

**ABC Supplementary Submission:
Inquiry into the Competitive
Neutrality of the National
Broadcasters**

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Introduction

This ABC Supplementary Submission provides some general comments on public submissions received by the Panel and responds to specific issues raised by the Panel for the ABC's consideration. It follows that this is not a comprehensive response to the submissions made to the Competitive Neutrality Inquiry and it should be read in conjunction with the ABC's original submission to the Inquiry into the Competitive Neutrality of the National Broadcasters (the "ABC Submission").

General comments

While the ABC acknowledges the particular concerns raised by a small number of individuals and industry stakeholders, the overwhelming majority of submissions to the Inquiry demonstrate resounding public support for the ABC.

Of the 152 submissions made in relation to the ABC and published as at 6 August 2018¹, around 90% expressed enthusiastic and unwavering support for the ABC and its contribution to Australia's national identity, democracy and diverse media landscape.² Overall, these submissions highlighted the high standard of ABC programming, news and current affairs, and digital content and attributed that success to the ABC's independence and impartiality, rigorous editorial standards, and commitment to innovation.

The Inquiry received approximately 6,600 further submissions via a Getup! campaign to "Save our ABC" and ensure that the national broadcaster is "fully protected from politically motivated attacks".³

Having regard to the balance of submissions made to the Inquiry, the ABC encourages the Panel to take account of the significant volume of evidence provided in support of the ABC and its activities. The majority of the submissions reaffirm the importance of the ABC to Australia's media landscape and its position as one of Australia's most trusted institutions and support the view that the ABC continues to meet diverse audience expectations and fulfil its public mandate.

¹ As at 6 August 2018, 156 submissions are publicly available on the Department of Communications and the Arts website, including the submission of the ABC. Of the submissions made by other parties, 152 consider the activities of the ABC; 3 relate to SBS exclusively.

² 133 of 155 submissions made public as at 6 August 2018.

³ Getup!, 'Save our ABC' (8 May 2018) <<https://www.getup.org.au/campaigns/media/save-our-abc>>.

Crowding out – the online news market

The RBB Economics Report attached to the ABC Submission looked specifically at the question of whether the ABC's activities crowd out commercial media companies, including in its online activities. The key findings of the report were:

1. There is no evidence that the ABC's activities crowd out commercial media companies);⁴
2. There is substantial evidence that the ABC's activities are likely to have resulted in significant benefits to the wider media industry;⁵ and
3. There are clear examples of the ABC's activities helping to drive innovation across the Australian media sector more broadly, which benefits all players in the market.⁶

Claims of 'crowding out' have been raised in submissions by Fairfax and News Corporation in the context of the ABC providing online news. Those concerns are expressed as follows:

1. The ABC provides news content online for free, which limits the commercial sector's ability to attract consumers to pay for access to online news;
2. The ABC has fundamentally affected the dynamics of the digital news industry, by limiting the industry's ability to generate revenue; and
3. There is a lack of a level playing field for the provision of broadcast news content. Public broadcasters are advantaged in this field where they compete in the marketplace with commercial news providers.

No evidence is provided in support of these claims. Moreover, in a separate inquiry being undertaken by the ACCC into the impact of digital platforms on the state of competition in media and advertising services markets, in particular in relation to the supply of news and journalistic content, submitters, including Fairfax and News Corporation, devoted very little attention to the impact of the ABC, and instead focused on the impact of global digital platforms such as Google and Facebook.

In providing news services in an online environment, the ABC is fulfilling its statutory responsibilities, including those set out in its Charter.

It is well documented and widely acknowledged that the revenue challenges facing commercial news providers in Australia are being driven by broader trends relating to the way people consume and pay for online content, which are affecting news and other content providers worldwide. As noted in the RBB Report and based on its review of extensive data:

⁴ RBB Economics, 'The ABC and the Australian media sector: A report supporting the ABC's submission to the inquiry into the competitive neutrality of the national broadcasters' (28 June 2018). See Attachment B of the ABC Competitive Neutrality Inquiry Submission, p. 5 ("RBB Report").

⁵ RBB Report, p. 6.

⁶ RBB Report, p. 82-94.

