

**Australian Broadcasting Corporation**

**Response to Convergence Review**

**by the**

**Department of Communications, Information**

**Technology and the Arts**

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# ABC Response to Convergence Review Issues Paper

## 1. Introduction

The ABC welcomes the opportunity to respond to the Department of Communications, Information Technology and the Arts' Issues Paper for the Convergence Review.

The ultimate impact of convergence of broadcasting with other services is difficult to predict and remains very speculative at the present time. As the Issues Paper notes, digital technology has yet to be embraced by broadcast delivery networks. It is also difficult to make useful policy recommendations in advance of the enactment of the basic regulatory framework, for example, clear definitions of datacasting and enhanced television. In responding to the Department's Paper the ABC discusses its plans for digital conversion and convergence, and addresses issues of particular concern and interest to the Corporation.

While the ABC is a major participant in the mixed economy of the Australian broadcasting industry, it is governed by a different regulatory regime to the other broadcasting sectors, and is not affected by many of the considerations which are important to the commercial sector.

The ABC has a central role in Australia's media and cultural production industries. It operates and produces across a range of media wider than any other organisation; television, radio, online, print, recorded music, audio tapes and videos. The ABC produces its own programs, participates in co-productions and commissions programs from independent producers. Through these activities the ABC provides the content and broadcasting industries with resources and talent, and fosters a collaborative environment which contributes significantly to Australia's vigorous creative cultures.

The ABC is uniquely placed to play an important role as the convergence of broadcasting with other new services becomes a reality. Digital technology, and the convergence of broadcasting and content production industries with telecommunications and information service industries, is likely to be characterised by a plethora of choice. Audiences in the future will have access to a vast quantity of domestic and international programming along with new methods of receiving and interacting with these services. Vertically integrated multinational companies are likely to become the producers, sellers and broadcasters of content. Arguably it will be even more important for Australia to have an adequately funded, independent national public broadcaster of sufficient scale and scope, in production and broadcasting terms, to offset some of the consequences of globalisation and audience fragmentation.

Digital television will be the gateway to multimedia for many people. Access to innovative new services alongside traditional television will, to some extent, facilitate the active participation of many Australians in the emerging information society.

The full participation of the ABC in delivering digital services will ensure that all Australians can have access to comprehensive and innovative programming, irrespective of their private capacity to pay for additional channels and services. A digital television receiver or decoder will become the entry point for many Australians to the Internet and the information society.

The ABC currently operates in both analog mode - in its radio and television broadcasting, and digital mode - in the delivery of content via the Internet. To this extent, the ABC has converged its radio, television and online operations facilitating the multiple use of content across different

media. Following conversion to digital television, there will be greater convergence as content gathered and produced for one medium can be converted or modified for use in a range of other programming forms without loss of quality.

## **2. Impact of Convergence**

### **2.1 Convergence and the ABC organisational structure**

In December 1996 the ABC introduced an organisational structure known as *One ABC*. The major objective of this initiative was to prepare the Corporation for the transition to digital broadcasting and reshape the ABC into a comprehensive cross-media corporation capable of responding to changing technologies, economies and audience needs.

The success of the ABC's Internet service, *ABC Online*, illustrates the benefits achieved through reshaping the ABC into a multimedia organisation, and by the convergence of broadcasting and information technology. *ABC Online* generates content through the multiple use and re-purposing of material from throughout the Corporation. It also enabled the development of cross-media production skills in creating content for online and broadcasting purposes. This approach has enabled the ABC to provide wide-ranging programs of broad appeal and specialist programming cost-effectively. It offers audiences informative and entertaining ways to engage with the exciting possibilities of the emerging environment.

### **2.2 Impact on Television**

***Program purchase and sales.*** In broad terms, as the Issues Paper notes, convergence and the increased number of entrants in the field of content delivery may have impacts on program purchasing and sales. The demand for content could have either a positive or negative impact on the ABC; it could send prices beyond the reach of the Corporation, or could earn the ABC more revenue through program sales. The entry of international content providers through subscription services and direct to home satellite is also expected to have an impact; broadcasters who are transmitting programs directly to Australian audiences may not wish to sell those programs to the ABC. The ABC is maintaining its good relations with its traditional markets and keeping a close watch on developments overseas to assess any possible impacts. However, it is too early to speculate on what these developments might be.

