



SBS submission to the Australian Competition and Consumer Commission Digital Platforms Inquiry – Issues Paper April 2018

Key Points

- Independent, non-partisan public broadcasting delivers significant public benefits, particularly in a highly concentrated media landscape.
- SBS delivers news content that enhances and enriches the Australian community.
- SBS has rigorous editorial standards and Codes of Practice in place which underpin the delivery of its independent, balanced and quality news and current affairs services.
- In delivering news and current affairs, SBS recognises the need for its content to be available to audiences, where and when they want to access it.
- SBS's presence on digital platforms has provided SBS with important opportunities for its content to reach new audience demographics.
- SBS invests in social media marketing on major platforms as part of its marketing mix, including Facebook, Instagram, YouTube, WeChat, Snapchat, and Twitter.
- Major global digital platforms are having a significant impact on the local advertising market. This results in less revenue for SBS and consequently, SBS's ability to reinvest advertising revenue in the production of local Australian content, including news and current affairs.

Introduction

SBS welcomes the opportunity to comment on the ACCC's February 2018 *Digital Platforms Inquiry Issues Paper* (the **Issues Paper**). Given that the Inquiry is focusing on the digital platforms that impact, or are likely to impact, the supply of news and journalistic content, this submission provides an overview of news services SBS provides. It also provides comment on the impact of digital platforms on SBS as both a content creator and provider of advertising services, and impact on SBS's audiences.

The submission is structured as follows:

- **Part A** sets out background about SBS
- **Part B** provides information about SBS's news services
- **Part C** provides commentary about the impact of digital platforms on SBS and our audiences

Part A – About SBS

The 2016 Census showed that more than a quarter of Australians were born overseas,¹ almost half have at least one parent born overseas, and 21% per cent (4.87 million people) speak a language other than English at home.²

In this context, and as Australia's multicultural and Indigenous public broadcaster, SBS is more critical now than ever to building understanding and cohesion in our society. In a world where audience choice continues to expand, SBS continues to make a vital difference to the Australian cultural and media landscape. The network's unique position allows it to develop and present compelling, distinctive and thought-provoking content that no other Australian media organisation provides.

SBS reaches almost 100 per cent of the population through its six free-to-air TV channels (SBS, SBS HD, SBS VICELAND, SBS VICELAND HD, Food Network and National Indigenous Television (**NITV**)) and eight radio stations (SBS Radio 1, 2 3 and 4, SBS Arabic24, SBS PopDesi, SBS Chill and SBS PopAsia). Engagement is being significantly extended through SBS's digital services, including SBS On Demand and portals which make online audio programming and information available in nearly 70 languages other than English.

SBS has made continued investment in exclusive and distinctive content, as it provides more than 6,000 hours of programming on SBS On Demand across more than 10 distribution platforms. This includes exclusive premiere titles across key genres of drama, film and documentary, including SBS commissioned content scheduled and distributed across television and digital platforms.

Through content across all our platforms, SBS inspires a richer, more holistic understanding of our world and presents surprising perspectives in entertaining and innovative ways.

¹<http://www.sbs.com.au/news/article/2017/06/26/census-2016-five-ways-australia-getting-more-diverse>.

²<http://www.abs.gov.au/ausstats/abs@.nsf/lookup/Media%20Release3>.

PART B – SBS's news services

Trust in news

Independent, non-partisan public broadcasting delivers significant public benefits, particularly in a highly concentrated media landscape. SBS's news and current affairs services are among the most trusted in Australia, according to the March 2017 Essential Media poll.³ Our evening *SBS World News* program is consistently among the highest rated programs across the SBS network and saw an increase in audience in 2017.

SBS delivers content that enhances and enriches the Australian community through a more informed society. Our unique connections and experience with multicultural and Aboriginal and Torres Strait Islander communities enable SBS to cover news and tell the stories of those communities with respect and dignity. In particular, the news, current affairs and information services provided by SBS inform and promote understanding among all Australians of different cultures and maximise opportunities for people from diverse backgrounds to engage in social, political and cultural discourse.

