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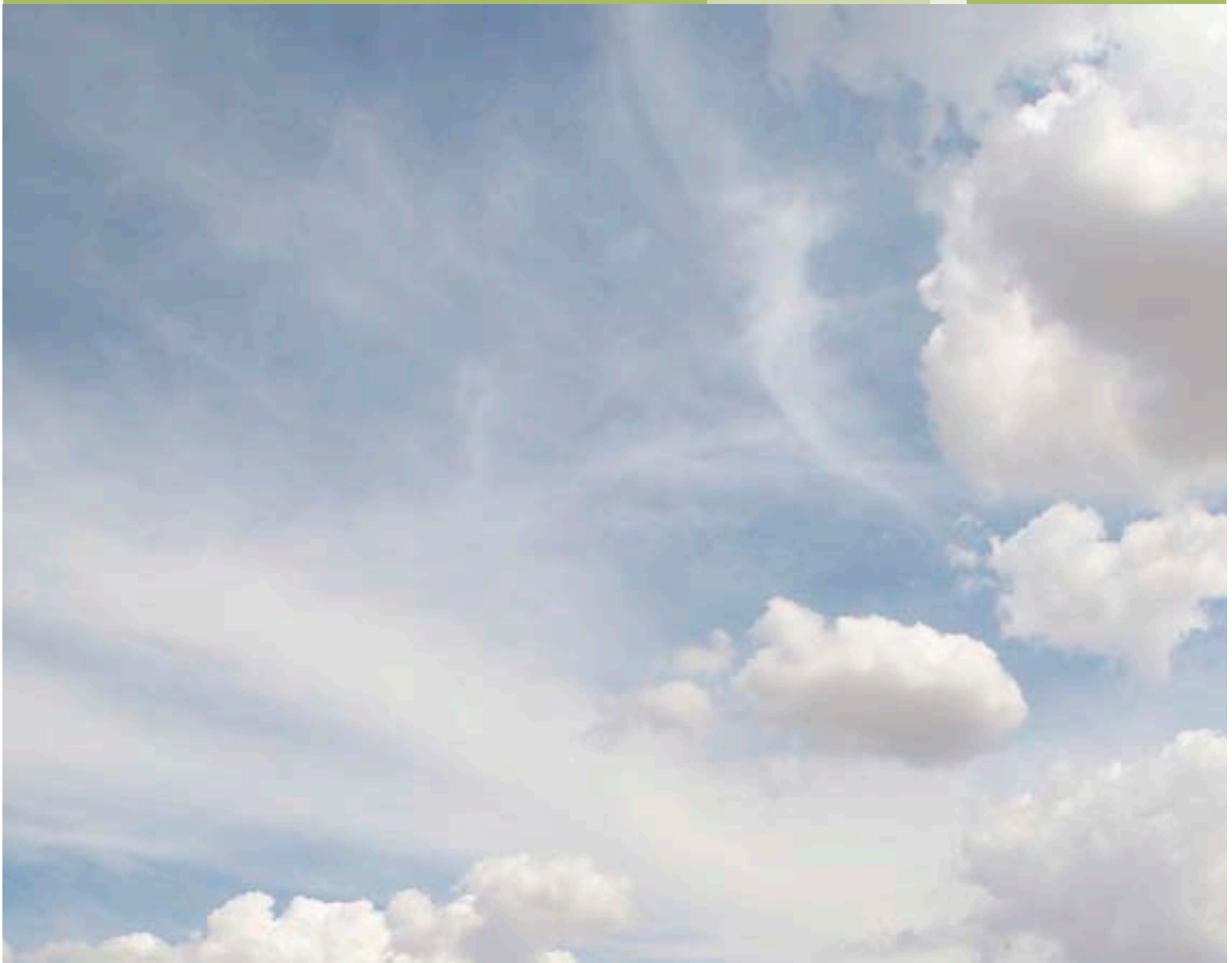
Department of Broadband,
Communications and the Digital Economy

ABC and SBS: Towards a digital future

Discussion paper

October 2008

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FOREWORD

The ABC and SBS are two of Australia's most important public institutions. Their radio, television and online services entertain, educate and inform millions of Australians every day; they are among the most trusted and beloved organisations in the nation.

For over 75 years, national broadcasting has provided Australians with an important community space, or 'virtual village square', which is an essential component of our democracy. The Australian Government is committed to ensuring that this successful history translates into an equally successful future.

To move confidently into the future, the ABC and SBS must have a clear vision and direction that is supported by creative and responsible public policy and the provision of adequate funds.

A clear vision for the future of our national broadcasters is perhaps more important today than ever before. New digital technologies are radically changing the fundamentals of broadcasting and media, and the ABC and SBS must face the challenges and opportunities these changes present.

The future of our national broadcasters formed an important part of the discussions at the Australia 2020 Summit, held in Canberra in April 2008. This discussion paper seeks to extend that conversation to the wider Australian community.

We need to make the right decisions now if national broadcasting is to thrive in a digital, online, global media environment. These decisions must be informed by the views of those the national broadcasters serve—the Australian people.

This discussion paper seeks to gather these views. I encourage all Australians with an interest in our national broadcasters to take the opportunity to submit their thoughts and perspectives to this review.

Many of the issues are complex and wide-ranging: from the statutory underpinnings of national broadcasting, through programming choices, new delivery platforms and the day-to-day operations of the services, to the very nature and role of national broadcasting in creating and reflecting our national culture. However, these are important issues and so it is critical that a wide range of views is heard and considered before future policy is mapped out.

The current three-year funding commitments for the ABC and SBS end in June 2009. The timing of this review has been determined in order to allow its outcomes to be considered in the triennium funding round for each





national broadcaster. This review will, however, also provide ideas for the long-term future of national broadcasting, looking beyond the next triennium.

The phenomenon of convergence and digitisation of the media is changing and challenging all media platforms. We must ensure that Australia's national broadcasters can and will meet these challenges and continue to play a valued role in Australian broadcasting.

Stephen Conroy

Minister for Broadband, Communications and the Digital Economy



INTRODUCTION

Purpose of this discussion paper

Australia has two national broadcasters: the Australian Broadcasting Corporation (ABC) and the Special Broadcasting Service (SBS). Each has an important place in Australia's public life, with broad mandates that are set in legislation by the Parliament.

The need to strategically examine the activities and operations of Australia's national broadcasters was explicitly acknowledged during the Australia 2020 Summit. Participants advanced a wide range of ideas relevant to the future of the ABC and SBS. The Final Report of the Australia 2020 Summit can be found at www.australia2020.gov.au

This discussion paper outlines some of the key issues facing national broadcasting on the path to 2020. These issues are grouped into seven sections. Each section concludes with questions to guide submitters, although people making submissions should not feel constrained by these questions.

The public submissions process is designed to inform the Australian Government's future policy and funding decisions in relation to the ABC and SBS.

This paper aims to assist in stimulating ideas and comments about the future of the national broadcasters. Nothing in this paper is intended to indicate a preference by the Australian Government for any particular outcome or model.

Copies of the paper can be downloaded at www.dbcde.gov.au/abcsbsreview

Submissions

Detailed information about the submissions process can be found at Appendix A or at www.dbcde.gov.au/abcsbsreview

The Department's preferred method for the receipt of submissions is via the online form available at www.dbcde.gov.au/abcsbsreview. The online form allows for submissions of up to 1000 words in length.

An overview of the ABC and SBS is at Appendix B to this paper. An outline of emerging technologies and trends for media and broadcasting in the changing digital environment is at Appendix C.

1

1: The role of national broadcasting

The functions of national broadcasting in Australia have been legislated by the Australian Parliament.

- The *Australian Broadcasting Corporation Act 1983* (the ABC Act) and the *Special Broadcasting Service Act 1991* (the SBS Act) include charters setting out the roles and functions of the two organisations.
- Section 3 of the *Broadcasting Services Act 1992* sets out objectives for all broadcasting, including the national broadcasters.

An overview of the ABC and SBS is provided at Appendix B.

A set of primary objectives for national broadcasting is contained in these statutes, as summarised below.

Objectives of national broadcasting

Universality—enabling all Australians to access broadcasting services, regardless of geography or capacity to pay, to allow them to participate in society and its institutions.

Localism—allowing people with similar interests to communicate and participate in local communities.

Australian content—strengthening Australian identity through the provision of programming that reflects Australia’s unique character and characteristics, and promotes diversity and understanding of other cultures.

Comprehensive and diverse programming—ensuring Australian audiences have access to a comprehensive range of content that is relevant to, and representative of, the range of groups within society.

Diversity of news and information—ensuring an informed public debate about key issues affecting Australian society and the nation, free from commercial or other interests.

Education—enhancing the intellectual and creative capacity of Australian society and supporting the development of Australia’s human capital.

Innovation and quality—providing informative and thought-provoking content that enriches society, and encouraging creative endeavour and the development of new talent.

These objectives and the regulations that give them effect were formulated by government and agreed by Parliament in an analog broadcasting environment.

Up to the 1980s, many Australians in regional areas only had access to ABC television and a single commercial television station. In the capital cities, the ABC and (more recently) SBS have been two of just five free-to-air television services for many years.

The FM and AM radio services of the ABC and SBS have also played an important role in ensuring that a range of local programming is available for audiences, and that ethnic and migrant communities have access to content in their preferred languages. ABC radio has traditionally played a major role in broadcasting to regional and remote communities.

As noted in Appendix C, the advent of digital broadcasting has changed the environment in which the ABC and SBS operate.

By 2020, even without changes to the ABC and SBS, Australian audiences are likely to have access to a significantly greater number of digital television channels (both free-to-air and subscription). New wireless mobile communication services can also be expected to emerge as broadband take-up increases.

With the expected proliferation of internet-based services, traditional broadcasting may not continue to hold the same degree of influence it had in an analog world. However, there is still much debate about the extent and speed of these projected changes.

The need to consider these issues was noted by participants in the Australia 2020 Summit:

A new broadcasting charter would need to reflect the roles and responsibilities in the digital media era and all future platforms.
(Australia 2020 Summit: Final Report)

Subsequent sections of this discussion paper ask questions about specific aspects of the role, functions and objectives of national broadcasting in the lead-up to 2020.

Questions:

The role of national broadcasting

- A traditional function of the ABC has been to provide ‘comprehensive broadcasting services’ – programming that appeals to a wide range of tastes and interests.
 - How should the ABC fulfil this function in a multichannel, multiplatform media environment? Should this function be reconsidered?
- The principal function of SBS is to provide multilingual and multicultural broadcasting services for all Australians, reflecting our multicultural society.
 - Is this an appropriate function for SBS in a 2020 media environment and, if so, how should it harness the available digital technologies to fulfil this function?
- Should the Australian Government consider amending the charters of the ABC and SBS to ensure they provide a contemporary and relevant guide for the organisations on the path to 2020? If so, how?



