

Australian Broadcasting Corporation

submission to

**Department of Broadband, Communications
and the Digital Economy**

Discussion Paper “ABC and SBS: Towards a digital future”

December 2008



ABC submission on the DBCDE Discussion Paper “ABC and SBS: Towards a digital future”

Introduction

The Australian Broadcasting Corporation (ABC) welcomes the opportunity to comment on the issues related to the future of Australian public broadcasting raised by the Department of Broadband, Communications and the Digital Economy in its Discussion Paper “ABC and SBS: Towards a digital future.” The ABC has previously commented publicly on many of the issues raised in the Discussion Paper. In April 2008, it prepared a paper for the Australia 2020 Summit entitled “The ABC in the Digital Age – Towards 2020,” which describes the public benefits delivered by public broadcasting and the ways in which the Corporation expects to contribute to their realisation over the coming decade and beyond. Those arguments are reiterated in this submission.

The Discussion Paper is timely, as Australian media are in a state of transition from a linear broadcasting world with few channels on scarce spectrum to a complex, multi-channel, multi-platform, digital world offering audiences a nearly limitless array of content. Eventually, traditional radio and television channels will become – as they already are for many Australians – simply two of an array of available sources of news, information and entertainment from which to choose.

Australia has a once-in-a-generation opportunity to fully realise the public benefits made possible by this emerging digital environment. The ABC is a critical component of that realisation. As Australia’s national broadcaster, it has served the Australian public for over 75 years, adapting itself and its programs and services to changing technologies and audience expectations.

For more than a decade, the Corporation has consistently been a leader in Australia’s transition to a multi-channel, multi-platform digital world. Its website, with more than five million pages, has been in operation for 13 years. It launched its primary digital (simulcast) television channel, now known as ABC1, in January 2001 and the multi-channel service ABC2 in March 2005. The Corporation convened the first industry conferences on digital radio and has been an active participant in trials of the technology. In recent years, the ABC has pioneered the introduction of podcasting and vodcasting in Australia, and in July 2008, launched the nation’s first full-screen, free-to-view television “catch-up” service, iView. It has actively supported user engagement and interactivity through its website and most recently through its involvement in the user-generated content (UGC) initiative Pool.¹ The

¹ Pool is a media-sharing website that allows digital content-makers to upload and publish their creative work and collaborate with other contributors. Audiences have the opportunity to view works in progress, comment on

Corporation has also developed new applications, such as ABC Now, which provides new ways to access ABC content, and ABC Earth, which provides new contexts for ABC content.

The ABC's success at developing services for digital platforms reflects the public broadcasting values that drive it, as they are technologically-neutral and can be directly translated to the emergent media environment. These include universal availability, content diversity, localised services, high-quality Australian programming, independent news and information, innovation and creative risk-taking, and presenting Australia to the world.

The ABC's 2009–12 Triennial Funding Submission, which was recently submitted to Government, proposes a number of initiatives which would help position the ABC to maximise the public benefit it delivers to the Australian people over both the course of the next funding triennium and over the next decade.

The preparation of the ABC's Triennial Funding Submission was informed by input from the audiences and communities that the Corporation serves. During 2008, the ABC organised a series of community feedback forums around the country. More than 530 community and business leaders participated in sessions held in six capital cities and eight regional centres.² In addition, the Corporation conducted six forums in the South Pacific region and a North Australia Forum, which attracted over 800 participants, in Darwin.

The ABC's comments are arranged to reflect the order in which topics are raised in the Discussion Paper and are confined to those matters about which it is able to provide useful insights.

The role of national broadcasting

The ABC Charter

The ABC Charter, which is set out in Section 6 of the *Australian Broadcasting Corporation Act 1983* ("ABC Act"), defines the responsibilities of the ABC. It is a clear expression of the public broadcasting values that shape the Corporation's activities. The Charter requires the ABC to provide Australians with innovative and comprehensive broadcasting services of a high standard that inform, entertain, educate, reflect Australia's cultural diversity and contribute to a sense of national identity. It is also required to encourage awareness of Australia and its attitudes to world affairs in other countries through international broadcasting services and to encourage the musical, dramatic and other performing arts in Australia. In delivering its services, the ABC is required to take account of, among other things, the services provided by the commercial and community broadcasting sectors and the multicultural character of

and review them and, if they wish, contribute themselves. The project was developed by ABC Radio National in partnership with the University of Technology Sydney (UTS), Royal Melbourne Institute of Technology (RMIT), the University of Wollongong and a community of contributors.

² The ABC is currently preparing a summary of the outcomes of these forums for public release.

the Australian community, and has a responsibility to provide a balance between programs of wide appeal and specialised programs.

In addition, under Section 27 of the ABC Act, the Corporation has a non-Charter obligation to provide Australians with an independent news service and to broadcast regular sessions of news and information each day from each of its broadcast services.

Over the last 25 years, the Charter has provided the ABC with the flexibility to successfully adapt to changes in media technologies and the expectations of its audiences. Any modification of the Charter should be minimal and should seek to preserve this flexibility.

