



WORKING PAPER

The ABC

A Case Study in Updating PSB in Politically Polarised
and Cash-Strapped Times

David A. L. Levy

JUNE 2017

Table of Contents

1. Introduction	1
Issues to Consider in Reviewing PSB	
The ABC and the BBC: Similarities and Differences	
2. Strategic Direction and Funding Decisions under Mark Scott 2006-2016	8
Mark Scott's Direction for the ABC	
Scott and the political implications of ABC Funding Decisions under Labor	
ABC Funding Cuts under a Liberal-Led Government	
3. Editorial Controversies and the Position of the ABC	14
Why PSB News Coverage Attracts Criticism	
Political Controversies around ABC Coverage	
Three ABC Case Studies	
Polarised Politics and Editorial Controversies around the ABC	
4. Strategic Issues in ABC News	20
Reactions to Funding Changes	
Diversifying the Audience and the Agenda	
Equal Digital Life	
5. Organising Digital at the ABC: Strong Services on Shifting Organisational Foundations	23
6. Setting a New Direction for the ABC: Michelle Guthrie's First Year	25
A Cautious Start	
Building Reach through Third Party Platforms	
Guthrie's Approaches to Digital and ABC News	
Nervousness Within the ABC	
Michelle Guthrie's March 2017 Reforms	
Assessment	
7. Conclusion: The Way Ahead for the ABC	34
Acknowledgements	38
About the Author	38

1. Introduction

On 7th March 2017, ten months into the job as Managing Director of the Australian Broadcasting Corporation (ABC), Michelle Guthrie announced her long-awaited plan for the future of the ABC. It involved an efficiency drive with the loss of 150-200 support and management roles within 3 months and a plan to use the savings for a new contestable content fund, building over time to AU \$50m annually, along with the creation of up to 80 new content roles in the regions within 18 months.¹ Her plans were driven by the fear that the ABC risked losing its audiences to nimbler players if it could not simplify its processes and adapt faster to changes in technology and audience behaviour. But her key strategic insight was that the ABC would need to rely much more on third party digital platforms and social media companies if it was to succeed in extending its reach and becoming truly universal. Her reform package added to funding pressures created by previous government cuts imposed on the ABC in 2014. While the proposals were viewed as quite radical, the announced goal of reducing bureaucracy and prioritising content spend over support structures, together with the increased emphasis on regional services, was calculated to simultaneously please the politicians whilst disarming much internal criticism. Michelle Guthrie's reforms followed a decade of other initiatives by her predecessor, Mark Scott, to modernise the ABC's structures and services, whilst keeping a close eye on the organisation's many and vocal stakeholders.

This report offers a brief case-study of the Australian Broadcasting Corporation (ABC) and of its adaptation to digital and the wider political, policy and competitive environment over the past decade. The report focuses on the ABC and ABC News, albeit viewed in the context of broader developments in the rest of the organisation and offers some comparisons with the BBC.

We start with some reflections on the key issues to consider in reviewing PSB, and some basic comparisons between the ABC and the BBC. We then follow with an examination of the decade from 2006-2016 under the last Managing Director, Mark Scott, with a focus on funding and the strategic direction he set. The report then proceeds to look at some recent editorial controversies and the nature of the relations between successive governments and the ABC, before examining the strategic direction of ABC News, the recent history of organising digital at the ABC, and then the direction being charted by the current Managing Director, Michelle Guthrie. We end with some conclusions about the challenges facing the ABC and how they compare with those faced by other PSBs. Our analysis is based on desk research in late 2016 and the first half of 2017, together with around 25 interviews conducted in Australia in October and November 2016, when many were still waiting to see what direction Michelle Guthrie would set for the ABC.²

Issues to Consider in Reviewing PSB

Public service broadcasters (PSB) only exist because of political and policy decisions to create and sustain them through approving their legal framework and, assuming they are largely funded from public resources, authorise the funding for their activities. In places

¹ Michelle Guthrie, 'Address to Employees – Investing in Audiences', 7th March 2017.

<http://about.abc.net.au/speeches/abc-md-address-to-staff-investing-in-audiences> Accessed 8th March 2017.

² That, together with the often polarised debate about the ABC, may explain that while people were very generous with their thoughts and time, most within the organisation wanted to be interviewed on a non-attributable basis.

where public broadcasters aim for a broad rather than niche audience, these policy decisions are influenced by the degree of public support for their activities, which is in turn often driven by the perceived quality of their programmes and the independence of their news reporting.³

These are some of the building blocks of PSB in countries such as the UK and Australia but in practice their situation is complicated by three factors.

First they must adapt to provide their services in ways that resonate with and remain useful to all their audiences, as media markets, technology and patterns of consumption change. And as they change they must retain loyal, often older and better off audiences, at the same time as they modernise to attract other less well-off and well served groups.

Second, they must offer distinctive services as the market around them changes. Sometimes this becomes easier if the commercial market vacates whole areas of activity, such as comprehensive coverage of international news. But it can also become harder if the need to respond to converging technology and consumer behaviour means they end up competing with publishers as both broadcasting and publishers move online, especially at a time when commercial providers are facing very tough challenges in their traditional print market and online.

Third and perhaps most important, PSBs are in the unusual position of being organisations that depend on political support from successive governments but where the independence of their programmes depends on holding politicians to account. Formal guarantees of the operational and editorial independence of the PSB can help resolve that tension, but to be effective such guarantees need to be combined with editorial processes and a strong commitment to impartiality within the broadcaster. And in practice they often depend on the wider political environment – which the broadcaster cannot control. Key factors are the willingness of the government of the day to be held to account by the journalists working for the public broadcaster, and an acceptance among the public and politicians that recognising and sustaining the independence of the public broadcaster takes precedence over winning any individual political argument. This in turn requires a degree of consensus about the role of the PSB and its independence, that transcends the day to day interests of any one party or indeed its supporters, and a belief that the PSB is indeed delivering on its remit. Consensus is the key word here. It is much easier to maintain the balancing act of holding a PSB to account for its strategic choices and the effective use of public money whilst ensuring its editorial independence, where there is broad agreement about the nature of that society, an acceptance that political power will change hands regularly, and where politics is largely about distributional and policy choices at the margins, than where every political decision is seen as about fundamental and irreversible change. If politics is cast in fundamentalist terms as a culture war rather than about policy choices within an area of common ground, then it is much harder for the PSB to command respect across the society and for governments not to allow the inevitable disputes about news coverage to

³ For a wider discussion of some of the issues around PSB in Europe see the following publications: R.K Nielsen et al, *Analysis of the Relation Between and Impact of Public Service Media and Private Media*, Reuters Institute, 2016; A. Sehl et al, *Developing Digital News in Public Service Media*, Reuters Institute, 2017; and A. Sehl et al, *Public Service News and Digital Media*, Reuters Institute, 2016.

intensify to a point where policy decisions on PSB funding and structures are used to threaten the editorial integrity and independence of the broadcaster.

The ABC and the BBC: Similarities and Differences

Before looking in detail at the ABC, it is useful by way of background to compare it with the BBC and understand the similarities and differences between the two organisations and the environments within which they operate.

Both the ABC and the BBC are long established⁴ public broadcasters whose domestic services at least are almost entirely funded by public money. In that sense they face many of the choices described above. But there are plenty of other similarities between the ABC and the BBC, other than their history and reliance on public funding. Both exist alongside another smaller publicly owned broadcaster with a minority remit, SBS in Australia which started broadcasting in 1980 and Channel 4 in the UK founded in 1982. Although the ABC and BBC were both born in a world where broadcasting was spectrum constrained, their users have long since become accustomed to enormous choice with access to more alternative sources than ever before, whether in terms of the almost infinite number of English news sources on the Internet or the swathes of often high quality drama, film, and other entertainment content now available to all internet connected homes through suppliers of Over the Top (OTT) internet delivered on-demand services such as Netflix, Amazon Prime etc. Both are engaged in a long term process of adapting their programmes to an on-demand world and expanding their online news services at a time when all commercial providers are under pressure and where commercial news publishers are struggling to find viable business models online, at the same time as print circulation and revenues are in crisis. Both organisations can point to surveys demonstrating strong evidence of audience support and trust among the public. And both operate in countries where Rupert Murdoch's News Corporation has a strong presence, tends to be highly critical of PSB and is closely engaged in the world of politics. Finally, both exist in a political environment where the governments of the day generally favour market solutions, are focused on reducing public expenditure and have administered some very tough, and sometimes surprising, austerity medicine to previously established levels of PSB funding.

But in spite of these many areas in common, the ABC also displays many differences to the BBC. It is younger than the BBC and more importantly its activities were introduced into a commercial market, rather than as with the BBC starting as a monopoly, with commercial broadcasting only following later on.⁵ The ABC also has far less money than the BBC. Mark

⁴ The BBC's first Charter dates from 1927 and the ABC started as a publicly owned body in 1932.

⁵ 'Unlike the BBC...the ABC had always shared the air waves with commercial competitors, and even when the politicians took away the BBC's monopoly of television in 1955 they enabled it to compete on terms that ABC people could only envy'. K.S.Inglis, *Whose ABC?. The Australian Broadcasting Corporation, 1983-2006*, 2006, Melbourne, Black Inc. Also Inglis, *ibid*, 'By 1983 the ABC had to co-exist in capital cities with three commercial networks whose programs were all devised to deliver the largest possible audiences to advertisers'. Or as Mark Scott put it: 'The ABC's is a very different history though, to the BBC's. It never had what Lord Reith memorably described as the BBC's "brute force of monopoly". The ABC has always operated alongside commercial broadcasters. Commercial radio stations were in place before the ABC was created in 1932. Australia itself had been Federated just thirty one years earlier; and in creating the ABC, the founders in the Australian Parliament believed they would help create a nation. The ABC was expected to both compete with and complement those commercial services. It did not however, have its own news service in its early years.' Speech to Commonwealth Broadcasting Association 9.9.2009 referred to hereafter as Scott, CBA 2009. <http://about.abc.net.au/speeches/association-lecture-2009> Accessed 18.6.2017.

Scott who stood down as MD in 2016, noted that when he started his term, ‘I looked across the lush fields of the BBC with envy. I quickly did the shorthand. Ten times the money, to service three times the population, on a geography (from an Australian perspective) the size of a postage stamp.’⁶

Since Mark Scott was referring to the position when he took over in 2006, Table 1 below provides comparative funding figures per capita for each country for 2015. The figures are from Ofcom, (though the percentage calculation is our own) and show that the BBC had more than twice the level of public funding per head, and accounted for a much larger share of total TV revenue per capita in the UK, than is the case in Australia. It should be noted that total public funding figures in Australia include funding for the SBS, so will tend to overstate the ABC’s funding by up to a quarter.⁷

Table 1. Total TV revenue per capita and Public Funding per capita - Australia and the UK in £ Sterling in 2015

	Australia	UK
Total TV revenue per capita	£159	£221
Public Funding per capita	£27	£58
Public Funding as a % of Total TV revenue per capita	16.98%	26.24%

NB: these figures are not adjusted for purchasing power parity and use the exchange rate prevailing at the time.

Source: Ofcom, *The Communications Market Report – International Review*, 2016 p. 128.
https://www.ofcom.org.uk/data/assets/pdf_file/0026/95642/ICMR-Full.pdf Accessed 13.06.2017.

Perhaps as a consequence of this more limited funding, the ABC has correspondingly less reach and more competition than the BBC. Overall the ABC routinely serves a far smaller percentage of the audience than the BBC, reaching 70% of Australians each week, whereas the BBC reaches closer to 95%.⁸ Table 2 below provides figures from the Reuters Institute *Digital News Report* which is based on an online survey in each country and so will tend to underrepresent use offline. These show that BBC News is the leading provider in the UK in both 2016 and 2017 with two thirds weekly use in broadcast and just short of 50% online. ABC News had weekly broadcast use of 39% in 2017 which puts it in first place, but just 22% weekly use online which places it just behind news.com.au and is less than half the online use of the BBC in the UK.⁹ In addition, the greater importance of social media as a source of

⁶ Scott, CBA 2009.

⁷ SBS received a total of \$287m of public funding in 2015-16 compared to \$838m for the ABC’s public funding for operational activities (ie excluding transmission and capital costs), making a total of \$1125m for the two organisations with the ABC accounting for close to 75% of that. Including ABC transmission and capital costs would take their total public funding to \$1064m in 2016, which would increase the ABC’s share of the total public funding for the two companies to 78%. These figures may not be directly comparable with the Ofcom calculations, which state they are for TV funding only, but they do give a rough sense of the proportions between the two companies. Sources, SBS Annual Report 2016, p. 75 http://media.sbs.com.au/aboutus/SBS_Annual_Report_2016.pdf Accessed 18.6.2017 and ABC Annual Report p. 165 and p. 175.

