

# Mark Scott

## M.I.A.T Lecture

### Pennant Hills Golf Club

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I have a few pictures to show you, if a picture's worth a thousand words I've got a little novel up here to show you, so if you want to be in a position where you can see the screen then that might be worthwhile later on.

Um, an event like this...you might think it's a gathering of the Beecroft Forum, I myself view it as a shareholder meeting. Like all shareholder meetings, you wish us well, but you may feel that we've let you down a little bit over the years, but I'm really pleased to be able to come and give you a report tonight on the state of the ABC, your ABC. You fund it, it belongs to the Australian people, and it's belonged to the Australian people for 77 years. And as Mal says, it is very, very rare anywhere in the world where you have a broadcaster like the ABC, that is fundamentally, almost totally funded by the population, not even through a license fee or a taxation regime, just paid for by the taxpayers out of tax revenue. And even though we have forty shops and eighty centres, and we sell books and CD's and DVD's, 97-98% of our money comes from the Australian taxpayer. And that is very, very rare in the world. And I can tell you that there are other public broadcasters around the world in places like Canada, and New Zealand, and Korea, many others that have gone down the road of a split model where they've partially been funded by the taxpayer, and partially been funded by advertising and without exception they are all strikingly weaker, and less robust than the ABC has, has emerged over the decades funded by the Australian people.

It might be a shareholder meeting, I view it as a dangerous crowd, there are people here who have known me for a long, long time. And if they could just do me the courtesy of not reminding anyone what I was like at 14 I think we'd all appreciate that and a special welcome to my Aunt who is here, who is to take notes and report back to the family...and I'm delighted that so many of you have been able to come. Let me talk a little bit about where the ABC is today, and then I want to talk with you a bit about where we're taking this national broadcaster in the years ahead.

This is where we are today; one of the things about the ABC that you realize, or I realize, when I moved to the ABC is just how big and vast it is. And how enormous its reach is. We broadcast on 60 local radio stations around Australia. And that broadcast takes us to basically where 99% of Australians

live and work. And, the reach is everywhere. Um, in Australia we broadcast at the moment on two television networks, ABC 1 and ABC 2. We have 5 radio networks, the local radio network and then 4 national networks; classic FM, news radio, Tripple J, and Radio National. And then we have a suite of on-line services as well. And then largely unseen to the Australian public is our international network. Radio Australia, been going strong for 70 years, it had a near death experience a decade ago, it survived that, and is now doing really very, very important work in the pacific in particular but also in Asia. And also our international television network, Australian network, broadcasting into 44 countries into the region. Um, and including into India, where Australian network goes head to head with CNN and the BBC and attracts large audiences, taking ABC news and current affairs and the best of Australian television into the region.

One of the interesting things I think about the ABC is that we're very important here in Sydney, and we have a strong presence with 702, and our television service, and our online service, but the ABC is more important the further you get away from the big cities. And you travel to regional centres into country towns, where there's far less media, far less information available and far less choice, the ABC is the lifeblood of those towns and those communities. And one of the remarkable things about the ABC I think is its ability to join up all Australians no matter where they are, in a common conversation. So it doesn't matter if you are living in the biggest cities or the smallest towns, one of the things that you have in common, one of the things that makes Australia unique, is the ABC. And when the ABC turned 75 the SMH ran an editorial that said.."we'd still have an Australia without the ABC but it wouldn't be this Australia". This Australia owes much to the ABC, and together it's something that we've all shared.

