



#OurABC

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The Opportunities are Many

It's good to be here today at QUT and to see so many journalism and communications students as well.

For this particular generation of media students there are just two certainties—if, for a moment, we're happy to leave aside death and taxes.

The first is that there's never been a more promising time for storytelling in a digital world. The second certainty is that there's never been a more difficult time for the media organisations you might want to be part of; places where you might like to practice the skills you are mastering here.

Today, I want to talk about the unique contribution that the ABC wants to make and wants to keep on making, as an important strand of the fabric of Australia's cultural life; its civic life.

But it's important, too, for you and the ABC's many stakeholders—its staff, its audiences and those who write the cheques in Canberra—to get a sense of the unprecedented scale and pace of change that we and our colleagues in the media sector are encountering.

I want to talk about the possibilities and the problems, and how we will deal with both to renew the ABC for the future, to create an ABC for you and your children.

As the ABC Act demands—the ABC Board, not Government—will finally control the ABC's decision-making and destiny. Yet, the final shape and detail of our response to these challenges will inevitably be influenced by Canberra. We face the immediate future knowing that funding cuts are coming, but their size has not yet been determined.

At the ABC we must develop cost-effective and audience-focussed solutions to both these challenges: the renewal of a media organisation in light of pressures created by technology, audiences, markets—and the reduction in funding. The ABC is accustomed to challenges, accustomed to change. And having been at the ABC for eight years now, I know that whatever the challenge is, it will be met.

#OurABC

In recent weeks the ABC released a new promotional campaign for television. I hope you've seen it.

An iconic Australian song, *Throw Your Arms Around Me*, with captivating images of Australians, young and old, a mix of ethnicity and culture. A joyful celebration of contemporary Australia, its vibrant diversity. And right at the heart of it—our ABC.

The images came to the ABC through one of the most interesting digital storytelling projects we've started in recent years—ABC Open. ABC Open invites people from communities all over the country, some with limited digital skills or without direct access to the tools of this new era, to work *with* the ABC to tell their stories, sometimes in text, sometimes using the most powerful language of our time—images.

What does “Our ABC” mean? An ABC that's owned by all Australians. That reaches and delivers to all Australians. That is home to Australian conversations and stories you won't find elsewhere. “Our ABC” that's accepted not just as part of Australian life, but a distinctive aspect of Australia's *quality* of life. An ABC that millions of Australians turn to every day, that's part of their lives. An ABC that's valued by the public it exists to serve.

As we look to the future, this idea—“our ABC”—is a valuable touchstone for us. Because *that's* what we want to preserve. *That* sense of connection and meaning. That *relationship*—between the ABC and Australians of all ages, from all walks of life, from the small towns to the big cities. And, as we have moved into the digital era, that relationship has only been strengthened and grown.

Our Vision and Purpose

The ABC has been part of the Australian media landscape since 1932. For much of that time, it competed for audiences in radio and television with a handful of commercial media providers.

It was an era of media scarcity.

The competitive advantage came from the access that licences and broadcasting spectrum gave to the home. And no organisation had greater reach to Australian households than the ABC.

Now, of course, it is an era of media plenty.

We can be overwhelmed by the available media choices: video, audio and text, through television and radio, online and mobile.

The geographic grip has been loosened. We can get media from anywhere in the world. Local broadcasters and publishers face ferocious competition from global content creators, aggregators and distributors—many new and dynamic, some extraordinarily wealthy and powerful.

One thing they nearly all have in common is the need to make money for their owners. That's why it is called the media *business*.

Mass audiences for traditional media outlets like newspapers and linear television have been fragmented by this vast expansion of content. It also means more choice for advertisers, and the most significant growth areas of new media, like digital news or streaming video, have far less pricing power.

The age of plenty, a gift to audiences, has presented one challenge after another to those legacy media providers.

There are fewer and fewer media proprietors, few survivors willing to sacrifice earnings to deliver a broader, less tangible asset back to the community: one that benefits us not just as consumers, but as citizens.