*The changes in the commercial broadcasters' and news providers' revenues seem more likely to be related to the overall trends affecting the sector, changes in internet usage and the shift towards internet advertising rather than any specific activities of the ABC.*⁷

The ABC acknowledges that advertising and classifieds revenue has declined, and this has placed pressure on the commercial media industry. Michael Stutchbury, Editor-in-Chief of the Australian Financial Review, identified that following the 'Rivers of Gold' era, where advertising revenue was abundant and easy to accrue, the news publishing sector is now focused on 'rebuilding from the protected core' after nearly a decade of 'holding up the ceiling'.⁸

Some recent announcements, such as Commercial Radio Australia's 5.9% increase in metropolitan advertising revenue in the June 2018 half⁹, The Australian reporting that television advertisement spending has increased 3.81% in the six months to June 2018,¹⁰ and The Australian also reporting its own digital subscriber base had grown by 23% over the previous year¹¹ indicate that media market dynamics continue to shift and may give pause for consideration about the influence the ABC's activities may or may not have over commercial media fortunes.

In recent years, many new providers have entered the Australian market for the provision of online news services. This includes new digital platforms, such as Facebook, Amazon, Apple, Netflix and Google, as well as digital offerings from traditional news providers such as The New York Times and The Guardian. In May 2017, The New York Times established an Australian bureau: "The New York Times is expanding globally and Australia has long been seen as a promising place for that because we've gradually built up a significant number of digital subscribers in the country".¹² Similarly, The Guardian Australia, which does not have a paywall, reports that it has grown to become the fifth most popular news website in the country, with 3 million unique visitors every month.¹³ These developments have caused significant disruption to the news information online market quite independent of the activities of the ABC.

⁷ RBB Report, p. 63.

⁸ PWC, 'Australian Entertainment & Media Outlook 2018-2022', (17 June 2018) <<https://www.pwc.com.au/industry/entertainment-and-media-trends-analysis/outlook/newspapers.html>>.

⁹ Commercial Radio Australia, 'Commercial radio posts 5.9% growth in June half ad revenue', media release, (2 August 2018). <<http://www.commercialradio.com.au/content/mediareleases/2018/2018-08-02-commercial-radio-posts-5-9-growth-in-ju#.W4hzBM4zZhE>>.

¹⁰ Darren Davidson, 'TV ad spending on the rise', *The Australian* (online) 31 July 2018 <<https://www.theaustralian.com.au/business/media/tv-adspending-on-the-rise/news-story/1ba686d6d4c412dfd5f113edaf25c1a7?login=1>>.

¹¹ Darren Davidson, 'News Corp revenue rises on digital subscription growth', *The Australian* (online) 12 May 2018 <<https://www.theaustralian.com.au/business/media/news-corp-revenue-rises-on-digital-subscription-growth/news-story/abcf74f3d1a0912cf550e8afc64ab3c9>>.

¹² Damien Cave 'Why is The New York Times In Australia?', *New York Times* (online) 20 September 2017 <<https://www.nytimes.com/2017/09/20/world/australia/faq-nytaustralia-bureau.html>>.

¹³ Amanda Meade, 'Guardian Australia reports its first profit in 2018 annual results' *The Guardian* (online) 31 July 2018 <<https://www.theguardian.com/media/2018/jul/31/guardian-australia-reports-first-profit-2018-annual-results>>.

The Guardian Australia also reported their first profit this year, emphasising the point that commercial media can grow an audience in a competitive market.¹⁴

The RBB Report attached to the ABC Submission contains a pie chart of online news brands accessed by Australians which shows that in a period of 7 days 19 different online news services were used by Australians.¹⁵ The ABC is only one of those services. The ABC Submission, and the RBB Report, provide more detailed facts and metrics around the online news market and the ABC's role within it, including:

1. ABC Online News has a relatively small and fairly constant share of the online news audience;
2. Free news content is widely available on other websites: 9 out of the top 10 current events and news sites in Australia provide free access; and
3. Online consumers of news frequently 'shop around': 96% of online ABC news audiences also visit other news websites.¹⁶

Considering the variety of online news providers in today's Australian market, evidence that audiences engage with multiple sources of news content, and the changes to the newspaper market overall, it is not tenable to claim that it is the ABC that has caused the industry's inability to generate revenue.