We reach most people through television, and what I can say about television now is that last year we had the largest share off audience, since the people-metre system began about 20 years ago. And one of the interesting things that we find is that audiences aren't the most important thing; we don't just programme the ABC to attract the largest audience. We have a charter to inform and educate, and entertain the Australian public, to provide distinctive broadcasting that you can't see and wouldn't be found elsewhere on commercial media. And what we found last year as we did that, audiences were coming to us in stronger and stronger numbers. And this type of programme, this is a photograph from "The Gruen Transfer", absolutely passes the test of only something that the ABC could do. Because no commercial network is going to run a television programme, critiquing an add, and then run that add in the commercial break a month later. But one of the things that was interesting about our television year last year was that we didn't have any huge programmes that were attracting enormous ratings, we didn't have a Sea Change, or a "Kath & Kim" last year, but it was the consistency in a sense of what we were offering that really drew the audiences to us.

Whilst television reaches more people, I think radio is the absolute lifeblood of the ABC. And part of that lifeblood is local radio which I think is the spine that

really connects the country. And then we have these four national networks that generate great passion and very very loyal support. And one of the things about radio that makes it so powerful is that it's so personal, and I was talking to one of our trainers who works with our announcers and they said to me "You can pick a great radio announcer or someone whose going to be a great radio announcer because that's the kind of person you'd be happy to get in a car with and travel for many hours together, because when you turn on the radio that's what you do. There's that voice, there's that presence, there's that person who you are listening to, and personally connecting with for many many hours." And local radio is very, very strong, the audiences that we are getting for local radio are about double the size they were 10 years ago. But the national networks really generate great passion and great commitment. And there's nothing anywhere like radio national that has a combination of what we call flow programming like Fran Kelly doing the breakfast programming, then specialist programs around a range of issues where we have radio broadcasters, some of the people spend weeks preparing the program that may only take half an hour or an hour to go to air, but specialists detailed preparation delivering that programming as well. And so radio generates great passion, generates great debate, and we have iconic figures like Robin Williams who started doing the science show when I was in primary school, and still charges on week in and week out with great zest, great energy, and great enthusiasm providing the kind of broadcasting that we think only the ABC can do.

One of the interesting things that we face is that the media world is changing on us. And I think one of the areas where it is changing on us is in the area of news, because in contrast to the world where many of us grew up in, commercial radio is no longer really doing serious news or current affairs. You might find one or two announcers like an Alan Jones who will talk about the events of the day, or there'll be someone in Melbourne similarly like Neil Mitchell, but most commercial radio news rooms you'll find one or two people working and operating. Where as at the ABC, we have these news rooms that have a thousand journalists, twelve international bureaus, at any one time forty news crews that we can send out. All providing serious news and current affairs; that fuels our radio service, our television service, and increasingly our online service as well.

And it's very interesting; we had very large audiences last year around programs like the 7 o'clock news, the 7:30 report, Four Corners, and Lateline. And I think one of the reasons for that is the kinds of stories that we are covering now are very important. It's almost impossible, certainly never in my life time, had there been a sweep of stories that you had to cover that have had the gravity and the significance of what we are facing now: the greatest economic crisis in 60 years, the possibility of grave environmental damage causing long term consequence, the impact of the rise of fundamentalism in parts of the world, Australia engaged in a war in two different fields. All stories that are important and are affecting global issues but having a local impact as well. And we find as we do news and current affairs seriously, the audiences are coming to us in bigger and bigger numbers, and that's partly because of what we are doing but it's partly because of what the commercial

networks are doing. And back in the era when there were the big media proprietors where people like Kerry Packer ran channel 9, he was willing to run a big news division, a loss making division, because he was a proprietor, it was his money and he could do what he liked. But now you actually have a private equity investment firm that run channel 9, they're not interested in making a medium or long term investment, or preserving the brand or building a great news team, they need to make as much money as they can or to stop losing as much money as they're currently losing. And so that means the kind of investment that's needed to do serious news and current affairs is not being made anywhere in commercial media now, so the responsibility on the ABC to be able to deliver serious news and current affairs, long form programs like Four Corners, having international bureaus around the world, programs like AM & PM, the responsibility and the burden on us to deliver those kind of programs I think are greater than ever before. And that's even more the case when you consider what is happening to newspapers. Newspapers around the world in crisis because of the impact of the internet is making on the business model of newspapers that has existed for a long long time.