SBS has long held a well-earned reputation for quality news and analysis on global events and stories and issues from across multicultural Australia. SBS News and Current Affairs has correspondents based in the UK and China, which ensures direct access to the most important stories from many migrants' home countries, as well as access to news contacts in many countries through staff working on our almost 70 radio language programs.

Wherever a story breaks in the world, our broadcasters can access, in language, the real stories from real people on the ground—and bring those stories to Australia, where we can also translate them into English to share with all Australians.

SBS plays a vital role by providing credible, trustworthy, inclusive, balanced and independent services which meet the communication needs of Australia's multicultural community.

SBS is the only nationally available Australian-based broadcaster providing news and current affairs services in a broad range of languages other than English (**LOTE**), and provides Australians with an unparalleled diversity of international and Australian programming.

Importantly, while migrants to Australia can now readily access homeland news and information via satellite TV and the internet, SBS delivers Australian news and information in-language—such as news on political developments, information about settlement resources, and details about Australian laws, culture and values.

There is a clear public interest in ensuring that SBS news and current affairs services are readily available and accessible to the Australian community.

Quality in news

SBS has rigorous editorial standards and Codes of Practice in place which underpin the delivery of its independent, balanced and quality news and current affairs services. SBS is constantly working to ensure that audiences are given access to reliable, accurate news. Executive Producers are held responsible for the accuracy, impartiality and balance of

³<http://www.essentialvision.com.au/trust-in-media-12>.

news reporting and SBS has a specialised in-house legal team, which provides advice to producers and broadcasters.

As an independent national broadcaster operating under the *Special Broadcasting Service Act 1991* (Cth) (**SBS Act**), SBS is subject to strong accountability and editorial standards including the requirement to maintain its independence and integrity, and to ensure that the gathering and presentation of news and information is accurate and balanced over time. SBS is also required to develop codes of practice relating to programming matters and to notify those codes with the Australian Communications and Media Authority.

The *SBS Codes of Practice* set out the principles and policies SBS uses to guide its programming. The *SBS Editorial Guidelines* guide SBS's editorial processes, and cover matters such as editorial responsibility and conflicts of interest. SBS's standards for its news and current affairs services are set out in Code 2, which requires SBS to ensure that its news and current affairs content is accurate, impartial and balanced so that audiences can make their own assessment of issues following an objective presentation of relevant information.

SBS's *World Watch* bulletins are sourced from a range of providers—government, public and commercial. SBS undertakes a rigorous process to select these news services to ensure that they are best suited to addressing the relevant communities' needs. We also ensure that audiences are alerted to the source of this material so that they can exercise their own judgement about how issues and information are presented.

In providing audiences with information about world events, SBS Radio relies on a range of sources, including overseas media services, stringers and other contacts. SBS Radio carefully monitors the contributions of international stringers, to ensure contributions meet SBS's editorial standards. As SBS Radio broadcasts in around 70 languages, there is a rolling program of translations, so that programs can be monitored for quality standards. If SBS receives a complaint about a radio broadcast, then the program is translated for assessment.

SBS Radio content producers are also expected to use their contacts, knowledge and expertise to check sources for accuracy and reliability and judge the news value and reliability of stories from non-SBS sources. These standards operate as safeguards against SBS running 'fake news', propaganda and public disinformation.

Accountability – SBS Ombudsman

SBS is accountable for its content through complaints processes set out in the *SBS Codes of Practice*. The SBS Ombudsman, who is independent of all SBS divisions, is responsible for undertaking a proper and fair investigation of complaints which allege that SBS has breached the *SBS Codes of Practice*. This complaints process ensures SBS is alerted to and can respond in a timely manner to concerns about the quality of its news and current affairs services. The findings of the SBS Ombudsman in response to a Code complaint can be reviewed by the regulator, the Australian Communications and Media Authority.

Further background about SBS's news and current affairs services provided across broadcast and digital platforms is set out at **Appendix A**.

