

“The ABC in the Media Ecosystem”
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Widely Used, Trusted and Popular

Every year, *Newspoll* surveys the state of public feeling about the ABC and we’ve just received the latest results. So I thought today would be a good time, and AMCHAM a good forum, in which to share with you the findings we have fresh from *Newspoll*.

They tell us something very significant about the ABC’s relationship with the public in 2013.

Firstly, *Newspoll* reports that the ABC is widely used, with just under 75% of Australians using ABC TV, radio and online each week.

Secondly, it’s not just widely used, but widely trusted with 78% of Australians saying the ABC does a good job of being balanced and even handed. That trust is very important, particularly to a news organisation and was further confirmed by last week’s Essential Poll which found that the ABC was the nation’s most trusted institution.

Trusted more than the High Court. More than the Reserve Bank.
More than charitable organisations.

But finally, not only is the ABC widely trusted and widely used, it’s also widely popular, with 85% of Australians saying the ABC performs a valuable role. That’s a hat trick of results that shows just how extensive public support for the public broadcaster is. And it’s not just good news for the ABC, but good news for all of us whose taxes support it.

It also seems a good endorsement of the audience-focused strategy we’ve had for the past last decade or so. That strategy was prompted by the explicit shift in power from broadcaster to audiences that has occurred because of digital innovation.

That focus has ensured that the ABC has remained relevant to contemporary life. *Newspoll*'s evidence of public support is also a good basis from which we can take a wider look at the role of the ABC in Australia's vibrant yet volatile media ecology.

Australia's Media

I want to provide some clarity about how we see the ABC developing and what we're trying to achieve in Australia's digital media environment.

Our domestic media environment, like media environments all over the world, is experiencing great, disruptive change of unprecedented speed and scale.

So what does our media ecology look like in 2013?

Despite the impact of the internet, commercial TV and radio broadcasters are still able to marshal big, appreciative audiences. We have an innovative Pay TV sector with new low-cost players emerging almost daily.

Of course, there are clouds on the horizon for all broadcasters, public and commercial, with the fast broadband network just around the corner. Progress in digital life conforms to a pattern we've become very familiar with: what looks like a disruption for providers can still mean a dividend for audiences.

The market in which all Australian broadcasters came into being last century was a closed and national one. Fast broadband transforms that into an open, global market. *YouTube* will look like another TV channel. Who knows what *Apple* is planning?

It's a richer environment for audiences and a far more challenging one for Australian media. It's a world of more choices, creating more competition for audience attention, more places for advertisers to seek that attention.

And the rise and rise of the smartphone and tablet in Australia, convergence—which simply means all our radio, television and print media experiences being available in a single device—will further blur the lines between the old media platforms, reducing their dominance.

You know as well as I do, from your children, that the desktop is no longer the centre of the online world. For them, mobile is the default media consumption setting, as it will be for more and more Australians in future.

We've observed this with *iview* at the ABC, which was first created with the desktop in mind. Today, most *iview* watching takes place via tablets, phones and game consoles.

Australia's newspapers contend daily with the frustrating paradox that dramatic opportunities for increased readership have come hand in hand with an equally dramatic drop in advertising and circulation revenue. Again, fast broadband will make conditions even more competitive for our colleagues in print.

In the media business, it's tougher all round.

Finally, let's not overlook those superpowers of search and social that feature so prominently in our media ecology too. *Google's* operation in Australia now books a billion dollars in advertising revenue a year.

As Eric Beecher has pointed out, *Google* now generates more ad revenue than the entire Australian radio industry, a lot more than the three Fairfax flagship newspapers combined, more than any of Australia's free-to-air TV networks, almost as much as all magazines in Australia.

All that ad revenue with none of the expenses of providing a news service, without employing journalists, investigative teams, specialist writers or analysts, without creating newsrooms and foreign bureaux. All that ad revenue without any of the journalistic dividend news organisations traditionally paid for with their advertising windfall—and are still paying for. I won't even start on the tax *Google* is reportedly paying!

Each day more people connect more often with media content through search and social media referrals. And we know that social media increases audience engagement and by being shared, content becomes part of the daily conversation.