***Program rights.*** Of greater, more immediate concern to the ABC, is the issue of rights clearance and most efficient ways to obtain, manage, protect and use new and existing rights over content in the new environment. Contrary to the discussion in the Issues Paper, the ABC believes that rights management in a convergence environment cannot be separated from other concerns. For example, there will have to be clarification of the definitions of 'runs' (transmission of a program) and whether they refer to simultaneous runs on digital and analog, HDTV and SDTV. If additional royalties are payable it will have a significant impact on programming costs. Likewise, there will be rights and royalties issues in the re-use and reversioning of material for online, datacasting and multi-channel delivery. The copyright interests of underlying rights holders and broadcasters must also be addressed. Rights must be dealt with in a manner that takes account of a way of communicating that does not rigidly distinguish between different media formats. Current copyright law is based on technology specific categories. The Parliament is still to deal with relevant legislative changes.

***Television production*** will be affected by the advent of digital broadcasting and its convergence with online technologies. Initially there will be changes in production operations and work

practices as new equipment will require new skills and techniques. The ABC is preparing for these impacts through the cross-media training of its workforce, negotiating new workplace agreements, and piloting programs using new production techniques and presentation styles.

**News and current affairs** ABC News and Current Affairs has begun to develop cross-media production and the multiple use and reversioning of content. The integrated newsroom combines the strengths of radio, television and online. Common newsgathering teams pool their knowledge, promoting a productive exchange of ideas and avoids unnecessary duplication. Production costs are lowered while the range of news coverage is strengthened and diversified, particularly in regional areas. There is more effective use of specialist expertise between news and current affairs programs, and opportunities are created to improve cross-media production skills.

#### **The cross-media newsroom**

The integrated digital newsroom features adjustable multi-purpose work stations where journalists can research, interview, record, edit and even present stories from their desk if they wish. There is immediate access to radio studios, edit booths, transmission and news exchange. Output is directed from a central assignment desk and available for multiple use on radio, television, online and, in the near future, datacasting.

**Transmission.** In order to maintain its ability to deliver ABC content to Australians wherever they live, the ABC must have the ability to deliver content using the most appropriate of any of the technologies available; be they terrestrial, satellite or cable.

### **2.3 New Services**

Convergence of digital broadcasting and online will present remarkable opportunities for new program types, scheduling and styles of production. When digital television commences the ABC will be introducing two additional services; *ABC Plus* and *ABC Interactive* (conceptual working titles). These will be available for viewers with digital television sets (High Definition or Standard Definition) or set-top box digital decoders, or access to ABC services retransmitted on cable or other subscription services.

**ABC Plus (ABC+)** will be a State and Territory presented service which will include three major programming themes; children's, learning and information.

**ABC Knowledge** (conceptual working title) will include a broad range of easy to follow, subjects presented in informative and engaging ways. In developing this service the ABC will form joint partnerships with content providers such as universities and overseas broadcasters. Cross-media pathways and interactive links will be developed to enable audiences to participate in discussion, explore their interest in greater depth, test their knowledge through games and simulations, obtain specialist advice, and enrol in formal courses.

**ABC for Kids** (conceptual working title) will offer audiences the choice of distinctive, high-quality, children's programs (including Australian programs) across the day. It is designed to encourage Australian children to engage with their world, with a particular emphasis on non-passive viewing via appropriate links to both *ABC Interactive* and *ABC Online*.

**ABC Info** (conceptual working title) is designed to provide audiences with general information programs produced across the country for local, state or territory and national audiences.

This stream will build on ABC radio strengths in specialist and local information programming. Schedules may include consumer programs on such topics as health, business, the arts and popular culture. There will also be news updates and weather bulletins, short snapshot coverage of local events and community issues with local feedback options via online

## **2.4 Audience and user participation - interactive television**

Digitisation and the convergence of broadcasting and online services makes genuine interactivity between users and producers possible.

