

Australian Broadcasting Corporation

Submission to the

**Senate Environment and Communications
Legislation Committee**

**Inquiry into the Australian Broadcasting
Corporation Amendment (Rural and
Regional Measures) Bill 2017**

January 2018



Australian Broadcasting Corporation Submission to the Senate Environment and Communications Legislation Committee Inquiry into the ABC Amendment (Rural and Regional Measures) Bill 2017

January 2018

Introduction

The ABC welcomes the opportunity to make this submission to the Environment and Communications Legislation Committee's Inquiry into the *Australian Broadcasting Corporation Amendment (Rural and Regional Measures) Bill 2017*.

The origins of this Bill were made public by Senator Pauline Hanson on 15 August 2017, when she announced that One Nation had given conditional support for passage of the Government's Media Reform Bill through the Senate in exchange for a number of concessions. These concessions include the introduction of legislation that would result in the formation of the Bill currently before this Inquiry.¹

In light of this, the ABC would argue that this Bill is purely a transactional measure that has no basis in public interest or public demand. Further, this submission will set out how the ABC's commitment to rural and regional Australia is evident, unwavering and has been bolstered in recent years by measures undertaken directly by the Corporation. Considering these factors, the ABC contends that the proposed amendments are unnecessary, amount to gratuitous legislative interference and should be approached with considerable caution.

¹ <https://shop.onenation.com.au/blogs/labor-ldp-plan-to-burn-cane-growers/one-nation-gives-conditional-support-to-media-reform>

The proposed amendments

The ABC notes the Explanatory Memorandum of the Bill, which states that the *“intention of the amendments to the ABC Act is to ensure rural and regional communities are provided for in the functions of the Corporation and through representation on the ABC Board”*.²

Further, in the second reading speech for the Bill, the Minister for Communications and the Arts, Senator the Hon Mitch Fifield stated:

“As a whole, the Bill contains a range of measures that will strengthen the focus of the ABC on rural and regional communities. They represent important safeguards for those Australians living outside the capital cities and larger metropolitan areas.”

Counter to this view, the ABC contends that it has been at the centre of rural and regional life since its inception in 1932, that regional and rural Australians have a great affinity and trust in the ABC and that there are numerous safeguards already in place that ensure that the ABC maintains its commitment to regional Australia.

The ABC also notes that the amendments proposed in this Bill are derived from the *Australian Broadcasting Corporation Amendment (Rural and Regional Advocacy) Bill 2015*. In the nearly three years since that Bill was drafted, the ABC has only strengthened its commitment to serving regional and rural Australia. This additional structural and financial commitment includes:

- The establishment of a dedicated regional division in July 2015 – ensuring that more than ever, regional issues, news and information are covered locally, regionally and on a national level across all platforms.³
- The Connecting Communities package - the ABC’s biggest single investment in regional news and information, announced in March 2017.⁴

No legislative change was required to bring about these major initiatives. Instead, the ABC was guided, as it should be, by its inherent obligation to serve rural and regional Australians – an obligation which remains as unequivocal and fit for purpose as ever.

² https://www.aph.gov.au/Parliamentary_Business/Bills_Legislation/Bills_Search_Results/Result?bld=s1096

³ <http://about.abc.net.au/press-releases/new-abc-division-to-champion-regional-voices/>

⁴ <http://about.abc.net.au/press-releases/building-the-abcs-services-in-regional-and-remote-australia/>

It is also noteworthy that this increased investment was made possible through internal savings measures in the Corporation's support services and back-room functions and was not the result of any additional funds committed by Government for regional or rural audiences.

In fact, the ABC estimates that over one-third of its total annual budget is specifically invested in services to the one-third of Australians who live in regional and rural centres. This expenditure includes content, transmission and other infrastructure costs and has been maintained despite a decision by the then Minister for Communications in November 2014 to reduce ABC base funding by \$207 million over four years from 2015-16 to 2018-19.

Further to this direct expenditure, regional and rural audiences also enjoy the benefit of the ABC's overall investment in national services and programs, such as digital and online services, national radio networks like triple j and Classic FM, Australian television drama programs and nationally important news and current affairs programs like *Four Corners* and *7.30*.

