

National Press Club Address
by

ABC Managing Director

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THE ABC OF THE DIGITAL MEDIA AGE

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Last year we celebrated 75 years since the founding of the ABC.

Massive crowds turned up at ABC studios and offices all over Australia to commemorate this historic moment. Public feeling for the public broadcaster is at an all time high.

But while we have much to celebrate and the ABC clearly has a proud history, that history will not secure the ABC's future.

It's a future potentially far more exciting and challenging than anything we've seen to date.

The shift to a multichannel, multiplatform digital media world changes the whole game.

It changes the game for the commercial media, as audiences fragment and revenue models break down.

And it changes the game for public broadcasters as well.

This new media landscape will impact on what and how we broadcast, and on how our very broad audience consumes our content. As well, the very idea of audiences and the media experience itself is being altered by Web 2.0.

What is the role of a public broadcaster when there seems to be so much media, so much content, so many choices for audiences? Do we still need an ABC?

Let's put it another way - would Australians miss the ABC if it wasn't there?

Would we be a poorer nation without it: less informed, less connected?

Of course we would.

Because, perhaps perversely in this era of media plenty, market failure abounds – particularly in those areas of great strength for the ABC:

- Localism
- Childrens
- Australian stories and cultural expression
- Quality news and current affairs
- Education

The case for the ABC is only getting stronger in this era of media plenty. There's a growing body of evidence that suggests many kinds of programming that millions of Australians want – free of charge and commercial free – would be impossible without an ABC.

THE ABC TODAY

First – a quick snapshot of where the ABC is today.

- Two television networks
- Five radio networks
- 60 local radio stations
- 15,000 unduplicated hours of news and current affairs content annually

- Over 60 million podcasts and vodcasts downloaded in the past 12 months
- One of the world's largest suite of online media services

And not visible to Australian audiences, but vital to the ABC's Charter, our international services:

- *Australia Network*, now seen on 44 countries in the region, reaching some 22 million homes and viewed by up to 7 million people each month across the Asia Pacific, and
- *Radio Australia*, having survived a near death experience a decade ago – now going from strength to strength.

In audience terms, our programming is hitting the mark.

ABC Television last year recorded its second highest free-to-air audience share and is ahead of that so far in 2008 – and not just with hit programs like *The Gruen Transfer* and *Spicks and Specks* – but long time staples of our schedule like the 7pm *News*, *Four Corners*, *Australian Story*.

We have experienced some of our highest reach figures ever on ABC Local Radio. Audiences are up 30% on where they were a decade ago.

The growth of our online offerings remains dramatic – in terms of what we are offering and the audiences we are attracting. Recent research by WebTrends suggested that the ABC has one of the largest online offerings in the world from a media organisation – smaller than the BBC of course, but larger than *The New York Times*.

This is all currently delivered for around \$850m a year from Government, with the contribution from the ABC Commercial business delivering around \$20m more.

It is a lot of money – but we do a lot with it.

It represents exceptional value for money – and the public knows that.

Year after year, 9 out of 10 Australians indicate in *Newspoll* opinion surveys that the ABC provides a valuable or very valuable service.

We're currently talking to the Government about our funding for the next triennium and beyond.

And our argument is not, "please give us more because we are worthy". Let's face it there are countless worthy causes knocking on the Government's door.

Our argument is that over 75 years the ABC has built this tremendous brand and connection with Australians. It is a great foundation for the future – and now we have a once in a generation opportunity to tap this potential and take-up the opportunities offered by digital media.

LEADERSHIP IN DIGITAL MEDIA

While many Australians already regard the ABC as a driving force in the digital media space, *Newspoll's* latest Appreciation Survey shows that even more people now think the ABC is doing a very good job at being innovative.

That's a direct result of the leadership we've shown in the digital media world – five million pages of ABC Online, ABC2 with innovative content driving digital TV take-up; ABC iView pioneering internet TV; tens of millions of podcasts and vodcasts; ABC Now, ABC Earth and ABC Island in Second Life – all delivered with no extra funding.

Having already created this space, and in seeking funds to develop it and see it grow, we are saying, “pay on results”.

Just think what could be done with a bit more. Just think where this could take Australia in the digital age.

Let me stress this point - the digital dividend that we're starting to hear a lot about is not just the money that can be raised from selling excess spectrum.

The real digital dividend is in the additional services that digital technology makes possible and the enrichment that it brings to all Australians.

To obtain that dividend requires some additional investment in content, because content will drive the take-up of digital TV, radio and broadband - and new content is what audiences value.

