influencing the axing of "Between The Lines".*

MR LLOYD-JAMES - *I did not. I would welcome a look at the transcript. If they were telling you that, it is not true. The only influence that Andrea had over ABC programming was when she said she could not come to the organisation for the first half of last year. Network television had to decide whether to persevere with "Between The Lines" - that was discussed at the time - with yet another presenter and either change that presenter mid-year or whatever or whether we were going to wait and fill with other programming, which was the subsequent decision that was made. She had no influence whatsoever on the decision that was made.*⁷⁰

⁶⁸ Minutes of Evidence, 10/3/99, p. 748

⁶⁹ Minutes of Evidence, 10/3/99, p.755

⁷⁰ Minutes of Evidence, 10/3/99, p. 749

The ABC in its supplementary written submission to the Committee, noted that *"it is simply not true that Andrea Stretton influenced programming and production decisions before she commenced working for the ABC. Nor was the program cut as a result of interdepartmental power play. Discussion about the future of Between The Lines was prompted by the departure of the program's presenter, Caroline Baum."*⁷¹

It is true that Caroline Baum resigned after it became apparent management did not like her style of presentation. However the statement that the hiring of Ms Stretton did not influence programming and production decisions is at odds with further evidence given by Mr Lloyd-James:-

MR LLOYD-JAMES - *she was perfectly prepared to do "Between The Lines" but, like any presenter coming onto a program, if she came on to a program she would want to see, editorially, some changes made in the program, that she was not prepared to go onto a program - I can think of no presenter who would be - that had been delivered for one person and take it up and run with it as that. That is the only other point that I can come to that might have led to a view that Andrea herself had had a say in the future or the development of the show...*

*If you change the presenter of an arts program, as has been done on the ABC over a number of years, you don't necessarily change the nature of the beast; you may change some of its editorial direction.*⁷²

These last statements by the Head of National Networks does, infact, suggest that Ms Stretton had some degree of influence in the future of *Between The Lines* in that she would not have been prepared to host the program unless some editorial changes were made. It is in conflict with previous ABC evidence that Ms Stretton had no influence in the future of the program and that she had not discussed *Between The Lines* with senior management.

The Committee was also told of a crisis arts staff meeting in May 1998, when Mr Andy Lloyd-James told an assembly of about 20 Melbourne staff members that Ms Stretton had influenced the decision.

The Committee notes that after the public release of Mr Lloyd-James' evidence, two key witnesses referred to in this chapter felt compelled to advise the Committee's office that they stood by their evidence.

⁷¹ Australian Broadcasting Corporation, Submission No.74 to EDC, 9/10/99, p. 78
⁷² Minutes of Evidence, 10/3/99, p. 755

The Committee accepts that the axing of *Between The Lines* and the hiring of Andrea Stretton should be considered in context with the overall scope of the Inquiry. While the ABC could argue that *Between The Lines* was an isolated case, the events surrounding the axing of the program go to the heart of the Committee's investigations into how programming decisions are made and the effects of these decisions on the arts, culture and industry in Victoria.

The key issue to arise out of these events is that a successful, much valued program which involved a Melbourne based production team was axed for no clear reason. The ABC's decision to recruit a highly paid presenter from another network had the unfortunate result of denying a strong and loyal audience a television book program.

Importantly, from an economic perspective, there has been a detrimental affect on the book selling and publishing industry since the program was discontinued.

Ms Mary Dalmau, President of the Australian Booksellers Association gave the following evidence:-

MS DALMAU - *booksellers in Victoria believe that program provided a forum for showcasing the local literary culture, especially its coverage of local festivals; identified trends in publishing and bookselling to which we as an industry could respond so that our offer to our patrons was relevant; had the potential to develop further by incorporating the activities of other industry bodies such as the writers centres,reinforced in the minds of Victorian book buyers that there is a vibrant and enthusiastic literary community here inclusive of a high concentration of good bookshops....*⁷³

At the time of writing this Report, there is still no book related program on ABC television. The Committee notes that the previous presenter of *Between The Lines* has since presented a similar book program on cable television. Radio National has two book related programs, *Books and Writing* and *Book Talk*, however Radio National's audience reach is vastly different to that of ABC TV.

The Publishing Director of Penguin Books of Australia emphasised the importance of a television book program:-

⁷³ Minutes of Evidence, 26/10/98, p.395-396

MR SESSIONS - *I think books are a defining part of our culture and are recognised in other parts of the media as such and ought to be recognised by television.*⁷⁴

Whether or not Andrea Stretton directly influenced the axing of a Melbourne based production is a matter of conjecture. A decision was made by Sydney senior management, against the recommendation of the Melbourne based Commissioning Editor for Arts, that the program would not continue.

From an ABC organisational point of view, the *Between The Lines* case calls into question the power of Commissioning Editors and the control of Sydney based senior management in the program commissioning process.

MS MCGUINNESS — *As I said, it was great to have the commissioning editor here in Melbourne. The whole principle of the thing is terrific, but I do not think that the commissioning editors have a great deal of power. They are certainly not as powerful as the old department heads were. I know in my case that I got tremendous support from Paul, who loved the program, who wanted it to continue, who fought long and hard for it, but who was overturned.*⁷⁵

⁷⁴ Minutes of Evidence, 26/10/98, p.386

⁷⁵ Minutes of Evidence, 21/9/98, p.196

Chapter 7: News and Current Affairs Broadcasting

7.1 Importance of News and Current Affairs Broadcasting

The Committee considers the broadcasting of news and current affairs the single most important service provided by government-funded national broadcasters. The importance of independent, comprehensive coverage of news and current affairs was also a major finding of the 1996 Mansfield Review of the ABC.

The ABC's 1997/98 Financial Reports indicate that News and Current Affairs comprises one quarter of the ABC's total operating expenses.

In this important service, the Committee has identified two related problems:-

- an over-concentration of news and current affairs resources in Sydney; and
- a lack of local news and current affairs programming.

7.2 Concentration of News and Current Affairs Resources in Sydney

7.2.1 ABC Programming Concentration

All national news and major national current affairs programs are produced in Sydney including television programs:

- *The 7.30 Report*
- *Four Corners*
- *Foreign Correspondent*
- *Lateline*
- Late night television news bulletins.

Radio news and current affairs programs produced in Sydney include:

- *A.M. & P.M.*
- *The World Today*

- Late night radio news bulletins.

Each State has a nightly, 7.00 p.m. half-hourly news service and a weekly current affairs program, *Stateline*, which is aired at 6.00 p.m. on a Friday night. The Committee has not regarded the *Stateline* program as a genuine commitment by the ABC to cover local current affairs. Within the program's existing format and timeslot, it is unable to adequately cover issues and attract an appropriate audience.

7.2.2 ABC Personnel & Resources Concentration

The vast majority of the ABC's news and current affairs resources are centred in Sydney. According to detailed ABC figures, some 490 news and current affairs staff are located in Sydney, compared to 126 in Victoria and 102 in Queensland. Examples of staff centralisation include:-

- twenty-one *7.30 Report* staff in Sydney compared to 10 in Melbourne, 2 in Brisbane and 1 in each of the other capital cities;
- all *Four Corners* staff (21) are in Sydney as are all *Foreign Correspondent* staff (14) and *Lateline* staff (11);
- Triple J has 6 journalists based in Sydney and none in the other States;
- Sydney has 8 sports broadcasters compared to 4 in Melbourne; and
- Radio News has 65 personnel in Sydney, 41 in Melbourne and 18 in Brisbane.

(➡ Appendix 12)

7.2.3 SBS Programming Concentration in Sydney

As stated in chapter one, the SBS has only one television studio, based in Sydney. This was reiterated by SBS's Head of Television in a public hearing:-

MR CAVANAGH - *We are a national broadcaster and because we are also a low-cost broadcaster the economies of television production demand that we extract the maximum output from the centralised facilities we do have. Our*

*studio facilities – the bulk of our editing facilities – are in Sydney. For the foreseeable future that is where we would see the expansion of television production and transmission – from our headquarters in Sydney.*⁷⁶

SBS Television news and current affairs programs broadcast in English include:

- *SBS World News,*
- *World News at Nine,*
- *Dateline* and
- *Insight.*

SBS Television News has a first priority to covering international news, with local reactions to international events, and a secondary priority to Australian content.

SBS currently has a total of 14 television staff based in Melbourne who are working primarily on news and current affairs. The Committee understands that the Melbourne newsroom was virtually halved in staff in 1996. Career opportunities for SBS television journalists in Melbourne are therefore virtually non-existent.

Lack of SBS Melbourne Television staff has also lead to a Sydney-bias in content of national stories and reaction of Australian's to international events. For example, a survey of SBS news bulletins revealed that the Sydney water crisis received far more prominent coverage on SBS news than the Victorian gas crisis.

The Committee notes that SBS Radio News is perhaps the most evenly balanced (between Melbourne and Sydney) of any of the news operations investigated by the Committee during the course of this Inquiry. However the Committee further notes that the recently created Head of Radio News position was based in Sydney.

⇒ FINDING

The Committee finds that there is an over-concentration of SBS Television news and current affairs resources in Sydney and that as a consequence, employment opportunities in other cities are limited.

⁷⁶ Minutes of Evidence, 9/11/98, p.499

RECOMMENDATION 14

The Committee recommends that in view of SBS Melbourne's relocation to Federation Square, the additional television studio resources made available by that move should be used to produce and broadcast at least one of SBS's regular current affairs programs, such as *Dateline* or *Insight*.

7.2.4 Impact of Concentration in News and Current Affairs

The over-concentration of ABC and SBS news & current affairs resources in Sydney impacts the reach and quality of programming in the following areas:

- Lack of local news and particularly State based current affairs programming
- Need for a 24 Hour local radio news service
- Sydney bias in content
- Career path opportunities and skill development

⇒ FINDING

The Committee finds that there is on over-concentration of ABC news and current affairs staff and programming in Sydney. For the ABC to have the majority of its news and current affairs resources based in one location is contrary to the Corporation's public rejection of centralism.

7.3 Lack of Local News and Current Affairs Programming

As stated earlier in this Chapter, one of the key rationales for government-funded national broadcasters is the provision of news and current affairs services. In particular, the Committee has previously commented on the need for the ABC to broadcast to all Australians from all over Australia, rather than broadcast to all Australians from Sydney.

The Committee has identified two key areas where the ABC is failing the need for local news and current affairs programming:-

- the need for a State-based, weeknight television current affairs program; and
- the need for a 24 hour local radio news service.

7.3.1 Need for a State-based Current Affairs Program on ABC TV

The Committee has viewed the ABC's decision in 1995 to replace the State-based current affairs program, *The 7.30 Report*, with one national program broadcast from Sydney, as perhaps the clearest example of centralised resources and programming adversely affecting other States.

The centralisation of *The 7.30 Report* was referred to by a previous presenter of Victoria's *7.30 Report*, Mr John Jost:-

MR JOST - *Centralisation in this case means that there has been a transfer of some authority and possibly resources from Melbourne and the other states to Sydney. The obvious and clear example is the centralisation of the 7.30 Report, which means we have no more locally driven current affairs on a nightly basis.*⁷⁷

The abandonment of State based current affairs on ABC TV was clearly not a decision made as a result of Federal Government budget cuts as is often reported. The ABC certainly uses recent reduced funding as an excuse not to return to State-based current affairs.

In the less populous States, where television production of any kind is minimal, the local community treasured these nightly current affairs programs. In Victoria the loss of a program which had been both long established and popular was greeted with equal dismay.

⇒ FINDING

The Committee finds that the ABC's decision to cancel the State-based version of the television current affairs program *The 7.30 Report* in 1995 was made because of a declining audience, which is completely unacceptable for a government-funded national broadcaster. The

⁷⁷ Minutes of Evidence, 7/9/98, p. 14

Committee finds that budget cuts had little or no affect on the decision to cancel the program.

The Committee finds that the decision to revert to a national 7.30 Report, broadcast from Sydney, is a clear example of the ABC centralising resources and programming in Sydney.

The Committee finds that a lack of a regular week night State-based current affairs program on ABC TV is not within the spirit of the ABC's Charter or Section 27 of the *Australian Broadcasting Corporation Act 1983*.

RECOMMENDATION 15

The Committee recommends that the ABC review programming priorities to provide for a regular week night State-based television current affairs program.

7.3.2 Sydney bias in News and Current Affairs:

Throughout the Inquiry, the Committee was provided evidence of a bias towards Sydney stories in news and current affairs. This view was supported by a recent Age newspaper editorial (↗7.4.5)

The Committee also undertook its own news and current affairs monitoring which confirmed this bias towards Sydney stories.

⇒ FINDING

The Committee finds that the national ABC news and current affairs programs emanating from Sydney have a Sydney bias in content. The centralisation of news and current affairs in Sydney has resulted in an inability of the ABC to adequately cover local news and State current affairs.

7.3.3 Need for a Local 24 Hour ABC Radio News Service

A major concern raised in the Committee's evidence was the lack of a 24 hour local radio news service. The provision of a national news bulletin on metropolitan and regional radio from 11.00 p.m until 5.00 a.m. has had an adverse affect on the listening audience, particularly when seeking local information such as emergency service reports and sporting and weather news.

Evidence outlined later in this chapter illustrates that Victorian content on late night news bulletins is almost non-existent. Local news items start to re-appear after 6.00 a.m when 3LO journalists resume work. It would appear that the ABC's decision not to run a 24 hour local radio news service is a result of an aim to achieve savings in not paying penalty rates.

Further evidence highlights the extent to which local stories on metropolitan radio news falls away during the late national night bulletins. The Committee's survey on news content revealed that 3AW have a larger percentage of Melbourne based stories than 3LO.

With respect to this matter, the Committee was concerned that the ABC's Head of News, Mr Norm Taylor held the opinion that 3LO covers Melbourne better than its commercial rival 3AW, while acknowledging that he was unaware of Melbourne radio news bulletins.

⇒ FINDING

The Committee finds that the ABC has a responsibility to provide a 24 hour metropolitan radio news service to ensure that listeners are provided the latest stories, emergency service information and other news items on a continual basis.

RECOMMENDATION 16

The Committee recommends that the ABC move to provide a 24 hour local radio metropolitan news service as a matter of priority.

7.3.4 Weekend ABC National News and Current Affairs

The ABC's Head of News and Current Affairs gave evidence to the Committee suggesting a more even spread of programming resources was desirable and indicating there was a possibility that weekend news would be relocated to Melbourne. This would be seen as a positive move to de-centralise some ABC function areas.

MR WILLIAMS - *I would very much like to see, and we have planned for a long time, to make Melbourne our national centre on the weekends.*⁷⁸

RECOMMENDATION 17

The Committee recommends that the intentions of the ABC News and Current Affairs Department to make Melbourne the national centre for weekend news and current affairs production be endorsed and implemented.

7.3.5 Career Opportunities and Skill Development

With respect to a lack of career opportunities, it is worth highlighting the following evidence from the ABC Head of News and Current Affairs:-

MR WILLIAMS - *There is a career implication in the sense that most journalists who get to that level one way or another end up going to Sydney because the headquarters of Nine, Ten, SBS and the ABC are there.*⁷⁹

Mr Paul Chubb, former national editor of *The 7.30 Report* also spoke of a lack of career prospects in Victoria:-

⁷⁸ Minutes of Evidence, 9/3/99, p.720

⁷⁹ Minutes of Evidence, 9/3/99, p.713

MR CHUBB - *I would have thought that career prospects in Victoria, for example for people who wanted to continue to live in Victoria and build a career, would be not high. I think that it was always the case that in order to build a substantial career in the ABC you needed to move to Sydney, and that if you could not move to Sydney or did not want to for some reason or other you were disadvantaged. I was one of the few people who were given the opportunity of doing a Sydney-based job from elsewhere, and it did not work so well.*⁸⁰

⇒ FINDING

The Committee finds that the centralisation of ABC news and current affairs in Sydney has resulted in a lack of employment opportunities for journalists and broadcasters outside of New South Wales.

7.4 Evidence Relating to the Need for Local News and Current Affairs Programming

7.4.1 ABC's Decision to Cancel State-based 7.30 Report

Evidence indicates that the centralisation of *The 7.30 Report* was a long-standing agenda item within the corridors of power at the ABC. Mr Philip Chubb, formerly National Editor of the *The 7.30 Report*, told the Committee of a strong push for a national program as early as 1994:

MR CHUBB - *It became increasingly clear to those in the executive structure that at senior executive level in the ABC there was no support for the continuation of state-based programs and that local programming would only be salvaged in a totally revamped format.*⁸¹

Mr Chubb, who experienced great difficulties in the position of National Editor as a result of being based in Melbourne, said the initial push for a national program was defeated, but, after he resigned, was successfully relaunched.

According to the ABC's submission, the Board first considered the future of *The 7.30 Report* in September 1994. The submission then justifies the centralisation of the program:

⁸⁰ Minutes of Evidence, 7/9/98, p.26

⁸¹ Minutes of Evidence, 7/9/98, p. 22

“Despite efforts to make the programs more appealing during 1994-95, audiences failed to respond and, after considering various options, it was agreed that the best solution would be to consolidate resources into producing a national current affairs program, drawing on the best journalists located throughout the country, under a tight management team, with a single program brief.”⁸²

The ABC's Head of News & Current Affairs, confirmed that the decision was based on a declining audience:-

MR WILLIAMS - *It is clear that the audiences for the state-based program, when it was a state-based program, were falling and it was rapidly in decline, and we had to do something to address that. The national 7.30 Report has done that — our audience is not declining and the 7.30 Report is a program of substance. It does matter what is broadcast on the 7.30 Report these days and it is increasingly watched by Australians.*⁸³

Mr Williams did, however, give further evidence to suggest that ratings of 3 and 4 were quite acceptable for the weekly *Stateline* program.

Finally, evidence from the ABC's Managing Director:-

MR JOHNS - *I understand and appreciate the loss of the 7.30 Report in various states, particularly because I understand that those areas where there are one-newspaper towns are losing the diversity of opinion that is critical to all of us for public discourse. It is a grave problem. I have to say, though, that if you looked at the 7.30 Report you would see that over the preceding years there was a declining audience for those state-based reports. We have, in fact, arrested that decline with the establishment of the national 7.30 Report.*⁸⁴

However, the following remark by Mr Johns suggests the initial decision to cancel State-based current affairs was, in hindsight, wrong:-

MR JOHNS - *However, having said all of that, I say that if I had the funds and we had the transmission time I would be racing to bolster our coverage on television of news and current affairs, particularly current affairs in relation to the 7.30 Report.*⁸⁵

⁸² Australian Broadcasting Corporation, Submission No.60 to EDC, p.50

⁸³ Minutes of Evidence, 19/10/98, p.375

⁸⁴ Minutes of Evidence, 7/4/99, p.847

⁸⁵ *ibid*

Clearly, the above evidence indicates the decision to axe the State-based 7.30 report was due to a declining audience in some States. Such a decision may have been appropriate by a commercial network but not by the ABC. Questions need to be raised in relation to the ABC's programming priorities and the extent to which programming decisions are based on ratings, like commercial broadcasters.

7.4.2 Need for State-based Current Affairs

The 1996 Mansfield Review also highlighted the public's concern over the loss of their State 7.30 Report:-

The view was put to me strongly in meetings that the presence of the ABC was an important democratic safeguard, particularly in States and regions in which there was only one major local paper. The recent loss of the State-based 7.30 Report was viewed negatively by many people who emphasised the need to ensure that State affairs are subject to objective and regular scrutiny.⁸⁶

The importance of State-based current affairs was demonstrated by Committee Member, The Hon. Pat Power, MLC in a public hearing:-

MR POWER - *To me the demise of the state-based 7.30 Report is a democratic tragedy. It is clear to me that it was the scrutiny of the 7.30 Report under the Cain Labor government that led to the community's perception about those years, which led to a change of government. People I talk to in Queensland say that without the state-based 7.30 Report there would almost certainly not have been a Fitzgerald inquiry.*

I personally believe that not having a state-based 7.30 Report is probably in breach of the ABC's charter, although I accept there will be differences of opinion about that.⁸⁷

Mr Philip Chubb agreed:

MR CHUBB - *There is no doubt that the promotion of the '7.30 Report' to a national program flew in the face of the charter.⁸⁸*

⁸⁶ Mansfield Bob, op.cit, p.23

⁸⁷ Minutes of Evidence, 7/4/99, p.846

⁸⁸ Minutes of Evidence, 7/9/98, p.27

The ABC, however, do not believe the cancellation of a State 7.30 *Report* was contrary to its charter. It also does not believe it is contrary to specific provisions of the ABC Act:-

“Perusal reveals that it (the Charter) does not require the broadcast of nightly state-based current affairs programs on television. However, S.27 of the ABC Act covers News Services. Subsection 27(2) requires the Corporation to broadcast daily from each broadcasting service regular sessions of news and information relating to current events within and outside Australia. Clearly the ABC fulfils this obligation.”⁸⁹

Many would argue that the spirit of the ABC's charter obligations and in particular, section 27 of the Act are not being met. However, it would appear that the ABC believes its obligations are being met.

The ABC's Head of News & Current Affairs did give evidence suggesting the ABC could improve its coverage of State current affairs on television:-

MR WILLIAMS - *Is it sufficient? Quite clearly the ABC does have a responsibility to report on the workings of government and society in each state. We believe with local radio and local news that we do that better than anyone. As far as television is concerned, I think that it is clear that the ABC would like to do better in terms of local current affairs. It is an issue for us about the cost of that and the effectiveness of that and how you schedule that. We have not solved those problems. It is very expensive to do local current affairs programs. To build that infrastructure in each state is beyond our resources at the moment.*⁹⁰

7.4.3 Evidence Relating to the Need for a 24 Hour Local Radio News Service

In the ABC submission, Victorian Radio News services were outlined thus:

“On weekdays, the Victorian metropolitan and regional stations receive their news from the Melbourne newsroom from 0530 until 2200 inclusive. Overnight, news bulletins originate from Perth, because the time difference accommodates production needs. The 0500, 2300 and 2400 bulletins originate from Sydney. Most Regional stations include completely local news bulletins in the morning; some also have local news bulletins at lunchtime and in the afternoon. The Melbourne newsroom supplies stories to the news network continuously throughout the day.

On weekends, Victorian metropolitan and regional stations receive their news from Melbourne from 0600 until 2200 inclusive. The overnight bulletins are

⁸⁹ Australian Broadcasting Corporation, Submission No.60 to EDC, p.53
⁹⁰ Minutes of Evidence, 9/3/99, p.719

national and originate from Perth, with the early morning and late night national bulletins originating from Sydney.

Radio National in Melbourne, 3RN, receives Melbourne-produced bulletins on the hour from 0600 to 2000 inclusive on weekdays, 0600 to 1200 inclusive on Saturday (Grandstand on Saturday afternoons means that Radio National network requirements are met from Sydney), and 0600 to 1900 inclusive on Sunday.

ABC Classic FM bulletins principally originate from Adelaide for the entire network, with some exceptions (mainly weekends when it is supplied from Sydney). Triple J bulletins (0600 to 2000) originate from Sydney, with very few exceptions.⁹¹

On the basis of evidence put to the Committee, it would appear that overnight bulletins are not prepared and presented locally because management is attempting to cut costs in not paying penalty rates. This is supported by the decision for some bulletins to originate from Perth, where the time difference means journalists are working for lesser penalties.

The Committee is aware that Southern Cross Radio News, based at Radio Station 3AW, maintains a 24-hour a day service, 365 days a year, with a staff of just 13. At the time the Committee visited the ABC's Melbourne radio newsroom, there were 25 journalists on the news roster. A back up staff, administrative and technical, of at least 6 supported these journalists. However, the ABC Melbourne newsroom closes soon after 10.00 p.m every night and doesn't recommence broadcasts until 5.30 a.m.

Former Head of ABC Radio News, Mr Colin Tyrus told the Committee:

MR TYRUS - *It was a source of amazement to me when I arrived at the ABC that the Melbourne newsroom was staffed from only 5.a.m. until approximately 20 past 10 in the evening. It is a big city out there and things tend to happen at all hours of the day and night, as our newspaper and other colleagues are well aware. What about in the bushfire season for example?⁹²*

Mr Tyrus, whose attempts to get the Melbourne newsroom to run a 24-hour roster were constantly frustrated by bureaucracy, went on to say:

MR TYRUS - *It is verging on the irresponsible not to have the national broadcaster staffed, particularly in the second biggest capital city, Melbourne. They have to really bite the bullet and say 'We want to be a 24-hour operation; we are radio; we are providing immediate news that is*

⁹¹ Australian Broadcasting Corporation, Submission No.60 to EDC, p.61

⁹² Minutes of Evidence, 7/9/98, p.4

happening 24 hours a day in a city this size and we need to be able to cover it."⁹³

The ABC's Head of News, Mr Norm Taylor, attempted to justify the lack of overnight bulletins as a question of quality rather than quantity:

MR TAYLOR - *I am certain we have more journalists than 3AW in Melbourne. What they run is a very basic service and I should take some time to find out exactly what their bulletins are like to discover whether or not they produce a better product than us. I suspect they do not. I suspect we break more stories, we cover Melbourne better than they do.*⁹⁴

The Committee is concerned that the ABC's Head of News would make such a statement without any knowledge of Melbourne radio news bulletins.

Another concern related to the evidence given by the ABC's Head of News and Current Affairs, Mr Paul Williams with respect to preparation of state news bulletins commencing at 5.30 a.m.:

MR LEIGHTON - *Any state news that appears in the 5.30 bulletin, is that new or has that been prepared the night before?*

MR WILLIAMS - *It is new.*⁹⁵

Mr Williams' assertion is completely incorrect. The Committee is aware that it has been long standing ABC Radio newsroom policy for material to be prepared the day before, and sometimes even earlier, and left for the morning bulletins. These stories are often aired in the same format as they had been prepared, without additional editing or any updating.