PART C – impact of digital platforms on SBS

Impact on SBS as a content creator

The prevalence and reach of digital platforms is changing the structure of the international content supply industry. Traditional content creators, such as broadcasters, are now competing with digital platforms as international creation and distribution platforms. These changes are occurring on a global, industrial scale and will forever impact local content production output and capability.

SBS on digital platforms

SBS's presence on digital platforms has provided SBS with opportunities to reach new audience demographics, as well as retaining our existing audiences as they move between platforms.

The 2017 *Sensis Social Media Report* showed that '...usage [of social media] is almost universal among 18-29 year olds (99%)'.⁴ This is a demographic that has traditionally been difficult for SBS news and current affairs to reach on broadcast platforms. The use of digital platforms as distributors and referrers for SBS news and current affairs content has ensured traction amongst these audiences, and has led to increased engagement.

More broadly, the recently released *Reuters International Digital News Report* noted that over half of its sample (54%) uses a Facebook product at least weekly to access news.

SBS has seen encouraging growth in the delivery and consumption of its digital news content driven by greater video output. In recent years, video views have up to trebled year-on-year, while our social media engagement is also rising rapidly – a sizeable proportion of referrals to SBS news and current affairs online services come from social media.

Impact of Facebook algorithm changes

SBS also faces challenges, however, in the use of these platforms. In January 2018 Facebook made major changes to its News Feed algorithm which de-prioritised, '...videos, photos, and posts shared by businesses and media outlets...in favor of content produced by a user's friends and family'.⁵

The details of the algorithm change are not transparent, which creates challenges for content providers and audiences. Since that time, SBS has seen a marked drop in reach for its news content on the platform.

This is damaging to SBS audiences. When consumers 'like' a news outlet's Facebook page, they expect to see content from that provider appearing in their News Feed. This is happening less and less. For example, SBS's own research has shown that *The Feed*, SBS's youth-focused nightly current affairs program, has seen a 50% drop in Facebook reach since the January 2018 algorithm changes.

The use of algorithms in the provision of news also affects the choice, quality and diversity of news available to audiences.

⁴ https://www.sensis.com.au/asset/PDFdirectory/Sensis_Social_Media_Report_2017-Chapter-1.pdf

⁵ <https://www.theguardian.com/technology/2018/jan/11/facebook-news-feed-algorithm-overhaul-mark-zuckerberg>

As SBS provides such unique news services to Australians, setting it apart from the majority of other major news providers, the algorithms used by these platforms are having a negative impact on audience choice for news for the large percentage of people who use these digital platforms as a news source.

Content-sharing models

Increasingly, SBS, along with many media organisations, is required to distribute content across a number of platforms in order to reach audiences in different demographics.

SBS uses a 'self-service' model for content-sharing on digital platforms as well as an external programmatic marketing platform, for distribution of content across platforms. The importance of digital platforms to reaching audiences has resulted in shaping content to suit the platform. Content shaped to suit the platform attracts and engages the audience.

As SBS is able to include advertisements on our native platforms (for example, SBS On Demand), it is important that audiences engage directly with SBS platforms (where a greater financial return is available than, for example, on YouTube), as well as through external platforms.

International news broadcast in Australia

As noted above, SBS also broadcasts *World Watch* programming – international news broadcasts not produced in Australia. Similar to the way in which digital platform algorithms control the provision of Australian news, digital platforms also increasingly control the provision of non-Australian content to Australian audiences, and it becomes more important for the diversity of news provision that audiences are able to access services such as *World Watch*.

Digital rights

Digital platforms are increasingly acquiring digital rights for major events (for example, sporting events). Traditional broadcasters are being requested to remove news content from the digital platforms that incorporates vision of the event. In the near future, it is expected that digital platforms will bid for global rights to major events, which may either:

- prevent domestic broadcasters all over the world from showing these events on free-to-air television; or
- result in free-to-air broadcasters only being able to afford to secure free-to-air broadcasting rights, while global digital platforms have the digital rights to events – this will mean that broadcasters will not be able to show programs on their digital platforms (as audiences would expect) or promote content via social media.