We're demonstrating this with ABC2. Look at the current Paralympics Coverage – seven hours a day on ABC2. Digital multichannelling makes it possible to meet the needs of many audiences at once.

Look at the growing relationship we have with the arts sector that has made possible live telecasts of *Swan Lake* and *Keating the Musical* on ABC2.

And soon, the launch of Breakfast TV on ABC2 – four hours of news and current affairs every weekday morning, hosted by Barrie Cassidy and Virginia Trioli.

Our goal here is to draw upon the tremendous content we're already producing for radio and TV overnight, and through the morning, and make it available on Breakfast TV.

So by putting cameras into our radio studios, if the Prime Minister is interviewed for AM, or by Jon Faine on 774 Melbourne, the interview doesn't just go out on Local Radio, the whole interview goes on Breakfast TV, and it's also available online, and then as transcript or podcast.

It's an example of leveraging the tremendous investment already made in the ABC to generate more content, and make it available in more ways for the multichannel, multi-platform world.

As ACMA noted in its recent report on digital television, extra channels and choice are one of the biggest incentives Australians cite for their move from analog to digital television – and ABC2 is the most prominently mentioned reason.

Our most recent innovation is iView, Australia's first internet television service – developed totally in house and at low cost by the ABC.

With 45 programs - and more available in future - for our audiences to watch free of charge, full screen, online. The best of our most recent programming and some shows not yet aired on ABC Television.

To invest in these services, we have needed to find the money. But it has been vital for the ABC to take advantage of new opportunities to reach more Australians in more ways, more often.

And there are historical precedents for this.

Right from the start, the ABC was actually ahead of the game. Back in 1932, the ABC was pioneering the new medium of radio - when only 6 per cent of Australians had a licence to own one.

In 1956, when ABC television started, only 1 per cent of Sydneysiders owned a TV set.

Today more than half of Australia's households have broadband, and the number is rising rapidly.

Appropriate then that the ABC is leading the way in delivering broadband content.

THE PUBLIC SPACE

Increasingly, we won't just broadcast at our audience, but allow our audience to engage with each other.

Already on ABC Online we have developed a suite of applications so that content created by Australians can be seen and heard and commented on fellow Australians.

In just over two years, thanks to the the triple j Unearthed site, 5.5 million tracks from young, unsigned Australian musicians have been listened to, and more than 2 million downloaded.

Radio National's *Pool* site has just kicked off, and the contributions are pouring in. At ABC Kids' *Zimmer Twins* site, over 100,000 films have been created by young Australians, more than 70 of which have since been shown on ABC Television.

There's an explosion of cultural creativity happening among Australia's young digital natives. I'm proud to say the ABC is getting behind it – that much is being hosted and promoted by the ABC.

The line is often tossed about that the ABC shouldn't care about ratings. Well we should and we do – in as much as audience measurement provides evidence we are presenting content our audience wants to engage with.

But we are not attempting to win the ratings. And we are not making programming choices based solely on ratings. We approach ratings like a portfolio: some TV programs or radio networks do perform well in total numbers – others have smaller audiences but are intensely valued by them.

Our test on programming links back to our Charter: a brief to provide programming that is of high quality, distinctive and Australian. Programs of wide appeal, programs for specialised audiences.

I think the vast majority of what we offer passes the test that says it could only be seen on the public broadcaster.

That is not only so for intelligent, challenging programming we hear on *Radio National*. That breadth in distinctive content is seen from Classic FM to triple j; from *Compass* and *Catalyst* to *Keating: the Musical!*

It's Fran and Macca. It's Mr O'Brien and Mr G.

Cricket on the radio; round the clock emergency broadcasts.

Even *Question Time*. And some real questions from real people on *Q&A*.

And it's true for programs that have proven to be immensely popular like *The Chaser* or *Summer Heights High* – talent that took time to develop, find an audience and become overnight sensations.

The ABC was patient, because it could afford to be patient. The great advantage of public broadcasting is that it doesn't have to demonstrate a business case to make profit for investment in programming – the case is more about fulfilling our Charter.

It enables us to produce a vast range of programming that adds up to a massive reach into the hearts and minds of Australia: with seven in ten Australians watching or listening to ABC programs each week.

And that's as it should be. Everybody has a stake in the ABC. Everybody gets a piece of that huge, continuing return on the public investment.

THE TEST OF TRUST: EDITORIAL INTEGRITY

Critical to our reputation is our ability to deliver broadcasting to the highest standards of integrity.

To do this, the ABC undoubtedly puts itself through the most rigorous self-regulatory process in the Australian media: from our detailed and prescriptive *Editorial Policies*, to our comprehensive process of investigating complaints, to our independent reviews and audits of editorial standards.