In recent years we have moved aggressively onto the internet, and we have more than 3 million pages on abc.net.au I know that because my colleague here Peter Walsh counted them all for me. We think that abc.net.au is the second largest media site anywhere in the world, second only to the BBC. We moved onto the internet early and we have a sweep of offerings there: news sites, program sites, a range of different details as well, and I'll talk a little bit about our movement into online later on.

You might not be able to see this but I think it's significant and I'll explain it to you. This is the latest report done by the AC Nielsen company on Australia's internet and technology usage. And what that shows is that in 2008 for those that have the internet, those that have the internet are now for the first time spending more time online every week than they are watching television or listening to radio. And the internet as a way of communicating, a way of broadcasting, a way of engaging with audiences, is growing at an exponential rate and will grow even more as fast broadband becomes available everywhere in the country. What is interesting here is that television viewership is not declining, but more and more people are spending time online, and if you're between 16 and 29 there's a dramatic increase in your online usage. But this is interesting as well; this says which media do you prefer? And if you are an internet user, 49% say that the internet is the most preferred information source, more than double television, three times the number who say that newspapers are their most preferred information source. And then when it comes to the question: which media outlet would you be lost without? 39% almost 4 in 10 say that the internet is the one they'd be most lost without, but if you go further down 15% say mobile phones. So we have the remarkable transformation of media that many of us would have not been familiar with a decade ago, has now become the most indispensable media for half the population and that is a trend that is only going to grow, that is a trend that is even stronger with younger audiences, that is a trend that represents a major major challenge to the ABC.

And Mal suggested in his introduction that at times I must feel the burden that everyone is a critic of the ABC I actually feel this is a wonderful job to have because really everybody loves the ABC, I am responsible for running the most popular organization in the country. We do research and surveys that are very very consistent and they say that 90% of the Australian public believes that the ABC provides a valuable or very valuable service. I am sure that there is not a more popular organization frankly than the ABC. But part of the weight and responsibility that falls with that is the question about of whether the best days of the ABC lie behind us? And that if you're leading the ABC now you are actually leading it into a general decline, or whether you can renew and transform the ABC to make it as vibrant and relevant and compelling in a new digital media era as it has been in the past. Because I think in the future we are going to do radio, radio will be with us for a long long time, television will be with us for a long long time, but digital media gives us new opportunities to do new things.

Let me talk a little about digital media, because we hear about it a lot but what does that really mean? Let me just give you a few examples. You probably grew up like I grew up, or in your home there was old channel 2, the ABC channel 2, and we used to broadcast that in analogue. In digital media using the same amount of spectrum we'll be able to broadcast three or four television channels. One of the things that digital media allows you to do is broadcast more content, more channels, and that's why in digital media we already have ABC1 and ABC2 and plans for more channels. But also digital media allows the audience to not just sit and watch, it allows the audience to contribute and play back. Let me give you some examples, you'll remember this man James Dibble Reading the 7 o'clock news, and your recollection about James Dibble was probably mine that he was there at 7 o'clock every night and you knew that, you knew that James isn't there, where's James gone? There he is. Now, James, James is on at 7 o'clock every night and we knew the rules of James didn't we? The rules of James was that James was on at 7 o'clock every night, in fact I think there was a big clock that counted down to 7 o'clock so you knew that it was 7 o'clock in time for James. Do not turn up at ten past seven and expect James to read you the news, he was on at 7 o'clock, and if you missed James you knew that you had to come back and be on time tomorrow night at 7 o'clock to get the ABC news. That's no longer the way that media is going to be.