⁸ Figures from ABC and BBC Annual Reports.

⁹ For full figures for Australia see 2016 and 2017 *Digital News Report: Australia*. In 2016 ABC News was in third place among offline sources of news, and in 2nd place for news online. <https://www.canberra.edu.au/research/faculty-research->

news in Australia than in the UK, as shown in Table 2, suggests a weaker position of news brands in Australia than the UK, where the strength of the BBC brand as a destination for news is one of the factors driving the strong role of UK news brands overall.

Table 2. Offline/online weekly use of public service media and social media use for news in Australia and the UK

Country	Public service news offline reach (TV & Radio)		Public service news online reach		Social media usage specifically as a source of news	
	2016	2017	2016	2017	2016	2017
Australia ABC	41%	39%	29%	22%	52%	46%
UK BBC	66%	67%	48 %	47%	35%	41%

Data sources: Newman et al, *Reuters Institute Digital News Report*, (2016 and 2017), and additional analysis on the basis of data from digitalnewsreport.org.

The ABC is facing many of the same digital challenges as the BBC, but it is doing those under a new Chief Executive, Michelle Guthrie, who only came into post in May 2016, while the BBC has had relative stability since its last leadership crisis which brought its current DG, Tony Hall, into post in 2013. While as noted both the BBC and ABC coexist with another minority-focused publicly owned broadcaster, Channel 4 and SBS in the UK and Australia respectively, these second PSBs differ in that Channel 4 is now entirely funded by advertising whereas SBS is predominantly funded by government grant, with a relatively small amount of top-up funding from advertising.

In the wider political environment while both ABC and BBC operate within parliamentary systems which share many common features, Australian politics is characterised by an even more highly polarised political discourse than that in the UK. Parliamentary scrutiny and debates about the ABC are more likely to be fuelled by disputes over the editorial approach of its programmes than issues of regulation, funding, market impact, and above all governance, that have dominated recent debates in the UK.

Geography and territorial political structures also differ between the two countries. Australia is a federal state with a vast territory about three quarters the size of Europe with a population just over a third of that of the UK, living largely in the coastal metro centres, but with others dispersed in the less populated regions of the country. The UK by contrast is

centres/nmrc/research/digital-news-report-australia-2016 Accessed 28.2.2017. For 2017 figures see <http://www.canberra.edu.au/research/faculty-research-centres/nmrc/research/digital-news-report-australia-2017>

a relatively densely populated unitary state. The difference matters because the ABC's role in serving the diversity of that immense country and having strong local and regional roots, is one of its founding principles, and today the ABC performs an increasingly solitary role in serving the regions of Australia, at a time when commercial media companies have retreated. This has become a key rationale for its existence, and one that has long been important in justifying itself to otherwise sceptical right of centre politicians. It was Prime Minister John Howard's adviser Graham Morris who characterised the ABC in the mid-1990s as 'Our enemy talking to our friends', thereby neatly capturing the fact that however much conservatives might resent the ABC as an unwelcome market intervention or accuse it of an anti-conservative bias, their voters, especially outside the major cities, relied very heavily on the ABC's services.¹⁰ In the UK, by contrast, many would judge the BBC as still relatively centralised and demands for it to better serve the regions and nations of the UK have tended to come more from the left than the right of the political spectrum.

In terms of the wider economic situation, while the fallout from the 2008 financial crisis hangs over many areas of UK political life with slow growth, no increase in average income and successive austerity budgets in 2010 and 2016, the Australian economy was largely unaffected by the direct consequences of the financial crisis, with 25 years of uninterrupted economic growth from 1990 to 2016, but austerity in public finances has been the watchword in recent years.¹¹

The ABC's day to day dependence on government is far greater than that of the BBC. With three year funding cycles (at best), and direct government funding rather than a licence fee, the ABC needs to work harder than the BBC to get on with the government of the day.¹² In addition, there is closer oversight by government and by Parliament, with on average three hearings a year in front of the Senate Estimates Committee and those hearings have a very different look to their UK equivalents. In Australia the MD of the ABC and their team appear in front of the Senators, as would be the case in the UK. But in Australia the Communications Minister sits alongside the top ABC Executives, suggesting a proximity of interest between Government and the ABC leadership that is surprising to British eyes.¹³

It is a tenet of faith at the ABC that their direct government funding frees them from the need to chase ratings in the way that licence fee funded PSBs are obliged to do. This was a point made by several of my interviewees as well as by the former MD Mark Scott, in a major speech delivered in London in 2009.¹⁴ There is some truth in the argument, but the ABC is also making a virtue of necessity, since after all no PSB chooses its form of funding. Direct funding may leave the ABC freer to broadcast less popular programmes, or not seek to maximise share. That in turn has suited successive Australian governments as well as commercial competitors, who know that the ABC will not go head-to-head with them in pursuit of top rating entertainment talent or sports rights and the ABC's schedules are

¹⁰ K. Inglis, op cit p. 372.

¹¹ 'Fair Go: Australia's economy on the up', The Economist Espresso 28.2. 17. Accessed 1.3.2017.

<https://espresso.economist.com/69cd21a0e0b7d5f05dc88a0be36950c7> Performance varied greatly by region and some areas were much harder hit by the fall in commodity prices than the big cities of Melbourne and Sydney.

¹² The ABC had a licence fee but it was abolished in 1974.

¹³ However, as noted below, the ABC scores well on trust, so while this may appear surprising to British eyes it doesn't appear to impact on general trust in the ABC.

¹⁴ See Scott CBA 2009.

pretty well devoid of any reality shows or premium sport. But direct government funding – especially when awarded at best on a three year cycle – may also make the ABC more dependent on the government of the day than is the case of the BBC, and its lower level of audience reach means that, unlike the BBC, it can't rely on such widespread public support in the event of direct conflicts with government.¹⁵

One incidental benefit of the ABC's relatively modest funding and audience reach, and less competitive approach to scheduling, is that, at least until recently, while it faced ideological attacks, it was less likely to face criticism from commercial media companies for competing directly with them. Critics have largely focused their ire on levels of funding, efficiency and accusations of editorial bias, together with an in principle opposition to a publicly funded broadcaster, rather than the ABC's market impact as such. The arguments around the BBC on how to regulate it more effectively, and in particular how to avoid any undue impact of its new digital services on the market, have, until recently, been almost completely absent in Australia, where the ABC's regulation has remained relatively unchanged as debates have raged over funding and editorial issues.¹⁶ Even when the ABC Charter was revised in 2013 to confirm its role in delivering digital services there was almost no controversy,¹⁷ in contrast to that surrounding similar decisions around the BBC's digital services or the strong legal constraints on the ability of German public broadcasters to invest in online services. So, in summary, while the ABC has been more exposed to government pressures and direct influence than the BBC, and has occupied a much weaker competitive position, in part because of that it has until recently generally faced less pressure on its own impact on the market.

We move on next to look in detail at the strategic direction set by the ABC's previous MD Mark Scott and the politics of its funding under his leadership.

¹⁵ There are vociferous groups that campaign for the ABC, but it is arguable whether that is the same thing as widespread public support coming from regular and near universal use.

¹⁶ Those who have long been asking for a more first principles discussion of the ABC's purposes and regulation, rather akin to the kind of discussion that occurs around a BBC Charter Review process, together with more rigorous governance and oversight, are the exception rather than the norm. See Eric Beecher, "Beecher: we must ask tough questions about the ABC", Crikey 20.10.2014 <http://www.crikey.com.au/2014/10/20> Accessed 18.6.2017. Also interview with Eric Beecher, Chairman of Private Media, 15.11.2016.

¹⁷ See Margaret Simons, "The ABC must innovate", 31 Oct 2014 <https://www.crikey.com.au/2014/10/31/the-abc-debate-the-abc-must-innovate> Accessed 13.6.2017. She suggests that the change to include digital services in the Charter, 'slipped through' because the ABC's traditional critics were too preoccupied at the time by the threat of tougher press regulation.

2. Strategic Direction and Funding Decisions under Mark Scott 2006-2016

Mark Scott's Direction for the ABC

Mark Scott was Managing Director of the ABC for a decade, from mid 2006 to mid 2016. His leadership is generally viewed as having been very successful. He led the ABC through a period of rapid political and technological change. The 2016 ABC Annual Report pays tribute to his great contribution to 'cultivating [the ABC's] digital capabilities and introducing new services ... including iview and ABC News 24'.¹⁸ He demonstrated an ability to coexist with governments of very different complexions. He started his tenure under a Liberal Government and adapted to a succession of Labor governments between 2007 – 2013, before having to adapt again in September 2013 with the election of a new style Liberal Government under Tony Abbott, and then a change to a more conventional style of leadership, when Malcolm Turnbull became Prime Minister in September 2015.

One well-informed observer drew this conclusion in 2011 at the end of his first five year term:

On his watch, the ABC has established two new digital television channels – the children's channel ABC3 and, most recently, the 24-hour current events service ABC News 24. Another channel, ABC2, which was established shortly before Scott's time, has come into its own. Mark Scott has become one of the most influential people in Australian media, arguably the most influential.

Scott has proved himself an adept politician. Getting funding is the most crucial measure of success for the leader of a public broadcaster, and in this he has succeeded ...

Scott's strategy has been to align what the ABC wants with wider government policy objectives. Under both Howard and Rudd/Gillard, he has been accused of being too close to government. 'It is only a problem,' Scott says, 'if the ABC ends up doing things that we don't want to do. And that doesn't happen. But making it clear how our objectives match with national priorities – I see no problem with that.'¹⁹

Scott and the political implications of ABC Funding Decisions under Labor

The biggest national priority to which Scott hitched the ABC wagon was digital switchover. The Labor Government elected in November 2007 set a final date for switchover of 2013, and the ABC, just as the BBC had done, made the case that the strength of their digital offering would be one of the key things that would drive people to make the switch. Early in 2008 they used this to make the case for a dedicated children's digital channel, ABC3, and later a similar rationale formed part of the ABC case to be allowed to launch a continuous news channel, ABC News 24 in 2010.²⁰

¹⁸ ABC Annual Report 2016.

¹⁹ M. Simons, "Second Life: Mark Scott embarks on another five-year term", *The Monthly* June 2011.

²⁰ The ABC argued also that if it were appropriately funded, it could deliver enhanced services to drive digital take up. In particular, it considered there was a compelling case that a dedicated children's television station, which featured a large percentage of Australian content, would encourage families to switch to digital.' See R. Jolly, "Going digital: tracing the transition to digital terrestrial television in Australia", Parliament of Australia, Research Paper no. 7 2010–11. 19.11.2010.

Above and beyond the need for new content to drive digital switchover, Labor was also interested in a strong ABC news presence, in part to dilute what was seen as the highly partisan and hostile news agenda pursued by Rupert Murdoch's media outlets in Australia.²¹ Murdoch's News Corporation owns nearly 60% of newspaper circulation, with the only general interest daily national newspaper, the *Australian* and, until the launch of ABC News 24, the only continuous news channel in Sky News.²² Stephen Conroy – who was Labor's Communications Minister from 2007 - 2013 – declared at the end of his first year in office that he thought that the ABC was 'seriously underfunded,' adding: 'We've now reached an absolutely pivotal moment as we move into the digital world. If the ABC doesn't get more funds it is going to lag [behind] the rest of the media industry in this country and the ABC should be a champion of the digital world.'²³

This thinking helped inform the 2009 triennial funding agreement for ABC which provided the ABC's biggest boost in funding since 1983.²⁴ The government gave the ABC an additional AU \$150m over three years, from 2009 to develop a children's channel, and to invest in up to 90 hours of Australian drama per annum (compared to the 20 hours produced previously), as well as to invest in enhanced Broadband hubs in 50 centres in Regional and rural Australia.²⁵

While the increased funding was very welcome, as is clear, much of the increase was earmarked to specific tasks. There was a similar pattern next time around. The settlement made in the 2013/14 budget²⁶ delivered some increases in base funding and then additional funding of AU \$30m over 3 years for improving online services, AU \$ 69.4m to enhance the delivery of news services, and an AU \$90m dollar loan to help with construction of a new centre in Melbourne.²⁷

http://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/rp1011/11rp07#Toc277864262 Accessed 18.6.2017.

²¹ Interview with unnamed ABC staffer.

²² E. Noam, *Who owns the World's Media?*, Oxford University Press, 2016. The precise figure is 57.5% of newspaper market by circulation, making Australia the most concentrated democratic market studied in this international survey. Sky News in Australia however only reached the one third of Australians who subscribed to the pay TV package Foxtel. One of the ABC's arguments for their ABC News 24 channel was that they alone would provide a universally available free to air Australian continuous news service.