¹⁴ As above.

¹⁵ RBB Report, chart 15, p. 34.

¹⁶ RBB Report, p. 45.

Engagement with the market

The manner in which the ABC delivers its services is, in part, dictated by the ABC Act. In all its activities the ABC must maintain the independence and integrity of the Corporation.¹⁷ Services are required to be provided at a “high standard”.¹⁸ These are guiding principles for the ABC in any activity it undertakes, including engagement with external organisations. The restrictions on advertising on ABC services¹⁹ supports the independence of the ABC, but it also means that the ABC is not necessarily a desirable working partner for commercial organisations. For example, spectrum that is allocated to the national broadcasters is required to be used for national broadcasting services²⁰ and therefore the ABC is unable to make its spectrum available to other parties for commercial purposes.

How the ABC engages with external organisations depends on the nature of the collaboration. Engagement with smaller organisations or individuals occurs, for example, in the following areas:

1. The development of musical talent, for example, recording new works by Australian composers;
2. Initiatives like triple j Unearthed which provides a forum for emerging Australian musicians to submit their works and have them discovered by a broader audience;
3. Working with co-production partners to produce content for the ABC’s broadcasting and digital media services; and
4. The development of software applications for distribution of content via an ABC digital media service.

In some instances, organisations pitch an idea to the ABC. There is specific guidance on the ABC website about how to pitch an idea to the ABC.²¹ The ABC welcomes pitches from external producers and independent production companies in the areas listed on the website, including Arts, Children’s, Drama & Comedy, Events, Factual & Documentary, and Indigenous. Further information is provided on the ABC website about what the ABC is looking for in each category, the Television Commissioning Process, the ABC Editorial Standards (which apply to all content produced, commissioned or acquired by the ABC), contracting and delivery, marketing and publicity, and links to the various funding agencies that support the production of Australian content.

¹⁷ *Australian Broadcasting Corporation Act 1983* (Cth) (‘ABC Act’), s 8(1)(b).

¹⁸ ABC Act, s 6(1).

¹⁹ ABC Act, s 31.

²⁰ *Radiocommunications Act 1992* (Cth), s 100(3A); *Broadcasting Services Act 1992* (Cth) s 13 (definition of ‘national broadcasting services’).

²¹ The Australian Broadcasting Corporation, ‘Pitch’ (24 February 2018) <<http://www.abc.net.au/tv/independent/pitching.htm>>.

Kinderling

The primary concerns raised by Kinderling in its submission were expressed as follows:

The start-up proves the existence of an audience or the demand for a new programming format... The public broadcaster adopts the same or similar format and enters at scale supported by a deep library of content and a substantial marketing machine. The public broadcaster has tremendous latitude based on the absence of an imperative for a commercial return. The ABC wins the space and takes all the audience.²²

This narrative does not accord with the ABC's development of ABC KIDS listen.

The ABC has had a long and well-documented history of providing children's content on radio, and discussions about reintroducing it to the ABC began as early as 2010, well before the introduction of Kinderling's services. By 2015, the ABC was noting a modest resurgence of audio content for children around the world, together with an increasing concern among parents about excessive 'screen time'. With the greater flexibility allowed by the advent of DAB+ radio and streaming, the ABC decided that it was time to re-focus on radio for kids. The ABC's obvious strength in the pre-school market in television, kids iview and music naturally pointed the ABC towards content for younger children, particularly when considered against the Department of Health's recommendation of less than one hour of screen time per day for children aged 2-5 and zero screen time for children under 2.

In 2015, this project started to take shape. A Steering Committee for an ABC children's audio service was formed in 2016 and ultimately recommended the establishment of ABC KIDS listen as a multiplatform DAB+ streaming and on-demand service for 0 to 5 year olds. The Steering Committee considered many factors in deciding whether or not to proceed with a children's audio service including:

1. The potential audience of 1.8 million children aged 5 years and under in Australia;
2. Many large streaming services like Spotify, Pandora and Apple had each established special sections for 'kids and families', however much of that content is produced for adults; and
3. The presence of Kinderling, an Australian provider in the children's market.