The ABC considers that its investment in regional Australia is critical given the contraction and consolidation of commercial media services in regional Australia. Key commercial developments over the past three years include:

- The News Corporation purchase of APN News & Media's regional division, consisting of 12 daily newspapers and 60 community newspapers⁵ and the subsequent announcement in April 2017 that it would reduce its budget by \$40 million⁶ with a potential loss of regional 300 jobs through 'back office synergies'.⁷
- The Media, Entertainment and Arts Alliance estimate that more than 500 jobs from Fairfax regional newsrooms have been cut in the last three years.⁸
- The closure of WIN's Mildura and Mackay bureaux in 2015.⁹
- Prime Media announced redundancies in Wagga Wagga, Tamworth and Canberra in September 2015.¹⁰

⁵ <https://mumbrella.com.au/news-corp-apn-arm-find-a-newspapers-buy-375307> .

⁶ <http://www.afr.com/business/media-and-marketing/publishing/more-job-cuts-loom-at-news-corps-australian-papers-20170410-gvht9f> .

⁷ <https://mumbrella.com.au/news-corp-axe-300-jobs-arm-acquisition-suggests-report-394653>

⁸ Hansard, Public Interest Journalism Inquiry hearings, 17 May 2017

⁹ http://www.abc.net.au/mediawatch/transcripts/1517_crikey.pdf

¹⁰ <https://mumbrella.com.au/prime-media-confirms-editorial-redundancies-319796>

- The closure of the Nine Network Darwin studios in September 2017, resulting in the ABC delivering the only locally-produced nightly television news bulletin.¹¹

In such a landscape, the importance of a strong, independent and adequately funded public broadcaster is critical to ensure that regional Australians continue to be informed and educated on issue of local and national importance.

There are assertions that in this environment the Corporation should restructure and redirect funding to address commercial market failure issues in regional media. The argument that the ABC can and should simply redirect funds away from digital and other activities to address commercial broadcasting market failure pockets in rural and regional Australia is fundamentally flawed, and betrays a lack of understanding about the ABC's history, production, programming, budgeting and Charter. This argument also wilfully ignores the fact that regional and rural audiences enjoy the same programming and expect access to the same services, including digital services, as their metropolitan counterparts.

Despite claims to the contrary, the ABC has never been, and nor will it ever be, a 'market failure broadcaster'. It was created and exists alongside commercial broadcasters to provide a range of quality programming and to maximise diversity within the Australian media sector. This role is well understood and well appreciated by the community.

The ABC asserts that the *Australian Broadcasting Corporation Amendment (Rural and Regional Measures) Bill 2017* produces no tangible results for regional and rural audiences that are not already being met by the ABC. This submission will address each of the amendments in turn.

¹¹ <http://www.abc.net.au/news/2017-07-11/nine-news-darwin-to-lose-local-bulletin-and-staff-in-cuts/8697370>

1. Inclusion of regional and geographic diversity in the ABC's Charter

The Bill seeks to amend the ABC Charter in relation to the delivery of services to ensure that the ABC's programs contribute to a sense of 'regional' as well as national identity, and to reflect the 'geographic' as well as cultural diversity of the Australian community. The ABC considers the inclusion of these two words to be superfluous.

The ABC is the national broadcaster and the current provision in the Charter should be read in the context of the whole Act. The current phrases "national identity" and "cultural diversity" must be and are interpreted broadly. Therefore, when fulfilling its Charter obligations, the Corporation is already obliged to take account of regionalism and geographic diversity when broadcasting programs that contribute to Australia's national identity and cultural diversity. The delivery of that obligation is demonstrated not only by the range of the ABC's programming, but by its direct financial investment in dedicated services to rural and regional audiences.

