

Broadcasting services

- 3.1 During the inquiry, the committee heard about the challenges facing Australian broadcasters in the provision of services in rural and regional areas, and opportunities for innovation in digital media, new technologies and ways of working more efficiently with existing resources. It also considered ways to strengthen the quality of information and services provided to rural and regional communities, in particular by its public broadcasters.
- 3.2 The ways in which Australians are consuming audio-visual content is changing, making it necessary for content providers to be agile in how they respond to consumer demand. Today, a range of content providers are competing in a marketplace previously dominated by traditional broadcasters. These traditional broadcasters have also increasingly moved into the digital space through internet 'catch up' television services such as ABC iView, SBS on Demand, TenPlay, Plus7 and 9Jumpin. The new competitors include subscription television on-demand services, Internet Service Providers (ISPs) offering ISPTV and on-demand video services and consumer electronics companies offering content libraries (including Apple TV and iTunes, and Google Chromecast).¹
- 3.3 As noted in chapter 1, broadcast television remains the main entertainment medium for Australian audiences. However the use of online video content services was increasing, with 52 per cent of

1 Australian Communications and Media Authority (ACMA), 'Supply and demand: catch up TV leads Australia's online video use', 10 February, 2015, <<http://www.acma.gov.au/theACMA/engage-blogs/engage-blogs/Research-snapshots/Supply-and-demand-Catch-up-TV-leads-Australians-use-of-catch-up>>, accessed 15 April 2016.

Australia's adult internet users having viewed television programs or films online.²

- 3.4 A recent OzTAM Australian Multi-Screen Report, which illustrates how Australian audiences consume audio-visual content, included the following key points:
- Australians are increasingly using internet-connected devices to enjoy their favourite television programs.
 - The television set remains the primary screen used to view content, accounting for about 85 per cent of all video content, and around 99 per cent of all broadcast television content.
 - There are 87.4 per cent of Australians watching broadcast television each week.
 - About half of all Australian households have at least one tablet.
 - Eighty per cent of Australians aged 14 years and over have a smartphone.
 - Twenty-two per cent of Australian homes have an internet capable television.
 - There are 80 per cent of Australian homes with an internet connection.³
- 3.5 While there are benefits for Australian consumers in being able to access more diverse content through greater competition, the committee heard that these same factors present increasing challenges for the Australian media industry, including regional broadcasters. For example, the ABC noted that the media industry has been the sector 'most disrupted by convergence and new digital technologies and that within that sector, it has been regional markets that have been hardest hit'.⁴
- 3.6 Commercial Radio Australia asserted that, in the current regulatory environment, 'rural and regional Australians are digitally disadvantaged when it comes to more diversity and content via free to air broadcast radio', which risks creating 'a "digital divide" across the nation, where those outside the major metropolitan cities do not have access to new technologies and content'.⁵

2 ACMA, 'Supply and demand: catch up TV leads Australia's online video use', 10 February, 2015, <<http://www.acma.gov.au/theACMA/engage-blogs/engage-blogs/Research-snapshots/Supply-and-demand-Catch-up-TV-leads-Australians-use-of-catch-up>>, accessed 15 April 2016.

3 OzTAM, *Multi Screen Report Q4 2015*, <<http://www.oztam.com.au/documents/Other/Australian%20Multi%20Screen%20Report%20Q4%202015%20FINAL.pdf>>, accessed 14 April 2016, pp. 2-3.

4 Australian Broadcasting Corporation (ABC), *Submission 9*, pp. 18-19.

5 Commercial Radio Australia, *Submission 22*, p. 2.

3.7 Dr Harry Criticos noted that the centralisation of broadcasting operations has resulted in a reduction in local content in many areas, and stated that this is:

... not only seen in newsrooms around the country but also in a loss of local presenters. As networking has increased, the connectedness between the broadcaster and the licence area has diminished. Centralised broadcasting cannot discuss in detail the issues that are pertinent to individual areas. Towns and cities in regional Australia have their own identities and access to this identity can only be garnered from living within the community.⁶

Selected issues in rural and regional broadcasting

3.8 In conducting the inquiry, the committee heard from a range of witnesses, who provided valuable evidence that helped improve the committee's understanding and appreciation of the importance of quality and reliable broadcasting to rural and regional communities, and the challenges and opportunities for innovation in the regional, and wider, broadcasting industry. Key themes that emerged included:

- The funding constraints on broadcasters, for example, with funding cuts to public broadcasters⁷ and reduced advertising revenue to commercial broadcasters.⁸
- The challenges inherent in Australia's changing media landscape, including digital disruption and convergence.⁹
- The importance of the Indigenous media sector, including the national free-to-air Imparja Television and remote Indigenous media organisations such as the Central Australian Aboriginal Media Association, which play a vital role in ensuring that Indigenous

6 Dr Harry Criticos, *Submission 12*, p. 1.

7 See, for example: ABC, *Submission 9*, pp. 2-3; Screen Producers Australia (SPA), *Submission 13*, p. 6; Queensland Government, *Submission 11*, p. 2; Northern Territory Government, *Submission 34*, p. 5;

8 APN News & Media, *Submission 39*, p. 2; Deakin University, *Submission 19*, p. 2; Free TV Australia, *Submission 37.1*, p. 3.

9 Deakin University, *Submission 19*, p. 3; Queensland Government, *Submission 11*, p. 2; Indigenous Remote Communications Association (IRCA), *Submission 28*, p. 11; and ABC, *Submission 9*, p. 18.

audiences receive diverse broadcast content and provide essential services in regional and remote locations.¹⁰

- The importance of Australian content more generally, including the production of films, drama and children’s programming.¹¹

3.9 However, in order to provide a timely report, the committee has focused its discussion and conclusions on selected key areas in which further action could help enhance the broadcast services provided to rural and regional communities. The following discussion covers:

- The importance of local content, including news and emergency information, that is specifically relevant to rural and regional communities.
- Innovation in the delivery of content, including through addressing imbalances between the services available in metropolitan areas and rural and regional communities.
- Opportunities for improving the services provided by the ABC to rural and regional audiences, including through enhancing the ABC’s accuracy and accountability, and rural and regional representation in decision-making.

The importance of Australian content

3.10 While the committee’s focus was on the quality and reliability of broadcast services to people in rural and regional communities, including that they receive news and information that is of regional and local relevance, it also received evidence more broadly about the importance of Australian content.

3.11 In addition to the obligations of regional broadcasters to provide local content to regional audiences, as outlined in Chapter 1, there are also obligations on television broadcast licensees to broadcast minimum quotas of Australian content.¹² Commercial free-to-air licensees are required to broadcast a minimum of 55 per cent of Australian program between 6 am and midnight on their primary channel, and to provide a minimum of 1,460 hours of Australian programming on non-primary channels. The

10 Central Australian Aboriginal Media Association, *Submission 17*, pp. 1-2; IRCA, *Submission 28*, pp. 6-7; Aboriginal Resource and Development Services Aboriginal Corporation, *Submission 33*, p. 2; Department of the Prime Minister and Cabinet, *Submission 20*, pp. 1-2.

11 See: SPA, *Submission 13*, pp. 2-3; Australian Children’s Television Foundation (ACTF), *Submission 29*, p. 2; Australian Council on Children and the Media, *Submission 30*, pp. 2-3.

12 *Broadcasting Services Act 1992*, s. 121G (Australian content – transmission quota). See also Mr James Cameron, Acting Deputy Chair, ACMA, *Committee Hansard*, Canberra, 15 March 2016, p. 12.

Australian Content Standard 2016 sets out the specific minimum annual sub-quotas for Australian drama, documentary and children's programs.

- 3.12 The importance of continued support for Australian produced content was emphasised by a number of stakeholders.¹³ For example, the Australian Children's Television Foundation (ACTF) commented that:

Certainly children demonstrated very strong sense of place, often coming from understanding where a television program was made. They enjoy programs from all over the world but get a very strong sense of connection when they recognise the location, the accents and the sense of humour. Children really respond to that.¹⁴

- 3.13 Screen Producers Australia raised concerns that current Australian content requirements allow material produced in New Zealand to be recognised as Australian content for the purposes of a broadcaster's regulatory obligations.¹⁵ The Department of Communications and the Arts indicated that it is aware of these concerns and is in the process of examining the issue.¹⁶

The importance of regional/local content

- 3.14 The committee appreciates that in considering the needs of rural and regional communities, this can mean very different things, as no two places are the same. Accordingly, in addition to providing news programming to keep rural and regional audiences in touch with international, national and state or territory developments, receiving targeting local content about their region and communities is highly valued by these people and help contribute to community cohesion.
- 3.15 As outlined in Chapter 1, there is no strict definition of 'local' content, and as reflected on the Australian Communications and Media Authority (ACMA) licence areas maps, the coverage areas for commercial broadcasters to meet local content obligations can be quite expansive. In this discussion, the terms 'regional' and 'local' content are used interchangeably. In some cases 'local content' may mean a specific community or town, or could refer to a large regional area, and must be

13 See, for example: Ms Jenny Buckland, Chief Executive Officer (CEO), ACTF, *Committee Hansard*, Melbourne, 22 March 2016, p. 36; Ms Fiona Cameron, Chief Operating Officer, Screen Australia, *Committee Hansard*, Melbourne, 22 March 2016, p. 52; and SPA, *Submission 14*, p. 5.