In our midst, we have much smaller newsrooms, and journalists' jobs continue to be axed as print struggles to make a profit. By 2018, PWC predicts that consumer spending on print will have shrunk to just 4.7 per cent of the total media market. The ABC's counterparts in free-to-air television have fought better to retain their business models yet a cloud still lingers over their viability. More than half of all Australians can now time-shift, making it even harder for the networks to amass the big audiences they need for advertisers. We now work in a global market—against which local media, local content, needs to compete.

At the same time as content choices are growing, so too are content gaps in the market. These emerge because if you are a media owner, you're obliged to invest in a way that maximises your return now or in a reasonable timeframe. Investors and owners need the return that justifies their investment—they need a story of growth, not just of managed decline.

When he opened the ABC's Ultimo building in 2002, the then Prime Minister John Howard praised the ABC's role in shaping the national ethos, and its important place in Australia's media ecology.

He pointed out that the ABC had always operated alongside commercial competitors in a way that is not dissimilar to how our health and education systems had been shaped. Australia has come up with its own solutions, a mix of public and private enterprise, that together, provide public services in the best possible way.

In this transforming media environment, the ABC wants and needs to deliver outstanding content and services that are indispensable to the Australian public. It is enshrined in our Charter; it is essential to our strategy and operation.

The wider media ecology remains a relevant consideration to the ABC. While we are not and never have been solely a broadcaster of market failure, the number of content areas in which commercial media organisations will not invest is growing. The unprofitable gets left behind.

This is one of the reasons you frequently hear people say that in this era, the ABC is more important than ever. The ABC is willing to make the investment around serious prime time investigative programs like *Four Corners*; celebrations of Australian achievement and ingenuity through *Australian Story* and *Landline*. Willing to maintain local reporters and a rural reporting team in centres across the country.

Willing to develop drama and documentaries and news programs for Australia's children. To schedule and commission stories on religion and science and arts. To provide a radio station devoted to classical music. We are willing to create content in all these different areas and seek to find the best way to deliver it on the platform our audiences choose.

The ABC is willing create a digital station devoted to new, and independent Australian musicians. I probably don't have to tell the people in this room—those under 40 at least—that you would *have* an Australian music industry without *triple j*, but it would not be an Australian music industry you would either recognise or desire.

The ABC represents a continuing public commitment to programming that informs, educates and entertains, that tells Australian stories, and which increasingly opens up our airwaves and our websites to the voices in our community and the views of our audiences.

And all without having to make a profit, boost the share price or exceed market expectations.

All because we are for Australians—for the citizens of the nation. We aren't seeking those who want to purchase products, so we can attract advertisers. We are not about maximising online traffic or dreaming up clickbait to drive profitability.

I often think we're guilty of taking our own achievements for granted. Last week, I travelled to Darwin for an ABC Board meeting. The flight gave me time to take stock of just one week of ABC output.

It was the week that the ABC overcame the immense logistical hurdles to produce the incredible Q&A program in remote Arnhem Land, using the opportunity created by the Garma Festival to allow Indigenous Australians to talk frankly with each other and to the nation about the issues most relevant to them.

It was the same week that the Prime Minister launched the War Memorial's *Soundscape Project*, with the ABC playing a pivotal role in making its studios and radio teams available to work with school children as they recorded the names of Australia's war dead.

It was a week where our foreign correspondents reported with distinction from some of the most dangerous and inhospitable sites on the planet.

And then on the weekend, we delighted audiences with the fresh and vibrant storytelling of *Anzac Girls*.

Last week, and every other, we presented Australian conversations and stories that informed and enriched the lives of Australians and Australian life.

But to keep doing this, we *will* have to change.

We must acknowledge how much the world has been altered by digital media, and how rapidly and urgently we need to change to deal with this. Changes that might have taken ten years in the analogue age now take place within the space of one.

We must accept that in the fierce contest for audiences, where old alliances no longer work and where friends can become rivals, the ABC has to robustly review its programming and services, find new ways to keep the audiences we have and to attract new ones. We will make the investment necessary to deliver quality programming. But it will be prudent and we will need to make careful judgments about the audience return.