The Committee's own survey into radio news bulletins over a three-month period, revealed the following:-

- News bulletins from 11.00 p.m. to 1.00 a.m. on 3LO contained 6% of Victorian content compared to 42% on 3AW;
- The level of Victorian news items on 3LO and 3AW bulletins during the day were relatively even;

⁹³ Minutes of Evidence, 7/9/98, p.5

⁹⁴ Minutes of Evidence, 9/3/99, p.724

- The overall level of Victorian news items during the survey period was 28% on 3LO compared to 43% on 3AW; and
- The level of Victorian content on the morning and afternoon programs on 3LO were lower than 3AW's equivalent programs.

Details of the survey results are provided in Appendix 9.

7.4.4 Evidence of a Sydney Bias in Content on ABC and SBS National News and Current Affairs Programs

Throughout the Inquiry, the Committee experienced many examples of how the ABC's national news and current affairs service often has a bias towards Sydney at the expense of other States.

The Age newspaper believed the ABC 'got it wrong' with respect to *The 7.30 Report* which is reflected in the following quote:-

*"Brian Johns said at the time that the new show would offer 'thorough, accurate and challenging analysis of state politics'.....On Friday 19 March, the day John Brumby resigned as ALP leader, there was no coverage on The 7.30 Report. Where were the pieces on the lead up to Brumby's demise....."*⁹⁶

The Committee also undertook a survey of the content of ABC news and current affairs, in comparison to some commercial networks, which clearly point to a lack of local stories.

This content survey of *The 7.30 Report* over a six week period revealed the following:-

- very small percentage of State-based stories, as a proportion of total stories, compared to the Seven Network's Melbourne program *Today Tonight* ;
- on stories about State issues, there was a high percentage of New South Wales stories compared to Victorian stories, which was again, in contrast to the *Today Tonight* program; and

⁹⁵ Minutes of Evidence, 19/10/98, p.376

- the vast majority of total stories originated from New South Wales.

Details of the survey results are provided in Appendix 7.

A survey of Melbourne television news broadcasts also indicates a lack of ABC Melbourne stories. (➡ Appendix 8)

The Committee heard a great deal of other evidence on this bias and some examples are given below:

Example 1:

Mr Stephen Ribaux, an ABC employee, gave evidence of an incident in which the Sydney television newsroom had withdrawn the national feed of an important story, so that it could air the item itself in an early slot. According to Mr Ribaux, the item, about Malaysian unrest, had been filed late, so all eastern seaboard state services were anxiously awaiting it. Until they had it ready they would have to juggle their bulletin running order.

The story is filed to Sydney, which is then supposed to feed it to all other states before being free to air the item themselves. Under this method, every state service receives supposedly equal treatment. However with some stories Sydney has a record of indulging its own editorial team, by taking advantage of the close proximity of the international feed. Thus instead of feeding the piece nationally, they've been known to air the item in New South Wales first, before feeding it to the rest of Australia.

In the case Mr Ribaux told the Committee about, the International desk had started the nationwide feed, before Sydney editorial staff got impatient and insisted on withdrawing the feed, so the tape could be aired in Sydney:

MR RIBAUX - *They sent the tape out by satellite for everybody to replay for the news that night. That took some time and when they pulled out it upset the schedule. It throws everything out of sequence.*

MRS MCGILL - *Sydney showed the story at the expense of the rest of Australia did it?*

⁹⁶ Alcorn, Gay, "ABC, you got it wrong", The Age, 10/4/99,

MR RIBAUX - *Yes, and this happens regularly. I am not sure whether it is a policy issue.*

THE CHAIRMAN - *They showed the story only to Sydney viewers because to record it for the rest of Australia would have inconvenienced Sydney's schedule would it.*

MR RIBAUX - *Yes*⁹⁷

In its supplementary submission, the ABC confirmed the above case:-

*"As it was the lead story in NSW, it was decided to pull the syndication in order to allow it to be broadcast in NSW while the other states (Queensland, Tasmania and Victoria) were able to record the story off-air (from Sydney's broadcast) and play it out in their own bulletins minutes later. ...However, there was lengthy discussion about the incident and it was agreed that syndication should not have been interrupted in that instance. It is extremely rare for syndication to be interrupted in this manner."*⁹⁸

Example 2:

Throughout public hearings, the Committee pursued the extent to which the Victorian gas crisis in September 1998 was adequately covered on national news and current affairs bulletins.

The Committee is aware that the Sydney water crisis received more immediate and ongoing coverage on *The 7.30 Report*, to the extent that several days into the crisis, reports were being given to a national audience of the post code areas in Sydney that could safely resume water consumption.

The Committee believes coverage of the Victorian gas crisis did not receive a similar level of coverage on the ABC and SBS, particularly at the start of the crisis when information was required to be conveyed to gas consumers.

MR LEIGHTON -- *I would not mind following up about the gas crisis. In the one copy of your response that you have given to the whole committee, I have had a quick glance at the section on the gas crisis but I would like to get it on the record now. The issue I raised a few months ago was to say that on the second day of the crisis on the Saturday there had been an announcement that the government was shutting the whole*

⁹⁷ Minutes of Evidence, 12/10/98, p. 306

⁹⁸ Australian Broadcasting Corporation, Submission No.74 to EDC, 9/3/99, p.31

system down and then on the 8 o'clock bulletin on 3LO there was no mention made of gas.

I have read your response, which seems to approach it in two ways; firstly, to say that the announcement that the whole system was being shut down was not recent, that it had been announced a few hours earlier. With respect, I do not accept that as an explanation, particularly if somebody had been off at the footy or out doing the gardening or whatever else people do on the weekend, that could have been the first radio bulletin they had listened to for a few hours. I do not accept the response about it being recent.

Nor am I particularly persuaded by the other part of your explanation, which was that it had run during the afternoon on state-based radio bulletins and that also it was on the 9 o'clock bulletin which was national. I have trouble understanding how it slipped altogether from the 8.00 pm bulletin, no mention of gas on the 8.00 pm bulletin, and then it is back on the 9.00 pm national bulletin. That seems to indicate to me that somebody in Sydney did not appreciate the significance of putting it into the 8.00 pm bulletin but by 9 o'clock had woken up to the fact that they were missing out on a national story.

MR TAYLOR - *I think you may well be right. I think I would have left it in all the bulletins. But the point I think we were making was it was wrong to say this was a story that both locally and nationally we ignored.*⁹⁹

Example 3:

On the 3LO news bulletins at 1.00 a.m. on Sunday 28th March 1999, details were given of the National Rugby League scores, however no reference was made of scores from the seasons first round of Australian Football League matches. The following bulletin at 2.00 a.m. repeated the rugby scores with the addition of an interview with one rugby player. Again, no AFL scores were given.

The Committee finds this example completely unacceptable, particularly in view of the fact that the AFL is far more of a national competition than rugby league, and believes it is a clear example of a Sydney-centric national news bulletin.

⁹⁹

Minutes of Evidence, 9/3/99, p.722

Chapter 8: Regional Services

8.1 Importance of Regional Services

One of the key priority areas for the ABC is the provision of regional services. The Committee has previously identified regional services as being a need not adequately covered by commercial broadcasters.

The Committee undertook a number of public hearings throughout regional Victoria. Evidence from rural Victorians highlighted the importance of ABC services in areas such as the regular reporting of emergency service and weather reports and coverage of regional and local events.

The ABC's Regional Services Department was created two years ago largely in response to the 1996 Mansfield Report which recommended:-

“That a revised ABC Charter emphasises the importance of providing services to regional Australia and the need for ABC services generally to reflect Australia’s regional and cultural diversity.”¹⁰⁰

This section of the Report deals with the following key issues which arose from the Committee's series of regional hearings:-

- lack of regional radio service throughout Victoria particularly in major regional centres such as Ballarat and Geelong;
- the need for greater coverage of local news and information; and
- problems experienced by regional audiences with transmission services.

Before reporting on these issues, it is necessary to review how the ABC defines 'regional services'.

¹⁰⁰ Mansfield, Bob, op cit, p.9

8.2 Definition of Regional Services

Throughout the Inquiry, there was considerable confusion over the definition of 'regional services'. It became clear to the Committee that the widely accepted definition of regional had a different interpretation by ABC management.

MS HOWARD - *My definition is everything outside the head office is part of regional services, but not national.*

MR LEIGHTON - *With respect, this is the second definition we have had this afternoon.*

MS HOWARD - *You can say that, but I am giving you a definition of "regional" as I understand it in the community and "regional" as we are referring to it as part of my title. They are two different things, perhaps.*

THE CHAIRMAN - *That has been precisely our ongoing confusion, that the normally accepted terminology of "region" is different from the ABC meaning of "region". If we, who have been studying this for about 12 months, are still confused, I feel very sorry for the public. It would seem like a good idea for the ABC to adopt the normal use of "region".¹⁰¹*

⇒ FINDING

The Committee finds that the ABC's definition that 'regional services' relates to all activity outside the Sydney head office is misleading and does not adequately reflect the need of Australians living in regional Australia, ie: regions other than metropolitan cities.

RECOMMENDATION 18

The Committee recommends that the ABC review its definition of Regional Services in order that it is consistent with the widely accepted definition of Regional Australia.

¹⁰¹ Minutes of Evidence, 17/3/99, p.775

8.3 Need for More Regional Radio Stations in Victoria

In Victoria the ABC has four major regional radio stations located in Bendigo, Albury-Wodonga, Mildura and Sale. Studio outposts are located in Horsham, Warrnambool, Shepparton and Morwell. These outposts act as a point of contact for the regional area, although manning levels are such that office areas often remain unoccupied.

The geographical spread of ABC regional radio in Victoria was a key concern raised throughout the Inquiry. In particular, the Committee heard evidence from residents in Ballarat and Geelong about the lack of regional radio in these centres.

8.3.1 Geelong and Ballarat

The need for studios in Ballarat and Geelong is one the ABC has never adequately addressed. The presence of a metropolitan radio station the size of 3LO in Newcastle, and a large regional station in Wollongong, would indicate Victoria is treated differently to New South Wales in terms of regional radio stations.

While witnesses in Geelong, Ballarat and Gippsland pointed out shortcomings in their own regions, Mr Damien Ryan, the Program Director for ABC Regional Radio in Victoria also raised the need for a service in Swan Hill. Swan Hill is in a region geographically remote from existing ABC services.

Ballarat West M.L.A., Mr Paul Jenkins, (also a member of the Economic Development Committee), believed the ABC was not providing adequate services in Ballarat:-

MR JENKINS - *The ABC has just completely ignored this part of the world. The freelance reporter, John Mullins, is very active in getting stories and news grabs when he can from both members of Parliament and councillors and other access points throughout the city, but that goes up to the Bendigo newsroom. Very few people around Ballarat can pick up the reception to hear it anyway, so it is not what I would call a good service from the ABC in that light, and it never has been in my experience.*¹⁰²

Mr John Mewton, a local farmer in Ballarat concurred with Mr Jenkins' views:-

¹⁰² Minutes of Evidence, 15/9/98, p.121

MR MEWTON - *The Ballarat region seems to be no-man's-land as far as the ABC is concerned and it has become worse over the years. Probably the only time you hear much about it is if the weather is cold and Ballarat is mentioned on the weather forecast.*¹⁰³

It is noteworthy that after the Committee's public hearing in Ballarat, the Ballarat Branch of the Friends of the ABC wrote to Victorian Minister for Industry, Science and Technology, reinforcing much of what was said at the hearing.

"The Friends of the ABC are of the view that Ballarat has been by-passed in the division of ABC services in regional Victoria. We do not have a station, such as Bendigo has, and we would like the support of the Victorian Parliament to petition for a service specific to our area. We understand that ABC Goldfields has an obligation to Ballarat, however the station is not easy to pick up and does not reward Ballarat listeners with much in the way of local information and news as it is largely Bendigo and parts of the north and east.

*We would like to point out that although Ballarat is close to Melbourne it is the largest inland city in Australia, it is not a dormitory, nor an arm of Melbourne and we believe that a radio station centred here in Ballarat and linked to the ABC would reflect the importance of Ballarat to Victoria."*¹⁰⁴

Geelong M.L.A., The Hon. Ann Henderson highlighted the lack of ABC presence in Geelong during her appearance in a public hearing:-

THE HON. ANN HENDERSON - *I particularly want to emphasise that Geelong is Victoria's largest city outside Melbourne but it is not receiving adequate resources for the size of population. In fact, Geelong has no ABC presence in the city. Cities like Darwin, with a population of just over 70,000, Wollongong, with a population of almost 58,000, Wagga Wagga, with a population of almost 43,000, and Lismore, with a population of little more than 28,000, all have an ABC presence. Therefore, it is a very valid question to ask why Geelong should be treated differently. Geelong's urban area alone has a population of 146,200, and the total population for the region is just over 208,000. It is a city of significant industries and sporting and cultural activities.*¹⁰⁵

Mr John Kranz, Secretary of the Geelong Trades and Labour Council, also strongly supported ABC's presence in Geelong. Mr Kranz stressed his belief that Geelong, as

¹⁰³ Minutes of Evidence, 15/9/98, p.125

¹⁰⁴ Ballarat Friends of the ABC, Letter to Minister for Science, Technology and Information, 25/11/98.

¹⁰⁵ Minutes of Evidence, 16/9/98, p.143

a region, is distinct from Melbourne. He said Geelong was very much a poor relation when it came to news coverage:-

MR KRANZ - *In the pecking order of things, if something happens in Melbourne, for example if a tram stops in the main street, they will broadcast that rather than cover a major disaster in Geelong. What happens in Melbourne is more important than what happens in Geelong.*¹⁰⁶

Many of the problems identified could be easily overcome, with the set up of two-person operations similar to those established in Warrnambool.

The ABC provided the Committee with a breakdown of establishment and running costs for a regional radio station, based on the set up costs of the Warrnambool operation. The cost involved in constructing a new studio office complex for 3WL in Warrnambool was \$267,325. The ABC estimates ongoing costs at an annual sum of \$203,811, which includes two full time staff members, a breakfast announcer/manager and a journalist.

The Committee understands that the ABC's Regional Services Department has a requirement to service all of Australia and that this would be a key consideration when allocating funds for the establishment of additional radio stations.

⇒ FINDING

The Committee finds that the establishment of two additional ABC radio stations in regional Victoria would be consistent with the priority for the ABC to meet the needs not covered by commercial broadcasters.

RECOMMENDATION 19

The Committee recommends that the ABC establish new radio office/studio complexes in Ballarat and Geelong. The ABC should reprioritise its programming activities to ensure that this key need not covered by commercial broadcasters, is provided by the ABC.

¹⁰⁶ Minutes of Evidence, 16/9/98, p.164

8.4 Regional Programming

The weekday schedule for 3WL in Warrnambool, listed below, is a typical schedule on regional radio in Victoria.

Time	Program	Studio of origin
0530	Breakfast	Warrnambool
0600	Early AM	Sydney
0615	Breakfast (cont)	Warrnambool
0800	AM	Sydney
0830	Regional Morning program	Mildura or regional Victoria
1100	Late Morning	Melbourne
1200	Country Hour	Melbourne
1300	The World Today	Sydney
1400	Afternoon – Regional & 3LO shared program	Melbourne
1600	Early PM	Sydney
1615	Regional Drive	Melbourne
1800	PM	Sydney
1900	Evening	Melbourne
2200	Late Night	Sydney

Essentially, regional programming is limited to approximately 5 hours in the morning and a shared regional/metropolitan program in the afternoon.

Late last year, the ABC merged its 3LO afternoon program with the regional program. Previously, a separate afternoon program was broadcast to regional listeners while metropolitan listeners had a 3LO afternoon program.

The Committee believes the decision to merge the two programs may have the affect of reducing the volume of rural and non-metropolitan content on the program. In his appearance before the Committee at its Leongatha Hearings on December 1st, Mr Peter Ryan MLA articulated the need for distinctive and different programming for regional areas:

MR RYAN - *I make my comments on the basis that in representing a country constituency I need to draw distinctions in this broadcasting issue to set it apart from what occurs in the Melbourne metropolitan environment. ... To draw the distinction between programming needs, the audience mix and the different requirements for country Victorians – and the area I represent, in particular. I highlight that point by having regard to the extraordinary diversity of this electorate. It comprises almost*

*6,000 square kilometres. In an audience sense the people mix is different from the Melbourne metropolitan environment. The ways of life are different.*¹⁰⁷

RECOMMENDATION 20

The Committee recommends that the ABC should provide a specific, stand-alone afternoon program on Regional radio that caters for the needs of regional listeners.

8.5 Weather Forecasts

Another concern brought before the Committee on a regular basis has been the ABC's regional weather forecasts, particularly at the weekend.

On the regional network (3LO, 3WV, GI FM etc) it is current practice for weather to run at the end of news bulletins. In Victorian bulletins from Melbourne, this means about 30 seconds of state and Melbourne weather, including any warnings issued by the Bureau of Meteorology.

For regional stations, bulletins in the morning run with local weather specific to each region. However there are significant periods of the day, particularly at the weekend, when there are no Victorian or local bulletins.

Mr John Street of the Marathon Valley Development Association, told the Committee his organisation believed ABC regional weather forecasts were inadequate:-

MR STREET - *On weekends, without the local radio weather forecasts, the media can be hopelessly inadequate in warning the community of flood producing easterlies. We normally watch the nightly ABC television weather, not to listen to the forecast but to see the weather map and make our own assessments of the weather and interpret their forecasts accordingly.*¹⁰⁸

¹⁰⁷ Minutes of Evidence, 1/12/98, p.620

¹⁰⁸ Minutes of Evidence, 30/11/98, p.578

⇒ FINDING

The Committee finds that ABC radio and television weather forecasts are often inadequate in terms of providing regional Victorians detailed information that affects their livelihood.

RECOMMENDATION 21

The Committee recommends that the ABC implement a more regular and consistent pattern of weather forecasts through its regional and rural networks, with particular regards to weekend bulletins.

8.6 Transmission Services

Another key focus of the Committee's regional evidence was in respect to transmission services and difficulties experienced by many people living in regional Victoria in adequately receiving ABC and SBS television receptions.

Mr David Hawker, M.P, Federal Member for Wannon expressed his concerns to the Committee:-

MR HAWKER – *People in country areas have a strong case on the grounds of equity to access SBS. Although there has been an improvement in recent years in the coverage of SBS, it still has not come to some areas and most of this area in particular. The frustration is really starting to build up among the residents. In particular, for example, when they learn that Papua New Guinea gets SBS they feel that they deserve at least equal treatment.*¹⁰⁹

The Committee notes that the ABC or SBS have not been responsible for transmission services. The recently privatised services are provided by National Telecommunications Limited. However, the Commonwealth Government still has authority over the location of new transmission facilities throughout regional and remote areas of Australia and in particular, has a staged plan to cover these areas.

RECOMMENDATION 22

The Committee recommends that the Minister for Communications, Information Technology and the Arts, give priority to the south-west region of Victoria, where mountainous topography interferes with reception, in the Government's staged plan to provide broadcasting transmission facilities to regional and remote Australia.

¹⁰⁹ Minutes of Evidence, 14/9/98, p.54

Chapter 9: Drama Programming

From an economic development perspective, the Committee believes the production of Australian drama by government-funded national broadcasters is a key programming priority. Total spending on Australian television drama productions (including comedy) in 1996/97 was \$365 million.¹¹⁰

The allocation of drama budgets on a geographical basis will have a significant affect of the development of a State's film and television industry. It is in this context that the Committee has reviewed the ABC and SBS drama productions.

The following section deals with three key issues of concern to the Committee:-

- the ABC's commitment to drama production and associated facilities in Victoria;
- the resources allocated to the production of the ABC TV drama series *Wildside*; and
- SBS Independent commissioning the majority of its drama productions in Sydney.

9.1 ABC's Commitment to Drama Production and Associated Facilities in Victoria

In Chapters 2 and 3, the Committee highlighted the ABC's centralisation of drama facilities in Sydney. This related to the construction of a new drama sound stage at Gore Hill and the proposed \$122 million development (known as the Ultimo B complex) adjacent to existing ABC headquarters in Ultimo, Sydney.

Concerns have also been highlighted with respect to the uncertain future of the ABC's Ripponlea complex. The Committee's Discussion Paper previously mentioned the lack of suitable drama facilities in Melbourne, including a purpose built sound stage which the industry considers essential to make the full range of quality drama productions.

¹¹⁰ Australian Film Commission, *'Get the Picture'*, 5th Edition, Dec. 1998

The Committee notes that the ABC have indicated Melbourne will be the production base to more than 50 percent of ABC television drama over the next 12 months. The major project announced being a 160 episode drama serial, *Something in the Air*, which will be an ABC co-production to be filmed at the Ripponlea studios.

Given the ABC is currently without a sound stage in Sydney, having sold its Frenchs Forest studio, and in view of the sale of the majority of Gore Hill, and the proposed Ultimo B development, it is clear that the ABC does not have the facilities in Sydney to produce a drama series in the next 12 months. This situation will change after the construction on the new sound stage at Gore Hill and television production facilities at Ultimo.

As previously noted, the Committee has also taken evidence from ABC staff at Ripponlea that the current plans for digitisation do not include the addition of high definition digital television (HDDTV) facilities at Ripponlea. This was confirmed by the ABC's Head of Technology, Strategy & Development in a briefing with the Committee. The lack of HDDTV facilities at Ripponlea will further severely limit its use for future drama productions.

The Committee's Discussion Paper highlighted the potential for the Ripponlea complex to be expanded to include a sound stage. The Committee noted that there is some surplus Victorian Government land that may soon become available adjacent to the existing Ripponlea site (the old police and courthouse area). The Committee believes this land offers the possibility of a sound stage on the Ripponlea site, along with an upgrade of the existing studios to high definition digital standard.

Evidence from the film and television industry which believe the ABC's drama output is centralised in Sydney:-

Mr Mac Gudgeon from the Australian Writers' Guild noted:-

MR GUDGEON - *The right people go to the right cocktail parties up there (in Sydney) and things tend to happen. Although Melbourne has quite often produced more television, serials and serial television in a year than Sydney it would be true to say the focus of most of the production has been in Sydney.*¹¹¹

¹¹¹ Minutes of Evidence, 9/11/98, p. 482

The Producers and Directors Guild of Victoria also appeared before the Committee:-

MR SCHLUSSER - *I observe that productions in Sydney, being closer to head office, get funded more generously than those elsewhere. This seems to be unfair and unwarranted.*¹¹²

Cinemia noted in its written submission:-

*"Over the last 10 years, there has been a tendency for resources to concentrate on NSW projects or NSW locations."*¹¹³

⇒ **FINDING**

The Committee has grave concerns for the future of ABC television drama productions in Melbourne in view of the following evidence-

- the ABC's plans to construct a new drama sound stage and television production centre in Sydney (but not in Melbourne);
- the ABC's firm resolve to commit itself to its Sydney expansion (Ultimo B complex development);
- the ABC's immediate rejection of the Committee's Discussion Paper proposals;
- the ABC's proposed scoping study on the future of Ripponlea has yet to be prepared; and
- the lack of high definition digital television facilities planned for Melbourne.

¹¹² Minutes of Evidence, 9/11/98, p. 506

¹¹³ Cinemia, Submission No. 67 to EDC, 9/11/98, p.4

RECOMMENDATION 23

The Committee recommends that the ABC ensure its Melbourne television facilities include fully equipped HDDTV drama studio facilities and suitable drama sound stage to enable Melbourne to continue producing quality ABC drama productions in the future.

RECOMMENDATION 24

Given the importance of drama productions to the economic development of the State, the Committee recommends that the Victorian Government liaise with the ABC to facilitate the provision of appropriate land to accommodate the upgrade of ABC television facilities in Melbourne.

9.2 ABC TV Drama series *Wildside*

“Wildside is getting a bit controversial because it cost a lot of money and nobody is watching it.”¹¹⁴

In Chapter 2, the Committee briefly referred to the ABC television drama series *Wildside* with respect to ABC management practices and a lack of transparency.

The issue of *Wildside* and the volume of ABC funds allocated to the Sydney-based series was the subject of a great deal of evidence throughout the Inquiry. In discussing the *Wildside* issue, the Committee does not doubt the critical success of the series and notes it has won many industry awards in recent months.

The Committee's key concern and focus has been on the decision making process that lead to such a large proportion of the drama budget being spent on one drama program in one location and in one format, police drama, that is already well served on commercial television.

The ABC is reported to have spent \$20 million over 2 years for 60 episodes of *Wildside*. The ABC has not been able to confirm to the Committee the exact cost of the program. The first 40 episodes went to air in 1998 and another 20 in 1999. The

¹¹⁴ Tingwell, Charles, Minutes of Evidence, 9/11/98, p.505

program will not continue for a third series due to the high costs and lack of overseas sales.

ABC management indicated the decision to fully fund *Wildside* was made in light of funding which led the ABC to gamble on recouping overseas sales rights:-

MR LLOYD-JAMES - *The options were to seek distribution guarantee or distribution investment from outside the ABC or to take up that risk ourselves and see whether we, either ourselves or with a sales agent, could earn revenue through the exploitation of rights. It was certainly a decision that was appropriate to the way the ABC was having to deal with its own life in the light of a \$67 million cut from the federal government.*¹¹⁵

The ABC's decision to fully fund *Wildside*, using a large proportion of its drama budget, and the fact that such a decision was in contrast to funding for co-productions in Victoria, was a major concern of the Committee and witnesses.