The ABC determined that there were a number of points of difference between ABC KIDS listen and Kinderling. They included:

Kinderling	ABC Kids listen
Targeted at 0-7 year olds and their families.	Targeted at 0-5 year olds. A shared listening experience that puts children under 5 at the centre of the family.
Offers a broad mix of musical genres, from kids music and lyric checked 'grown up' songs.	Content is dedicated to pre-schoolers, and does not include 'grown up' music.
Includes hosted programs for parents.	Does not include programming for adult audiences.
Carries commercial advertising.	Does not carry commercial advertising.
Stronger focus on entertainment and advice content.	Strong educational focus for the pre-school market.

²² Kinderling Competitive Neutrality Submission p. 14.

In addition to the above points, ABC KIDS listen has a focus on early learning, consistent with the Charter obligation to broadcast programs that inform and entertain and programs of an educational nature.²³ Prior to launching the service, the ABC considered research about the benefits of audio content for pre-school children, in particular for imagination, creative thinking and for assisting with the development of active listening skills, and those considerations deeply informed the development of the service.

Content on ABC KIDS listen is distinctively ABC and it is not the same or similar content to the Kinderling service. For example, the ABC recently partnered with the Sydney Opera House's Children, Families and Creative Learning program to produce a podcast and a live show that includes original classical music and stories. The second season of the program, Music for the Dreaming includes new compositions written by Indigenous composer Brenda Gifford and stories based on cultural teachings from Budawang Elder, Noel Butler. The scripts for the program were consulted on by Dr Peter Whitman, who is a co-author of the Early Years Learning Framework and a music-education specialist, to ensure the show and podcast are educationally enriching. ABC KIDS listen also includes a science podcast, a daily news bulletin, an arts and craft program, a singing program, and bilingual content which introduces children to words in a variety of languages.

As noted in the Kinderling submission, the ABC met with Mr Evan Kaldor from Kinderling in February 2017. At that time, the ABC had already run a successful pilot of ABC KIDS listen. That pilot was based on research, including a survey conducted on YourSpace, which supported our thinking on a 'child-led', early education audio service. The ABC understands that Mr Kaldor's approach to the ABC was in response to the survey with the purpose of exploring commercial opportunities with the ABC. ABC KIDS listen is not a commercial service and therefore those opportunities were not available.

The ABC alerted Commercial Radio Australia prior to running a limited one-week trial of ABC KIDS listen in December 2016 and wrote formally in November 2017 to inform them of its intention to commence a full-time service in early 2018.

There is no evidence that the ABC KIDS listen service has had any negative effect on Kinderling ratings. Indeed, the Kinderling ratings during 2018 have largely increased. For year on year, Kinderling's reach is up from 66,000 in 2017 to 76,000 in 2018 which includes the period during which ABC KIDS listen was launched.²⁴

Screen Producers Australia

The Screen Producers Australia ("SPA") submission argues that while the ABC and SBS make up a third of all broadcasters, they have a disproportionate influence on the market for television commissions. Further, SPA argues that market changes and pressures mean commercial and national broadcasters are "seeking more for less; that is, more rights for less money (license fee or equity)".²⁵

²³ ABC Act, s 6(1)(a).

²⁴ Source: GFK data as at August 2018.

²⁵ SPA Competitive Neutrality Inquiry Submission, pp. 2-3, 6.

The ABC agrees that changes have taken place in the market which are affecting all players in the media sector. However, the ABC contests the argument made by SPA that the ABC is not acting fairly in its approach to contracting in this new environment.

The transformation to digital consumption and changing audience viewing behaviours have affected the entire media industry, with a significant drive toward making content available on demand and online. This is true of local and international media organisations.

To remain relevant in this changing environment the ABC must ensure that its content is accessible to audiences on a platform and at a time of their choice, whether that is broadcast television or on-demand online. Audiences who previously accessed content via the broadcasting service are now accessing the same content online. The ABC's rights requirements cover broadcast and online in order to preserve the value of the licence fee, rather than seeking 'more for less'.