2: Harnessing new technologies to deliver services

Australia's national broadcasters have embraced digital technology. The ABC was one of Australia's first media organisations to launch its own website in 1995. It expanded into broadband video and interactive television in 2001 and launched one of the first digital multichannels in 2005.¹ It has distributed content to mobiles since 2002, and launched a full-screen internet television service (iView) in July 2008.

SBS has embarked on a similar path. In 2002, it launched a foreign news digital multichannel, the World News Channel. SBS Radio Online was launched in 2001, with all 68 language programs available on demand by 2003. In 2007, SBS commenced an online video initiative and now maintains more than 130 websites that deliver content for its programs. Users have responded positively to these initiatives.

- In 2006–07, ABC Online reached an average of 2.1 million unique users per month, while an average of more than 2 million monthly downloads of ABC podcast files were registered in the first six months of 2007.²
- Similarly, SBS registered more than 450 000 unique browsers per month in 2006–07 and over this period a total of 645 000 radio audio podcasts and 211 000 video podcasts were downloaded.³

An outline of the emerging technologies and trends in media and broadcasting can be found in Appendix C.


Digital television and beyond

The full conversion of television to digital by December 2013 will mean the end of analog and digital simulcasting. This will substantially reduce transmission costs and will potentially make spectrum available for the provision of new services (the so-called 'digital dividend').

1 The ABC operated a digital children's television channel—ABC Kids—between August 2001 and June 2003. The service closed due to lack of funding.

2 Podcasts include content from ABC Radio networks, ABC News and audio from ABC Television (Australian Broadcasting Corporation, *Annual Report 2007*).

3 Special Broadcasting Service, *Annual Report 2006–07*.



For national broadcasting, there are both short-term and longer-term issues associated with the transition to a fully digital television environment.

In the short term, there is the question of how the national broadcasters can best support the conversion of Australian households to digital that will be necessary for the cessation of analog signals by December 2013.

Two of the key drivers for digital television take-up are improved picture quality and the availability of additional services.⁴ National broadcasters could enhance the attractiveness of digital television by offering new programming and channels using their existing spectrum and/or providing more high-definition (HD) programming (beyond their current requirement for 1040 hours per year).

Both the ABC and SBS have flagged proposals for an increase in the number of digital television channels they provide.

- The ABC's 2020 vision would entail four digital television channels in addition to the current 'ABC1' and 'ABC2': a children's channel ('ABC3'), a news and public information channel ('ABC4'), an education channel ('ABC5') and a 'best-of-overseas' channel ('ABC6').
- SBS aims to provide four television channels in addition to the current main channel by 2020: an international channel to replace the existing World News Channel (to be known as 'SBS World'); and two additional channels that could be themed around genre or language region ('SBS3' and 'SBS4').

New channels such as these, or additional high-definition programming, would enhance the attractiveness of the digital television offering. However, they would also entail increased costs, particularly those associated with the production or commissioning of new Australian content.

In the longer term, any expansion of the number of television channels as envisaged by the broadcasters would also create spectrum demands. It will be essential, therefore, that they maximise efficiency and effectiveness in their delivery platforms.

At present, the two broadcasters manage and procure distribution and transmission services for their digital television content independently.

There may be scope to consider whether the ABC and SBS—while retaining separate identities and programming—could jointly utilise a shared 'platform' to manage common elements of digital broadcasting technology and infrastructure. This could yield savings, particularly in relation to transmission

⁴ Eureka Strategic Research, *Digital Television in Australian Homes—2007*, conducted for the Australian Communications and Media Authority, February 2008.



and distribution services, as discussed in section 7, 'Efficient delivery of services'.

Other options include the 'pooling' or sharing of transmission capacity between the two broadcasters to enhance efficiency and, ultimately, the amount of national broadcasting content they distribute.

The role of broadband

The Australian Government's National Broadband Network program will facilitate the rollout of a high-speed broadband network, which is planned to provide download speeds of at least 12 megabits per second to 98 per cent of Australian homes and businesses.

As noted above, the ABC and SBS already utilise their online platforms to provide a range of multimedia and interactive content, some of which could not be provided via terrestrial broadcast platforms. This content includes audio streaming of radio, audio and video downloading of television and radio programs, and on-demand television services.

SBS has indicated that it wishes to make all of its existing and new content available streamed and on-demand via broadband. Similarly, the ABC has indicated that it wishes to support its proposed digital television and radio services with broadband delivery.

The provision of innovative and attractive content online may stimulate consumer take-up of broadband, as is occurring with digital television. At the very least, it will be important for the national broadcasters to be aware of the changing patterns of consumer use of internet-based platforms to ensure their services are targeted to areas of greatest impact, consistent with their charters.

However, the greater cost per user to a national broadcaster from moving to an online platform needs to be considered. Traditional radio and television broadcasting has a low or zero marginal cost per additional user. In other words, once a broadcaster has established facilities in a particular location, if an additional listener or viewer tunes in it costs the broadcaster nothing.

In contrast, the cost of providing bandwidth-intensive content to audiences increases with demand, particularly for media-rich content such as video. The more viewers who download content simultaneously, the more servers and bandwidth the broadcaster needs. Although cost factors will change over time, they need to be considered in decisions about national broadcasters' use of services supplied through broadband internet.

Universality and localism

Choice of technology by the national broadcasters is particularly relevant for two of the key objectives of national broadcasting: universality and localism. Both of these functions have been integral to the shape of national broadcasting in Australia, particularly the activities of the ABC. This was again emphasised in the Final Report of the Australia 2020 Summit:

Public broadcasting should be funded so that it can deliver to all Australians, wherever they live, free of charge.

The public broadcasters [should be] a hub of the national conversation—the national ‘town hall’.

At present, the national broadcasters use predominantly terrestrial broadcasting technologies (television and radio) to achieve full geographic coverage. Alternative technologies—possibly internet-based—may offer options for improved delivery of services to regional and remote areas of Australia.

Although broadband availability is yet to match that of terrestrial broadcasting services, particularly AM radio and satellite, this is likely to change over the coming decade. The costs of information technology equipment and broadband access are also likely to reduce over time, although they may not match the coverage and portability of analog radio receivers.

At the local level, broadband is likely to have particular importance. A trend toward networking and syndication of content (that is, sharing of content such as a particular radio show among a number of radio stations from a central source), driven by cost pressures, has been evident across the commercial media for many years. Broadband may provide an opportunity for national broadcasting to address this in a cost-effective manner through enhanced local services.

Both the ABC and SBS have indicated a desire to expand their online platforms to create a ‘town square’ for community participation: the ABC in relation to local communities and SBS in relation to language communities.

Use of archives

The ABC and SBS possess a significant archive of past program material for which they hold the copyright. Broadband platforms offer scope for this resource to be more fully exploited and for audiences to access the depth of programming on-demand.

To date, the national broadcasters have typically approached online program delivery differently to their delivery of physical products. Programs accessed

online (podcast, vodcast or streamed) have generally been free of charge, whereas physical merchandise (such as DVDs, books and clothing) has been sold.

The current discrepancy between the pricing of online and physical merchandise raises the question about whether online archival material should continue to be made available free of charge, or whether it should be sold like physical merchandise. This issue is discussed in more detail in section 7.

Creativity and innovation

Forays by the ABC and SBS into new technologies are broadly consistent with their charter obligations to provide Australians with high-quality, innovative broadcasting services. However, there is a question as to whether the national broadcasters should be the ‘early adopters’ of emerging technologies and formats, particularly in the online environment.

National broadcaster support for cutting-edge technology or experimental programming could stimulate innovation and risk-taking within Australia’s production and creative sectors. It might also ensure that technology change does not prevent some types of media platform users from accessing the national broadcasters.

At this same time, the early adopter role exposes the national broadcasters—and ultimately Australian taxpayers—to the risks of changing consumer preferences or technologies that may fail to gain a critical mass or wide implementation. In addition, the benefits of being an early adopter may not accrue to the national broadcasters themselves but to commercial service providers who take the product over once it is proven and expand it to the mainstream.

Questions:

Harnessing new technologies to deliver services

- What is the appropriate role for the national broadcasters in the conversion to digital television and the implementation of digital radio?
- Are there opportunities for the national broadcasters to more effectively fulfil the objectives of universal access and the provision of local content by utilising new delivery platforms such as broadband internet?
- The national broadcasters, particularly the ABC, have substantial archives of material. Are there ways these archives can be more effectively used and accessed?
- Is there a role for the national broadcasters to be early adopters of new technologies and program formats?

3

3: Informing and entertaining Australians

The ABC and SBS play a central role in informing and entertaining Australians; particularly through the provision of material that reflects Australia's unique character and characteristics and promotes diversity and understanding of other cultures. These responsibilities are codified in the three relevant Acts.

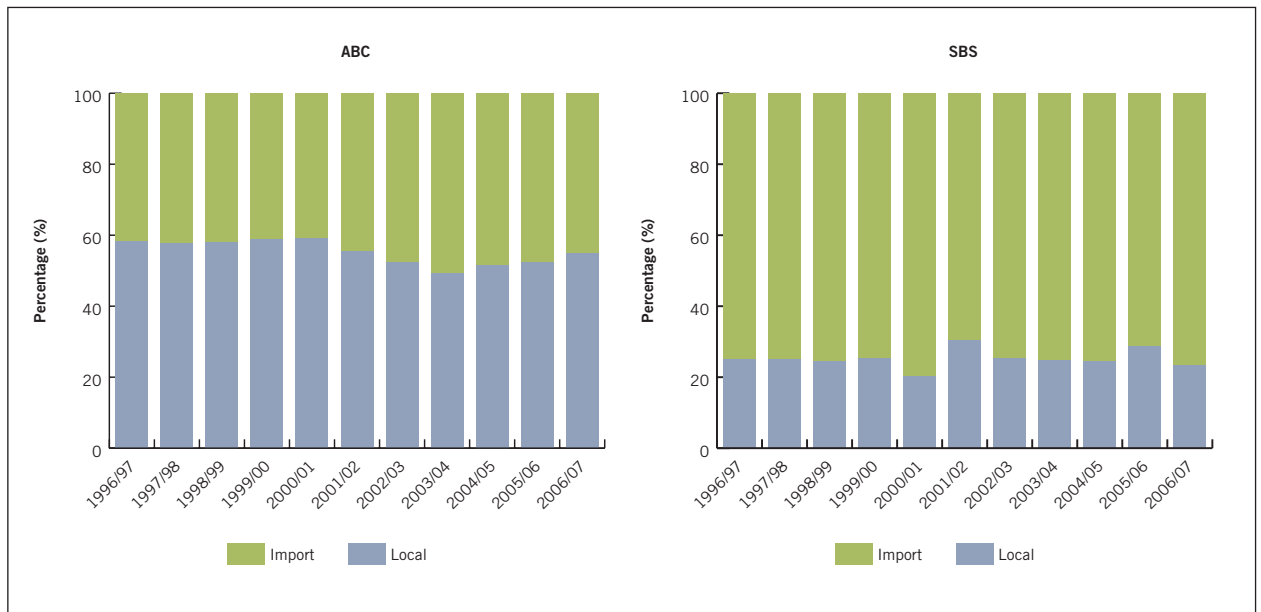
There is a strong connection between the national broadcasters and Australia's creative industries. This was explicitly recognised in the Final Report of the Australia 2020 Summit:

The ABC and other public broadcasters should be resourced as a cultural platform for the delivery of culture and the arts to society.