²³ 'SBS and ABC to get extra money', Philip Hudson, *Sydney Morning Herald*, 8th December 2008, <http://www.smh.com.au/news/national/sbs-and-abc-to-get-extra-money/2008/12/12/1228585118324.html> Accessed 8.1.2017.

²⁴ This section on funding draws on the Parliamentary Research report by Rhonda Jolly, "The ABC: an overview", 11.8.2014,

http://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/rp1415/ABCoverview Accessed 18.6.2017.

²⁵ 'ABC gets record funding boost', *Sydney Morning Herald*, 12 May, 2009, <http://www.abc.net.au/news/2009-05-12/abc-gets-record-funding-boost/1680934> Accessed 8.1.2017.

²⁶ The 2009 triennial funding settlement was extended by one year by mutual agreement.

²⁷ See ABC announcement 14.5.2013. Accessed 8.1.2017. <http://about.abc.net.au/press-releases/audiences-to-benefit-from-abc-digital-future> At a high level, the funding was described as assisting 'the ABC to meet the growing demand for digital content and to extend the benefits of its digital services, running projects to explore new streaming options and to improve the quality of iview, Australia's number one television catch-up service'. But the information on funding for news suggested a high level of granularity and that some additional money had already been received as a down payment for a fact-checking unit, prior to the settlement itself. 'In 2013, the News Division has restructured its operations to provide better commissioning and delivery of stories. Through additional funding received in February, it is recruiting more

The net effect of the two settlements was to undoubtedly increase the resources of the ABC, but they also set a dangerous precedent. The detailed way in which additional money, for programmes as opposed to general digital switchover money, was tied closely to specific projects, agreed with the Labor government, created some potential problems.²⁸ The first was the long term impact on the ABC's freedom to make its own judgements on how best to deploy its resources, with this increased amount of earmarked funding. The second was that a future government might disagree with the priorities set by their predecessors, and remove the additional funding. Finally, there was the risk that a future government might follow the direction set under Labor and impose its own pet projects on the ABC. Cumulatively these created potential risks for the political independence of the ABC, its level of funding, and its ability to plan long term if there was to be a period of rapid political change.

ABC Funding Cuts under a Liberal-Led Government

The election of a Liberal government under the leadership of Tony Abbott in 2013, and with Malcolm Turnbull as Communications Minister, did indeed bring about a change in the ABC's fortunes. First in May 2014 the Government announced an initial cut of 1% or AU \$35m to the ABC over 4 years, a reduction which was lower than expected, but still led to criticism of Tony Abbott for breaking his pre-election promise of 'no cuts to the ABC or SBS'.²⁹ However this cut was described in budget papers as a 'down payment', before the outcome of a far reaching efficiency study. In the same budget the government announced their decision to terminate the ABC's AU \$223m 10 year contract to run the international service, the Australia Network which had just started the previous year, after a tender process which the ABC had won against competition from Rupert Murdoch's Sky, in response to a Labor government initiative to promote Australian values and influence in Asia.³⁰

The major cuts followed a lengthy efficiency study led by Peter Lewis, Chief Financial Officer of Channel 7, who was chosen by Malcolm Turnbull to carry out this review. The review was started in May 2014 and involved several months of detailed working through of all categories of ABC expenditure between ABC staff, civil servants and Peter Lewis,³¹ but its findings were not released until November 2014. That was when Minister Malcolm Turnbull announced his final proposal of cuts to the ABC of 4.6% or \$254m over 5 years, starting with a \$20m cut in 2015-16, rising to \$61m in 2016-17, \$55m in 2017-18 and \$68m in 2018-19.³²

journalists, creating a new fact-checking unit, establishing new metropolitan reporting teams and increasing its focus on regional and local news. This additional funding will allow the ABC to pursue more state-based current affairs, extend its flagship current affairs programs and create more cross-platform news content for audiences.'

²⁸ Mark Scott recognised the challenge of a situation where the core budget increased less than inflation while the new funding was closely tied to particular areas. See Michael Knott, Crikey 15th May 2013.

<https://www.crikey.com.au/2013/05/15/broadcasting-and-arts-boost-for-abc-sbs-and-conversation/> Accessed 8.1.2017.

NB: Mark Scott stressed later in his last major speech as Managing Director that there had been bipartisan support for the increased funding for News. M. Scott, "One Sure Bet: The Future of Public Service Broadcasting", 24.2.2016.

<http://about.abc.net.au/speeches/one-sure-bet-the-future-of-public-service-broadcasting> Accessed 13.1.2017.

²⁹ "Federal Budget 2014: ABC, SBS cut by \$43.5m", J.Swain and M.Knott, *Sydney Morning Herald* May 13.5.2014,

<http://www.smh.com.au/business/federal-budget/federal-budget-2014-abc-sbs-cut-by-435-million-20140513-3882s.html> Accessed 13.1.2017.

³⁰ Ibid.

³¹ One former Board member recalled feeling uneasy at the level of detail that the ABC worked through with civil servants fearing that it crossed a line in terms of the ABC's operational independence from government.

³² <http://www.abc.net.au/news/2014-11-19/abc-funding-cuts-announced-by-malcolm-turnbull/5902774> Accessed 13.1.2017.

Turnbull got his defence in early arguing that these cuts were ‘not of a scale that requires any particular change to programming’, saying:

All of the savings can be found within operational efficiencies of the kind canvassed in the Lewis efficiency study. There is a temptation for management to blame the Government for some of these program changes. That would be cowardly. The ABC management know that they can meet these savings without reducing the resources available to programming – furthermore they know that the Government and their board know too.³³

The ABC’s response to the cuts came a week later with a plan to sack 400 people (about 10% of the workforce), save on back office costs, close some regional offices and make programme changes to ABC News, Radio and TV, as well as some rationalisation of foreign bureaux. Alongside these cuts Mark Scott proposed some reinvestments, in a new Regional Division,³⁴ the creation of a new ABC Digital Network (to replace ABC Innovation) and a \$20m digital investment fund.³⁵ Similarly, in ABC News, while 100 people were to lose their jobs, there were a further 70 to be hired, with a focus on mobile and digital skills.

Reflecting in his last speech as Managing Director in February 2016, Scott pointed out that while all the major parties had entered the 2013 election with a promise of no cuts to the ABC, the reality had been rather different, with \$350m removed from the ABC budget over 5 years, the ending of the funding for international broadcasting and the \$250m cut to the ABC’s core budget. He noted that whereas the ABC had worked with government to find efficiencies, ‘rather than keep its election promise – and allow the ABC to reinvest those funds for digital content and services³⁶ – the Government axed the funding from the ABC’s budget’. He complained that as a result the ABC had to cut deeper into its budget to create money to reinvest in the future.³⁷

The consequence of the Turnbull cuts was that the 2013 triennial funding agreement was effectively torn up, even if the biggest cuts were scheduled after the expiry of the current agreement. The only issue that remained for the 2016 discussions on the next triennial funding agreement for the ABC was how a Turnbull-led government would deal with the additional hypothecated sums previously granted by Labor in 2013. The answer was that the promised c. \$70m over three years for enhanced news services was reduced to \$41.4m over the three years from 2016, a reduction of \$10m pa³⁸, and the previous award of \$30m over 3 years for enhanced digital delivery for improvements to initiatives such as iView was stopped.³⁹

³³ Speech by Malcolm Turnbull, 14th November 2014.

http://www.minister.communications.gov.au/malcolm_turnbull/speeches/the_future_of_our_public_broadcasters#.WGGH7LaLQdX Accessed 13.1.2017.

³⁴ Faced with a need to make savings, the decision to strengthen Regional broadcasting can largely be seen as a political choice, to persuade a right of centre government that the ABC was not unduly focused on the concerns of a metropolitan, liberal urban elite, but was also alert to the needs of Australians beyond the major cities.

³⁵ <http://www.abc.net.au/news/2014-11-24/mark-scott-announces-abc-job-cuts/5913082> Accessed 13.1.2017.

³⁶ As had occurred in the past in the sense that several ABC digital initiatives such as iView and News24 had been funded from internal efficiencies, albeit in a period when the level of base funding was rather higher.

³⁷ M.Scott, “One Sure Bet”, 24 Feb 2016 op cit.

³⁸ See Section 4 below for details of the choices made by ABC News.

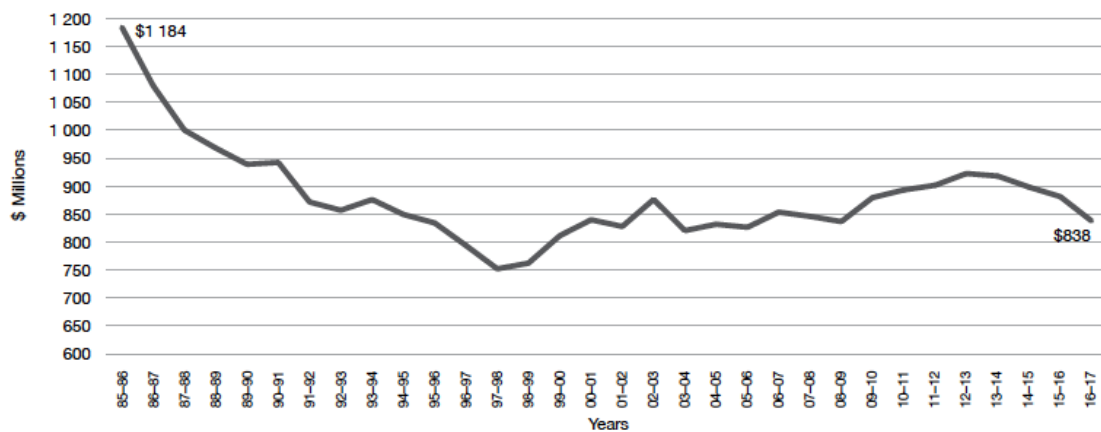
³⁹ ABC Annual Report 2016, p. 168.

As can be seen from Figure 1 below, taken from the ABC's 2016 Annual Report, this meant that leaving aside capital and transmission costs, total government operational revenue to the ABC was \$838m in 2016-17, a reduction of 30%, after allowing for inflation, compared to 1985-6. Clearly however had the baseline been set 11 years later in 1996 under John Howard's government, the picture in the subsequent two decades would look more positive. What is indisputable is the broader point that Mark Scott made as he stood down, that changes in the ABC's real terms funding, occurred at a time when while the organisation employed fewer people, it was nonetheless expanding its offer with many more digital channels along with services such as iview.⁴⁰

Figure 1.

ABC Operational Revenue from Government

Including Capital indexed at 2015-16 levels. December 2015 6 months CPI Index – 29.2% reduction from 1985-86 to 2016-17.



Source: ABC Annual Report 2016, p. 165

One question at the end of Mark Scott's term of office was whether there was any more that could have been done to reduce the severity of the cuts imposed by Malcolm Turnbull and the Abbott government? The answer is probably no, since Tony Abbott's ideological hostility to the ABC together with Malcolm Turnbull's disposition to believe that there was no business – especially in the public sector – that could not be made more efficient, created a challenging combination which was hard for the ABC to resist. However, as Margaret Simons noted more generally, under Tony Abbott, Scott seemed much less confident than before about how to persuade the new government of the ABC's usefulness for their wider strategic objectives.⁴¹ And there was the additional complication that the ABC's successful digital expansion under Scott also had the effect over time of reducing the number of friends that the ABC could count on in the commercial media sector. The ABC

⁴⁰ M.Scott, "One Sure Bet", 24 February 2016 op cit. According to Inglis, op cit, staff numbers were 7000 in 1985, reducing to 5545 in 1991-2. The 2016 ABC Annual Report gives the figure of 4,183 in 2015-16, down from 4,679 in 2013-14.

⁴¹ Writing in October 2014 in Crikey, one year after the fall of Labor, Margaret Simons noted, 'Since 2006, under the leadership of the current managing director, Mark Scott, the ABC has had seven comparatively fat years. ... funding increases have been won largely by Scott aligning some of the things the ABC does with other areas of government policy. Under the Howard government, he stressed the importance of rural and regional services. Under both Howard and Labor, he made the ABC central to the need to get Australians to invest in digital television sets by launching digital-only channels such as ABC3 for kids. Now, under Abbott, Scott has yet to find the right button to press.'
<https://www.crikey.com.au/2014/10/31/the-abc-debate-the-abc-must-innovate> Accessed 19.3.2017.

had long learned to live with hostility from the Murdoch-owned press, but ABC News' move into hosting opinion, on their website *The Drum*, also boosted opposition to the ABC among several others who were not natural opponents.⁴² These emerging problems with the commercial sector may have exacerbated relations between the ABC and the government which remained quite difficult even after the initial cuts had been imposed. But the most serious damage was caused by some really intense disputes with government over the ABC's editorial coverage that coloured relations between Scott's ABC and the government, not just under Tony Abbott's premiership but also under Malcolm Turnbull's term as Prime Minister, even though he was seen as far less ideologically opposed to the ABC than his predecessor. It is to those editorial rows that we turn in the next section.