The ABC has had various terms of trade with SPA since 2009, which demonstrates the ABC's commitment to ensuring the fairness of its terms with the independent sector. The most recent terms of trade expired in 2015 and negotiations to finalise new terms have not progressed despite efforts on both sides, but those discussions are continuing. Notwithstanding their expiry the ABC continues to have standard terms of trade with producers which provides certainty about the rights the ABC expects for its commissions and allows producers to dovetail those requirements with other financiers. The ABC has been continuing to work effectively with the independent production sector under these standard terms for the past three years.

The ABC notes that SPA recommends legislated terms of trade between producers and broadcasters, but the ABC suggests it would be important for the Panel to explore the perceived issues across the media industry, prior to making any recommendation. One of the issues the ABC has experienced is the difficulty for terms of trade to keep pace with the complexity and changing nature of the media industry.

The ABC challenges the assumptions made by SPA about the ABC's relative bargaining power. Unlike the commercial sector, the ABC's commissioning decisions are driven by its Charter obligations and not the likely revenue return, or the ability to monetise rights. In line with the Charter, the ABC commissions a wide variety of programs, from high end drama to low budget programs from emerging talent, through initiatives in partnership with Screen Australia and the state funding bodies. Far from dominating, the ABC's bargaining power is significantly diminished as producers are able to sell their content to an increasingly international media market.

The ABC does not accept that it is misusing any market power, or that it is acting unfairly. On the contrary, the ABC continues to fund a diverse range of content across the independent production sector in accordance with its Charter and provides an important training ground for the whole industry, developing the ideas, writers, production personnel, and talent, critical for a vibrant industry. The market has moved towards greater online consumption of content and diminishing broadcast audiences and the ABC's terms of trade seek to preserve the value of the licence fee.

SPA & ABC Commercial

SPA has raised concerns about deals whereby producers are required to agree to appoint the ABC's distribution business (ABC Commercial) as the distributor of the program. The ABC/SPA terms of trade have reflected the ABC's policy in this regard since 2009.

The ABC acquisition of distribution rights for co-productions generally takes place as follows:

1. Where the ABC is generally not a majority funder, ABC Commercial needs to pay a distribution advance and enter a distribution agreement with the producer in order to secure distribution rights. This is a highly-competitive process and ABC Commercial is only appointed as distributor if it makes the best commercial offer. This is the case for the majority of the ABC's Factual, Comedy, Drama and Children's commissioned programs;
2. Where the ABC funds 75-100% of the production budget by contributing a licence fee and equity investment, the ABC shares all revenue from distribution with the producer from first dollar without recouping its investment in first position. This mainly applies to Entertainment commissions. In these circumstances, the ABC acquires selected distribution rights via ABC Commercial as agreed with the producer by entering a distribution agreement. The exploitation of these distribution rights is often restricted as the producer is not under obligation to clear the production for world distribution due to the nature of the content. The ABC has the most at stake financially in these productions and is keen to ensure a return on its investment. Any return on investment is spent on Charter activities of the ABC.

Content selection and distinctiveness

The ultimate arbiter of whether the ABC produces new content or launches a new product or service is whether it is consistent with, and helps the Corporation to deliver to, its Charter. The Charter requires the ABC to, among other things, provide innovative and comprehensive broadcasting services of a high standard, including programs of both wide appeal and specialised interest, to provide digital media services, and to encourage the performing arts.

In March 2017, the ABC launched its *Investing in Audiences Strategy* as the key strategy for delivering on its Charter obligations. The four key priorities are:

- creating and sourcing extraordinary content for more Australians;
- delivering outstanding audience experiences;
- reaching more people; and
- building a great place to work.

The ABC has previously announced a series of initiatives to deliver on this strategy, for example those arising from the Great Ideas Grant ("GIG"), which is a Content Fund derived from internal savings and efficiencies that supports innovation within the Corporation.²⁶

To monitor audience needs and to determine what programs may appeal to Australians, the ABC undertakes regular, detailed, multi-dimensional audience insights research and analysis.

²⁶ ABC Annual Report 2016-17, p. 94 (accessible at <<http://about.abc.net.au/reports-publications/2016-17-annual-report/>>).