Impact on SBS as an advertiser

SBS invests in social media marketing as part of its marketing mix, including advertising on Facebook, Instagram, YouTube and Twitter. Targeted social media marketing can bring audiences into the network where they can be encouraged to benefit from high quality news and current affairs services, as well as be introduced to other important SBS programming and services.

Marketing investment on social media is largely focused around significant marketing campaigns for programs and the primary objectives are to reach new audiences to help them find out more about programs and services that are relevant and of interest to them, and to drive users to consume content on our platforms such as SBS On Demand and the SBS website.

Some of our investment is also used to further build and grow direct relationships with our audiences. Social media provides SBS with a cost effective way to reach audiences with our research showing us that 17% of all audiences find out about new shows via social media. The influence of social media on viewing is slightly lower for LOTE audiences at 14%, and higher for younger audiences at 32%.⁶

Impact on SBS as a platform for advertisers

Digital platforms are also major players in the advertising market. Research published by Morgan Stanley in 2016 demonstrated the impact of large multinational companies on advertising revenue in Australia, reporting that global advertising players, such as Google and Facebook, would take up to 40% of total Australian advertising revenue for the year.⁷ This creates a challenging advertising market with existing competition from domestic media companies, as well as the introduction of international digital platforms.

SBS is a hybrid broadcaster – the majority of SBS funding is provided by government, with the addition of limited advertising revenue. SBS was regulated to be able to generate income through limited advertising in 1991. The advertising revenue generated is important in allowing SBS to invest in local content and services, and equates to approximately 25% of our budget. In terms of the broader advertising market, the revenue SBS generates equates to just two per cent of the free-to-air market.

SBS has a legislated limit of five minutes of advertising per hour across its television and radio services. Online, longer-form news and current affairs videos have short advertisements.

SBS is already constrained in the amount of advertising that can be placed on its platforms. The addition of major global players taking large percentages of the advertising market, results in less revenue for SBS. This impacts SBS's ability to invest this revenue in the production of local Australian content, news and current affairs.

Paywalls for digital services

Most of SBS's own-source revenue comes from advertising, including on SBS On Demand and other digital services. While the option of creating a 'paywall' for SBS On Demand has been raised in various fora, this is not consistent with the expectations of SBS audiences. Audiences expect free access to SBS news content given their taxes have substantially paid for it. A paywall may also limit audiences' access to SBS's digital services, which would inhibit our ability to provide our distinctive and innovative services to as many Australians as possible.

⁶ SBS data as at September 2017.

⁷ <https://www.businessinsider.com.au/morgan-stanley-global-tech-giants-are-about-to-crush-the-australian-media-industry-2016-1>.

Impact on SBS audiences

Audiences may choose to register or log in to an SBS service using their social media account, or to connect an SBS related service to a third party social media platform. Through this, SBS may collect social media account information and any other information that social media platform is permitted to share with us.

SBS uses consumer data in a way that is consistent with industry practice. SBS undertakes standard monitoring and does not sell first party data. Audiences and users are provided with detailed information on how their personal information may be used in the SBS Privacy Policy.⁸

SBS notes the recent reports of privacy breaches in relation to Facebook and Cambridge Analytica, and will continue to monitor its privacy policy and relationships with third parties.

⁸ <https://www.sbs.com.au/privacy-policy>.

Appendix A – SBS news services

Television

SBS news and current affairs programs include the following key offerings, reaching audiences from a variety of perspectives:

- *SBS World News* – brings Australian prime-time audiences comprehensive international coverage with all the main national stories of the day.
- *Insight* – Australia's leading forum for debate and powerful first person stories. Each week, host Jenny Brockie guides a lively debate on a single topic.
- *Dateline* – a weekly international half-hour documentary program.
- *The Feed* – a nightly current affairs program aimed at youth audiences, exploring the news of the day, topical commentary, pop culture, investigations, satire, and in-depth features.
- *The Point* – NITV's current affairs program investigates cultural, political and social issues from the perspective of Aboriginal and Torres Strait Islander Australians.
- *Small Business Secrets* – a magazine style program which shines a light on the small business owners and innovators, many from migrant and refugee backgrounds, playing a vital role in Australia's economic growth.
- SBS also broadcasts *WorldWatch* – international news bulletins from overseas broadcasters, in 36 languages each week. They are broadcast on SBS, and provided on SBS On Demand, as soon as possible after broadcast in the home country. This provision of news content to audiences is an important service in Australia where over a quarter of the population was born overseas.