However, in one key respect the Charter is clearly dated, as it refers only to radio and television broadcasts. While the Charter makes no provision for online and other non-broadcasting services, they are the means by which the ABC's audiences are increasingly seeking to access content. For example, recent data published by the Australian Communications and Media Authority (ACMA) shows that 89% of Australians now use the internet at least weekly and 53% are "heavy" users who go online at least eight times each week.³ In order for the ABC's remit to reflect contemporary media use, it would be logical and desirable for the Charter to be expressed in a way that is explicitly independent of specific technology platforms.

Comprehensiveness and diversity

Substantial public benefit flows from the free availability to media consumers of a wide choice of content, including programming that is relevant to and representative of the widest possible range of groups within society. Advertising-funded free-to-air broadcasting is poorly suited to delivering such diversity, as commercial broadcasters tend to cluster their offerings around the content genres likely to attract the largest audiences in order to maximise revenue, rather than seeking to substantially differentiate their services from those of their competitors. This lack of genre diversity is particularly true in a small market, such as Australia's. Economic modelling of the Australian television broadcasting market undertaken by Jamie Alcock and George Docwra at the University of Queensland indicates that an increase in the number of commercial free-to-air broadcasters above the current three is unlikely to deliver any substantial increase in content diversity.⁴

By comparison, the presence of a public broadcaster such as the ABC, which is required to deliver a balanced mix of comprehensive and specialised services, ensures that the Australian public has access to a greater diversity of content than the market alone will provide. This observation is borne out by Alcock and Docwra's modelling, which indicates

³ ACMA. *ACMA Communications Report 2007–08*. 2008. Melbourne: Commonwealth of Australia, p.46.

⁴ Jamie Alcock and George Docwra. "A simulation analysis of the market effect of the Australian Broadcasting Corporation", *Information Economics and Policy*, Vol.17, No.4, October 2005, pp.407–427.

that the presence of a major public broadcaster, such as the ABC, that is not seeking to maximise its audiences, does indeed increase the diversity of content available to the public.

The ABC is the only Australian broadcaster with a commitment to a diverse range of content genres, including children's, arts, science, education, documentaries and rural programming. This diversity of output is evident across all of its platforms and grows as the number of ABC channels grows. Further, the multi-channel, multi-platform media environment enhances the ABC's capacity for comprehensiveness, as it allows the Corporation to offer audiences more and richer content across all of its platforms.

In its Triennial Funding Submission, the ABC has sought funding from the Government for a range of services to further increase the diversity of its output. These include:

- additional arts and youth content for digital television;
- a dedicated, non-commercial children's channel, ABC3;
- a public affairs channel, ABC4, carrying live feeds of major events, press conferences and Parliament both online and on digital television;
- higher levels of Australian content on ABC television multi-channels through the delivery of more Australian drama;
- an incubator fund to develop rich, interactive broadband content;
- local broadband sites providing communities with their own "town square" for information, video, audio and community participation; and
- through the introduction of digital radio, a suite of at least 12 radio services, supported by broadband sites providing additional content, information and audience participation.

Each of these programs and services would be delivered free, unencumbered by advertising and available to every Australian home.

Harnessing new technologies to deliver services

Australia's transition to a multi-platform, multi-channel, digital media environment is now well under way. In December 2007, digital television programming was available to 54.2% of households through either free-to-air receivers or subscription services.⁵ Similarly, it is anticipated that by the end of 2008, more than 63% of Australian households will have broadband internet connections, with more than one-quarter of homes using the faster connections required for high-quality video streaming.⁶ This digitisation of the communications environment will only intensify over the next five years with the roll-out of a national broadband network, the spread of wireless broadband networks, the introduction

⁵ ACMA. *Digital Television in Australian Homes 2007*, June 2008, Canberra: Australian Government, pp.3 and 6.

⁶ eMarketer. "Australia internet: Continuing growth", Article via Economist Intelligence Unit, 15 July 2008.

<http://viewswire.eiu.com/index.asp?layout=ib3Article&article_id=1893553374&pubtypeid=1132462498&rf=0>.

of digital radio and commercial digital television multi-channels in 2009 and the cessation of analog television transmissions at the end of 2013.

This transition has consequences for audiences and media organisations alike. For audiences, a multi-platform, multi-channel world means more choice, more control of their media experiences and more opportunities to engage and participate. For media organisations, the situation is more complex, as they must spread their resources to accommodate the different rates at which members of the Australian public are embracing the new media world. At the same time as meeting public expectations of greater choice and participation with new offerings spanning multiple channels and platforms, media organisations must also continue to provide their traditional services to those who are slower to change. This separating audience presents particular difficulties for public broadcasters such as the ABC, which have limited options for raising revenue to meet rising costs of expanding distribution.

Digital television and radio

The national broadcasters have a central role in encouraging the adoption of digital television and radio in Australia. A key driver of the take-up of new digital platforms is the availability of channels and content unavailable on analog services. However, as evidence from massively-multi-channelled markets overseas suggests, any increase in channel choices will lead to a fragmentation of audiences for individual channels. This break-up of mass audiences is likely to have a profound effect on commercial media organisations that depend on aggregating mass audiences in order to sell air-time to advertisers. By comparison, the ABC is not subject to these pressures and is thus able to encourage digital conversion by offering additional services within the limits of its funding.