14 Ms Jenny Buckland, CEO, ACTF, *Committee Hansard*, Melbourne, 22 March 2016, p. 36.

15 Mr Matthew Deaner, CEO, SPA, *Committee Hansard*, Sydney, 8 March 2016, p. 43. Mr Matthew Hancock, Manager, SPA, *Committee Hansard*, Sydney, 8 March 2016, p. 44; SPA, *Submission 14*, p. 5.

16 Ms Nerida O'Loughlin, Deputy Secretary, Department of Communications and the Arts, *Committee Hansard*, Canberra, 15 March 2016, p. 12.

considered in context, for example, for emergency services broadcasting that is vital information for one town or area may only constitute an interesting update for another.

- 3.16 The availability of diverse local content in rural and regional communities, including news and emergency information, is critical for community identity and cohesion, for the engagement of individuals in democracy, and for people to be well informed about issues that impact upon their lives.¹⁷
- 3.17 Rural and regional broadcasters also contribute substantially to their local economies, providing employment as well as opportunities for businesses to advertise directly to their local customers.¹⁸
- 3.18 Locally-based broadcasters also have the opportunity to capitalise on their local connections to improve the quality of their local content. Dr Harry Criticos remarked that producers of content who reside within a licence area are able to connect with their local communities, and that 'access to, and use of, this local knowledge can have an effect on a broadcast, content and the audience'.¹⁹
- 3.19 Community broadcasters provide important and diverse local voices in addition to commercial and public broadcasters.²⁰ The Community Broadcasting Association of Australia (CBAA) argued that community radio stations play an important role in catering for the needs of, and providing a voice for, communities not adequately serviced by other broadcasting sectors, and contribute to the community by:
- sharing a diverse range of viewpoints that enrich the social and cultural fabric of Australian society and contribute to public interest outcomes
 - promoting the identities of local communities and contribute to social inclusion
 - providing opportunities for participation in free-to-air public broadcasting and content production
 - contributing to media diversity generating a high level of local content
 - providing a unique range of services and programs.²¹

17 See, for example: Australian Capital Territory (ACT) Government, *Submission 41*, p. 1; and Dr Lisa Waller, Senior Lecturer in Communication, Deakin University, *Committee Hansard*, Melbourne, 22 March 2016, p. 31.

18 Commercial Radio Australia, *Submission 22*, p. 2.

19 Dr Harry Criticos, *Submission 12*, p. 1.

20 ACT Government, *Submission 41*, p. 3.

21 Community Broadcasting Association of Australia, *Submission 35*, p. 1.

- 3.20 For example, Aurora Community Television, told the committee that as a community broadcaster, it felt it was well placed to tell Australian stories, and saw itself as contributing to the Australian cultural landscape:
- ...through the content that we disseminate, created by independent Australian producers at no cost to the Australian taxpayer. Our producers come from all over Australia, with just over a third of our programs produced in regional locations.²²
- 3.21 Pay TV plays an important role in contributing to the diversity of local news and other broadcast content, as well as providing a platform for not-for-profit media organisations to reach a wide audience. For example, Aurora Community Television receives a subscription television licence from Foxtel at no cost, which enables them to broadcast unique Australian content to all Foxtel subscribers. This allows Aurora Community Television to reach approximately one million people each month through the Foxtel channel 183.²³
- 3.22 In terms of the provision of local news, concerns were raised that there is a trend towards the centralisation of news gathering, and that more journalists living in rural and regional areas are needed.²⁴
- 3.23 Not only is the centralisation of media in cities affecting rural and regional communities, a lack of journalists outside of metropolitan areas means that important stories from rural and regional areas that have a national impact risk not being told. For example, the Australian Capital Territory (ACT) Government expressed concern that:
- ... the more that we have a media regime where essentially the nation's journalists are based in the largest cities, the harder it is for anybody to know about things that are happening in smaller places that might be of broader interest.²⁵
- 3.24 The ABC noted that having journalists with flexible working arrangements, such as home-based reporters, was one way to maintain local news gathering staff with local connections. The ABC maintains home based reporters in locations such as Nowra, New South Wales, and

22 Mrs Phyllisse Stanton, CEO, Aurora Community Television, *Committee Hansard*, Sydney, 7 March 2016, p. 65.

23 Mrs Phyllisse Stanton, CEO, Aurora Community Television, *Committee Hansard*, Sydney, 7 March 2016, pp. 65-66.

24 See, for example: Dr Karl Alderson, Deputy Director-General, Policy and Cabinet, ACT Government, *Committee Hansard*, Canberra, 1 March 2016, p. 9; Dr Lisa Waller, Senior Lecturer in Communications, Deakin University, *Committee Hansard*, Melbourne, 22 March 2016, p. 33; and Mr Grant Johnstone, Head of Content, ACE Radio, *Committee Hansard*, Melbourne, 22 March 2016, p. 28.

25 Dr Karl Alderson, Deputy Director-General, Policy and Cabinet, ACT Government, *Committee Hansard*, Canberra, 1 March 2016, p. 10.

Port Augusta in South Australia, in order to maintain a 'reporting presence at that location but with significantly lower costs associated with doing that'.²⁶

- 3.25 Local content requirements to rural and regional communities are administered by ACMA, which designates geographical licence areas of Australia that are covered by Licence Area Plans (LAPs). Licence areas define where a commercial or community broadcaster, or a service licensed under the *Broadcasting Services Act 1992* (BSA), is allowed to operate. The number and type of services in a particular licence area are defined in a LAP.²⁷
- 3.26 As outlined in the first chapter, broadcasters in the regional markets of northern New South Wales, southern New South Wales, regional Queensland, regional Victoria and Tasmania are subject to a licence condition that requires them to broadcast minimum levels of material of local significance, under a scheme where each broadcaster must satisfy the condition by complying with a points quota system. According to ACMA, 'the points system provides an incentive for licensees to broadcast local news above other material, while also recognising that other types of material of local significance may be of interest to local audiences'.²⁸
- 3.27 In relation to the local content requirements, regional broadcasters emphasised that they have consistently met or exceeded their quotas.²⁹
- 3.28 Evidence to the committee suggested that the designation of licence areas can be too geographically broad to adequately service individual communities with their local content needs. For example, Deakin University commented that, in the case of the South West Victoria licence area, which includes Ballarat and Warrnambool, located about 200 km apart (see Figure 3.1):

You could find that a commercial network broadcasting out of Ballarat has some people on the ground in Ballarat, but they may not have in Warrnambool – and what they might be broadcasting to Warrnambool quite often it will be something to do with Ballarat. I think if you go and ask the people in Warrnambool

26 Mr Leigh Radford, Head, Rural and National Programs, ABC Regional, Australian Broadcasting Corporation, *Committee Hansard*, Sydney, 8 March 2016, p. 23.

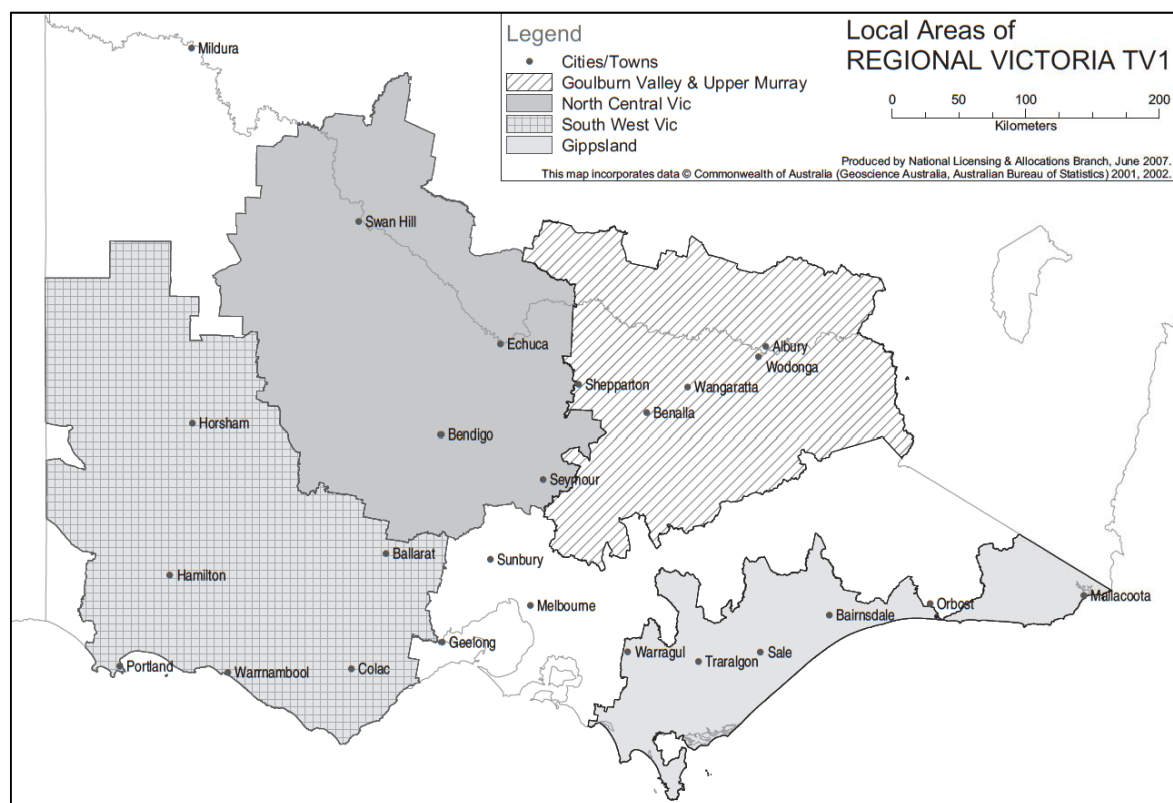
27 ACMA, 'About Licence Areas', 7 December 2015, <<http://www.acma.gov.au/Industry/broadcast/Spectrum-for-broadcasting/Spectrum-radio-broadcasting/about-licence-areas-spectrum-for-broadcast-acma>>, accessed 11 April 2016.