Delivery of Australian content

The national broadcasters play a key role in the delivery of Australian content on television and radio. As Figure 1 illustrates, both the ABC and the SBS have generally maintained their level of Australian programming over the past decade.

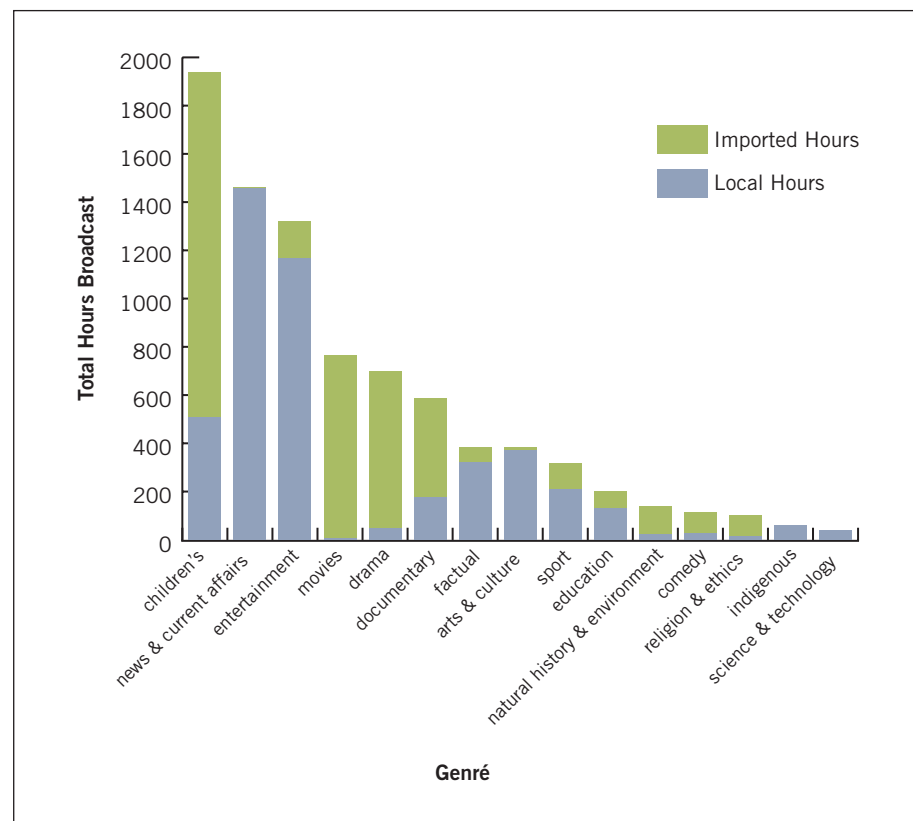
Figure 1: Imported and local television programming by the ABC and SBS, 1996–97 to 2006–07



Source: Data taken from Screen Australia, Get the Picture: Free-To-Air TV, 5 July 2008. ABC data is for ABC1.

However, in the genres of adult drama, children’s drama and documentary programming the national broadcasters are more reliant on overseas material. Figure 2 illustrates the relative weighting of imported and local programming for the ABC in 2006–07.


Figure 2: ABC 1: Imported and local television programming, 2006–07 (24 hours)



Source: Data taken from Australian Broadcasting Corporation, Annual Report 2007, p. 184.

These relative weightings are, at least in part, the result of significant cost differences between Australian-produced and overseas-sourced television programming.

Generally, a television series produced in the United Kingdom or the United States can be acquired by the ABC or SBS for around 10 per cent of the cost of producing an equivalent series in Australia. For example, Australian-produced drama programming typically costs between \$500 000 and \$1 million per hour, whereas the cost of acquiring overseas drama typically ranges between \$30 000 and \$100 000 per hour.



While many locally produced dramas are popular with audiences, many imported programs are also highly valued. There is an argument that much of the locally-produced drama would not have been made available by commercial broadcasters, at least not until it had demonstrated an audience on the ABC or SBS.

Without direct funding for the national broadcasters to produce Australian content and regulatory measures that ensure commercial broadcasters provide minimum levels of Australian content, the amount of Australian content available to Australian audiences is likely to be significantly lower than current levels.

In *New Directions for the Arts 2007*, the Australian Government committed to amending the ABC Charter to mandate minimum levels of Australian drama on the ABC that reflect obligations similar to those that apply to commercial free-to-air television networks. SBS has also indicated a desire to provide an additional 100 hours per year of Australian-produced drama, documentary, comedy and entertainment programming on its main television channel by 2012, commissioned from the Australian independent production sector.⁵

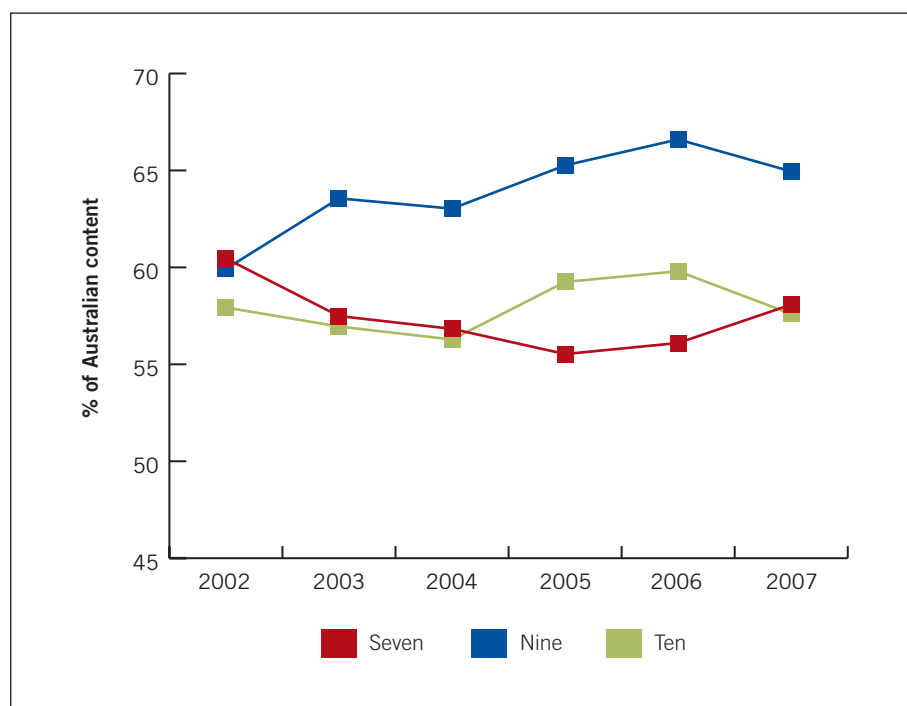
The current drama requirements for commercial television form part of the Australian Content Standard. The Standard requires all commercial free-to-air television licensees to broadcast an annual minimum transmission quota of 55 per cent Australian programming between 6 a.m. and midnight. This quota includes minimum amounts of first-release drama, documentary and children's programs.

The Seven, Nine and Ten Networks have consistently met or exceeded the minimum requirements of the Standard, including over the past five years, as Figure 3 illustrates.

⁵ Special Broadcasting Service, *SBS's Plans for the Future*, July 2008.



Figure 3: Australian programming on metropolitan commercial television networks from 6 a.m. to midnight, 2002–07



Source: Data taken from Australian Communications and Media Authority, Australian Content Standard Compliance Results 2007.

However, the capacity of commercial television to continue to provide the current level of local drama content could be challenged over time if the growth of new and competing platforms leads to declining advertising revenue and its privileged access to spectrum ceases to provide a significant benefit.

As greater numbers of media channels and platforms become available, the role of the national broadcasters in providing Australian audiences with Australian drama, documentaries, comedy and arts programming is likely to become more important.

At the Australia 2020 Summit, the ABC argued for a significant expansion of the amount of Australian content that it provides on its current and future digital television channels, ranging from not less than 50 per cent on its proposed children’s and education channels (‘ABC3’ and ‘ABC5’), through to not less than 80 per cent for its main channel (‘ABC1’).

Children's programming

One program genre where the national broadcasters could play an enhanced role is in children's programming. The ABC has traditionally had a strong role in children's television, with some programs household names for generations of Australians. This role is complemented by the commercial networks (for which the Children's Television Standards 2005 determine minimum amounts and scheduling of children's television programming) and by other platforms, particularly subscription television.

There was strong support for the ABC's role in children's education and entertainment at the Australia 2020 Summit:

The ABC would have a specific education role in classrooms and across all industry sectors. This should be supplemented by the ABC having a separate children's channel. (Final Report)

One option put forward by the ABC and the Australian Children's Television Foundation at the Summit was for a dedicated, digital children's channel to be provided by the ABC ('ABC3'). The channel would be commercial free and would provide greater than 50 per cent Australian content.

SBS has also suggested that it should play a role in the provision of children's programming on its digital television multichannels, specifically those in languages other than English, which would be subtitled in English.⁶

The Senate Standing Committee on Environment, Communications and the Arts recently indicated its support for proposals of this nature, recommending that broadcasters—the national broadcasters in particular—consider establishing dedicated children's television channels.⁷ The ABC previously operated a digital children's television channel—ABC Kids—between August 2001 and June 2003.

In its review of the Children's Television Standards for commercial television, the Australian Communications and Media Authority raised the option of commercial networks 'trading' or 'buying out' some or all of their regulatory obligations for children's programming under the Standards. The 'traded' quota requirements would be broadcast by other operators, potentially including the national broadcasters. It is understood that this approach was not well supported in the review.

⁶ Ibid.

⁷ Senate Standing Committee on Environment, Communications and the Arts, *Sexualisation of Children in the Contemporary Media*, June 2008, Recommendation 5.



News and current affairs

Consistent with their legislative mandates, SBS and the ABC play a prominent role in the provision of news and information.