*ABC Interactive (ABCi)* will be another ABC digital programming stream. Interactive television with its immediacy and capacity for localism and audience participation will be a significant digital television service.

A range of benefits will be available on *ABC Interactive* including high-performance Internet-like services through the television set. Parts of the service will depend to some extent on available technology as it will need to be supported by receivers and set-top boxes capable of significant data storage. When this is available, audiences will be able to select material of interest at times suitable to them, without the restrictions of normal programming schedules.

*ABC Interactive* will be a user-friendly service which will build a bridge between passive television viewing and ultimately fully interactive television. Because it is delivered by the ABC, the service will be free-to-air.

The bandwidth normally assigned to a standard definition digital channel will be needed for *ABC Interactive*. Evidence from the United Kingdom (where interactivity is proving to be a strong driver of digital television up-take) suggests that this amount of spectrum is required for the delivery of interactive services.

To be introduced as soon as practicable after 1 January 2001, *ABC Interactive* will offer interactivity and immediacy of service delivery (within the limitations of first generation sets), including:

- ◇ text based services, available on demand - program enhancements such as biographical information, transcripts, sporting statistics;
- ◇ opportunities to contribute and participate in programs in conjunction with *ABC Online*;
- ◇ ABC national and regional news programs (in video format) regularly updated on a 'carousel' system;
- ◇ an electronic program guide to assist viewers find programs within the ABC's expanded schedule;
- ◇ live broadcast of public events, major parliamentary debates, regional and community information and press conferences scheduled without interruption to regular programming;
- and
- ◇ a safe interactive children's site with onscreen educational games.

## **2.5 Audience and user participation - the community online**

**Online services**, delivered via telecommunications infrastructure, have been the advance guard of the digital revolution. Over the past four years the ABC has achieved significant growth in

audience usage of its online services, in parallel with the growth of Internet usage in Australia generally.

The ABC's model for online services has been based on leveraging content sourced from across the ABC's program departments, combined successfully with the Internet's capacity for interactivity, multi-layering and mixed media. This model has ensured that the ABC's service was developed cost effectively. It has also ensured that the ABC's extensive regional operations have an important new outlet in the new media environment.

Plans for future development of *ABC Online*, given the necessary resources, include:

- innovative Australian new media content;
- content which facilitates community involvement and expression;
- increased gateways to specialist information;
- increased range of interactive content, including children's and educational services; and
- a more effective intermediary for cultural content - including the visual and literary arts.

**Community links.** The ABC is proud of its community links through metropolitan and regional radio. These relationships with communities across the country form the basis of the vital contribution the ABC can make in the digital environment. In a single interactive service, the ABC will integrate local information, record local stories, facilitate community participation in local events and be a vehicle for community access to a range of services.

New community online services will be a key component of the ABC's extended services to local communities. *ABC Online* will be a key component of this service over the coming three years, and has already begun developing this service.

#### **The Backyard - [abc.net.au/local](http://abc.net.au/local)**

The Backyard is Australia's most extensive network of Internet sites connecting the ABC's 57 metropolitan, local and regional production centres throughout the nation.

The site brings local voices to the nation and keeps people in touch with what's happening in their own neighbourhood, in other communities and in cities across the Australia.

It's not just a two-way link between city and country, but a 57-way web-site bringing people together in ways never before possible. Each site reflects the unique flavour of each region. Navigate by postcode or map layout to check local news, events diaries, tourist guides, community information and pages that invite public interaction. As well as providing the kind of service that is becoming essential in contemporary society, *The Backyard* represents a vital step in the ABC entry into the challenging new media environment.