⁴² Margaret Simons, *Second Life*, 2011 commented how under Mark Scott ABC digital activities were 'attacked by media bosses as various as Fairfax's former CEO Brian McCarthy, News Limited's John Hartigan and Crikey's Eric Beecher for what they see as an abandonment of the ABC's core charter responsibilities and an entry to areas already well served by commercial media. Why a 24-hour television news channel when there is Sky News? Why an online opinion site like *The Drum*, when there is so much opinion and commentary online? Why all this spreading of thin resources?'

3. Editorial Controversies and the Position of the ABC

Why PSB News Coverage Attracts Criticism

The nature of PSBs means that the normal level of debate over contentious editorial issues tends to have much more resonance than with similarly controversial programmes shown elsewhere. To some extent it is both understandable and appropriate that there is a greater public and indeed political interest in what is broadcast by an entity supported by public funds, than by a commercial broadcaster. Dangers can arise however when that high level of interest turns into an attempt by politicians to use differences over particular coverage to try to influence day to day editorial decisions, either to advance their own political agenda, reduce the level of scrutiny to which they are subjected, or indeed to undermine and eventually punish the entire organisation. But politicians can find it hard to resist that temptation, particularly where they see themselves in a larger culture war to get their perspective across, where opposing views are seen as dangerous rather than different, or where there is a suspicion that the PSB's declared commitment to balance and impartiality is merely a cover for an oppositional stance.

Political Controversies around ABC Coverage

In terms of the ABC's history there have been editorial conflicts with both Labor and right of centre governments. Labor's Prime Minister Bob Hawke complained about bias in the ABC's coverage of the first Gulf War in 1991. Then in the second Iraq War, in 2003, the Coalition's Communications Minister made similar accusations of bias against the ABC.⁴³ However, whereas conflicts between governments and their national broadcaster are not unusual, one new development in the early part of this century was the argument developed by some commentators that there was an institutional left wing bias at the ABC, with one writer claiming in 2005 that the ABC was influenced by the 'narrow middle-class values of the secular left'.⁴⁴ A conservative columnist, Tom Switzer, wrote in 2013 in an article entitled, 'Why the ABC should be privatised', that:

*... a soft-Left "group-think" clouds [ABC] editorial content, which alienates large segments of the Australia public. ... On every issue of political controversy, the ABC's mental default position is essentially left of centre: opposition to labour-market deregulation, anti-terror laws and tough border protection; support for a republic, multiculturalism and same-sex marriage; an obsession with gender issues, Aboriginal rights and catastrophic manmade global warming; and a deep suspicion of Tony Abbott, neo-conservatives, economic rationalists, climate sceptics and the 'Christian Right'. These people won't get the soft interview.*⁴⁵

In his article Switzer pointed to similar types of concerns expressed by some about the BBC, although arguably the areas around which Left/Right views are most polarised are more targeted in the Australian case. What did happen is that in December 2013, the ABC Chairman announced that the corporation would conduct around 4 independent audits of

⁴³ R. Jolly, *The ABC: An Overview*, 2014, p. 31.

⁴⁴ Paul Gray, article in *The Australian*, 10.10.2005, cited by Jolly op cit p. 27.

⁴⁵ Tom Switzer, 'Why the ABC should be privatised', *Quadrant*, May 2013 <http://quadrant.org.au/magazine/2013/05/why-the-abc-should-be-privatised> Accessed 30.1.2017. Also referenced in R. Jolly, 2014, op cit. NB: as of November 2016 Switzer presents two regular shows on the ABC's Radio National.

coverage each year, in response to these allegations of a lack of impartiality.⁴⁶ These reviews⁴⁷ did little to defuse political accusations of bias in the ABC and here we offer a brief examination of three cases that occurred between the election of Tony Abbott in September 2013 and the end of 2016, to now give some sense of the pressures on the ABC around editorial issues.⁴⁸

Three ABC Case Studies

1. BURNED HANDS ACCUSATIONS, FEBRUARY 2014

This case referred to the ABC's reporting of accusations that Australian Navy personnel intercepting asylum seekers from Indonesia had maltreated them, in particular by deliberately burning their hands, through forcing them to hold onto hot pipes coming out of the boat's engines, as they boarded the navy ships. Claims about this had been circulating from early January but the criticism of the ABC was that they covered the story on the basis of unproven accusations, with the Prime Minister, Tony Abbott, expressing his concern in rather dramatic terms:

*I think it dismays Australians when the national broadcaster appears to take everyone's side but our own, and I think that's a problem.*⁴⁹

Paul Barry, presenter of the ABC's weekly media show, *Media Watch*, was also critical of his employers:

*We believe the ABC should have been far more cautious, given the evidence it had, and given it was making such a big call against the Navy.... It now seems the burns occurred in a scuffle with the Navy. And were not deliberately inflicted by Navy personnel. We believe ABC News got it wrong.*⁵⁰

As more information emerged, the ABC issued a statement, apologising 'if our reporting led anyone to mistakenly assume that the ABC supported the asylum seekers' claims' but that didn't satisfy the Prime Minister, who stated that 'sorry seems to be the hardest word for them.'⁵¹ These intense exchanges followed shortly on from other conflicts

⁴⁶ See R.Jolly, 2014, op cit p. 30.

⁴⁷ See <http://about.abc.net.au/press-releases/statement-from-abc-chairman-james-spigelman> accessed 30.1.2017, for a statement from the ABC Chairman after the first two reviews were reported.

⁴⁸ The choice of the period since 2013 is not designed to suggest there were not conflicts under the past or previous Labor Governments. There were indeed several, but some observers thought that the political repercussions of the regular rows over coverage intensified after 2013.

⁴⁹ Cited by *Media Watch*, 'Trust, Truth and Treachery', 3rd February 2014. Accessed 30.1.2017. <http://www.abc.net.au/mediawatch/transcripts/s3937354.htm>. It is also worth noting that the then Communications Minister, Malcolm Turnbull, took a more conciliatory line than Tony Abbott, noting that 'Politicians, whether prime ministers or communications ministers, will often be unhappy with the ABC ... but you can't tell them what to write' adding, 'What's the alternative ... the editor-in-chief [of the ABC] becomes the prime minister?' See *Sydney Morning Herald*, 30.1.2014. Accessed 30.1.17. <http://www.smh.com.au/federal-politics/political-news/malcolm-turnbull-defends-abc-after-tony-abbotts-attack-20140129-31n5z.html>

⁵⁰ *Media Watch* 3rd February 2014, op cit.

⁵¹ See *Daily Telegraph* story, 'Minister pressure ABC for apology over claims of Australian navy torturing asylum seekers' 5.2.2014, by S. Benson & Patrick Lion and Tim Blair, 'ABC TV in burns backdown; managing Director Mark Scott admits no evidence Australian navy tortured asylum seekers' 4.2.2014 <http://www.news.com.au/national/abc-tv-in-burns-backdown-managing-director-mark-scott-admits-no-evidence-australian-navy-tortured-asylum-seekers/news-story/d1ccf7ae51722291e73226768dc648b6> and <http://www.news.com.au/national/ministers-pressure-abc-for-apology->

between the government and the ABC over their prominent reporting of the accusation from the Edward Snowden files, that in 2009 Australian intelligence had been monitoring the communications of the Indonesian prime minister and his wife. To which the Prime Minister had said on January 29th ‘the ABC seemed to delight in broadcasting allegations by a traitor ... and of course the ABC didn’t just report what he said, they took the lead in advertising what he said.’⁵²

It was clear that just a few months after the election of the Tony Abbott led government, relations were going to be very difficult and these tensions would in turn be used to fuel campaigns to cut the ABC down to size.

2. THE ZAKY MALAH/Q&A CASE, 2015

On 22nd June 2015 the popular ABC political discussion and audience engagement programme, *Q&A*, became the source of a major row between the ABC and the government.⁵³ The programme had long been unpopular with the Abbott government but the particular issue that sparked this row was that Zaky Mallah, an Australian who had previously been charged under their anti-terrorism laws, was allowed to ask a series of questions of a government minister on a live edition of *Q&A*. By the next morning the ABC Director of TV had issued a statement apologising for the ‘error of judgement’ in allowing him to ask a question, because the live nature of the programme ‘meant it would not be possible for editorial review of the comments he might make prior to broadcast, particularly if he engaged in debate beyond his prepared question’. This did little though to staunch the attacks. Tony Abbott gave an interview to Sky News on the day following the broadcast in which he said:

I think many, many millions of Australians would feel betrayed by our national broadcaster right now, and I think that the ABC does have to have a long, hard look at itself, and to answer a question which I have posed before: ‘Whose side are you on? Whose side are you on here?’⁵⁴

A few days after the broadcast Mark Scott gave this robust response to the Prime Minister’s question:

The ABC is clearly Australian, it’s on the side of Australia. The A in ABC is for Australian. And the part we play, what we do for the side, is a vital one, central to our culture and our democracy – that of being an independent public broadcaster ...

[over-claims-of-australian-navy-torturing-asylum-seekers/news-story/bf108aa9b77dd731f819c3535364fe17](http://www.abc.net.au/news-story/bf108aa9b77dd731f819c3535364fe17) Both accessed 30.1.2017. For the ABC view and statements see <http://about.abc.net.au/press-releases/abc-statement> signed by Mark Scott and Kate Torney, then Director of News. Posted 4th February 2014. Accessed 26.1.2017. Also see piece by Alan Sunderland, Head of Editorial policy <http://www.abc.net.au/news/2014-02-03/sunderland-the-story-is-the-boats-not-the-abc/5233954> 5th February 2014. Accessed 26.1.2017.

⁵² *Media Watch*, *ibid*.

⁵³ *Q&A* is an ABC version of the BBC’s *Question Time*, but with a bigger focus on interactivity in the form not just of a live studio audience (usually in Sydney), but also a running ticker at the bottom of the screen with comments from Twitter.

⁵⁴ Cited in *Media Watch* “Terror over that Error”, 29 June 2015, Abbott added, ‘... what our national broadcaster has done is give a platform to a convicted criminal and terrorist sympathiser’.
<http://www.abc.net.au/mediawatch/transcripts/s4264050.htm> Accessed 30.1.2017.

*A state broadcaster is the communications arm of the Government ... Its role is to communicate the messages of the Government—and certainly not to do anything that would undermine any Government message. Surely no-one seriously wants the ABC to be a state broadcaster.*⁵⁵

Mallah had been on Australian TV and Radio at least two dozen times in the previous three years but this particular appearance had long lasting repercussions. First, the ABC announced that they were reprimanding the programme's producer and that their next independent editorial review would be of Q&A itself, looking at programmes between February and the end of June 2015, including a whole range of issues connected with impartiality such as the selection of both the audience, and the panel members, the questioning and the live Twitterstream.⁵⁶ Then Prime Minister Tony Abbott instituted a boycott by Ministers of the programme.⁵⁷ When the review was published in December 2015, it came up with some areas for improvement but the bias it found was more about geography and gender with a lack of non-Sydney based panellists or audience members, and of female panellists, rather than any confirmation of the Prime Minister's view that it was '... a Left-wing lynch mob ... outta control'.⁵⁸

3. "THE FORGOTTEN CHILDREN OF NAIRU", FOUR CORNERS, OCTOBER 2016

The final editorial row we will discuss here was one under the Turnbull government and Michelle Guthrie's leadership of the ABC, and followed the broadcast of a *Four Corners* documentary on 17th October, entitled *The Forgotten Children of Nairu*. The programme looked at the situation of child asylum seekers detained on the Island of Nairu. The attacks on the ABC centred on accusations of bias and in particular the fact that because the team was not allowed into the country, the programme relied on evidence from former Save the Children staff who had worked with the children in question, Skype interviews for first hand testimony, evidence from Amnesty International and YouTube footage concerning life on Nairu, including old footage of buildings that had since been upgraded.⁵⁹ In addition, while the programme had sought an interview with the immigration minister, Peter Dutton, they reached an impasse as he was only willing to do a live interview within the programme slot, whereas the ABC refused this, offering instead interviews on other programmes on the same evening. As Peter Dutton told a radio host:

*I said I'm happy to be interviewed but I'll be interviewed live-to-air at the end of the 4 Corners program, and I'll answer any allegation, because we completely reject most of what was said on 4 Corners. They decided that wasn't acceptable to them.*⁶⁰

⁵⁵ Mark Scott, cited by *Media Watch* on cit 25th June 2015.

⁵⁶ <https://www.theguardian.com/australia-news/2015/jul/01/abc-qa-executive-producer-formal-warning-appoint-ray-martin-to-lead-review> and <http://www.abc.net.au/news/2015-07-09/abcs-q&a-review-to-focus-on-panel-audience-selection/6606738> Accessed 3.2.2017.

