

**ABC Response to the ACCC  
Digital Platforms Inquiry  
Preliminary Report**

**March 2019**



# ABC Response to the ACCC Digital Platforms Inquiry Preliminary Report

## 1. Executive Summary

- The Australian public has been well-served by a dual public/commercial media system for many decades. This system has ensured a plurality of choice and a threshold where all Australians have access to quality news and journalism.
- The ABC is regularly found to be the most trusted media organisation in Australia.<sup>1</sup>
- While the ABC has been at the forefront of digital adaptation, the Corporation faces many of the same pressures as traditional commercial media in responding to the impact of news and information aggregator platforms.
- The Inquiry preliminary report is naturally focussed on how commercial incentives and greater regulatory parity can support competition in the media sector, thus delivering better outcomes for consumers. The ABC is an integral part of an effective media system and measures to support and enhance public broadcasting should also be considered as part of dynamic and pluralist domestic media market.

## 2. Introduction

The Australian Broadcasting Corporation (ABC) welcomes the opportunity to respond to the Australian Competition & Consumer Commission (ACCC) Digital Platforms Inquiry preliminary report.

The ACCC Inquiry is widely acknowledged as the first holistic assessment by a regulator of the impact of digital platforms on the media, taking into consideration the interconnected issues of market power and competition, advertising, regulatory parity, news quality, privacy, and consumer outcomes.<sup>2</sup> As a publicly funded entity, the ABC's response to the preliminary report is primarily formed through the prism of the last of these, that being the public good.

The preliminary report coincides with the release of the Australian Communications and Media Authority (ACMA) 2017-18 Communications Report, which found that for the first time more Australians access news content online than via traditional news sources (television, radio and newspapers).<sup>3</sup> In many respects this tipping point is unremarkable considering the speed with which, in just over a decade, digital technology has seamlessly and ubiquitously become a part of daily interpersonal and societal communications. However, it is also a reminder that the digital medium, and whichever platform takes us there, has irrevocably changed the transfer of news and information.

While the primary focus of the Inquiry is the interplay between domestic commercial media and the global digital platforms, as an indispensable component of Australia's media environment, the ABC plays a vital role in safeguarding the integrity and delivery of media services throughout Australia.

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<sup>1</sup> <http://www.roymorgan.com/findings/7641-media-net-trust-june-2018-201806260239>

<sup>2</sup> <https://www.theaustralian.com.au/business/media/accc-digital-platform-report-to-stir-debate/news-story/cf3597c1e248da90487a22af6ecbe344>

<sup>3</sup> <https://www.acma.gov.au/-/media/Research-and-Analysis/Report/pdf/Communications-report-2017-18-pdf.pdf?la=en P.66>

As such, the Inquiry outcomes have implications for the Corporation, and reciprocally, the ABC can actively contribute to the fundamental purpose of the Inquiry – to ensure continuation of public access to a plurality of high-quality news and journalistic content, which benefits Australian consumers by enabling them to make informed decisions on the issues of the time and to effectively participate in a democratic society.

Recognising the vital function that the media plays in providing for an informed citizenry and a vibrant democracy; legislators, regulators and media in a number of countries are grappling with the challenges of securing a sustainable local media in the face of competition from technology companies of unprecedented scale and reach.

In the United State there has been a relaxation in media ownership laws, allowing for greater consolidation of broadcasters. In Canada, the federal government has taken an interventionist approach, proposing to commit \$600 million over five years to support journalism through charitable status for non-profits, local news tax credit and tax deduction for subscriptions.<sup>4</sup>

The European Union and individual countries within it have proposed or enacted a number of measures to protect individual privacy and support local content, including the General Data Protection Regulation, as well as an overhaul of copyright laws, which would result in a 'link tax' aggregators would pay media companies for the right to share articles.