The ABC's ongoing commitment to and presence in regional and rural communities across Australia is strong and unwavering. Its regionally based content makers live and work from 46 locations across Australia – from Kununurra in the north-west, across to Cairns in the north-east and down to Launceston in the country's south. While the ABC has been effectively delivering on its current Charter obligations to communities in these locations for decades, in March 2017 the Corporation announced it would strengthen this investment further through a:

- \$15 million per annum operating budget increase, providing for the hiring of an additional 78 new content makers focussed on creating and sharing stories about regional Australia.¹²
- \$3.6 million one-off funding injection for technology and equipment to be distributed to regional teams across the country.

As previously noted in this submission, this increased investment from the *Connecting Communities* package was made possible through internal savings measures in the Corporation's support services and back-room functions and was not the result of any additional funds committed by Government for regional or rural audiences.

¹² <http://about.abc.net.au/press-releases/abc-accelerates-regional-jobs-and-services-under-connecting-communities-plan/>

The benefits to rural and regional audiences from this increased investment include:

- A national digital team launched in July 2017 dedicated to producing digital articles, videos and social media posts to further leverage content produced by the *Landline*, *Back Roads*, *Australia All Over* and *Saturday Night Country* teams.
- The launch of *ABC Weather* in September 2017, which allows for a dedicated specialist producer and reporter to create new and distinctive stories about the ‘why’ of weather.¹³
- Enhanced weekend coverage of news and events in regional Australia.
- Newsletter trials to introduce regional audiences to bespoke email newsletters ideal for mobile consumption.
- A Remote Communities Fund to provide for additional travel for regional and rural reporters to remote communities so that their stories can be better told.
- A \$20,000 scholarship to develop regional writers and content makers in the disability community, allowing them to enhance their storytelling skills and experience.¹⁴
- A Rural Traineeship program, providing three young reporters with the opportunity to develop their journalism skills and knowledge of the agricultural industry in rural Australia.¹⁵
- The launch of *Australia Wide*, a new weekday regional radio current affairs program.¹⁶

Apart from the significant investment made through the *Connecting Communities* package, other recent developments that have resulted from the ABC’s enhanced focus on regional and rural Australia include the creation of the *Back Roads* and *Taste of Landline* programs, and the extension of live audio streaming to 42 regional areas.¹⁷

In addition to this focus by the Corporation on boosting its regional operations for the benefit of audiences, the ABC continues to be trusted by audiences in regional Australia at far higher levels than they do for the public broadcaster’s commercial counterparts. According to the 2016 independent Omnipoll, the ABC continues to outperform commercial media in the perception of provision of news and information about country and regional Australia. Overall, it was found that 79 per cent of Australians believe that the ABC does a ‘good job’ covering

¹³ <http://about.abc.net.au/press-releases/introducing-abc-weather-the-story-behind-the-science/>

¹⁴ <http://about.abc.net.au/press-releases/abc-regional-champions-emerging-voices-in-the-disability-community/>

¹⁵ <http://about.abc.net.au/press-releases/abc-creates-more-opportunities-for-australians-with-the-launch-of-three-rural-traineeships/>

¹⁶ <https://radio.press.abc.net.au/abc-launches-new-regional-weekday-radio-current-affairs-program-australia-wide>

¹⁷ <http://about.abc.net.au/press-releases/abc-announces-19-new-radio-streams-available-by-2018/>

country and regional issues, in comparison to the 43 per cent that believe commercial media does the same.¹⁸

Moreover, the community understands the financial pressures and constraints that the ABC is under, and the need for additional funding to allow the ABC to increase its regional investment. Independent polling commissioned by the Australia Institute in 2015 found strong support across the nation for increased ABC funding to improve regional services.¹⁹

Given the ABC's continued focus on serving regional audiences and the level of trust it receives in return, the ABC questions what fundamental legislative flaw the proposed amendments are designed to rectify. In the absence of any rationale, the ABC can only conclude that the current amendments amount to unnecessary legislative intervention at a time when the Government required vital cross-bench support for its media reform initiatives.

The ABC believes that any intervention in the Charter and the Act in response to specific interests, no matter how important they may be, should be approached with extreme caution. There has only been one such instance of intervention and this occurred in March 2013 when the Government sought to amend the Act to include a new Charter responsibility to ensure the ABC would provide digital media services. This Charter responsibility was for all Australians, as is appropriate for a national broadcaster.