The Committee notes that drama series today, are mostly produced under some form of joint venture, co-production or pre-sale arrangement, to help defray the enormous cost involved. Such an arrangement was used to commission the successful Melbourne-based *SeaChange* series.

Wildside was co-produced with Sydney producers Gannon & Jenkins. The ABC decided to use its own money to fund the bulk of the production on the assumption that the ABC would be able to sell the series in overseas markets to defray the cost. The Melbourne-based series, *SeaChange*, was co-produced with Artist Services. On this occasion the ABC required that Artist Services fund the majority of the production.

Mr Bill Garner from the Australian Writers Guild made the point that no Victorian producers had received such a deal, or were likely to:

MR GARNER - *Wildside is a fully funded production. The ABC is putting up all the money. None of the other drama productions in Melbourne are fully funded by the ABC, so they all have to be co-production shows.*¹¹⁶

By co-production, Mr Garner is referring to overseas investors as well as the ABC and the production company involved. He went on to say:

¹¹⁵ Minutes of Evidence, 9/11/98, p.517

¹¹⁶ Minutes of Evidence, 9/11/98, p.484

MR GARNER - *The main thing we are concerned about in Melbourne is not that 'Wildside' was commissioned, but that it was commissioned entirely with ABC money, and commissioned for such a large number of episodes that it effectively used up something like two-thirds of the entire ABC budget, which meant that in Melbourne and everywhere else in Sydney and around the country the drama departments were left to divvy up what was remaining.*¹¹⁷

ABC Management believed the decision was appropriate:-

MR LLOYD-JAMES - *In my view it was an absolutely proper decision to make. It got talked through by an enormous number of people, and yes, I was pushing it, because I thought it was proper. I still think it was proper. If it proves up (sells to overseas markets) I will know it was proper.*¹¹⁸

The Committee notes, however, that overseas sales of the program have been poor, suggesting the ABC's risk in fully funding *Wildside* has not paid off financially. Australian Writers Guild representative, Mr Mac Gudgeon, told the Committee:

MR GUDGEON- *I believe 'Wildside' has sold only to Yugoslavia, and I think the Hungarians are also interested – neither of which are very big markets now.*¹¹⁹

An article in The Australian newspaper also noted the lack of overseas sales:-

*"Alas – the necessary foreign markets did not open as hoped, our former mother country's networks preferring to purchase the product of her trans-Atlantic ally rather than a prime slab of Australian meat. The often improvised and over-lapping dialogue make it a sub-titler's nightmare, so scratch the non-English speaking world."*¹²⁰

The large proportion of funds allocated to a Sydney based production was also a major concern of the Victorian Government's film body, Cinemedia:-

*"It is unclear what justification existed for the commitment of such a large proportion of funds to be made for one project."*¹²¹

Even the ABC's new Commissioning Editor for Drama, Ms Sue Masters, believed the proportion of funds allocated to one production was questionable:-

¹¹⁷ Minutes of Evidence, 9/1/98, p.488

¹¹⁸ Minutes of Evidence, 9/11/98, p.524

¹¹⁹ Minutes of Evidence, 9/11/98, p.484

¹²⁰ Pottinger, Paul, "Prime fare to the end", The Australian, Media Supplement, 8/4/99, p.20

¹²¹ Cinemedia, Submission No. 67 to EDC, 9/11/98, p. 4

MR POWER - *If you had been Commissioning Editor, would you have committed two thirds of the drama budget to fully fund 'Wildside'?*

MS MASTERS - *Probably not.*¹²²

⇒ FINDING

The Committee finds that the ABC's decision to allocate a significant proportion of its drama budget to one Sydney-based program is another example of centralisation of resources.

The Committee further finds that there has been a lack of transparency and accountability in the decision making process with respect to the funding of *Wildside*. In particular, the ABC has made a decision to fund the vast majority of the Sydney-based *Wildside* co-production, whereas Melbourne-based co-productions such as *SeaChange*, have been funded largely with outside production company funds.

The Committee finds that the proportion of ABC's drama budget allocated to *Wildside* has had an adverse affect on drama producers throughout Australia.

9.3 SBS Independent Drama Productions

SBS Independent (SBSI) was established in 1994 to commission factual and fictional programming from Australian independent producers. It is considered a model of outsourcing whereby production costs are met by the independent filmmakers whilst various administrative costs are met separately by SBS.

SBSI has two Commissioning Editors; one for drama (located in Sydney) and one for documentaries (located in Melbourne).

The Committee was concerned at the geographical allocation of production funds by SBSI, particularly in drama, which showed an overwhelming concentration of funds in Sydney. Information provided by SBSI on the geographic origination of production up to December 1998 was as follows:

¹²² Minutes of Evidence, 9/11/98, p.520

SBS Independent Production Budget Allocation to Dec. 1998

State	Drama \$	Documentaries \$
Victoria	842,967	2,897,750
New South Wales	4,045,942	5,252,053
South Australia	966,255	204,062
Western Australia	354,700	682,356
Queensland	488,899	376,504
Norther Territory	75,000	34,000
Tasmania		58,000
ACT		115,000
TOTAL	6,773,763	9,556,555

The figures illustrate a definite centralisation of SBS Independent activity in Sydney. In summary the figures indicate:

- New South Wales received 60% of the drama budget, compared to 12% in Victoria; and
- despite the Documentaries Commissioning Editor being located in Melbourne, 55% of the budget was spent in New South Wales and 30% in Victoria.

SBS management advised the Committee that SBSI relies on individual film makers to submit proposals after initial advertising by SBSI.

MR CAVANAGH - *We are in the hands of independent film-makers and their submissions to us. SBS Independent, as is all of SBS Television, is driven by creative considerations rather than geographic considerations and the projects are all assessed on their merits.*¹²³

¹²³ Minutes of Evidence, 9/3/99, p. 682

⇒ **FINDING**

The Committee finds it difficult to accept that in view of Victoria's vibrant and successful film and television production industry, it is unable to receive a greater share of SBS Independent funding.

RECOMMENDATION 25

The Committee recommends that SBS Independent develop a strategy aimed at soliciting submissions from drama and documentary producers on a more even geographical basis. In order to ensure funds are not centralised in Sydney, SBS Independent should be encouraged to promote productions from all over Australia.

RECOMMENDATION 26

The Committee recommends that Cinemedia liaise with SBS Independent to ensure that Victoria is well represented in future SBSI drama and documentary productions.

Chapter 10: Youth Music

10.1 Triple J

Despite Melbourne's long standing position as Australia's 'rock music capital', the majority of ABC's youth music programming is centralised in Sydney. This includes:-

- the headquarters and vast majority of Triple J resources; and
- the ABC TV program *Rage*.

Melbourne is currently the production base for the Saturday morning television program *Recovery*.

The Committee received a volume of evidence which highlighted concerns over the centralisation of national radio network, Triple J. It is worth repeating resource statistics referred to earlier in this Report.

- 18 out of 20 Triple J programs are produced in Sydney, with one each in Melbourne and Brisbane; and
- Sydney has an estimated 90% of Triple J staff compared to the rest of Australia.

The ABC describes Triple J as follows:-

“Triple J – a national youth network broadcasting music, information and news to young Australians. The network has a particular emphasis on Australian music and the recording of new artists; it aims to reflect and contribute in innovative and accessible ways to a sense of national identity.”¹²⁴

The Committee acknowledges evidence from the ABC which indicates Melbourne is well served by Triple J in terms of live music output and music recordings. The Committee also notes that two out of three Triple J music producers are based in Melbourne.

¹²⁴ Australian Broadcasting Corporation, Submission No.60 to EDC, p.20

However, while the ABC concedes Melbourne's status as the leading Australian City for popular music venues and performers, Triple J's management is 100% Sydney based. And with the resignation in late 1998 of popular Melbourne-based broadcaster Jane Gazzo, all weekday programs are now Sydney based.

In its submission to the Inquiry, the ABC noted:

*"Programs originating in Melbourne include Super Request with Jane Gazzo and Creatures of the Spotlight with Francis Leach."*¹²⁵

Since the ABC submission, Ms Gazzo has resigned, and her replacement (Caroline Tran) is hosting a program from the ABC's Sydney radio studios. With other line-up changes, Triple J has signed Melbourne-based comedy duo Merrick and Rosso to host the new drive time program to be presented from Sydney. At this point in time, there are no daily programs on Triple J that are based outside of Sydney.

Presenters Merrick and Rosso were quoted in the press as suggesting they were required to move to Sydney:

*"Because we're doing the drive shift it's easier and better resourced for us to do it out of Sydney for this year"*¹²⁶

⇒ FINDING

The Committee finds that ABC management should be actively pursuing de-centralisation of Triple J rather than centralise programming in Sydney.

The Committee is at a loss to understand why the afternoon program could not be broadcast from the Southbank studios and why the *Super Request* program could not continue in Melbourne.

Triple J has been gradually establishing an audience in Melbourne, but it is noticeable that with the relocation of the only daily Melbourne-based program, *Super*

¹²⁵ Australian Broadcasting Corporation, Submission No. 60 to EDC, p.38

¹²⁶ Brookfield, Joanne, "The likely lads", The Age Green Guide, 7/1/99, p.11

Request, to Sydney, the ratings for this program have fallen from 10.8% to 4.8% in just one survey, reducing the station's overall Melbourne ratings.

The latest figures graphically confirm what music journalist and historian Ed Nimmervoll told the Committee:

MR NIMMERVOLL - *We are getting the bad end of things. ... We are hearing Sydney culture with a national soundtrack. They are talking to us from Sydney; they are trying not to, but we know.*¹²⁷

Victorians know when a program is local and when it is from Sydney. The same survey result showed an increase in 3LO's night time audience, coincidentally at the same time the station reintroduced a local program.

The founder of Australia's most successful and famous record label, Melbourne-based Mushroom Records, Mr Michael Gudinski, felt it was illogical for Triple J to remain so obviously Sydney-based:-

MR GUDINSKI - *Radio-wise, there is such a fantastic set-up down here for the ABC, there is no reason why Triple J has not done more down here, if it is a true national broadcaster. I suppose it just stems back to the fact that it started in Sydney as Double J. It was always just Sydney, and it is still very Sydney.*¹²⁸

Mr Chris Thompson, who represented Triple J as a witness before the Committee, conceded Melbourne would be a more logical place for Triple J to be headquartered.

MR THOMPSON - *There are plenty of people at the station who would agree, but again it is a resources issue. We have a very small operating budget and we do an amazing number of things with that budget. Just the thought of trying to move the operation down here – it was way too expensive.*¹²⁹

In the face of the ABC's purported move to decentralise activity from Sydney, the Committee cannot understand why programs and presenters have recently moved from Melbourne to Sydney. Rather than have Melbourne presenters move to Sydney and appoint Sydney presenters to replace vacant positions previously occupied by

¹²⁷ Minutes of Evidence, 9/10/98, p.297

¹²⁸ Minutes of Evidence, 9/10/98, p.285

¹²⁹ Minutes of Evidence, 9/10/98, p.274

Melbourne staff, the ABC should make a concerted effort to ensure that future appointments are made outside of Sydney.

⇒ **FINDING**

The Committee finds that there is an overwhelming concentration of Triple J resources in Sydney. The trend of centralisation has accelerated at Triple J over the past six months with Melbourne-based presenters and programs shifting to Sydney. This centralisation of activity is despite Victoria's significant output of Australian bands and recordings.

RECOMMENDATION 27

The Committee recommends that the ABC should ensure that Triple J's programs and staff be more evenly distributed throughout Australia. In view of Melbourne's status as the centre for local bands and recordings, the Committee recommends that additional Triple J resources be relocated to Melbourne.

10.2 Youth Music on Television

Evidence indicates the ABC TV Melbourne-produced program *Recovery* is well received and valued by Australian and overseas bands and Australian audiences. However, it has been put to the Committee that the ABC could do more, at little cost, to help Australia's music industry.

Mr Michael Gudinski drew the Committee's attention to the enormous impact of previous ABC TV programs such as *GTK* and *Countdown*. *GTK* was a small five to ten minute feature of Australian popular music, at a peak viewing time (6 p.m. to 7.00 p.m.) that boosted sales of Australian product, lifted the profile of many artists, and helped dozens of musicians to establish careers in the industry. Mr Gudinski explained that the product was already in place, and the artists were making film clips to promote their songs, all they needed was someone to broadcast them:

MR GUDINSKI - *If ten minutes were spent every night playing two new local songs, that would be the biggest boost to the Australian Industry you could possibly give.*¹³⁰

⇒ FINDING

The Committee fully endorses Mr Gudinski's suggestion of a 5-10 minute segment and agrees that a regular broadcasting of local music on ABC television some time during the 6.00 p.m. to 7.00 p.m. viewing period would have a significant economic impact upon the Australian record and music industry.

As the Committee noted in Chapter 1, the 6.00 p.m. to 7.00 p.m. timeslot is often used to broadcast repeats of British comedies, often over 20 years old. The Committee believes utilising part of this timeslot for broadcasting of local music would be beneficial for the Australian music industry and would also encourage youth audiences to watch ABC Television.

The effect of funding cutbacks on ABC TV program *Recovery* has meant that the program's season has been shortened. Mr Thompson explained that ABC management ordered all programs to cut their budgets by a percentage, to meet funding cutbacks, rather than singling out some programs for cuts and leaving others untouched. He said the *Recovery* season was shortened because the production team did not want to cut back on quality in a bid to keep its season at the original length. However he felt the program may well be threatened by being off the air for a third of the year;

MR THOMPSON - *What will happen with such a popular show being taken off-air for 17 weeks? I do not know, but I do not think it will be very good.*¹³¹

¹³⁰ Minutes of Evidence, 9/10/98, p.286

¹³¹ Minutes of Evidence, 9/10/98, p.276

RECOMMENDATION 28

The Committee recommends that the ABC Television reprioritise programming to ensure that the Australian rock music industry receives suitable exposure. This would include:

- the allocation of a 5-10 minute segment several nights a week during the 6.00 p.m. to 7.00 p.m. television viewing periods for the showcasing of Australian artists; and
- a commitment to the *Recovery* program for an extended period than what exists at present.

Chapter 11: Business Programming

11.1 The Need for ABC Business Programming

Evidence put to the Committee from key industry and business associations, suggests the ABC has been deficient in the provision of programming which specifically focuses on business related information.

Victorian M.P, The Hon. David Davis, MLC, provided a submission to the ABC Board in January 1998 calling for the ABC to establish a Business Unit and business programming which aims at providing relevant and timely information such as:-

- management, marketing, legal and financial issues;
- statutory obligations and requirement;
- information on how to start a small business;
- export marketing plans; and
- Government assistance services.

Mr Davis has also called on the SBS to do more to provide business-related information to people of non-English speaking backgrounds.

In his submission, Mr Davis believed the ABC was not fulfilling its charter obligations as a comprehensive broadcaster:-

“The ABC’s lack of business broadcasting is a major oversight. The ABC cannot claim to be a truly comprehensive broadcaster unless it re-orders its priorities to institute a business unit to produce business programming for both radio and television.”¹³²

Industry views put to the Committee included Mr Tim Piper from the Retail Traders’ Association of Victoria and Ms Judith van Unen from the Association of Business and Professional Women :

¹³² The Hon. David Davis, MLC, Submission No.4 to EDC, p. 3

MR PIPER - *I believe there is no reason why a business program should be expensive. ... This is a wonderful opportunity for the ABC not only to show community orientation but to move into a sphere of information and entertainment that is being sought by the public and would be invaluable.*¹³³

MS VAN UNEN - *I do not think businesses in general are being adequately served at the present time, whether rural or urban.*¹³⁴

Business related information is occasionally provided on ABC and SBS news and current affairs when it is considered a news worthy item. However, on balance, the coverage is inadequate in terms of the needs of Australian businesses outlined above.

The ABC's Head of News & Current Affairs advised the Committee that there could be no further commitment to business programming by his Department and that such a need would need to come from general programming.

⇒ **FINDING**

The Committee finds that there is a need for specific business programming on ABC television and radio.

RECOMMENDATION 29

The Committee recommends that the ABC review its programming priorities to accommodate specific business programs on radio and television.

¹³³ Minutes of Evidence, 19/10/98, p.352
¹³⁴ Minutes of Evidence, 19/10/98, p.348

Chapter 12: Digital Broadcasting

12.1 Overview of Digital Broadcasting Technology and Likely Costs

Both the Australian Broadcasting Corporation and the Special Broadcasting Service have spoken at length about the positive impact they expect from the implementation of Digital Broadcasting.

12.1.1 *What is Digital Television?*

Digital differs from the current analog system in that it is more efficient in its use of the broadcast carrier wave (band width) than the current analogue transmission.

- Using digital technology, broadcasters will be able to fit some four times the data of one 25 mb carrier.
- This will allow for the broadcast of very high quality pictures, called High Definition Digital Television or HDDTV transmission.
- Alternatively this band width can be used to transmit a number of "traditional" quality pictures (four wide screen broadcasts or five standard broadcasts). This is termed multi channel digital transmission. This multi-channel digital capability obviously offers a significant increase in program choice.

12.1.2 *The Commonwealth Government has regulated for digital transmission*

- The commencement of digital broadcasting for all free to air transmission on 1st January 2001.
- ABC is currently seeking Commonwealth Government approval for multi-channel broadcasting from January 2001.
- Multi-channel broadcasting for the commercial networks will be restricted until at least 2005.

12.1.3 Cost Estimates

ABC Executives say the full cost of digital conversion will be some \$160 million in ABC facilities and another \$300 million estimated cost of refitting the transmission system, including transmission towers.

Detailed estimates include the cost of equipping a control room, including cameras, at \$5 million, a production studio at \$10 million, a transmission centre at \$5 million, and an outside broadcast van at \$10-12 million.

SBS costs of conversion won't be as great as those for the ABC because of their more limited facilities and network, but is estimated by the Committee to be well in excess of \$100 million.

The commercial industry estimates a cost of up to \$500 million per television network for refitting transmission systems.

In addition, the Committee has taken evidence that the production costs for High Definition Digital Television will increase dramatically. Television drama production will be particularly affected.

12.2 Impact of Digital Conversion Costs

Digital conversion across the Nation presents the broadcasting industry with an enormous outlay.

In the case of the three commercial networks the estimated cost is up to \$500 million dollars each.

The Government's two networks are also planning to spend hundreds of millions of dollars each on their production and transmission facilities.

The significant costs of digital conversion for then ABC and SBS are planned to be met from a variety of sources, including:

- real Estate rationalisation and consequent sale of surplus assets, in the case of the ABC this is estimated to be some \$60 million-\$70 million;
- direct Government grants for digital conversion;
- annual expenditure budget allocations; and
- annual fees and payments to the newly privatised National Transmission Agency, for transmission upgrades.

To a greater or lesser extent, all these expenditures will reduce funds available to the ABC and SBS for ongoing operations and program production.

Also once conversion is achieved, the cost of production in HDTV will be greater than production costs for the current analog TV. Added to this, the ability for multi channel broadcasting will require the procurement of more content to be broadcast on the multi channels. This will mean greater expenses to buy or produce such content.

⇒ **FINDING**

The Committee finds that cost of digital conversion, HDTV and content for multi-channeling will put increased pressure on ABC and SBS budgets.

12.3 Resource Sharing Between Government-Funded Broadcasters

The Committee has considered the question of resource sharing of these new and expensive digital facilities, between the ABC and SBS.

Such an arrangement would have significant benefit so long as it was able to:

- guarantee the continued independence of both the ABC and SBS.
- ensure that any economies flowing from resource sharing, would be available for the maintenance and where possible expansion of programming.

The Committee has not undertaken any detailed examination into resources sharing possibilities and options, whomever it notes the experience of the 'One ABC' concept. This concept has already provided \$27 million savings to the ABC and the operational principles may be expanded into a shared digital facility for both the ABC and SBS.

The Committee also notes that the cost pressures of digital conversion have put into some doubt the ABC's ability to equip Ripponlea for HDTV production. Resource sharing in other areas may free funds for this important conversion.

RECOMMENDATION 30

The Committee recommends that the Commonwealth Department of Communications, Information Technology and the Arts, together with the ABC and the SBS, establish a working group, as a matter of urgency, to investigate options for the joint use of new facilities afforded by the conversion to digital technology.

12.4 Evidence on Benefits of Digital Technology

Throughout the Inquiry, the ABC has put to the Committee that much of the concerns about more local content will be alleviated by digital technology and the ability to multi-channel. The ABC's initial submission states:-

“Digital transmission standards will enable the ABC to break out of its single national television network to more flexibly offer State-based programs and multiple streams of distinctive content including education.”¹³⁵

The Committee is also interested to note in the ABC's submission that it believes digital technology will lead to a decentralisation of activities from Sydney.

¹³⁵

Australian Broadcasting Corporation, Submission No.60 to EDC, p.14

The SBS in its submission, shared the ABC's enthusiasm for digitisation. While endorsing the use of High Definition Digital broadcasts, the Corporation was in no doubt to the main benefit it envisaged:

“Much of SBS Television’s movie product is, even now, “HDTV ready”. But the real boon for the further development of multicultural Australia and enhancement of SBS’s Charter services lies in the multi-channel capacity of digital television.”¹³⁶

In examining evidence on the impact of digital technology, the Committee had several concerns including:-

- the extent to which the ABC and SBS would utilise multi-channeling to provide more local content;
- how the two government-funded broadcasters are going to meet the costs of additional programming for multi-channeling;
- the emphasis on high definition digital television which would limit the ability to multi-channel; and
- the considerable cost of digital conversion.

The issue of how the additional programming for multi-channeling will be funded is a primary concern of the Committee and both the ABC and SBS.

The ABC has failed to state where the funding for such state based programs would come from, given the claim that much of the centralisation of resources to Sydney has been because of funding cutbacks. As listed above, the funding of digitisation of both the ABC and the SBS promises to be extremely expensive, and both are looking to the Federal Government for the bulk of funds. When one adds the cost of refitting a transmission system, the combined cost of the ABC's digitisation process will be between \$450 million and \$500 million.

¹³⁶ Special Broadcasting Service, Submission No.42 to EDC, p.11

12.5 Evidence on Costs of Digital Conversion

While both Corporations are currently looking to the Federal Government to ensure they can afford to continue towards digital broadcasting, both indicate they are looking for other sources of funding. The ABC Managing Director told the Inquiry:

MR JOHNS - *We are estimating \$160 million to \$180 million for digitisation all up. We can provide around \$60 million to \$70 million of that ourselves through property sales and by diverting capital investment that we would have normally expected to make, towards digitisation. We have received from the government what I regard as a down payment on stage 1 of digitisation, and it has said it will give us around \$20.4 million for the first two years of phase 1. Regarding the remaining amount for the rest of phase 1, if our borrowings raised \$30 million on that, in addition those borrowings would be met if outstanding at the end of stage 1. That is the understanding at the moment. We have a long way to go with government in getting an understanding of where we are going with digitisation.*¹³⁷

However, understandably it seems likely that the ABC and SBS will look to the Federal Government to fund the bulk of the conversion. It is within this same financial environment that the ABC is looking to spend \$122 million on Ultimo 'B', largely for office space and television production. With respect to Ultimo B, the ABC has indicated a large part of the funding will come from borrowings.

The Committee had been informed of a staff meeting where Ripponlea-based staff were told by Mr Colin Knowles, ABC Head of Technology, Strategy and Development, that there would be no high definition digital equipped studio facilities outside of Ultimo. Mr Knowles confirmed this in an informal meeting with the Committee. However, evidence to the Inquiry from Mr Brian Johns contradicts this position:

MR BATCHELOR - *Do you think there will be a federal approach to high-definition television, or because of its costs will that be centralised? As I understand it, the cost of high-definition television is much greater?*

MR JOHNS - *Frankly, I have not directed my attention to high-definition television or a federal approach. We have been thinking about multi-channelling, primarily.*

¹³⁷ Minutes of Evidence, 7/4/99, p.849

MR BATCHELOR - *Are you in a position to give a guarantee that Victoria would share in high-definition production facilities?*

MR JOHNS - *We will be taking a national approach, as we are now.*

MR LEIGHTON - *Where would the facilities be?*

MR JOHNS - *I have not looked at the detail. I am expecting a spread; I am expecting building onto existing facilities. The balance now is much more in balance than the committee accepts.*

MR LEIGHTON - *So any suggestion to your staff that facilities will be limited to Sydney is incorrect?*

MR JOHNS - *To my knowledge, yes.*¹³⁸

If, as the Committee expects, the ABC does centralise high definition digital television production in Sydney, the future viability of the Ripponlea complex will be severely limited.

The push to digitisation has many cost impacts at a time of ABC funding cutbacks, however the ABC is pushing ahead with digitisation in anticipation that the Government will provide the Corporation with additional funding required.

The ABC Managing Director raised some doubt over where the funding would come from when asked by the Committee how additional content on multi-channeling would be funded:-

MR JOHNS - *When you say, 'It will be a resource', you are saying, 'You are going to need more funds'. Well that is one aspect of it, and that is the most doubtful aspect of it, because: are we going to get more funds?*¹³⁹

¹³⁸ Minutes of Evidence, 7/4/99, p.848

¹³⁹ *ibid*

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Appendices



Economic
Development
Committee

Appendix 1

FUNCTIONS OF THE ECONOMIC DEVELOPMENT COMMITTEE

The Economic Development Committee is constituted under the *Parliamentary Committees Act 1968* as amended by the *Parliamentary Committees (Joint Investigatory Committees) Act 1982*, *Parliamentary Committees (Amendment) Act 1989* and the *Parliamentary Committees (Amendment) Act 1992*.