⁵⁷ <http://www.bbc.co.uk/news/world-australia-33358009> Accessed 3.2.2017.

⁵⁸ <http://www.news.com.au/entertainment/tv/tv-shows/ray-martin-delivers-his-verdict-on-qa/news-story/1f2231b6c273b0fe026f6e5472888801> Accessed 3.2.17. Full Editorial Review report on Q&A, from December 2015 can be found at <http://about.abc.net.au/wp-content/uploads/2015/12/ABC EditorialReview6.pdf> Accessed 18.6.2017.

⁵⁹ See Martin Mckenzie-Murray, 'Culture War in Offshore detention', *The Saturday Paper*, 22-28.10.2016.

⁶⁰ Cited in *Media Watch* 29th October, 2016, <http://www.abc.net.au/mediawatch/transcripts/s4562453.htm> Accessed 3.2.2017.

The programme played into a culture war in Australia where the treatment of asylum seekers and refugees is one of the key polarising issues. The following exchange on a morning radio show gives a sense of things.

RAY HADLEY: *Are the lunatics running the asylum?*

PETER DUTTON: *Well, ... there's no question that they've completely taken over, and they own and operate the place and it's a major concern to all Australians because people watch the ABC and they want fact ...*⁶¹

The Immigration Minister was quoted as saying about the ABC, 'these advocates dressed up as journalists, frankly at the ABC and Guardian and some parts of Fairfax, are compounding these people's problems.'⁶²

An indication of the emotions sparked by the programme occurred the following day when Michelle Guthrie appeared at the Senate Estimates Committee to answer questions about the ABC. Rather than using the appearance as an opportunity to find out about her strategic aims for the ABC, senators used much of the session to ask questions instead about the previous evening's *Four Corners* programme.

Polarised Politics and Editorial Controversies around the ABC

That there should be rows about editorial content between a PSB and the government of the day is hardly surprising. But these three examples are interesting because of what they reveal about how such arguments play out in Australia. First, the initial two rows built on a longstanding suspicion towards the ABC within the Abbott wing of the Liberal party that chimed with attitudes also held by the Murdoch owned press, and seems likely to have helped inform the decisions made on the ABC's funding in the course of 2015. Second, in each case it did not take long before each incident deteriorated into attacks on the ABC's loyalty to the nation itself. And third, the coverage of asylum and immigration issues is such a polarising issue in Australia, that it leaves little space for the ABC to cover it from a humanitarian angle as in *The Forgotten Children of Nairu* case, without rapidly being attacked for siding with groups - in this case Save the Children and Amnesty International - accused of having a political rather than purely humanitarian agenda. Finally, whereas under Tony Abbott, the then Communications Minister, Malcolm Turnbull was seen as a moderating influence on Prime Minister Abbott's antipathy to the ABC, by 2016 the pressures on Turnbull as Prime Minister, on the asylum issue in particular, were such that it appeared that he too was losing patience with the ABC and its MD, Mark Scott.⁶³

⁶¹ 2GB, *the Ray Hadley Morning Show*, 20 October, 2016, cited in *Media Watch* op cit.

⁶² Quoted in *The Saturday Paper*, op cit.

⁶³ Margaret Simons remarked that Scott, had lost 'the ear and the patience of government by the end of his term ... largely because of his support for the ABC news-gathering team during controversies such as the story that alleged navy personnel had deliberately burned asylum seekers' hands. The ABC eventually acknowledged that it did not have the evidence to support the claim, but too late and in too mealy mouthed a fashion to appease the critics.' M.Simons, "Is Michelle Guthrie Tuned into the ABC", *The Monthly*, October 2016.

Faced with this situation, there was a question as to how the ABC should react on editorial issues. Overall, their ratings in terms of impartiality and trust remained high.⁶⁴ And there had been a reinforcement of their editorial processes in April 2016 with the placing of the Editorial Director onto the Board.⁶⁵ But while there were systems for referring up controversial programmes, some argued that given the ease with which editorial rows could escalate there needed to be better ways of ensuring that producers raising a warning flag on high risk programmes, so that the ABC could choose the ground on which it would fight its battles, in full awareness of the facts, rather than risk being faced with defending decisions of which they had known little or nothing before transmission, until after a row erupted.⁶⁶ To their credit, in the case of the *Four Corners* Programme on the children of Nairu, the ABC and in particular their Director of Editorial Policy, Alan Sunderland, gave a very robust defence at the Senate Estimates Committee. But this hearing took place just a day after the programme was broadcast and the Senate Committee transcript suggests that the top ABC team were either not fully aware of (or did not want to divulge) the details of how the contributors were chosen, and who provided the footage for the programme.⁶⁷

⁶⁴ According to survey evidence presented in the ABC's 2016 Annual Report, p. 142, 77% of people believed the ABC 'is balanced and even-handed when reporting news and current affairs' (compared to 80% in 2012), and 86% valued 'the ABC and its services to the community' (compared to the same figure, 86% in 2012) and it scored high percentages of people believing that it provided quality programming across TV (78%), Radio (63%) and Online, (91% among ABC online users). Latest figures from the 2017 *Reuters Institute Digital News Report* (Newman et al.) also place ABC News top in Australia for 'providing accurate and reliable news'.

⁶⁵ The 2016 Annual Report p. 80 explained this move as being designed 'to ensure a more centralised approach to advising on all significant and controversial issues, as well as overseeing editorial training, editorial guidance and complaints investigation'. It mirrored that adopted previously by the BBC, and may have reflected the Board's awareness of the sensitivity of editorial issues to the ABC's wider relations, together with the impending arrival of a new MD, Michelle Guthrie, with no editorial experience.

⁶⁶ Getting the balance right between editorial delegation and systems of referring up and central control in a public broadcaster is always complicated. But delegation also depends on having a strong and experienced tranche of mid-level staff to make difficult editorial judgements further down the chain of command. Some interviewees argued that the cuts to the News Division under the Abbott government removed some of those experienced people, at the same time as the ABC was more exposed than ever before to attacks from a hostile government. Source: unnamed ABC interviewee.

⁶⁷ Transcript of Environment and Communications Legislation Committee Hearing with the ABC, 18th October 2016.

4. Strategic Issues in ABC News

The ABC's News Division is the most important and distinctive part of its programming activities, and one of the most contentious. It currently spends AU \$200m, or about a quarter of the budget, once transmission costs are excluded, and its 1,300 employees amount to nearly a third of the ABC's staff, making it by far the biggest division in terms both of cash and people. The sensitivity of some of its coverage also makes ABC News one of the highest profile parts of the organisation, in terms of its editorial decisions and day-to-day coverage, funding and digital priorities and its overall direction.

Reactions to Funding Changes

As the 2014 funding cuts to the ABC came into force in 2015/16, they were accompanied by the reduction in funding for initiatives launched under Labor, meaning that ABC News was left with some hard decisions about which areas to cut. Two relatively recent initiatives were stopped in 2016. The first was The Drum, an opinion site which, as we have seen, had antagonised some commercial publishers, well beyond the usual opponents of the ABC. Gaven Morris, Director of News was the one to implement that decision but it was clear that in an environment with many tough decisions to make about resources, closing the Drum was one of the easier ones.

... it was one of the things that I thought wasn't necessarily at the heart of our mandate. ... it is one thing to have a broad representation of different points of view in the news mix. It is another to be out there bringing in opinions and posting them on the web with the public media. For me that wasn't a priority for us so we stopped doing it. it is part of the market that is very well served. Any digital outlet from a commercial organisation has plenty of commentary and opinion in it.⁶⁸

Another, more painful, cut announced in May 2016 was to the ABC fact-checking website, which had been shortlisted for a Walkley Award in 2014, and was seen to be doing good work. But with the end of the dedicated funding from the Rudd government that had underpinned its creation, the Director of News was quoted at the time as saying that 'having a standalone unit is no longer viable'.⁶⁹ The ABC had led the way in bringing fact-checking to Australia, so there was a welcome for the later announcement that the ABC had found a way to revive the unit, from March 2017, through a partnership between the ABC and RMIT University in Melbourne. Under this partnership the University provided most of the resources, with the ABC hosting the content on its site, subject to it meeting ABC editorial guidelines.⁷⁰

Diversifying the Audience and the Agenda

Even though there were hard financial decisions for ABC News to make in 2016, that was also a year when they scored record ratings. In July 2016 the ABC news website topped the Nielsen ratings, pushing the websites of News Corporation (news.com.au) and Fairfax,

⁶⁸ Interview with Gaven Morris, Director of News, 16.11.2016.

⁶⁹ <http://www.abc.net.au/news/2016-05-18/abc-fact-check-unit-to-close-14-jobs-to-go/7425638> Accessed 16th April 2017.

⁷⁰ <http://www.abc.net.au/news/2017-02-14/rmit-and-abc-news-partner-to-relaunch-fact-check/8268168> Accessed 16th April 2017.

(smh.com.au) to second and third place respectively, mainly due to a very strong performance by the ABC in the Australian elections.⁷¹ This success was in part because commercially funded media vacated some of the territory that they would have traditionally occupied. As Gaven Morris explained:⁷²

this was the first election campaign in Australia, the first national election where commercial television didn't find time to interview the Prime Minister once on prime time television. That would be unheard of ten years ago in Australia. ... But if our big newspaper groups and our big commercial television players are struggling to sustain business models around doing that more serious end of news then I think that all the more renews the mandate of what a public media might be here to do. Unfortunately I think. Because I wish the market was vibrant enough that we were all competing in that space.

Following that success, the leadership of ABC News is laying the foundations for the future. That involves a range of initiatives, including extending their reach beyond the traditional heartland, diversifying their editorial focus, and encouraging their daily journalists to produce fewer, better stories, rather than assuming that their success will be judged mainly by the volume of stories they file, or fill each news bulletin with.

As with many long-established PSBs, the ABC worries about the profile of its core audience given its aspiration towards universality. As Morris puts it,

we don't want to be popular to all Australians but we want to be broadly relevant to as many Australians as we can, and I think there are still big parts of our audience that we don't serve as well as others. We are vastly over represented in services we provide to older demographics, to wealthier demographics, and to urban demographics. And what we are vastly under represented in are younger more diverse, more suburban, more rural and regional audiences. We need to do something about that if we are serving the audience fairly.⁷³

But he sees the implications of this analysis as playing out in two different dimensions. First a change in where the money is spent, with, over time, fewer of the scheduled programmes on radio and television, that are valued by older and wealthier urban audiences, and more investment in digital and on demand services that might reach a broader audience. But it also involves some rethinking of the editorial focus.

I have asked the question of our people on more than one occasion, are we too focused on asylum seeker issues at the expense of cohesion in our suburbs? Are we too focused on funding issues in federal politics around how money is carved up for funding health

⁷¹ Mumbrella, 27.8.2016. Miranda Ward, "Nine.com.au sees audience swell by more than 1.5m as it claims fourth spot in digital news rankings", <https://mumbrella.com.au/nine-com-au-sees-audience-swell-1-5m-claims-fourth-spot-digital-news-rankings-391328> Accessed, 19.1.2017.

⁷² Interview with Gaven Morris, Director of News, op cit.

⁷³ Figures from the 2017 Reuters Institute Digital News Report show that the performance of ABC News online is very consistent across age groups, and its strong performance amongst young people stands in contrast to that of TV news which tends to skew older. <http://www.canberra.edu.au/research/faculty-research-centres/nmrc/research/digital-news-report-australia-2017>

rather than whether the quality of services in our hospitals to the public is as good as it could be, or the education services are as good as they could be? Whether climate change is overly fascinating to us as ABC journalists, compared to what people out there really are looking for a comprehensive news broadcaster to provide? That, to me, is a question that does require us to spend a lot more time and discussion sorting through. Whether the stories that we pick and the issues that we report on are broadly reflective of people's interests. ... there are really important issues out there that people in the community are coming up against every day that perhaps we are under reporting. Still good journalism to be done on those issues but those things may be more interesting to people than debates about same sex marriage or climate change or asylum seekers, or some of the things that we get accused of focusing too much on.

Morris may be right about the need to refocus on the issues that concern the audience most, but his list of topics which he thinks the ABC may be 'focussing on too much', also coincides with some of the defining ones in Australia's culture wars. In that sense focusing more on the concerns of ordinary people might bring another benefit in opening up the ABC's appeal to people wherever they stand on some of the most divisive issues in Australian politics and society.

Equal Digital Life

The final element of the ABC News reform agenda lies in plans to extend the life of their content, through an initiative that Gaven Morris dubbed 'Equal Digital Life'.

it is about going to our best teams and [saying] you are already doing brilliant journalism, you are already serving an audience that really loves what you do over there on radio and television. What we want to do is work with you and work out what is required to grow that same service into an equally valuable one for people who may never choose to come to a scheduled broadcast service, but may choose to access news and information through digital means. So it is as simple as that really. It was really about extending the value of the best content we produce and the best stories we cover equally to people on digital platforms.