This process is not perfect and has its critics. Some suggest that any internal review – no matter how objective, critical or distanced from the editorial activity itself – is a case of Caesar judging Caesar.

The ideal world such critics have in mind of course, is one in which Brutus would be judging Caesar.

But we continue to review and adjust this process to improve its effectiveness.

In survey after survey, Australians say they trust the ABC and to keep that trust we need to be sure we aspire to and adhere to high standards. We need not to just spout the aim but assess and review performance to see if we live up to it.

The kind of work we are doing to assess the accuracy of our broadcasts, to check the impartiality of our coverage around issues is landmark work for a media organisation.

It's generating international attention from places like the BBC, the Canadian Broadcasting Corporation and *The New York Times*.

And we are being transparent about the work we are doing to inform other media outlets who might want to do the same. It is work we conduct with seriousness and integrity.

I think to have a reputation as a broadcaster of integrity – is all the more vital in the new media landscape.

Trust matters. And the best way to preserve it is to continue to deserve it.

A TURBULENT MEDIA MARKET

The great transformation we are now seeing is from the era of media barons and public broadcasters controlling all that was seen or heard or read – to a great democratisation of media where anyone, anywhere can report or comment or analyse and find an audience.

At the ABC, there are challenges and opportunities that come from this revolution. As a provider of news and current affairs, being a trusted news source with the resources to report locally, nationally and internationally will be very important.

Our ability to use our broadcasting expertise to bring together a full range of perspectives on the critical issues affecting Australians – a trusted source – will be vital.

We aspire to be Australia's town square: a space where all voices can be heard – where the nation comes to engage – to listen to each other, to learn from each other – to better understand each other and the world.

In a way we have been doing this for years on talkback radio – and I am convinced the remarkable rise in the audiences and reach of our local radio stations around the country is a reflection of the ability of our announcers to genuinely connect and engage audiences on the issues that matter.

At the ABC, we are in no doubt of the extent of the media revolution. Choices are erupting for audiences. If you are my age, or a little older – you may remember an Australia with only four television channels. Then five with SBS.

But next year there may be 15 free to air television channels in Australia. Perhaps hundreds more through subscription. Thousands more available online, increasingly able to be viewed on your television set. The choices are just going to grow and grow – not just in television – but in digital radio from May next year - and broadband also.

That change is placing a bomb under the traditional business model for commercial media in this country – and its impact will have fallout for audiences everywhere and the role of the ABC.

I came to the ABC after almost a dozen years in print journalism. My friendships and interests are still in it, as is my morning habit of trawling through the papers. I like the tangibility of a newspaper, having it spread out before me.

But I have to tell you that working in public media is absolutely no comfort or consolation when witnessing the colourful pageant of distrust, misery and dashed hopes of the industry today.

I still care about it deeply.

Through all the turmoil, within Australian media industry, there is only one print mogul who has diversified his portfolio enough to offset the costs of quality journalism against profits made elsewhere in the business.

And yes, that last, best hope for newspapers is Rupert Murdoch. The world will be listening as he presents the 2008 Boyer Lectures on the ABC later this year.

As Michael Wolff recently put it, Murdoch “may be the last person to love newspapers.” But is this one exception to the rule enough?

Now Rupert Murdoch might live forever – but in case that doesn't happen, will whoever inherits the business still wear the cost of quality journalism in his unique, old-fashioned way?

This room is full of serious, respected commercial media journalists. I would expect many of you have never had to wonder more about your owner's serious, long-term commitment to substantive news and current affairs coverage.

I think there's a growing responsibility here for the ABC.

The investment we can make in news reporting – from our rural reporters to our 12 international bureaux is increasingly vital. Also vital is the commitment we show to news and current affairs in our schedule: from the News at 7 to 47 years of *Four Corners*; 1000 episodes of *Landline*; *AM*, *PM*, hourly radio bulletins, *Q&A*; *Insiders* and soon breakfast TV news on ABC2 and an ability to deliver on TV or online, news around the clock.

If the ABC doesn't do this, no-one else in broadcasting can or will deliver news content and analysis of this breadth, depth and quality.

The challenge of providing information so that the Australian democratic process is more meaningful grows greater each day.

I am a fan of what Sky News has achieved in recent years, but the ABC has a different role to play. We must provide an independent news service – developed by our reporters in the field – and deliver it into every Australian home, free-of-charge.

And I cannot stress this enough: we need to take advantage of new media opportunities to increase the reach and depth of what we offer.

The broadcast of the *Australia 2020* Summit also illustrated what the ABC could offer in terms of creating a new service delivering footage of public affairs and Australian democracy at work.