The Committee consists of nine Members of Parliament, three drawn from the Legislative Council and six from the Legislative Assembly. It is chaired by the Hon. Chris Strong, M.L.C. The Committee carries out investigations and reports to Parliament on matters associated with economic development or industrial affairs. Its specific functions under the Act are:-

- To inquire into, consider and report to the Parliament on any proposal, matter or thing connected with economic development or industrial affairs, if the Committee is required or permitted so to do by or under the Act.

Appendix 2**ABC CHARTER**

The function and duties which Parliament has given to the ABC are set out in the Charter of the Corporation (ss6(1) and (2) of the *Australian Broadcasting Corporation Act 1983*).

6(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
- (c) to encourage and promote the musical, dramatic and other performing arts in Australia.

6(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 Australian Broadcasting Authority 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 specialised 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

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.

Appendix 3**SBS CHARTER**

The functions which Parliament has prescribed for the SBS are set out in the Charter of the Corporation (section 6 of the *Special Broadcasting Service Act 1991*) and are:

1. The principal function of SBS is to provide multilingual and multicultural radio and television services that inform, educate and entertain Australians, and, in doing so, reflect Australia's multicultural society.
2. SBS, in performing its principal function, must:
 - (a) contribute to meeting the communication needs of Australia's multicultural society, including ethnic, Aboriginal and Torres Strait Islander communities; and
 - (b) increase awareness of the contribution of a diversity of cultures to the continuing development of Australian society; and
 - (c) promote understanding and acceptance of the cultural, linguistic and ethnic diversity of the Australian people; and
 - (d) contribute to the retention and continuing development of language and other cultural skills; and
 - (e) as far as practicable, inform, educate and entertain Australians in their preferred languages; and
 - (f) make use of Australia's diverse creative resources; and
 - (g) contribute to the overall diversity of Australian television and radio services, particularly taking into account the contribution of the Australian Broadcasting Corporation and the public broadcasting sector; and
 - (h) contribute to extending the range of Australian television and radio services, and reflect the changing nature of Australian society, by presenting many points of view and using innovative forms of expression.

Appendix 4**LIST OF SUBMISSIONS RECEIVED**

Submission Number	Name of Individual/Organisation	Date Received
1.	Mr Robert G Steadman	11 June 1998
2.	Mr Stan Watt	22 July 1998
3.	Mr James G Lewis	23 July 1998
4.	Hon. David M. Davis, M.L.C. Member for East Yarra Province	27 July 1998
5.	Mrs A.C. Jackson	29 July 1998
6.	Mr Trevor J Lay	31 July 1998
7.	J. S. McCrachen Franchise Council of Australia	31 July 1998
8.	Mr Christopher Calvert	4 August 1998
9.	Mr Max Abery	5 August 1998
10.	Mr Lenny Landolfo	5 August 1998
11.	Mr Tony Robins	6 August 1998
12.	Mr Geraldine Robinson	7 August 1998
13.	Mr Tony Amon	11 August 1998
14.	Retail Traders' Association of Victoria	12 August 1998
15.	Senator Kim Carr Manager of Opposition Business in the Senate Parliamentary Secretary for Education Australian Labor Party	14 August 1998
16.	Mr Robin Stuart-Harris, Convenor ABC National Advisory Council	20 August 1998
17.	Ms Hollie Baker Leisure and Arts Advisory Group Wellington Shire District	21 August 1998
18.	Mr John-Michael Howson	20 August 1998
19.	Mr John Millard, Reporter/Producer <i>Australian Story</i> , ABC TV	27 August 1998

20.	Mr Brendon W Jarrett	28 August 1998
21.	Mr L. Donellan	28 August 1998
22.	Ms Leonie Lewis	28 August 1998
23.	Staff at SBS Melbourne	28 August 1998
24.	Ms Diane Riordon	8 September 1998
25.	Ms Margaret Pyers	8 September 1998
26.	Mr John Heathcote	9 September 1998
27.	Ms Pauline T. Hanrahan	10 September 1998
28.	Ms Ruth Jones , Chief Executive Australian Film Institute	11 September 1998
29.	Mr David Hawker, M.P. Federal Member for Wannon	14 September 1998
30.	Warrnambool City Council	14 September 1998
31.	Glenelg Shire Council	14 September 1998
32.	Mr Kevin Clarke Geelong Group, Friends of the ABC (Vic)	16 September 1998
33.	Ms Lesley Alway, Director Arts Victoria	21 September 1998
34.	Mr Tony Plowman, MP Member for Benambra	23 September 1998
35.	Mr Anthony Clarke Director of Public Affairs & NSW Manager The Australian Ballet	23 September 1998
36.	Mr John Cavanagh	23 September 1998
37.	Ms Susan J. Nicholas, Program Researcher ABC TV Melbourne	24 September 1998
38.	Mr Alan West	28 September 1998
39.	Mr Ken Courtis	28 September 1998
40.	Mr Hugh Kingsley	29 September 1998
41.	Mr Brian Pound, Secretary Media, Entertainment and Arts Alliance	29 September 1998

42.	Ms Chris Sharp, Policy Manager Special Broadcasting Service	30 September 1998
43.	Mr J.D. Clancy Friends of the ABC (Vic) Inc.	30 September 1998
44.	Mr Frank Agardy	30 September 1998
45.	Ms Helen Cantwell, Secretary Gippsland Racing Inc.	30 September 1998
46.	Mr John Crook, President Gun Control Australia	30 September 1998
47.	Mr Gerry Harant	30 September 1998
48.	Confidential	30 September 1998
49.	Mr Jim Saleeba, Convenor ABC Support Group	1 October 1998
50.	Ms Kate Latimar & Mr David Hannam	1 October 1998
51.	Mr Ken Rigby	1 October 1998
52.	Mr Peter Philp, CFA Media Relations Country Fire Authority	1 October 1998
53.	Mr Gilbert Boffa	1 October 1998
54.	Mr Robert Hunter, Chairman Victorian Country Racing Council	28 September 1998
55.	Ms Anne Saunders	2 October 1998
56.	Mr Stuart Walker, Manager Mr Richard Walker, Economic Analyst Economic Development Unit City of Greater Geelong	5 October 1998
57.	Cr Hugh F Delahunty	14 September 1998
58.	Mr John Brumby, MP Leader of the Opposition Shadow Minister for the Arts Australian Labor Party	9 October 1998
59.	Mr Warren Entsch, MP, Federal Member for Leichhardt	12 October 1998
60.	Mr Donald McDonald, Chairman Australian Broadcasting Corporation	9 October 1998

61.	Mr Stephen Ribaux	12 October 1998
62.	Professor Andrea Hull, Director Victorian College of the Arts	16 October 1998
63.	Mr John Crone, Manager Dragonlink Media and Translation Services	21 October 1998
64.	Mr Mike Griffin Senior Public Relations Officer Victorian Employers' Chamber of Commerce and Industry	19 October 1998
65.	Mr Joel Wright Indigenous Broadcaster	12 October 1998
66.	Mr Alex Prior Victorian Manager Australian Writers' Guild	26 October 1998
67.	Ms Jenifer Hooks, Executive Director Cinemia	9 November 1998
68.	Ms Lois Gronow, President Tarra Festival Committee	17 November 1998
69.	Ms Anne Dunn Senior Lecturer, Broadcasting Charles Sturt University	23 November 1998
70.	Hon. Philip R. Davis, M.L.C. Member for Gippsland Province	25 November 1998
71.	Mr Gary Stephens, President Mr Rick Collett, Secretary Yarram & District Traders and Tourism	9 December 1998
72.	Ms Ann Tonks	11 January 1999
73.	Supplementary Submission Mr Tuong Quang Luu, Head of Radio Special Broadcasting Service	9 March 1999
74.	Supplementary Submission Australian Broadcasting Corporation	9 March 1999
75.	(2 nd Submission) Hon. David M. Davis, M.L.C. Member for East Yarra Province	4 May 1999
76.	(2 nd Supplementary Submission) Australian Broadcasting Corporation	4 May 1999

Appendix 5

LIST OF PUBLIC HEARINGS

7th September 1998 (Melbourne)

- Mr Colin Tyrus, Senior journalist, 3AW , Former Head of ABC News
- Mr John Jost, Former presenter of ABC TV program *The 7.30 Report*
- Mr Philip Chubb, Former Executive Producer of ABC TV program *The 7.30 Report*

14th September 1998 (Warrnambool)

- Mr Tom Lindsay, Director, Warrnambool City Council
- Mr Chris Nolan, Chief Executive Officer, Warrnambool Racing Club, VCRC
- Mr Rob Davis, Manager, Strategic Development, Colac Otway Shire Council
- Mr Bill Braithwaite, Manager, Corporate and Community Services & Cr Geoff White
Glenelg Shire Council
- Mr David Hawker MHR, Federal Member for Wannon
- Cr Hugh Delahunty
- Mrs Diane Riordon, local resident
- Mr Les Ryan, local resident
- Mr John O'Rourke, local resident
- Ms Anne Adams, Victorian Farmers Federation

15th September 1998 (Horsham)

- Mr Warwick McLelland, Victorian Farmers Federation
- Cr Eddie Lee, Buloke Shire Council
- Mr Ross Haby, Executive Director, Wimmera Development Association
- Mr Russell Elwin, Chief Executive Officer/Librarian, Wimmera Regional Library
- Mr Ron Pratt, Chief Executive Officer, Wimmera Racing Club Ltd

15th September 1998 (Ballarat)

- Ms Janet Dore, Chief Executive Officer, Ballarat City Council
- Mr Paul Jenkins MP, Member for Ballarat West
- Mr John Mewton, local resident
- Mr Eric Tonks, Chief Executive Officer, Ballarat Turf Club
- Mr Damien Ryan, Victorian Regional Program Manager, ABC Radio

16th September 1998 (Geelong)

- Hon. Ann Henderson MLA, Member for Geelong, Minister for Housing and Minister Responsible for Aboriginal Affairs
- Mr Keith Leorke, Apollo Bay Chamber of Commerce and Tourism
- Mr Stuart Walker, Manager & Mr Richard Walker, Economic Analyst, Economic Development Unit, City of Greater Geelong
- Hon. Ian Cover MLC, Member for Geelong Province
- Mr John Krantz, Secretary, Geelong Trades and Labour Council

21st September 1998 (Melbourne)

- Mr Stephen Feneley, Presenter of ABC TV program *Express*
- Ms Jan McGuinness, Director of JM Productions, producer of former ABC TV program *Between the Lines*
- Mr Paul Grabowsky, Commissioning Editor, Arts and Entertainment, ABC

28th September 1998 (Melbourne)

- Mr Don Blyth, General Manager, Athletics Victoria Inc.
- Hon. Ian Cover MLC, Member for Geelong Province, Former ABC Journalist/Broadcaster
- Mr Arthur Higgins, Former ABC Journalist/Broadcaster
- Various Representatives from the Victorian Country Racing Council

- Mr Ken Jacobs, Chief Executive, Victorian Cricket Association

9th October 1998 (Melbourne)

- Mr Lee Simon, Broadcaster and former Program Director, Triple M
- Mr Chris Thompson, Victorian Coordinator, Triple J, ABC
- Mr Michael Gudinski, Managing Director, Mushroom Records
- Mr Frank Stivala, Chief Executive, Premier Artists
- Mr Ed Nimmervoll, Music Journalist and Historian

12th October 1998 (Melbourne)

- Mr Stephen Ribaux, Assistant Manager of TV Installation, ABC Vic.
- Mr Joel Wright, Former ABC Indigenous Broadcaster
- Ms Helen Richardson, Senior Producer, Program Exchange Group, ABC

19th October 1998 (Melbourne)

- Mr Craig Kirkwood, Business East
- Ms Judith van Unen, President, Association of Business and Professional Women
- Mr Tim Piper, Executive Director & Mr Arnis Verbickis, Communication and Marketing Manager, Retail Traders' Association of Victoria
- Hon. David M. Davis MLC, Member for East Yarra Province
- Mr Mike Griffin, Senior Public Relations Officer, Victorian Employers Chamber of Commerce and Industry
- Mr Paul Williams, Head News and Current Affairs, ABC

26th October 1998 (Melbourne)

- Mr Bob Sessions, Publishing Director, Penguin Books Australia Ltd
- Ms Mary Dalmau, President, Australian Booksellers Association
- Mr Bill Nuttall, Director, Niagara Galleries

- Mr Raimondo Cortese, Writer, Ranters Theatre Company

4th November 1998 (Melbourne)

- Ms Daniele Kemp, Melbourne French Language Program, SBS
- Mr Bill Gonopoulos, Melbourne Greek Language Program, SBS
- Mr Bob Radulovitz, Melbourne Serbian Language Program, SBS

5th November 1998 (Melbourne)

- Ms Lee Burton, Lecturer in Media, Victorian College of the Arts
- Mr Warwick Reeder, Director & Mr Max Delany, Curator, Museum of Modern Art at Heide
- Ms Sarah Benjamin, General Manager, National Networks & Mr Paul Clarke, Commissioning Editor Arts and Entertainment, ABC

9th November 1998 (Melbourne)

- Mr Mac Gudgeon & Mr Bill Garner, Australian Writers' Guild
- Ms Bridget Ikin, General Manager, SBSI, Ms Chris Sharp, SBS Policy Manager & Mr Peter Cavanagh, Head of SBS Television
- Mr Eugene Schlusser, Mr Charles Tingwell & Mr Vincent O'Donnell, Producers and Directors Guild of Victoria
- Ms Fiona Eagger, Screen Producers Association of Australia
- Ms Sue Masters, Commissioning Editor Drama & Mr Andy Lloyd-James, Head National Networks, ABC

16th November 1998 (Melbourne)

- Mr John Millard, Producer/Journalist, ABC TV
- Dr June Factor, President, Sir Rupert Hamer & Mr Jack Clancy, Friends of the ABC (Vic) Inc.
- Ms Pauline Garde, General Manager Corporate Policy & Mr Peter Morton, Senior Policy Adviser, Network Television, ABC

30th November 1998 (Bairnsdale)

- Mr David Treasure, MP, Member for Gippsland East
- Mr Darren McCubbin, Director, Stratford on Avon Festival
- Ms Krystyn Rejmer, Gippsland Regional Manager, Australian Industry Group
- Mr John Street, Marathon Valley Development Association
- Ms Sally Angus, Community Development Officer, East Gippsland Council & Snr Sgt Shane Downie, Victoria Police Bairnsdale
- Mr Gary McAinch, President, Nambrok-Denison Branch, United Dairyfarmers of Victoria
- Mr Leigh Sheridan, resident from Kirribilli, NSW
- Mr Leo Lalor, Chairman, Lakes Entrance Business and Tourism Association
- Ms Hollie Baker, Wellington Shire Coastal Leisure and Arts Advisory Group
- Ms Helen Nevin, Tubbatt Hall Development Association, Mr Ray Newnham, Bonang CFA Captain & Mr Ross McGregor, East Gippsland CFA Operations Manager
- Mr Greg Sedunary, Member, SBS Community Advisory Committee
- Ms Helen Cantwell, Secretary, Sale Turf Club and Gippsland Racing
- Mr Bruce Evans, local resident

1st December 1998 (Leongatha)

- Mr Peter Ryan MP, Member for Gippsland South
- Mr Jim White, local resident, former ABC Broadcaster
- Mrs Andrea Lewis, Mrs Noeleen Cosson & Mrs Nerelle Checkly, Coordinators, Korumburra Karmai Parade
- Mr William Fuller, Secretary/Manager, Stony Creek Racing Club
- Mr Howard Emanuel, local resident
- Mr Robert Harrison, local resident

- Mr Edward Dennis, Mr Raymond Thornley, Ms Majella McGrath & Mr Keith Mullens, South Gippsland Adult and Community Education
- Mr Peter Tatterson, Chief Executive Officer, South Gippsland Council
- Mr Wal Parsons, CFA Group Officer, West Gippsland Group
- Mr Damien Ryan, Victorian Regional Program Manager, ABC

9th March 1999 (Melbourne)

- Mr Nigel Milan, Managing Director, Mr Peter Cavanagh, Head of Television, Mr Tuong Quang Luu, Head of Radio & Ms Christine Sharp, Policy Manager, SBS
- Mr Paul Williams, Head News and Current Affairs & Mr Norm Taylor, Head News, ABC

10th March 1999 (Melbourne)

- Mr Andy Lloyd James, Head National Networks, Mr Don Reynolds, Head Program Production & Mr Malcolm Smith, General Manager Business Affairs, National Networks, ABC

17th March 1999 (Melbourne)

- Ms Sue Howard, Head Regional Services, Mr Tony Walker, Manager 3LO and Regional Radio & Mr Murray Green, State Manager Victoria, ABC

22nd March 1999 (Melbourne)

- Ms Jacquie Hutchinson, Head Human Resources & Mr Russell Balding, Head Finance and Business Services, ABC

7th April 1999 (Melbourne)

- Mr Brian Johns, Managing Director, ABC

Appendix 6

LIST OF ON-SITE VISITS AND INFORMAL MEETINGS

MELBOURNE

20th July 1998

Australian Broadcasting Corporation (Southbank and Ripponlea)

26th August 1998

Radio 3AW, South Melbourne

HSV7, South Melbourne

Special Broadcasting Service, South Melbourne (Melbourne operations)

REGIONAL VICTORIA

14th September 1998

ABC, Warrnambool

30th November 1998

ABC, Sale

SYDNEY

10th August 1998

Australian Broadcasting Corporation (Ultimo and Gore Hill)

11th August 1998

Private briefings held with various individuals/organisations.

12th August 1998

Special Broadcasting Service

BRISBANE

13th August 1998

Private briefings held with various individuals/organisations.

Australian Broadcasting Corporation, Queensland

14th August 1998

Private briefings held with various individuals/organisations.

Appendix 7**TELEVISION CURRENT AFFAIRS STORIES SURVEY RESULTS *****Percentage of stories from originating source
(percentages have been rounded to the nearest number)**

In this table, stories (irrespective of subject) have been divided by where they originate. Stories with more than one source involved are equally divided between the sources to ensure accuracy. The figures are compiled on a percentage of stories basis.

	<i>The 7.30 Report</i>	<i>Today Tonight</i>	<i>A Current Affair</i>
Victorian based stories	14	49	14
NSW based stories	40	26	50
National stories/stories based in other states	34	26	29
International stories	12	0	7

**Percentage of total stories on state issues
(percentages have been rounded to the nearest number)**

This table illustrates the percentage of total stories covered by current affairs programs that centre on solely state based issues.

	State issue stories as a % of total
<i>The 7.30 Report</i>	28
<i>Today Tonight</i>	47
<i>A Current Affair</i>	33

**Percentage of state issue stories
(percentages have been rounded to the nearest number)**

This table illustrates the percentage of State issue stories only.

	<i>The 7.30 Report</i>	<i>Today Tonight</i>	<i>A Current Affair</i>
Victorian issue stories	23	60	33
NSW issue stories	42	15	47
State issues from other states & territories	35	25	20

* The survey was conducted over a six-week period, commencing late January 1999 by EDC staff.

Appendix 8**TELEVISION NEWS STORIES SURVEY RESULTS*****Percentage of stories over survey period****(percentages have been rounded to the nearest number)**

This table illustrates the percentage of news items per State/Territory and international news items on ABC TV (ABV 2), GTV 9 and HSV 7 during the major news bulletins.

	Vic/Local	NSW	Other states	International
ABC (ABV 2) News	30	18	23	28
GTV 9 News	69	7	8	17
HSV 7 News	68	10	12	10

* The survey was conducted over a six-week period, commencing late January 1999 by EDC staff.

Appendix 9**RADIO NEWS STORIES SURVEY RESULTS**

Tables A - D illustrate the percentage of Victorian, national and international news items broadcast on 3LO/ABC during four bulletin 'blocks' as compared to commercial radio stations, 3AW/Southern Cross.

Tables E and F illustrate the percentage of Victorian, national and international program items broadcast on 3LO/ABC during the morning and afternoon/drivetime programs, as compared to commercial radio stations, 3AW/Southern Cross.

Table G represents the combined results of tables A - D, thereby illustrating the Victorian, national and international content of news items on 3LO/ABC and 3AW/Southern Cross, as a percentage of total news items

Table H represents the combined results of tables E and F, thereby illustrating the Victorian, national and international content of general programming items on 3LO/ABC and 3AW/Southern Cross, as a percentage of total general programming items.

A) Bulletins from 6.00 a.m. to 8.00 a.m. inclusive.
(percentages have been rounded to the nearest number)

News Items	3LO/ABC	3AW/Southern Cross
Victorian	23%	39%
National	33%	41%
International	43%	20%

B) Bulletins from 11.00 a.m. to 1.00 p.m. inclusive.
(percentages have been rounded to the nearest number)

News Items	3LO/ABC	3AW/Southern Cross
Victorian	41%	44%
National	34%	43%
International	25%	14%

C) Bulletins from 6.00 p.m. to 8.00 p.m. inclusive.
(percentages have been rounded to the nearest number)

News Items	3LO/ABC	3AW/Southern Cross
Victorian	43%	47%
National	39%	38%
International	18%	14%

D) Bulletins from 11.00 p.m. to 1.00 a.m. inclusive.
(percentages have been rounded to the nearest number)

News Items	3LO/ABC	3AW/Southern Cross
Victorian	6%	42%
National	39%	42%
International	55%	16%

E) Morning programs between 8.30 a.m. and 12.00 p.m.
(percentages have been rounded to the nearest number)

Program Items	3LO/ABC	3AW/Southern Cross
Victorian	41%	74%
National	46%	17%
International	13%	10%

F) Afternoon/drivetime programs between 4.00 p.m. and 6.00p.m.
(percentages have been rounded to the nearest number)

Program Items	3LO/ABC	3AW/Southern Cross
Victoria	58%	69%
National	33%	25%
International	8%	6%

G) Percentage of general news output (Tables A - D)
(percentages have been rounded to the nearest number).

News Items	3LO/ABC	3AW/Southern Cross
Victorian	28	43
National	36	41
International	33	16

H) Percentage of general program output (Tables E - F)
(percentages have been rounded to the nearest number).

Program Items	3LO/ABC	3AW/Southern Cross
Victorian	47	72
National	41	19
International	11	9

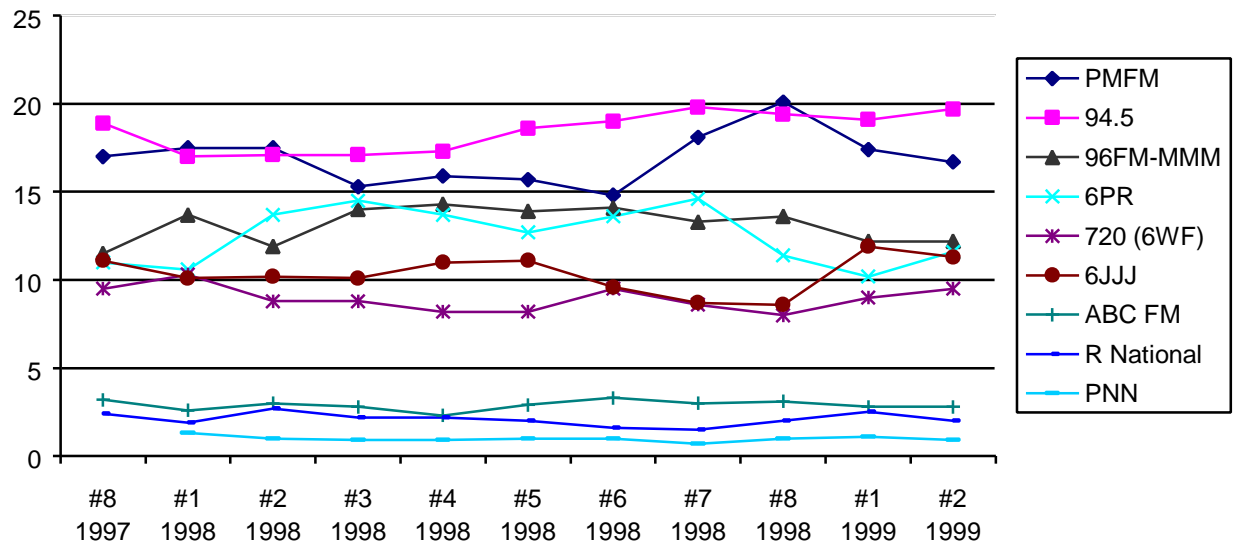
* The survey was conducted over a three-month period on random weekdays (on at least three days per week), from November 1998 to January 1999. It should be noted that the survey was not carried out on days when 3LO was broadcasting cricket commentaries, and weather reports were not included.

Material was divided into Victorian, National and International. If a story of national or international relevance was Victorian based, it was counted as Victorian. The values listed are percentages of total output.

Survey conducted by EDC staff.

Appendix 10 (a)**PERTH RADIO RATINGS – 1997-99**

This graph represents the local ABC metropolitan station, four ABC radio national networks and four of the major metropolitan commercial stations.