2. Establishment of a Regional Advisory Council

Under subsection 11(1) of the ABC Act, the ABC Board is currently required to establish an Advisory Council under the name Australian Broadcasting Corporation Advisory Council. The function of the Australian Broadcasting Corporation Advisory Council is, either on its own initiative or at the request of the Board, to advise the Board on matters relating to the Corporation's broadcasting programs. Further to this, under subsection 11(6), the ABC Board is required to have regard to ensuring that the Advisory Council consists of a broad representation of the Australian community.

In accordance with these provisions, the ABC has a 12-member Advisory Council to provide advice to the Board on matters relating to the Corporation's programming, including that

¹⁸ <http://www.abc.net.au/corp/annual-report/2016/c2-audience-trends.html>

¹⁹ The Australia Institute. "Heartland—Why the bush needs its ABC", September 2015

delivered to regional Australians. The Advisory Council members are appointed by the Board after a competitive selection process and are drawn from across the country, ensuring that they represent the Corporation's broad audience. Of the 12 current members, six are located in regional centres, including representation from the Torres Strait, Launceston, Grafton, Cains, Jamieson and Parilla. Of the remaining six members, a number have also at some point lived or worked in regional Australia.

The Bill currently before this Committee requires the ABC Board to establish another permanent Advisory Council under the name Australian Broadcasting Corporation Regional Advisory Council. Under the proposed subsection 11(3)(a), this new body would be responsible for providing the Board with advice on the ABC's broadcasting services in regional Australia.

The ABC is of the view that an additional permanent and ongoing, and effectively competing advisory body would simply replicate the functions and advice provided by the current ABC Advisory Council, while also adding to the costs of the council and its secretariat support.

The ABC notes that the Explanatory Memorandum to the Bill identifies that the formation of a Regional Advisory Council would have an ongoing financial impact and that these costs would have to be absorbed by the ABC, at a time when the Corporation is under pressure to reduce administrative and support costs and is undertaking significant efficiency measures.

The ABC does not consider that the resources and expenses required to set up and maintain a Regional Advisory Council can be justified, considering:

- the significant regional representation on the ABC Advisory Council;
- the duplication of functions and the additional costs imposed on the Corporation resulting from the establishment of another advisory council; and
- the existing provisions in the ABC Act that already allow for the Board to receive advice in relation to matters affecting regional Australia.

3. ABC Board to consult with the Regional Advisory Council

Under subsection 11(13) of the proposed legislation, the ABC Board would be required to consult the Regional Advisory Council prior to making a decision that will have a significant impact on regional audiences. Under subsection 11(12), the ABC Board is already required to have regard to advice furnished by the Advisory Council or any advisory committee.

The ABC is opposed to the proposed amendment as it effectively removes from the ABC Board its ability to choose the matters on which it will consult when discharging its responsibilities, therefore diminishing its discretionary powers. The proposed change also undermines the ABC Board's ability under subsection 11(9) of the ABC Act to determine the manner in which advisory bodies perform their duties.

4. ABC Board connection to regional Australia

Under this amendment the Government would be required to take all reasonable steps to ensure that the ABC Board has at least two appointed non-executive directors who have a substantial connection to, or substantial experience in, a regional area through business, industry or community involvement.

Under the current legislation, selection to the ABC Board is based on a mandatory merit-based process. Following assessment of the applicants by an independent panel, appointment to the ABC Board is made by the Governor-General on the advice of the Prime Minister in the case of the Chairperson, or the Minister for Communications and the Arts in the case of other Board members. Therefore, ultimately the selection, appointment and composition of the ABC Board is a matter for Government.

This independent and merit-based process was enacted with bipartisan support by amendment to the ABC Act in June 2012. Under this process the independent panel and the government of the day must be satisfied that the person is suitable for appointment because of:

- experience in connection with the provision of broadcasting services or in communications or management;
- expertise in financial or technical matters; and

- cultural or other interests relevant to the oversight of a public organisation engaged in the provision of broadcasting services.

Under this process, regional applicants can and do apply, and in fact, two current Board members already satisfy the requirements of the proposed amendment.