28 ACMA, 'Material of local significance', 8 April 2015, <<http://www.acma.gov.au/Industry/Broadcast/Television/Local--regional-content/material-of-local-significance-local-regional-tv-content-i-acma>>, accessed 11 April 2016.

29 Prime Media, WIN Network and Southern Cross Austereo, *Submission 36*, p. 3; Mr Grant Johnstone, Head of Content, ACE Radio, *Committee Hansard*, Melbourne, 22 March 2016, p. 26.

whether they think that is their local news the answer is probably, 'No'.³⁰

Figure 3.1 Broadcast licencing: local areas of regional Victoria



Source ACMA, National Licensing & Allocations Branch, Local Areas of Regional Victoria TV1.

- 3.29 An example of where an area is less than effectively served in terms of broadcast of local content is the remote area of Kimba, located on the West coast of South Australia. The District Council of Kimba expressed concern that instead of receiving local news and content from Adelaide, they receive broadcast content from Queensland and the Northern Territory. It noted that this is because Kimba is located in the Remote Central and Eastern Australia licence area, which encompasses parts of the Northern Territory and all states other than Western Australia.³¹
- 3.30 Deakin University suggested that licence areas should be gridded so that broadcasters receive 'points for going a bit further afield than just the regional centre, to serve rural people'. It emphasised that 'local voices are not just in the regional centre – they are in the whole area', and that there

30 Dr Lisa Waller, Senior Lecturer in Communication, Deakin University, *Committee Hansard*, Melbourne, 22 March 2016, p. 32.

31 Correspondence from the District Council of Kimba to the Standing Committee on Communications and the Arts, dated 20 January 2016.

should be incentives for 'work that burns up a bit of petrol and a bit of shoe leather'.³²

Emergency broadcasting

3.31 One of the crucial services rural and regional broadcasters provide to local communities is accurate and timely information during emergency situations.

3.32 During times of emergency, the ABC is an important link between authorities and the public, and is committed to maintaining emergency coverage across Australia. The ABC stated that:

The Corporation trains employees in emergency broadcasting and has staff dedicated to monitoring the environment and working alongside emergency agencies to refine and develop communication systems. The ABC is the only radio broadcaster in rural and regional Australia undertaking this task and dedicating staff to it. It is an essential part of the Corporation's commitment to servicing rural and regional Australians. The ABC has a long history of assisting emergency agencies by broadcasting education material.³³

3.33 However, evidence to the committee showed that the ABC is not alone in the provision of emergency information to rural and regional communities. ACE Radio Network outlined its coverage of emergency situations in Victoria, focusing on the recent Great Ocean Road bushfires in December 2015. It stated that in addition to broadcasting all warnings issued by the Country Fire Authority (CFA), it recorded 14 interviews with the CFA Incident Controller which aired on both its AM and FM stations, and were shared on a Soundcloud account and via Facebook. It stated that in four days the interviews were accessed by the community 7,002 times on the Soundcloud account.³⁴

3.34 ACE Radio Network stressed the importance of only broadcasting official information during emergency situations, rather than broadcasting people calling in. It described its approach as 'we just stick to the information we are given and read it out in a timely manner based on the information and the severity of the situation, and just continue to do that'.³⁵

32 Dr Lisa Waller, Senior Lecturer in Communication, Deakin University, *Committee Hansard*, Melbourne, 22 March 2016, p. 35.

33 ABC, *Submission 9*, p. 7. For more information, see ABC, 'About ABC Emergency', <<http://www.abc.net.au/news/emergency/about/>>, accessed 21 December 2015.

34 ACE Radio Network, *Submission 15*, p. 4.

35 Mr Grant Johnstone, Head of Content, ACE Radio, *Committee Hansard*, Melbourne, 22 March 2016, p. 26.

- 3.35 In the ACT, the territory government facilitates the engagement of all local electronic media outlets through a Memoranda of Understanding to ensure the 'timely and accurate dissemination of emergency information and warnings 24 hours a day, seven days a week'. In addition, the ACT Emergency Services Agency (ESA) provides ongoing liaison with and training for local journalists in 'basic bushfire awareness as well as offering the provision of refresher training and familiarity with the media facilities at the ACT ESA Headquarters'.³⁶

Possible effects of media reforms on rural and regional services

- 3.36 Evidence to the committee suggested that significant reforms to the Australian media industry's regulatory environment would affect the broadcasting sector, including services to rural and regional communities. Industry stakeholders generally supported changes for significant reform, for example reduction in the licences fees, and removal of the 'reach rule' and 'two-out-of-three rule', and argued that this would provide broadcasters with greater flexibility to deliver its services. However, other submitters expressed concern that likely resulting media mergers could disadvantage rural and regional audiences if broadcasters become increasingly metropolitan-centric.
- 3.37 Media diversity arrangements are typically aimed at enabling people to access a variety of media content without any controlling interest exerting too much influence over the available content or perspectives put forward for people to consume. This is particularly relevant to the production, distribution and consumption of news, because of its ability to inform and shape community views on various issues, including politics.³⁷ Currently, Australia's media ownership is among the most concentrated in the world, and has been historically dominated by the three media dynasties of Packer, Fairfax and Murdoch.³⁸
- 3.38 As mentioned in chapter 1, the Government has recently announced a suite of reforms that will abolish the 'reach rule' and the 'two-out-of-three rule', and will impose additional local content obligations on regional

36 ACT Government, *Submission 41*, p. 3.

37 Department of Communications, *Media control and ownership*, Policy Background Paper No. 3, 2014, p. 4. See also, R Finkelstein, *Report of the independent inquiry into the media and media regulation*, February 2012, pp. 114-17.

38 M Pusey and M McCutcheon, 'The Concentration of Media Ownership in Australia - from the media moguls to the money men?', *Media International Australia*, Incorporating Culture & Policy, Issue 140, 2011, p. 22.

television networks if they are acquired by or merge with another company.³⁹

- 3.39 The committee heard evidence that these reforms are necessary because of challenges facing rural and regional broadcasters in the present regulatory environment. For example, Free TV Australia argued that the current regulatory framework was impeding competition:

Unshackle us. Don't make us compete with our hands tied behind our backs and chains around our ankles. We will go out there and do what we need to do, and we will service our communities, because that is what we do, but don't make it harder for us.⁴⁰

- 3.40 In contrast, Deakin University expressed concern that the proposed reforms could further restrict 'media diversity and the plurality of reporting in rural and regional areas' by allowing acquisitions and mergers.⁴¹ It argued that:

While there is continued demand for local news and information, news gaps are widening in many of Australia's communities. The key to success in digital times lies in ensuring regional and rural news rooms are adequately resourced and have intimate local knowledge and appreciation of their communities. Provisions should also be in place to protect local newsrooms and to encourage diversity of voices in rural and regional areas.⁴²

- 3.41 In a joint submission, the three major regional television networks Prime Media, WIN Network and Southern Cross Austereo outlined how economies of scale make it difficult for regional networks to compete with metropolitan networks and that there is also greater capacity for metropolitan networks who own regional licences to produce more local content than the major regional providers. They argue that this pressure is 'exacerbated by the fact that the regional broadcasters merely act as a broadcast transmitter for the metropolitan networks, who otherwise retain all the rights and revenue to exploit and monetise their content' through live streaming and catch-up TV services.⁴³

39 Senator the Hon Mitch Fifield, Minister for Communications and the Arts, 'Modernising Australia's Media Laws', *Media Release*, 1 March 2016.

40 Ms Julie Flynn, CEO, Free TV Australia, *Committee Hansard*, Sydney, 7 March 2016, p. 14.

41 See: Dr Lisa Waller, Senior Lecturer in Communication, Deakin University, *Committee Hansard*, Melbourne, 22 March 2016, p. 31; and Deakin University, *Submission 19*, p. 3.

42 Dr Lisa Waller, Senior Lecturer in Communication, Deakin University, *Committee Hansard*, Melbourne, 22 March 2016, p. 31.