- SBS television and online services include the nightly *World News Australia* bulletin, current affairs programming such as *Insight* and *Dateline*, and more than 60 hours a week of international news bulletins. SBS also provides news and current affairs programming on radio in more than 68 languages, as well as a dedicated all-news digital television service, the World News Channel.
- ABC television services include regular evening bulletins and current affairs programming such as the *7.30 Report*, *Four Corners*, *Lateline* and *Foreign Correspondent*. Material for this programming schedule is supplied by an extensive network of Australian and overseas-based journalists. ABC news programs on radio include the flagship *AM*, *PM* and *The World Today*. In addition, *ABC NewsRadio*, *Radio National* and 60 local radio stations provide news and information throughout their schedules. This broadcast programming is augmented by *ABC Online*, with close to five million pages of content.

The Final Report of the Australia 2020 Summit emphasised the importance of the news arms of the national broadcasters and their role in supporting an informed and educated citizenry:

National broadcasters should be the venues of public education and offer a space for dissemination of mature judgement on ideas. They should be a repository of knowledge, rather than just of information.

Digital technologies provide scope for the national broadcasters to enhance the impact and value of their news and information content. It will be important to ensure that synergies in news gathering and dissemination made possible by digitisation are maximised. For example, the ABC has announced that work has begun on a Continuous News Centre to provide multiple, simultaneous streams of news content to all of the ABC's outlets: television, radio, online.⁸

Digital technologies could provide further scope to enhance the effectiveness of the news and information services of the national broadcasters, for example through the creation of a dedicated news and public affairs channel, as proposed by the ABC ('ABC4').⁹

⁸ Australian Broadcasting Corporation, *The Digital Future Now*, media release, 12 March 2008.

⁹ M Scott, *The ABC of the Digital Media Age*, National Press Club Address, 10 September 2008.



Such a service was endorsed in the Australia 2020 Summit's Final Report:

A program along the lines of "C-span" in the United States or Canada could be established. An Australian version of "C-span"—AuSpan—would make a big difference to the public policy debate.

Comprehensiveness and program diversity

SBS has a legislated mandate to 'provide multilingual and multicultural radio and television services that inform, educate and entertain all Australians'.

The ABC's Charter requires the organisation to provide 'innovative and comprehensive broadcasting services' and, in fulfilling this and other functions, 'provide a balance between broadcasting programs of wide appeal and specialised broadcasting programs'.

These broad mandates pose challenges for the national broadcasters as they decide how to deploy scarce resources to produce programs across the content spectrum and the platforms on which programming is to be delivered.

This challenge is likely to be even greater in the 2020 media environment. Audiences will no longer be passive recipients of content whose timing and manner of delivery is determined by the broadcasters. These new audiences will expect higher levels of interactivity and greater choice about when and how they consume content. Charter obligations and programming priorities will need to align with contemporary community expectations and needs.

At present only one domestic programming area—education—is explicitly mandated as a charter requirement for the ABC, and the charters of the ABC and SBS are still couched in terms of 'broadcasting' even though these organisations increasingly provide online services. News and information services and children's programming are two possible areas that could be given greater emphasis in any revision of each organisation's charter.

However, the implications of articulating more specific priorities would need to be carefully considered. The current structure of the ABC Charter, and to a lesser extent the SBS Charter, provides considerable flexibility as to how the organisations give effect to their roles as national broadcasters, determine priorities and allocate resources. This flexibility provides each broadcaster with the scope to respond to changing circumstances and emerging technologies, and to undertake new activities.

Questions:

Informing and entertaining Australians

- What role should the ABC and SBS have in promoting Australia's cultural identity and presenting Australian images on television, radio and across new media?
- What role should the ABC and SBS play in the provision of children's programming and should children's programming be delivered on the main digital television channels, or on separate channels, or both?
- How might the national broadcasters harness new technologies and platforms to enable Australians to remain informed at a local and national level?
- Should the charters of the national broadcasters be amended to more clearly define their broad programming directions and priorities? Should such priorities take into account the nature and reach of particular delivery platforms?

4

4: Education, skills and productivity

Education, skills development and productivity are key elements of the Australian Government's forward policy agenda. Significant initiatives have been announced in relation to early childhood education, schooling, vocational training, higher education and research.¹⁰

This section considers the role that the national broadcasters could have in supporting educational activities—against the background of the Australian Government's objectives—bearing in mind the broadcasters' statutory operational independence.

Current responsibilities and activities

The national broadcasters' charters oblige them to educate Australians. The provision of educational programs for schools is a component of the ABC's daytime television scheduling, although the move to online delivery is likely to become increasingly relevant as schools adopt information technology and broadband capability to deliver educational content.

The ABC's educational and other material is widely used in schools. A 2007 survey found that 60 per cent of schools and teachers use ABC schools programs, while a higher percentage use mainstream ABC content such as news, current affairs and documentary programming. These services were most heavily used in teaching year 5 and 6 students.¹¹

The national broadcasters also play a role in lifelong education. The ABC has strong links with adult education institutions and has operated a Lifelong Learning portal. However, the relationship of the ABC and SBS with education extends beyond curriculum-based material as a large number of their programs contribute to informing and educating Australian audiences. Both the ABC and SBS play a role in the provision of training in areas relevant to their operations.

10 Prime Minister Kevin Rudd MP, address to the 2008 Future Summit, 'Preparing Australia for global competitiveness in the 21st century', Sydney, 11 May 2008.

11 Austin Research Services, *ABC schools TV study 2007: report of key findings*, Sydney, 2008.



Educational programming

As noted in the Australia 2020 Summit Final Report, there is an established link between education and national productivity.

Universal access to high-quality education for early childhood development is an essential starting point. All Australians need to be equipped from birth throughout life by providing a world-class system for care, learning and schooling.

Digital and online technologies will be integral to learning in Australian classrooms and homes in 2020. At the Australia 2020 Summit the ABC put forward a proposal for a dedicated, digital education channel ('ABC5').¹²

In a broadband environment such a channel could be streamed online in addition to, or instead of, being broadcast on television. Online delivery may provide more flexibility than a broadcast service by allowing students and teachers to access material at convenient times. The development of a national curriculum—a stated priority for the Australian Government—may enable the national broadcasters to further tailor their content to meet specific needs.

An education channel could be used for other training purposes such as the provision of English and foreign language teaching resources, particularly where this delivers synergies between the operations of the ABC and SBS. The importance of language skills and capabilities was recognised by participants in the Australia 2020 Summit:

[By 2020]... Australia should be an engaged global citizen within our region through strategic integration of the study of Asian languages and societies at all levels of the education system ... (Final Report).

A dedicated education channel might also provide lifelong learning or adult education programming. Again, the importance of lifelong education for Australia's future was noted in the Final Report of the Australia 2020 Summit:

A commitment to lifelong learning for all Australians was also seen as a prerequisite for maintaining Australia's competitive advantage among nations.

By 2020, life-long learning would be the norm, and employees can move freely between work, education and training courses and creativity is valued, encouraged and supported by employers and government.

¹² Australian Broadcasting Corporation, *The ABC in the Digital Age—Towards 2020*, paper prepared by the ABC for the Australia 2020 Summit, April 2008.



Training and skills development of staff

The ABC is a registered training provider with a solid reputation in the media industry. Training is currently offered internally and supports the organisation's technical and business capabilities. The ABC also offers internships and cadetships. SBS provides technical training, cadetships, internships and mentoring programs across the range of its operations to support its staff and the broader industry.

As with many industries, the broadcasting and media sectors are currently suffering a range of skills shortages, particularly in technical fields such as broadcast engineering and production. These shortages are expected to become more acute as the range of technologies and platforms used in broadcasting and media production expands.

There may be merit in examining the potential for the national broadcasters' training arms to be extended to external provision—that is, to be a media training provider for the wider industry on a cost-recovery basis.

However, it would be important to ensure that any external training provision maximised the impact and efficiency of the training delivered, and was targeted to industry needs. Consideration would need to be given to the training priorities identified by Skills Australia, the body established by the Australian Government to provide strategic advice on such matters.

Questions:

Education, skills and productivity

- Will there be a role for national broadcasting in education and training in a 2020 media and communications environment?
- Is there likely to be public benefit in a national digital education channel and how could such a channel be constructed to provide for cost-effective delivery of educational and training content?
- Would there be a public benefit in the national broadcasters playing a more significant role in the vocational education and training environment, beyond their current activity?



5: Social inclusion and cultural diversity

The national broadcasters support the building of community and cultural awareness in Australia by providing programming that reflects Australia's multicultural society, allowing audiences to participate in their local communities, and making news, entertainment and information accessible to those with disabilities. Universal access to national broadcasting services also ensures that all Australians, regardless of location or economic circumstances, are able to access information and entertainment programming that supports their participation in Australian society (as outlined in section 2).

These functions are broadly consistent with the Australian Government's social inclusion policy agenda. The issue is whether the services of the national broadcasters can—or should—make a greater contribution to social inclusion in the transition to a multiplatform and multichannel media environment in ways that are consistent with their statutory independence.

Multilingual programming

SBS's Charter requires it 'to provide multilingual and multicultural radio and television services that inform, educate and entertain all Australians, and, in doing so, reflect Australia's multicultural society.'¹³

One challenge for SBS in fulfilling this function is to serve new language groups in the community without reducing programming for established groups; particularly as the use of languages other than English in Australia continues to change. The next scheduled SBS Radio review is due to start shortly and will be based on data from the 2006 Census.

SBS Radio broadcasts programs in 68 languages on two frequencies (AM and FM) in Sydney, Melbourne, Canberra and Wollongong, and on one frequency in other capital cities and regional centres. SBS Radio services are streamed alongside digital television services on SBS's digital television channels.¹⁴

¹³ SBS Act, s. 6.

¹⁴ While the digital television platform adds significantly to the reach of these services, listeners need to have a digital television device, and be prepared to turn it on to listen to radio programming. Television also lacks a key characteristic of radio's audience appeal: mobility.



There appears to be ongoing demand for increased access to SBS Radio, both in terms of the areas serviced and the languages provided.

The limits on SBS Radio services reflect, in part, the lack of suitable vacant analog radio channels (AM and FM) in many parts of Australia, particularly larger cities and regional centres.

The national broadcasters' digital radio services are due to commence in the state capital cities during 2009.¹⁵ SBS has indicated a desire to progressively introduce nine simulcast and unique digital radio services between 2009 and 2012, including specialist channels featuring languages from China, the Indian subcontinent, East Asia, Africa, Europe and the Middle East.¹⁶

While digital radio offers potential for the delivery of programming in languages other than English, this technology is being introduced as a supplement to analog radio rather than as a replacement for it.¹⁷ The capacity of digital radio to fully replace AM and FM radio and to support the eventual closure of analog radio services is yet to be established.

There are also cost issues relating to the accessibility of digital services. Although prices are falling as the international market grows, digital radio receivers remain significantly more expensive than basic AM and FM sets. Moreover, the broadcast model for service delivery may be neither optimal nor cost effective for the provision of content for very small audiences.