However, the ABC is concerned that the use of arbitrary quotas as proposed in this legislation may actually act against the best interests of the Corporation and its audiences. The ABC is a corporation operating in a complex and rapidly-changing media environment. Stewardship of that business requires board members with business and media skills. The ABC would be concerned if prescribed quotas were to hinder the ability of Government to choose people best qualified to help steer the Corporation through this challenging landscape.

Notwithstanding these concerns, the Government is already able to satisfy the objectives of this amendment without introducing unnecessary legislative change.

5. Annual Reporting obligations

As part of the proposed amendments, additional reporting requirements would be placed on the ABC under Section 80 of the ABC Act. These relate to information on the number of employees located in regional areas and the number of employees based in metropolitan areas. The ABC would also be required to provide a ratio of employees in regional and metropolitan areas categorised as 'journalists' in comparison to 'support staff'. Under these amendments there is also a requirement to report on the total number of local or regional news bulletins broadcast during the reporting period.

The proposed amendments, which would see employee numbers reported as a simple regional versus metropolitan comparison, are arbitrary and based on a fundamental misunderstanding of how the ABC is structured to provide value for taxpayers. A direct comparison without the inclusion of relevant context would also fail to present an accurate picture of how many ABC employees are dedicated to producing content and delivering services for regional audiences.

For example, the ABC employs a significant number of employees in support services from finance, administration, transmission through to property services – all of whom are based in metropolitan areas for efficiency reasons but who spend a significant proportion of their time

providing support, advice and services to the ABC's regional teams. These teams provide the necessary business support to regional teams, which in turn allows these regionally-based employees to focus on creating and producing content.

Under the current wording, these employees would be classified as metropolitan employees yet a significant proportion of their work is dedicated to serving regional areas. Similarly, some program teams are based in metropolitan areas due to the practicalities of requiring access to specialist skills like television editing and post-production. These teams, including those who work for *Landline* and *Back Roads*, produce content focussed on regional Australia for regional and metropolitan audiences. Yet under the proposed annual reporting requirement, these teams would be classified as metropolitan employees. The ABC is therefore concerned that requiring the ABC to report in this way will result in a skewed and inaccurate representation of the ABC's true commitment to serving regional Australia.

The proposed subsection 80(1)(q) to report the total numbers of hours of local or regional news bulletins broadcast appears to place significant emphasis on news bulletins at the expense of live radio programming and online and mobile content. These are all important platforms from which Australians, including regional Australians, now access their news and information, and no rationale is provided as to why regional news bulletins have been singled out. This proposed legislation again appears to reflect a fundamental lack of understanding about the services provided by the ABC to regional Australians and their news and media consumption behaviours.

Closing comments

The ABC is deeply committed to the one third of Australians who live outside the nation's capital cities and in recognition of that, it dedicates approximately one-third of its annual budget directly to these audiences. Further, all Australians, no matter where they live, enjoy the benefits of the ABC's overall expenditure on programs, services and platforms. In this way, the ABC fulfils its comprehensive role as Australia's pre-eminent local, regional and national broadcaster.

In recognition of the vital role regional Australia plays in shaping the nation's identity, in recent years the ABC has sharpened its focus and has significantly increased its commitment to, and investment in, regional news and information. In performing this critical function, the ABC not only provides local communities with comprehensive news and information across platforms, it also ensures their stories are shared across regions and nationally. In this way, the ABC gives local communities a voice in national conversations and reflects the geographic and cultural diversity of Australia in its coverage.

The proposed amendments appear founded on a misconception of the ABC's Charter responsibilities and a misunderstanding of the Corporation's current services and commitment to rural and regional Australia. The Bill would also result in a duplication of certain support services and would bring significant financial impost on the Corporation. Moreover, unnecessary legislative intervention will only serve to set a dangerous precedent for future political interference aimed at undermining the independence of the ABC and its Board.

The Corporation is firmly of the view that the current ABC Act, including the ABC Charter, is appropriately drafted to ensure that the ABC is well placed now and into the future to serve all Australians, irrespective of where they live. As such, the ABC does not support the Bill.