Audiences now want the news at the time they want it, on the device they want it. They're going to want to go to television and see the latest news, the latest stories, the latest headlines, not at the time that it's timetabled but at the time that suits the audience. They're going to want to go online to get the latest news, they're going to want to punch some keys on their mobile phone and get the latest news. And part of the challenge of the ABC is to have a transformation that we are not just delivering the news at 7 o'clock but delivering you what you want, which is the latest news up to date on television, on radio, online, on a mobile phone no matter when you want it. And let me just show you a little bit of some changes we are making now around the way we deliver news. [video presentation]

I might just pause that there because the sound isn't terribly good, but that was some footage we've done around a new three hour news breakfast program that we are showing on ABC2, our second digital channel. Again a totally different kind of program for the ABC, not just available at 7 o'clock but almost like a live radio program that we are broadcasting in the morning, taking advantage of the full resources of the ABC to put this program together. So the prime minister is being interviewed on AM we cut live from the television program to cameras that we've put in the AM studio to broadcast that radio interview not just on radio but live on television around the country as well. And similarly with our online service, to have all our reporters not just reporting for radio and television but for online as well. So you know that you can go to abc.net.au and have the very very best of ABC reporting, the latest video footage that we've taken up to date up to the minute available to you. Quite an interesting transformation. And we can do that because we are learning those skills and because digital media has given us an extra channel in which we can do it.

Because I know that if we'd taken off the children's programming to run a news program on ABC1 then I would have received 15,000 letters in a day and a half. Now we've got some familiar faces up on screen now and this is from Play School, and this is another area where we are making arguments to government about giving the ABC more funding so we can do more in this digital era. And what we are saying to government is that if there are going to be more television channels we should create a children's television channel. And this children's television channel would be commercial free, largely Australian content, and delivered free of charge into every Australian home. Now we have a funding proposal that's before the government now on this, we certainly would not be able to afford to do it unless we get the funding from government to deliver it. But we believe that the ABC has been the trusted brand in children's television for fifty years, it's been the babysitter parents can trust, and that if anybody should be doing a children's channel it should be the ABC. And if we're going to have not four free to air channels or five free to air channels, but fifteen or twenty free to air channels then one of them should be a channel for Australia's children and that channel should be delivered by the ABC commercial free into every Australian home.

And so, so that is the kind of thing that we would like to be able to do with digital media, so we'll have ABC1 running traditional programming as we've known it, ABC2 which will have some of our news content but also programs for younger audiences, and then ABC3 which would be a channel designated for Australia's children.

Another area that we're talking to government about and we're very keen to do more on, is Australian drama and Australian documentaries. It has been a criticism of the ABC, and friends of the ABC have made the criticism, many have, and the ABC has conceded itself that we have done far too little Australian drama in recent years and that is simply a factor of cost. A top quality new Australian drama costs somewhere between \$750,000 to \$1mill an hour to make. That's what I thought too when I got there and said 'there must be a mistake here, how can it possibly cost that much?' And it does.

And if you look at the top series that come to Australia from the United States something like CSI or Law and Order or something \$5mill an hour to make those, its really terribly terribly expensive. And so the ABC having suffered real funding cuts over twenty years, that was the area that we reduced our level of activity. Well our argument now to government is that particularly with the kind of pressure that commercial media is under that unless the ABC is telling the Australian story in drama and documentaries then we don't think commercial networks will be able to afford to do it. Because if you're a private equity firm and you own channel 9 or channel 7 you are trying to maximize your profit, and by and large you won't maximize your profit by spending \$1million and hour to make a television show, when you can buy one from overseas for \$50,000 an hour or \$20,000 an hour. And our argument is that we are uniquely placed to deliver Australian drama and Australian documentaries to the public but we need significant additional funding in order to do so.