When Spain unilaterally attempted to introduce charges for shared media links in 2014, Google closed its Google News Spain service, resulting in a fall in traffic to Spanish news websites. In the same year, Germany backtracked on a similar initiative.<sup>5</sup> More recently, German regulators have attempted to restrict Facebook's data-gathering capabilities, finding that Facebook "was able to build a unique database for each individual user and thus to gain market power".<sup>6</sup>

In the UK, the recently released Cairncross Review has been charged with exploring ways of securing a sustainable future for journalism. In many respects it follows the path of the ACCC report, canvassing greater regulatory balance between online and offline services, a media literacy strategy, tax relief and a review of online advertising.<sup>7</sup>

The range of mechanisms considered, including regulation, deregulation, incentivisation, subsidisation and pecuniary penalties reflects the specific historical, cultural and economic makeup of each of these jurisdictions and their appetite to intervene in the market. In Australia's case, one of the first attempts to explore the best approach to the provision of quality news in the digital age was the formation of a Senate Select Committee to inquire into the future of public interest journalism.

Among its recommendations were adequate funding for the ABC and SBS, improved digital awareness and literacy programs in schools, economic modelling for tax deductible status for consumer news subscriptions and a review of defamation, whistle-blower and shield laws to

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<sup>4</sup> <https://www.cbc.ca/news/politics/news-industry-economic-update-1.4915113>

<sup>5</sup> <https://www.reuters.com/article/us-eu-copyright/eu-states-agree-rules-to-make-search-engines-pay-for-news-idUSKCN11Q2NS>

<sup>6</sup> <https://www.npr.org/2019/02/07/692312687/facebook-cant-gather-users-data-from-other-websites-german-antitrust-office-says>

<sup>7</sup>

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/779882/021919\\_DCMS\\_Cairncross\\_Review\\_](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/779882/021919_DCMS_Cairncross_Review_.pdf)

[pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/779882/021919_DCMS_Cairncross_Review_.pdf) P 10-11

further protect investigative journalism.<sup>8</sup> To date, by and large those recommendations have not been taken up.

In 2016, the Turnbull Government announced it would undertake media reform to rebalance “the regulatory setting governing the traditional media in Australia, while maintaining a framework that continues to support media diversity, global competition and local programming”.<sup>9</sup> The first tranche in a broader Broadcast and Media Package repealed the two out of three and 75 per cent audience reach media ownership rules.

The following section of this paper explores the range of Government measures in more detail as the ABC believes it would be instructive to reflect on the outcomes of these legislative and policy mechanisms in the context of their stated intention to “strengthen Australian broadcasters, enabling them to invest in their businesses and better compete with online content providers” and to “ensure ongoing investment in, and access to, high quality Australian content and the support of Australia’s broadcasting sector that delivers it”.<sup>10</sup>

These measures are also relevant to this submission as the ACCC Inquiry forms part of the Government’s media reform package.<sup>11</sup> As such, the ACCC recommendations should be considered in the light of the reforms that have already been progressed.

### **3. Government Media Reforms**

In May 2017, the Australian Government announced its integrated package of media reforms to “improve the sustainability of Australia’s free-to-air broadcasting sector, support the creation of high-quality Australian content and modernise broadcasting and content regulation”.<sup>12</sup> The package of measures included components that separately addressed commercial and public media.

#### Commercial Media Reforms

The package of commercial media reforms included:

- The abolition of commercial broadcasting licence fees and datacasting charges.
- Amendments to the anti-siphoning scheme and list.
- The repeal of the two out of three and 75 per cent audience reach media ownership rules.
- Government funding of \$30 million to support subscription TV broadcasts of women’s and niche sports.
- The implementation of a \$60 million Regional and Small Publishers Jobs and Innovation package.

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<sup>8</sup> [https://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Future\\_of\\_Public\\_Interest\\_Journalism/PublicInterestJournalism/Report](https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Future_of_Public_Interest_Journalism/PublicInterestJournalism/Report)

<sup>9</sup> <https://www.minister.communications.gov.au/minister/mitch-fifield/news/local-content-safeguards-feature-media-reform-package>

<sup>10</sup> <https://www.communications.gov.au/what-we-do/television/broadcast-and-content-reform-package>

<sup>11</sup> <https://www.minister.communications.gov.au/minister/mitch-fifield/news/turnbull-government-working-senate-crossbench-secure-passage-vital-media>

<sup>12</sup> <http://mitchfifield.com/Media/MediaReleases/tabid/70/articleType/ArticleView/articleId/1352/Major-reforms-to-support-Australian-broadcasters.aspx>

## Public Broadcasting Reforms

In terms of public service broadcasters (PSBs), the reforms included legislation to amend the ABC Act to commit the ABC to enhance its regional and rural focus, to disclose individual remuneration and to include the words 'fair and balanced' in Section 8 of the ABC Act.<sup>13</sup> The Government also announced a Competitive Neutrality Inquiry as well as an Efficiency Review of the public broadcasters.