I agree with the respected media analyst Megan Brownlow's assessment that in this cluttered, fast-changing environment, those who are timid, who make ad hoc decisions and forget the lessons of history will be the industry's losers. The winners will be the disruptive, those who refuse to wait for others, who identify the trends in the data and act on them.

We want the ABC to be among the winners. And that means accepting the blunt reality and paradox within the famous line from *The Leopard*: "If we want things to remain as they are, things will have to *change*."

Efficient and Effective

The ABC's legislation stipulates that the Board must ensure that the functions of the Corporation "are performed efficiently and with maximum benefit to the people of Australia". Over the past decades, we have vastly increased the content available and with two thousand fewer staff than at our peak and \$200m less in funding in real terms.

We have applied ourselves diligently to ensuring efficiency and benefit. We've had many wins. And those wins have then been dedicated to new services Australians wanted and expected, which audiences then enthusiastically embraced.

Take ABC News 24, created *without additional government funding*, but financed through a major efficiency review of our television-production processes. By embracing new work practices and technology, we have empowered our staff to work smarter and to the maximum benefit of audiences. The stories that our journalists craft are shown across an expanding array of programs and platforms – delivering maximum bang for our news buck. We live in the 24/7 space.

With breaking news, the ABC now offers extensive live, rolling coverage across News 24 and ABC TV, streamed online and on mobile and often simulcast on ABC News Radio and *Australia Network*. More stories from our state and territory reporting teams now find a national audience – and we can run more stories at length from our international correspondents as well.

Since launching in 2010, ABC News 24 has grown an average weekly audience reach of around 3.6 million. And we now regularly produce news specials for events of national significance like the crash of MH17 or for key local events, like state elections and budgets.

The same with *iview*—delivering 20 million programs a month, the nation’s leading digital catch-up TV service. Two great services, with high levels of audience engagement, two great success stories for the ABC in the digital era. Two initiatives created by an ABC determined to make every dollar count for our audiences.

Our ambition must be to spend as much as we can on programs, to reduce what we spend on administration and support functions. Ensuring the ABC is as efficient and effective as possible.

All our staff understand these processes and the rationale—that audiences must come first at the ABC. We want to understand the audience impact of every decision made, every dollar spent.

There have been numerous references lately to the Lewis Report, a study by the Communications Department into backroom efficiency at the two public broadcasters.

Contrary to perceptions in some quarters, Lewis is not designed to be, nor has it been accepted by the ABC, as a prescriptive list of ways to cut spending within the Corporation. Nor is it designed to put a figure on what the national broadcasters need to save.

Lewis has simply pointed out what the ABC has always understood—the fact that we have always done things *one* way doesn’t mean we have to keep doing them the *same* way. With an eye on efficiency, with a need to reinvest—and with the reality of reduced resources—difficult choices must be made.

The ABC is not immune to the cost pressures that have squeezed the rest of the industry. Costs are rising for both acquired material and local production content. Like our rivals we battle ever-increasing insurance premiums and electricity charges.

Now the pressure has been intensified: we must return efficiency saving to Canberra, yet at the same time, free up the funds needed for investment to meet audience needs and expectations.

We need to re-examine our production, our processes, our infrastructure. The ABC has, in many areas, been an owner or builder of assets, reflecting our long history as a public sector agency with access to funding at cheap rates.

There is a strong argument that in an era of scarce funding, the default position should be that unless there is a compelling financial —or importantly, editorial—reason for an activity to remain in-house, or unless it relates to an area of core competence for the ABC, outsourcing must be looked at.

We're reviewing support activities like property and IT, procurement, HR and finance activities in a robust fashion. Are there activities that we can drop, automate, do differently? We are working with SBS to see if, by working more closely together, we can make backroom savings, while remaining independent editorially.

This kind of change process is not new at the ABC and has been central to investment and renewal strategies in the past. However, the projected funding cut and demands of operating in a digital media environment have now given this activity a new urgency.

I expect when the funding position from Canberra becomes clear, significant decisions about the ABC's operations and funding priorities will follow.