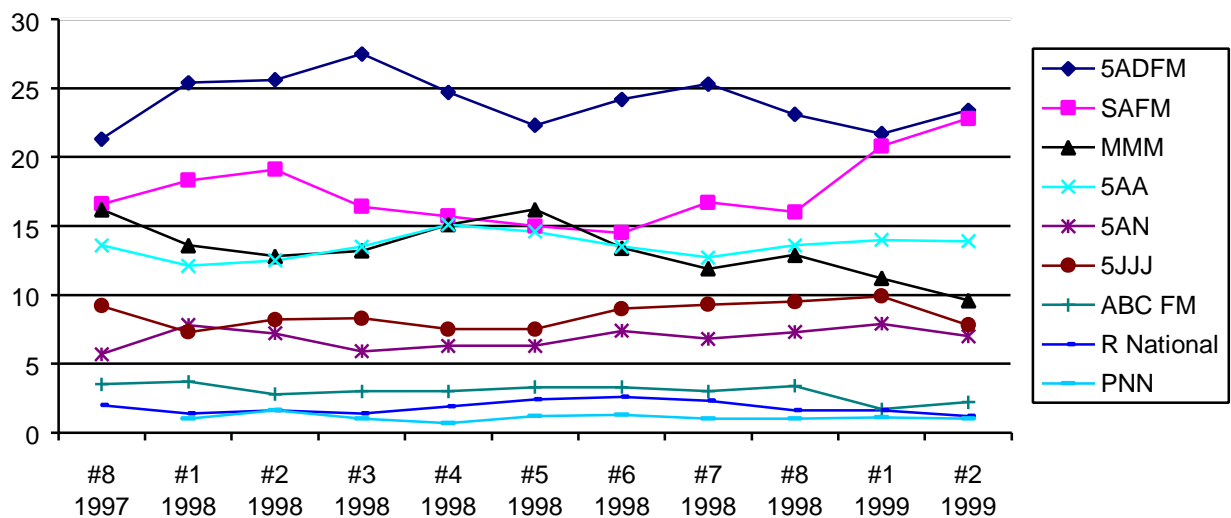
This table represents the actual rating figures for all of the radio stations broadcasting in Perth.

	#8 '97	#1 '98	#2 '98	#3 '98	#4 '98	#5 '98	#6 '98	#7 '98	#8 '98	#1 '99	#2 '99
94.5	18.9	17.0	17.1	17.1	17.3	18.6	19.0	19.8	19.4	19.1	19.7
PMFM	17.0	17.5	17.5	15.3	15.9	15.7	14.8	18.1	20.1	17.4	16.7
96FM	11.5	13.7	11.9	14.0	14.3	13.9	14.1	13.3	13.6	12.2	12.2
6PR	11.0	10.6	13.7	14.5	13.7	12.7	13.6	14.6	11.4	10.2	11.6
6IX	8.0	7.3	7.2	8.1	8.0	7.5	5.9	4.7	6.6	6.5	6.2
Other AM	4.5	4.1	3.4	3.5	3.4	3.5	4.3	4.0	3.7	5.0	4.2
Other FM	2.9	3.6	3.6	2.7	2.8	2.7	3.2	2.9	2.6	2.4	3.0
720 6WF	9.5	10.3	8.8	8.8	8.2	8.2	9.5	8.6	8.0	9.0	9.5
6JJJ	11.1	10.1	10.2	10.1	11.0	11.1	9.6	8.7	8.6	11.9	11.3
ABC FM	3.2	2.6	3.0	2.8	2.3	2.9	3.3	3.0	3.1	2.8	2.8
RN	2.4	1.9	2.7	2.2	2.2	2.0	1.6	1.5	2.0	2.5	2.0
PNN	---	1.3	1.0	0.9	0.9	1.0	1.0	0.7	1.0	1.1	0.9

(Source: AC Nielsen McNair Radio Ratings)

Appendix 10 (b)**ADELAIDE RADIO RATINGS – 1997-99**

This graph represents the local ABC metropolitan station, four ABC radio national networks and four of the major metropolitan commercial stations.



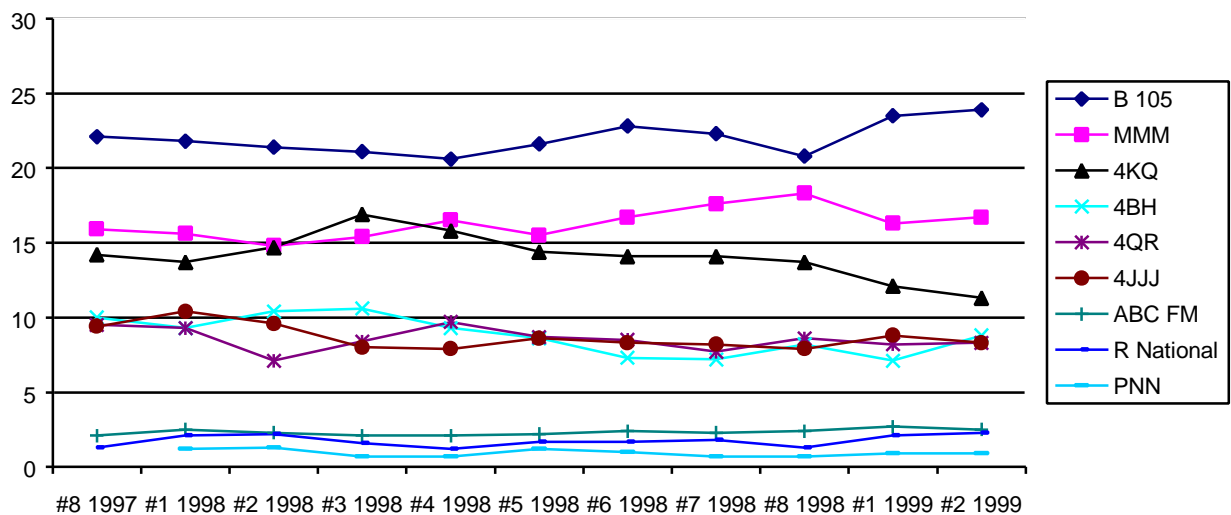
This table represents the actual rating figures for all of the radio stations broadcasting in Adelaide.

	#8 '97	#1 '98	#2 '98	#3 '98	#4 '98	#5 '98	#6 '98	#7 '98	#8 '98	#1 '99	#2 '99
5ADFM	21.3	25.4	25.6	27.5	24.7	22.3	24.2	25.3	23.1	21.7	23.4
SA FM	16.6	18.3	19.1	16.4	15.7	15.0	14.5	16.7	16.0	20.8	22.8
MMM	16.2	13.6	12.8	13.2	15.1	16.2	13.4	11.9	12.9	11.2	9.6
5AA	13.6	12.1	12.5	13.5	15.1	14.6	13.5	12.7	13.6	14.0	13.9
5DN	6.8	6.5	6.3	6.4	5.8	6.3	6.5	5.4	5.7	5.8	5.9
Other AM	2.9	0.9	1.0	1.2	1.6	1.5	1.5	1.5	1.0	1.6	1.7
Other FM	2.3	1.8	1.8	2.3	2.7	2.9	3.0	4.1	4.8	2.6	3.5
5AN	5.7	7.8	7.2	5.9	6.3	6.7	7.4	6.8	7.3	7.9	7.0
5JJJ	9.2	7.3	8.2	8.3	7.5	7.5	9.0	9.3	9.5	9.9	7.8
ABC FM	3.5	3.7	2.8	3.0	3.0	3.3	3.3	3.0	3.4	1.7	2.2
RN	2.0	1.4	1.6	1.4	1.9	2.4	2.6	2.3	1.6	1.6	1.2
PNN	---	1.0	1.6	1.0	0.7	1.2	1.3	1.0	1.0	1.1	1.0

(Source: AC Nielsen McNair Radio Ratings)

Appendix 10 (c)**BRISBANE RADIO RATINGS –1997-99**

This graph represents the local ABC metropolitan station, four ABC radio national networks and four of the major metropolitan commercial stations.



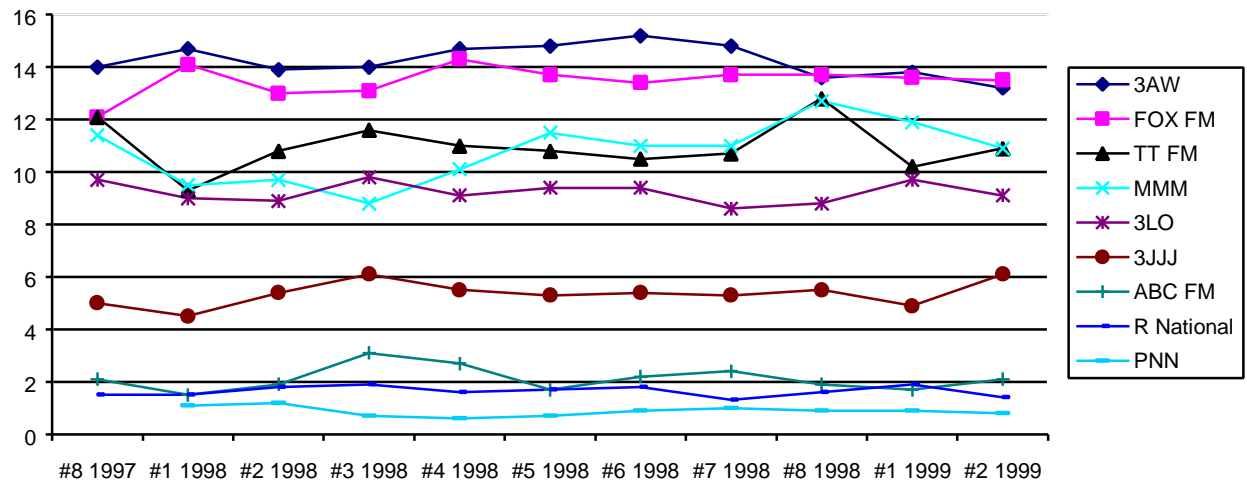
This table represents the actual rating figures for all of the radio stations broadcasting in Brisbane.

	#8 '97	#1 '98	#2 '98	#3 '98	#4 '98	#5 '98	#6 '98	#7 '98	#8 '98	#1 '99	#2 '99
B 105	22.1	21.8	21.4	21.1	20.6	21.6	22.8	22.3	20.8	23.5	23.9
MMM	15.9	15.6	14.7	15.4	16.5	15.5	16.7	17.6	18.3	16.3	16.7
4KQ	14.2	13.7	14.8	16.9	15.8	14.4	14.1	14.1	13.7	12.1	11.3
4BH	10.0	9.3	10.4	10.6	9.3	8.6	7.3	7.2	8.2	7.1	8.8
4BC	7.1	7.7	7.3	6.3	8.1	9.9	9.6	9.2	8.7	9.6	8.8
Other AM	2.4	1.7	2.5	2.5	2.0	1.6	2.0	2.2	1.8	1.8	1.4
Other FM	6.2	4.8	6.2	6.5	6.3	6.0	5.7	6.8	7.6	6.8	6.8
4QR	9.5	9.3	7.1	8.4	9.7	8.7	8.5	7.7	8.6	8.2	8.3
4JJJ	9.4	10.4	9.6	8.0	7.9	8.6	8.3	8.2	7.9	8.8	8.3
ABC FM	2.1	2.5	2.3	2.1	2.1	2.2	2.4	2.3	2.4	2.7	2.5
RN	1.3	2.1	2.2	1.6	1.2	1.7	1.7	1.8	1.3	2.1	2.3
PNN	---	1.2	1.3	0.7	0.7	1.2	1.0	0.7	0.7	0.9	0.9

(Source: AC Nielsen McNair Radio Ratings)

Appendix 10 (d)**MELBOURNE RADIO RATINGS – 1997-99**

This graph represents the local ABC metropolitan station, four ABC radio national networks and four of the major metropolitan commercial stations.



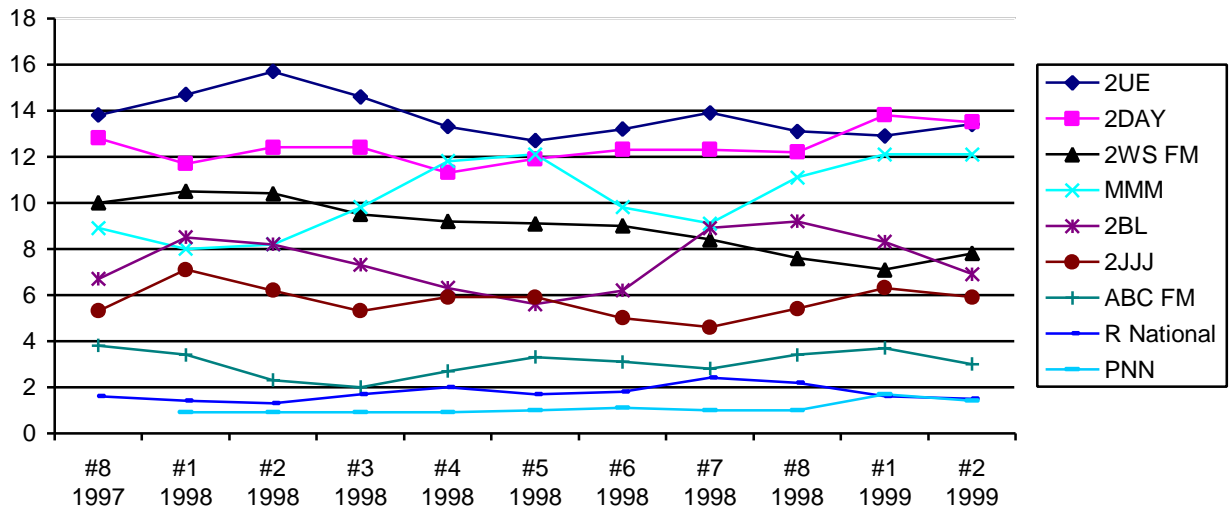
This table represents the actual rating figures for all of the radio stations broadcasting in Melbourne.

	#8 '97	#1 '98	#2 '98	#3 '98	#4 '98	#5 '98	#6 '98	#7 '98	#8 '98	#1 '99	#2 '99
3AW	14.0	14.7	13.9	14.0	14.7	14.8	15.2	14.8	13.6	13.8	13.2
FOX FM	12.1	14.1	13.0	13.1	14.3	13.7	13.4	13.7	13.7	13.6	13.5
TT FM	12.1	9.3	10.8	11.6	11.0	10.8	10.5	10.7	12.8	10.2	10.9
MMM	11.4	9.5	9.7	8.8	10.1	11.5	11.0	11.0	12.7	11.9	10.9
GOLD	8.6	9.2	8.3	6.8	7.5	7.9	7.4	7.8	6.4	7.8	7.0
MAGIC	6.3	8.3	8.1	7.6	6.1	5.9	6.5	5.4	5.5	6.3	6.7
3MP	4.9	5.1	5.0	5.1	4.3	4.4	5.3	5.5	4.7	4.7	5.5
Sport 927	2.8	3.4	2.9	2.1	3.1	3.1	3.1	3.9	3.5	3.2	3.8
3AK	1.1	0.6	0.5	0.4	0.7	0.8	0.5	0.5	0.7	0.8	0.9
Other AM	2.4	2.8	2.6	1.8	2.0	2.0	1.4	2.0	1.8	2.5	2.5
Other FM	6.2	5.5	5.9	7.1	6.8	6.3	6.2	6.0	6.0	6.3	5.9
3LO	9.7	9.0	8.9	9.8	9.1	9.4	9.4	8.6	8.8	9.7	9.1
3JJJ	5.0	4.5	5.4	6.1	5.5	5.3	5.4	5.3	5.5	4.9	6.1
ABC FM	2.1	1.5	1.9	3.1	2.7	1.7	2.2	2.4	1.9	1.7	2.1
RN	1.5	1.5	1.8	1.9	1.6	1.7	1.8	1.3	1.6	1.9	1.4
PNN	---	1.1	1.2	0.7	0.6	0.7	0.9	1.0	0.9	0.9	0.8

(Source: AC Nielsen McNair Radio Ratings)

Appendix 10 (e)**SYDNEY RADIO RATINGS – 1997-99**

This graph represents the local ABC metropolitan station, four ABC radio national networks and four of the major metropolitan commercial stations.



This table represents the actual rating figures for all of the radio stations broadcasting in Sydney.

	#8 '97	#1 '98	#2 '98	#3 '98	#4 '98	#5 '98	#6 '98	#7 '98	#8 '98	#1 '99	#2 '99
2UE	13.8	14.7	15.7	14.6	13.3	12.7	13.2	13.9	13.1	12.9	13.4
2DAY	12.8	11.7	12.4	12.4	11.3	11.9	12.3	12.3	12.2	13.8	13.5
2WSFM	10.0	10.5	10.4	9.5	9.2	9.1	9.0	8.4	7.6	7.1	7.8
MMM	8.9	8.0	8.2	9.8	11.8	12.1	9.8	9.1	11.1	12.1	12.1
MIX FM	9.3	9.3	9.0	9.5	9.2	8.5	10.7	10.4	9.0	8.0	7.6
2GB	6.1	4.0	4.0	4.4	3.9	3.5	3.8	4.6	4.4	3.8	4.9
2CH	5.5	6.5	5.9	7.4	7.6	6.1	6.5	6.2	5.0	5.9	6.1
2KY	2.7	2.9	3.1	3.1	4.1	4.2	2.8	2.5	2.6	2.2	2.5
2SM	1.9	1.7	1.5	1.4	2.0	2.7	2.2	2.3	2.8	2.2	2.3
Other AM	2.9	0.7	1.3	1.9	1.6	1.6	1.7	1.5	2.2	1.8	0.8
Other FM	8.7	8.8	9.5	8.8	8.3	10.0	10.9	9.1	8.9	8.6	10.2
2BL	6.7	8.5	8.2	7.3	6.3	5.6	6.2	8.9	9.2	8.3	6.9
2JJJ	5.3	7.1	6.2	5.3	5.9	5.9	5.0	4.6	5.4	6.3	5.9
ABC FM	3.8	3.4	2.3	2.0	2.7	3.3	3.1	2.8	3.4	3.7	3.0
RN	1.6	1.4	1.3	1.7	2.0	1.7	1.8	2.4	2.2	1.6	1.5
PNN	---	0.9	0.9	0.9	0.9	1.0	1.1	1.0	1.0	1.7	1.4

(Source: AC Nielsen McNair Radio Ratings)

Appendix 11 (a)

TELEVISION PROGRAMMING CONTENT SURVEY RESULTS

Percentage of total output on ABC TV (ABV 2)

	VIC	NSW	Other Aust	<i>Aust total</i>	UK	US	Other	Total
News/ Current Affairs	11.04	15.93	0.6	27.57	0.46			28.03
Drama	0.49	4.73	0.09	5.31	18.07	0.95	0.95	25.29
Comedy					6.06	0.49	1.9	8.45
Documentaries	0.22	3.45	1.33	5	8.32	4.18	1.11	18.61
Sport	2.41	2.46	0.66	5.53				5.53
Lifestyle	1.77		2.19	3.96	1.06		0.13	5.15
Arts	0.55	1.81	1.39	3.76	0.91		0.26	4.93
Other		2.08	0.26	2.34	1.66			4
Total	16.48	30.46	6.53	53.47	36.55	5.62	4.36	100

Percentage of total Australian content on ABC TV (ABV 2) per programming strain per State/Territory
(percentages have been rounded to the nearest number)

	VIC	NSW	Other Aust
News/Current Affairs	40	58	2
Drama	9	89	2
Comedy	0	0	0
Documentaries	4	69	27
Sport	44	44	12
Lifestyle	45	0	55
Arts	15	48	37
Other	0	89	11

* The survey was conducted over a nine-week period at the commencement of the 1999 ratings period. The survey includes all programming from 6.00 p.m. to midnight, seven days per week. Research carried out by EDC staff.

Appendix 11 (b)

TELEVISION PROGRAMMING CONTENT SURVEY RESULTS

Percentage of total output on HSV 7

	VIC	NSW	Other Aust	<i>Aust total</i>	UK	US	Other	Total
News/ Current Affairs	14.27	5.6		19.87				19.87
Drama	2.39	10.13		12.53	3.6	17.55		33.69
Comedy	2.13	0.93		3.07	0.55	8.67		12.29
Documentaries		2.13	0.53	2.67	0.95	1.04		4.67
Sport	11.2		8.02	19.22		0.02	0.27	19.51
Lifestyle		3.6		3.6				3.6
Arts	0.6	0.27		0.87				0.87
Other	1.98	2.53		4.51	1			5.51
Total	32.58	25.2	8.55	66.33	6.11	27.29	0.27	100

Percentage of total Australian content on HSV 7 per programming strain per State/Territory
(percentages have been rounded to the nearest number)

	VIC	NSW	Other Aust
News/Current Affairs	72	28	0
Drama	19	81	0
Comedy	69	30	0
Documentaries	0	80	20
Sport	58	0	42
Lifestyle	0	100	0
Arts	69	31	0
Other	44	56	0

* The survey was conducted over a nine-week period at the commencement of the 1999 ratings period. The survey includes all programming from 6.00 p.m. to midnight, seven days per week.

Appendix 11 (c)

TELEVISION PROGRAMMING CONTENT SURVEY RESULTS

Percentage of total output on GTV 9

	VIC	NSW	Other Aust	<i>Aust total</i>	UK	US	Other	Total
News/ Current Affairs	8.51	14.63		23.13				23.13
Drama	1.77	2.12		3.89	3.51	26.67		34.05
Comedy	1.06	1.19		2.25	0.4	7.45		10.1
Documentaries	0.26	3.71		3.98	0.13	1.86		5.96
Sport	2.36	1.19	1.33	4.88		0.02	1.04	5.94
Lifestyle	0.13	4.64		4.77				4.77
Arts		0.53		0.53		1.06		1.59
Other	12.2	1.46		13.65	0.22	0.57		14.45
Total	26.29	29.47	1.33	57.09	4.26	37.6	1.04	100

Percentage of total Australian content on GTV 9 per programming strain per State/Territory
(percentages have been rounded to the nearest number)

	VIC	NSW	Other Aust
News/Current Affairs	37	63	0
Drama	46	54	0
Comedy	47	53	0
Documentaries	7	93	0
Sport	48	24	27
Lifestyle	3	97	0
Arts	0	100	0
Other	89	11	0

* The survey was conducted over a nine-week period at the commencement of the 1999 ratings period. The survey includes all programming from 6.00 p.m. to midnight, seven days per week.

Appendix 11 (d)

TELEVISION PROGRAMMING CONTENT SURVEY RESULTS

Percentage of total output on ATV 10

	VIC	NSW	Other Aust	<i>Aust total</i>	UK	US	Other	Total
News/ Current Affairs		8.03		8.03				8.03
Drama	5.73	5.61		11.34	1.46	28.47	1.33	42.61
Comedy	2.53	1.06		3.59	0.53	20.64	0.13	24.9
Documentaries		0.53		0.53		3.59	0.62	4.48
Sport		7.01		7.01		0.13	0.09	7.23
Lifestyle								
Arts		1.06		1.06	0.67			1.73
Other	2.33	0.93		3.26		7.74		11.01
Total	10.59	24.26		34.84	2.66	60.59	1.91	100

Percentage of total Australian content on ATV 10 per programming strain per State/Territory
(percentages have been rounded to the nearest number)

	VIC	NSW	Other Aust
News/Current Affairs	0	100	0
Drama	51	49	0
Comedy	70	30	0
Documentaries	0	100	0
Sport	0	100	0
Lifestyle	0	0	0
Arts	0	100	0
Other	71	29	0

* The survey was conducted over a nine-week period at the commencement of the 1999 ratings period. The survey includes all programming from 6.00 p.m. to midnight, seven days per week.

Appendix 11 (e)**TELEVISION PROGRAMMING CONTENT SURVEY RESULTS**

Percentage of total Australian content per State/Territory broadcast on each network
(percentages have been rounded to the nearest number)

	VIC	NSW	Other Aust
ABC TV (ABV 2)	31	57	12
HSV 7	49	38	13
GTV 9	46	52	2
ATV 10	30	70	0

- The survey was conducted over a nine-week period at the commencement of the 1999 ratings period. The survey includes all programming from 6.00 p.m. to midnight, seven days per week.

ABC NEWSCAFF STAFF

	NSW	VIC	QLD	WA	SA	TAS	NT	ACT
National Mgmt (2)	8			1				
Mgmt Support	6							
Head News/News Ed	2	2	1	1	1	1	1	
Bi-media journalists			37	35.7	35	27.5	18	
Bi-media support			5	4	5	3.7	2	
R News National	5.5	1		1	3			2
R News journalists	27	22						8
R News support	1.5		3					1
R News Presenters	4	1	1	2	1	1		2.2
R News Technical	14.4	4	3	3	2	2	1	1.5
Regs R News Journalists (3)	24	11	22	9	7	4	2	
Regional locations	(12)	(8)	(11)	(7)	(6)	(2)	(1)	
TV News national	19	1					0.5	
TV News journalists	18	18.1						
TV News support	4	4.4						
Regs TV journalists			2			1	1	
TV Resource mgmt (4)	8	2						
TV Resources	75.5	37						
International desk (5)	18.7							
International mktg	3							
O/S journalists								
O/S resources								
O/S support								
Online journalists			10					
Aust TV journalists							3	
Cadets	3	1	1	2	2	1	1	
R Caff journalists	23.5	3	2	2	1		0.5	
R Caff technical (6)	10.5							
7.30 journalists	18.5	9.5	2	1	1	1	1	
7.30 support	3	1						

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	NSW	VIC	QLD	WA	SA	TAS	NT	ACT
4 C's journalists	18							
4 C's support	3							
FCP journalists	12.5							
FCP support	2							
Lateline journalists	10.5							
Lateline support	1							
Stateline journalists	1	1	1	1	1	1	1	
Landline journalists		1	5		1			
Landline support			0.9					
Australian Story	5		5					
Australian support	0.4		0.5					
JJJ Journalists	6							
Sports broadcasters	8	3.8	1	2	1	2	1	1
Order-In-The-House		1						
Elections	1.6			1				
Scose		1						
Clipping Service	5							
TOTAL	371.1	125.8	102.4	65.7	61	45.2	33	15.7

- 1) Does not include PNN, RA, RN Rural or casuals. Does include part-time employees.
- 2) Includes Williams, Magoffin, Taylor, Uechtirtz, Hamilton, Jones, Pattison, Forbes, Maniaty.
- 3) Includes Newcastle and an AO in Newcastle.
- 4) Includes Carroll, Mulhall, Patrick, Johnson, White, Ghent, Warburton.
- 5) Includes the desk plus Munckton, Tulloh, Hill, Reeve, Broen, Spicer, Prod. Mgr plus 4.2 TV News positions and 4.5
- 6) Includes Allison Orr

Source: ABC Head News and Current Affairs

ABC Staff Numbers

11/12/98

- These figures are a snapshot at the time of compiling. Numbers may fluctuate to production requirements.