The Corporation has been a constant leader in the conversion to digital television and radio. In January 2001, it launched its primary digital television channel, now known as ABC1, which was followed by multichannel services ABC Kids in August and youth service Fly TV in November of that year. While the multichannels were closed in 30 June 2003 as a result of insufficient funding, the Corporation introduced its current multichannel television service, ABC2 in March 2005. It was also the first Australian television network to experiment with interactive television and cross-platform enhancement of television programs, such as the 2003 production *Fat Cow Motel*, in which episodes of the program were supplemented through a web site, email, SMS, voicemail and interactive television on the Austar platform.

In a similar fashion, the ABC has been an active participant in the development of digital radio in Australia, convening the first industry conference on the topic in 1991 and actively participating in technology trials since 1999. The Corporation was part of the technical working group that secured international acceptance of the DAB+ standard, which employs more efficient audio compression and will be used for digital radio transmissions in Australia and overseas.

The ABC is seeking to continue and expand this leadership role. Its Triennial Funding Submission proposes to Government that the Corporation be funded to provide content for two additional digital television channels – a children’s channel, ABC3, and a public affairs channel, ABC4 – as well as a suite of up to 12 digital radio channels. These new services would provide Australian audiences with additional choice and encourage take-up of digital radio and television.

Broadband

Broadband internet offers viewers a global array of audiovisual content to download or view on-demand, much of it simply unavailable through traditional radio and television services. At a time when the online environment is dominated by foreign content and services, it is important to ensure that Australian audiences are able to find Australian stories that reflect Australian issues, history and culture.

Broadband is already transforming communications and media delivery, as the ABC is demonstrating with services such as iView and live radio streaming. Not as well recognised is the ability of broadband to enable new and unique forms of media and communications activity. Broadband permits interactive, immersive and collaborative forms of media activity that have not previously been possible and which create entirely new relationships with audiences.

In order to realise this potential of broadband as a new medium, the Corporation’s Triennial Funding Submission proposes a pair of initiatives to help bring broadband to life for all Australians and support Australian innovation and creativity in the digital content industry. The first will extend the ABC’s existing regional hubs to allow ABC Local to become the catalyst and host for locally-generated broadband activity in regional communities. The second is a broadband production fund to stimulate the development of an innovative Australian broadband content industry.

However, new delivery platforms also carry new challenges. In a broadband environment, the cost of delivering bandwidth-intensive content to audiences is high and increases with demand, unlike the fixed-cost model of transmission for broadcasting. With every new service that the ABC introduces to meet Australian audiences’ growing expectations of rich media content in a range of formats, including podcasts, vodcasts, radio streams and full-screen video, its bandwidth costs rise. However, while the transmission costs for the ABC’s traditional radio and television services have always been explicitly funded by Government, delivery costs for online content have never received dedicated funding. In its Triennial Funding Submission, the Corporation has proposed that the Government provide adequate funding for the delivery of its online content, in line with existing funding of analog and digital broadcasting.

Universal access and localised content

A core responsibility of public broadcasters is universality of service, which ensures that all citizens, regardless of economic or geographic circumstances, have free access to a pool of necessary information and services that allows them to participate in society and democratic institutions. Consistent with this obligation, the transmission footprint of ABC Radio and Television covers more than 98% of the population and the Corporation's policy is to ensure that its services are carried on all major platforms to maximise their accessibility for all Australians.

While the satellite delivery employed by subscription television providers offers a comparable transmission footprint to that of the ABC, such services are by no means universal, as they are only available to those willing or able to pay the relevant subscription fees. Thus, where ABC programming and services are freely available to all Australians, subscription television is only watched in around 25% of Australian homes.⁷

The universal availability of the Corporation's services is particularly important in regional and remote Australia, where distances and low population densities make it highly uneconomical for commercial media organisations to deliver broadcasting and other services using terrestrial broadcasting transmitters. For a number of years, concerns have been voiced about falling levels of local news and information in media services. This continuing decline reflects a trend towards regional commercial media networks seeking efficiencies through syndication of content or simply withdrawing from regional Australia – a rational response to the relatively small size, and hence low profitability, of regional markets. The result is reduced local service levels outside of the major cities.⁸ In a more concentrated and globally-focused Australian media environment, this trend can only be expected to continue.

By comparison, the ABC, which is not bound by a need for profitability, is able to correct this market failure by delivering dedicated services to regional areas. Virtually since inception, this is a role that has been expected of the ABC. Accordingly, the Corporation has offices in 60 sites – both cities and regional centres – throughout the country and plays a vital role in the local communities that it serves.

For nearly a decade, it has operated a website for every community served by its Local Radio services. In March 2008, this suite of sites was overhauled under the ABC Local brand to increase its interactivity and capacity for user contributions, improving its ability to foster

⁷ According to published results, at 30 June 2008, AUSTAR had 695,000 subscribers, of which 587,000 were residential, and FOXTEL had 1.54 million direct and wholesale subscribers. As ABS projections place the number of Australian households at 30 June 2008 at around 8.32 million (see ABS. 3101.0. *Australian Demographic Statistics; December Quarter 2007*, 24 June 2008, p.53), this suggests that between 22.7% and 25.6% of homes have subscription television, depending on the proportion of FOXTEL's subscriptions that are residential.

⁸ See Tim Dwyer, Derek Wilding, Helen Wilson and Simon Curtis. *Content, Consolidation and Clout: How will regional Australia be affected by media ownership changes?*. 2006. Melbourne: Communications Law Centre.

conversations on topics ranging from recipes and regional events to gardening tips and local elections. Further, over the past six years, the ABC has used National Interest Initiatives (NII) funding to place 40 Radio Online Producers in its regional offices to file local stories for radio and online platforms, expanding its ability to record and tell regional stories.