We want to be able to create a service – online and on television – that allows citizens to watch for themselves key democratic processes and public events: unmediated, unfiltered.

I include in that category Parliament from Canberra and the State chambers; press conferences and Parliamentary hearings; major fora like the annual ABARE conference; key annual general meetings; public addresses at places like the Lowy Institute, the Melbourne Press Club or the Centre for Independent Studies.

Again, there is not a dollar to be made from this for a commercial operator – but given the level of investment in the ABC, we could do it better and for less additional money than anyone else in the country.

A public affairs channel would be reinforced by the ABC's outstanding news and current affairs service, allowing updates around the clock and the ability to go live on major breaking news events. Again, this is something that should be available free in every Australian home - access to our democracy in action.

We also will look to expand our international services, in light of the government's commitment to play an increasingly influential role in the region.

We can expand the footprint and reach of *Australia Network*. We can have an even greater impact in the Pacific providing valued services in news, educational and children's content into countries which have limited resources and capacity to develop their own material of this nature.

KEEP THE STORIES COMING

Australian drama is another example of where the ABC will have to fill gaps that are set to emerge through media fragmentation.

The current regulatory regime that compels commercial networks to invest in Australian drama was drawn up in a world gone by. When there was just a handful of owners, when broadcasting capacity was scarce, when profits were vast.

That era is rapidly coming to an end.

With a future that promises infinite international content, celebrating that sense of *Australianness* becomes more important, not less.

Australian drama can generate big audiences on TV – but at the highest cost per hour of any programming made. It is high risk.

I'm the first to admit that in recent years the ABC has done too little drama.

Australian television drama is expensive for all of us, whether in public or commercial media.

A telemovie can cost up to \$2 million an hour to produce, a short series edging up to 1 million an hour.

If we at the ABC struggle to come up with enough drama when we don't have to produce a profit, I can well understand why commercial networks will over time struggle to maximise their profits with these kinds of costs.

The owners of commercial television have no Charter or moral imperative to deliver Australian drama to Australia audiences – they current have a regulatory requirement to do so.

Their obligation is to maximise profit as best they can. Their shareholders expect no less.

To combat those costs and to get more on the slate, at the ABC we have moved into partnership with the independent production sector to increase both the array of talent we can work with and the leverage to be had from sharing costs.

For every \$1 million we now invest in drama, we are putting \$3 million's worth on the screen.

And we are currently talking to the Government about their election commitment to boost Australian drama levels on the ABC to match the quotas applying to commercial TV, and how that might be funded and delivered in the next triennium.

It will be great news for Australian audiences, and great news for Australian culture.

LOCALISM: KEEPING COMMUNITIES GOING

Another area where the ABC will have an even more important role to play in the era of audience fragmentation and the new pressures on commercial media will be in the delivery of strong localised content.

Through its network of 60 local radio stations, the ABC has made an unparalleled commitment to ensuring that across Australia we have local broadcasters telling local stories to local communities.

In recent years that service has been extended to create ABC Local – what will be the key website for these regions containing local news and information as well as linking to the best of the ABC's national and international coverage.

We have plans to increase the levels of video footage produced for online services in regional Australia.

All this is at a time when commercial broadcasters are seeking to deal with the difficulties of fragmenting and contracting audiences by syndicating more and pumping out more shared feeds across the country.

Where your news is compiled and read by people who could be thousands of kilometres away.

In Mount Gambier, the local ABC breakfast announcer broadcasts from a shopfront studio in the town, with the local news compiled and read locally. Colin Beaton, a local school principal during the week, presents the local Saturday sports program.

What's called the local news on commercial radio in Mt Gambier doesn't actually come from Mt Gambier, and not even from the region.

But that's as good a demonstration as you need of the commercial radio model at work - there's simply not enough local ad revenue to support local news.

More than ever, a key counterpoint to this market reality is for to for the ABC to be providing local broadcasters delivering local content for local communities – and ensuring the full range of local voices are heard on issues of significance.

We are getting ready for fast broadband in the bush and expect to again be able to provide a suite of local services: text, video, audio, user-generated content, reflecting a range of offerings that commercial media outlets will understandably struggle to deliver.

The ABC will remain the lifeline for local communities in times of crisis – in floods and fires, in storms and emergency conditions.

THE DIGITAL TELEVISION PROPOSITION: NEW CHOICES

As we set out in the paper submitted to the 2020 Summit, the ABC is playing a leadership role in multi-platform, multi-channel media environment.