The ABC Board, ultimately responsible for how Government funding is allocated in the ABC, will have its own views on the extent of changes that must be made.

To meet the future, we will need to contemplate and embrace measures that extend beyond operational efficiencies, forcing real content choices.

I need to emphasise here that the ABC is not alone in undertaking this mission. Our public broadcasting colleagues abroad, including the BBC and the Canadian Broadcasting Corporation, have recently flagged major changes in operating and programming strategy.

As with the ABC, the initiatives have been driven by funding cuts and the need to place audiences at the centre within the new digital landscape.

Audiences at the Centre

In this landscape, the array of choices means no audience can be taken for granted. In recent years, the ABC has—using its efficiency savings—met the needs of viewers and listeners who are impatient with appointment programming. We have provided content for them on the devices they've chosen to use.

With Government now making a call on those efficiency savings, what are our options now to keep innovating? One is to “power down”, to stop investing in the new, to hope that the audiences we have now, at least, will stick with us.

We won't be taking that option. The Board and Executive, as the current stewards of the ABC, want to ensure it as loved and significant, as relevant and connected to Australians of *future* generations as it has been in the *past*, as it is *today*.

In 2032, the ABC will turn 100. We strongly believe the strength and cohesion of the nation as a whole—our understanding and appreciation of our people,

culture, history, our society and our world will be enhanced by an ABC that is still, in 2032, the home of Australian stories and conversations. Still our ABC.

If we are to remain indispensable to the public, operating without increased funding, we are left with one option only—to work out where our dollars are best spent, to interrogate how we will innovate, better service audiences and reach new ones.

We understand that to be relevant and compelling we need to present and create content for platforms like online and mobile to which audiences are relentlessly shifting. We will need to increase our investment to match that audience shift.

The way people read and experience news on a phone is different to a website, very different to the expectation people have for our News 24 TV channel. Every news organisation now understands that different platforms require different content menus.

The ABC is the most trusted and respected provider of news and information in the country. The Charter identifies news as a core service of the public broadcaster and also identifies the delivery of digital services as central to what we do.

We must invest to ensure our news services meet the legitimate demands of the millions who watch, listen or read ABC news across all platforms each day. Somehow, we need to find the funds *from within* to invest in this future, and that will mean rearranging or reconsidering how we spend it now. Innovative solutions are required for tougher times.

We need to find the right blend of local, national and international stories for regional audiences and how to better capture that rich local material so it can be shared in the capital cities.

The ABC's high quality content and services will always be our competitive advantage, programming that is distinctive and plays to our strengths as a public broadcaster.

That's why we will continue to invest in unique quality Australian drama, like *Anzac Girls* and *Redfern Now*, and the exciting new release next month, *The Code*.

I read with interest a recent analysis in *The Sydney Morning Herald* of the way in which reality formats have proliferated on Australia's free-to-air commercial television services.

Big budgets, big audiences—and lots of different ways to drive revenue. It's more efficient to put on *one* show every night and promote it hard, than to have *lots* of programs to promote. The strategy is to drive profits and share prices.

With quality Australian drama costing a million dollars an hour to make and broadcasters funding at least half that, audience numbers have to be very high to make maximum profits.

And if the ratings disappoint or the demographics skew too old to make the show appealing to advertisers, Australian drama as a genre will be in trouble. If commercial broadcasters succeed in having drama obligations, currently part of their licence agreements, lifted, drama will be in deeper trouble.

Look at narrative comedy. No commercial network is doing it, while the ABC invests in shows like *Utopia*, *Please Like Me* and *Upper Middle Bogan*. Similarly, we cannot expect commercial TV to invest in shows on science, religion or the arts.

But if we want to ensure that programming like this is accessible in every Australian home, then a well-funded ABC is a sure bet.

What is significant about many of these programs is that *even if there wasn't an ABC*, commercial free-to-air television wouldn't deliver them. It isn't that they don't attract an audience, it's just that they don't attract the biggest *possible* audience or the right demographics for advertisers.

It is the same in radio. The challenge at the ABC is to ensure networks provide high quality content whilst ensuring investment is at the right level, work processes are efficient and effective and programming is relevant and engaging to audiences.

