

8 August 2001

29 Stephens Street
North Balwyn
VIC 3104

The Secretary
Senate Environment, Communications, Information Technology and the Arts References
Committee
S157, Parliament House
CANBERRA ACT 2600

Dear Sir

METHODS OF APPOINTMENT TO THE BOARD OF THE ABC

This submission (attached) is in response to the reference of 27 June 2001 from the Senate to the Committee concerning the method of appointment to the Board of the Australian Broadcasting Corporation. I would be pleased to discuss the contents of the submission with the Committee and I may be contacted on Tel: 03 9857 9588 (h) or 03 9326 7211 (w).

Yours faithfully

Ian W. Hundley

ATTACHMENT A

SUBMISSION TO THE REFERENCE ON METHODS OF APPOINTMENT TO THE BOARD OF THE ABC

A. Performance of Current Non-Executive Members of the Board and the Managing-Director

The question of the method of appointment to the board of the ABC is now a matter controversy in the community because of the poor performance of the managing director of the Corporation, Mr Jonathan Shier.

As the managing director is appointed by the board, it raises the issue of whether the board, as currently constituted, was competent to appoint the managing director. In my view, the evidence of Mr Shier's efforts since his appointment in March 2000 shows conclusively that it is not.

All the most fashionable features of modern-day conservative management, which readily translate into dysfunction, characterize Mr Shier's stewardship of the ABC. These include:

- An apparent obsession with changing the "culture" of the organization but without articulating what these changes ought to be and why they are considered desirable;
- An elitist view of leadership which dictates that those at the top of the organization "lead" whilst all others are encouraged to increase their work efforts in fear for their jobs;
- A devaluation of the worth of corporate memory. The imperative to revamp the organization calls into question the value of everything that has gone before; and
- A pre-occupation with changes in transmission and other communications technologies at the expense of delivering quality programming here and now.

In retrospect, these outcomes are not surprising. Press reports indicate that the managing director has no background in public broadcasting and very limited general management expertise. Whilst analogies between profit seeking corporations and public bodies are necessarily limited, if the ABC were a well-run company one could expect that the directors would take steps to remedy the situation and seek a replacement for the under-achieving managing director. The situation is particularly critical because Mr Shier's appointment could otherwise run until March 2005. Much further damage will be done if immediate steps are not taken by the board to recruit a competent chief executive.

If the current board members are not prepared to take these steps then they should resign. Failing that, the government should terminate their positions and appoint a new board.

B. Required Skills and Experience of Board Members

An important question for the future, therefore, is what is the nature of the skills and experience required of Board members to minimize the risk of staff selection failures of this magnitude. I suggest the following as a minimum:

- Expertise in senior staff appointments in the setting of a large organization, preferably in public bodies; and
- Strong knowledge and affinity for the role of the public broadcasting sector, especially the ABC.

Superficially, it would appear that some members of the current board may have these qualifications, but this is belied by their performance in appointing Mr Shier. Clearly, the selection of board members in future must be more rigorous.

Beyond the issue of the appointment of the managing director, in order to discharge their responsibilities in the day-to-day running of the ABC, board members need to have a wide range of other skills and experience.

All non-executive directors should have proven appreciation of all the major program areas in all transmission mediums, including news, current affairs, drama, documentaries, children's programming and sport.

In addition, all members of the board should be willing and capable of being ambassadors for the organization. Taken as a whole, the current members have conspicuously failed in this role.

Non-executive directors need to have other skills as well, in the aggregate, for the board to discharge its responsibilities competently. By that I mean that the board as a whole should include these skills in good measure. However, it would be unreasonable to expect that they would each possess all these skills and experience. They should include corporate management skills and knowledge (this should include, non-exclusively, such areas as personnel management, budgeting and financial management and purchasing). These skills are quite often under-rated in the board membership of public bodies, but it is vital in defining an effective working relationship between the board and management. In the absence of these skills the board will inevitably be overly deferential and insufficiently critical (in the objective sense) of management proposals and decision-making.

C. Method of Appointment of Board Members and Membership of the Board

The non-executive members of the board (including the chair) are appointed by the government and the board appoints the managing-director. These arrangements should continue, but with substantial reforms to reduce the risk of the current difficulties being

replicated in future appointments. I have only one thing to say about the membership of the board and that is that the position of staff-elected Board member should be retained. Staff are the most important asset of the ABC and this small token to industrial democracy must be retained.

I ask the Committee to consider the following innovations in the appointment of board members to make more certain the competent governance of the ABC and to remove the strong impression of sinecure that now affects the current board:

- That a database of potential new non-executive appointees for the board, including a capability statement for each, be retained by the executive government to which any citizen may be nominated at any time. All proposed new appointments should be drawn from this database, which should be available for examination by all major party spokespersons. The database should have a continuous life which survives the prorogation of the parliament;
- The responsible minister should advise major party spokespersons of a preferred candidate for any board vacancy at least one month prior to the appointment being considered by cabinet and to engage in consultation in the matter with major party spokespersons during this period;
- That in proposing any appointment to the board, the responsible minister shall state to the parliament how the proposed new appointment contributes to meeting the range of skills and experience required of the board membership, as discussed in Section B of this submission; and
- That the advertisement and the short-listing for the position of managing director be conducted in consultation with the Public Service and Merit Protection Commission. The position should always be publicly advertised and the appointment should be made in accordance with merit principles by the board and based upon key selection criteria stated in the advertisement.

In conclusion, I propose that these reforms should be incorporated into the Broadcasting Services Act.

Ian Hundley
8 August 2001