43 Prime Media, WIN Network and Southern Cross Austereo, *Submission 36*, pp. 4-5.

3.42 A number of organisations argued that commercial broadcasting licence fees were too high and were making it difficult for broadcasters to pay for local content.⁴⁴ For example, Seven West Media stated that commercial television broadcasters in Australia pay up to 4.5 per cent of their gross revenue in licence fees. It argued that:

Broadcasting licence fees were originally set for analogue, single channel free-to-air television services. A plethora of domestic and international players are now delivering content to consumers in a range of ways, driven by new technology, business models and consumer behaviour. Urgent action is required to remove broadcasting licence fees to reflect these market changes and rebalance the regulatory playing field.⁴⁵

3.43 Free TV Australia submitted that licence fees for Australian commercial television broadcasters are the highest in the developed world, with Australian broadcasters also bearing 'content obligations that are at least as onerous as any comparable market'.⁴⁶

3.44 Similarly, Aurora Community Television argued that the abolition of the 'two-out-of-three rule', along with the removal of television licence fees would result in greater competition, which 'will push broadcasters to expand their services/content and thereby increase viewing'.⁴⁷ It cautioned, however, that 'whilst the ABC is a virtual monopoly in some markets we may never see a challenge to the status quo'.⁴⁸

Innovation and technology

3.45 While the changing media landscape in Australia is creating further challenges for rural and regional broadcasters, digital technologies and innovation in the way that information is shared provide exciting opportunities for bridging the so-called 'digital divide'⁴⁹ between metropolitan and rural and regional communities. However, as Aurora Community Television remarked, 'innovation in the 21st century is not

44 See: Ms Julie Flynn, CEO, Free TV Australia, *Committee Hansard*, Sydney, 7 March 2016, p. 14; Seven West Media, *Submission 42*, p. 16; Free TV Australia, *Submission 37*, p. 5; and Aurora Community Television, *Submission 40*, p. 1.

45 Seven West Media, *Submission 42*, p. 16.

46 Free TV Australia, *Submission 37*, p. 5.

47 Aurora Community Television, *Submission 40*, p. 1.

48 Aurora Community Television, *Submission 40*, p. 1.

49 Ms Joan Warner, CEO, Commercial Radio Australia, *Committee Hansard*, Sydney, 7 March 2016, p. 17.

always about being newer or more clever; sometimes it is just about being cost-effective and doing more with less'.⁵⁰

- 3.46 The Department of Communications and the Arts indicated that the rollout of the National Broadband Network (NBN) and the utilisation of both new and existing satellite technologies will be crucial for supporting equitable media access in rural and regional areas in the near future.⁵¹
- 3.47 Reliable and fast internet has the potential to connect communities in ways that traditional television and radio broadcasts cannot, increasing the reach of, and competition between, network providers, and provides opportunities for new competitors such as subscription video on demand services.
- 3.48 The National Rural Health Alliance stressed the importance of 'fast, efficient broadband as a cornerstone of rural and remote sustainability', emphasising that 'good communications underpin all aspects of contemporary life – health, education, the economy and culture'.⁵²
- 3.49 The committee heard that there were some reservations about the shift towards online content, because while there are potential benefits for rural and regional communities, accessing these services is contingent on the physical availability of broadband infrastructure, which in some regional locations may not be reliable.⁵³ Furthermore, the increasing trend towards online content and digital streaming means that regional networks, who purchase broadcast content from metropolitan networks, may be undermined when the same content is streamed via the internet.⁵⁴
- 3.50 National and State Libraries Australasia outlined the important role that public libraries play in providing digital access and teaching digital literacy, including training to use online government services.⁵⁵ It saw the role of libraries as particularly important for people in communities in rural and regional locations, and commented that:

Significantly, in rural and regional areas there are often no bookshops and no newsagents anymore. There are certainly no

50 Mrs Phyllisse Stanton, CEO, Aurora Community Television, *Committee Hansard*, Sydney, 7 March 2016, p. 65.

51 Ms Nerida O'Loughlin, Deputy Secretary, Department of Communications and the Arts, *Committee Hansard*, Canberra, 15 March 2016, pp. 8-9.

52 Mr Gordon Gregory, CEO, National Rural Health Alliance, *Committee Hansard*, Canberra, 1 March 2016, p. 2.

53 See: National Rural Health Alliance, *Submission 44*, p. 7; and Deakin University, *Submission 19*, p. 3.

54 Deakin University, *Submission 19*, p. 3.

55 Ms Jane Cowell, Member, National and State Libraries Australasia, *Committee Hansard*, Melbourne, 22 March 2016, p. 45.

JB Hi-Fis for access to digital content. So a key aspect of strategies across the nation is for public libraries to be that place where you can access new digital tools, where you can see their use and you can also have basic instruction in how to use them and how to connect them. Digital literacy is a core aspect of what public libraries are delivering across the nation, especially in our Indigenous communities and our rural and regional communities, because there is no alternative.⁵⁶

- 3.51 National and State Libraries Australasia noted that, in Queensland, public libraries are trialling loaning Wi-Fi modems and data to the home to assist people, including school students and pensioners, with access to the internet outside of library opening times.⁵⁷
- 3.52 National and State Libraries Australasia also highlighted the importance of the National Library of Australia's Trove archive, which enables people to access historical rural and regional newspapers and other content online. It noted however that, as a consequence of funding reductions, the Trove archive will not be ingesting any new material from outside of the library.⁵⁸
- 3.53 The Viewer Access Satellite Television (VAST) network provides digital television to viewers in rural and remote areas where reception through normal TV antennae is unavailable.⁵⁹ The Department of Communications and the Arts highlighted that the VAST network was helping to bridge the gap between the content available in the cities, with that of rural and regional communities, and that this 'is really the first time we have been able to achieve that in broadcasting'.⁶⁰
- 3.54 Optus outlined the VAST services that it provides via the Optus Satellite Aurora Digital platform, on behalf of the national and regional commercial broadcasters as well as several narrowcasters.⁶¹ It advised that the services its satellites provide to rural and regional communities can be expanded in the future, depending on the type of services that are

56 Ms Jane Cowell, Member, National and State Libraries Australasia, *Committee Hansard*, Melbourne, 22 March 2016, p. 40.

57 Ms Jane Cowell, Member, National and State Libraries Australasia, *Committee Hansard*, Melbourne, 22 March 2016, p. 40.

58 Ms Jane Cowell, Member, National and State Libraries Australasia, *Committee Hansard*, Melbourne, 22 March 2016, p. 41.

59 Viewer Access Satellite Television (VAST), <<https://www.myvast.com.au/>>, accessed 13 April 2016.

60 Ms Nerida O'Loughlin, Deputy Secretary, Department of Communications and the Arts, *Committee Hansard*, Canberra, 15 March 2016, p. 9.

61 'Narrowcasters' transmit programmes to a comparatively localised or specialised audience.

available in urban areas.⁶² Optus commented that it is 'moving more and more to an internet-based society where everything seems to be coming through the internet', and emphasised that satellites can provide internet access to areas not presently serviced by broadband.⁶³

3.55 Mobile technologies in rural and regional areas were also identified as important in providing both communication and access to the internet. The ABC stated that smartphones and tablets are the 'preferred modes of communication in remote areas',⁶⁴ noting that the proportion of exclusively mobile users is 50 per cent higher in regional areas than in capital cities.⁶⁵ The ABC further noted that content output for regional ABC stations has increased by 46 per cent over two years and that the ABC's audio streaming services for 16 regional radio stations have had more than 1.5 million plays and nearly 780, 000 visits since July 2015.⁶⁶

3.56 These technologies are also changing the way that journalists report on and capture content for stories in rural and regional areas. The ABC outlined how innovation in the use of mobile technology was leading to efficiencies in news gathering, making things more cost-effective and easier for reporters. For example, the ABC explained that it was:

... sourcing video from our locations around the country and on an increasing scale. It is very much front and centre of our strategic objectives to be capturing more video out of regional Australia. We are now embarking on a process of training for staff to be able to do this, even just using iPhones. It is absolutely amazing what you can do with an iPhone.⁶⁷

3.57 Aurora Community Television outlined how mobile technology provides opportunities for people to tell their own stories. It stated that:

We believe there is a sustainable business model in developing a national, regional community television network where content is sourced from the ground up, allowing everyday Australians to tell their stories in their own way. Shooting with mobile phones or ipads content can be uploaded, refined by Aurora and then

62 Mr Paul Sheridan, Vice-President, Satellite, Optus, *Committee Hansard*, Sydney, 7 March 2016, p. 63.

63 Mr Peter Williams, Director, Satellite Sales, Optus, *Committee Hansard*, Sydney, 7 March 2016, p. 64.

64 Ms Fiona Reynolds, Director Regional, ABC, *Committee Hansard*, Sydney, 7 March 2016, p. 4.

65 ABC, *Supplementary Submission 9.1*, p. 1.

66 ABC, *Supplementary Submission 9.1*, p. 1.

67 Mr Leigh Radford, Head, Rural and National Programs, ABC Regional, ABC, *Committee Hansard*, Sydney, 8 March 2016, p. 24.

broadcast across Australia. With MPEG-4 compressed technology, the delivery becomes even more cost-effective.⁶⁸

- 3.58 Deakin University provides a similar example from the United Kingdom of what it called 'hyperlocal' news:

You have a hub where you might employ a couple of professional journalists and then, basically, you are relying on citizens to go out and actually gather the news and bring it back and be involved in producing the news for the local community.⁶⁹

- 3.59 The committee also heard that the development in digital radio technology, referred to as DAB+, provides new opportunities for broadcasting information to people in rural and regional areas that would be unavailable using traditional radio technology. Commercial Radio Australia described the benefits of DAB+ radio as including enabling broadcasters to deliver new functionality, such as text or graphical messages during emergency situations, as well as being more spectrum efficient.⁷⁰

- 3.60 Commercial Radio Australia outlined that, where available, digital radio is being rapidly taken up across Australia and that there are nearly half a million cars on the road equipped with DAB+.⁷¹ It recommended that:

... the government considers a funding scheme, as had been provided to television, to enable DAB+ digital technology to be rolled out in regional Australia to ensure that all Australians will have access to a wide range of radio services, including those transmitted via new technologies, irrespective of where they live.⁷²

- 3.61 In February 2016 the Broadcasting Legislation Amendment (Digital Radio) Bill 2015 was passed. It is designed to reduce regulatory complexity and to facilitate the rollout of digital radio in regional Australia.⁷³ The government's Digital Radio website indicates that there are no plans for a switchover to digital-only radio.⁷⁴

68 Mrs Phyllisse Stanton, CEO, Aurora Community Television, *Committee Hansard*, Sydney, 7 March 2016, p. 65.

69 Dr Lisa Waller, Senior Lecturer in Communications, Deakin University, *Committee Hansard*, Melbourne, 22 March 2016, p. 33.