## Outcomes of the Media Reforms

When introducing the media ownership legislation amendments in 2016, the Government announced that it had “delivered the most significant reforms to Australia's media laws in a generation, supporting the viability of our local organisations as they face increasing global competition in a rapidly changing digital landscape”.<sup>14</sup> Three years after the media reform package was first announced, it is useful to consider the state of Australia's media landscape.

The repeal of the ownership laws has facilitated cross-media mergers and acquisitions, allowing for greater scale, consolidation and rationalisation. To date the most significant has been the merger of Nine and Fairfax, making the new company, now called Nine, the largest domestic media organisation in Australia. Nine CEO Hugh Marks has indicated that the company is looking to divest some of its legacy Fairfax assets, including the 170 suburban and regional newspapers that comprise Australian Community Media (ACM). The ACM mastheads include major newspapers The Canberra Times, The Newcastle Herald, The Launceston Examiner and The Border Mail. There has been some speculation that these and the other ACM publications may end up being bought by a private equity company.<sup>15</sup>

In regard to the abolition of commercial broadcasting licence fees and datacasting charges, these have been replaced with a transmitter licence tax, with an estimated saving to the commercial networks of \$90 million per annum and loss of \$417 million in Commonwealth revenue over forward estimates.<sup>16</sup>

In May 2017, the Chief Executive Officer of Seven West Media, Tim Worner, acknowledged that this fee relief would come with a reciprocal obligation, commenting, “Removing these outdated fees will allow us to invest in more and better local content and to transform our businesses for the future”.<sup>17</sup> Nine CEO Hugh Marks stated at the time, "This decisive package is welcomed by Nine and we thank the Government for the foresight it shows in providing a more level playing field while removing outdated ownership rules to encourage innovation and investment in local content by us".<sup>18</sup>

Despite the availability of these additional funds, the rationalisation of news resources continues. Following the Nine/Fairfax merger in late 2018, the new company announced that there would be 144 redundancies.<sup>19</sup> There has also been a contraction in media services,

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<sup>13</sup> <http://mitchfield.com/Media/MediaReleases/tabid/70/articleType/ArticleView/articleId/1422/One-Nation-support-for-media-reform-package.aspx>

<sup>14</sup> <https://www.minister.communications.gov.au/minister/mitch-field/news/modernising-australian-media-laws>

<sup>15</sup> <https://www.afr.com/street-talk/nine-makes-cash-flow-pitch-in-regional-papers-auction-20190216-h1bcle>

<sup>16</sup> [http://www.aph.gov.au/Parliamentary\\_Business/Bills\\_Legislation/Bills\\_Search\\_Results/Result?bId=r5907](http://www.aph.gov.au/Parliamentary_Business/Bills_Legislation/Bills_Search_Results/Result?bId=r5907)

<sup>17</sup> <http://www.theaustralian.com.au/business/media/130-million-tv-lifeline-in-shakeup-of-media/news-story/5e7c227256db73dbe71a4ef2de9d66e3>

<sup>18</sup> <http://www.campaignbrief.com/2017/05/nine-welcomes-package-of-media.html>

<sup>19</sup> <https://www.smh.com.au/business/companies/nine-reveals-92-redundancies-in-wake-of-fairfax-media-merger-20181203-p50js8.html>

particularly in rural and regional Australia, including the recently announced closure of Nine Network newsrooms in Toowoomba and Mackay.<sup>20</sup>

Applications for the first round of the Regional and Small Publisher Grant program closed in August 2018. Of the \$16.7 million available in the first round of funding, less than a quarter of that amount has been awarded to applicants.<sup>21</sup>

The amendments to the ABC Act remain on the Senate Notice Paper and the Efficiency Review report is yet to be publicly released. The Competitive Neutrality Inquiry report has been published and it broadly supports the ABC's activities. The report findings include:

- The provision of online services, including online news, is within the ABC Charter remit.
- Major sources of competition in media markets are likely to continue to be international companies with resulting impact on all domestic media organisations.
- The public broadcasters have adapted to the challenge of change by extending the range and type of their services, taking full advantage of market developments and technological innovation, to the benefit of the public.