But the approach may also lead to some hard questions about where best to deploy resources:

... not all the things we do are going to be equally valuable. So what are the things that are of most value and are we supporting those well enough to reach an equal digital life? The next part of the question is well what is not so valuable to us or what isn't going to sustain itself for both broadcast and digital audiences in an equal kind of way?

Michelle Guthrie was quick to adopt Equal Digital Life, but the fundamental question about how much the new focus on digital might mean reallocating resources away from broadcast, and with what implications for jobs, was one of the things that was to dominate much of the internal debate within the ABC during her first year.

5. Organising Digital at the ABC: Strong Services on Shifting Organisational Foundations

Digital was one of the success stories at the ABC under Mark Scott, with a dramatic expansion of digital services. New channels such as News 24 and a refocused ABC3 – ABC Kids - were created, largely from within existing resources, along with the ABC on demand service, iview, which is the most successful such service in Australia. At the same time the ABC website expanded and, as we've seen, its news website did particularly well.

The picture was more mixed when it came to finding the best way to organise digital innovation, infrastructure, delivery and products, though the ABC was far from alone in finding this a particularly difficult area. The ABC's first website was launched in August 1995 and run by its Multimedia Unit which later became its own Division for New Media and Digital Services in 2000, alongside the Radio and TV Divisions.⁷⁴ A further change was made in 2012 when Mark Scott brought in Angela Clark, who was a former Chief Executive of Macquarie Radio Network and with some experience of running media start-ups, to run what had become ABC Innovation. Then in November 2014 ABC Innovation transformed into the Digital Network. The decision was explained by the ABC in its 2015 Annual Report⁷⁵ as involving the 'centralisation of oversight of the ABC's overall digital products, platforms and infrastructure' with the goal to

replace its existing Innovation division and have a broader remit to address the challenges and opportunities presented by the disruptive nature of the digital marketplace and its impacts on media and the ABC. The centralisation of the ABC's digital expertise across service design, UX, development and project management is expected to deliver significant consistency of product across the ABC, through the application of Human Centric Design models, and allows for the alignment of resources to strategic organisational priorities.

However, in the last quarter of 2016 several interviewees felt that the Digital Network had not worked well; people in the content divisions resented a concentration of digital expertise at the centre, while some at the centre pointed to a lack of strategic direction and the risk that the ABC might be 'disrupting ourselves' through a lack of coherence across their digital plans.

One example of this was given by an interviewee⁷⁶ who pointed to the proliferation of products to the point where the ABC had about 142 bespoke digital products, because of the ways in which extra features were constantly being added for multiple platforms. With the catch-up service iview, 29 different content management systems were being used. One consequence was that of the c. AU \$30 m spent annually on the Digital Network, around 75% was going on maintaining a very complex suite of existing products and versions, with only 25% going on building a connected network across on shared platforms. The worry of at least some of the ABC's leadership was that their multiple bespoke products were not working together, and that retrofitting intuitive systems such as content

⁷⁴ https://en.wikipedia.org/wiki/ABC_Innovation Accessed 8.5.17.

⁷⁵ ABC Annual Report 2015, pps. 136 and 110.

⁷⁶ Interview with unnamed ABC manager, October 2016.

recommendation engines, across multiple websites and ABC services, was becoming increasingly time consuming and expensive.⁷⁷ All this at a time when audiences were becoming more accustomed to smarter, more personalised services from the websites, apps and services they used elsewhere, whether on services such as Netflix, Amazon, or commercial broadcasters. Meanwhile, one of the two interviewees I spoke to in content divisions who raised this, thought that a way needed to be found 'to return some of the value of digital expertise back into content making teams'.⁷⁸

Beyond the issues of where digital expertise lay and how products were developed, one other driver towards centralisation in ABC's digital activities concerned its relations with new platforms. As the role of new distributors and intermediaries became more important in getting the ABC's content out to audiences, there was a risk that different parts of the ABC were striking their own deals with new and emerging platforms, without much co-ordination with, or sometimes even an awareness of, what others had done. One of the things that was needed in a new digital strategy was the centralisation of external negotiations to ensure that there was full awareness at the Centre of the range of partnerships, to leverage the organisation's strengths and to create a more coherent strategy towards the platforms.

⁷⁷ Unnamed ABC manager, October 2016.

⁷⁸ Interviewee in content division, October 2016.

6. Setting a New Direction for the ABC: Michelle Guthrie's First Year

A Cautious Start

Any new Chief Executive of a PSB faces a lot of pressure to spell out their priorities. In the case of Michelle Guthrie at the ABC, who followed on from a decade of Mark Scott's leadership, observers and staff were watching closely for signs of a new direction even as one remarked that one of her main 'challenges is to step out of Scott's shadow'.⁷⁹

In spite of that pressure she started cautiously, mainly listening and observing, rather than rushing to unveil a great strategic vision. But she also set out to establish a different tone to her predecessor, often through symbolic but nevertheless powerful signals. These included moving her office from the corporate top floor of the ABC's HQ at the Ultimo Centre in Sydney to an open plan office in the heart of the building, removing reserved parking spaces for the top executives, and making clear in her e-mail to staff on the first day that her priorities were diversity and digital, saying the ABC must 'extend our reach and our relevance into areas where we are under-represented', which 'means more diversity in both our staff and our content'.⁸⁰ These two priorities rang true from the first female MD, who comes from a mixed Chinese-Australian parentage, and had arrived straight from Google's Singapore offices after 25 years in various roles on the corporate and legal side of different media companies including Sky/News Corp.⁸¹

Building Reach through Third Party Platforms

Her background made her more aware of the ways in which a greater focus on relations with platform and digital distribution might both be necessary and a way to tackle her priorities of diversity and digital, with a key part of her strategy being to rely on third party digital platforms to increase the reach of the ABC's content. One of the first questions she posed on arriving at the organisation was whether it was right to describe the ABC as the 'home of Australian content' rather than 'the source of Australian content' and why the ABC was content to reach 70% of Australians rather than aspiring to reach 100%?⁸² The questions – and the resulting changes – both pointed to the fact that under Michelle Guthrie, the ABC would aim to increase its reach, attracting non-users through making the ABC's content increasingly available through third parties, whether that be Facebook, Netflix, Apple News or whoever. As noted earlier, that in turn would require a new and more co-ordinated approach to the way the ABC's negotiated with those platforms.

An early reflection of those discussions – just 2 months after Michelle Guthrie's arrival at the ABC – was the publication on 1st July 2016 of an admirably succinct one page set of

⁷⁹ Margaret Simons, *The Monthly*, October 2016, op cit.

⁸⁰ Ibid and Amanda Meade, *Guardian*, 3.2.17. Accessed 7.2.17.

<https://www.theguardian.com/media/2017/feb/03/weekly-beast-news-corp-uses-every-medium-to-punish-employee-for-leaving>

⁸¹ Her past working for Murdoch and Google initially fuelled scepticism about her amongst some within the ABC, which in my view was misplaced. She refuted these accusations in her first major TV interview in June 2017. See Amanda Meade, 'ABC's Michelle Guthrie. "I was never a Murdoch hatchet woman"'. *Guardian* 9.6.2016.

<https://www.theguardian.com/media/2017/jun/10/abcs-michelle-guthrie-i-was-never-a-murdoch-hatchet-woman>

Accessed 27.6.2017.

⁸² Unnamed ABC manager, October 2016, and Margaret Simons, October 2016, op cit.

editorial principles, 'The ABC on third Party Sites', as to how ABC content might be presented by the platforms.⁸³

To ensure the ABC remains relevant to the Australian community, we have moved beyond our own taxpayer-funded platforms and found new audiences and new communities in the places where people have been turning for their information. That's why you can find ABC content on a wide range of third party platforms and services. These can range from social media platforms like Facebook, Twitter or YouTube to streaming or on demand platforms like Foxtel or Fetch or to a wide range of websites where ABC News and other content can now be found. Many of these platforms and services are supported by advertising or funded via paywalls or subscriptions. These are not platforms the ABC owns or controls... [So] ABC content will often be repackaged or presented in new ways to suit these third party sites. An issue or an idea covered on the ABC as an interview or a program might wind up as a meme or a gif on social media or lead to a specially created infographic on a third party site.

That lack of control meant that the ABC could not be responsible for what other content or adverts might appear alongside ABC content. Nevertheless, the guidelines sought to offer reassurance that

*No matter how far we expand into new ways of engaging with audiences in new places and forms, our taxpayer-funded content will continue to be delivered free on our own platforms to the people who pay for us.*⁸⁴

Michelle Guthrie revisited the theme when she gave evidence in October 2016 to the Senate Estimates Committee.

It is important for the ABC to be on those places where Australians are. Increasingly they are not on traditional television platforms or traditional television channels, so iView has picked up a lot of viewership but increasingly so has Netflix. We recently had a deal with Netflix where they took 200 hours of our ABC content. It is important for us to think of ourselves as not requiring viewers to come to us but to go where the viewers are, [emphasis added] and that is going to be over a multiple number of platforms including Netflix and others.... We have arrangements in place with Apple News. We have arrangements in place with Facebook and others. We believe that we have made a very large investment in ABC content and it is important that we try to have the broadest availability to the Australian public as we can.

⁸³ 'The ABC on Third Party Sites', <http://about.abc.net.au/wp-content/uploads/2016/07/ABCThirdPartySitesGDE.pdf> Accessed 21.1.2017.

⁸⁴ Ibid. While the editorial guidelines are public, one assumes that similar guidelines to commercial negotiations also exist, but are not published. However, it is likely that some of the things that the ABC will focus on in such negotiations will include the need to ensure Attribution, Branding and Data, namely that ABC content is clearly labelled as such, that the ABC gets the credit for its content, and that the ABC can have access to the data about the ways in which their content is accessed through third party platforms. While these are sought by almost every media company, their ability to make progress can often depend on their own leverage, personal relations and bilateral deals with platforms.

Guthrie's Approaches to Digital and ABC News

As well as thinking through the long term distribution strategy for the ABC, there were some early indications that Michelle Guthrie was aware of the internal organisational problems the ABC was facing in how it dealt with Digital and the first departure from her Executive team was that of Angela Clark, the first head of the Digital Network, in September 2016 just 4 months after Michelle Guthrie's arrival.⁸⁵

Later in October 2016 she put her distribution strategy into a much broader context in a speech in Melbourne focused on News, where she began by giving her analysis of the challenges facing the ABC stating:

There is no mass media now. Different demographics congregate around different platforms. Media companies that try to corral all their audiences in one place or who rely on "loyalty" to keep them there do so at their peril.

But even in a fragmented market place, it is possible to carry issues and stories across audiences and, as a media company, to retain broad relevance.

You can create water cooler moments and they don't all have to relate to pop culture or require a satirical lead-in.

You can ensure that your content – whether it is a probing news investigation, a brilliant local drama or a provoking science documentary, is relevant across socio-economic and age demographics.⁸⁶

She posited the best ways to tackle the new challenges in terms she used as the title of her speech, namely, *Dexterity, Diversity and Collaboration*. Dexterity was defined 'as an essential attribute for any media company pursuing relevance in a splintered world' with the use of 'new tools to reach audiences and to extend the life and accessibility of our content and stories'. Her approach here included a robust defence of the ABC's presence in the digital news space and support for the Equal Digital Life initiative (described above) suggesting it could be deployed to other areas of the ABC's activity. For her, three questions were imposed by Equal Digital Life around 1) ensuring that stories have the same value to digital audiences as to TV and radio ones, 2) that journalism featured on TV worked for online audiences who did not watch ABC TV, and 3) creating value for people who did not use ABC News. Diversity was presented as:

a key to relevance ... because ... the national broadcasters can only truly reflect cultural diversity if it lives it. Our program makers must embrace a wider set of life expertise if they are to commission and deliver content that is more representative of and relevant to our audiences.

⁸⁵ See Amanda Meade, Guardian, 4.9.2016 <https://www.theguardian.com/media/2016/sep/05/abc-loses-first-executive-michelle-guthrie-reign-angela-clark-quits> Accessed 19.1.2017.

⁸⁶ Speech by Michelle Guthrie, 28 October 2016, Melbourne, ABC News. *Dexterity, Diversity and Collaboration*. <http://about.abc.net.au/speeches/abc-news-dexterity-diversity-and-collaboration> Accessed 16.11.2016.

Collaboration and partnerships were presented as vital 'not only in distribution but in the creation of content' with a new deal to provide a dedicated ABC News service on Facebook Messenger identified as one example of this approach whose goal was 'to make ABC News an essential part of people's daily lives by engaging with whatever medium they are on'.