70 Commercial Radio Australia, *Submission 22*, p. 10.

71 Ms Joan Warner, CEO, Commercial Radio Australia, *Committee Hansard*, Sydney, 7 March 2016, p. 21.

72 Commercial Radio Australia, *Submission 22*, p. 2.

73 Broadcasting Legislation Amendment (Digital Radio) Bill 2015, Explanatory Memorandum, p. 2.

74 Department of Communications and the Arts, 'Digital Radio', <<https://www.communications.gov.au/what-we-do/radio/digital-radio>>, accessed 13 April 2016.

Public broadcasting

- 3.62 Commercial, community and public broadcasters each have important roles to play in providing diverse content to rural and regional audiences. However, the committee received evidence about several issues relating to public broadcasters, in particular the ABC, including accuracy and accountability, and rural and regional programming decisions. These issues are examined in the following sections of this chapter.

Accountability of public broadcasters

- 3.63 Given the unique and significant role public broadcasters play in delivering content to Australian audiences, particularly those in rural and regional communities, it is important to have mechanisms to ensure that content is accurate and that broadcasters are accountable for what they broadcast.
- 3.64 The committee notes that the ABC has the largest broadcasting footprint in rural and regional Australia across radio, television and online content.⁷⁵ The sheer size of the ABC's reach means that the ABC has a heightened obligation to provide the Australian public with accurate and accountable broadcast content. The ABC claimed that:
- Australians overwhelmingly regard the ABC as the most accurate news organisation around. They trust the ABC and they think it provides the best mix and it certainly delivers on its editorial controls. Consistently that is shown in the independent polling we do. I think Australians do regard the ABC as performing highly on its editorial objectives. That is not to say that we hit the mark every time, but in all of those instances there have been reviews done and the ABC is acting on the result of those reviews.⁷⁶
- 3.65 The broadcast content of commercial free-to-air television broadcasters in Australia is regulated by the Commercial Television Industry Code of Practice (the code of practice). It covers the points set out in the BSA as well as other matters relating to program content that may be of concern to the community.

75 ABC, *Submission 9*, p. 4.

76 Mr Michael Millet, Director, Corporate Affairs, ABC, *Committee Hansard*, Sydney, 7 March 2016, p. 6.

- 3.66 It operates alongside the Australian Communications and Media Authority's (ACMA) standards that regulate children's programming and the Australian content of programs and advertisements.⁷⁷ Matters covered by the code of practice include:
- programs, commercials, and program promotion classification
 - advertising times on television
 - accuracy, fairness and privacy in news and current affairs
 - disclosure of commercial arrangements in factual programming
 - loudness of advertisements
 - complaints handling
 - dislike, contempt, or ridicule on the grounds of age, colour, gender, national or ethnic origin, disability, race, religion or sexual preference.⁷⁸
- 3.67 While public broadcasters are not regulated by the commercial television code of practice, both the ABC and the SBS have developed their own versions that are similar.⁷⁹ The current ABC Code of Practice 2011 (revised 2014)⁸⁰ contains standards dealing with:
- accuracy
 - corrections and clarifications
 - impartiality and diversity of perspectives
 - fair and honest dealing
 - privacy
 - harm and offence
 - classification and consumer advice

77 ACMA, TV content regulation, *Commercial television code of practice*, 9 December 2015, <[http://www.acma.gov.au/ Industry/Broadcast/Television/TV-content-regulation/commercial-television-code-of-practice-tv-content-regulation-i-acma](http://www.acma.gov.au/Industry/Broadcast/Television/TV-content-regulation/commercial-television-code-of-practice-tv-content-regulation-i-acma)>, accessed 24 March 2016.

78 ACMA, TV content regulation, *Commercial television code of practice*, 9 December 2015, <[http://www.acma.gov.au/ Industry/Broadcast/Television/TV-content-regulation/commercial-television-code-of-practice-tv-content-regulation-i-acma](http://www.acma.gov.au/Industry/Broadcast/Television/TV-content-regulation/commercial-television-code-of-practice-tv-content-regulation-i-acma)>, accessed 24 March 2016.

79 The SBS Code of Practice 2014 (revised March 2016) includes similar standards to the ABC code, and provisions about the placement of advertisements and hourly time limits on advertisements. See: ACMA, 'Broadcasting codes and schemes index', <<http://www.acma.gov.au/theACMA/About/The-ACMA-story/Regulating/broadcasting-codes-schemes-index-radio-content-regulation-i-acma>>, accessed 1 April 2016.

80 ACMA, 'Broadcasting codes and schemes index', <<http://www.acma.gov.au/theACMA/About/The-ACMA-story/Regulating/broadcasting-codes-schemes-index-radio-content-regulation-i-acma>>, accessed 1 April 2016.

- due care for children and young people.⁸¹

3.68 ACMA advised that, unlike codes of practice developed by other broadcasting sectors (such as, the subscription, commercial and community sectors), the ABC Code is not registered by ACMA, rather being 'formally notified' to ACMA.⁸²

3.69 In evidence to the committee, ACMA explained that if a commercial broadcaster breaches the code of practice, ACMA can impose a standard on their broadcast license in which any further breaches can result in the loss of that licence. However, in the case of public broadcasters it has a limited role. For example, as the ABC does not hold a broadcast licence, ACMA cannot impose an analogous sanction or compel the ABC to take or refrain from certain actions.⁸³

3.70 Discussion of a 2015 incident on the ABC's Q&A program highlighted this limitation of ACMA's powers over public broadcasters.⁸⁴ The Department of Communications and the Arts explained that:

The Zaky Mallah issue was investigated by the department. We provided a thorough report to the minister on the circumstances behind that. In terms of the ABC: as Mr Cameron said, the ACMA does have a role but it is quite a limited role. With the ABC: given its independence from government, if the ACMA finds that there are issues of breaches it can provide advice back to the ABC, but it cannot use the powers that it can use for commercial broadcasters with regard to the ABC.⁸⁵

3.71 The Department outlined the process for complaints handling, as well as relevant editorial policy and codes of practice that applied to the case:

 - ABC Editorial Policies and the ABC Code of Practice apply to all ABC radio and television programming.

81 ACMA, *Submission 54*, p. 1.

82 ACMA, *Submission 54*, p. 1. This also applies to the SBS code of practice. See: ACMA, 'Broadcasting codes and schemes index', <<http://www.acma.gov.au/theACMA/About/The-ACMA-story/Regulating/broadcasting-codes-schemes-index-radio-content-regulation-i-acma>>, accessed 1 April 2016.

83 Mr James Cameron, Acting Deputy Chair, ACMA, *Committee Hansard*, Canberra, 15 March 2016, pp. 12-13.

84 The incident involved the appearance of Mr Zaky Mallah on a live broadcast of the Q&A program on 22 June 2015. Mr Mallah had previously been found guilty of charges relating to threats to kill officers of the Australian Security and Intelligence Organisation and the Department of Foreign Affairs and Trade. Department of Communications and the Arts, 'Q&A Investigation', 3 July 2015, <<https://www.communications.gov.au/departmental-news/qa-investigation>>, accessed 24 March 2016. See also Mr Michael Millet, Director, Corporate Affairs, ABC, *Committee Hansard*, Sydney, 7 March 2016, p. 7.

85 Ms Nerida O'Loughlin, Deputy Secretary, Department of Communications and the Arts, *Committee Hansard*, Canberra, 15 March 2016, p. 12.

- In the first instance, complaints about the ABC's programming content should be sent to the broadcaster.
 - If the complainant does not receive a response in 60 days or is unhappy with the response they may then complain to ACMA.
 - If ACMA finds the complaint is justified it can recommend action be taken by the ABC to address the issue raised in the complaint.⁸⁶
- 3.72 ACMA advised that if the ABC does not act on ACMA recommendations, it may provide the Minister a written report that must be tabled by the Minister in both houses of Parliament within seven sitting dates from the report being received.⁸⁷
- 3.73 At the public hearing on 15 March 2016, the committee discussed the possibility of financial penalties being used as a sanction against the ABC if it does not abide by an ACMA ruling. The Department advised that there may be 'constitutional reasons' preventing the utilisation of financial penalties, but suggested that 'there could be an alternative enforcement, shall I say; a different way of doing it'.⁸⁸
- 3.74 Figures on television investigations and breaches between 2005 and 2015 conducted by ACMA are compiled in Table 1. While the ABC and SBS were subject to a substantial number of investigations over the decade examined, the majority of breaches related to instances of poor captioning. In comparison to other broadcasters, the ABC and SBS had significantly fewer breaches ruled against them by ACMA overall, and only three breaches for accuracy since 2005, two for the ABC and one for the SBS.⁸⁹

86 Department of Communications and the Arts, 'Q&A Investigation', 3 July 2015, p. 3. Available at: <<https://www.communications.gov.au/departamental-news/qa-investigation>>, accessed 24 March 2016.