So while search remains significant, social becomes more significant each day. As with mobile use, it's generational. Today,

more under 45s now come to content through social media rather than search.

Whether public or commercial, Australia's content providers face many common challenges.

The Place for the ABC

So where do I see the ABC in all of this? I think Jeff Jarvis's book, *Public Parts*, about sharing in the digital age, provides a good description of what we're aiming for. He writes about an organisation that sees itself as a member of an eco-system and which understands "*the value of every relationship, even relationships with competitors, to create both value and efficiency... a platform or network that would foster others' success.*"

I think you will recognise how that ambition manifests itself if you take a look at the pattern of the ABC's innovations and its partnerships and collaboration with other Australian media over the past decade.

Every time the ABC has delivered something new to audiences, it has stimulated and nourished Australia's media ecology. And we don't pull the ladder up after us. For instance, when we started *iview*—the first and most successful catch-up TV service in the nation—we were willing to make the architecture available to Australia's free to air TV services.

When we innovate, we create markets. New content that we provided through Australia's pioneering digital television service ABC2, drove uptake of digital television. Similarly, ABC3 and ABC News24 triggered giant steps in the market takeup of digital TV. Our partnership with the other TV services in Freeview was the next step, promoting the entire free to air offering. We have been working in partnership with the Commercial Radio Association to drive uptake of digital radio.

With News Limited, Fairfax, SBS, AAP and Australia's commercial TV and radio stations, we formed Australia's *Right to Know Coalition* to pursue freedom of speech issues. ABC and Fairfax journalists have worked together on stories that have appeared on ABC Online and *Four Corners*.

All in all, whenever there's a partnership that will benefit audiences, you can rely on the ABC to pull its weight.

We're very alert to the balance between public and commercial media in this ecology. We understand that we need each other. Despite the assertions of some critics, the challenge facing news publishers and broadcasters here has little to do with public broadcasting. If it did, the US, which does not have an integrated cross-platform public broadcaster of any scale, would be the most profitable newspaper market on the globe.

The blunt reality is that newspaper circulation revenue in the US has fallen 15% since 2008 and advertising revenue has plummeted by 42%.

There is no correlation globally between the strength and size of public broadcasting and the health of the newspaper industry.

Another blunt reality is that much of *Google's* money in Australia comes from advertising revenue—the famous rivers of gold—that once flowed through newspapers. The ABC took not one cent of it.

The idea that somehow by reducing the ABC, you can inoculate commercial broadcasters and publishers from the impact of this sweeping, global revolution is a nonsense. The ABC is a publicly funded safe harbour, where investment can continue to be made in content that the public greatly values, but which may not be able to drive a viable return to shareholders. It an investment the public has repeatedly shown they are willing to make.

Former Prime Minister John Howard once said that...*The balance between the provision by the public broadcaster, the competition that that provides, the competition that exists between the commercial providers and the competition amongst all of them, is one of the underlying strengths of the media in this country.*

So while we're determined to keep the ABC innovating, doing our best for audiences, we're also vigilant about the nature and impact of the ABC's contribution. And I think we mostly get it right.

The ABC, as the public broadcaster, can help by providing a counterweight to some of the market-driven turmoil of these disruptive days for media.

The ABC as it was, as it will be

While it was created in the image of the BBC, there was always a fundamental difference between the ABC and its British counterpart. The BBC delivered monopoly services on radio for decades and was also, for most of its history, the dominant force in British television. But the ABC was never a monopoly, never dominant in Australia.

From the outset, in radio and then in TV, we worked alongside commercial broadcasters, because only together could we provide the complete and comprehensive service Australian audiences wanted.

Certainly, the ABC had a responsibility to deliver a range of services which commercial broadcasters would not find profitable. But the ABC's brief has continued to be to deliver programming of wide appeal and specialist interest, considering its offering mix in light of what was offered by commercial broadcasters.

Never in its existence has the ABC been purely a "market failure" broadcaster, delivering only content that no commercial broadcaster was willing to provide. We've always been in the mainstream, not the margins.

And, as the popularity of new services offered by the ABC such as the children's channel *ABC3*, *iView* and *ABC News 24* demonstrates, there's great public support for an ABC providing a broad range of programming.