The findings of the Competitive Neutrality Inquiry are consistent with a report from RBB Economics, which found no evidence that the ABC was 'crowding out' commercial media in Australia.<sup>22</sup>

Most relevant to this Inquiry, the Competitive Neutrality Inquiry also found that the "media landscape is likely to continue to change rapidly, creating new forms and points of competition, which may continue to impact adversely on some commercial organisations. It is worth noting the proposed merger of Fairfax and Nine Entertainment is a response to these pressures and may be indicative of further market consolidation".<sup>23</sup>

The ACCC Inquiry provides an opportunity to test whether the measures introduced to date have been effective in their aims, as the then-Treasurer stated, to "strengthen competition within Australia's media industry, and support local jobs"<sup>24</sup>, or whether a different approach is required, not just through anti-trust and other regulatory mechanisms, but more broadly, in leading to a balanced media ecology that comprehensively serves the Australian public. The following sections address the ACCC recommendations and findings that intersect with the broader public interest and the remit of public broadcasting.

#### **4. ACCC Preliminary Recommendations**

As set out in the introduction to this paper, the ABC is primarily concerned that the outcomes of this Inquiry lead to regulatory and policy measures that benefit the public. In this regard, the ABC takes a neutral approach to the recommendations that inform decisions about impediments to competitor growth caused by unequal market power or to debate around the commercial, advertising or competitive aspects of the digital media environment.

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<sup>20</sup> <https://tvtonight.com.au/2019/02/nine-closing-mackay-toowoomba-newsrooms.html>

<sup>21</sup> <https://mumbrella.com.au/saturday-paper-the-big-winner-as-most-publishers-fail-to-win-government-innovation-funding-558372>

<sup>22</sup> <http://www.abc.net.au/cm/lb/10033348/data/rbb-report-summary-data.pdf>

<sup>23</sup> <https://www.communications.gov.au/have-your-say/inquiry-competitive-neutrality-national-broadcasters>

<sup>24</sup> <http://sjm.ministers.treasury.gov.au/media-release/126-2017/>

The ABC's interest lies in ensuring the appropriate standards are in place so that there is a thoughtful approach in ensuring that community expectations and the protection of the public interest is met.

Media convergence has allowed for content to be consumed across platforms. It follows that issues of community standards also need to be addressed across platforms. Clearly, action on this is overdue since the last major attempt to reform the media regulatory framework, the 2012 Convergence Review, failed to gain media industry support.<sup>25</sup>

The ABC agrees with the ACCC recommendation that a review of the media regulatory framework is necessary. However, the Corporation's view is that different technologies and business models will require that different approaches to compliance be considered, rather than the pursuit of a universal level-playing field.

For example, in the case of content regulation, the ABC is subject to a co-regulatory scheme under the Broadcasting Services Act in relation to its broadcast content. The ABC's system for setting and enforcing its content standards is primarily self-regulatory, through its editorial standards and guidelines.<sup>26</sup> Any proposal which seeks to impose greater external oversight of these procedures will undermine the ABC's independence and well-established governance arrangements.

Further, this framework has been designed to operate in a converged media environment, applying to all ABC content – regardless of the format of the content or the platform over which it is delivered to the public.

Following this, the ABC is of the view that public broadcasters and commercial entities do not, and should not, require the same regulatory treatment. Regulation of commercial media is aimed at providing some constraint where their commercial incentives might drive behaviours that are considered adverse to the public interest. The ABC has no equivalent commercial incentives; it is only motivated to deliver against its public service mandate.