87 ACMA, *Submission 54*, p. 2.

88 Ms Nerida O'Loughlin, Deputy Secretary, Department of Communications and the Arts, *Committee Hansard*, Canberra, 15 March 2016, p. 13.

89 ACMA, 'Television Investigations, 2005-2016', <<http://www.acma.gov.au/theACMA/ACMAi/Investigation-reports/Television-investigations/television-operations-investigations>>, accessed 31 March 2016. From 1998 until the end of 2013, ACMA found 15 breaches in its investigations relating to ABC radio. The majority of these breaches were for complaints handling. See ACMA, 'ABC radio investigations', <<http://vision2020.acma.gov.au/theACMA/ACMAi/Investigation-reports/Radio-investigations/radio-operations-abc-radio-investigations>>, accessed 4 April 2016.

Table 3.1 Selected data on ACMA investigations into Australian television broadcasters

Year	Total annual investigations	Total annual investigations resulting in \geq 1 breach*	ABC investigations	ABC breaches	ABC breaches - accuracy	SBS investigations	SBS breaches	SBS breaches - accuracy
2015	37	5	15	0	0	0	0	0
2014	66	11	29	1	0	2	0	0
2013	109	10	40	1	0	2	0	0
2012	127	26	48	3	0	6	1	0
2011	83	30	23	6	0	3	1	0
2010	87	27	9	1	0	4	0	0
2009	71	37	6	1	0	3	0	0
2008	52	34	0	0	0	1	0	0
2007	18	17	1	1	1	2	2	0
2006	15	13	2	2	1	0	0	0
2005	25	25	1	1	0	2	2	1
Total	690	235	155	17	2	25	6	1

Source Compiled from ACMA Television Investigations, 2005 to 2015, <<http://www.acma.gov.au/theACMA/ACMAi/Investigation-reports/Television-investigations/television-operations-investigations>>, accessed 31 March 2016

* In some investigations several breaches were reported.

3.75 Another incident discussed at public hearings was the ABC's erroneous reporting in February 2016 about the alleged rape of a child on Nauru. The ABC advised that it had subsequently made a correction in relation to the story.⁹⁰

3.76 The committee also notes the case of the ABC's *Catalyst* science program, which in October 2013 broadcast episodes titled 'Heart of the matter', which were critical of HMG-CoA reductase inhibitors (known as statins). A study published in the Australian Medical Journal reported that, in the week the *Catalyst* program was aired, there was a 28.8 per cent increase in discontinuation of statin use, which decayed by 9 per cent per week in the following weeks. It described 'significant and sustained changes in statin dispensing following the airing of the *Catalyst* program' and estimated that:

- 28,784 people had ceased statin treatment up to 30 June 2014
- 60,897 people were affected as a result of increased discontinuation, decreased initiation and/or poor adherence to statin treatment.⁹¹

90 Mr Michael Millet, Director, Corporate Affairs, ABC, *Committee Hansard*, Sydney, 7 March 2016, p. 7.

91 Statins is a commonly used prescription medicine for the prevention of cardiovascular issues. It is used by over 30 per cent of the Australian population aged 50 years or older. A Schaffer, N Buckley, T Dobbins et al, 'The crux of the matter: did the ABC's *Catalyst* program change statin use in Australia?', *Medical Journal of Australia*, 2015; vol. 202, no. 11, p. 593.

- 3.77 The ABC received 91 code complaints about the program and conducted an internal investigation. As a consequence of the ABC's investigation report, which found that the second broadcast breached standard 4.5 of the ABC Code of Practice in unduly favouring the anti-statin perspective, the ABC took steps to 'mitigate the risk of serious threats to individual or public health'.⁹² These steps included publishing statements on the *Catalyst* webpage and the ABC's Corrections and Clarifications webpage, and removing the broadcasts from the ABC's website.⁹³
- 3.78 This example illustrates that where an error is made, the ABC will publish its explanation and correction to the ABC's Corrections and Clarifications webpage, as well as providing links to the original material so that the public can view the changes that have been made.⁹⁴
- 3.79 Corrections or clarifications made by the ABC are based on Standards 3.1 of the ABC Code of Practice, which states that the ABC must:
- Acknowledge and correct or clarify, in an appropriate manner as soon as reasonably practicable:
- a. significant material errors that are readily apparent or have been demonstrated; or
 - b. information that is likely to significantly and materially mislead.⁹⁵
- 3.80 The matters discussed above are examples of how the actions of a broadcaster can have significant impact on audiences, and is an important remainder of how crucial it is that broadcasters are accurate and balanced in their programming, and can be held accountable on occasions when they fail to meet their obligations.

ABC rural and regional services

- 3.81 In many areas of rural and regional Australia, ABC television and radio are the mainstay of news and other broadcast content, including emergency information. The committee was interested in hearing about how the ABC is responding to evolving challenges in the provision of

92 ACMA, *Investigation Report – Catalyst broadcast by the ABC on 24 and 31 October 2013*, File no. ACMA2014/651, 24 December 2014, pp. 2-3.

93 ACMA also investigated complaints about the program and found that it had not breached any of the other relevant ABC code of practice standards. See ACMA, *Investigation Report – Catalyst broadcast by the ABC on 24 and 31 October 2013*, File no. ACMA2014/651, 24 December 2014, p. 3.

94 ABC, *Corrections and Clarifications*, <<http://www.abc.net.au/news/corrections/>>, accessed 27 April 2016.

95 ACMA, 'Broadcasting codes and schemes index', <<http://www.acma.gov.au/theACMA/About/The-ACMA-story/Regulating/broadcasting-codes-schemes-index-radio-content-regulation-i-acma>>, accessed 1 April 2016.

broadcast content to rural and regional Australia, and whether improvements can be made to those services.

- 3.82 While the ABC's Charter does not detail a specific ABC role in rural and regional Australia, or specify a quota for rural and regional programming, the ABC has indicated that as a national broadcasting service it has a responsibility to provide 'a balance between broadcasting programs of wide appeal and specialized broadcasting programs', as well as reflecting 'the cultural diversity of the Australian community'.⁹⁶
- 3.83 The importance of the ABC in meeting the information needs of people in rural and regional areas was emphasised by Deakin University, which remarked that:
- Australians have always looked to the ABC – Australians throughout the land – to meet their news needs in particular. We cannot emphasise enough that that role is increasingly important.⁹⁷
- 3.84 Deakin University contended that, as a consequence of the ABC's vital role in addressing content gaps in the coverage provided by commercial networks in rural and regional areas, the ABC should be 'mandated to provide those services on behalf of the citizens of this country, who pay for the service'.⁹⁸
- 3.85 In contrast, the ABC argued that in 'light of its funding constraints, it is unrealistic to expect the ABC to provide new services in regional markets beyond those already resourced, or to totally restructure its approach to remedy market gaps'.⁹⁹ The ABC expressed concern about the funding cuts imposed in 2014, which amounted to a \$250 million reduction in ABC funding over a five-year period and a further \$50 million per annum on-going reduction.¹⁰⁰
- 3.86 The ABC stressed that the argument that 'the ABC can and should simply redirect funds away from "non-core" digital activities in Sydney to address commercial broadcasting market failure pockets in rural and regional Australia is fundamentally flawed'.¹⁰¹
- 3.87 In 2014 the ABC created a separate Regional Division comprising 424 staff (out of a total 4,186 full-time equivalent staff) located in 48 regional

96 *Australian Broadcasting Corporation Act 1983 (Cth)*, s. 6.

97 Dr Lisa Waller, Senior Lecturer in Communication, Deakin University, *Committee Hansard*, Melbourne, 22 March 2016, p. 32.

98 Dr Lisa Waller, Senior Lecturer in Communication, Deakin University, *Committee Hansard*, Melbourne, 22 March 2016, p. 32.

99 ABC, *Submission 9*, p. 19.

100 ABC, *Submission 9*, p. 3.

101 ABC, *Submission 9*, p. 17.

locations as well as the capital cities, and has an operational budget of \$52 million.¹⁰² The ABC emphasised that this figure does not represent the ABC's full commitment to servicing rural and regional audience, which it estimates as \$387 million.¹⁰³ The ABC also noted that the Regional Division was quarantined from the funding cuts over the five year period.¹⁰⁴

3.88 According to the ABC, the Regional Division was created to:

- Give a stronger voice to the one-third of Australians living outside the capital cities;
- Contribute to a sense of national identity and reflect Australia's diversity, in accordance with the ABC Charter; and
- Provide a response to the reduction in services by the commercial media sector in regional Australia, who cannot maintain their operations, as servicing these audiences is not economically sustainable.¹⁰⁵

3.89 Some submitters were apprehensive that the ABC's changes to its rural and regional programming may have an adverse impact on people in these communities.¹⁰⁶ For example, Deakin University was concerned that:

The ABC's structural reforms in regional areas bring threats to community ties and local employment, with programming cuts potentially creating news and information content gaps in rural and regional Australia, such as occurred when Bush Telegraph was axed in late 2014.¹⁰⁷

3.90 The ABC responded to claims by the Northern Territory Government¹⁰⁸ that a morning local news program had been cut, and had impacted on local communities, stating that:

There has been no cut to radio programming across Australia. We have changed the schedule and we have placed greater emphasis on the early part of the day when, as we do know, most people are engaged with radio. We are putting the majority of our resources between quarter past six in the morning, when the rural report starts, and 10 o'clock for an extended breakfast program. Then between 10.00 and 11.00 we are doing a new program that is very much about looking at that local part of Australia. But we have not

102 ABC, *Submission 9*, pp. 4-5.

103 ABC, *Submission 9*, p. 5.

104 Mr Leigh Radford, Head, Rural and National Programs, ABC Regional, ABC, *Committee Hansard*, Sydney, 8 March 2016, p. 27.