The ABC is trialing a more complex community centred website - *Australians Online*. Moderated by the ABC, this site allows local communities to publish their own information, ranging from event diaries, community notices, local sports results, debates about community issues and detailed local histories. (see: [gippsland.centenary.net.au](http://gippsland.centenary.net.au))

## **2.6 Access and decentralisation - regional and local communities**

With its spread of resources and strong regional presence throughout the country, the ABC is in a unique position to ensure that audiences across Australia share directly in the benefits of digital technology and convergence. In addition, the diversity of programming services provided by the ABC ensures that a wide range of audience interests are served.

The digital environment offers unprecedented opportunities to extend programming choice and interactivity to Australian communities everywhere, providing a degree of local influence in programming decisions.

The ABC is committed to ensuring that all Australian communities benefit from digital broadcasting and online technologies. In the next few years, given adequate funding, the ABC plans to transform all 57 regional radio stations into multimedia centres capable of producing content for radio, online and television (including datacasting).

A number of new initiatives to improve services to regional Australia have been planned, for implementation over the next three years, depending on available resources. These include:

- ◇ the further development of regional online services through a community publishing initiative;
- ◇ the availability of State/Territory and regional programming on new digital streams, *ABC Plus (ABC+)* and *ABC Interactive (ABCi)*;
- ◇ decentralisation of high quality television drama production to all States and Territories, provided that appropriate partnerships can be developed;
- ◇ increasing the amount of performance recorded in smaller cities and regional areas and broadcast on ABC radio, television and online.
- ◇ the expansion of production resources in regional Australia; and
- ◇ the development of a prime time program on the ABC's simulcast analog/digital channel which brings regional Australia to the attention of the nation.

Metropolitan and some regional radio stations have already been equipped with cross-media production equipment. Communications links and desktop technology have been upgraded, and in some areas small digital cameras for video production have been provided. The impact of these initiatives can be seen in the enhanced online presence from regional centres, documentaries, and video stories from a number of regional centres.

In 1998, the television series *Radio Pictures* was produced in Western Australia using an innovative production model. Regional radio broadcasters were trained and equipped with small cameras and assisted in filming, development of program storylines and program scripting. The radio staff appeared on camera and voiced the episodes. The resulting programs were commended for their accurate portrayal and high level understanding of each regional community.

Using *Radio Pictures* as a model, a new weekly series showcasing regional Australia is planned for the ABC's main simulcast analog/digital television channel. Each program will be hosted by an ABC regional broadcaster and will include stories from regions throughout the country. The production of these stories is dependent upon regional centres receiving digital equipment. A pilot program is under development in Western Australia.

## **2.7 Other convergence issues for the ABC**

**Radio and convergence.** Under *One ABC* radio has become increasingly integrated with television and online, as described above. However, convergence will not be a major issue until legislation is passed for the commencement of Digital Radio Broadcasting (DRB) services. While the Minister for Communications, Information Technology and the Arts has announced that planning processes will allow for the commencement of DRB services in Australia from 2001, the introduction of legislation has not yet been announced.

Like all other radio broadcasters, therefore, the ABC does not know what services it will provide, nor the possible impacts of convergence. The ABC will continue to test potential applications for DRB and participate in digital radio trials to ensure it is fully prepared to commence DRB once the legislative and regulatory environment is defined.

**ABC Enterprises** activities include publishing, retail, distribution and licensing, sale of ABC television programs and the hire of ABC production facilities. The ABC does not believe the impact on its retail or other activities will be immediate or dramatic.

Over time convergence is expected to affect some of the ABC's publishing and retail activities, but this is expected to be gradual. For example, the increasing ease for consumers to download music via the Internet may have an impact on music distribution. Again, once users of ABC services have the technological means to download content directly from services and store it electronically, there could be an impact on the sale of programs and videos. There is no impact expected on other areas of publishing, such as books, for some time.

ABC Enterprises has positioned itself to develop new means of exploiting the commercial aspects any new distribution means arising in the converged environment. It is also prepared to confront any threats presented by new technologies and convergence. ABC Retail has established on-line purchasing facilities which currently accounts for less than one percent of total sales per year. Like the rest of the record industry, ABC Contemporary Music and ABC Classics are watching developments closely and examining options to distribute music over the Internet.