A high-level regulatory framework that sets objectives for community standards that are then articulated in detail through industry, sector or individual codes of practice can ensure that a common set of principles and obligations can be met on different platforms through the most appropriate mechanisms. While the Corporation can understand the appeal of regulation parity, any review's primary focus should be on regulation that is practical, effective and which delivers the desired public policy objectives.

#### **4. Areas for Further Exploration**

Of the nine areas the preliminary report sets out for further inquiry, the ABC would like to focus on the first three. These factors; facilitating transparency, enhancing media literacy and incentivising investment in news, are fundamental to facilitating an informed public and to fostering an environment where quality journalism can thrive.

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<sup>25</sup> <https://www.theaustralian.com.au/business/media/convergence-review-political-payback/news-story/275b8a54cbb27168ed49c65712c1d04ff#mm-premium>

<sup>26</sup> <http://about.abc.net.au/how-the-abc-is-run/what-guides-us/abc-editorial-standards/>

## Supporting choice and quality of news and journalism

Informed choice is key to assessing the accuracy and trustworthiness of information and the independence of news analysis. This includes understanding why and how the information has been curated and presented, its source and its authority.

Digital news literacy is one way to combat the spread of misinformation and it has been argued that this skill should be taught as a required component of the school curriculum. However, the onus for supporting trustworthy news on digital platforms lies with the platforms themselves. Whether this means better labelling, filtering, verification or a public interest Application Programming Interface (API)<sup>27</sup>, greater transparency and oversight of the source and selection of news is imperative.

## Improve news literacy online

The preliminary report acknowledges the ABC's efforts in making digital literacy a priority as the public transition to these platforms for their primary sources of news and information. As Australia's most trusted media organisation, the ABC views its commitment to facilitating digital media literacy as a natural extension of its role as a public broadcaster - to help prepare people to participate in the media, see how the media is shaping their understandings and guide them to make informed judgements about their media consumption practices.

In 2018, ABC led media literacy efforts in Australia with a number of initiatives that included:

- ABC Media Literacy Week, bringing together research, content and media expertise to generate discussion and resources dedicated to the topic of media literacy.<sup>28</sup>
- ABC Education created a suite of resources aligned with the curriculum to help students examine news and information.<sup>29</sup>
- Behind the News created a video series for teenagers about the basics of news literacy.<sup>30</sup>
- The introduction of a specialised Media Education Partnerships initiative.
- Convening a national two-day conference 'Navigating the News' – the first Australian event to involve a diversity of industry/academics/educators in trust/ media literacy focus.<sup>31</sup>

The material produced from these initiatives continues to be used both in Australia and internationally by education departments and public policy agencies.

Further, the ABC Regional Schools program theme for the first part of 2019 is media literacy, with a particular focus on telling fact from fiction in the news. As part of the program, ABC local offices across the country are working with regional schools, with ABC journalists bringing their knowledge and experience into classrooms, offering their insights into the mechanisms of news and media production and bringing these workshops to life for students.

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<sup>27</sup> <https://www.brookings.edu/blog/techtank/2017/11/01/using-public-interest-algorithms-to-tackle-the-problems-created-by-social-media-algorithms/>

<sup>28</sup> <https://www.abc.net.au/news/story-streams/media-literacy-week/>

<sup>29</sup> <https://www.abc.net.au/education/media-literacy/>

<sup>30</sup> <http://www.abc.net.au/btn/classroom/media-literacy/10488526>

<sup>31</sup> <http://www.utas.edu.au/navigating-the-news>



The ABC has also engaged with many organisations on media literacy awareness and engagement programs, including working with the Department of Communications and the Arts, Department of Foreign Affairs and Trade, News Corporation, BBC; Google; BuzzFeed; Museum of Australian Democracy; Human Rights Commission; National Journalism Education and Research Association; Deakin University; Analysis and Policy Observatory; Queensland Institute of Technology; and, several independent/state and Catholic schools/educational/curriculum authorities.

The ABC is enthusiastic about continuing this vital work and contributing its unique expertise in this service, creating engaging and educative content and delivering it across platforms to schools, universities and to the broader public. The Corporation would welcome collaboration with partner organisations such as the Australian Communications and Media Authority to advance digital media literacy in Australia.

