

The Future of the ABC and SBS

Ian McGill and Peter Kim survey a discussion paper on future directions for the national broadcasters.

The Australian Broadcasting Corporation (ABC) and Special Broadcasting Service (SBS) (the **national broadcasters**) are set for an overhaul in the areas of governance, and potentially strategy and operations. A discussion paper released on 16 October 2008, *ABC and SBS: Towards a Digital Future* (the **paper**), invites the public to come forward with their ideas for the future of the national broadcasters.¹ The public submissions are designed to inform crucial policy and funding decisions ahead of the next three-year funding round starting 1 July 2009.

The paper follows on the heels of talks held by the 'Creative stream' at the Australia 2020 Summit in April 2008 (the **2020 Summit**), and it was released at the same time the Government announced changes, effective immediately, to de-politicise the national broadcasters' boards to 'restore independence.'² Interestingly, the paper only briefly mentions these changes, although it is perhaps the area likely to generate the most public interest. The main changes include:

The suggestion which is likely to raise some public interest is the possible merger of certain ABC and SBS operations.

- advertised board vacancies;
- a selection panel established at arms-length from the Government;
- banning of former politicians and senior political staffers;
- bi-partisan conferral on the appointment of the ABC Chair; and
- reinstatement of the ABC staff-elected director.

The paper is organised into seven sections and it covers a lot of ground. Generally, it discusses what the ABC and SBS have done or are doing in response to the changing media environment. It raises issues and questions but does not offer any recommendations; rather, on some issues it raises suggestions or options for consideration. The suggestion which is likely to raise some public interest is the possible merger of certain ABC and SBS operations.

We have until 12 December to let the Government know what we think the ABC and SBS should look like going forward.

The motivation: a changing media environment

The underlying driver or motivation for the paper is the need to consider the impact of emerging technologies and trends in media and broadcasting, in the way the national broadcasters develop programming, deliver and transmit services and interact with audiences. The Minister has stated that 'the right decisions [need to be made] now if national broadcasting is to thrive in a digital, online, global media environment.'³

The paper acknowledges that there is still much debate about the extent and speed of projected changes and that no one really knows 'what the media and broadcasting industry might look like in just over a decade's time.'⁴ Current trends and areas of change include:⁵

Digital television. The full conversion of television to digital by December 2013 which will mean the end of analogue and digital simulcasting.

Digital radio. The commencement of digital radio by 1 July 2009 as a supplement to AM and FM radio.

Changing audience viewing and listening habits. There is increasing competition for individuals' time from new digital media players (such as MP3 and iPods) and delivery platforms like the internet. There is also a trend to time-shifting through the use of various devices to record television programs.

Broadband. Expanding the reach and take up of broadband is a Government policy priority.

Subscription television. An increasing number of households are subscribing to subscription television services which operate on fully digital platforms.

The issues and questions

Generally, notwithstanding their different mandates, the ABC and SBS face similar issues as the technological march to a digital environment continues.

The paper's three main themes which underpin most issues or questions are: the national broadcasters' roles, cost pressures, and the need for efficient and effective service delivery.

The role of national broadcasting

The paper suggests that the national broadcasters' charters may require amendment, given that their objectives and the regulations which give them effect were made in an analogue broadcasting environment. For example, both charters are couched in terms of broadcasting even though both the ABC and SBS are increasingly providing more online services.⁶

Cost pressures

The paper also points out that, although access costs for viewers in relation to information technology equipment and broadband costs are expected to decrease over time, as are some of the national broadcasters' production and operating costs, there are a number of cost considerations. These include the following:

- Any increase in the number of digital channels or High Definition programming will increase costs associated with production or commissioning of new Australian content.⁷
- The national broadcasters face additional infrastructure and service provision costs. The costs of providing bandwidth-intensive content increases with demand; as more content is downloaded simultaneously, there is a need for more servers and bandwidth.⁸
- The increasing uptake of digital technology is changing the mix of the national broadcasters' asset bases. Plant equipment and computer software is starting to make up a higher proportion of their assets. As these assets have relatively short useful lives, there will be higher depreciation expenses and increasing rates of capital reinvestment.⁹

Efficient and effective service delivery

To address these cost pressures, the paper suggests some cost saving initiatives and alternative funding options so as to maximise the national broadcasters' efficiency and effectiveness in service delivery. These suggestions include:¹⁰

- **Property rationalisation.** The ABC has substantial property holdings and

capacity, and in recent years has sold off some of its property assets in Perth and Sydney.