Program sales and facilities hire may also be affected by digital conversion and convergence. However, it is not known whether the impact will be positive or negative. Depending on demand, if the ABC does not have up-to-date equipment and facilities it may not produce adequate revenue from this area. If it is one of the few facilities to provide the latest equipment, revenue could increase.

A positive impact could also result if an increase in the number of content providers creates a greater demand for ABC content and programs sales revenue increases.

### **3. Policy issues**

#### **3.1 The Australian media and content industries.**

The ABC supports the maintenance of a mixed media environment and sectoral balance within the broadcasting industry. National public broadcasting is an important element in this mix, adding diversity, balance and range to the services offered by the commercial sector. The ABC must have a presence on all major broadcasting platforms.

The ABC has been an important part of the media mix in Australia since broadcasting began. It has played a critical role in the development of radio, television and online. In order to preserve the uniqueness, range and diversity of the Australian media in the new environment, national broadcasters must be able to deliver the whole range of services made possible by digital technology and convergence.

The broadcasting industry has not yet fully embraced digital technology. Communication technology is rapidly evolving and new applications are emerging in the sector on a daily basis. It is not known what will be possible in twelve or eighteen months time. When the date set aside for the commencement of digital broadcasting is reached, other new applications may also be available.

The major consideration in the ABC's view, is to keep regulations, technical standards and policies as flexible as possible so that the greatest range of digital services will be available to Australian audiences. The ABC believes it is also important to retain flexibility in the use of the digital spectrum to allow timely responses to evolving audience preferences. This mixed approach will help ensure that the future of digital broadcasting in Australia is determined by audience choice in a system that respects both commercial and non-commercial imperatives and values.

Economic objectives will need to take account of social objectives in cases where, in order to achieve a social outcome, it may be necessary to impose regulations which have an economic impact.

#### **3.2 Social objectives.**

The ABC believes it will remain necessary to regulate for social outcomes in a converged media environment. Such objectives as promotion of national identity, cultural diversity and media plurality will remain fragile in an industry which is dominated by content from international sources.

It is recognised that it may not be possible to impose regulations of the traditional kind on content services delivered from non-Australian locations. However, this should not release providers of services from obligations to the users through whom they profit. Other means, such as a requirement to spend a percentage of revenue on local content, or other patronage goals, can be imposed. The intrusion of international services into Australia makes the nurturing and promotion of local cultures all the more important.

In this environment, comprehensive public broadcasters with an explicit obligation to contribute to a sense of national identity, to inform, entertain and reflect the cultural diversity of the Australian community, will be of particular value. They will be crucial to a sense of national well-being, confidence and competence.

The ABC emphasises that one of the most efficient and effective means of forming and maintaining national identity, providing for diverse cultural needs and media plurality is by maintaining a healthy, well resourced public broadcasting sector.

The explicitly Australian focus of the ABC will be an important touchstone in developing content that makes sense of the local in an increasingly global media world. As such the national broadcaster will contribute to the cultural, social, civic and educational well-being of Australia in the global information economy.

#### **4. Conclusion**

The ABC would like to end by noting the words in the draft report of the Productivity Commission review into broadcasting:

"The directions and speed of convergence are unclear, but the fact of continuing change in the media and telecommunications industries is certain. However, as suggested in a recent united Kingdom report (Department for Culture, Media and Sport, 1998), there is a false choice in the notion that government must decide between a wholly new policy framework to accommodate change, or the regulatory *status quo* because sufficient change has not yet occurred.

The main lesson to be drawn from recent history is the need for regulation which is, as far as possible, technologically neutral."

The ABC supports a flexible policy approach to convergence, but one with clearly objectives to achieve the social and cultural outcomes Australia has traditionally upheld in the development of its media and telecommunications industries: strengthening national identity and cultural diversity; fostering local talent and skills; promoting media plurality, quality and innovation; and maintaining community standards. One means of achieving these outcomes is by endorsing the merits of Australia's mixed media economy, and maintaining a strong public broadcasting sector.