



**NEW OPPORTUNITIES, NEW OBLIGATIONS:  
PUBLIC BROADCASTING IN THE ERA OF CHOICE**  
Commonwealth Broadcasting Association Conference 2010

*By*

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Ladies and Gentlemen.

I am delighted to be with you at this Commonwealth Broadcasting Conference, hosted by our friends and colleagues at the SABC.

The SABC and the ABC have a shared history as public broadcasters within a shared hemisphere and it's a privilege to have been invited by them to discuss the opportunities and obligations of public broadcasting today.

Let me also, at the outset, thank the indefatigable campaigner for international excellence in broadcasting Elizabeth Smith - and her team at the CBA – for all their work through the year and in making events like this happen.

The ABC has a long, illustrious history in broadcasting in Australia. We started in radio almost 78 years ago, when the medium was in its infancy. In 1956, within the first weeks of television in Australia, ABC Television was launched.

When you hold a job like mine, you are immediately aware of this history. You quickly realise you are both steward and custodian of something that has endured for generations and acquired more meaning with each passing year.

With this inheritance comes a great responsibility as Managing Director to ensure you that while you're at the helm, you both protect the tradition and secure the future of the organisation.

Only now, as I approach the completion of my fourth year in the role, have references to my being the 'new' Managing Director faded. After all, the ABC's legendary Chief Executive Charles Moses, held the position for 30 years; his successor, Talbot Duckmanton, 17 years.

In the context of the ABC's organisational history, four years seems like a fleeting moment. It's a context that has wider application.

The lightning speed with which new technology is being developed and adopted, the flow-on effects of changing consumer behaviour and expectations and disruptions to the business models for delivery news, information and entertainment – all these make these four years in our industry seem like dog years.

Change that would once have occurred within the span of a generation is now experienced in the space of a few years.

This environment makes us seriously consider what we are delivering and how we deliver it. As public broadcasters reliant on the trust and financial support of the public, we look at what services we are uniquely positioned to provide, what our place in the marketplace is and how we ourselves must change in response to changes that are all around us.

Since models of public broadcasting and their place in media markets differ widely around the world, I will limit myself this morning to the ABC's response to these issues. Any lessons for your organisations and countries that might be drawn from our experience are best left up to you.

From time to time in Australia there is debate about the ABC's need to be fair, balanced and impartial. Well, when considering the role of the ABC in Australian life, I am firmly a conservative. At the same time, looking to the future for the public broadcaster, I am a liberal, a progressive.

Being both conservative and progressive means there's equal opportunity for criticism from both sides. If it seems like a contradiction, it's one that will enable to the ABC to prosper and survive. As Tancredi said in *The Leopard* "If we want things to stay as they are, things will have to change. "

Let me explain why I am a conservative on some matters involving the ABC.

The Charter and Act that came with the transformation of the ABC into a Corporation in 1983 set out a number of principles that govern our operations.

Considering these were enacted a year before the birth of the inventor of *Facebook*, those principles remain remarkably robust and relevant to this digital era.

Let me highlight three key principles derived from that enabling legislation that are driving strategy for the future of the ABC.

The *first principle* is that the ABC is not a niche broadcaster. The Charter asks that we provide content of *wide appeal* and content that is *specialist* in nature. Consequently, we look to engage not only with small communities of interest but to also bring the nation together around content that will generate critical mass.

We saw a good example of this when, during last Summer, the ABC screened four Australian films - *The Proposition*, *Oyster Farmer*, *Lucky Miles* and *Romulus, My Father*. Each film was seen by over 800,000 people, with a total ABC audience of almost 4 million. By contrast, at the cinema, the films had been seen by around a total of  $\frac{3}{4}$  of a million Australians. With the ABC behind them, these films made an impact on Australian cultural life and our sense of national identity that could not be emulated – not by cinema, not by pay TV, and not by internet TV.

So ratings do matter to us, but they are not the only thing that matters. In the heart of prime time, we deliver programs on science and religion, arts programs, specialist documentaries, serious news and analysis that would never get a run on commercial free-to-air television.

We have a radio network, *Radio National*, which devotes most of its airtime to specialist content.

But we also have programs - light entertainment, comedy, drama - that attract much larger audiences. There's a bittersweet tradition in Australian television, spanning decades, whereby the commercial networks raid the ABC for its most successful programs and talent. These are mainly Australian, but sometimes also international programs whose popularity has been proven by the ABC.

Since we haven't been created to deliver an immediate commercial return, we've been able to patiently let talent nurture and develop. It means sometimes we fail gloriously, and sometimes programs and talent will blossom and flourish from often uncertain beginnings.

The ABC has an unrivalled track record in nurturing creative talent – and the Australian public has reaped the benefit. In fact, many of the great Australian names in news, entertainment and drama got their start at the ABC.

Australia has for a long time opted for a mixed model in provision of various services. Our health system, our education system, parts of our transport systems are delivered by public and private operators, working side by side.

So it is with media. ABC Radio was created to operate side-by-side with existing commercial radio stations. In the year television started, the ABC was one of just three networks on air; the others were commercial.