Whenever this matter has been looked at, from the *Dix Report* in the 80s to the *Mansfield Review* in the 90s and the Productivity Commission's *Broadcasting Enquiry* in 2000, no one has suggested it would be a bright idea to leave entertainment and information to commercial television alone.

Keep in mind also, this conclusion was reached time and time again during some of the best years for Australian commercial TV,

when its dominant market position was delivering huge profits which were then poured back into content.

Even then, the idea that the ABC should only provide content the market was unwilling to provide was consistently rejected and that's because it would mean you'd have an ABC whose programming depended entirely on what the commercials wanted to do, which was a fickle fate then and is even more fickle now given the massive pressure commercial schedulers are today under.

Of course, the ABC is not shielded from market forces when competing for talent, content and ideas. Programming that offers the greatest commercial benefit to commercial broadcasters develops a price of its own and the ABC's inability to monetise success means it's often priced out of the market.

As a schoolboy I could watch all premium sport on ABC-TV. Now, it's almost exclusively the domain of commercial broadcasters. When the ABC develops great talent, it is not unknown for that talent to double their earnings simply by crossing over to the commercials.

When the ABC has a success, like *Gruen*, *Mad as Hell*, *The Chaser*, *The Slap* or *Jack Irish* or *Paper Giants* or the powerhouse that is *triple j*, critics will sometimes ask why those successes are funded by taxpayers on the ABC, not by advertisers on commercial networks.

But of course, those ideas and programs and networks were allowed to grow and flourish in the ABC environment. Without needing to drive an immediate financial return, the ABC can invest in talent without needing immediate success or a boost to the quarterly return. We can be patient, nurture and allow ideas to evolve and give talent the opportunity to develop.

And increasingly, when producing content, we operate in partnerships that benefit not just audiences and the ABC but the wider production sector as well.

While we still develop significant hours of television in-house, we have worked extensively with independent producers as well. Since 2009, ABC television has commissioned programs with 213

individual production companies working on 363 projects. An ABC investment of \$367 million has resulted in \$712 million in total production value.

This has been a boon for the independent sector and has helped talent and businesses to flourish in a way that has benefited every television networks.

Some of these shows have been large scale and widely popular, like *Rake* and *Dr Blake*. Others have been small, specialist documentaries and factual programs meeting the interests of smaller but highly appreciative audiences.

It's a similar story in radio. Networks like ABC Local Radio and *triple j* offer programs that attract large numbers, whereas *Radio National* and *Classic FM* audiences are more niche but ferociously loyal.

What all this adds up to is an important contribution to the Australian media ecology—and an ABC which Australian audiences use extensively and appreciate.

Despite the popularity of some of our programs, I think many pass the test of being something that only a public broadcaster would produce.

Australian commercial FM radio, based on US formats with limited music playlists and highly commercial sounds, meant there was space for a *triple j* to find very significant audiences for different music that was both independent and significantly Australian. Ask any musician, anyone from an Australian music label—if you take *triple j* out of the equation, you don't *have* a contemporary Australian music industry.

In TV, the commercials understandably would not have been willing to offend advertisers with a *Gruen* or *The Checkout*, may have found *Rake* too offbeat and risky and even going back decades, would not have been as patient with Norman Gunston or Aunty Jack. It took *years* for the Chasers and Chris Lilley to become overnight sensations. As they found their feet, they found their audiences—and they did both on the ABC.

Successes like Norman Gunston and *Kath & Kim* found their way to commercial networks eventually, but many other shows continued to flourish on the ABC. Some talent has moved comfortably back and forth. And of course, in the midst of successes, there have been many noble, well-intentioned failures as well. You have to kiss a lot of frogs before you find the prince.

I would argue that the system whereby the ABC competes with and complements existing commercial services still provides great public benefit—an important public insurance in these uncertain times in media.

Nine Entertainment chief David Gyngell highlighted that uncertainty this week with his warning that in an era of intense competition only two of the three commercial free-to-air may survive. Multi-channeling has fragmented audiences and there is a wave of new online competitors either on the horizon or already operating.