	VIC	NSW	QLD	SA	TAS	WA	NT	ACT
TV News State Journalists: Admin Support	18 4	18 4	*Refer to Bi-Media Journalists & Support					- -
TV News National Journalists:	1	19	*Refer to Bi-Media Journalists & Support					
TV Current Affairs Journalists: Admin Support	11 1	20 3	3 -	2 -	2 -	2 -	2 -	-
TV News Resources Camera Operators: Sound Operators: Editors: Graphic Designers:	6 6 14 2	7 7 17 *7	TV News production staff employed from Program Resources – not directly employed by TV News					- - - -
<u>TV 7.30 Report</u> <u>Resources</u> Camera Operators: Sound Operators: Editors:	4 4 2	4 4 3	7.30 production staff employed from Program Resources -not directly employed by 7.30 Report					- - -
<u>Radio</u> <u>News/Metropolitan</u> Journalists: Production:	23 4	27 14	*Refer to Bi-Media Journalists & Support					8 2
<u>Radio News National</u> Journalists:	1	6	-	3	-	1	-	2

	VIC	NSW	QLD	SA	TAS	WA	NT	ACT
<u>Radio News/Regionals</u>			*Refer to Bi-Media Journalists & Support					
Journalists:	11	24						-
<u>Radio Current Affairs</u>								
Journalists:	3	24	2	1	-	2	1	-
Production:	0	11	-	-	-	-	-	-
*								
<u>Bi Media Journalists</u>	-	-	60	43	33	46	21	-
<u>Bi Media Support</u>	-	-	8	7	6	7	3	-
<u>Radio National</u>	33	108	8	3	-	9	-	3
<u>Classic FM</u>	10	27	3	22	1	3	-	2
<u>NEWS RADIO</u>	1	12	5	-	-	-	-	1
<u>LOCAL RADIO</u>	54	74	69	37	25	47	22	17
<u>Radio Australia</u>	72	2	-	-	-	-	-	-
<u>Multi-Media</u>	6	18	10 Online News	-	-	-	-	-
<u>Australia TV</u>	-	-	-	-	-	-	3	-

Source: ABC

Appendix 13

5 September, 1998



The Hon Chris Strong MLC
Chairman
Economic Development Committee
Parliament of Victoria
Level 8, 35 Spring Street
MELBOURNE VIC 3000

**Office of the
Managing
Director**
ABC Ultimo Centre
700 Harris Street
Ultimo NSW 2007
GPO Box 9994
Sydney NSW 2001
Tel (02) 9333 5340
Fax (02) 9333 5344

Dear Mr Strong

I am writing to you to express the concern of the ABC Board and senior management at the conduct of your Committee's inquiry into the Effects of Government Funded National Broadcasting on Victoria.

The ABC has no argument with public accountability and has always sought to discharge its responsibilities in this area seriously. In this spirit, the ABC has cooperated fully with your inquiry as it has done with the many other Inquiries it has participated in in the past. However my colleagues and I have become concerned that this inquiry is being undertaken at a time and in a manner which is not conducive to achieving, and being seen to achieve, a fair outcome.

You are aware from your discussions with Mr Murray Green, the ABC's Victorian State Manager, that the ABC was extremely disappointed with your statements on 23 August which indicated that the Committee had already reached a view that the ABC was not fulfilling its Charter in key areas. In the ABC's view, this indicates that the Committee has prejudged the outcome before any formal evidence has been gathered.

Mr Green also discussed with you previously your suggestions that the ABC had intimidated staff who had withdrawn earlier indications to give evidence in public. We assured you at that time that the ABC had clearly indicated to staff that they were free to contribute to the Inquiry as they saw fit.

On 3 September your office confirmed that you will be holding public hearings each Monday commencing from today.

In discussions with your staff, it appears that these hearings will be based on individual program genres - commencing with news and current affairs. The ABC will not be given an opportunity to respond during these hearings, but will be asked to respond in writing to transcripts and give evidence in public at a later date.

We have particular concerns about this procedure. At the outset it is, in our experience, highly unusual for formal public hearings to commence before written submissions are made.

Under the arrangements which you now propose, the ABC will be open to public criticism, which will be in the public domain for a considerable period before the ABC either submits its formal submission or is given a public opportunity through the committee process to rebut any claims.

We have been advised that hearings will be held in regional Victoria in mid September. No information is currently available about these proposed hearings other than that local Government will be consulted.

All of this is happening in the heightened atmosphere of a Federal Election campaign. This is not in our view an appropriate environment. In addition to the above considerations, your schedule places an extra burden on the ABC at a time when it needs to focus on delivering a fair and balanced coverage of the Election campaign across its five radio networks, ABC television and online.

We have also received some requests for detailed information which appear difficult to justify in relation to the terms of reference for the inquiry. They also raise issues of commercial and personal confidentiality. Such requests include details of every submission received for each contestable program along with final reports evaluating each submission, and detailed information about individuals engaged across the Corporation over the past twelve months for specific projects. Further discussions about the Committee's information requirements would appear to be called for.

Taken together, the above concerns lead the ABC to believe that it is being disadvantaged in presenting its case to the inquiry. I would like to suggest that further public hearings be postponed until after the Federal Election, which would allow for written submissions to have been received and for a public inquiry process to follow which afforded the ABC a proper opportunity to present its position and respond to issues put to the Committee.

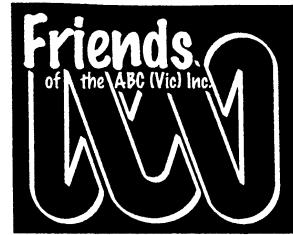
Yours sincerely,

A handwritten signature in black ink, appearing to read 'Brian Johns', with a stylized, flowing script.

BRIAN JOHNS
Managing Director

Appendix 13 continued

10 September, 1998



The Hon. Chris Strong
Chairman
Economic Development Committee
Parliament of Victoria
Level 8, 35 Spring Street
Melbourne 3000

**GPO Box 4065MM
Melbourne 3001
Ph (03) 9525 0655
Fax (03) 9525 0801**

Dear Mr Strong,

The Victorian Branch of FABC wishes to express its concern about important aspects of the enquiry currently being conducted by the Victorian Government's Economic Development Committee into Effects of Government Funded National Broadcasting on Victoria.

The first of our concerns is the continued running of the enquiry during the current Federal election campaign. FABC (Vic) has an obligation to be involved in the election campaign since our stated commitment to our thousands of members in Victoria is to do all in our power to protect and advance the interests of an independent, comprehensive national public broadcaster.

It is vital for us that during the election campaign we ensure that the issue of adequate funding of the ABC and related matters are on the electoral agenda. This means that the priority for our largely voluntary organisation must presently be towards that goal.

An election campaign also presents the problem of a heightened political atmosphere which infects almost all public activity, including this enquiry. For this reason we would suggest that the enquiry be suspended until after October 3.

We are also concerned about the process of the enquiry. The committee's decision to hold public hearings before the completion of written submissions we see as unusual and unfortunate. Further, the attack on the ABC by the Chairman of the enquiry undermines public confidence in the integrity of the enquiry.

We suggest that hearings be delayed until after the federal election. This would give interested parties more time to make written submissions and would avoid the danger of overt politicisation.

We trust you will give consideration to our views on these matters.

Yours sincerely,

(Dr) June Factor
President, FABC (Vic) Inc, and
National Spokesperson for FABC

Appendix 14

REPORT BY FINANCIAL CONSULTANTS,
AUSTRALIAN CONTINUOUS IMPROVEMENT GROUP

On the following pages is a copy of the report by the Australian Continuous Improvement Group on the efficiency of the ABC.

Report

to the

Joint Economic Development Committee of Victoria

On

The Efficiency of the Australian Broadcasting Corporation and the Special Broadcasting Service

**For the Inquiry into the Effects of Government-Funded National
Broadcasting in Victoria**

By

**Australian Continuous Improvement Group Pty Limited
Management Consultants**

19 April 1999

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1 EXECUTIVE SUMMARY

This report responds to a commission by the parliamentary Joint Committee for Economic Development of Victoria (“CEDV”) to the Australian Continuous Improvement Group (“ACIG”). That commission sought to provide the CEDV with information on the efficiency and effectiveness of the Australian Broadcasting Corporation (“ABC”) and the Special Broadcasting Service (“SBS”). This information was relevant to the CEDV inquiry into the “Effects of Government-Funded National Broadcasting on Victoria”.

Ideally, in seeking information on the efficiency and effectiveness, ACIG would have preferred to have done so in cooperation with the ABC and SBS and with access to their management information. However, the circumstances of the inquiry and the deadline for completing our tasks meant that the ideal was not achievable. Consequently, we have sourced our financial and non financial information, including benchmarks, from publicly available information.

The ABC and SBS may claim that their internal information refutes the conclusions that can be drawn from the public information. If so, the onus is on both organisations to present their evidence.

Centralism of ABC Operations

The CEDV has shown, from its deliberations and public hearings, that the ABC has been concentrating its resources in Sydney. This concentration of resources might be argued to be the outcome of the ABC seeking economies of scale in order to fit within budget constraints.

It is certainly true that the ABC has coped with declining budgets over the past few years while concentrating operations in Sydney. However, it does not necessarily follow that a) there are economies of scale from centralisation and b) as a consequence of centralisation the ABC is more cost efficient.

The question of economies of scale has been addressed by the CEDV by demonstrating that input costs of Sydney can be greater than other locations such as Victoria. A recent proposal to relocate various production facilities into a new building in Ultimo presumably also reflects an underlying assumption that centralism will yield cost savings. This proposal has been challenged by the CEDV.

This paper therefore focuses upon answering the question of whether the ABC appears to be operating as cost effectively as it could.

Despite centralism, efficiency is still an issue

The ratio of management and administration staff costs to all other costs, often provides insight into the efficiency of an organisation. This applies also to the ABC.

The facts are these. For every ten dollars spent in TV program production and delivery, the ABC appears to spend five dollars in TV administration. For radio the equivalent figures is six dollars in radio administration. In its Enterprises Division management and administrative costs account for nine dollars for every ten dollars spent on shop staff. Prima facie, these ratios are high and indicative of less efficient operations.

Using benchmarks with non-communications industry, the ABC performance reveals:

- It is in the worst cost quartile for administration costs compared to the NSW Government sector;
- It requires four times the resources of 'best practice' for its human resources function;
- It spends two and half times more money per staff member on human resources services than best practice in the commercial sector.

Using benchmarks with the communications industry, the ABC performance shows:

- ABC spends 40% more on TV administration staff in comparison with the average for the USA TV industry;
- The average cost of an ABC radio station is at least 90% greater than the average Australian commercial radio station despite the high concentration of Sydney sourced radio programs;
- ABC share of total Australian industry costs have fallen from 19% to 14% since 1996 yet its staff costs have actually risen from 26% to 28% over the same period.

1.1 ABC could be more efficient

The conclusion is that the ABC is not as efficient as it could be. If it did operate at 'best practice' levels then at least in respect to its management and administrative costs it could save between \$25 and \$74 million per annum. Naturally, this conclusion may be challenged by ABC as they possess more detailed information than was available from public sources. However, the onus is on the ABC to reveal its own benchmarking results, the financial analyses which underpin its centralisation and the comparative costings used to make TV and radio production sourcing decisions.

The remainder of this report deals with the study's terms of reference, methodology and detailed findings.

2. Terms of Reference

This report was prepared exclusively for the purposes of the joint Economic Development Committee of Victoria, a standing Victorian Parliamentary Committee.

In evaluating the contents of the report, the reader should bear in mind the following qualifications:

- the report was prepared within a limited time
- there was no practical opportunity to deal directly with the ABC and SBS.

The key objective is to provide information to the Committee on the efficiency and effectiveness of the ABC as a public radio and TV broadcaster.

ACIG was briefed by the Committee to see if:

- available data indicates that the ABC have been centralising
- the ABC can be shown to be comparatively efficient.

The ABC has claimed that budgetary pressures are obliging it to concentrate its operations in Sydney, presumably on the assumption that by centralising activities it can make further gains needed to fit within its budgetary constraints. This of course also assumes:

- that it is as efficient as it could be operating in a more decentralised manner and
- there are economies of scale in centralising activities.

Comparison of centralised operations with inefficient decentralised operations may suggest that gains are available from centralism alone. However, a proper comparison would have first looked at changing processes to make the devolved operations world class in the first instance before considering additional gains that might be possible from centralisation of functions.

We were requested to provide information in the form of comparative data (between like entities and like functions) which could be used if necessary by the Committee in its public hearings and/or in finalising its conclusions and report.

The information was supplied in two forms. Firstly, a set of questions which the Committee used at its hearings to seek clarification on existing ABC and SBS practices, staffing and operating costs. Secondly, in the form of this brief written report.

Part of our information gathering and evaluation process included attending a public hearing session. During that session we provided advice to the Committee and Executive Officer on occasions when clarification was required on information being presented at those hearings.

3. Approach & Methodology

Approach

The approach taken to completing the terms of reference was multi faceted:

- restating the financial information of the ABC and SBS into an output basis (TV and Radio) to be in a consistent format with previous years so that:
 - * the costs of both organisations could be compared on an historical basis and with one another and
 - * public broadcasting costs can be compared to those of other comparable organisations and the broadcasting industry in general
 - * trends in expenses and in particular the composition of expenditure could be identified
- researching other sources of information other than the ABC and SBS submissions and annual reports to determine valid sources of bench marking data.

Methodology

Restating the Costs

Restating the financial information of the ABC in particular, required splitting the costs of the ABC divisions as per the ABC Annual reports into TV, Radio and Enterprises. This was done for the years 1997 and 1998. This was needed to analyse the costs in the same way that the ABC reported its costs in 1995/96. The ABC changed its reporting practices in 1997 to fit with a changed strategy.

The use of ABC staff numbers played an integral role in the development of TV, Radio and Enterprises output costs for the ABC. In order to estimate costs for mainstream functions, the number and costs of staff involved in other activities such as ABC Concerts were removed from the available data. There had been a policy decision in the last 18 months to move the ABC concert staff out of the ABC mainstream operations anyway. So for the purpose of analysing prior years consistently with 1998, concert staff numbers were removed from the prior year analysis. Concert staff comprised 503 people in 1997 from a total of 4,887 staff.

As half of the operating costs of the ABC are in the form of staff costs, the number of staff used in each output division was used to split the reported aggregated staff expenses. In conjunction with the numbers of staff, the remuneration scales applicable to each staff grade were used to replicate the total staff costs by function and output.

Using this method, we were able to calculate staff costs to within 5% of the total actual staff cost for the ABC for the year 1997/98. The variance was then applied evenly across all grades to absorb the difference. To replicate the previous two years, in a climate where staff numbers had been changing, staff numbers were increased in prior years, using the state based staff redundancy numbers. The adjustments were applied to both administration and production areas of the ABC.

All dollar costs used in the analysis are expressed in historical terms as:

- inflation has been low and unlikely to make a visible impact on the analysis
- we do not have access to ABC and SBS internal cost inflation indices

A number of assumptions were then used to split the other operating expenses between the outputs. This included staff numbers, total remuneration, the number of transmitters, and engineering staff deployed. *It was necessary for the Committee to construct its own estimates, as the ABC was requested to provide financial information, and after several months had not done so.*

The assumptions used and bases constructed could be challenged by the ABC as they have not been designed with the inside knowledge that someone from the ABC could apply or provide from the financial system.

However until such time as the ABC are able to utilise their newly installed superior financial systems to provide a comparative set of segmental cost data, we must treat our estimates as acceptable approximations which can be used for benchmarking and trend analyses. We believe that our estimation approach has not led to distortion of the division costs shown in this report and the estimates are good enough to draw conclusions from.

Other Research Conducted

We researched publicly available sources of information including other public broadcasters, commercial television and radio organisations and publications of government statutory authorities. The research was conducted through the Internet, personal interviews and the acquisition of publications.

The Australian Film Commission also provided public information in relation to the number of productions for film and television on behalf of the ABC as well as indicative production costs for each category of production.

We believe that in the time available that sufficient sources of information were reviewed to enable us to analyse the ABC, SBS and commercial broadcasters on a fair and reasonable basis.

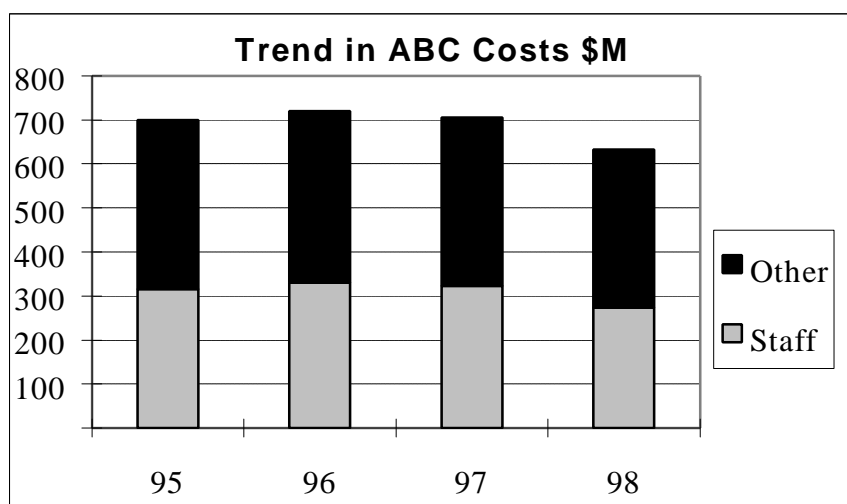
4. Findings

The findings cover the following areas of analysis:

- Trends in costs
 - Overall costs
 - Staff costs, contractors and consultants
- Organisation Effectiveness
 - Direct to indirect staff
- External Benchmarking
 - Management and Administration
 - Industry Comparisons
- Effect of Management Actions
 - Program production and staff levels
 - Centralising ABC TV production in Sydney
- Operating at world best practice
 - Potential savings & scope for redistributing budgets to TV and Radio production

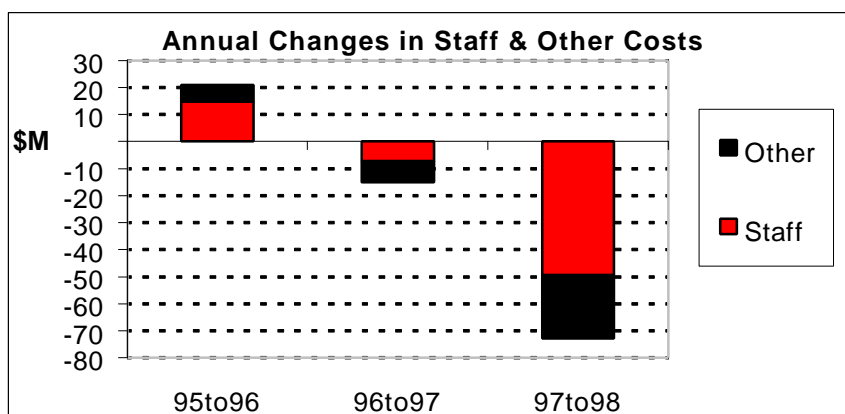
Trends in Costs

The total costs of the ABC have reduced year on year for the last three years. There was a 2% reduction in 1996/97 and a 10% reduction in 1997/98.



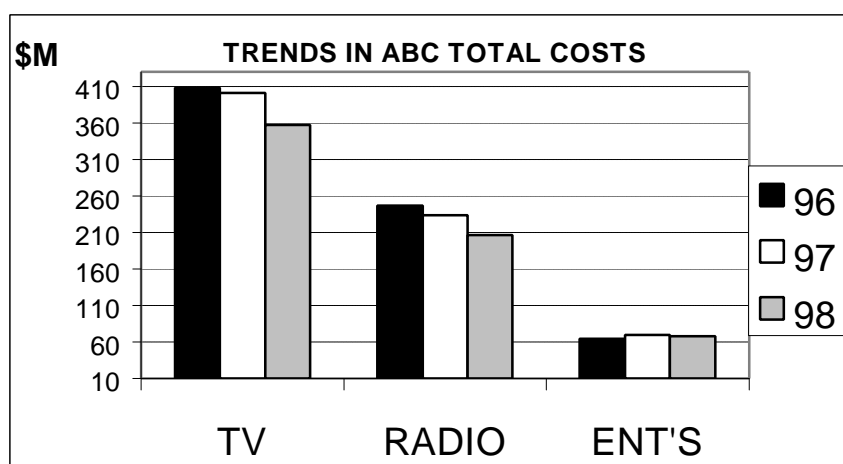
Graph1 - Source Annual reports ABC 1995-1998

The majority of the cost reductions have occurred in staff and related costs. There has not been as significant a decrease in the ABC fixed costs in the last three years as there has been for staff. One reason for lower staff costs may be the extent to which contractors have been used instead.



Graph 2 - Source Annual reports ABC 1995-1998

When the costs are viewed using the cost split methodology outlined earlier, it shows that the trend in cost reduction has been repeated across the output divisions of the ABC.

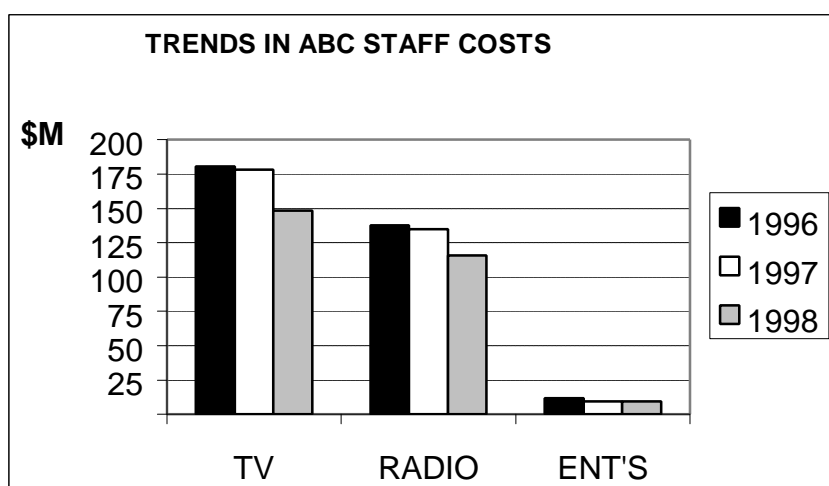


Graph 3 – Source ABC Annual Reports 1996 to 1998 and June 1998 ABC HR Report

Total cost has reduced in percentage terms as follows:

	96 to 97	97 to 98
TV	-2%	-11%
Radio	-5%	-12%
Enterprises	8%	-2%

With the exception of the Enterprises, the reductions have been more or less consistent across the organisation. The situation is repeated for the staff costs. The TV operations have seen a larger reduction in staff expenses in dollar terms than radio.

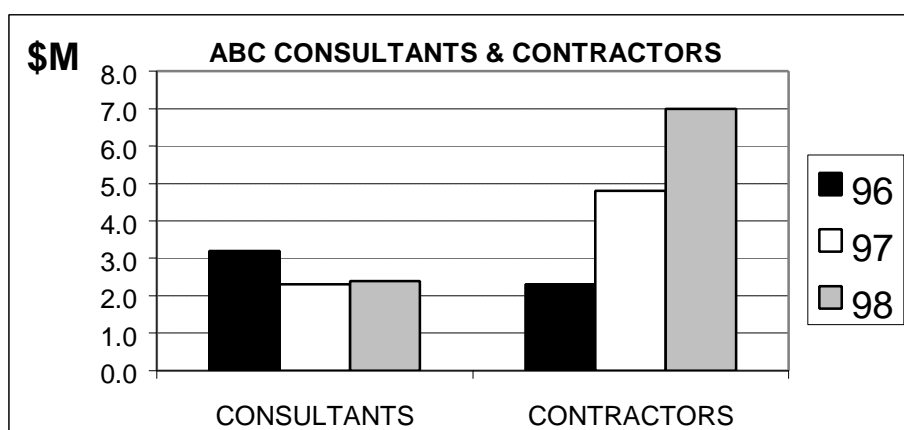


Graph 4 – Source ABC Annual Reports 1996 to 1998 and June 1998 ABC HR Report

The reduction in dollar terms is mirrored in percentage terms with TV absorbing a larger share of staff cost reductions. The shift in Enterprises is not a significant number given the staff costs are only \$10 million per annum and the nature of the Enterprises functions may change from year to year. The percentages are:

	96 to 97	97 to 98
TV	-1%	-17%
Radio	-2%	-14%
Enterprises	-18%	-3%

The analysis performed so far indicates that the ABC has appeared to have cut costs almost uniformly in TV and Radio but not in Enterprises. It is difficult to state with certainty if all of the cost reductions are sustainable or merely reflect a temporary switch between staff and contractors. The ABC has been increasing the use of consultants and contractors since 1996 as



Graph 5 – Source ABC Annual Reports 1996 to 1998

the following table shows.