The on-demand characteristics of broadband may, however, offer some advantages in terms of SBS's mandate for delivering content to diverse small communities and language groups.

Individual language programming from SBS Radio is already streamed via SBS Online. With increasing broadband take-up, the online environment may enable additional non-English language programming to be made available via podcasts, vodcasts and other formats.

However, there are access and cost issues that need to be considered. Broadband involves costs for consumers in the form of periodic subscription fees and IT equipment requirements. Broadcasters, too, must pay for bandwidth-intensive content on a per-user basis, marking a major difference from traditional broadcasting.

15 The Government announced in the 2008–09 Budget its intention to amend the Broadcasting Services Act to extend the legislated timetable for commercial broadcasters to commence digital radio broadcasting from 1 January 2009 to 1 July 2009.

16 Special Broadcasting Service, *SBS's Plans for the Future*, July 2008.

17 'Digital radio will supplement existing analog radio services for a considerable period and may never be a complete replacement': Explanatory Memorandum to the *Broadcasting Legislation Amendment (Digital Radio) Act 2007*.

Trends and changes in migration

The profile of Australia's migration intake in 2020 may be very different than it is today. Skills shortages are likely to remain an issue if the current environment of low unemployment and an economy operating at or near full capacity continues. In this context, it is relevant to consider whether the services of the national broadcasters, and SBS in particular, can support changes in Australia's migration patterns more effectively.

There may be scope to better harness the foreign-language skills and resources of SBS, and also the ABC, to support public broadcasting or migration initiatives.

Such initiatives might, for example, include English-language education programming targeted to particular migrant groups in Australia and delivered as part of a national broadcasting suite of educational content. This could include the adaption of English-language programming provided to international audiences via Australia Network or Radio Australia (see section 6) for a domestic audience in Australia.

Alternatively, SBS could play a role in providing foreign-language subtitling for Australia Network, or in informing target migrant groups in the Asia-Pacific about Australian life and culture through Radio Australia.

Indigenous programming

At the Australia 2020 Summit, the importance of publicly funded broadcasting in the Indigenous arena was raised:

The ABC, SBS and National Indigenous Television (NITV) [should be] the custodians of Australian stories, creativity and Indigenous broadcasting. (Australia 2020 Summit: Final Report)

At present, the ABC and SBS play distinct roles in delivering services and programs for Indigenous audiences. The broadcasters provide a range of Indigenous news, current affairs, documentary, drama and special event programming.

In addition, the content provided by NITV supplements that provided by the national broadcasters in some areas of Australia.

Launched in July 2007, NITV is a dedicated national Indigenous content service. At present, NITV is available as a channel in remote areas via Imparja Television and nationally on subscription television via Foxtel and Austar. There are also 109 Indigenous community radio stations operating across metropolitan, regional and remote Australia.

It is worth considering whether the Indigenous services provided by the national broadcasters and by NITV might be provided in a more effective, efficient and integrated manner, particularly in the transition to a digital environment that makes best use of the available resources.

Access to broadcasting and other electronic media

The national broadcasters, along with the commercial broadcasters, are required by legislation to provide a captioning service for television programs transmitted during prime viewing hours (6.00 p.m. to 10.30 p.m.), and television news or current affairs programs transmitted outside prime viewing hours.¹⁸

The Australian Government is investigating access to electronic media for the hearing and vision impaired. It has put out a public discussion paper that identifies existing arrangements such as the availability of captioning and audio descriptions and considers issues for extending these arrangements.¹⁹

There may be scope for the national broadcasters to take a lead in delivering services for the hearing and vision impaired, should there be an identified need to expand the current obligations. This would have resource implications.

These matters are being considered in the context of the Australian Government's separate media access review, but additional comments in the context of this review are welcome.

¹⁸ Broadcasting Services Act, Schedule 4, Clause 38.

¹⁹ Department of Broadband, Communications and the Digital Economy, *Access to electronic media for the hearing and vision impaired: discussion paper*, 2008.

Questions: Social inclusion and cultural diversity

- What opportunities do new digital broadcasting and other platforms provide for the national broadcasters to more effectively deliver programming in languages other than English?
- Are there ways of better harnessing new media and broadcasting technologies to enhance the value of the national broadcasters' services to migrant groups, particularly those that are newly arrived?
- Is there scope for the Indigenous services of the national broadcasters and National Indigenous Television (NITV) to be provided in more effective, efficient and integrated ways that make best use of the available resources?



6: Presenting Australia to the world

The national broadcasters play a significant role in overseas broadcasting. This is achieved through television and radio broadcasts, online content delivery and projects designed to enhance local broadcasting capacity in neighbouring countries.

The overseas activities of the ABC that are directly funded by Government include:

Radio Australia—a shortwave, local FM and online broadcaster in seven languages throughout the Asia Pacific region. The service has a confirmed surveyed audience of over one million listeners per week, while online services generate 1.4 million visits per month.²⁰

International projects—constituting a range of initiatives with media organisations in the Asia–Pacific region aimed at enhancing the relevance and capacity of these organisations.²¹

SBS's internationally oriented activities include the provision of Radio News on the World News Australia website, which enables English-speaking international audiences to access these services, and overseas sales of SBS content.

The ABC provides the Australia Network television service under a contract with the Department of Foreign Affairs and Trade. Australia Network broadcasts via satellite and cable platforms to 44 nations in the Asia–Pacific region and has a monthly audience of approximately seven million viewers.²² The ABC won the tender to operate Australia Network for a second five-year term in late 2005.


Technology adoption and continued internet penetration, particularly in Asia, have enabled multiple platforms to be used to deliver these overseas broadcasting services.

For example, Radio Australia's delivery via shortwave radio has been complemented since 2000 by a network of FM retransmissions in Indonesia and the wider South East Asia region, direct-to-home satellite carriage, and provision of content on the Radio Australia website www.radioaustralia.net.au

20 Figures as at June 2008, provided by the ABC.

21 Australian Broadcasting Corporation, *Annual Report 2007*.

22 Figures as at June 2008, provided by the ABC.



Podcasts of Radio Australia programs now regularly achieve more than one million downloads per month. The internet is the primary delivery platform for bilingual English lessons.²³

The policy context

Enhancing Australia's engagement with the Asia-Pacific region is a priority for the Government. The Prime Minister noted in a speech in June 2008 that 'global economic and strategic weight is shifting to Asia. For the first time in the settled history of this continent, we find ourselves in the region that will be at the centre of global affairs'.²⁴

With their established reputation and 'brand', the overseas services provided by the national broadcasters might be deployed to further Australia's cultural, commercial and social links in key Asian markets, particularly those crucial to Australia's future trade and economic development.

India is one example. India is currently Australia Network's biggest single market, with more than five million viewers per month. Consecutive 'people meter' surveys in the first half of 2008 demonstrate that Australia Network consistently out-rates both BBC World and CNN International in the six key Indian metropolitan markets.²⁵

23 Australian Broadcasting Corporation, *Annual Report 2007*.

24 Prime Minister Kevin Rudd, *It's Time to Build an Asia Pacific Community*, Address to the Asia Society Australasia Centre, Sydney, 4 June 2008.

25 Figures from internal document provided by the ABC, June 2008. Source of statistics is TAM India.



Service enhancement and expansion

At the Australia 2020 Summit the ABC, along with some respondents in the consultation process, argued for an expansion in the international broadcasting services it provides. Specific proposals included:

- securing access for Australia Network to terrestrial television services in China
- extending the reach of Australia Network and Radio Australia in the Middle East
- enhancing news coverage, educational (English language) programming and institution building activities in the Pacific
- offering local-language captioning/subtitles in key markets for Australia Network, such as China, Indonesia, Vietnam, Cambodia and Thailand²⁶
- extending the reach of Radio Australia in India
- initiating further projects to build national broadcasting skills and infrastructure throughout the Pacific, in partnership with Australian Government agencies.

As noted previously, SBS has indicated an interest in making all its television and radio content available online.²⁷ This content would be available to an international audience as well.

Proposals relating to the services of Australia Network would need to be considered in the context of the current contract for the service with the Department of Foreign Affairs and Trade, which expires in August 2011.

²⁶ The proposal for Vietnamese subtitling in Australia Network broadcasts has been implemented.

²⁷ Special Broadcasting Service, *SBS's Plans for the Future*, July 2008.



Priorities and independence

Aside from its contractual obligations in relation to Australia Network,²⁸ the ABC is not required to accept the views or any other policy directions from the Government in the provision of its other international broadcast services (including Radio Australia). Indeed, one of the key performance indicators in the current Australia Network contract is the existence and application of editorial policies on independence and accuracy.

Market research for Australia Network shows that audiences particularly value the service's ability to provide an alternative viewpoint.²⁹ The editorial independence of international broadcasting services is likely to be a key factor in building and maintaining audience loyalty, particularly in countries where state-owned media is often politically aligned. Regardless of the mechanism used, any attempt to specify priorities for overseas broadcasting will need to ensure that the editorial independence of these services is not undermined.

Platforms

The national broadcasters use a mix of platforms to deliver their international services: shortwave broadcasts, FM retransmissions, direct-to-home satellite, cable and online.

In light of rapid changes in technology it is reasonable to consider whether this platform mix remains the most efficient and cost-effective way of projecting Australian values and perspectives to overseas audiences.

For example, in relation to Radio Australia, it may be useful to consider whether shortwave radio will still be relevant in 2020, or whether resources would be better directed toward FM retransmission, online delivery or satellite distribution.

²⁸ Among a range of matters, the Australia Network contract stipulates requirements in terms of geographic reach, programming (including 70 per cent Australian content), continuity of service, development of online services, branding, marketing, advertising and revenue.

²⁹ Australian Broadcasting Corporation, *Annual Report 2007*.

Questions:

Presenting Australia to the world

- Should consideration be given to expanding or enhancing the overseas services provided by the national broadcasters, and if so, in what form and to which countries?
- What is the appropriate relationship between Australia's foreign policy objectives and the overseas broadcasting activities of the national broadcasters?
- Is there a need to reconcile Australia's priorities for engagement within the Asia-Pacific region with the requirement for the editorial and operational independence of the national broadcasters' overseas broadcasting activities?
- Are there ways in which the impact and use of the overseas services of the ABC and SBS can be better measured and tracked?

7

7: Efficient delivery of services

The ABC and SBS receive a significant amount of public funding. Over the three years to 2008–09 the ABC received more than \$2.5 billion and the SBS more than \$560 million. These public funds should be used in the most effective and efficient manner possible. In particular, the ABC and SBS, wherever possible, should harness the potential of digital technologies to lower production and operating costs and optimise the impact of their services for audiences.

Asset management

Capital

Broadcasting is a capital-intensive industry. For example, the ABC has more than \$750 million in fixed assets and the SBS more than \$75 million.