- **Merger.** There might be scope for merging the national broadcasters' procurement and management of distribution and transmission services, and other functions such as legal and information technology. Another option raised is to pool or share transmission capacity between the ABC and SBS.
- **Additional funding sources.** Given existing and expected future funding requirements, consideration should be given to finding other ways to 'augment' funds. These could include pay-per-view for programs distributed online, charging for archival material accessed online, or open contracting for public interest content.

Other issues and questions canvassed include:

Harnessing new technologies to deliver services¹¹

- **Universality and localism objectives.** The technology chosen by the national broadcasters will affect how they deliver on these two objectives. Internet-based or other technologies may be more effective in delivering services to regional and remote areas. Also, due to cost pressures, there has been an industry-wide trend of sharing content from a central source, and so local communities may not be receiving relevant local content. Broadband might address local service issues in a more cost-effective manner.
- **Access to significant program archives.** Broadband platforms could allow greater exploitation of the national broadcasters' archive material.
- **Creativity and innovation.** Earlier adoption of emerging technologies could encourage innovation and risk-taking in production and creative sectors generally, but it may also expose the national broadcasters to 'changing consumer preferences or technologies that may fail to gain a critical mass or wide implementation.'

Informing and entertaining Australians¹²

- **Australian content.** If commercial television's appetite for providing Australian content fades because of, for example, any decline in television advertising revenue resulting from the growth of new and competing platforms, the national broadcasters might need to play a greater role in providing Australian content.

- **Children's programming.** There was support at the 2020 Summit for the national broadcasters to play a greater role in children's programming, for example, through a dedicated children's television channel.
- **News and current affairs.** Digital technology could improve the 'impact and value' of the national broadcasters' news content, for example, by maximising use of technology in news gathering and dissemination, and/or use of a dedicated news and public affairs channel.

The paper's three main themes which underpin most issues or questions are: the national broadcasters' roles, cost pressures, and the need for efficient and effective service delivery.

- **Comprehensiveness and program diversity.** As audiences time shift their viewing and listening habits to times that suit them, the national broadcasters' ability to fulfil their broad mandates will be tested as they decide how to use their limited resources, to produce programs across the content spectrum and different delivery platforms.

Education, skills and productivity¹³

- **Educational programming.** The national broadcasters must provide educational programs. A dedicated education channel has been suggested and this could be delivered online and/or on a digital television channel.
- **Training and staff skills development.** Existing industry skills shortages, especially in technical fields such as broadcast engineering and production, 'are expected to become more acute as the range of technologies and platforms used in broadcasting and media expands.' There may be potential for the national broadcasters' training arms to provide external training to the industry on a cost recovery basis.

Social inclusion and cultural diversity¹⁴

- **Multilingual programming.** As the number of language groups in Australia expand, SBS must work out how it serves these new groups without adversely impacting services to established groups. The online environment provides more options for delivering non-English language programming.
- **Migration trends.** There might be scope for using the national broadcasters to support public broadcasting or migration initiatives to address any skills shortages in Australia generally.

For example, this could be achieved by adding an English-language education program to target particular migrant groups or informing migrant groups overseas about Australian life and culture.

- **Indigenous programming.** The paper asks: is there scope for the Indigenous services of the national broadcasters (and National Indigenous Television launched in 2007) to be provided in more effective, efficient and integrated ways that make best use of available resources?

Presenting Australia to the world¹⁵

- **Overseas service.** The national broadcasters play a significant role in overseas broadcasting and there are calls for an expansion of these services.
- **Foreign policy objectives.** Given Australia's priority for Asia-Pacific engagement, and the national broadcasters' current and potential reach into that region, the paper asks: what is the appropriate relationship between Australia's foreign policy objectives and the national broadcasters' overseas broadcasting activities, bearing in mind the need to maintain editorial independence?

There is no timetable given for the Government's response to public comments, although there will need to be some clarity on policy direction before triennial funding decisions are made.

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Endnotes

1 http://www.dbcde.gov.au/__data/assets/pdf_file/0005/87674/0043002001_ABC-SBS_WEB.pdf (*Discussion paper*).

2 http://www.dbcde.gov.au/media_broadcasting/abc_and_sbs/abc_and_sbs_board_appointments.

3 Discussion paper at 1.

4 Discussion paper at 56.

5 Discussion paper at 8-10 and 53 – 57.

6 Discussion paper at 5 – 7 and 21.

7 Discussion paper at 9.

8 Discussion paper at 10.

9 Discussion paper at 37.

10 Discussion paper at 9 – 10 and 37 – 41.

11 Discussion paper at 8 – 13.

12 Discussion paper at 14 – 22.

13 Discussion paper at 23 – 26.

14 Discussion paper at 27 – 31.

15 Discussion paper at 32 – 36.