The TV business models still require mass audiences to sell to the advertisers and these days, that means shelling out increasing amounts for ‘tent pole’ reality shows that can be run across a week, or paying exorbitant prices for live sport.

Meanwhile, Australian content, including expensive and popular content like Australian drama, will remain a priority investment for the ABC. I can see a time in the future where this becomes an even more necessary contribution to the media ecology of the nation. I think we’ve set a good example in a multichannel environment where *ABC3* and *ABC News24* have been the dominant flag bearers for Australian content.

And it’s worth stating why this matters so much. We know ourselves as Australians through our stories. They affect not just individual lives but national life. They help create a community and, in providing a shared experience for the nation, they help the ABC—as our Charter asks us to—contribute to a sense of Australian identity. In a fickle, volatile, commercial and global media landscape, the ABC is our surest bet to continue to be the teller of Australian stories.

The Case for News and the ABC

We also see evidence for a strong, complementary ABC in news and current affairs across radio and television. The removal of regulation that required commercial radio stations to invest in news in recent years has led to the ABC now being the only broadcaster making the big investment in radio news and current affairs.

There are talented journalists in commercial radio but talk radio now usually consists of broadcasters taking calls, sometimes setting agendas based on opinion—but not breaking, reporting, researching, investigating and analyzing news. The ABC has gone the distance with local bulletins and national programs like *AM*, *PM*, *Background Briefing* and *Hack on triple j*.

The ABC is in the fortunate position of being able to continue to invest in reporters locally, nationally and internationally. On television, we devote two hours a night in prime-time to news and current affairs on our main channel.

And we've stuck with quality programming through good times and bad—*Four Corners* for 50 years, *Landline*, *Lateline* and *Foreign Correspondent* for 20, more than 40 years of a current affairs program after the news at 7.30.

None of these would survive on a commercial schedule today. The reality is that none could justify their cost with a commercial return to shareholders and some would simply get advertisers offside.

So it's important that the ABC has stayed the course. News and information, freely available to all, makes decision making in our democracy more meaningful. The same applies to the genre of news more generally, particularly with the devastation wrought on commercial publishers by the internet in a relatively short period.

Readers and audiences never directly footed the bill for quality journalism. It's always been subsidised, either through government via the public broadcasters, by advertisers in terms of commercial media or by another more successful branch of a media company. Commercial companies are working hard to establish new business models.

But the reality is it will become increasingly difficult, if not impossible, to finance the newsrooms and the editorial costs of past generations.

It is why the Government increased funding for the ABC's news services in the last budget. We are investing in areas where commercial media are forced to cut back—specialist reporters, reporters in the regions, technology that will allow us to bring stories in from all around the country.

I mentioned earlier the latest *Newspoll* and *Essential Research* findings on trust in the ABC. And earlier this year, *Essential* found that 73% of people trust ABC TV news and current affairs, 70% ABC radio news and current affairs and that by contrast, 48% trust news and opinion in daily newspapers, 44% trust commercial TV news and 46% trust commercial radio news.¹

Public broadcasting offers stability and assurance, a confidence that content of quality and distinctiveness will still be available—delivered by an organization that must operate efficiently but not be seeking to maximise financial returns or meet sharemarket expectations.

The Continuing Pattern

As I said at the launch of *Guardian* Australia's website earlier this month, the ABC wants to see a vibrant news environment with a range of voices and perspectives. It's great for readers, great for the industry.

We have a stake in a strong media and news environment in Australia. We want to be part of a thriving media ecology. We want to attract audiences to our websites yet we understand that audiences go elsewhere as well.

The online world is different. Audiences used to read a single newspaper or watch a news bulletin, but online, audiences graze widely—national and international sites created by big publishers and broadcasters, small bloggers and niche players.

¹ Essential Media, January 2013.

And since we're not dependent on advertising or reader revenue, at the ABC, we are happy to bring audiences in, then lead them to other areas of interest, including beyond ABC sites. If our service is valuable, they'll come back. We already do this through our social media accounts and are now investigating how to do this in a more structured way.