The digital media doesn't just allow us to broadcast more it allows us to do different things, and one of the things that it allows us, and encourages us to do is to let our audiences participate in the media experience. And one of the ways we have done that in recent times is with the Gruen Transfer. [video presentation] That's from the Gruen Transfer last year 10,000 people made ads using the tools that we had created on our websites and sent them in to the Gruen Transfer. So that is us creating a website, using the television show to encourage our audience to participate, allowing them to use their credibility, and having the best of the ads that they made broadcast to the nation. So it means that television is no longer simply the case of broadcasting at an audience that is sitting on a couch, but it is allowing our audience, if they want to, to participate in the experience. And if you have younger children or grandchildren one of the big differences I think about their media experiences now, is that they don't just want to just sit and watch they want to participate. They don't just want to watch videos they want to make videos, and then they want to share those videos with their friends. That's what sites like Facebook, and Myspace, and Youtube, are all about; participating in creating in the media experience. And if in fact the ABC is to be as relevant to that generation we need to be providing them with the tools and opportunities where they can do that as well.

Its not just a case of doing that on shows like the Gruen Transfer, shows like Q&A are doing this for us as well. Now you can make an argument that says that the ABC for a long time had student audiences in, you can think back to a program called Monday Conference where Robert Moore would ask the questions and audience members could ask questions as well. But now what we are doing with a program like Q&A is we are having a panel of people ,topics of discussion, the audience is asking questions, but we're asking the audience at home to participate as well. And last week more than 2,000 questions were sent in by our audience to ask questions of Senator Steven Conroy. And, as well audiences can text messages in using their mobile phone, or they can send a video in of a question in and ask, so its an opportunity for our audience to get really engaged in the conversation. [video presentation]

Now I was a little worried about that because I'm the one to get that minister to get a billion dollars a year for the ABC. So I was watching with nervous sweat on my brow more than most people, but it is interesting to me that there is a new emerging social networking site called Twitter. And Twitter allows people to send short messages, Margaret over there is shaking her head - she doesn't understand Twitter, you do? She's onto it. Now, now I was on Twitter last week when Steven Conroy was on air because what was interesting was there were literally hundreds and hundreds of messages that people were sending in Twitter providing commentary on what was happening in television. As they were all commenting and critiquing what Conroy had to say and evaluating it, and these messages were just flying around and every time I refreshed my page there'd be dozens more messages that had been sent off in the last few seconds. And that said to me what's happening here is the ABC has got the studio and we've got the talent in the studio audience, we're providing opportunities for the audience to ask questions, the audience at home to ask questions, but now the audience is actually having a conversation itself irrespective of the ABC and in a sense we've created a community out here that is engaging and interacting with each other. And I hope taking advantage of the new technology and allowing the full range of audience voices to be heard. You can say that when it comes to audience voices being heard the ABC has been in this business for a long time. Talk back radio is an example that we can use for the best part of fifty years for our audience voices to be heard. But we still find to this day that when some of the biggest stories happen the most powerful voices are not the voices of our commentators, not the voices of our experts, but the voices of our audience, and we are simply a channel for our audience to relay their experiences to the nation, and most recently this happened in Victoria.[audio presentation]

They were the voices of 774 ABC local radio in Melbourne on the Black Saturday as the bushfires were ravaging that state. And the ABC is an emergency services broadcaster that's part of our role, so at times of national emergencies or emergencies in locales. Like in Coffs Harbour yesterday the ABC has an official role to communicate information to connect the community and to do the best we can to provide the information that people need, and that information doesn't just come from the authorities, but it comes from the audience members who are out there who are experiencing whatever is happening, and them using us, and us being the conduit to letting that information go out. And we are the official emergency broadcaster, and when those fires flared up again in Victoria about a week after the terrible Saturday, 5 million text messages were sent out to people in Victoria telling them to listen to the ABC for emergency information on the fires as they were flaring again.

So again it's an important role and if you look at ABC online we haven't just used our audience voices on that day, we have now created complete websites where we allow people to write their stories and put it up so others can see them, we use video footage and photographs that have been taken by people. And we become the place where Australians can come together, can share, can listen, can learn, can engage with each other, and we think our role in the future will be using all this media in effect to be Australia's town

square. To be the place where all Australians can come, they can listen, they can learn, they can contribute, they can be heard, and taking advantage of all the technology to do that. As we do the new things there are things that we've done in the past that we need to stick with, and continue, and endure, and to do programming that no-one else will do. An example of that is Compass which is celebrating its 21<sup>st</sup> birthday. Only the ABC will put a program like Compass on prime time on Sunday night covering issues of faith, ethics, belief and spirituality in a unique way. [video presentation].