Yet even in those early days, it was never argued that the ABC should be a niche broadcaster, removed from the mainstream Australian experience of the day. While early TV networks were struggling to find new audiences and make infrastructure investments, no one suggested an ABC that would serve a minority audience only.

The ABC's strength then, as now, came from the diversity of content - both specialist and of wide appeal.

Some of our TV programs can attract 25 percent of the free-to-air audience. Others struggle for a quarter of that. Our Local Radio network can generate four times the audience of some of our specialist radio networks.

But together, side-by-side, these constitute a strong and credible ABC experience that both meets audience needs and has significant impact on Australian thinking, imagination and culture.

By being a broadcaster for all Australians and part of the experience of all Australians, a connection with the Australian people has been created and it has continued across generations. This connection has been key to our ongoing financial support from Canberra.

It means that on content such as news and current affairs, like our popular authentically *local* radio network, the ABC has become a place where Australians come together to listen to one another, to assess and discuss the great issues of the day.

A shared space for the nation. A commons in an increasingly fragmented world.

Whether popular or specialist, what the ABC delivers is trusted, distinctive and of quality. And Australians turn to the ABC confident that they will find content that embodies these values, that has passed the test of quality and distinctiveness.

The *second principle* from the ABC Charter that guides us is that the ABC should, when making content decisions, take account of what is being offered by commercial and community broadcasters. As you can see, there's a direct link to the first principle about widely appealing *and* specialist content.

There are now new and extreme pressures on commercial media, and because there are, it's been suggested that certain markets today should be serviced exclusively by commercial broadcasters with neither contribution nor competition from the public broadcaster. Australian civic and cultural life would be poorer for this.

James Murdoch in last year's MacTaggart lecture gave us News Corporation's Head Office view on this. Attacking the BBC, Mr Murdoch said public sector broadcasters should vacate key areas of service to let the market be satisfied by private sector corporations.

Naturally, there have been echoes and minor variations on that line from some of News Corporations branch offices and investments in Australia – particularly the pay-TV sector.

They argued against the ABC offering a children's channel because Pay offers channels for children. They argued against an ABC news channel because Pay offers news channels.

The argument seems to be because Pay offers specialist content, the ABC should not. The logical conclusion to this would be the ABC's exclusion from television altogether. Leaving it to the market to provide.

This is a wilful misreading of the ABC's Charter obligation to take account of what is being offered in the market.

So, using some recent examples, I'd like to set out precisely how the ABC takes account of the market.

The ABC has for decades been the preeminent brand in children's television. With the advent of digital TV in Australia, the ABC campaigned to deliver a digital television channel for children.

The arguments in our favour were strong.

It would help drive digital television take-up, as there was no digital channel for kids on free-to-air television.

It would drive local content production, since the ABC would focus on Australian content.

And it would deliver children's television commercial-free, addressing widely held community concerns about direct marketing to children.

Lobbying against Federal Government funding for the ABC service, the Pay-TV counter argument was that they already offered 8 children's channels.

However, just as the Act requires, the ABC Board had taken account of what was on offer, and considered which services were available to *all* Australian households - not just those 3 in 10 with pay television.

They considered also what would be distinctive about the ABC's service, with three compelling examples:

The vast majority of Australian homes did not have a channel for children.

The vast majority of content on the pay channels was not Australian, whereas the ABC would begin at 40% and move towards a target of 50%.

The ABC had been trusted by generations of Australians to inform, educate and entertain their children and would be offering commercial-free content.

The success of the new channel, ABC3, has been clearly demonstrated. Since its launch last December, it is now the most popular channel for 6-12 year olds in the country.

*Only* the ABC – as an established trusted brand in Australian children's television - could have so quickly generated such a return on that public investment. And delivered it to 10 out of 10 Australian households, rather than the 3 out of 10 that Pay-TV could.

Taking account of the commercial sector does not mean the ABC must avoid any activity a commercial player is providing.

And it never has. The ABC has delivered quality news on television for more than 50 years. Every free-to-air television network has offered news. None of these free-to-air networks suggested that news be limited to commercial providers, that the ABC not deliver nightly news simply because they could deliver it. The consensus was that the best result for the public would, in fact, come from both.

In looking at new services, we need always to consider the distinctiveness of what we provide, how we can meet audience needs, and whether it represents a good investment of taxpayers' money.

With the possible exception of financial journalism, investment in quality news - international, investigative, detailed analytical reporting - has always been subsidised.

Through classified advertising, or benevolent proprietors, or funding through public broadcasting - valued services the market cannot support directly on its own, have nevertheless been provided.

The cross-subsidy of quality Murdoch publications like *The Times* of London and *The Australian* has been well-documented.

In an Australian context, the demise of most of the long-time media barons and family ownership structures around media organisations has inevitably led commercial broadcasters to first reduce the priority given to, and then reduce investment in, serious news and current affairs.

The evidence is strongest in radio and in regional areas, but also in the major television networks.

If the product doesn't deliver profits, commercial investors must first slash costs, then investment, then simply walk away. They carry no overarching commitment to journalism as a public good, as something inherently necessary in a society with responsible government and accountable public and private institutions. Their brief is to maximise the return to shareholders. That is their responsibility and our systems of corporate governance and accountability would not have it any other way.