Contractors and consultants are not a salary item in the ABC Annual accounts. It is not known if consultants and contractors are included in the staff numbers in the Annual reports.

Organisational Effectiveness

In this section of the report we are attempting to come to a view about the ABC's effectiveness. ABC total costs can be split between direct and indirect. Direct refers to program creation and delivery costs and these can vary due to the mix of programs, program quality as well as how efficiently they are performed. The comparison of direct costs of outputs is difficult due to the content, variety and duration of programs. Consequently the Committee chose to compare the costs of inputs.

This leaves the issue of efficiency in indirect resource usage. This issue can be addressed by examining and comparing the management and administration ratio to direct staff employed. An efficient and focused operation would have a low number of managers per production/program delivery direct staff employed.

Indirect and Direct Staff

We used the June 1998 ABC HR Report staff categories to distinguish between staff involved in producing and directly supporting programs and those involved in administration and corporate functions

For the purpose of understanding the distinction between the two, the direct category includes TV Production Operators, TV Directors, TV Production Services, TV Transmission, TV Production Support, Engineering, Journalists and Reporters, Radio Broadcasters and Shop Staff.

The indirect category includes all of the administration support and management staff but is understated because it excludes the senior executives in the production and delivery areas who can also be considered indirect staff.

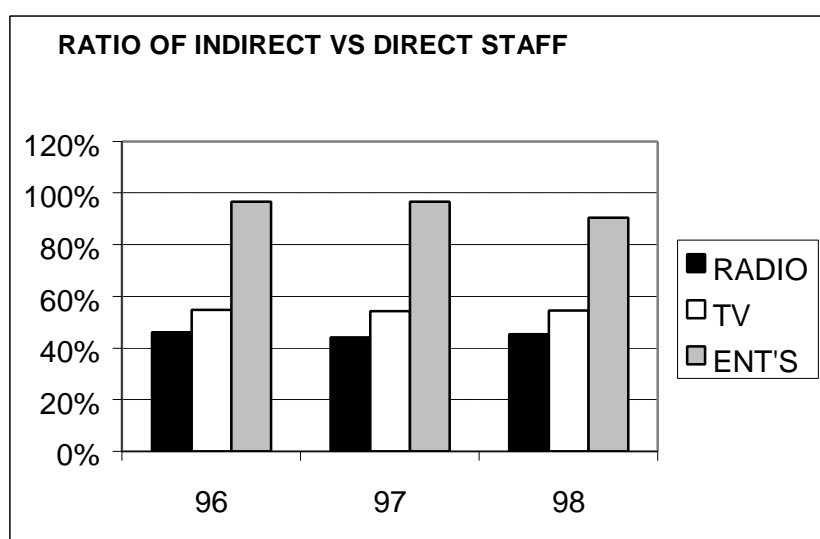
Whilst it may be argued (and it is true) that it is necessary to have administration staff and corporate management in order for the ABC to function this need for management and administration also applies to many other organisations. The point is that usually direct staff can be added to or reduced if production is increased or decreased. Management and administration staff are less affected by production volume changes. Consequently, the validity of comparing indirect staff to direct staff numbers is widely accepted.

This categorisation can be challenged by the ABC if they have more informed analysis. However the comparative results are so striking that even if the classifications are partially in error, the conclusions would remain unchanged.

Analysis of the ABC staff costs indicate that there has been a reduction in staff costs year on year since 1996 but there has not been a significant change in the ratio of indirect to direct staff since that time. As a result it can be concluded that the ABC spend:

- * almost five dollars spent in management and administration for every ten in TV production and program delivery in TV.
- * almost six dollars spent in management and administration for every ten in Radio Production and program delivery in Radio.
- * nine dollars spent in management and administration for every ten in staffing the Enterprises businesses.

The following graph shows the static trend in the direct and indirect staff cost ratio since 1996.



Graph 6 - Source ABC Human Resources Report 1998

We do not know if the ABC has introduced significant out sourcing of management functions. There has been a substantial increase in imported content of programs in the ABC as indicated in the ABC Annual reports and so the reduction of total costs since 1996 can possibly be traced to changes in program mix rather than a sustained improvement process. The issue of changes in program mix is dealt with later in this report.

In the absence of detailed explanations and information from the ABC, it could be interpreted from the above analysis that the ABC has not introduced significant improvements in the last three years into the way that it manages people and processes.

External Benchmarking

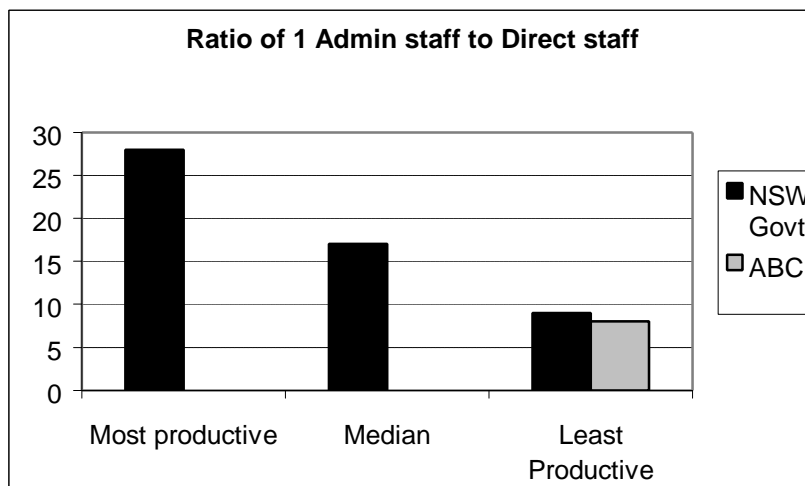
A common basis of comparison is for the management and administration functions to be compared against organisations that have similar but not necessarily identical functions. For

instance, the ABC is comparable with many non broadcasting organisations that have management, finance, technology, human resources, property, compliance and general clerical functions. Almost all commercial and government organisations have these functions.

We have included the ABC's executive management, finance and business services and human resources divisions in the following analysis to compare the ABC's performance against similar organisations providing finance, management and human resources functions. When comparing this data with other organisations of a similar nature whether they are other government authorities or commercial organisations, the ABC does not appear to compare favourably.

We have assumed that the quality of staff is approximately equal amongst the entities used for comparisons whether they are in the best or most undesirable categories. The issues could then be focused on management processes and maximising program delivery at the lowest cost.

The ABC has one person in executive management, finance and business services and human resources alone for each 7.5 staff in all other parts of the ABC. Comparison with the NSW government sector shows that some NSW Government agencies operate with a ratio of 1 to 28. Even when compared with the medium and lowest quartile in the following graph, the ABC is in the least productive 25% of agencies category on general administration staff to direct staff



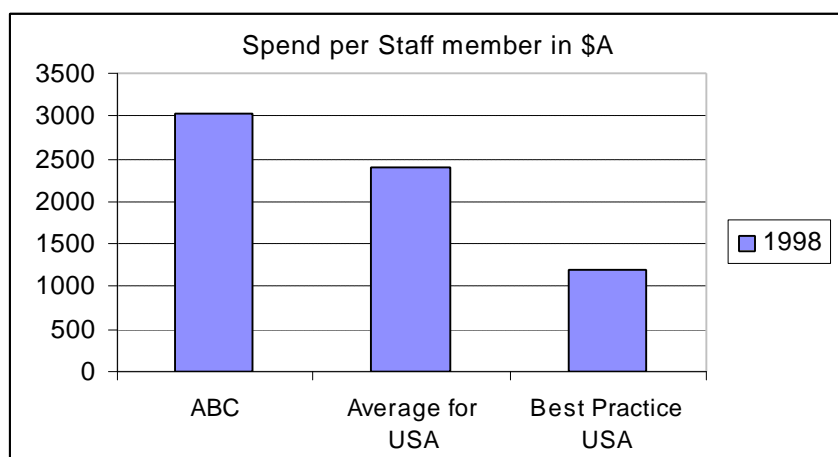
Graph 7 - Source: Council on the cost of Government-Third Report p25., and 1998 ABC HR Report

If one included all the administration staff in the ABC(and there are several hundred of them), the ratio would be much worse than 1 to 7.5, classifying the ABC possibly amongst the worst performers in Australia

Human Resources Ratios

Information in the private and public domain indicates the ABC could be in the lower quartile of performers in terms of HR resources per staff.. The average spend per staff member on HR salaries for the ABC is more than two and a half times the USA best practice equivalent measure.

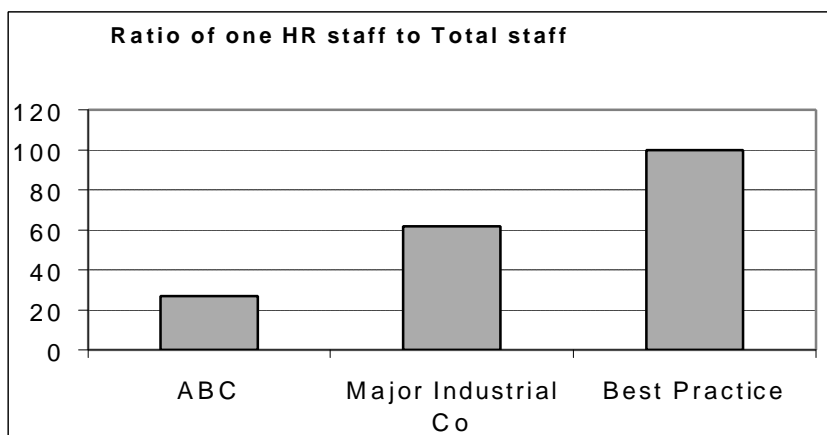
For the purpose of equal comparison, the USA data was factored up by an exchange rate of \$A0.62. The USA data covers all industries.



Graph 8 - Source ABC Annual Report and public submissions

The Hacket Group, Ohio USA (part of the NASDAQ listed ThinkSmart Co)

The difference between the ABC data and other benchmarks on the numbers of HR staff to direct staff shows a wider gap in performance than that for the HR \$ spend per staff member. *The ABC has 1 HR staff per 27 other staff.*



Graph 9 - Source ABC Annual Report and public submissions

The Hacket Group, Ohio USA (part of the NASDAQ listed ThinkSmart Co)

The HR Manager stated in her public submission to the Committee that she was expecting the HR staff numbers to reduce by 40 in this calendar year. Even with this reduction it would result in one HR staff member for every 37 staff, which whilst an improvement, would be still be a long way from world best practice.

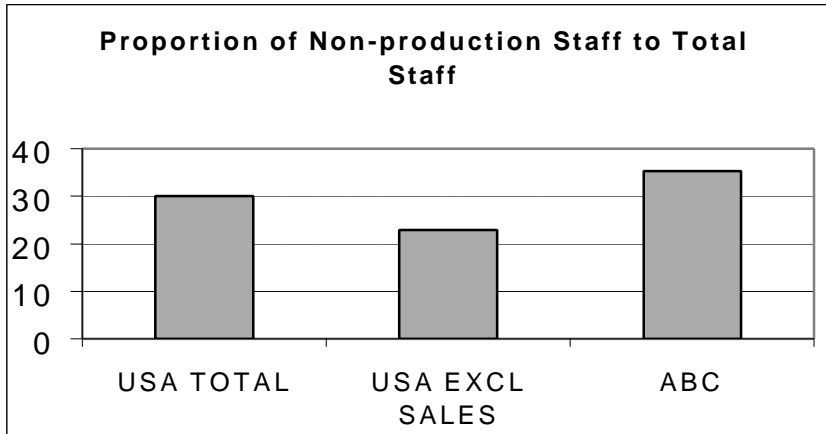
Comparing the Public broadcasters to Australian and overseas Media Organisations

Comparing the TV and Radio operations of the ABC to overseas and local commercial operators indicates that there maybe room for improvement in the cost profile for the ABC given their declining domestic output (as evidenced by their change in program mix).

Television

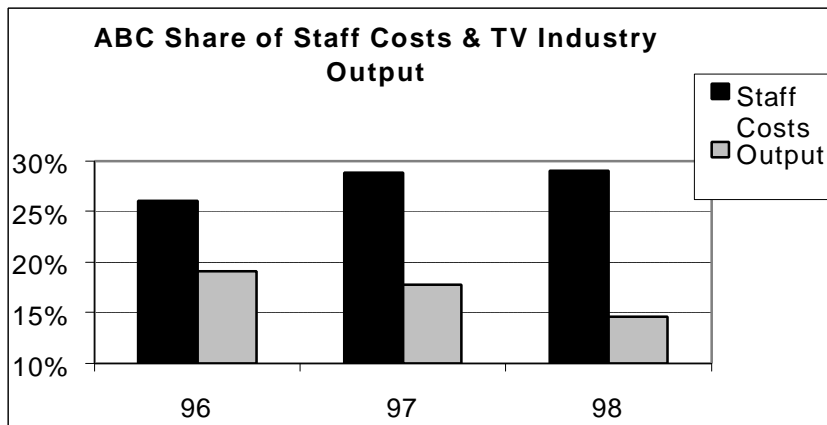
At the time of concluding this report, the CEDV was awaiting a submission from the ABC financial controller regarding the expenditure on Australian and imported programming so that it can be compared to available data available from the Australian Broadcasting Authority for commercial TV. In the interim, some comparisons were made and these show that the ABC has a less than optimum performance compared to commercial broadcasters.

Analysis of data from the USA indicates that the ABC uses more staff on average in support and finance functions than the USA TV industry.



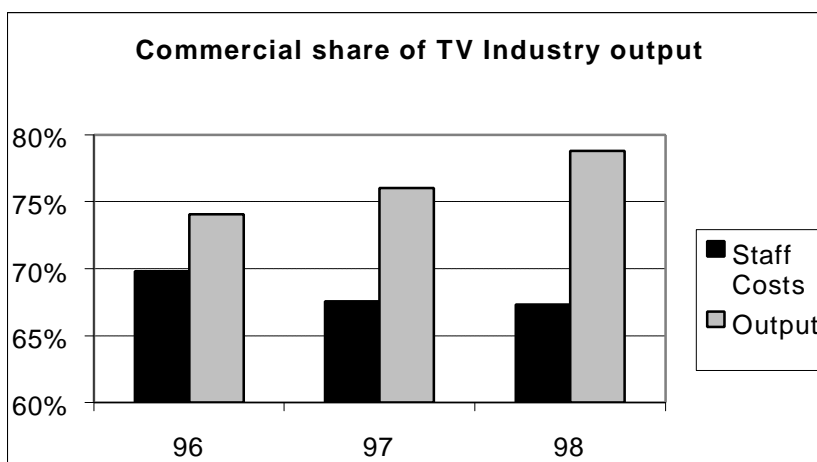
Graph 10 - Source ABC Human Resources Report 1998
 1997 NAB/BCFM TV Employee Compensation and Fringe Benefits report
 1997 NAB/BCFM TV Financial Report

Comparing the ABC and SBS to Australian commercial broadcasters indicates that the ABC is spending more on staff costs each year relative to the total industry whilst their share of program output (measured in terms of total expenditure) relative to the total Australian industry is declining.



Graph 11 - Source ABC Annual Reports

SBS's share of staff costs and expenditure was relatively stable over the same period at 11% and 7% respectively. (Source ABC & SBS Annual reports) The commercial industry is spending less on staff but increasing its share of total output in both percentage and dollar terms.



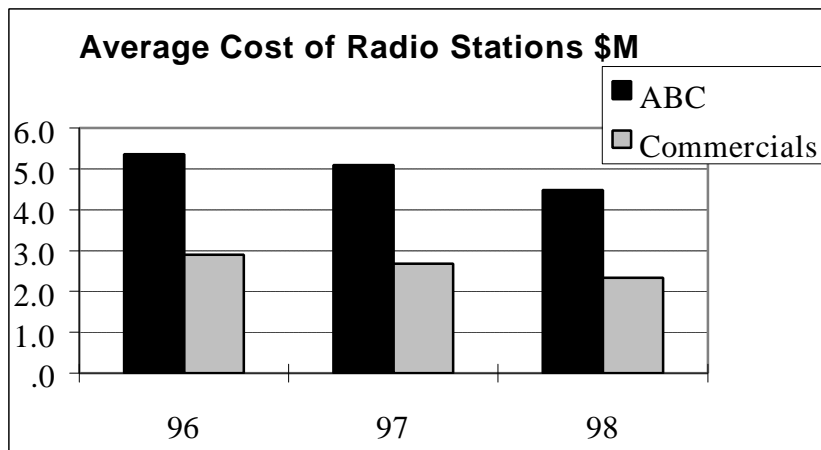
Graph 12- Source 1999 ABA Report

Radio

Comparison of the ABC against the Australian Commercial Radio Broadcasting Industry indicates that the average cost of an ABC radio station is almost 80% more expensive than the average commercial radio station. (These figures include all costs reported to the Australian

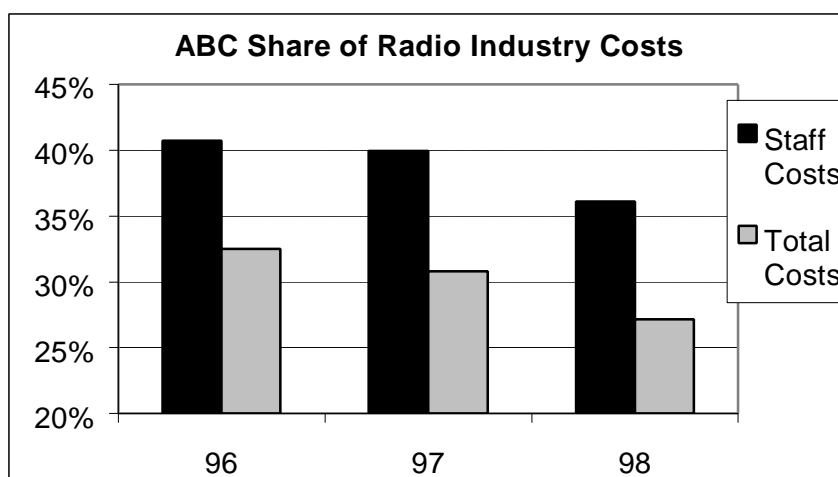
Broadcasting Authority). If one removed the sales and promotion costs from the commercial radio costs (these are not known) then the comparison would be even more stark.

This unfavourable cost position is despite the fact that in almost every State, ABC National networked programs (emanating mainly from Sydney) comprise more than 50% of the local radio sourced material (Source ABC Annual report).



Graph 13 - Source ABC Annual reports & Australian Broadcasting Authority 1999 Report

Comparing the relative staff costs for the publicly funded broadcasters versus the commercial radio industry shows a declining share of staff costs and total costs. This is result of the expansion in the number of Commercial stations and commercial expenditure and a reduction in total costs spent on Radio by the ABC.



Graph 14 - Source ABC Annual reports & Australian Broadcasting Authority 1999 Report

Effects of ABC Management Actions

Program Production and Staff Levels

The Annual report of the ABC shows that locally produced TV arts and drama shows have absorbed most of the cuts in transmission hours for the period 1996-98. Almost all of the hours televised in these categories are imported comedy, imported current affairs and local comedy and entertainment shows.

Change 97 to 98	Percentage Change		Change in Hours	
	Local 98	Imported 98	Local 98	Imported 98
Arts	-83%	-19%	-396	-37
Comedy	233%	127%	135	265
Current Affairs	1%	3190%	7	670
Documentary	35%	69%	41	142
Drama	-61%	-46%	-159	-144
Entertainment	36%	-44%	250	-41
Movies	0%	-36%	0	-250
Sport	25%	5%	95	3

Source: ABC Annual Reports 1997 & 1998

Given that we do not have information from the ABC on program costs by type, we have assumed that this change in program mix is approximately reflected in the staff reductions since 1997 (see Appendix A for details). The following major changes have taken place:

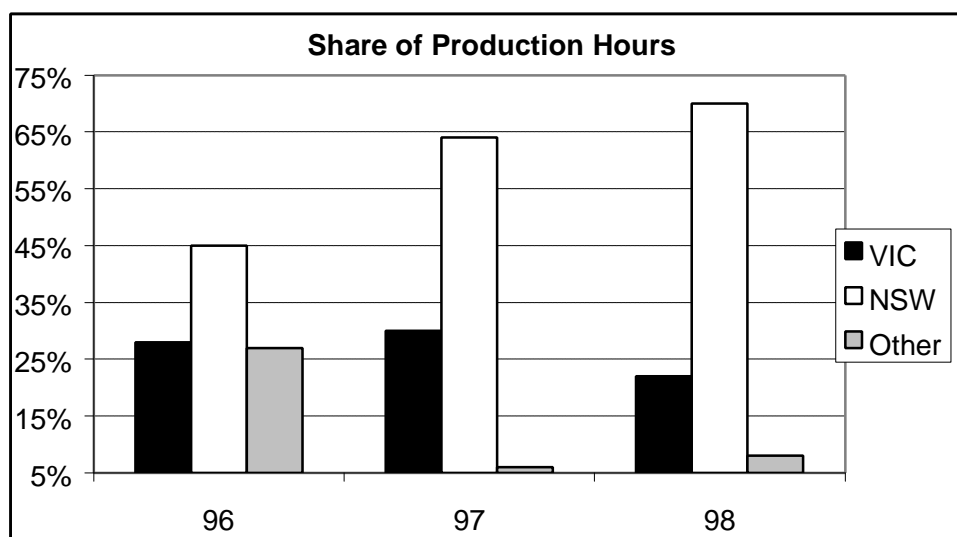
Division	Staff	Change	NSW	VIC
♦ National Networks	-80	-14%	-11	-66
This change shows a 36% reduction in Victoria				
♦ News & Current Aff	+147	+20%	+108	+35 (Equal % increase)
♦ Program Production	-255	-21%	-170	-86 (" % reduction)
♦ Regional Services	+44	+4%	+34	-3

It is difficult to reconcile the increase in concentration of staff in News and Current Affairs division for NSW when almost all the change in the broadcast hours for this category appears to come from retransmitted or relayed imported products. The reduction in national networks staffing was almost entirely concentrated in Victoria.

Since 1996 the ABC has reduced the hours of transmitted Australian Arts and Drama to the point where these categories now rank just above test transmissions and religion. The total reduction since 1996 in hour terms is 555 hours or 11% of the 1998 Australian hours transmitted. There was a significant Arts and Drama production presence in Melbourne until the ABC began either removing this category from viewing, or transferring it to Sydney.

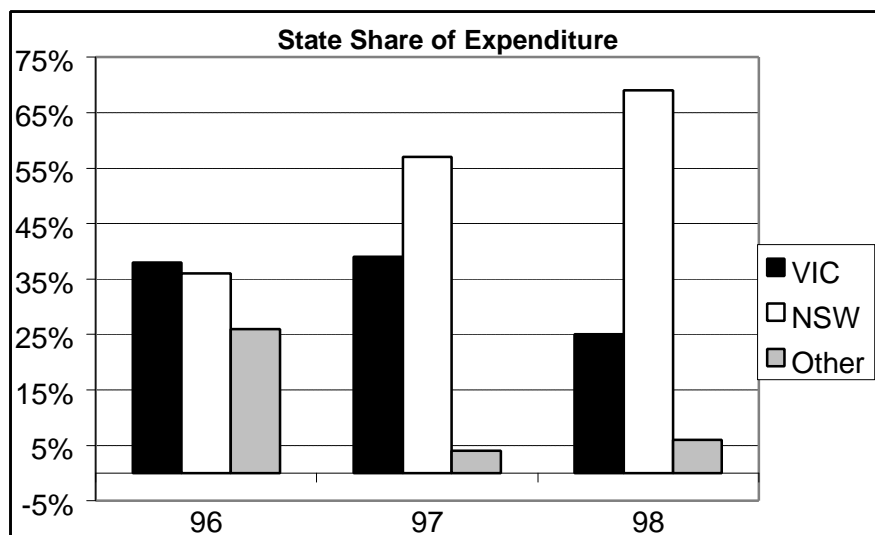
Shift in Production from Victoria to NSW

There has been a 62% increase in entertainment hours (364) since 1996 and the expenditure associated with this appears to have been focused in Sydney at the expense of Melbourne. The following analysis from the Australian Film Commission for Drama, Comedy and Animation categories shows that significant expenditure is clearly being directed towards NSW despite an increase of less than one equivalent production in the number of productions in NSW.



Graph 15 - Source Australian Film Commission

The effect in terms of expenditure is even more dramatic with an almost trebling of the dollars spent by the ABC in NSW since 1996 (\$17.8 million to \$49 million in 1998).