This includes regular surveys of audiences about whether the ABC is delivering on key aspects of its Charter, trend analysis of audience metrics (including reach and engagement), and analysis of audience perspectives on particular programs and channels, including with respect to quality and distinctiveness. These analyses provide a lens for the ABC to assess the audience receptivity of both content produced and acquired.

Distinctiveness is factored into the ABC's decision-making framework

In fulfilling its Charter requirements, the ABC actively strives to ensure its content is distinctive and takes into account the services already provided by the commercial and community sectors. These considerations are typically interrelated.

Distinctiveness can be defined as delivering content and service offerings to audiences that are differentiated from that provided by the commercial and community sectors in important, and often multiple, ways. Put another way, the ABC strives to offer audiences choices at the program and channel level which are distinguishable from these other sectors, and in line with the policy objectives of public broadcasting. It means that if the ABC produces content in the same genres as other broadcasters, there will be points of difference between the programs. The ABC actively avoids mimicking any existing programs.

In the process of thinking about distinctiveness, the ABC therefore often explicitly takes into account what these other sectors are providing, and this step is embedded into decision-making processes. This can occur in different ways depending on the type of content.

- In commissioning new content or a new service offering, the ABC analyses whether similar content is being produced by other content providers and factors this into the proposed business plan/case. There are examples where the ABC has opted not to proceed because it became apparent that the content or service would be too similar in execution to existing commercial programs.²⁷ For example, the ABC piloted a cooking program that it ultimately did not produce as it was deemed too similar to programs already in the market.
- In considering whether to acquire new content, part of the ABC's decision-making criteria is the extent to which the content is distinctive from an ABC perspective and fits with its audience. Price is also a factor and can naturally exclude the ABC from some forms of content. For example, the rights to broadcast popular live sport on television are highly sought after by the free to air and pay television providers and are priced beyond the ABC's means.
- In delivering news content, whether on television, radio or online, the ABC strives to retain the trust of Australians and protect the quality and distinctiveness of its services through a commitment to accuracy and impartiality. The ABC does not focus on copying commercial formats or delivering particular stories with the sole aim of maximising audiences. Rather, it aims to provide a comprehensive service of national and international news and current affairs of a quality and breadth that is not offered by the free-to-air broadcasting sector.

Factoring distinctiveness into the ABC's decision-making framework and taking account of services provided by the commercial or community sectors does not mean that the ABC does not venture into genres or types of programs that may share similarities with those provided

²⁷ ABC Submission, p. 31.

by the commercial or community sectors, or provide audiences with choices which increases competition to the benefit of audiences. As already noted, the ABC is specifically required to provide a balance between broadcasting programs of wide appeal and specialised broadcasting programs.²⁸

This reflects that while delivering distinctive content is an important input into the ABC's decision-making process, it is not the only factor considered. As noted above and at length in the ABC Submission to the Panel, the ABC's Charter sets out a broader range of factors for the ABC to deliver on, including providing innovative and comprehensive broadcasting services of a high standard to Australians and digital media services.

It is also important to step back and consider the *level* at which the distinctiveness of the ABC is best evaluated. While it is always possible to cherry pick examples where ABC programs may appear to overlap with those provided by the commercial or community sectors (even though on closer inspection there are often important differences), it is also relevant to take a more holistic view of whether the ABC is delivering distinctive content.

In this regard, and as suggested by the Panel, it is instructive to reflect on how the BBC defines and operationalises distinctiveness. The BBC considers that distinctiveness, sensibly defined, is an important characteristic of the BBC and all of its services.²⁹ Importantly, the BBC considers that distinctiveness should be “judged at the level of services rather than programmes (or other forms of content like online article, short form, or interactive content)” on the basis that a more granular definition would be impractical and stifle creativity.

The BBC applies two tests for ascertaining its distinctiveness.

1. Every BBC program or piece of online content should aspire to be the best in its genre.
2. Overall, the range of programs in every BBC service or online product should be clearly distinguishable from its commercial competitors.

The BBC has also outlined that while distinctiveness is important, it is not the only policy goal for the BBC, and that other matters such as universal services and high quality are also important objectives for it to deliver on.

Similar considerations guide the ABC's interpretation and application of the concept of distinctiveness as an input into its content and programming decisions, albeit that the ABC also continues to conduct detailed distinctiveness analysis below the service level.