As we face the challenge of change, and as we face the challenge of new media, digital media, opportunities for our audiences to feed back as well, we absolutely recognize that some of the things that have been very important to the ABC in the past, our radio, our television remain very very important to the vast majority of our audience. And so part of our challenge as we lead the ABC into the future is to continue to do well the things people have come to rely on and respect us for in the past at the same time as we embrace the new. And it's always been thus at the ABC, when the ABC started in 1932 just 6% of Australians had radio licences which you needed then to listen to the radio. And then when television started in 1956, here's a photograph of Robert Menzies on the first night of television, just 2% of Australians had a television set, but still we were there at the beginning broadcasting that new era of television. In 1995 when online began, and the ABC started its online service, the Australian Bureau of Statistics weren't even measuring internet usage. And there'd be many of us, most of us in the room, would have had no idea what the internet was in 1995 when the ABC started.

And last year we started this new service called 'I-view', which is Australia's first internet television service, where if you have fast broadband in your home or your office you can go to this site and watch full screen on your computer programs that you may have missed. So if you missed a program tonight because you're here, and we're glad you're here, but that's no excuse, you can watch it on full screen on 'I-view' tomorrow. And what we're expecting to be able to say in just a few months is that 99% of ABC's prime time programming will be available to watch on 'I-view' within four hours of it going to air. So there'll be no excuses now, no excuses now for missing a program. And again not every home has fast broadband now, but we have built this capacity and we have built this technology knowing that one day we will, and we need to be as relevant and connected to audiences in the future as we have been in the past. And this is just something else that we are developing in the same line, this is a new site, a broadband site on Gallipoli that will be launched in the week of ANZAC day, where our team is taking broadband as a new way of telling the Gallipoli story. And young people will be able to go online, I think it will be very popular in the schools, and it will tell the story of fourteen people, on April 25<sup>th</sup> 1915, the story of the first day of Gallipoli. And it will tell that story from the perspective of Australian and New Zealand troops, British troops, and Turkish troops. And it will use technology to allow people to follow the path of the soldiers as they went in, it will use Google maps, and photography, so they can see the geography that was experienced according to the time of day and the story they are following the light will be the same light as it was on that morning. And then reinforced with this site will

be archival material that we have that are interviews with diggers who were there on that first day of Gallipoli, audio footage and video footage. And so again it's a new way of telling the story at the ABC. And then as you can see up there is our latest which we've just launched is a whole series of technology that's allows you to actually experience the ABC on your mobile phone. So I was in a taxi the other day, I had missed Media Watch the night before, Media Watch always makes me nervous, because they're tougher on those that they watch, so I was sitting in the back of a taxi and I watched Media Watch on my mobile phone, and that is what audiences increasingly want to be able to do and that's what we need to be in a position to deliver.

So the ABC has a wonderful past and I think we know about that wonderful past. I figure it is something all Australians have in common, it's unique, it's precious. And I think those people who built the ABC, and when it was first opened in 1932, the same year as the Sydney harbor bridge, they had no idea about how important and significant an institution they were building and what it would become. So we have a wonderful past, but I believe we have an exciting future. And I am confident that as we continue to deliver on radio and television the way we have but explore new areas and new opportunities ways, and take new ways of connecting with audiences particularly younger audiences there's no reason why the ABC shouldn't be even stronger on its 100<sup>th</sup> birthday in 2032 as it is today. So I think I might leave it there, I think there'll be some opportunity for questions later on, but I want to thank you for being so polite at this shareholder meeting.