Platforms such as broadband internet will significantly and cost-effectively increase the ABC's ability to serve local communities. In its Triennial Funding Submission, the Corporation has sought funding from the Government to place specialist online staff at each of its 60 Local Radio sites to generate greater volumes of local news and information and create digital spaces in which communities can engage and interact on key local issues.

The ABC's media archive

The ABC has the nation's largest and most comprehensive broadcasting archive. Most of this important national collection remains inaccessible to the public because the material does not exist in an appropriate format and, until recently, no effective distribution mechanism has existed. The Government's commitment to building a world-class National Broadband Network creates the opportunity to easily and affordably unlock this archive.

The ABC's Triennial Funding Submission proposes that the Government fund the conversion of its news, current affairs and science archives into "web friendly" formats in order to offer Australians a compelling, living link to their nation's history and culture. This content will be made freely available to Australians through a rich, searchable website.

Creativity and Innovation

The exploration of new technologies and innovative program formats has consistently been a part of the ABC's role within Australian broadcasting. Much as commercial broadcasters tend to cluster their output around the content genres likely to attract the largest audiences, they are unlikely to take significant content or technical risks, as to do so potentially jeopardises audiences. By comparison, a public broadcaster like the ABC is not subject to these constraints and can pursue potentially "risky" content, such as cutting-edge drama or comedy, and to play the role of the "early adopter" of emerging technologies and formats. This has traditionally been the way in which the ABC has interpreted its Charter obligation to deliver innovative broadcasting services. It has allowed the Corporation to contribute to the overall health of Australia's independent creative community by providing an outlet for novel or controversial productions that would not otherwise be made.

The ABC actively experiments with new platforms to understand their potential and ensure its capacity to use them to deliver ABC content if they attract a significant audience. In this way, it was the first Australian broadcaster to embrace podcasting and vodcasting of its programs and the first to introduce full-screen, free-to-view "catch-up television" over fast broadband. In a similar fashion, the ABC has launched an island in Second Life, encouraged user-generated creativity through collaborations like Pool and developed "off-deck" mobile

applications that can be run on any IP-enabled phone, rather than through the “walled gardens” of content offered by individual service providers. As with content risk-taking, such experimentation benefits the Australian creative community as a whole.

The Corporation is working to ensure that the film and television sector regards ABC Television as the best place to create exciting vision projects. Similarly, it seeks out and provides a venue for musical talent, as with triple j’s Unearthed project, which has been discovering and promoting young Australian musical talent since 1995.

In its Triennial Funding Submission, the ABC has proposed a number of initiatives to Government that would expand its capacity to encourage Australian creativity and innovation. These include the creation of a broadband production fund to stimulate the development of an innovative Australian broadband content industry and, in conjunction with the Australia Council, funding for novel Australian arts and youth content for ABC2.

Informing and entertaining Australians

Contributing to Australia’s national identity and ensuring that Australian voices and stories are seen and heard in the nation’s media have been key parts of the ABC’s role throughout its existence and are widely expected by audiences. The importance of this role can be expected to grow in a converged digital media world with limitless content choices and access to online content from overseas sources.

Australian Content

The globalisation of content made possible by the internet potentially gives audiences access to nearly limitless programming from anywhere in the world. Existing Australian content regulations ensure minimum levels of Australian drama and documentaries on commercial broadcasters’ services through conditions attached to their broadcasting licences. However, as audiences increasingly seek content by means other than radio and television broadcasts, the licence conditions are likely to become less effective as a means of delivering such cultural policy outcomes.

As the discussion paper acknowledges, it is significantly more expensive to produce Australian television programs than to acquire comparable material from overseas, especially content from the US, where producers are able to recoup their production costs domestically and effectively “dump” their output at low cost in other countries. Coupled with audience fragmentation, this can be expected to place pressure on commercial broadcasters’ business models and increase the likelihood of market failure in the delivery of Australian content.

The ABC has proposed several initiatives to Government that would increase Australian content on its platforms. These include: expanded Australian drama production, in line with the Government’s election policy commitment to require the ABC to broadcast levels similar

to those required of commercial broadcasters; innovative Australian arts and youth content for ABC2, in conjunction with the Australia Council; the dedicated children’s channel ABC3, which will carry at least 50% Australian content; four new digital-radio music stations with high levels of Australian content; and a broadband fund to seed the national broadband content industry by commissioning immersive and interactive content from external content makers around Australia.

Children’s programming

The ABC is Australia’s major provider of free-to-air, advertising-free children’s content. It has an enviable reputation as a special and safe viewing destination for children, and is the home of numerous iconic Australian children’s programs. The only other major source of children’s content is subscription television, which offers multiple dedicated children’s channels, but is a premium service available only to those willing and able to pay for it, and carries predominantly overseas content.

The multi-channel digital television environment creates a natural opportunity for the ABC to expand its role as a provider of children’s programming through a new digital children’s channel that is distinctively Australian.