Radio

A recent *GfK Radio Insights* study found that radio is the most trusted media in Australia and is seen as the most credible source of news.⁹ This trust in the medium is complemented by the breadth of SBS's radio offering. SBS is the world's most linguistically diverse public broadcaster, bringing nearly 70 radio language programs and dedicated digital music channels to the 27% of Australians who speak a LOTE at home.

As a public broadcaster, SBS is committed to being balanced and impartial. In this role, SBS also has a responsibility to apprise all Australians about the community in which they live. For example, SBS News publishes backgrounders on topical issues to provide context and increase understanding of key issues—such as click farms, executive orders, and the Census. These backgrounders enable all Australians to be informed and to participate in the conversations of the day, in English as well as in their first language.

⁹<http://www.gfk.com/en-au/insights/press-release/radio-most-trusted-media-survey-shows/>.

SBS's language services have historically been referred to as 'the great translator' of life in Australia, and SBS continues this tradition with the broadcast and publication of SBS Settlement Guides, which assist new migrants to navigate life in Australia.¹⁰

SBS Radio communicates a diversity of views and perspectives to Australian audiences. While migrants to Australia now have access to homeland news and information via satellite TV and the internet, SBS Radio plays a fundamental role in providing Australian news and information, celebrating audiences' cultures, and giving migrants a voice within the Australian community—all in the migrants' first language.

In addition to the many language programs offered across the schedule of our main radio channels, in March 2016, SBS launched SBS Arabic24 for Australia's Arabic-speaking community—a 24/7 multi-platform service on mobile, online and digital radio. SBS Arabic24 offers Arabic-speaking Australians a balanced and impartial destination focusing on life in Australia and a touchpoint to the rest of the Arabic-speaking world.

SBS radio programs also provide news and feature content with an Indigenous focus, introducing migrants to Australia's Aboriginal and Torres Strait Islander culture and communities and building cross-cultural understanding. Three times each week, SBS radio also presents NITV Radio (previously known as *SBS Living Black Radio*) which aims to connect, inform and inspire Aboriginal and Torres Strait Islander communities around the nation through news, current affairs, and community information.

Each SBS Radio language program is supported by an online presence, and the programs are also available for podcast so they can be accessed by listeners at any time. This has proven incredibly popular, with more than 1.5 million podcasts of SBS language programs downloaded every month.

Online

In recent years, an 'integrated newsroom' structure has been established across SBS television, online and radio. Collaboration and multiskilling have been key factors in the One Newsroom success and allowed the SBS News and Current Affairs team to improve the production quality of content while intensifying the focus on the SBS Charter, and making stories more relevant to audiences.

SBS news and current affairs services have also had a boosted presence across digital platforms focussing on international news and Charter-aligned domestic content with an increased focus on video output.

¹⁰ <http://www.sbs.com.au/radio/settlement-guide>.

SBS endeavours to ensure that the most important stories have a life beyond a single platform. Key stories, entertainment and investigations are covered across radio, television and online. SBS has also carried out joint investigations, including an investigation with Fairfax into the Australian visa market, in late 2017.¹¹

Home assistants

Since February 2018, *SBS News* audio bulletins have been available on the Amazon Alexa and Apple Homepod web-enabled voice-controlled personal assistants. This provides audiences with the opportunity to request to hear the latest news bulletin from SBS Radio.

This partnership has been at no cost to either party. SBS's only investment has been in developing the technical capability to ensure that our podcast is compatible for each of the platforms. SBS is committed to giving audiences greater access to quality, in-depth news and current affairs on platforms and devices that are most convenient to our audiences.

¹¹ <https://www.sbs.com.au/news/the-feed/visa-scam-victims-come-forward-in-response-to-sbs-fairfax-joint-investigation>.