Digitisation is changing the composition of the national broadcasters' asset base, with plant equipment and computer software taking up a proportionally higher share. As these assets tend to have a shorter useful life than that of land and buildings, the level of depreciation expense and capital reinvestment required may have increased.


The national broadcasters will therefore need appropriate contingencies to make the capital reinvestment required to keep pace with these changes.

Property including production facilities

As a broadcaster with a mandate to deliver services throughout Australia, the ABC has significant property holdings and substantial production capacity. There has been some rationalisation of property holdings in recent years with the sale of property in Sydney and Perth.

There has been much debate about the benefits for the national broadcasters of in-house production versus external program commissioning. It has been argued that independent production offers flexibility, provides support for Australia's independent production industry and offers the potential for production efficiencies.

SBS operates a predominantly outsourced production model. It commissions all of its domestic television content—barring news, current affairs and sports programming—from the independent production sector.



However, it can also be argued that there are merits in retaining some functions in-house. This is likely to be the most appropriate model for certain programming genres—news and current affairs, for example. In-house production may also yield cost efficiencies through vertical integration, as well as spillover benefits through the creation of ‘incubators’ for talent and skills development.

The ABC operates a mixed model and has recently confirmed that it intends to retain a mix of internal and external production, and continue with television production in the states.³⁰

The decision to retain a mixed model follows a detailed review by the ABC of its approach to television production. A new division now manages the ABC’s in-house and outsourced production.

Common functions

At the Australia 2020 Summit, SBS advanced a proposal to create a common manager and purchaser of transmission and related services for the ABC and SBS.

It suggested that there would be efficiencies to be gained by combining the management of ABC and SBS transmission and distribution services. SBS noted that the introduction of digital radio—whereby the national broadcasters will jointly own a company to manage common infrastructure—may provide an effective model.

If a common platform such as this were established it might generate efficiencies and could provide a vehicle for the delivery of other ‘back office’ corporate functions, such as legal services or information technology.

The distribution of ABC and SBS services was previously managed by a single organisation, the former National Transmission Authority, without any adverse effect on the separate identities of the ABC and SBS.

³⁰ Australian Broadcasting Corporation, *Creation of ABC Resources*, media release, 27 March 2008.

Additional funding sources

The Australian Government is not considering significant changes to the funding models for the ABC or SBS.

- The ABC is primarily funded by the Australian Government and it is prohibited by legislation from broadcasting commercial advertising on its domestic television and radio services.
- SBS is permitted under its legislation to operate on a hybrid funding model, which includes limited advertising on all platforms (up to five minutes of advertising per hour on television, with other restrictions).³¹

The Australian Government remains committed to maintaining the prohibition of commercial advertising on the ABC and does not support advertising on the ABC's mainstream websites. The Government does not support the introduction of industry levies or household licence fees to fund national broadcasting.

However, as technologies and audience habits change and evolve, arguably there may be merit in considering ways in which the existing funding arrangements can be augmented, at least for specific targeted activities over and above core functions.

Pay-per-view content

The broadcasting services of the ABC and SBS have traditionally been provided to audiences free of direct charge, and there are no plans to change this. However, in an online environment, the ABC and SBS face additional infrastructure and service provision costs for each additional user of content, particularly for downloaded or streamed content. For these services, it may be appropriate to consider whether the ABC or SBS should seek to recover some or all of the additional cost from users, or to otherwise charge for online programming.

The ABC has already made moves towards pay-per-view distribution by launching a service in July 2008 as part of its iView internet television offering. The ABC Shop online makes a range of current and past programs available for download for \$2.95 per episode. The ABC and SBS also currently charge for physical merchandise, such as CDs of audio programming, DVDs of television content, books and clothing.

³¹ The SBS Act allows SBS to broadcast advertisements that run during periods before programs begin, after programs end or during natural program breaks. These advertisements must not run for more than five minutes in any hour of broadcasting. SBS generated \$41.7 million in gross revenue from advertising and sponsorship in the 2006–07 financial year.

This contrasts with the other programs available through the ABC iView service and podcasts of various ABC radio programs, which are free to view and download.

Any further pay-per-view initiatives need to be carefully considered in the light of the broad public-interest objectives for the ABC and SBS. Growth of such services would be a significant change from the traditional free-to-view or free-to-listen approach that has underpinned the operations of the ABC and SBS to this point.

Open contracting for public broadcasting content

There may be merit in considering whether government funding for particular types of public interest broadcasting programming might be made available via contract or other agreement with the Commonwealth on a contestable basis. Under this model service providers—including the ABC and SBS—would be able to bid to develop and/or provide particular public interest broadcasting content for transmission on traditional broadcasting or new digital platforms.

This approach of contestable funding has been adopted in New Zealand, where a statutory agency, NZ On Air, funds the development and broadcast of programs that fulfil certain public service objectives. In the United Kingdom the regulator, Ofcom, is considering options to increase the level of contestable funding for public service broadcasting.

In Australia, an open funding model is already in place for the provision of overseas television broadcasting (see section 6: Presenting Australia to the world). This model could be applied to specialised forms of public broadcasting content, particularly content that will be primarily delivered online, for example, training or educational material or programming.

Questions: Efficient delivery of services

- How is the transition to a digital operating environment changing the capital requirements of the national broadcasters?
- What changes might be considered to the national broadcasters' management of property and facilities to allow them to deliver their outputs more efficiently?
- Is there an optimal mix of in-house and outsourced production and, if so, how might it vary across different types of programming?
- Is there scope for combining certain parts of the operations of the two national broadcasters that provide for improved operating efficiencies without compromising their separate identities?
- Should additional funding options for national broadcasting programs be considered, such as user-pay systems for programs distributed online, or open contracting for public interest content? If so, how might such arrangements operate, and to what types of content should they apply?



APPENDIX A: SUBMISSIONS PROCESS

How to make a submission

The preferred method for the receipt of submissions is via the online form available at www.dbcde.gov.au/abcsbsreview

The online form allows for submissions of up to 1000 words in length and must only contain material for public release.

Submissions of more than 1000 words, or which contain confidential information, can be made in one of the following ways:

1. by facsimile to 1800 018 281
2. by post to the following address:
ABC SBS Review
Department of Broadband, Communications and the Digital Economy
GPO Box 2154
CANBERRA ACT 2601, or
3. by email attachment to abcsbsreview@dbcde.gov.au

Submissions should be made using only one of the available options.

Submissions coversheet

All submissions must have a submission cover sheet attached. A copy of the submission cover sheet can be downloaded from www.dbcde.gov.au/abcsbsreview

Alternatively, you can request a hardcopy of the cover sheet by calling 1800 025 145 (free call).



Email formats

All email submissions must adhere to the following requirements:

1. All submission material, including the coversheet, submission and any appendixes must be attached to the email. Submission material should not be included in the body of the email. This will aid in publishing submissions and ensure that your submission is published as provided.
2. The total combined file size for any email (including the coversheet, submission and any appendixes to a submission) should not exceed 3Mb.
3. All files should include the submitter's full name (whether individual or organisation) and indicate whether the file concerned is a coversheet, submission or an appendix to a submission.
4. Files should be in any one of the following types:
 - .doc .rtf
 - .gif .tiff
 - .jpg .txt
 - .pdf .zip

Publication of submissions

Submissions will be made public unless otherwise specified. Submissions will be published on the Department's website after the public submissions period has closed.

The Department will not acknowledge receipt of submissions. Please note that there may be some delay in publishing submissions if a large number is received. If a submission is made by a person or organisation more than once it will only be published in one format.

Submissions will not be published if they breach applicable laws, promote a product or a service, contain offensive language, or express sentiments that are liable to offend or vilify sections of the community.

Please note that the Department of Broadband, Communications and the Digital Economy reserves the right not to publish submissions it deems inappropriate for reasons other than those outlined above. For example, the Department may choose to only publish one of a series of identical or near-identical 'campaign-type' responses.

Discussion paper — alternative formats

An audio version of this discussion is available online on at www.dbcde.gov.au/abcsbsreview or by calling 1800 025 145 (free call).

A Braille copy of the paper can be provided upon request by calling 1800 025 145 (free call).

Confidential information

Persons providing a submission should indicate clearly whether the submission should not be made public. Any submission that is confidential or sensitive must be clearly marked as such on the front cover to ensure that it is not published.

Submissions marked 'Confidential' or containing sensitive material will be considered in the review but will not be published. However, you may choose to provide a version that can be publicly released.

Despite a submission being identified as confidential or sensitive, submitters should be aware that submissions may be released where authorised or required by law or for the purpose of parliamentary processes.

While the Department seeks to consult submitters of confidential information before that information is provided to another body or agency, the Department cannot guarantee that confidential information will not be released through these or other legal means.

Privacy

The Department is subject to the operation of the *Privacy Act 1988*. Any personal information you provide to the Department through your submission to the discussion paper—*ABC & SBS: Towards a Digital Future*—will only be used for the purposes of the Australian Government's review of the ABC and SBS.



Lobbyists

The Australian Government has released a Lobbying Code of Conduct designed to ensure that lobbying activities will be carried out ethically, honestly and transparently. Information about the Register of Lobbyists and a link to the Lobbying Code of Conduct can be viewed at www.pmc.gov.au/lobbyistsregister

Lobbyists who are making submissions on behalf of clients should ensure they are familiar with, and comply with, the Code of Conduct and are on the Register of Lobbyists.

Contact information

If you would like a copy of the discussion paper or any other information sent out to you, please call the Department on 1800 025 145 (free call).

Assistance for people who are deaf or have a hearing or speech impairment

Please contact the Department through the National Relay Service:

- TTY users phone 1800 555 677 then ask for 1800 025 145
- Speak and Listen (speech-to-speech relay) users phone 1800 555 727 then ask for 1800 025 145
- Internet relay users connect to www.relayservice.com.au and then ask for 1800 025 145



APPENDIX B: OVERVIEW OF THE ABC AND SBS

The Australian Broadcasting Commission was created in 1932; the first ABC radio broadcast took place on 1 July that year. It began television broadcasting in 1956 and became an independent corporation in 1983. The Special Broadcasting Service commenced broadcasting in 1975. It began television broadcasting in 1980 and became an independent corporation in 1991.

Legislation

The ABC and SBS are independent statutory authorities established by legislation³² and their roles and functions are set out in their respective Charters.³³

The ABC Charter requires the ABC, among other things, to:

- provide within Australia innovative and comprehensive broadcasting services of a high standard
- provide programs that contribute to a sense of national identity and inform and entertain, and reflect the cultural diversity of, the Australian community
- provide broadcasting programs of an educational nature
- promote the musical, dramatic and other performing arts in Australia
- transmit to other countries programs of news, current affairs, entertainment and cultural enrichment that encourage awareness of Australia and an international understanding of Australian attitudes on world affairs.