With additional resources the ABC would propose further initiatives, including:

- Workshops with educators and other relevant organisations.
- Verification training for journalists and external parties.
- Continued public engagement through future Navigating the News conferences.
- A suburban youth media project.
- Continued development of curriculum-aligned media literacy activity.

#### Improving the ability of news media businesses to fund the production of news and journalism

The ACCC preliminary report canvasses three ways to incentivise the production of quality news and journalism. This paper will briefly address each of these and include a fourth consideration. As noted by Alan Kohler in *The Australian* “the report has rightly called out that journalism is a social good, but fallen short of the next logical step: that it must be supported, like science is. In that context, the ABC is the CSIRO”.<sup>32</sup>

1. Regional and Small Publishers’ Jobs and Innovation Package – As noted earlier in this paper, to date the quantum of grant funding applied through this program has been lower than planned. While the grants are not applicable to the ABC, the Corporation recognises the value of this endeavour. In 2017, the ABC increased its own investment in regional journalism through its Connecting Communities initiative. Connecting Communities has allowed the ABC to enhance its regional and rural services and resources, with the creation of 81 new regional jobs. Along with this increased staffing, the ABC has also made a \$3 million capital investment in equipment that allows more regional stories to be produced and included in the state-based news bulletins. Additional government funding would build on this investment and fill the breach being left by commercial media.
2. Tax deductibility for consumer news subscriptions – The ABC has no position except to acknowledge that any initiative that encourages the public to engage with trusted domestic media outlets, commercial and public, can only be of benefit to the media environment and the broader community. However, the Corporation would note that the Senate Future of Public Interest Journalism inquiry recommendation for cost-

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<sup>32</sup> <https://www.theaustralian.com.au/business/opinion/alan-kohler/the-science-of-journalism-and-how-to-pay-for-it/news-story/a0e3d92fc25943e2aa0d4ae38a75e123>

modelling of extending tax deductibility status for news subscription was rejected by the Government as it believes if media subscriptions were made tax deductible, it could lead to pressure for deductibility to be applied to other private expenses.<sup>33</sup>

3. Tax offsets for news media organisations – Again, the ABC has no specific view except to note that the Government’s response to the Senate Future of Public Interest Journalism Inquiry was to advise that “the Government has implemented a number of tax measures to support Australian entities, including those undertaking public interest journalism”.<sup>34</sup>

Commercial media companies already utilise the tax system to lawfully take advantage of deductions. In 2018, Liz Deegan from News Corp stated that “News Corp Australia has deductible operating costs and certain tax incentives and allowable credits, like R&D and franking credits, that offset the revenue disclosed”.<sup>35</sup> Companies like News Corp have also been able to claim tax rebates against losses, most notably in 2014, when it was reported that News Corp received a \$882 million tax rebate.<sup>36</sup>

The ABC does not criticise this activity, recognising that commercial media has to have a financial imperative. As Nine CEO Hugh Marks responded to questioning from Senator Bridget McKenzie during hearings for the Media Reform Bill Inquiry:

*Senator McKenzie: Mr Marks, it is not really about rural and regional Australia, is it, for you?*

*Mr Marks: Our imperative is to make sure that we return the best possible amount for our shareholders.*<sup>37</sup>

If the intent of a tax incentive scheme is to ensure investment in local content and quality news, then ultimately there needs to be some safeguards in place so that the commercial savings are reinvested in public good outcomes. As the preliminary report cautions, it should be well-targeted and protected from abuse.

4. Public Service Broadcasting – The traditional arguments for regulatory intervention in media and broadcasting are to:
  - Ensure that there are foundations in place to deliver news, information and culturally significant content to all of the community, not just those that can afford it.
  - Provide for a level of independence from commercial, political and corporate agendas
  - Establish a mechanism to achieve social and educational outcomes.