But now, after years of commercial market cuts to investment in news and current affairs, we're in a good position to appreciate the wisdom of a continuing public investment in the ABC's news service.

At the ABC, we take account of our need to continue to provide a quality local, national and international news service on an on-going basis, regardless of the vicissitudes of commercial investors of the day.

And when we take account of what we should offer, it's no token gesture. We do it comprehensively.

There are key areas where the ABC left the field to the commercial sector.

Television sport is a good example. For the first 20 years of Australian television, the ABC was the home of sport.

Today, all cricket, football, the Olympics and Commonwealth Games, are on commercial TV.

It would cost too much for us to compete, and we would have little distinctive to add to outstanding coverage that is already available to all Australians. These were judgements made in the interests of our owners, the Australian people.

We do cover regional football, women's sports and the Paralympics to much smaller but appreciative audiences on television. And for radio and online, we offer Australia's most comprehensive sporting services.

Our strategy is built upon a *third principle* as well which, like the Charter, derives from the ABC Act. And that principle is the Board's duty to ensure the ABC provides the maximum benefit to the Australian people on the public investment in the ABC.

Our new news channel, ABC News 24, will do just that when it launches this year.

The biggest cost in creating a news channel is in the reporting teams on the ground.

We have that – nearly 1000 journalists working locally, nationally and internationally. I suspect we have more people working in our international bureaux than all other Australian media outlets combined.

Teams in 60 local radio stations around the country. A News radio station. Big capital city news rooms. Vast experience.

And, by implementing new technology and work processes, we have made significant savings in our television production model – and are therefore able to redirect this operational money to fund the channel.

So for no additional call on taxpayers, we will deliver this important new service free-of-charge, available to every Australian home.

Those who said it was scandalous that the ABC would create a digital children's TV channel *with* additional public funds then said it was scandalous that the ABC would create a news channel *without* additional public funds. Critics like these are difficult to please.

But for the Board, the ABC's News channel is a clear example of how, by leveraging off current spending and expertise built up over decades and through hard work and internal reinvestment, the ABC will deliver maximum benefit to the Australian public.

By adherence to these guiding principles, enshrined in our Charter and our Act, we continue to serve the Australian public well and ensure the ABC remains an important, credible and connected part of the Australian media landscape.

These are demanding times. There are countless new pressures on media organisations every day.

Understandably, those in the media who have been long accustomed to the good years of sustained economic and sectoral growth are finding the lean years particularly difficult. Yet, the answers to these challenges will be equally difficult.

James Murdoch's proposal – that when commercial media are in trouble, public media should be shut out – comes dressed as a solution, an easy answer. Yet it's an



answer that is in the interests only of his shareholders, rather than the interests of our owners, the Australian people. As Adam Smith would say, in this case the private corporation's shareholder interests are "*in some respects different from, and even opposite to, that of the public.*"

In looking for answers, it's important to hold tight to what is working, what has delivered and continues to deliver. To what has been valued in the past and may have an even more important role in the future.

It is why I am happy to debate the role of the ABC. It's why so many Australians will fight hard to defend it, protect it and secure its future.

Let me conclude by looking forward a bit.

Our challenge is to continue to be connected to Australians, to be a valued part of their lives. If we lose that connection we cannot continue providing maximum benefit.

We must change as our audiences change. So ours is a deliberate strategy to take our content and deliver it at a time when people want it, on a device they want.

We broadcast great content on radio and television, and also annually deliver nearly 50 million programs for download.

We have created Australia's first internet television catch-up service iView – which saw a 400% increase in usage last year. And we have a project underway to try and deliver iView to audiences on their television sets and devices like the iPad.

We are pioneering opportunities to help our audience create text; video and audio content through projects like *ABC Open* and then deliver it to the nation through ABC Online.

On our radio stations and online sites like *The Drum*, we are providing new opportunities for our audiences to listen and learn, to speak and to be heard. We respect the full plurality of viewpoints and ensure that plurality is heard, seen and read through the ABC.

We lead in the use of social networking sites like *Facebook* and *Twitter*, reaching out to audiences with news and information as it happens, and when they need it. We're making it easier for them to use our content in a place and format that suits them best.

We are using fast broadband to provide innovative and compelling ways of telling Australian stories, in the last year launching award winning interactive sites that dealt with the past, such as the nation-defining battle at Gallipoli in 1915, and the present, such as the horrific Black Saturday bushfires in Victoria.

Through all this, we have developed a reputation as Australia's most innovative media organisation, exploiting our unique opportunity – an ability to invest without having to find a path to profitability.

That opportunity comes with an obligation to be innovative. Without being innovative – it is a core value of the ABC – the challenge of being a public broadcaster in the digital age simply cannot be met.

We are progressively pursuing new ways of delivering on traditions of public broadcasting that have served Australia so well for so long - to inform, to educate, to entertain.

It is why we still have such great support from the Australian people.

Why we continue to play such an important role in Australian life.

Why we continue to merit the significant public investment in the work we do.

And why we are confident, as we continue to work hard to deliver for the Australian people, that the ABC's best days are ahead.