The evidence has consistently demonstrated that the ABC meets the test of being distinctive

The most robust way to evaluate whether the ABC has been successful in providing distinctive content and services is to consider the available evidence. The ABC considers there is compelling evidence that it provides distinctive content.

First, the ABC has a substantially different overall genre mix from commercial broadcasters. The RBB Report highlights that the ABC's television broadcasting has a much heavier weighting to news and documentary genres, and much less to reality TV and sport genres, particularly in

²⁸ ABC Act, s 6(2)(a)(iii).

²⁹ BBC, 'A distinctive BBC' (April 2016), p. 4 (Accessible at <https://downloads.bbc.co.uk/aboutthebbc/insidethebbc/reports/pdf/bbc_distinctiveness_april2016.pdf>).

prime time. The report also notes that the ABC's radio broadcasts often target different music genres.³⁰

Second, the ABC provides various types of programs and formats which are not a focus of commercial broadcasters. This includes consumer product and advertising analysis (e.g. Gruen), short-form scripted comedy formats, regional talk-radio formats with comprehensive local content, and specialist music networks (such as those focused on classical music and Australian music).³¹

Third, even where the ABC and commercial networks adopt apparently similar program formats, there are often other key differences which distinguish ABC content. For example:

- *Drama*: Compared to commercial networks, the ABC often tackles drama with a more serious subject matter, including dramas about great and iconic Australians (e.g. Mabo) or stories that chronicle our social history (e.g. Riot) that would otherwise have very limited appeal for commercial operators. The ABC also broadcasts a high level of first-run original Australian content supported by local talent.
- *Quiz programs*: Contestants on ABC quiz programs do not receive large cash prizes or have sponsorship tie-ins linked to advertising.
- *Music on radio*: The ABC has consistently played a significantly higher proportion of Australian music across its music radio stations, well above the local content quotas for commercial radio stations.
- *News*: ABC News delivered on TV, radio and digital platforms strives to take complex issues and explain them in an accurate and impartial manner, and to take an in-depth approach. The ABC does not seek to be a populist news services that pursues large audiences for the sake of it. By several different measures, the ABC is the most trusted media provider in Australia. The ABC's Editorial Policies also hold the ABC to a very high standard.

Finally, the ABC's comprehensive audience analysis has consistently shown that audiences think that the ABC provides distinctive content.

- From a *top-down* perspective, the ABC corporate tracking survey is conducted three-times a year by an independent research company. A nationally representative sample of 1500 people are asked if the ABC provides distinctive content compared to commercial media. The results have consistently shown that around 80% of people consider the ABC provides distinctive content. In 2018 year-to-date (July 2018), 81% of Australian adults believe that the ABC is doing a good job at "[b]eing distinctively Australian and contributing to Australia's national identity".³²
- From a *bottom-up* perspective, the ABC undertakes a comprehensive analysis across a broad range of its programs and services to test for both quality and distinctiveness. These results are then aggregated up to provide (among other things) and overall perspective on the ABC's distinctiveness. Notably, the results are similar to the ABC's top-down analysis, and in 2018 year-to-date (July 2018), 82% of audiences consider the ABC to be distinctive, in that it is original and different from content provided by

³⁰ RBB Report, section 3.1.

³¹ ABC Submission, pp. 33-35.

³² ABC Corporate Tracking Program, 2017, Wave 6-7, March/August 2018.

commercial media companies. This compared to 75% in July 2017, 78% in November 2017 and 79% in March 2018.³³

The ABC considered the broader market and distinctiveness when it commissioned ABC Life

The ABC is aware of some media commentary and criticism about the ABC's commissioning of ABC Life, and whether it fits within the ABC's Charter remit. Notably, much of this criticism was made prior to the actual launch of ABC Life.

Now that ABC Life has been launched, it is clear that it fits squarely within the ABC's Charter remit and is markedly different in tone, presentation and story selection compared to online lifestyle content offered by the commercial sector, such as Nine Honey.

The ABC has a long history of producing and broadcasting lifestyle content – cooking, health, renovation, gardening etc. ABC Life—a new digital site launched on 6 August 2018—offers the same type of content, but online instead of on TV or radio. Put another way, ABC Life is the latest iteration of stories and conversations that the ABC has always covered, except instead of being on TV or radio, it's online.