The ABC’s Triennial Funding Submission proposes that Government fund the introduction of ABC3, a new, free-to-air, advertising-free channel that will, once established, feature 50% Australian content. The channel will provide ready access to new high-quality and diverse content and will be supported by innovative websites, online games and interactive elements, reflecting the way in which children engage with the media today. It will be available in all Australian homes – not just those willing to or able to pay for subscription television. In addition, one of the new digital radio services proposed in the Submission is a dedicated children’s digital radio station.

Promoting Australian identity

In addition to telling Australian stories, the ABC pursues its Charter goal of encouraging a sense of national identity and informing the Australian people by a “town square” in which the national conversation can take place. This role has two aspects: providing the information required to ensure reasoned debate occurs around topics of importance to the nation and providing a venue through which the voices of ordinary Australians and those in public life alike can be heard.

In the analog age, the ABC played this role by presenting accurate and timely information on major topics and by including a diverse array of viewpoints through its local and national talkback radio services. The digital age has already added new dimensions to this conversation – the growth of digital technologies can only allow it to further flourish.

Audiences now contribute to talkback radio, for instance – whether on the Corporation's 60 Local Radio stations or Australia's only national talkback service, *Australia Talks* on Radio National – not just by phone, but through email and SMS. Similarly, ABC Television's *Q&A*, where questions to a panel of public figures are set exclusively by the audience, accepts questions in multiple digital formats, and is the first Australian example of user-uploaded video for this style of program.

To further stimulate discussion and debate, the ABC's website abc.net.au hosts a wide range of message boards and fora on subjects covered by ABC programs. User comments on ABC news reporting are also incorporated. The *Unleashed* site on abc.net.au publishes user-contributed essays on topics as diverse as World Youth Day, carbon trading and the apology to the Stolen Generation, each of which is open to debate through user comments. Since its launch in October 2007, *Unleashed* has published over 250 different writers and 80,000 comments.

ABC Fora, an editorial partnership between the ABC and US web group www.fora.tv, offers on-demand access to interesting and engaging public speeches and debates from around Australia and the world through the ABC's website. The best of these are also broadcast on digital television channel ABC2. In its Triennial Funding Submission, the ABC has proposed the creation of a dedicated, free-to-view public affairs television channel, ABC4, which will extend this model, providing unedited coverage of the proceedings of key governing institutions, parliamentary committees and agenda-setting fora from around the country. As the ABC is Australia's leading news and public affairs service, with the ability to draw on the largest staff of local, national and international journalists in the country, ABC4 would be a qualitatively different service from any currently on offer. It would be initially offered online and eventually via digital television.

Informing Australians

At a time when commercial media groups are reducing news staff and cancelling flagship current affairs programs and publications, the ABC continues to inform Australians about events at the local, national and international level. It delivers more than 15,000 hours of unduplicated news and current affairs annually on radio and television, as well as almost 100,000 online news stories accompanied by photographs, audio and video. The Corporation has a strong reputation for credible, high-quality, independent news and current affairs, built on significant journalistic resources and a strong editorial tradition and policies.

Recent years have also witnessed a growing number of take-overs, mergers and strategic partnerships as national and global media firms seek to position themselves for the anticipated converged global media environment. As a result of these shifts towards greater concentration of ownership, the ABC has a critical role to play as a guarantor of media diversity in Australia, providing a strong, independent source of news and information, as well as a range of educational and entertaining Australian programming.

The ABC continually expands and improves its news and current affairs coverage through innovative services. In November 2008, it launched the three-hour morning news program *ABC News Breakfast* on ABC2. In 2009, it will launch a continuous news service delivering up-to-the-minute national news bulletins via broadband all day. It will also continue to supplement current affairs reporting with additional material, such as extended interviews that allow the audience to better understand the story and make their own decisions about its content, as pioneered by *4 Corners* through its broadband specials.

The Corporation is also committed to delivering the widest range of high-quality specialist information content of any Australian media organisation through its national talk-radio service ABC Radio National and abc.net.au. Radio National programs cover a broad range of topics, including the arts and literature, science, design, health, philosophy, history, music, business, politics, sport and Indigenous issues. Much of its programming is also made available online the form of downloadable podcasts.

In its Triennial Funding Submission, the ABC has proposed that the Government fund a new public affairs television channel and internet service, ABC4, that will combine regular news bulletins with unedited coverage of government proceedings and public affairs, as well as the placement of specialist online staff at each of its 60 Local Radio sites who will generate greater volumes of local news and information.

Education, skills and productivity

The education and training role of national broadcasting

Education is an important element of the ABC's Charter remit and the Corporation expects to continue to play an educative role in the future media environment. ABC educational material is already used by 60% of schools, with an even greater number of schools making use of ABC programs such as news, current affairs and documentary programs.

The digital education revolution will involve a major expansion of digital resources within the education area, including extensive upgrading of hardware, networking within schools and a national high-speed broadband network. The Government has committed to establishing a national curriculum in core subject areas.

As part of the Triennial Funding process, the ABC has proposed the creation of a dedicated education television channel, ABC5, to support the development of a national curriculum. ABC5 would be developed in partnership with educational bodies, government agencies, universities and schools and would combine repurposed current and archival content and new programming commissioned specifically by the ABC to meet the needs of teachers and students. To further support the implementation of the national curriculum, the channel would also contribute to teacher training and professional development.

While an education channel should unquestionably be delivered using broadband, it should also be transmitted via broadcast television, as this is currently still the most effective method for distributing audiovisual teacher resources, particularly in regional areas.