Nervousness Within the ABC

It's fair to say that in her first months at the ABC Michelle Guthrie appeared more comfortable talking about the strategic challenges of digital and diversity than editorial matters. There were rumblings of discontent, as people struggled to understand what her ambitions were for the ABC, and complained about her lack of editorial or public sector experience. Anonymous grumbles from within started appearing in the newspapers from 'senior ABC insiders' with quotes such as 'If you find out what she thinks she's doing please tell me', or 'I don't think she's up to it. I think she's out of her depth'⁸⁷ and I heard similar concerns, but there was also much hope.

There's no doubt that running a large, leaky and disputatious organisation such as the ABC is hard, especially for a newcomer who needed to make changes and implement further cuts but equally needed time to understand the organisation and review her options. Six months into her term of office, briefings by some staff indicated worries about the lack of clarity on the strategic direction, and concerns about her reliance on some consultants, notably the appointment of Jim Rudder, a former Murdoch employee, who was tasked with overseeing the wide-ranging review of the ABC's broadcast and production operations and unsurprisingly was greeted with suspicion by some staff, both for his professional origins, and for the way he proceeded with his fact-finding mission.⁸⁸ There was also concern about the less than sure-footed way she dealt with some public appearances. In her Melbourne speech, while she was strong on strategy, the aspect that received most press attention was what she had to say about programmes. Not the one carefully crafted programme-related announcement in the speech itself,⁸⁹ but rather the hesitant way she dealt with questions about the future of renowned ABC programmes such as *Lateline* and *Foreign Correspondent*. Her responses led to a need to reassure worried staff from those two series that neither programme was in her sights.⁹⁰ Her difficulty in answering those questions may in part have been born from inexperience but it was also likely to have been motivated by a reluctance to issue guarantees to any individual programme at a time when she wanted to review everything and was clear that over time the ABC's programme line up and deployment of

⁸⁷ Mike Secombe, 'Senior ABC Staff say Michelle Guthrie 'out of her depth'', *The Saturday Paper*, Issue 137, December 3-9, 2016.

⁸⁸ <http://www.smh.com.au/entertainment/tv-and-radio/abc-hires-former-murdoch-man-jim-rudder-to-oversee-review-20161206-gt596d.html> Accessed 11 June 2017.

⁸⁹ About the replacement of the Friday edition of the nightly 7.30 programme to a bulletin presented by Stan Grant, who would join the ABC in a new role as indigenous affairs editor working across all platforms. See Darren Davidson, 'ABC digital strategy accelerated', *The Australian*, 30th October 2016.

⁹⁰ Mike Secombe, op. cit., explained how when pressed on the future of the *Lateline* programme she 'did not give a straight answer. She waffled ...' and chose the example of another programme, *Foreign Correspondent* to make her point. He notes that 'the implication of her evasion was taken to be that both programs were for the chop.' Amanda Meade from the Guardian 3.11.2016 noted how 'As the news travelled on Twitter, ABC staff were desperately trying to confirm if their shows had been axed, only to be told that it was all a mistake and the MD had muddled her answer'.

<https://www.theguardian.com/media/2016/nov/04/abc-boss-michelle-guthrie-muddles-her-answers-then-wields-the-axe> Accessed 18.6.2017.

resources had to change. Combining radical review with reassurance to existing staff is a hard act to carry off.

Other indicators from Michelle Guthrie's first 9 months in office suggested an impatience with many aspects of the ABC, including a reported frustration with the layers of ABC management and with services that seemed to her expensive in relation to audience reach, as she embarked on her plans for restructuring the ABC.⁹¹ Early decisions, such as those to axe a specialist science programme, *Catalyst*,⁹² after some major editorial failings by one presenter, and to cut short wave transmissions, suggested a willingness to make bold and unpopular decisions, in spite of protests from well-placed critics either inside or beyond the ABC.⁹³ By the end of 2016 concern was gathering among many staff, who feared the nature of the changes that might be afoot, and Sydney based staff at Radio National (the ABC's nearest equivalent to the BBC's Radio 4 but more exposed because of its relatively small audience⁹⁴) had passed a no confidence motion in management in protest at the 'continuing erosion of specialist programming in music, features and religion', which they saw as representing a 'serious breach of the ABC Charter'.⁹⁵

Appearing at a Senate Estimates Committee on 28th February, she struck a different note from her predecessor in terms of the ABC's level of funding, noting that: 'On my second day in the job I was handed down the triennial funding in the May budget and as far as I'm concerned we operate within that three-year funding envelope.' According to the Guardian,

⁹¹ Amanda Meade, Guardian 27.1.2017 Accessed 27.3.17. <https://www.theguardian.com/media/2017/jan/27/from-the-top-abc-set-for-radical-change-under-michelle-guthrie>

⁹² With *Catalyst*, while the weekly magazine programme was cancelled the plan was to replace it with 17 1 hour programmes. But the decision prompted some major figures to criticise both the way in which the decision had been handled and the removal of a key area of expertise and long established science team within the organisation, with 64 scientists signing a petition in protest. See www.handsoffourabc.au accessed 28th March 2017, and Linda Morris, "Catalyst reporter Mark Horstman, Radio National's Robyn Williams lash ABC over redundancies", *Sydney Morning Herald*, 30.11.2016. Accessed 27.3.17. Interestingly, when Michelle Guthrie appeared before the Senate Estimates Committee on May 24 2017 she announced that *Catalyst* would be returning later in 2017.

http://parlinfo.aph.gov.au/parlInfo/download/committees/estimate/ce2e003c-8d74-483c-817a-e4eef15baf8/toc_pdf/Environment%20and%20Communications%20Legislation%20Committee_2017_05_24_5043.pdf;fileType=application%2Fpdf#search=%22committees/estimate/ce2e003c-8d74-483c-817a-e4eef15baf8/0000%22 Accessed 11 June 2017. Her critics though, pointed out that her earlier promise of 17 1 hour science documentaries in 2017 would not be honoured. See Amanda Meade, "ABC comes up short with Catalyst revamp", Guardian 23.6.2017.

<https://www.theguardian.com/media/2017/jun/23/abc-comes-up-short-with-catalyst-revamp-weekly-beast> Accessed 27.6.2017.

⁹³ The issue of ending short wave transmissions was raised by Senators at the Senate Estimates Committee on 28th February 2017, but received a robust response from Michelle Guthrie. See Crikey

https://www.crikey.com.au/2017/03/01/what-we-learned-in-estimates/?utm_source=TractionNext&utm_medium=Email&utm_campaign=Weekender-Subs-20170304 Accessed 4.3 2017.

⁹⁴ Amanda Meade, Guardian 8.12.2016 "Jaws drop at ABC as Michelle Guthrie defends Radio National Cuts", <https://www.theguardian.com/media/2016/dec/09/jaws-drop-at-abc-as-michelle-guthrie-defends-radio-national-cuts> Accessed 13.6.2017. Meade stated that when Michelle Guthrie met Radio National staff who expressed concern about cutbacks at the station she 'became very defensive and raised her voice, repeatedly asking them "what they would do" and how they "justify their massive budget when their reach is so low"'. According to the ABC 2016 Annual Report (p. 51) Radio National's weekly reach in the 5 major cities was 640,000 and its share was 2.3%. This compares to latest figures for BBC Radio 4's weekly reach of 11.33 million and share of 12.7%. See 'Record Audiences for BBC Radio 4's *Today* Programme' at <http://www.bbc.co.uk/mediacentre/latestnews/2017/rajar-q4-2016> Accessed 27.3.17. Of course the UK population is close to 3 times that of Australia, but Radio 4 is far more successful than can be accounted for by the population difference alone, and, more important, BBC Radio 4's audience is strong and growing whereas while Radio National has many strengths and strong supporters it looks far less vigorous and its staff fear that the new regime may take an axe to it.

⁹⁵ Matthew Knott, 'Michelle Guthrie's bruising first year atop the ABC: "The way it was done was brutal"', *Sydney Morning Herald*, 9.12.2016.

‘Asked repeatedly if she believed it was her role to seek more funding to fulfil the ABC’s charter she said no because her focus was on providing content and operating efficiently’. They concluded that this showed ‘a marked difference from her predecessor Mark Scott who was a consistent lobbyist for additional funding and critic of government cuts.’⁹⁶ That judgement may be true, but her main concern at that hearing of the Senate Estimates Committee was probably more mundane; how to avoid being pushed to reveal her impending reform plan for the ABC, due to be announced just a week later, without causing undue offence to the Senate Committee.⁹⁷

Michelle Guthrie’s March 2017 Reforms

Michelle Guthrie’s long awaited reform plan was announced on 7th March 2017 and in her speech to staff, entitled ‘Investing in Audiences’ she built on some of the themes of her first year.⁹⁸

Pointing to the changes in the wider media market – with new players, new platforms, and an explosion in the range of content available – she identified the consequent challenges for the ABC.

Audiences are changing their behaviour. They want content at a time that suits them, via a device and format that they prefer. They are impatient; demanding better experiences and wider choices. They’re no longer “rusted on”.

We lack the flexibility to quickly adjust to the fast-changing audience trends. Our reach on television and radio is declining and digital is struggling to bridge the divide.

We have significant audience gaps: socially, culturally and geographically. This means we’re falling short of properly and effectively representing, in our employees, content and audience impact, the modern Australia in which we live.

Our funding situation is tight. While we have certainty over a three-year cycle, we have funding cuts locked into our base. While the Board retains its right to seek extra funding that delivers important public benefits and protects our Charter role, we must continually look at our own capacity to shape our destiny.

⁹⁶ Amanda Meade and Helen Davidson, ‘Michelle Guthrie says it is not her job to lobby for ABC funding’ <https://www.theguardian.com/media/2017/feb/28/michelle-guthrie-says-it-is-not-her-job-to-lobby-for-abc-funding> Accessed 28.2.17.

⁹⁷ Her first appearance at the Senate Estimates Committee in May 2016 had not gone well, when she had appeared to give greater importance to catching her planned flight back from Canberra than responding to the full range of questions the Senators might want to ask her. It was viewed as a sign that the new MD had not fully grasped the difference between a corporate environment and a public sector one, and the importance of deferring to elected representatives seeking to hold the ABC to account, on the timetable chosen by them, even if one might take issue on many of the points they raised. See Matthew Knott, “New ABC boss Michelle Guthrie faces Senate baptism of fire”, *Sydney Morning Herald*, 6.5.2016. Accessed 13.6.2017. <http://www.smh.com.au/federal-politics/political-news/new-abc-boss-michelle-guthrie-faces-senate-baptism-of-fire-20160505-gonkm7.html>

⁹⁸ The following analysis draws on Michelle Guthrie’s speech <http://about.abc.net.au/speeches/abc-md-address-to-staff-investing-in-audiences> and the press release on the ABC website <http://about.abc.net.au/press-releases/50-million-audience-investment-in-abc-transformation> both from 7th March 2017 Accessed on 28.3.2017.

That means unlocking the money we need NOW to enable our storytellers to deliver the programming and services that audiences want.

Her analysis was that ‘incremental reform is not the answer ... transformational change over the next year is essential’ and then went on to outline her proposals. These included:

- The creation of a new contestable Content fund for new initiatives with AU \$20m in the first year building to AU \$50m pa. The focus of the fund was to respond to shifting audience trends and extend the ABC’s reach particularly with infrequent users and it would be administered by the new Audiences Division.
- Regional investment building to AU \$15m pa for enhanced content and digital output, with up to 80 new content roles in ABC Regional within 18 months. She explained that ‘This is the ABC acknowledging the important role it plays in the regions at a time of media decline elsewhere. ... [and] ensures that the stories, issues and interests of the one-third of Australians who live outside the capital cities are well-represented across the range of ABC services and have a stronger voice in national conversations.’
- A smaller Executive team reduced from 14 divisions to 8 key teams and what she termed ‘a more appropriate balance between content and support’ in the name of a ‘leaner, less cumbersome management structure that minimises costs, provides a more effective, streamlined service in support areas and facilitates quicker decision-making.’⁹⁹
- A reduction of 20% in support and management roles which together with reducing duplication and other support efficiencies, particularly in ABC News and TV, would lead to between 150-200 staff leaving the ABC by the end of June, with the money freed up invested into the new content initiatives, and to meeting budgetary constraints imposed by the 2014 funding settlement.

The new plan was carefully crafted to appeal both to politicians, and to persuade staff that pain would be mainly inflicted on ‘support roles’ with additional investment in and prioritisation of content areas. It largely succeeded with both constituencies, even if some staff began to question just how many of the so called support roles in News and TV weren’t actually closer to the core content than had been suggested.¹⁰⁰ Alongside the promise of innovation in new areas of content and the removal of ‘content silos’, was the threat of some more pain to come, with the phrase that ‘Over the next 12 months, the objective is to develop new ways to deepen and enhance our content. But it doesn’t mean that every program should and will remain in place forever. That isn’t how our Charter should be interpreted.’