105 ABC, *Submission 9*, p. 4.

106 See: Northern Territory Government, *Submission 34*, p. 5; and Deakin University, *Submission 19*, p. 2.

107 Deakin University, *Submission 19*, p. 2.

108 Northern Territory Government, *Submission 34*, p. 5

actually cut back local broadcast hours at all; we have reordered them.¹⁰⁹

- 3.91 While commercial, public and community broadcasters all play significant roles in delivering services to rural and regional communities, it should be noted that in some locations with diversity of services and limited broadband access infrastructure, the public broadcasters, in particular the ABC, remains a key source for news and emergency broadcasts.

SBS rural and regional services

- 3.92 As noted in chapter 1, the SBS charter does not explicitly direct it to provide specific services to rural and regional communities, with the focus on SBS programming being on meeting the needs of, and encouraging understanding and acceptance of Australia's multicultural society.¹¹⁰
- 3.93 However, the committee heard that SBS was playing a vital role in delivering television, radio and online content to rural and regional Australia. Further, that migration to areas outside of the major cities has increased the need for the SBS to be responsive to the content needs of increasingly multicultural rural and regional communities.¹¹¹
- 3.94 SBS operates four television channels (SBS, SBS 2, NITV and Food Network) and eight radio channels incorporating 74 language programs each week, including SBS World News and Living Black Radio, and four music channels, as well as providing the SBS On Demand video streaming service.¹¹² SBS broadcasts over a 'hundred hours of international news bulletins that WorldWatch offers on SBS ONE and SBS TWO in 24 languages, originating from 26 countries each week'.¹¹³
- 3.95 SBS outlined the significant reach the SBS has in rural and regional Australia, stating that:
- ... of our regional viewers we know that in any given month we have, roughly, four million viewers who tune in to SBS on a regional or remote basis outside the capital cities. That four million represents roughly five per cent market share of the free-to-air TV sector.¹¹⁴

109 Mr Leigh Radford, Head, Rural and National Programs, ABC Regional, ABC, *Committee Hansard*, Sydney, 8 March 2016, p. 27.

110 *Special Broadcasting Service Act 1991* (Cth), s. 6. The full charter is reproduced in Appendix C.

111 SBS, *Submission 43*, p. 5.

112 SBS, *Submission 43*, p. 3, p 7.

113 SBS, *Our Story, 'Television'*, < <http://www.sbs.com.au/aboutus/ourstory/index/id/5/h/Television>>, accessed 28 April 2016.

114 Mr Michael Ebeid, Managing Director, SBS, *Committee Hansard*, Sydney, 7 March 2016, p. 23.

- 3.96 SBS television now services around 97 per cent of the Australian population. SBS Radio transmits in capital cities and regional centres using analogue and digital transmissions. SBS Radio services are also available on the Digital Television and the VAST (satellite) platform.¹¹⁵
- 3.97 In addition, SBS operates a Self-help Retransmission Subsidy Scheme to provide financial assistance to eligible communities to set up radio transmission facilities (100 per cent of the installation costs) and digital television facilities (75 per cent of the installation costs). The scheme was available for analogue televisions services up until 2010 when digital switchover started rolling out. As at June 2015 there were 190 self-help digital TV transmitters and 162 self-help analogue radio transmitters in regional and remote Australia.¹¹⁶
- 3.98 In relation to emergency broadcasting, SBS noted that while it may not provide the timeliest source of this information, it does provide information relating to emergency situations during its regularly scheduled in-language broadcasts.¹¹⁷
- 3.99 The SBS regularly broadcasts programs that are relevant to rural and regional Australians, including the following recent examples:
- *The Logan Project*, which charts the journey of the city's aspiring singers and musicians as they work together to create a new, positive narrative for their city.
 - Dean Semler's *Road To Hollywood*, which traces the cinematographer's journey from Hollywood back to his roots in Renmark, South Australia.
 - The documentary series *First Contact*, which explored the divide between Indigenous and non-Indigenous Australians.
 - Two upcoming documentaries: *Testing Teachers*, about a school in Tennant Creek, Northern Territory; and *Untold Australia*, a series of four documentaries that profiles diverse contemporary communities in Australia including Norfolk Island.¹¹⁸
- 3.100 In evidence to the committee, the SBS noted comments made by outgoing ABC Managing Director, Mr Mark Scott, in February 2016,¹¹⁹ suggesting that the ABC and the SBS could be merged. However, SBS observed that

115 SBS, *Submission 43*, p. 4.

116 SBS, *Submission 43*, p. 4.

117 Mr Michael Ebeid, Managing Director, SBS, *Committee Hansard*, Sydney, 7 March 2016, p. 27.

118 SBS, *Submission 43*, p. 7.

119 Mr Mark Scott, Managing Director, ABC, Senate Environment and Communications Legislation Committee Estimates, Communications and the Arts Portfolio, *Committee Hansard*, 9 February 2016, p. 64.

‘the only people talking about an ABC and SBS merger are the ABC’.¹²⁰ SBS explained that:

We have a very unique culture within the organisation. We do things at a fraction of the cost of the ABC. Economically, the idea of a merger just does not stack up in any way, shape or form. I would say that some of the figures that Mr Scott gave at the National Press Club, as far as we are concerned, are incorrect and that the economics do not work.¹²¹

Conclusions

- 3.101 The committee valued the input by all its submitters and witnesses, who made worthwhile and thought provoking points on the challenges and opportunities facing government, broadcasters, communities and other stakeholders. It was pleased to hear about the innovation and efficiencies that broadcasters have been able to achieve by harnessing digital developments and technology, and by doing more with less. A range of issues were raised, but in seeking to provide a timely report, the committee has focused its discussion and recommendations on selected areas in which further action could help enhance the broadcast services provided to rural and regional communities.
- 3.102 In examining the evidence, the committee was mindful that a third of all Australians live in rural and regional areas.¹²² These communities must be able to enjoy the same quality and diversity of broadcast content as their counterparts in metropolitan and urban areas.
- 3.103 The committee was also acutely aware of the importance of the ABC in rural and regional areas. While acknowledging that the ABC’s commitment to rural and regional communities is commendable, the committee emphasises that the sheer size of the ABC’s reach, in which it connects with 7.7 million Australians living outside the major capital cities,¹²³ means that it has a heightened obligation to deliver accurate, timely and accountable services.
- 3.104 Audiences in rural and regional communities are generally well served by broadcasters for news services. While these communities are kept well informed of international, national and state news, the committee felt

120 Mr Michael Ebeid, Managing Director, SBS, *Committee Hansard*, Sydney, 7 March 2016, p. 27.

121 Mr Michael Ebeid, Managing Director, SBS, *Committee Hansard*, Sydney, 7 March 2016, p. 27.

122 Australian Bureau of Statistics (ABS), *Regional Population Growth*, Australia, 2013-14, 3219.0.

123 ABC, *Submission 9*, p. 1.

- closer consideration of the provision of more regionally and locally specific news and related services was warranted.
- 3.105 The changing nature of the way Australians consume audio-visual content requires that broadcasters and other content providers be agile in responding to consumer demand. The committee notes that the evolving digital space is providing new challenges that may threaten old business models, and drive the innovation of new ones.
- 3.106 The committee sees increased competition in the market for Australia's audiences as ultimately promoting better services, improving content and generating increased efficiencies. This applies equally to metropolitan and rural and regional markets.
- 3.107 The committee notes that the government is currently considering media reforms and stresses the importance of ensuring that Australia's regulatory environment keeps pace with the changing media and communications landscape.
- 3.108 The committee notes that traditional broadcasters, in particular commercial television, continues to dominate with audiences – that is, most people still get their news from television – but that there is rapid uptake of online content, for example with catch-up free-to-air television services and paid streaming services.
- 3.109 The committee commends the important work of free-to-air, commercial and community broadcasters, including community radio, in the provision of services to rural and regional Australia and recognises that these services can be costly to deliver.
- 3.110 The committee acknowledges that broadcast licence fees represent a significant cost to rural and regional broadcasters, which may undermine their capacity to deliver quality local content. One practical way that the government can support the continued provision of local content by rural and regional broadcasters is by reducing their broadcast licence fees.

Recommendation 10

- 3.111 **The committee recommends that the Minister for Communications and the Arts and the Australian Communications Media Authority work together to reduce broadcast licence fees for free-to-air and community broadcasters.**

The committee recognises the important role that commercial and community broadcasters play in delivering news and other content to rural and regional audiences, and that the evidence shows that most people still get their news from television. The committee heard concerns from commercial and community broadcasters about the need for reform of the current high licensing fees.