It means looking at the ABC's areas of content strength, including news and information, arts and music, Australian stories, children's and education, science, religion, and the regions. In looking to be a digital broadcaster on less funding, we need to ask where are we overservicing, or where the content isn't distinctive in the marketplace—and what can be done effectively in a different way.

As I said earlier, the format requirements for online and mobile content are unique—great mobile experiences are not just TV on a smaller screen.

The ABC has a strong reputation in digital and mobile, and reaches around 25% of Australia's online audience each week. We know we can gain even bigger audiences by making the right investments and targeting new spending in online and mobile where the audience growth is.

The areas we are first focusing on to lift audience engagement are our news services, on iview, on triple j and our offering for children.

Historically at the ABC, we've created a lot of websites and small scale digital activity, often to small audiences. We have a long tail of online development like no one else in Australia.

In future, we will be generating fewer sites which offer richer digital experiences and more opportunities for engagement and participation. We

will focus resources in ways that will better benefit those growing audiences, while still offering distinctive content in specialist areas.

We will put more specialist content, such as arts, on our sites with higher traffic, such as News, where it can attract the attention of a wider audience it deserves. We will facilitate a personalised ABC experience.

Of course, if you use ABC content, you are already seeing examples of our digital investment. We have, for instance, established a new team to help us with digital storytelling, new apps that will allow people to configure the mix of news content they want according to where they live, and programming where audience members shape the future of the narrative.

Younger audiences in particular—the ABC’s future audiences— don’t want to just passively consume but also want to create and share as part of their media experience. As a public broadcaster, we need to change the investment, take risks, drive experiments that allow this to happen.

Witness the great *Vote Compass* experiment last year, with over 1.4m completed online surveys, the richest insight into voting thinking around issues from every electorate across the country. It was an online experiment driven by the power of broadcasting, delivering different news and analysis, new angles, greater depth.

The ABC always needs to be breaking new ground, as we have in recent years through podcasting, through iView, through *Vote Compass*.

Choices around investment are never easy, but will always be guided by the need to ensure the ABC remains compelling and connected to our audiences and owners.

A Creative, Engaged Working Culture

Of course, none of what we have done or will do is possible without the dedication of our staff. The ABC has some of the best and brightest talents in the industry—those on the frontline in programming, those behind the scenes putting it all together, those who seek to ensure the organisation is managed and works well.

But as we’ve seen with the reorganisation of *ABC International* due to the cancelling of the *Australia Network* contract, cost-cutting has a human impact. More than 70 jobs have been lost in that process.

Given the considerable challenges facing the ABC, future-proofing the organisation will inevitably result in further dislocation, a transition period from which we are determined a stronger and more agile ABC will emerge.

In many respects, we have an analogue structure, an organisational inheritance that sits uneasily in a digital world. We need to think more in

terms of genres and audiences, rather than platforms—make sure we focus on the ABC’s content strengths, genres in which it already leads the way.

A digital solution means a shift from disparate *platform* strategies to an integrated *content* strategy, overseen by an Executive responsible to one another for delivering its different *elements*.

We will see more teamwork with an integrated content strategy—a greater push for engagement across divisions, a bias towards agility, creativity and innovation.

Across the organisation, we want to create more transparency around decision-making and performance, about why particular content investments are being made, about the kind of audiences we’re expecting that content to address.

One of the great advantages of the digital world is that we have a better understanding of audiences, far richer data on behaviour and engagement than we *ever* had with traditional broadcasting.

Despite the unprecedented budget pressures, we want to increase the amount we spend on research and continue to pioneer in a way that provides leadership across the media sector, as we have done with *iview*.

Earlier this year, the ABC was voted the best place in the country to work by prospective job hunters. As I pointed out at the time, this was affirmation of the respect and admiration that Australians have for the Corporation, even if few of those surveyed actually worked with us.

Despite the challenges, we still want the ABC to be the best place in the Australian media to work. But the vitality of the ABC, both as an organisation and as a place to work, depends not on maintaining the status quo, but on continuing to evolve and change.