The ABC also has a role in educating the public about developments in the media itself including new platforms, new content and new ways of consuming media. For many television viewers the first experience of the additional content that can be offered through digital television, for example, has been ABC2. Recent digital media innovations by the ABC including ABC Now, podcasts and vodcasts, and internet TV allow audiences to be introduced to new media forms via a brand they know and trust.

Social inclusion and cultural diversity

The ABC operates on the assumption that its services are for all Australians. This universality of access strongly supports social inclusion by helping ensure that all citizens, regardless of circumstances, have free access to a pool of necessary information and services that allows them to participate in democratic society and an advanced, knowledge-based economy. The Corporation has a policy of national coverage and carriage of its services on all major platforms, making them available to all Australians however they choose to access them. It is important to note that subscription television is not a viable alternative means of promoting this inclusion and participation.

Matching audience expectations in today’s media environment requires significant emphasis on digital platforms, especially the internet – which is itself a platform for platforms.

Accessible media services

In a similar fashion, the ABC believes that it is important to recognise that the principle of universality extends to Australians with disabilities. The Corporation has demonstrated a long commitment to access to electronic media through the provision of closed captioning broadcasts for the deaf and hearing impaired. This has included:

- 1982 – ABC broadcast the first closed-captioned program on Australian television
- 1990 – the first broadcaster to caption television news services
- 1993 – the first broadcaster to provide live captioning in Australia
- 1997 – the first broadcaster to provide state-by-state captioned news bulletins.

With the introduction of multi-channel services the ABC has significantly extended its captioning service, and currently provides over 10,000 hours of captioned programming annually on ABC1 and ABC2.

Assisting migrant groups

The Discussion Paper requests comments on the means by which the value of national broadcasting services might be enhanced for migrant groups and makes specific reference to adapting English-language learning programming developed for international audiences. The ABC has a wealth of such programming developed for its international services, Radio Australia and Australia Network. Such content could easily be broadcast domestically to encourage migrants' language skills and might plausibly form a part of a digital education television channel.

Radio Australia has been broadcasting English-language learning programs for over three decades. Its current output includes programs such as *English for Tourism*, *English for Business* and *English for Study in Australia*, each of which includes instruction in a non-English first language (Chinese, Indonesian, Vietnamese and Khmer) and is supported online by transcripts, study notes and downloadable podcasts.

Similarly, Australia Network broadcasts a number of English-language learning programs. Its inventory includes six series of *English Bites* (around 880 episodes of 6–10 minutes duration) and, by the end of 2008, will include 1,130 episodes of *Nexus*. The program *This Australian Life*, ten episodes of which were produced in 2008 for broadcast in 2009, will present aspects of life in Australia and has associated English-language learning segments. Australia Network's English-language content is supported by online material, including downloadable vodcasts.

Presenting Australia to the world

The delivery of international broadcasting services into the Asia-Pacific region has long been understood to be an important element of successful Australian cultural diplomacy. Consistent with its Charter obligations, the ABC has, through Radio Australia and Australia Network, offered the region a consistent supply of accurate, timely and reliable information. This steady flow of information has created a source of influence that allows Australia to support fragile states in the Pacific region that are underserved by reliable media services and present Australian perspectives in the rapidly-developing economies of Asia.

The ABC uses a mix of platforms to deliver its international services to Asia and the Pacific, including shortwave broadcasts, 24-hour FM services, direct-to-home satellite, rebroadcasts by partner stations, cable and online. The Corporation monitors the effectiveness of these various platforms and takes into account the wide diversity of its target markets, from technologically-underdeveloped and relatively-isolated Pacific Island nations to the technologically-advanced urban centres of Asia. The availability of new technologies varies significantly between these markets. For example, in March 2008, internet penetration in

Vietnam was estimated at 22.4%,⁹ while a September 2008 survey in Vanuatu indicated that only 3% of those aged 15 and above had ever accessed the internet.¹⁰ On the other hand, while declining shortwave audiences in Vietnam led the ABC to cease shortwave transmissions to that country in 2005 and focus on internet delivery, in Vanuatu, 32% of Radio Australia's audience currently listen via shortwave.

In November 2008, the Corporation enhanced its news services for international audiences through the creation of the ABC Asia Pacific News Centre (APNC), which brings together some 60 journalists from Radio Australia and Australia Network. The combined newsroom provides multi-platform news coverage tailored for audiences in Asia and the Pacific, including online content in video, audio and text forms. The APNC's output is translated for delivery by Radio Australia's six foreign-language services and is also available to the ABC's domestic services.

As the Discussion Paper notes, the editorial and operational independence of the ABC's international services is likely to be a key factor in building and maintaining audience loyalty, particularly in countries where state-owned media is politically aligned. While ensuring full editorial independence, the ABC maintains a dialogue with the Department of Foreign Affairs and Trade about the regions in which it operates.