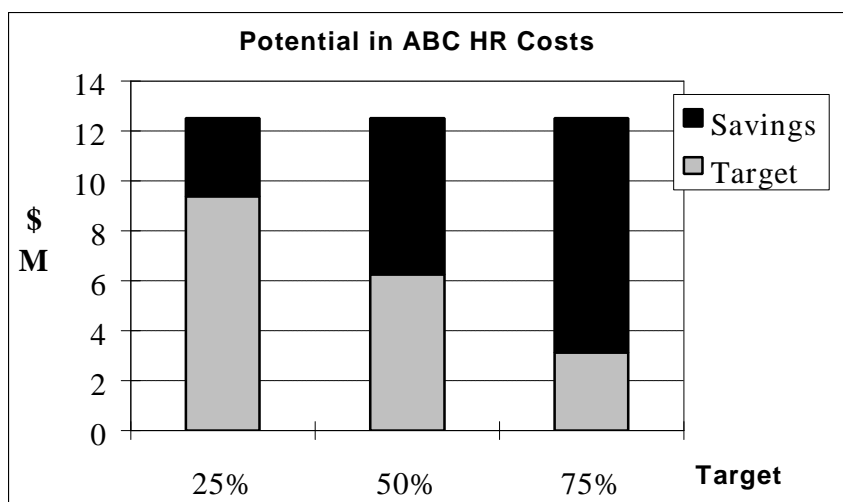


Graph 16 - Source Australian Film Commission

Effect of Operating at Best Practice

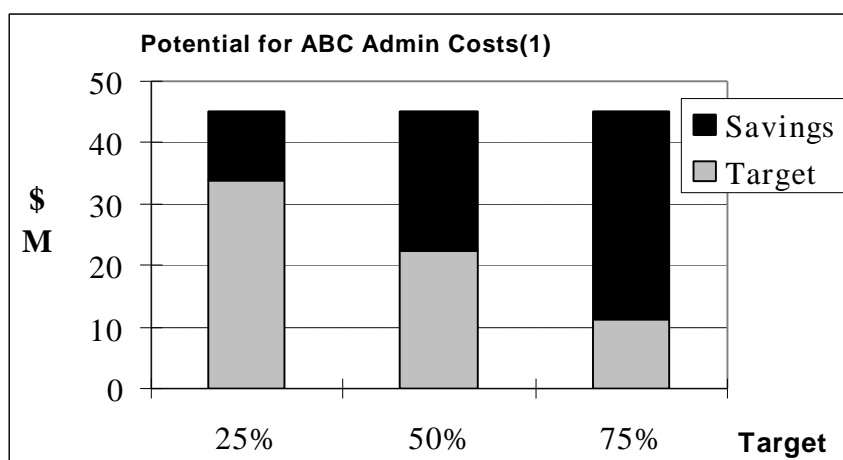
As a result of the prior analysis on benchmarking, there appears to be significant opportunity for further efficiencies. Such possible cost savings could then either be realised or used in program production, network expansion or other output activities.

For example, it can be shown that several million dollars could be saved if some improvement in HR practices could be implemented. Using the 1998 HR staff costs as a basis, the amount of budget appropriations that can be released under three scenarios various from \$3.1 million to \$9.4 million.



Graph 17 - Source June 1996 ABC HR Report

The improvement potential for the administration functions including corporate management, finance and human resources is considerably greater. The following analysis includes only staff costs and does not include those administration staff costs that are bundled into the TV, Radio and Enterprises categories.

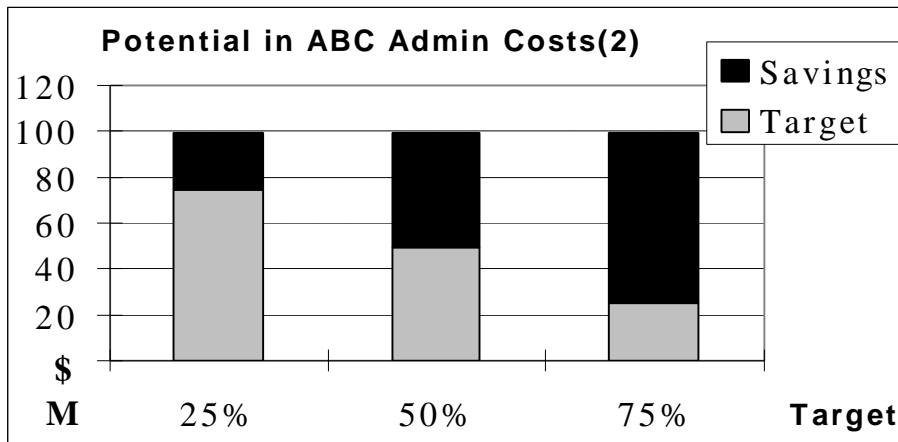


Graph 18 - Source June 1996 ABC HR Report

The range of budget appropriations that would be released is in the range of \$11 million to \$34 million. These targets would require the ABC to study and learn from how other organisations manage their resources.

If one included all of the ABC staff costs in the previous analysis and added all the administration staff as defined in the HR reports, the potential exists to significantly change the cost and output profile of the ABC.

The following analysis shows potential savings of \$25 million to \$74 million in staff costs.



Graph 19 - Source June 1996 ABC HR Report

The analysis indicates that it would be in the ABC's interests to review the way that it administers public monies and maximises the distribution of budget appropriations. The ABC could spend the savings in output activities in local and regional radio and Australian content for TV.

While it is outside our terms of reference the potential for savings suggests some of the savings might go toward implementing its digitisation strategy in a more cost effective manner rather than relying solely on a single expensive infrastructure project in the Sydney central district.

5. Conclusions

It is evident that the ABC has been reducing costs over the last three years in the TV and Radio operations. It is unclear whether the shift of resources to Sydney in the last 2 years was done to achieve greater operating efficiencies.

Regardless of whether the ABC is being compared to Australian or overseas entities, it is obvious that it can be more efficient. This can then be used to either reduce total expenditure or spend the existing budget appropriations in a more cost effective manner.

Given the absence of input from the ABC to the financial analysis presented here, it is recommended that the ABC should produce their own analyses and benchmarks to either correct or refute the estimates made by ACIG for use by the CEDV. The promised input from the ABC Financial Controller should be seen as an opportunity to also expand and further validate the analysis which has already been done.

DIX A CHANGE IN STAFF NUMBERS 97 TO 98 BY STATE

Concerts	Corporate Mgt	Enterprise s	Finance Business Services	Human Resources	National Networks	News CAFF	Program Production	Regional Services	Technical Services	Tota
-30	-8	9	-20	1	-11	108	-170	34	-22	.
-128	0	0	-1	-4	-66	35	-86	-3	-1	.
-85	0	0	-4	-1	1	6	0	2	0	
-85	0	0	-3	2	-2	0	0	-6	0	
-112	0	0	-4	-2	-1	-1	2	4	0	.
-63	0	0	-1	-3	0	0	0	1	0	
0	0	0	1	-2	-2	-1	-1	6	0	
0	0	0	-2	-1	1	0	0	6	0	
0	0	0	0	0	0	0	0	0	0	
-503	-8	9	-34	-10	-80	147	-255	44	-23	.
-100%	-24%	6%	-8%	-7%	-14%	20%	-21%	4%	-28%	-.

3C Annual reports 1997 & 1998

APPENDIX B DATA SUPPORTING THE REPORT GRAPHS

Graph 1

	\$M	95	96	97	98
Staff		315	330	323	273
Other		384	390	382	359
Total Costs		699	720	705	632

Graph 2

	\$M	95to96	96to97	97to98
Staff		15	-7	-49
Other		6	-8	-24

Graph 3

	\$M	96	97	98
TV		409	401	357
RADIO		247	234	206
ENT'S		64	70	68

Graph 4

	\$M	1996	1997	1998
TV		181	178	149
RADIO		138	135	116
ENT'S		12	10	9

Graph 5

	\$M	96	97	98
CONSULTANTS		3.2	2.3	2.4
CONTRACTORS		2.3	4.8	7.0

Graph 6

	96	97	98
RADIO	46%	44%	45%
TV	55%	54%	54%
ENT'S	97%	97%	90%

Graph 7

	NSW Govt	ABC
Most productive	28	
Median	17	
Least Productive	9	8

APPENDIX B Ctd

Graph 8

	1998
ABC	3020
Average for USA	2400
Best Practice USA	1200

Graph 9

	1999
ABC	27
Major Industrial Co	62
Best Practice	100

Graph 10

	USA TOTAL	USA EXCL SALES	ABC
SUPPORT	30		23
			35

Graph 11

	96	97	98
Staff Costs	26%	29%	29%
Output	19%	18%	15%

Graph 12

	96	97	98
Staff Costs	70%	68%	67%
Output	74%	76%	79%

Graph 13

	\$M	96	97	98
ABC		5.4	5.1	4.5
Commercials		2.9	2.7	2.3

Graph 14

	96	97	98
Staff Costs	41%	40%	36%
Total Costs	33%	31%	27%

Graph 15

	96	97	98
VIC	28%	30%	22%
NSW	45%	64%	70%
Other	27%	6%	8%

APPENDIX B Ctd

Graph 16

	96	97	98
VIC	38%	39%	25%
NSW	36%	57%	69%
Other	26%	4%	6%

Graph 17

	\$M	25%	50%	75%
Target		9.4	6.3	3.1
Savings		3.1	6.3	9.4

Graph 18

	\$M	25%	50%	75%
Target		33.8	22.5	11.3
Savings		11.3	22.5	33.8

Graph 19

	\$M	25%	50%	75%
Target		74	50	25
Savings		25	50	74

MINORITY REPORT No.1

In response to the Economic Development Committee's Inquiry into the Effects of Government-Funded National Broadcasting on Victoria.

by

Mrs D.F. McGill, M.P.

Mr G.P. Jenkins, M.P.

Pursuant to Section 4N (4) of the *Parliamentary Committees Act 1968*.

Minority Report: Special Broadcasting Service

As members of the Economic Development Committee we fully support the thrust and content of our Committee's Report. It provides a thorough investigation of the imbalance of resourcing and concentration of effort that has been allowed to evolve within both the SBS and the ABC's respective corporate cultures. The only State to benefit from this centralisation has been NSW. Every other State and Territory has been the loser by it.

It is on one point only that we depart from the majority view of Committee members. This point of divergence pertains to certain findings and recommendations as they specifically relate to SBS and its operations. In this report we argue that SBS, one of Australia's government funded national broadcasters should be moved to Melbourne.

There are four main arguments that we propose in support of this:

1. One thing that is quite clear from the Committee's Inquiry is that government funded national broadcasters could have a large impact on the Victorian economy and on our cultural life.
2. It is concerning that both of Australia's two government funded national broadcasters are located in Sydney. Whilst Melbourne, Australia's other large population centre has no government-funded national broadcaster headquartered here.

3. Melbourne has a very strong multicultural focus and over 150 multicultural communities. It is logical that if a national broadcaster be moved to Melbourne, that it be SBS.
4. The establishment of Federation Square provides an excellent opportunity for SBS to relocate its Head Office and Television to Melbourne.

SBS Head Office:

Ratings figures gathered by the Inquiry show both the SBS and the ABC have large audiences in Victoria. As a large share of SBS and the ABC national audience and as contributors to these government funded national broadcasters via the payment of taxes, it is essential that Victoria is reflected strongly in the broadcasting of our national broadcasters. Victorians should receive a fair allocation of the resources of our national broadcasters.

However with both the government-funded national broadcasters headquartered in Sydney, Victoria is missing out on employment opportunities for journalists, technicians and producers. SBS and ABC resources in Sydney is disproportionate compared to the rest of Australia, including Victoria.

The position of head office activities has important economic, related industry and cultural effects. The placement of SBS Headquarters in Melbourne would strengthen broadcasting in Victoria and throughout Australia.

It is our strong belief that the majority report *"The Effects of Government-Funded National Broadcasting on Victoria"* does not go far enough in calling for a shift of resources from Sydney to Melbourne.

No evidence was received by the Committee that there was any significant sharing of resources or mutual benefit currently being achieved by having both the ABC and SBS headquartered in Sydney. The corporations both operate separately from each other.

It is logical that one national broadcaster be moved to Melbourne, and we recommend in this report that it be the SBS, given Victoria's strength in multicultural affairs. As both of us have been long-standing members of the State Government's Multicultural Affairs Legislation Committee we have gained wonderful exposure to and understanding of the cultural, religious and linguistic diversity of this great nation. Regular attendance at multicultural and migrant community festivals and functions have provided us with genuine insight into the needs and aspirations of the 27 per cent of Victoria's population of 4.5 million citizens who come from a language other than English background.

As MPs we are particularly proud that Victoria has long been regarded as the most multicultural state in Australia. Unlike NSW our State continues to call for a significantly higher annual migration into Australia. It is in this context that we do not understand why it should be that both Government funded national broadcasters are located in Sydney. This development is directly at odds with the vision of former Prime Minister, The Hon Malcolm Fraser when he established the SBS. He directed that its resources be evenly spread across a number of states and locations in Australia.

To now be faced with a situation in 1999 in which only 14 SBS TV staff (4 per cent) are based in Melbourne compared to 357 in Sydney is clearly at odds with both the vision of SBS at the time of its creation as well as access by Victoria's multicultural communities to their preferred broadcaster.

On too many occasions when significant multicultural launches, festivals and service delivery initiatives are announced in Victoria, SBS TV is notable for its non-attendance and lack of personnel in providing any coverage at all. The Melbourne-based staff do their best under difficult circumstances.

This situation not only disappoints our multicultural communities who want to showcase their achievements, but often equates to best practise models of multicultural service delivery not being dispersed or broadcast to other parts of Australia for possible adoption.

Our minority report therefore calls on the Federal Government to relocate SBS national headquarters to Melbourne as a matter of urgency. Apart from the obvious benefits that such a move would have on the morale of our multicultural communities, the transfer of 357 staff positions to Victoria would have obvious economic and social benefits to the State's economy.

The staff themselves would enjoy significant cost of living reductions in the move from Sydney to Melbourne - particularly housing.

Recommendation 1

The SBS Head Office be moved to Melbourne.

That an argument be put to the Federal Government from the Victorian Government that the Head Office of SBS be moved to Melbourne.

SBS Television

As stated above the SBS management and most of the staff of SBS Television are also based in Sydney.

The effect of this is that decisions concerning Melbourne come largely from managers in Sydney. These managers have the power to set the agenda in relation to broadcasting in Melbourne and Victoria, and more concerning, the power to override decisions made by journalists in Melbourne.

Staff numbers have fallen in the Melbourne television newsroom and facilities are not being used to their full potential.

The development of Federation Square provides an excellent opportunity for SBS Television to relocate many of its services in Melbourne. This would also be an opportunity to showcase SBS to the wider community. State of the art studios and multimedia technology will all be incorporated into the project. SBS has already been allocated space in the draft design.

Now is the time to seize the opportunity that is being made available for a world class venue to showcase our Special Broadcasting Service to all. These are matters that should be the subject of further investigation. This can only occur if the SBS commits, in a more meaningful way than it has shown to date, to transfer its centre of operations to Melbourne.

Recommendation 2

That SBS Television be moved to Melbourne.

Recommendation 3

That the Federation Square project should be used as an opportunity to relocate other departments and allied production operations of SBS Television to Melbourne.

Signed:

MINORITY REPORT No.2

In response to the Economic Development Committee's Inquiry into the Effects of Government-Funded National Broadcasting on Victoria.

by

Mr. P. Batchelor, M.P.
Mr. M.A. Leighton, M.P.
Mr. H. Lim, M.P.

Pursuant to Section 4N (4) of the *Parliamentary Committees Act 1968*.

EFFECTS OF GOVERNMENT-FUNDED NATIONAL BROADCASTING ON VICTORIA

ECONOMIC DEVELOPMENT COMMITTEE

LABOR MINORITY REPORT



Ron Tandberg – The Age

Authors:

Peter Batchelor, M.P. Thomastown
Michael Leighton, M.P. Preston
Hong Lim, M.P. Clayton

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Chapter 5:	TOWARDS THE GLOBAL LOUNGE ROOM

*Labor Minority Report***CHAPTER 1 – WHY A LABOR MINORITY REPORT**

This minority report has been prepared following a series of unprecedented events that occurred after the adoption of the Committee's main report.

The authors of this minority report are gravely concerned about a political sting being set in place, which would put in danger the very existence of SBS. To the Labor members, this is not on. To the Labor side of politics, SBS is a great institution of Multicultural Australia. To our migrant communities and their individual members, SBS provides a link to the culture and traditions that migrant families have brought to Australia. SBS also provides news, information and ideas that help bring migrant families into the core of the Australian society. Labor believes SBS deserves support, should have an even bigger presence in Melbourne but must have its independence protected at all costs.

Readers of the main report will see that it concentrates more on the ABC than SBS. Some might say this reflects the Government's obsession with the ABC.

However, the terms of reference given to the Committee required it to examine and report into the effects of Government-funded National Broadcasting on Victoria. Obviously this reference also takes in SBS.

Despite the main report being largely silent on SBS, disturbing proposals surfaced from the Government members during the course of Committee work that would have seen the absorption of most SBS functions into the ABC.

SBS is too important to Labor members and the amalgamation proposals were so forcefully argued against that these proposals were taken off the table.

It now appears that SBS is under threat again and Labor intends to ring the bell on this threat.

Labor Minority Report

After the adoption of the main report, two Liberal members, Denise McGill and Paul Jenkins, unexpectedly put in a minority report which again dealt with SBS but from a new angle. This Liberal minority report came out of the blue and must be viewed with great suspicion given their earlier support in the Committee for the effective amalgamation of SBS within the ABC.

Labor members are greatly concerned that the real thrust of Ms McGill's initiative was to bring into effect the earlier proposal to see SBS absorbed into the ABC.

The main Committee report details the role of the Victorian Government in getting SBS to move from its Southbank location to new offices at Federation Square. The size of this new SBS location is roughly the same size of existing facilities and cannot accommodate any real expansion. Clearly this limits the future of SBS just as the Committee argues the new Ultimo B complex in Sydney will limit the ability of the ABC to move resources away from Sydney. Thus building facilities determine resource allocation, administrative structures and the location of jobs.

It seems that to have the Victorian Government locking SBS into Federation Square, with no room to expand, will help require that SBS be amalgamated or absorbed into the ABC at some future date. This type of amalgamation process was canvassed by Government members on the Committee. It does not have the support of the Labor members who will undertake a continuing watching brief on behalf of SBS and the non-English speaking communities of Victoria.

This Labor minority report was prepared mid May following the adoption of the Committee's report and the announcement of a Liberal minority report.

To understand how this happened, one has to understand not only the events outlined above, but also the process of a Parliamentary inquiry.

The Economic Development Committee of the Victorian Parliament has a number of structural characteristics, which have a significant impact on outcomes.

Labor Minority Report

Firstly, the Kennett Government has control of the outcome because it has the numbers on the Committee. The Government has five members, viz Chris Strong, Ron Bowden, Denise McGill, Paul Jenkins and David Treasure. The ALP has four members, Peter Batchelor, Pat Power, Michael Leighton and Hong Lim.

Secondly, the Chair of the Committee, Chris Strong, is a Government member, chairs the meetings and controls the agenda.

In this context, it is understood that the Government can get its way because it's got the numbers. However, during this inquiry the traditional practice of the Committee was largely followed where all work undertaken during the inquiry was undertaken within a consensus construct. Within this regime, all views are brought to the Committee, discussed and differences worked through.

Obviously for some members the outcome of any particular discussion did not always suit. During the course of the Inquiry, individual members accept and provide "give and take" and live with the outcome. Over time, you win some and you lose some.

In this context the report was adopted on 12th May after a period of Committee "give and take". This consensus reality was acknowledged by the Chairman in the Chairman's forward. Following the adoption of main report, two Liberal Committee members announced "out of the blue" that they intended to present a minority report.

This act left the Labor Party minority on the Committee in a position where they felt that a minority report from their perspective had to be tabled.

Of course, once one withdraws a couple of cards, the whole stack tends to collapse. This is what happened here.

CHAPTER 2 – AN INQUIRY BORN OF HATRED

This inquiry was announced by Victorian Premier, Jeff Kennett, in May 1998. Also, Mr Kennett has had a long hatred of the ABC and has often stated his wish to close it down.

On 28 March 1996, Jeff Kennett spoke to the ABC's Radio National's Media Report saying:

"... the ABC... they're like a great leach on society. They use your money and my money to suck blood from society to attack those who create wealth and employ people. The real test for people at the ABC is would anyone ever employ them outside of the ABC, or would anyone ever actually see them in an environment where they have to invest their own money to make a dollar..."

Reporter: Don't you support an independent broadcaster in Australia?

Jeff Kennett: "We've got lots of independent broadcasters. Whether I support the concept of a broadcaster absorbing \$600 million a year without making any contribution to the improvement of the country or not is a different matter altogether. If I had my way, I'd close it down"

On 26 May 1998, when announcing the Victorian Parliamentary inquiry into the ABC, Jeff Kennett made his views quite clear, before the Committee had a chance to even consider any evidence:

"The ABC really does seem to be losing any justification for its existence".

These views of the Victorian Premier are quoted at length because they are part of the prevailing orthodoxy of hatred towards the ABC by conservative forces within Australia.

Labor Minority Report

With these types of attitudes, there is little wonder that at the top of Liberal Governments, State and Federal, there is an attempt to attack the independence of the ABC.

This is despite the current law of the land that the ABC is to be independent of the government of the day.

This conservative agenda was exposed in the Bulletin of 30th March 1999 where it reported that the Communications Minister, Richard Alston, had prepared a "Cabinet in Confidence" document in which Alston "wanted the ability to influence future ABC functions and activities more directly".

Well, Mr Kennett and Mr Alston, keep your grubby hands off both the ABC and SBS.

CHAPTER 3 – SYDNEY CENTRIC – GUILTY

In its terms of reference, the Economic Development Committee was asked to examine, amongst other things, “the current and long-term distribution of government-funded national broadcasting resources and the effect of this distribution on Victoria”.

Central to this request is to look where resources are physically located, where the jobs are and where the decisions are made.

By using any methodology, any group of inquirers there can only be one conclusion: Both the ABC and SBS are heavily concentrated in Sydney and this produces a Sydney centric outcome.

The Committee’s main report covers this in great detail and it’s broad thrust in proving this conclusion is supported by the authors of this minority report.

Even allowing for the location of head office functions, Sydney has more than its fair share of ABC and SBS resources. As far as Victorians go, they do not get their eight cents per day.

We do not propose to retrace all the evidence and all the conclusions and refer readers to the main report.

In particular, we place emphasis on the need for:

- An independent, locally located, well resourced news and current affairs commitment from the ABC in both TV and Radio.
- In resource and program allocation we require an SBS that reflects that Melbourne is the multicultural capital of Australia, relocating both administrative and creative jobs to this city.

Labor Minority Report

- Youth radio that relates to the different regions of Australia.
- High quality television drama production

In all these areas, both the ABC and SBS fail its large and loyal Melbourne audience.

CHAPTER 4 – PUT YOUR MONEY WHERE YOUR MOUTH IS!

Despite communications policy and administration being a Federal responsibility, there are some things that a State Government can do to help, encourage and entice both the ABC and SBS to move resources and jobs away from Sydney.

In the past the South Australian Government got pro-active and as a result of State Government assistance, jobs from within the ABC have been relocated to that State.

If the Victorian Government was serious about getting SBS and the ABC to move, they should offer some assistance. They should put their money where their mouth is.

An idea of what the ABC would find tantalising is contained in their 30th April 1999 submission to the Committee. Some ideas put forward include:

1. Development of State based Accords with ABC

As well as extending and re-committing to existing accords, the ABC says an opportunity exists to develop certain levels of drama, short films or low budget films in Victoria, specifically to provide a sustainable base for production and training.

2. Increase support for Cinemia

The State Government can provide incentives for local production, this is particularly important for independent producers.

3. Whole of Government Approach

Co-ordinated approach across all levels of Government to facilitate increased production.

Labor Minority Report

4. Victorian Arts Industry

Help meet the cost of broadcast rights for relevant Victorian cultural events and festivals.

5. Multimedia

Develop long term options to help sustain ABC's multimedia presence.

6. Radio Australia

Explore opportunities for educational institutions

7. Digital conversion funding

Support and lobby for the Federal Government to adequately fund the digital conversion.

8. Land adjacent to Ripponlea

Discuss how surplus State land adjacent to Ripponlea can be provided to the ABC.

CHAPTER 5 – TOWARDS THE GLOBAL LOUNGE ROOM

In the 1960s Marshall McLuhan developed the notion of the global village, with television shrinking the world.

Today, new communication technology is bringing people and places even closer together.

In the 1960s Marshall McLuhan also theorised about the medium being the message. Today, by extension, some politicians aspire to control the medium and hence control the message. Clearly this is the attitude of the Federal Communications Minister, Richard Alston and the Victorian Premier, Jeff Kennett.

However, whilst this blatant and obvious attack is already under way, there are other really big and challenging issues confronting national broadcasters like the ABC and SBS.

Unfortunately the Committee missed the opportunity to thoughtfully examine these really big issues which are currently confronting the ABC and SBS.

There are major fundamental changes taking place in the communications industry. The world is changing again, as we shrink from the global village to the global lounge room.

The simultaneous impact of digitalisation with its cinema quality vision and sound, and the prospect of multi channelling, pay TV and the optic fibre network, data casting, developments with the personal computer, on-line services and the Internet, media convergence and challenges to the cross-media and foreign ownership media laws and plummeting diversity of ownership, will all have a dramatic impact. Individually and collectively, these issues pose a huge challenge for both SBS and the ABC. Their impact will be bigger than the introduction of FM broadcasting, bigger than the conversion of TV to colour and bigger than the introduction of TV itself.

Labor Minority Report

This challenge is much more than just the funding requirements of digitalisation as acknowledged in the Committee's report.

Digital TV in particular, in conjunction with personal computers, the Internet and the convergence of communication mediums, will take us to places not yet realised. This should have been a major focus for the Inquiry.

Regrettably, it was not. Too little of the Committee's time was spent looking forward. Too much time was spent worrying about corridor gossip from the past.

As the future shape of free-to-air TV in Australia is being questioned, commercial TV is in a state of flux, viewers are disappearing, budgets are being cut and program quality is being reduced, the Committee failed to tackle these issues.

When the "big think" was required, the Committee's work did not take up this challenge.