For some years BBC News has, through a service called *Newstracker*, been providing links to other news services alongside their own stories. It uses web search software operated by Moreover Technologies to identify content related to BBC stories from over 4,000 English language feeds. BBC News audiences say it's one of the things they most value about the BBC's service.

As a result, the BBC is the fifth highest feeder of readers to UK commercial newspaper websites, sending many more visitors there than *Facebook*.

I think there's great merit in developing such a service for ABC websites and we will be undertaking a pilot project like this later this year. It's an initiative that may raise eyebrows and trigger debate, but the idea that media consumption is a zero-sum game is an anachronism, a legacy of the old print and broadcasting mindset.

We've also just launched another trial, *Spoke*, on locally based smartphone apps which showcases ABC local, national and international content for audiences in a region. It takes existing ABC content and delivers it to an audience on a device and in a form that suits them. We're running trials in Launceston and Newcastle and are inviting community groups from each region to become involved.

But part of this work is also to link—with the cooperation of other publishers—to content produced locally by other media outlets. By providing these links, given the great trust the public places in the ABC, I hope we'll provide a real boost to local news media.

The ABC may not be able to halt the disruption that comes with the digital age but it can help deliver the dividends.

This is one of the advantages that secure taxpayer funding gives us—the freedom to experiment, to take risks and innovate without the need to demonstrate a financial return.

In recent years, this has led to real Australian industry innovation—the delivery of podcasts, the creation of *iview*, our early leadership in social media.

We are considering how the ABC can share the benefits of our R&D with the broader media sector and will be publishing results of our experiments. Sharing intellectual capital in this way benefits the entire media and technology ecosystem. And we'll start by sharing the results of our pilots around locality services and external links on our websites.

We are also willing to investigate experiments with universities, technology companies and the digital media industry, in the same collaborative spirit with which the BBC has developed its *User Experience Research Partnership* with six British universities.

Making Choices

In this media landscape, the ABC is forced to make choices—about the content and services we can afford to deliver, about what it is that we do best. Those choices are not going to get any easier.

We may be financially insulated from some of the disruptive effects of digital but we must meet every other challenge the commercials face—changing audience behaviour, rising costs, tough decisions about what to keep and what to lose, the impact of new technologies and new costs of distribution.

We can already identify a range of content areas where the ABC will be a strong provider into the future. We will be a home to quality Australian drama, a provider of serious news, current affairs and debate and the source of trusted children's content.

We will deliver a range of arts and other specialist programming, have a vital presence in regional and rural communities, bring local voices and local insights and be the home of classical music. I anticipate *triple j*, *unearthed* and their increasing suite of services will go from strength to strength.

And we will deliver these services to Australians everywhere and increasingly to interested audiences around the world in the form in which they want them.

Now from time to time, people comment on the size of the ABC. People often ask me if it is still 8 cents a day, the figure first used in 1988. Well, many things have changed in 25 years and I think today it's closer to 11 cents a day.

But I'll tell you what else has changed in those 25 years.

25 years ago, the ABC had 6,100 staff. Today, it's 4,600. That's a 25% loss in 25 years.

25 years ago, we only had one ABC TV channel—do you remember it used to be called Channel 2? Well now we've got 5 channels, *ABC1*, *ABC2*, *ABC3*, *ABC News24* and the television service beloved by *Peppa Pig* fans all over Australia, *iview*.

25 years ago, ABC Online and its 5 million pages of content didn't exist and nor did *ABC Open*. If you had a mobile phone, it looked like a brick and certainly didn't feature any ABC content.

In those 25 years, we've added 22 extra local radio stations, 2 national radio networks, and 5 new digital radio channels. So, bigger, yes, but by my calculation and given Sydney prices, we deliver all that for not much more than the price of a take away coffee a month.

Good value by any measure, something the public recognizes and appreciates.

We know the ABC delivers on trust for the Australian public. We will ultimately be judged by our performance, by the services we deliver, the quality we provide, the way we fulfill our charter.

The ABC has a great heritage but does not exist only in the afterglow of history or tradition or memory but still burns brightly today for Australians everywhere.

So do I think we have an important role to play? Yes, I do. And the role of the ABC can only get more significant in these uncertain times.