The broadcasting environment in which Radio Australia and Australia Network operate is becoming increasingly competitive. The ABC's rivals for share of voice and influence in the Asia-Pacific and Middle East regions have made significant advances over the past two years. In October 2007, the UK Government announced that the BBC World Service would receive an extra £70 million for the three-year period from 2008–09 to 2010–11.¹¹ Combined with earlier funding increases, BBC has been able to substantially enhance its services in Asia, the Pacific and the Middle East, including Arabic and Farsi television services, English-language lessons in China, upgraded online services and new production and marketing facilities in Delhi, Singapore and Sydney. CNN International has launched an Arabic-language service, entered into a joint venture news channel in India and proposes to do likewise in Indonesia. China's CCTV has expanded its distribution by acquiring satellite transponder capacity which enables it to broadcast two channels – CCTV 4 (Mandarin) and CCTV (English) – throughout the Middle East, Asia, the Pacific and Australia.

⁹ <http://www.internetworldstats.com/asia.htm#vn>

¹⁰ All Vanuatu statistics are from *Vanuatu National Survey of Media Usage 2008* – Vanuatu Broadcasting and Television Corporation, ABC and AusAID with the Vanuatu National Statistics Office and the Vanuatu Kaljorol Senta.

¹¹ BBC. "World Service receives £70m funding increase over next three years in Comprehensive Spending Review", Media Release, 9 October 2007.

<http://www.bbc.co.uk/pressoffice/pressreleases/stories/2007/10_october/09/ws.shtml>.

In its Triennial Funding Submission, the ABC has proposed a range of improvements and extensions of its existing international services that would allow it to respond to this growing competition. In order to increase the distribution reach of the services, it proposes to extend Australia Network coverage to Middle East markets, commence Radio Australia high-frequency transmissions to Burma and North Korea and extend interactive digital content distribution on broadband and mobile platforms.

Further, to improve local relevance and impact, it proposes to launch dedicated children's television channels for Asia and the Pacific; provide Australia Network program subtitles in Mandarin Chinese, Vietnamese, Indonesian, Malay and Hindi to expand the potential audiences for the service; introduce Radio Australia broadcast programs in Burmese and Korean languages to accompany transmissions into Burma and North Korea; and provide multi-platform delivery of English-language learning content to China, Indonesia, Vietnam, Cambodia and Papua New Guinea.

Efficient delivery of services

As the custodian of significant public funds, the ABC provides its programs and services in a highly-efficient manner. The Corporation has been the subject of a number of recent external reviews that have validated its efficiency and confirmed the view that it is under-funded when compared with international public-sector broadcasters and commercial broadcasters.

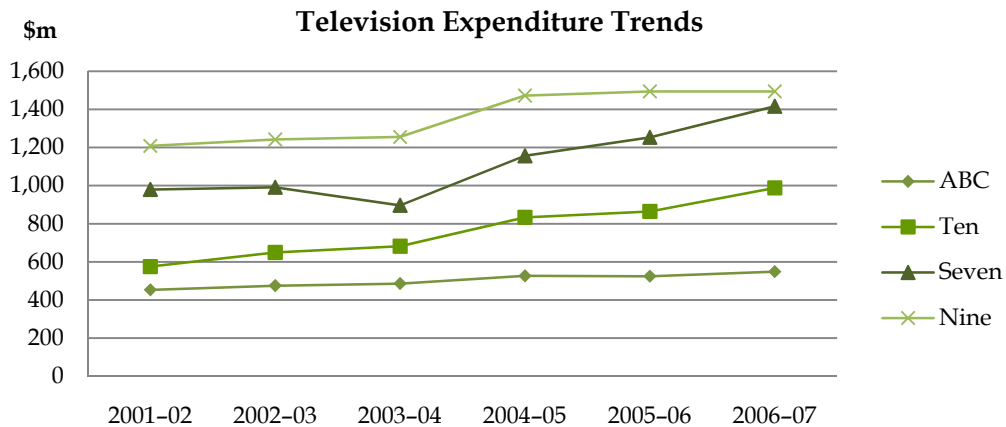
In October 2005, the previous Government commissioned KPMG to conduct a comprehensive review of the operational and capital funding adequacy of the ABC. KPMG's review represents the most comprehensive, independent assessment in decades of what constitutes "adequate" funding of the Corporation. It confirmed the operational efficiency of the Corporation and concluded that its funding levels were inadequate despite the ABC's best efforts to contain expenditure and extract efficiencies from within the organisation. The review made a series of recommendations for further improving the Corporation's efficiency, most of which the ABC is implementing.

Comprehensive performance audits by the Australian National Audit Office (ANAO) in 2002 and 2004 acknowledged the high and improving standards of ABC corporate governance since 1999.¹²

Comparison of the ABC's television expenditure with commercial free-to-air networks has consistently shown that the ABC operates on a much lower cost base, while providing a

¹² ANAO. *Corporate Governance in the Australian Broadcasting Corporation: Audit Report No.40 2001-02*, Report, April 2002. <http://www.anao.gov.au/download.cfm?item_id=1EAE2041E2CFA7585460B278B1404E7B&binary_id=8F6154961560A6E8AA65F7EBC8434729>; ANAO *Corporate Governance in the Australian Broadcasting Corporation – Follow-up Audit: Audit Report No.38 2003-04*, Report, March 2004. <http://www.anao.gov.au/download.cfm?item_id=1EB0A731CD8143878E33E02C5DB10D79&binary_id=71436AAC1560A6E8AA4095CF0B69BD30>.

comprehensive range of programming across two channels. This is visible on the chart below, which also shows that the ABC's television expenditure has grown at a slower rate than that of the three commercial free-to-air networks.