Public Servants

Finally, some news just in on the public’s perceptions of the ABC—particularly in those areas that generate such controversy on occasion.

We annually commission Newspoll, the highly-respected polling organisation owned in part by News Corporation, to get a detailed understanding of what the public think of their public broadcaster. Do they value it? Do they find its reporting fair and balanced?

In many ways it’s been a challenging year for the ABC. A noisy chorus of critics has been in full voice. As always, there have been controversial stories.

We have needed to apologise for some editorial judgements. Budgets have been cut, a contract for a key service was torn up, and suggestions have been made that we are not working in the national interest. One new Senator

suggested putting chunks of us up for sale, possibly as a precursor to flogging the lot.

After all that noise—as if asking for trouble—Newspoll then went out and asked the Australian public what they thought of the ABC. The results reminded me of the scene from the Old Testament—after the wind, after the earthquake, after the fire, Elijah hears the still, small voice of calm.

The public view of the ABC is both calm and clear. The latest survey reveals positive perceptions and approval ratings that would bring tears of envy to those who study Newspoll numbers most closely—the nation’s politicians—and other media companies as well.

84% of the Australian public believe the ABC provides a valuable or very valuable service. The highest appreciation comes from those who watch most of our content, who experience what we produce most regularly.

70% of Australians watch, listen or are online with the ABC every week.

And confirming the evidence of other polling, including *Essential Research*, 84% believe the ABC reports the news accurately and fairly. Much, much higher than commercial media.

In this world of divisive politics, partisan commentary and unprecedented polarisation of perspectives, only 9% feel the ABC does a poor job.

Again, there is higher support among the millions of Australians who engage with our news services every week. 92% of those who watch the 7pm news believe that ABC does a good or very good job being balanced and even handed, and 89% for our 7.30 program.

Such remarkable and consistent figures are not grounds for hubris or complacency. We earn them and fight hard to keep them high and know that only through vigilance about the quality of our work will that great public appreciation be sustained.

The ABC Board continues to commission independent external reviews of editorial performance. Divisions undertake their own stock take of programming outcomes against predetermined standards. We have the nation’s most detailed and comprehensive process to deal with audience complaints.

There will, of course, always be critics. At times, their criticism will be justified. We get things wrong on occasion, or make a poor decision and need to set things right.

But many of our relentless critics reveal more about their own views of the world and how they are positioning themselves in the media marketplace than they do about the ABC.

They speak because of an ideological opposition to public funding of media like the ABC or because of the commercial impact they feel the ABC has on their own operations.

They reveal they do not understand where Australia stands on the matter of the ABC. The public overwhelmingly feel the ABC is valuable and fair and trusted and important.

It must be remembered that not all the voices in this debate want what is best for the ABC or what's best for Australia. They are not servants of the public. They are in the service of other interests.

In making decisions about the ABC, I would encourage those who study Newspoll most closely, to consider carefully the evidence.

One side is dominated by a handful of noisy critics, often with clear vested interests. The other side is the public's side, Australia's side, with the 84% who back the ABC, and believe it is fair and balanced. The millions who trust and use it daily.

In the ABC, you have a long-standing public institution that regularly stands alongside the High Court and the Reserve Bank as the most trusted and respected in the country. One that has remarkable levels of public support, a public who overwhelmingly feel it provides a valuable service.

A public broadcaster that creates content and tells the Australian story in a way that others cannot or will not. And one that in the most contentious area of content—its news services—stands out as Australia's fairest, most credible and most trusted.

For Australians everywhere, it is "our ABC".

Inevitably, as we seek to make the ABC a great public broadcaster for the digital age, change is coming. A time of proposals and decisions, every one of which must be made with great attention and care. We will do everything possible to ensure the right changes are made for the right reasons.

Yes, funding has been cut and we expect, will be cut more. Yes, audiences in the digital age are always on the move. And yes, there will be a period of transition ahead for us.

But we believe the ABC has a great, promising future. And that we will emerge from the challenging days ahead, having not just prevailed but prospered, as a renewed ABC and an enduring home for Australia's conversations and stories.