The Charter requires the ABC to produce content of wide appeal and in the ABC's view, as the national public broadcaster, we should offer a range of content that will appeal to every Australian. ABC Life is intended to be an entry point for people who may not otherwise engage much with the ABC and can also introduce them to other content they may not be aware of, such as iView, ABC News, or ABC Radio.

The ABC Life initiative was identified through the GIG, an initiative that came from the ABC's *Investing in Audiences* strategy. The ABC undertook due diligence in accordance with its Charter in the process of conceiving and developing ABC Life. The ABC first put together a commissioning framework (analysis of audience need for the service) and in October 2017 the team undertook an analysis of comparative commercial products. This analysis found that there was a gap in the market and an opportunity for the ABC to provide distinctive and trusted content. This was confirmed with audience research that found the public expected the ABC to have a presence in this arena.

ABC Life provides online audiences with trusted content independent of any vested interests or commercial agendas. This is more than just 'not taking advertisements'. It fundamentally influences the ABC's approach to the treatment of stories and issues.

ABC Life provides creative output from the ABC Life team as well as curated content which can be discovered on the site from ABC Television, ABC NEWS, ABC Regional and Local, triple j, Radio National, ABC online and ABC podcasts. This is an effective and efficient use of the ABC's content. All content on ABC Life is subject to the ABC's editorial standards. Overall, in the early phase there has been a near even split between ABC Life content and other ABC content on the site. However, it is challenging to determine a neat percentage for several reasons, including because much of the ABC Life content is the result of collaboration with other ABC teams, ABC Life articles typically contain links to other ABC content, and the site is continuing to evolve.

³³ Quality and Distinctiveness Studies, Wave 6, July 2017 – July 2018, ABC Audience Data and Insights: http://about.abc.net.au/wp-content/uploads/2017/10/ABC7171_AR_2017_Vol1_tagged_v4.pdf

Transparency and accountability

Some submissions to the Panel have suggested that additional transparency and accountability mechanisms should be placed on the ABC, including those of a retrospective and prospective nature (for example, proposed options were raised by Free TV, NewsCorp, Story Box Limited, Kinderling). As detailed in the ABC Submission, there are numerous existing ways that the ABC remains highly accountable and transparent to the Australian people, including through various regulatory and oversight mechanisms. A number of initiatives currently underway will further improve the ABC's transparency and accountability, including in the way it signals future activities to the market and engages constructively with its vast array of industry stakeholders.

The ABC's Content Plan

To deliver on its *Investing in Audiences* strategy, the ABC is developing a Content Plan which will be revised and published annually. The Content Plan will:

- indicate to the public and the market the ABC's creative vision;
- communicate the standard and expectation of creative quality that audiences should expect from the ABC; and
- clearly define how the ABC will execute on its plans to continue meeting its Charter obligations.

Publishing the Content Plan will improve the level of transparency and the ABC's accountability. In particular, this will provide more forward notice to the market about the ABC's future activities and may have the additional benefit of promoting competition and certainty in the market as content creators and producers will be in a better position to scale their businesses up and down based on the expected pipeline and focus of future ABC activities. The commitment to revise the plan each year will ensure that it remains relevant.

Annual Public Meeting

The ABC has already introduced a new initiative to hold an Annual Public Meeting to enable the Board and Management team to engage with stakeholders. The first Annual Public Meeting was held in February 2018. The ABC envisages that it will further build on this mechanism and that the Annual Public Meeting will become an important part of the way the ABC engages with stakeholders about current and future activities, including industry stakeholders and practitioners in the media industry.

The Annual Report and the Corporate Plan

The ABC's Annual Report remains an important mechanism through which the ABC reports against its objectives for the year retrospectively. This includes the amount of local Australian content on television and radio services. The ABC is always looking to improve the way it presents information in its Annual Report, and to communicate important metrics and performance indicators to the broader market.

The ABC notes that this year it has revamped the presentation of its Corporate Plan, which is a 4-year forward view that articulates the strategy of the Corporation and key performance indicators.