Digital media allows much more to be broadcast and it is imperative we take advantage of this opportunity to bring a suite of offerings into every Australian home that are high quality, distinctive and provide a valuable service. The introduction of digital radio in cities next year will be an important step.

We have spoken previously of a children’s channel and believe the arguments are compelling.

Next year there are likely to be fifteen free-to-air digital channels in Australia as we move to analogue switch-off.

One should be an ABC children’s channel.

Commercial free and brought to you by the most trusted and valued source of children’s television Australia’s history.

And available free in every Australian home, not just those signed up to subscription television. Not just to those homes willing to pay \$50 a month or more.

And if we are concerned about the impact fast food advertising on television is having on our children, doesn’t it make sense to give parents the choice of a completely commercial free children’s channel, with high quality, Australian content.

No pester power, no exposure to fast food advertising – just quality children’s content.

It is a compelling proposition – not just for the peace it brings to family life, but what it offers to the Government in terms of increasing take-up of digital television.

EFFICIENCY AND QUALITY

At the ABC, we are acutely aware that these new services cost real money to deliver. We are being rigorous in ensuring the money we currently spend is allocated wisely and spent efficiently.

Our production models were shaped to make TV for the analog age. And while things worked well for those first fifty years – TV production in the next fifty years, the digital age, will demand a major shift in how we work.

So we are overhauling television production, improving our planning and delivery mechanisms, to free up more money for production.

We are committed to a model where we keep a mix of internal and external productions. We will produce some in-house and others in partnership with some of the finest talent in Australian television like Andrew Denton, Chris Lilley, and the Working Dog team.

I can announce today that we will be producing internally the same volume of television content next year that we produced this year. The same number of programs. The same number of hours. But we will be looking to do it more efficiently.

Just as each new generation of software in the office setting presents new tools and expanded options, advances in news production technology will help make our operations more efficient. Help maximise our investment in news gathering and delivery to audiences. The aim always is to maintain content quality and produce it as efficiently as we can.

CONCLUSION

At the ABC we can see the change that's coming to Australian media, and we've built our future agenda on the basis of our observations.

Building on what we have today, I believe the ABC's continuing contribution to the nation will be best made through more drama, more regional content, a dedicated children's TV channel, public affairs broadcasting, digital radio and more online innovation in an Australia where fast broadband becomes an increasingly mainstream proposition.

The ABC's case for these additional services is clear:

- There is a unique opportunity to provide these services now through digital media that allows more content to be delivered.
- It is highly likely that in a fragmented media world, commercial broadcasters will be less able to deliver these valuable public services like a children's channel, a public affairs channel, high quality news and current affairs and a broad range of Australian drama.
- The ABC is best positioned to deliver these services: building on our history, our current investment in staff and infrastructure around the country, our ability to create quality content that connects with audiences.
- And, as the ABC leads in the new media space, we create awareness for audiences and opportunities for other media outlets as a consequence.

The agenda I've set out today goes beyond 2012. It is part of a long-term plan for the next decade.

What the ABC can do now is increase audience awareness to the potential opportunities that come with new technology, as we did in our early moves to the net, to podcasting, to digital television and to internet television.

We have been presenting proofs of concept for all sorts of digital media now for some time, with impressive results. I think the ABC has made the case, and made it well.

But we are also coming to the end of the time when the problem of finance met the opportunity of digital, and opportunity won. With a little additional revenue, a lot of groundbreaking work can continue.

It was the same, in fact, in television back in 1956. Prove the worth of the investment first, and the investment will follow.

Sir Charles Moses, who served as General Manager of the ABC for over thirty years recalled that when the ABC first got into television in 1956, “the post office and the minister and the government were satisfied that we could start a service in Brisbane, Adelaide, Perth and Hobart on a shoestring ... (and) within a year it was so clear that television was going to succeed that even the Treasury was prepared to provide money.”

On this occasion at least, I’d like to think that history stands a chance of being repeated.

Our expectation is that a staged investment will see the ABC both reinvented and funded for the digital age, and this will help deliver the *real* digital dividend to all Australians.

We’re well aware that as William Gibson famously noted, “The future is already here. It is just not evenly distributed.” The obligation to see that the future *is* evenly distributed, falls partly on the ABC – with our commitment to distinctive coverage on all platforms across the nation.

The ABC was one of the great public projects of twentieth century Australia. In helping build a sense of Australian identity, it helped build the nation. And today, the ABC is Australia’s most progressive and innovative media organisation.

It is up for the challenge of serving Australia in the decades ahead as it has in past. And frankly, it has never been more prepared for this moment.

Ahead lie more opportunities to connect with more Australians, in more ways, more often. And ahead of us too, we believe, lie the best days of the ABC.