The SBS Charter states that the principal function of SBS is to provide multilingual and multicultural radio and television services that inform, educate and entertain all Australians, and in doing so, reflect Australia's multicultural society. SBS also has specific functions, including, to contribute to meeting the communication needs of Australia's ethnic and Aboriginal

³² *Australian Broadcasting Corporation Act 1983* (the 'ABC Act') and the *Special Broadcasting Service Act 1991* (the 'SBS Act') respectively.

³³ See Section 6 of the ABC Act and SBS Act respectively.



and Torres Strait Islander communities and promoting understanding and acceptance of the cultural, linguistic and ethnic diversity of the Australian people.

Each corporation is governed by a board of directors appointed by the Governor-General on the recommendation of the Australian Government of the day. The Government has committed to implementing a new selection process for non-executive directors to the ABC and SBS boards that will increase transparency and provide for future appointments to be based on merit and assessed by a nomination panel.

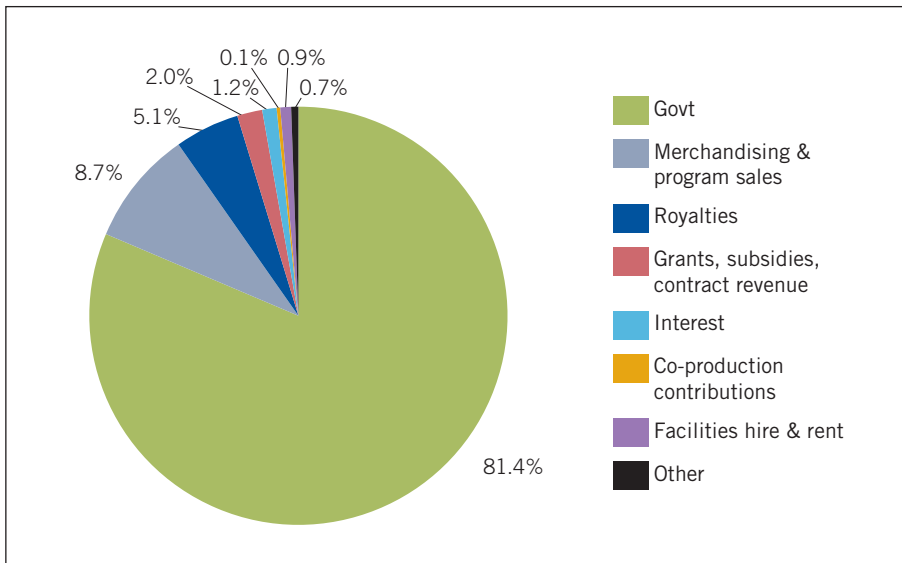
The affairs of the ABC and SBS are managed by their respective managing directors, who are appointed by their boards. The boards are independent of the Government in determining policies relating to the functions of the broadcasters.

Funding

The ABC and SBS receive the majority of their funding from the Australian Government through three-year (or triennial) funding arrangements, as shown in the following figures. The ABC and SBS earn additional revenue through businesses activities, including merchandising, and (for SBS) advertising. The ABC's total commercial revenue from goods and services in 2006–07 was \$150.4 million and for SBS it was \$50.5 million.

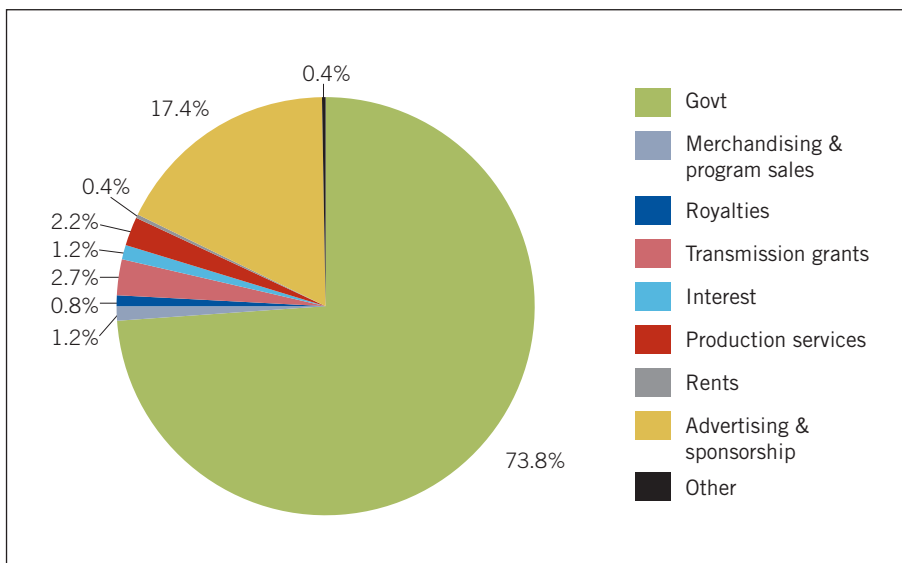
The SBS Act allows SBS to broadcast advertisements that run during periods before programs commence, after programs end or during natural program breaks. These advertisements must not run for more than five minutes in any hour of broadcasting. The ABC Act prohibits the ABC from broadcasting any advertising on its domestic television and radio services.

Figure 4: ABC revenue 2006–07



Source: Data taken from Australian Broadcasting Corporation, Annual Report 2007, p. 160.

Figure 5: SBS revenue 2006–07

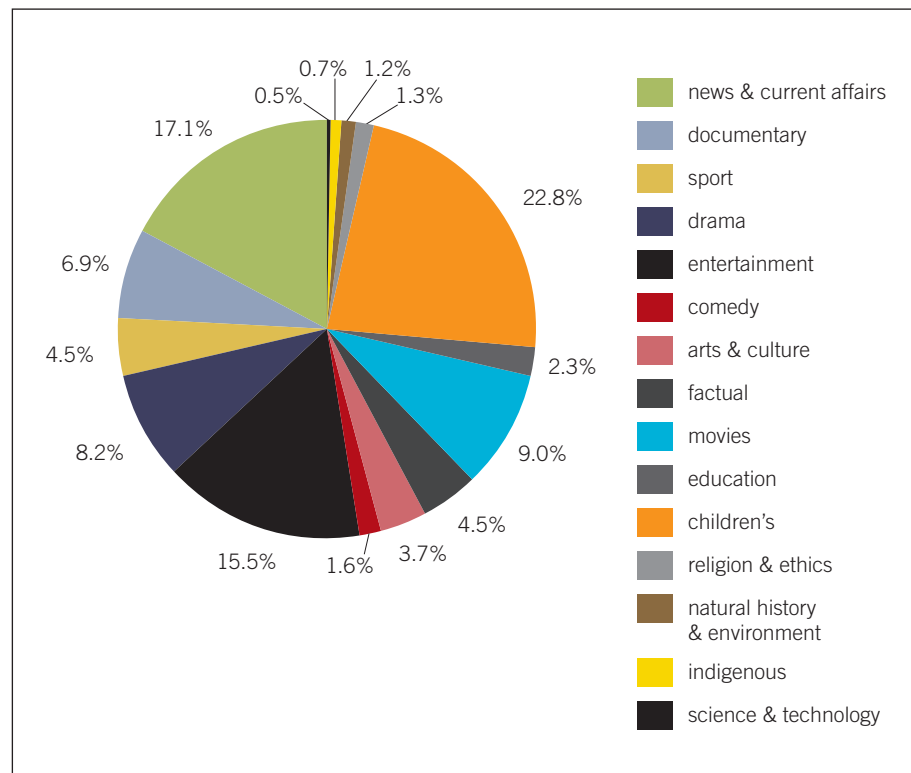


Source: Data taken from Special Broadcasting Service, Annual Report 2007, p. 88 and pp. 101–02.

Programming

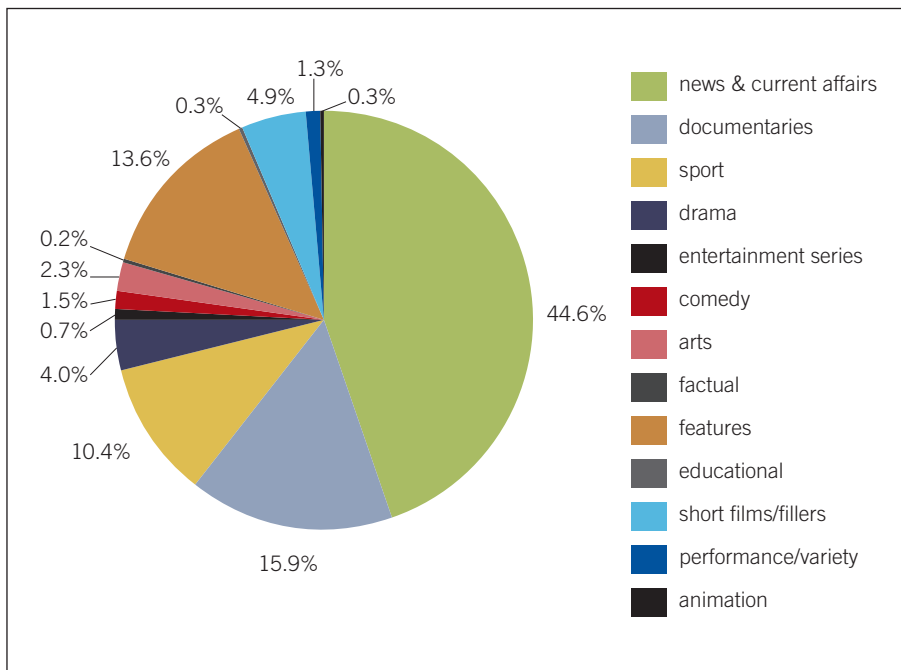
The ABC and SBS provide programming across a wide range of genres, including news, current affairs, drama, comedy, documentary and children's programming. For television, this range is highlighted in the following charts.

Figure 6: ABC programming 2006–07



Source: Data taken from Australian Broadcasting Corporation, Annual Report 2007, p 184.

Figure 7: SBS programming 2006–07



Source: Data taken from Special Broadcasting Service, Annual Report 2007, p 15.

Availability

The ABC’s analog television service (‘ABC1’) was available to 98.28 per cent of the Australian population and its digital services (‘ABC1’ and ‘ABC2’) were available to 97.02 per cent of the population in 2006–07.³⁴ ABC television had a combined weekly audience of more than 12 million Australians in 2006–07.

The international television service, Australia Network, reaches 21 million homes across the Asia–Pacific region with a measured monthly audience of around seven million viewers.

³⁴ 100 per cent coverage of the population is achieved via satellite for both ABC and SBS services.



ABC Radio services achieved an average weekly audience of 3.7 million listeners across five capital cities (Sydney, Melbourne, Brisbane, Adelaide and Perth) in 2006–07. Across these five cities, the average weekly audience for the various radio networks in 2006–07 was:

triple j	1.0 million listeners
ABC Classic FM	640 000 listeners
Radio National	659 000 listeners
NewsRadio	620 000 listeners
Local radio	2.2 million listeners

ABC also offers the online radio services dig, dig jazz and dig country, which are transmitted on its digital television platform.