- 3.112 The committee observes that legitimate stakeholder concerns have been raised about the proposed media reforms, and considers that in framing the legislation the government must take reasonable action to mitigate against any negative impacts on broadcasting and news services in rural and regional Australia. These potential impacts may include a loss of media diversity and a reduction in local news content.

Recommendation 11

- 3.113 **The committee recommends that, in undertaking any reforms to media ownership relating to the 'reach rule' and the 'two-out-of-three cross-media control rule', the Australian Government consider the implications of the legislation on broadcasting and news services in rural and regional Australia. A statement on what actions have been taken to mitigate any negative impacts on rural and regional communities should be articulated by the Minister for Communications and the Arts in the presentation of the legislation.**

- 3.114 The committee feels strongly that adequate communications infrastructure must be in place to help ensure that rural and regional communities are not disadvantaged in their capacity to access broadband and relevant digital services. People in these communities should have equitable access to fast and reliable broadband and related services.

- 3.115 In providing these services, the committee encourages the government to be forward looking. Progress with the national broadband network remains important, as is harnessing digital opportunities such as with digital radio (DAB+). The committee sees satellite technology as having

promising further possibilities for delivery to areas where standard broadcast options are limited.

- 3.116 It is clear to the committee that the ability to access diverse local content, including news and emergency information, is vitally important to Australians living outside of the major metropolitan centres. It also notes that Australian Communications and Media Authority (ACMA) administers certain obligations for broadcasters in relation to material of local significance, and is concerned that the central concept of what constitutes 'local' may not be adequately defined.
- 3.117 The committee sees merit in the idea raised by Deakin University to encourage broadcasters to access and provide local content, including news, and that this may be achieved through making finer distinctions between geographical areas than are currently made through the broadcasting licence areas.
- 3.118 The committee believes a review of the existing broadcast licencing system is warranted, with a view to providing incentives for those broadcasters who do deliver more targeted content relevant to a region or locality. This review could consider incorporating 'gridding' within broadcast licence areas and particular license areas, and allocating more points to content relevant to areas outside of regional centres.

Recommendation 12

- 3.119 **The committee recommends that the Department of Communications and the Arts and the Australian Communications and Media Authority review the existing broadcast licencing system to consider the adequacy of the concept of 'local' and the provision of incentives for broadcasters who deliver more targeted local content to rural and regional audiences. Broadcasters who deliver more targeted local content could be rewarded through the points system for determining licence fees.**
- 3.120 The committee notes the important role the ABC plays in providing emergency information to the Australian public, particularly in rural and regional areas, and recognises that commercial and community broadcasters are also playing their part in serving their communities through emergency broadcasting.
- 3.121 The committee notes the Australian Capital Territory arrangements that facilitate the engagement of all local electronic media providers by way of a Memorandum of Understanding and ongoing training and liaison with local journalists. Other jurisdictions could benefit from this approach in

order for accurate and timely information to improve reach during emergency situations.

- 3.122 The committee is encouraged by the ABC's recognition of the importance of rural and regional services, and its commitment to delivering services to these communities through the establishment of the new ABC Regional Division.
- 3.123 The committee acknowledges the importance of the ABC's independence and for the ABC to be able to effectively manage its operations and service delivery. However, as a public broadcaster, and as a key player in news content delivery, the committee takes the view that there is a greater onus on the ABC to ensure that rural and regional communities are well served with accurate and timely news and emergency services.
- 3.124 The committee feels that a mechanism that would help ensure that appropriate priority is given to services to rural and regional Australia is to have regional representation on the ABC Board.
- 3.125 The committee recognises that the Government already has the capacity to choose ABC Board members, and will have the opportunity to do so in mid-2016 when the tenure of two Board members expires.
- 3.126 The committee notes that, in another forum, the ABC has challenged the need to change existing arrangements around regional representation on the ABC Board and its Advisory Council.¹²⁴ However, the committee believes it is necessary for the Government to introduce legislation, which amends the *Australian Broadcasting Corporation Act 1983* to ensure that both the ABC Board and its Advisory Council have at least two rural or regional based members in order for the Board to be appropriately advised on matters relating to the provision of ABC services to rural and regional Australians.

124 Senate Environment and Communications Legislation Committee, *Inquiry into the Australian Broadcasting Corporation Amendment (Rural and Regional Advocacy) Bill 2015*, Submission 16, ABC, p. 10.

Recommendation 13

3.127 **The committee recommends that the Government introduce legislation to amend the *Australian Broadcasting Corporation Act 1983* to ensure that:**

- **the ABC Board is more representative of the Australian community, and has at least two rural or regional based members, and**
- **the ABC Advisory Council has at least two rural or regional based members.**

3.128 The committee understands that, as independent public broadcasters, the ABC and the SBS should be able to determine and produce content to meet their charter obligations, and that editorial decisions are the responsibility of management and should not be influenced by the government of the day.

3.129 The committee acknowledges the unique role the ABC plays in providing content to Australian audiences that commercial broadcasters may be unable or unwilling to provide, particularly in relation to rural and regional content. This role, however, entails a set of important responsibilities to the Australian public and the government. Foremost among these responsibilities is for broadcasters to be accurate and accountable for what they broadcast.

3.130 The committee notes that commercial broadcasters in Australia are regulated by ACMA, which can ultimately decide to revoke a broadcaster's licence if they are in breach of the code of practice. In the case of public broadcasters, no analogous penalty applies. While the committee understands that the role of ACMA in supervising public broadcasters is limited, the committee believes that existing accountability mechanisms should be strengthened.

3.131 The committee notes information from the Department of Communications and the Arts that introducing a financial penalty as a way of enforcing the ABC to comply with an adverse ACMA ruling may be problematic. It also notes the Department alluded to the possibility of alternative enforcement options. Due to time constraints, the committee was unable to explore these options further during the course of this inquiry, but feels that action is needed to bring the ABC in line with commercial and community broadcasters in terms of their accountability under the broadcasting regulator. The government should explore these options in detail, at the earliest opportunity.

- 3.132 The committee emphasises that, as a point of principle, the government should always be held more accountable than private citizens through an effective system of checks and balances. By extension, the ABC as a statutory government body should be held to a higher standard than commercial broadcasters. Appropriate checks and balances on the ABC's conduct are necessary. However, currently there are no enforceable consequences, for example license related consequences enforceable by ACMA, if the ABC acts contrary to its Code of Practice. The committee believes that more meaningful checks and balances are required.
- 3.133 The committee notes that in cases where inaccurate information is broadcast, timely retractions and corrections to the record are essential. However, these remedial actions do not change the fact that the incorrect information has been broadcast and is in the public domain. This applies equally to commercial and community broadcasters.
- 3.134 The committee acknowledges that Standard 3.1 of the ABC Code of Practice sets out the importance of timely and appropriate corrections to be made in cases where the ABC is in error. However, this standard does not necessarily require the ABC to publish a correction or clarification on the program in which the error was made, and that such corrections are normally compiled and published on the ABC's Corrections and Clarifications webpage. This process is inadequate, given the reach, prominence and trust placed in the ABC, and the serious consequences that may follow from the broadcast of an erroneous story or fact.
- 3.135 The committee sees scope in improving the accuracy and accountability of the ABC through revising the ABC Code of Practice to include a stipulation that any errors, corrections and clarifications must be made on the relevant program where applicable, in addition to being compiled and published on the Corrections and Clarifications webpage. For example, if an error of fact is made on a news program, then it would be prudent for a correction to be made on a subsequent news broadcast.

Recommendation 14

- 3.136 **The committee recommends that the Australian Broadcasting Corporation (ABC) Code of Practice be revised to include a requirement that any correction or clarification must be made on the relevant program in which an error has been made, in addition to being published on the ABC website.**

- 3.137 Given the extensive reach of the ABC as a trusted national public broadcaster, the committee believes that this entails heightened responsibilities for accuracy and accountability. It is the committee's view that the mechanism for improving the accountability of the ABC is to ensure that its charter is binding, and that appropriate and meaningful consequences apply for breaches of the ABC Code of Practice, which should be enforced by ACMA. The Department should work with ACMA to find a suitable sanction for the ABC that will provide a level playing field with the commercial and community broadcasters that are regulated by ACMA.

Recommendation 15

- 3.138 **The committee recommends that the Minister for Communications and the Arts and the Australian Communications and Media Authority (ACMA) develop a framework to enhance the accuracy and accountability of the Australian Broadcasting Corporation (ABC).**

The committee's view is that all broadcasters should adhere to ACMA standards for broadcasting. In relation to the ABC in particular, given its extensive reach as a trusted national public broadcaster, on which many communities rely for their news, the committee believes that this entails heightened responsibilities for accuracy and accountability.

- 3.139 Lastly, the committee was concerned by comments made by outgoing ABC Managing Director Mr Mark Scott, which suggested that the ABC and the SBS could be merged. However the committee was relieved to hear that these comments are not reflective of a broader sentiment within government or SBS. The committee is strongly of the view that the SBS and the ABC should remain separate entities.

Recommendation 16

3.140 The committee recommends that the Special Broadcasting Service Corporation (SBS) and the Australian Broadcasting Corporation remain separate entities.

The committee commends the SBS for its important work in providing specialised multicultural broadcasting according to its charter, and in broadening its audience through general interest programming. The committee believes the SBS addresses a fundamental content gap within the Australian broadcasting space, while operating as a highly efficient organisation.

Hon Bronwyn Bishop MP

Chairman

2 May 2016