Sources: ABC and ACMA. *Broadcasting Financial Results 2006-07: data for commercial radio and television.*

This chart reflects both the cost containment achieved within ABC Television and the increasing difficulties it faces in competing for talent and content in the same market as commercial free-to-air television networks which have faster-growing revenues and can spend twice as much as the ABC to fill their schedules. It is also worth noting that none of the commercial networks have operated a second digital channel over this period, whereas ABC2 has been in operation since March 2005.

A comparison of the ABC's funding and activities with those of other public broadcasters around the world shows that, on a per-capita basis, the Corporation is funded well below the average of comparable broadcasters, especially those within the European Union. Importantly, none of those broadcasters has to contend with the geographical reach issues that are unique to the ABC.

The capital impacts of digital media

The replacement cycles for digital production equipment are significantly shorter than for corresponding analog equipment. Where manufacturers previously continued to provide support for analog equipment 10 to 15 years after purchase, it is now rare to find them supporting digital equipment, particularly software, for more than five to seven years. In addition, many maintenance arrangements are proprietary, meaning that media organisations are unable to reduce costs or lengthen the life of equipment by conducting their own repairs. This increases media organisations' capital investments, as they need to replace production equipment more regularly and pay for proprietary maintenance.

Among the initiatives in the ABC’s Triennial Funding Submission is a proposal to realign the level of the Corporation’s depreciation funding in order to, among other things, address the capital impact of digital production equipment lifecycles.

At the same time, media organisations are increasingly moving to end-to-end digital production – where all steps of the production process, from initial capture through editing to output, are digital – as a means of increasing the flexibility with which they are able to develop content and also adapt it for re-use across multiple platforms. A truly cross-platform approach of this kind requires digital methodologies aimed at repurposing content (“capture once, use many” production) and brings with it a range of potential costs, including the need to build expensive, interoperable production, distribution and archive systems to allow effective reuse of content.

In order to efficiently deliver programming across a growing number of platforms, the ABC is moving towards end-to-end digital content production, allowing it to reuse and repurpose its content.

Property and facilities

As described above, the ABC is committed to serving and engaging with local communities at a time when the trend in regional Australia is towards declining levels of local news and information. In order to do so, the Corporation has offices in 60 sites – both cities and regional centres – throughout the country. In a similar fashion, the Corporation is committed to news and other television production in state and territory capitals beyond Sydney and Melbourne in order to better reflect the diversity of the nation and support local production industries. These commitments necessarily create property and facilities costs that more centralised organisations are able to avoid.

The ABC’s property and resource strategy seeks to meet these commitments in the most efficient possible manner.

Television production

The ABC is committed to a mixture of internal and external production, including local production in the states, in the most efficient manner possible. This commitment was reinforced by a major review of the Corporation’s television production model undertaken in 2007.

As a result of this Production Review, the ABC is undertaking a series of initiatives to improve the efficiency of its in-house production processes. To date, these have included reorganising its production resources division as a stand-alone, break-even business with its own profit-and-loss accountability; upgrading news studio systems with the latest automated technology to reduce the number of operational staff required in each studio without affecting the quality of news bulletins produced; centralising news graphics

production in Melbourne and Sydney; tracking real costs of internal television production to allow accurate comparison and competition with the external market and introducing desktop editing of news stories by journalists.

Combining elements of the ABC and SBS

In a paper released in the lead-up to the Australia 2020 Summit, the Special Broadcasting Service (SBS) proposed that the ABC and SBS examine whether efficiencies might be found through the formation of a jointly-owned shared services company that would manage common elements of broadcasting technology and infrastructure, such as transmission and distribution services.

The ABC and SBS formed a working group to evaluate this proposal. Unfortunately, the working group concluded that, as a result of the ways in which the two organisations' contracts with their transmission services provider are structured, there are few, if any, efficiencies to be gained from merging the services highlighted in the SBS paper.

However, the ABC believes that in a multi-channel, multi-platform environment, there is clear scope for achieving operating efficiencies across the two national broadcasters while ensuring the continuation of their unique and separate identities. This question is worthy of further investigation.

Conclusion

The nation's "digital dividend" lies as much in the additional services that digital technology makes possible and the enrichment that it brings to all Australians, as it does in the funds that can be raised from selling vacated spectrum. Realising that dividend will require additional investment in new content and services that audiences will value, as it is these that will drive the take-up of digital television, radio and broadband.

Over the past 75 years, the ABC has built up a loved and respected brand and a strong connection with Australians that provides solid foundations for its future. The unfolding multi-channel, multi-platform media environment creates a once-in-a-generation opportunity to tap this potential and take up the opportunities offered by digital media.

The ABC has been a constant innovator and leader in the adoption of new media platforms in Australia. In responding to the emerging media landscape, the Corporation has adopted a strategy for meeting its Charter obligations and maximising the public benefits it delivers to the Australian people. It will embrace digital platforms, offer more channels and diverse Australian content, support Australian creativity, host the national conversation, deliver the best possible news and information, provide a voice in and for regional Australia, and engage with and speak authoritatively to Asia and the Pacific.

The Corporation's Triennial Funding Submission for 2009-12 sets out a series of initiatives that are consistent with this strategy and seeks to position the ABC to maximise the benefit it delivers to the people of Australia over both the course of the next three years and over the next decade.