The ABC's international radio network, Radio Australia, operates in 40 countries and has a weekly audience of more than 1 million listeners.

In 2006–07, ABC Online averaged more than 2.1 million unique users per month and had more than 102 million monthly page views. In June 2007, ABC audiences downloaded more than two million ABC Radio programs and 1.8 million ABC television and news videos. The ABC launched a full screen internet television service (iView) in July 2008.

ABC products are available across Australia through an extensive retail network, as well as the ABC Shop Online and an order-based customer delivery service. Revenue from merchandising in 2006–07 was \$82.2 million, an increase of 1.3 per cent over the previous year.³⁵

SBS television (analog and digital) covers more than 95 per cent of the Australian population. In 2006, SBS television achieved an average weekly audience of 5.43 million viewers in Sydney, Melbourne, Brisbane, Perth and Adelaide, and 2.66 million viewers in regional areas.

SBS Radio broadcasts its programs in analog to all capital cities and some regional centres. SBS Radio is also available on SBS's digital television service and via a digital satellite service. Programs are broadcast in 68 languages and audience surveys commissioned by SBS indicate that radio programming is heard by more than 800 000 listeners across the country each week.

SBS Online received an average of 469 000 unique users per month in 2006–07. A total of 3.21 million audio file accesses (streaming and downloadable media) and some 2.54 million video file accesses (streaming and downloadable media) were registered in 2006–07.

³⁵ Australian Broadcasting Corporation, *Annual Report 2007*, p. 160.



APPENDIX C: THE CHANGING DIGITAL ENVIRONMENT

The technology of broadcasting and media in Australia is undergoing significant changes as television and radio services move to a digital footing and internet penetration continues to grow. National broadcasters will face opportunities and challenges from these changes, as will broadcasters generally across the globe.

Much has been written elsewhere about these changes. This appendix provides a brief overview to set the scene for the future operating environment for the national broadcasters.

Digital TV The ABC and SBS are extending their digital television services to provide the same coverage as their analog services, along with the other free-to-air broadcasters. The Australian Government has announced that analog signals will be switched off by the end of 2013³⁶ and has implemented a package of funding and initiatives to drive a smooth transition.³⁷ To the end of 2007, 42 per cent of Australian households had taken up free-to-air digital television, up from 13 per cent in 2005.³⁸ When combined with viewers of free-to-air services through subscription television services, an estimated 54 per cent of households receive digital free-to-air television services.

Broadband Expanding the reach and take-up of broadband will be critical as Australia makes the transition to a digital economy. This is a key policy priority for the Australian Government, which has committed up to \$4.7 billion to support the rollout of a high-speed broadband network planned to deliver minimum download speeds of 12 megabits per second to 98 per cent of Australian homes and businesses. Sixty-four per cent of Australian households were internet-enabled in 2006–07—a five

36 Senator Stephen Conroy, Minister for Broadband, Communications and the Digital Economy, *Digital Switchover Date Confirmed*, media release, 18 December 2007.

37 Senator Stephen Conroy, Minister for Broadband, Communications and the Digital Economy, *Government Launches \$37.9 Million Strategy to Boost Digital TV*, media release, 26 March 2008.

38 Eureka Strategic Research, *Digital Television in Australian Homes—2007*, conducted for the Australian Communications and Media Authority, February 2008.



fold increase in 10 years—and more than two-thirds of these connections were broadband (43 per cent of total households).³⁹

Subscription TV Subscription television services have established their profitability and all providers are now operating on fully digital platforms. The number of Australian households subscribed to subscription TV services rose from 11 per cent in 1997 to 27 per cent in 2007.⁴⁰

Digital radio Although it will be introduced as a supplement to FM and AM services, digital radio is scheduled to commence in the mainland state capital cities by 1 July 2009. The ABC and SBS will be part of this change.

This diffusion of digital technology is affecting the viewing and listening habits of Australian audiences.

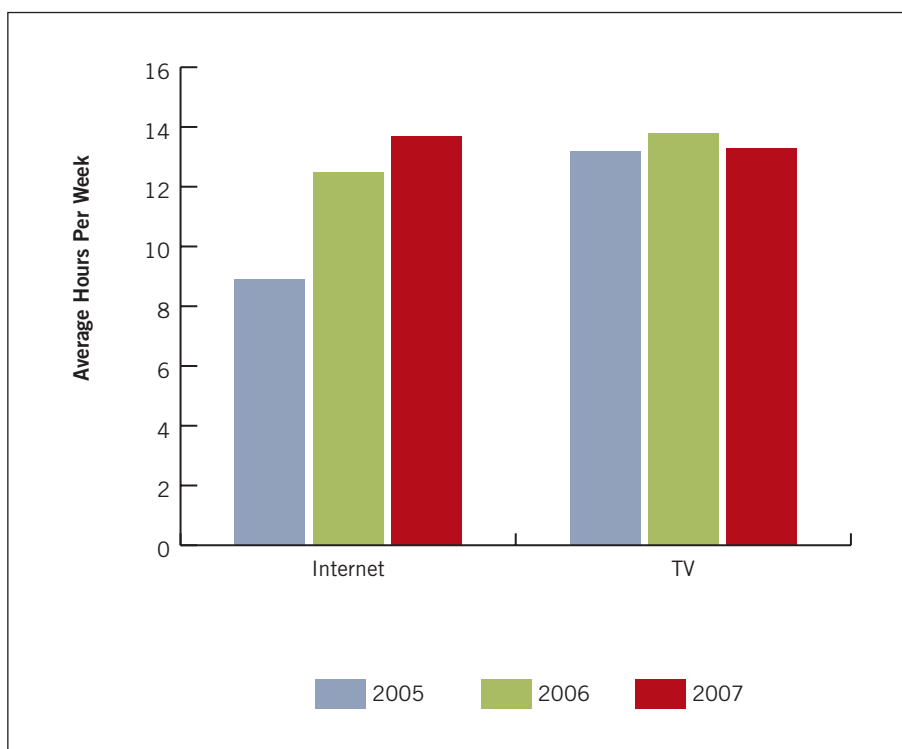
- Australians are spending increasing amounts of time online, while audiences for free-to-air television are slowly but surely declining. Although advertising revenues have generally remained resilient, the average audience for free-to-air television declined from 2 million to 1.9 million between 2001 and 2006, and for commercial television from 1.6 million to 1.5 million over the same period.⁴¹
- In part, this decline is a factor of substitution as audiences shift to alternative viewing and listening platforms. As reflected in Figure 8, an AC Nielsen survey has found that, for the first time, the amount of time Australians spent online in 2007 surpassed the amount of time spent watching television. However, despite these changes, free-to-air television remains a major source of information and entertainment for Australians.

39 Australian Bureau of Statistics, *Household Use of Information Technology 2006–07*, cat. no. 8146.0, 20 December 2007. The ABS defines broadband as an ‘always on’ internet connection with an access speed equal to or greater than 256 kilobits per second (Kbps).

40 ABN AMRO Equities Australia Ltd, *Pay TV in Focus*, 11 January 2008.

41 Australian Communications and Media Authority, *Communications Report 2006–07*, Canberra, April 2008.

Figure 8 Media consumption: Internet vs. TV (hours per person per activity), 2005–07



Source: AC Nielsen, Australian Internet and Technology Report 2006–07, 18 March 2008.

- Digital media players (which include MP3 players and iPods) have affected the way music and audio programming is distributed and consumed. In 2007, Australians purchased almost 2.6 million digital media players to reach a penetration rate equivalent to one player for every 2.2 adults.⁴² Audience downloads have matched technology take-up. The ABC alone had registered just under 2.4 million downloads of podcast files each month by June 2007.⁴³
- Australian audiences are using devices with recording and storage functions to 'time-shift' their viewing of existing television programming. A recent survey commissioned by the Australian Communications and

⁴² GfK Marketing Research, *Canon Digital Lifestyle Index: Second Half 2007*, February 2008.

⁴³ Australian Broadcasting Corporation, *Annual Report 2007*.



Media Authority found that close to 40 per cent of households with digital television had used a DVD recorder, hard drive recorder, VCR, Foxtel iQ or other device to record a digital free-to-air program.⁴⁴

- Sales of digital viewing and listening devices have displayed steady growth over the past five years, particularly in flat panel television, games consoles, and media players.⁴⁵

These technology and audience changes are part of an ongoing move towards a converged media and communication environment.


At full potential, this could see audiences seeking out and consuming programming on-demand over internet protocol networks, creating their own 'channels' rather than adhering to schedules, or simply time-shifting programmed content. Extensive access to past archives of programs would be possible, and there would be greater interactivity between households, program-makers and the commercial suppliers of products.⁴⁶

The sheer pace of technology change makes it difficult to gauge what the media and broadcasting industry might look like in just over a decade's time. Different social, cultural and economic groups in Australia will embrace digital technologies at differing rates and in differing ways, which itself raises access and equity issues. Audience fragmentation is a feature of a multichannel environment, as viewers and listeners migrate from 'main' channels to newer alternatives.

44 Eureka Strategic Research, *Digital Television in Australian Homes—2007*, conducted for the Australian Communications and Media Authority, February 2008.

45 GfK Marketing Research, *Canon Digital Lifestyle Index: Second Half 2007*, February 2008.

46 G Davies, *The Future Funding of the BBC: Report of the Independent Review Panel*, UK Department of Culture, Media and Sport, July 1999.



The transition to a multichannel digital television environment in Australia is gathering momentum.

- Subscription television has, since its commencement in 1995, provided specialised programming with both broad and narrow appeal, and the diversity of digital channels and interactive services offered continues to expand.
- The ABC and SBS provide digital-only services and have expressed a desire to expand their suite of channels. Australia's free-to-air commercial broadcasters—Networks Seven, Nine and Ten—each provide a high-definition multichannel⁴⁷ and from 2009 they will have the option of each providing an additional standard definition multichannel.
- Digital radio services to be launched by 1 July 2009 will provide scope for an expanded range of radio services.

All these trends provide significant opportunities for the national broadcasters, and will have an impact on the way they develop programming, deliver and transmit services and interact with their audiences. They will need to invest in new capital equipment, meet the ever-growing demand for new quality content, find ways of effectively reusing archived material, and respond to the increase in competition for people's time from new players and delivery platforms.

The ABC and SBS are well placed to expand into the digital future, and in some instances are ahead of their commercial rivals. By 2020, the national broadcasters will probably look quite different. They—and Government—face important choices as they determine their future directions and pursue their mandates across multiple platforms.

⁴⁷ This follows the removal of the simulcast requirement on high definition programming in 2006.