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<sup>33</sup> [https://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Future\\_of\\_Public\\_Interest\\_Journalism/PublicInterestJournalism](https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Future_of_Public_Interest_Journalism/PublicInterestJournalism)

<sup>34</sup> [https://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Future\\_of\\_Public\\_Interest\\_Journalism/PublicInterestJournalism/Report](https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Future_of_Public_Interest_Journalism/PublicInterestJournalism/Report) P.115

<sup>35</sup> <https://www.abc.net.au/news/2018-02-14/why-many-big-companies-dont-pay-corporate-tax/9443840>

<sup>36</sup> <https://www.theguardian.com/media/2014/feb/17/rupe-murdoch-receives-882m-tax-rebate>

<sup>37</sup> [https://parlinfo.aph.gov.au/parlInfo/download/committees/commsen/3b69859f-3819-4497-8061-d4185bd2a541/toc\\_pdf/Environment%20and%20Communications%20Legislation%20Committee\\_2016\\_04\\_29\\_4402\\_Official.pdf;fileType=application%2Fpdf#search=%22committees/commsen/3b69859f-3819-4497-8061-d4185bd2a541/0000%22](https://parlinfo.aph.gov.au/parlInfo/download/committees/commsen/3b69859f-3819-4497-8061-d4185bd2a541/toc_pdf/Environment%20and%20Communications%20Legislation%20Committee_2016_04_29_4402_Official.pdf;fileType=application%2Fpdf#search=%22committees/commsen/3b69859f-3819-4497-8061-d4185bd2a541/0000%22) P.30

The ABC effectively addresses each of these criteria. The ABC Charter explicitly requires the Corporation to provide within Australia innovative and comprehensive broadcasting services of a high standard, to broadcast programs that contribute to a sense of national identity and inform and entertain, and reflect the cultural diversity of, the Australian community, to broadcast programs of an educational nature, and to promote cultural and performing arts.

The ABC's independence is protected by a strong editorial framework that includes:

- Comprehensive editorial standards and guidelines.
- A process of upward referral that delivers practical and effective editorial oversight and responsibility.
- Editorial training for all ABC content-makers.
- An independent public complaints process that allows the public to raise concern over potential editorial breaches.

Like all media organisations, over the last decade the ABC has also had to undertake transformational organisational change to equip its staff and its infrastructure to meet the needs of a digital audience. As the Convergence Review pointed out, "our public broadcasters were among the first in Australia to embrace digital technologies and new platforms. This innovation has led to the development of a range of new services that have extended the reach and impact of publicly funded programming."<sup>38</sup>

Since that report was published in 2012, the ABC has had to absorb real funding cuts of over \$250 million. This does not take into account the termination of the 10-year \$220 million Australia Network contract nor the \$83.7 million loss in real funding from 2019-2020 due to the Government's announced indexation pause.

In order that the ABC's vital role in meeting public needs and expectations across all platforms is sustained, particularly as we face competition from international digital giants, it is essential that the Commonwealth guarantee stable and sufficient funding for the national broadcaster.

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<sup>38</sup> [https://www.abc.net.au/mediawatch/transcripts/1339\\_convergence.pdf](https://www.abc.net.au/mediawatch/transcripts/1339_convergence.pdf) P.XV

## 5. Closing Comments

Commercial media revenue has historically been linked to the audience size they can deliver to advertisers. As such, commercial media providers have tended to cluster their offerings around the content genres likely to attract the largest audiences, rather than seeking to substantially differentiate their services from their competitors. As the commercial media's overall share of advertising revenue has decreased, in many instances the focus on more popular content has accelerated. As a result, the range of content offered to consumers, already small as a result of the market, is further reduced.

While the ACCC Inquiry and this preliminary report have naturally focussed on the interplay between global digital platforms and the domestic commercial media, the ABC is also integral to safeguarding news and journalism that informs the community, holds decision-makers and institutions to account and provides a forum for debate and discussion of the issues that affect us all. Further to that, the presence of the ABC in the information marketplace creates value not only for consumers but enables commercial media to focus on the development of products that give them the highest return on investment.

The structure of the media market and consumer behaviour and expectations in that market have irrevocably changed. What has not changed is that for the market to thrive and deliver competition, quality, and choice to consumers, as well as provide a public good, the one certainty is that the environment must include strong, well-funded public broadcasting services.