⁹⁹ There was to be a balance between 4 content teams, TV, Radio, News and Regions, and 4 support functions, Finance, Technology, Engagement and Audiences. What is now the 11 strong ABC Leadership Team also includes the Directors of Editorial Policies and Government Relations, together with the Managing Director.

¹⁰⁰ Amanda Meade, Guardian. 9.3.2017 Accessed 18.6.2017.

<https://www.theguardian.com/media/commentisfree/2017/mar/10/media-union-cries-foul-over-abcs-back-office-cuts>

While the changes that received most attention were those affecting content making divisions, the new fund, and the job cut backs, there were also important changes in the support functions. Included in the plans was the creation of a new Digital and Information Division.¹⁰¹ One consequence was that Digital Network, whose painful evolution we discussed earlier, was abolished as a standalone division. The technology and products side moved under the new Chief Digital and Information Officer, the data and audience dimensions to the new Audiences Division, and content divisions once again regained control of their own developer and design resources with which to develop their own digital content products. The intent is clearly to address some of the problems identified in 2016, both at the Centre and within the content divisions, and Michelle Guthrie's background and the centrality she gives to digital means she is well placed to deal with these.

Assessment

Between May 2016 and March 2017 Michelle Guthrie had both devised a far sighted digital strategy based on increasing reach through reliance on third party platforms and restructured the organisation. While both had been roundly endorsed by the ABC Board, its Chairman, James Spiegelman, retired at the end of March, with his successor, Justin Milne's appointment only announced that month. The result of this change was threefold.

First, it strengthened Michelle Guthrie, who moved from being very much the new outsider MD, succeeding her very well established predecessor after a decade at the helm, to one who over her first ten months appeared to have got the measure of the organisation, radically restructured and reduced her Executive team with some new appointments of her own,¹⁰² developed a clear digital strategy and won full endorsement from the Board for her reforms to the ABC.

Second, it marked a change in the political tone between the ABC and the government, from some tense times under Mark Scott's final years, and an outgoing Chairman, James Spiegelman who the government had chosen not to renew, to a new MD and Chair, who both appeared to be in good odour with the government, even as they each stressed the importance of the ABC's impartiality and independence.¹⁰³

Third, it left the ABC in quite a vulnerable position editorially, since while the MD and the Chairman had valuable experience from the tech sector and impressive commercial corporate track records, neither had substantial hands-on editorial experience. In an environment where, as we have seen, some of the ABC's toughest confrontations with

¹⁰¹ The post was originally described as that of a new Chief Technology Officer but when the announcement was made on 12th May that Helen Clifton had been recruited to this post from TVNZ, the title of the post had become 'Chief digital and Information Officer' <http://about.abc.net.au/press-releases/abc-appoints-helen-clifton-as-new-chief-digital-and-information-officer> Accessed 13.5.2017.

¹⁰² Compared to May 2016, one year later her Executive team was reduced from 12 direct reports to eight.

¹⁰³ See Matthew Knott, 'New ABC Chair says "high-minded Turnbull" won't interfere', Border Mail, 27.3.2017. Accessed 28.3.2017. <http://www.bordermail.com.au/story/4556770/new-abc-chair-says-high-minded-turnbull-wont-interfere/?cs=3222> Justin Milne was quoted as saying many of the right things for an incoming Chairman, such as 'I don't see myself as an interventionist chairman - it's not my job to decide on programming or to second-guess journalists or other staff' and saying on bias, 'Bias is in the eye of the beholder ... The ABC goes to a great deal of trouble to be unbiased'; 'I'm sure the ABC wants to drive a line straight down the middle of Australia and provide all Australians with a news service they can trust'; and 'In the era of blogs and "fake news" the ABC is more important than ever.'

government occurred around editorial rows, the risk was that this lack of editorial experience in both Chair and Chief Executive, might leave the ABC rather exposed when, as will inevitably be the case, the next major editorial row blows up. When that happens much will depend on the sure-footedness of the MD's response, how nimble she will prove in calling on the range of advice from within the Leadership Team and the organisation more widely, before they get themselves into an entrenched position.

7. Conclusion: The Way Ahead for the ABC

In one sense the ABC is in a better position now than many might have imagined after the Abbott government came into power in 2013. After very severe funding cuts, and a rocky start in relations between the ABC and the government, the new MD, Michelle Guthrie, has established reasonable relations with the Turnbull government and there seems to be government support for the new reform programme that she is advancing. Similarly, after some missteps in her first year, she has developed a new digital strategy and a programme of organisational reform which seeks to combine necessary cost cutting (given the difficult financial circumstances) with a carefully calibrated amount of optimism and adaptation to digital, through new investment – both in new content (through the contestable fund) and in strengthened services for the regions, that will keep the staff and the politicians onside. Much will depend on the ability to deliver on the promises made as part of the new strategy. But there are also some areas of vulnerability.

Good relations with the current government are helpful, but since the government itself only has a tiny majority, the ruling Liberal party is deeply divided, and there are signs of some resurgence in the fortunes of the opposition, the ABC cannot be confident about the durability of the current situation. That matters not just in terms of day-to-day relations but because it will not be too long before the ABC and the government will need to engage about a new triennial funding package that will come into force after the current one expires in 2018/19, and with new elections due in the final year of the current settlement.

The staff may become less positive about cuts to management and support roles as it becomes clear that these go beyond back office support roles and extend to some seen as essential to get programmes on air. That could be reflected in craft areas, or in editorial roles, whose trimming back will undoubtedly improve productivity figures, but could also leave some programme areas vulnerable if there is inadequate supervision or guidance over critical editorial issues.

As noted, the lack of editorial experience of both the MD and the Chair of the ABC, could leave the organisation quite exposed in the event of a future high profile editorial row. Editorial rows are both regular events in Australia and unusually intense, in part because of the polarised nature of politics where warring factions conduct their battles at a high level of intensity, and often with the support of parts of the press. There are many issues where opinion divides along very sharp lines, with the ABC caught in the middle. Given its public funding and impartiality requirements it is natural that politicians hold it to higher standards than others. The particular problem that is caused by the current political discourse in Australia is that the ABC may find it harder than in the past to persuade some elements of the population of its impartiality. It is true that trust figures for the ABC remain very high, but it would not need many editorial missteps for the ABC to be centre stage in a wider political conflict. It will also be interesting to see how the goal of reaching 100% of the population impacts on ABC coverage, and whether it leads to a more diverse editorial focus or instead a more anodyne tone.

In terms of funding levels, compared to the commercial sector the ABC has the privilege of certainty, but it is entering another stage in a long path of doing more with less; of trying to

keep its many stakeholders happy with declining real funding. Under Mark Scott that was the case with the new linear services he launched, even though Labor awarded some additional funding for specific enhancements. The ABC under Michelle Guthrie is trying to increase its reach by working with a wide range of new platforms and refocus some of its best known programmes, at the same time as it is looking to attract new creative ideas, promote new digital innovations, and strengthen its services in the Regions. That will be hard to pull off with no more cash.¹⁰⁴ While increased efficiencies may offer some help, Michelle Guthrie may discover that any standardised approach, of redeploying resources between channels or programmes, based purely on their relative cost versus audience reach, will risk being criticised as missing the unique purpose of the ABC and of being heavily constrained by the expectations of the political class and some of the ABC's most vocal audiences. The question posed by one former ABC manager was how adept she might prove at understanding the importance of services whose value was far greater than the numbers alone might suggest.

The ABC's problem of extending reach to new underserved audiences at the same time as undertaking digital transformation, whilst not antagonising existing stakeholders is one that is shared by most PSBs. But the ABC has had more decades of declining real funding than most, and has already cashed in most of the quick wins in efficiency measures. In addition, the political importance of the ABC serving all parts of their huge country, means that the otherwise logical option of saving costs by centralising more services in a few big cities is not a realistic option. One radical alternative approach, of merging the two Australian PSBs, the ABC and SBS, which Mark Scott reckoned could provide annual savings of AU \$40m when he floated the idea in February 2016, was rejected by SBS and the government then and seems unlikely to be revived.¹⁰⁵ The best there might be is some exploration of more modest efficiencies through SBS and the ABC sharing some back office functions, whilst remaining independent entities.

Finally, while the commercial sector – and their allies in the media – have so far given Michelle Guthrie a relatively easy ride there are signs that might change as her digital ambitions become clearer. ABC News in particular may face criticism as it works harder to increase the appeal of its services for younger audiences, through online and social media at the same time as commercial news companies are looking for ways to expand *their* audiences and revenues online.¹⁰⁶ ABC News seems to be doing very well with audiences but as the BBC has discovered, success with audiences can sometimes create new difficulties with other players in the market. Similarly, while in theory many of the issues the

¹⁰⁴ Commercially funded media might reasonably complain that they face a worse dilemma, of investing in new services against a backdrop of dramatically declining revenues. However the ABC is more constrained in its ability to reconfigure or radically cut back its services without political and parliamentary approval.

¹⁰⁵ <http://www.abc.net.au/news/2016-02-24/mark-scott-delivers-national-press-club-address/7195888> and <http://www.smh.com.au/business/media-and-marketing/abc-the-only-one-talking-about-merger-sbs-managing-director-michael-ebeid-20160307-gncakj.html> Accessed 14th May 2017.

¹⁰⁶ See Stephen Brook, "ABC news, current affairs battling for viewers", *The Australian* 27.2.2016. <http://www.theaustralian.com.au/business/media/abc-news-current-affairs-battling-for-viewers/news-story/732fac3fb23e3be4a5f480ed10107a0f> Accessed 28.2.2017. The article refers to a leaked ABC report, the "ABC News 2016 Review" recommending a targeted approach to attracting audiences under 50, and focused on the ageing audience for ABC news and current affairs on TV, where the flagship 7pm news audience was the programme with the largest proportion of older views (82% over 50) and audience declines of c. 10% year on year for flagship TV programmes such as *Q&A* and *Four Corners* contrasting with the online audience where under 50s accounted for 60% of the audience.

ABC will face in dealing with third party platforms are close to those affecting commercial players, it is unclear whether this will allow them to form common cause or whether it will create new tensions as they each jostle for the best terms with, and visibility on, those platforms. Michelle Guthrie's vision of increasing the ABC's reach from 70 to 100% of Australia is anyway likely to lead some commercial players to worry about more competitive scheduling, the terms on which the ABC's content may be offered to others, and the ABC's attempts to market its content on search engines and social networks. The last of those came up in Michelle Guthrie's latest appearance before the Senate Estimates Committee on 24 May 2017 where she had to defend ABC marketing expenditure.¹⁰⁷ More generally, two recent stories from *The Australian* give a sense of the rumbling discontent in some parts of the commercial media sector:

*ABC Managing Director's Michelle Guthrie's desire to allow the corporation's content to reach audiences on any platform they desire is creating tension with commercial rivals. ... They fear being steamrolled by the ABC's relentless push into online, where its marginal overhead costs are minimal and its muscle as a publicly funded \$1.1bn news behemoth is overwhelming.*¹⁰⁸

The second story followed on from Michelle Guthrie's appearance at Senate Estimates, where she pushed back against criticism that ABC's online activities were making life harder for the commercial sector, with the significant statement that 'the national broadcaster should not be used as a scapegoat for the problems that confront others in the digital media landscape.'¹⁰⁹ One columnist from *The Australian* responded:

*... around the world there is a growing acceptance of the need to pay for quality journalism. ... The ABC is a major hurdle in this drive. Its provision of free news has a chilling effect on those who don't have government support and cannot survive without receiving a fee for services. ... it should be prepared to sell its news to consumers. That would level the playing field. The ABC should put up a paywall around its online news services.*¹¹⁰

This is the kind of critique that other PSB's have been meeting for years from commercial media companies, most notably in Germany and the UK, but also in many other countries where increased regulatory constraints on PSBs have been sought as a solution to undue market impact. In the last decade most of the opposition to the ABC has been either focused on the legitimacy of any intervention in media markets, or on accusations of editorial bias; its smaller size and narrower focus has largely protected it from accusations of crowding out. But that may change as commercial media companies come under more financial pressure and cut back their services¹¹¹ and the ABC becomes a relatively larger and

¹⁰⁷ http://parlinfo.aph.gov.au/parlInfo/download/committees/estimate/ce2e003c-8d74-483c-817a-e4eef15baf8/toc_pdf/Environment%20and%20Communications%20Legislation%20Committee_2017_05_24_5043.pdf;fileType=application%2Fpdf#search=%22committees/estimate/ce2e003c-8d74-483c-817a-e4eef15baf8/0000%22 Accessed 11 June 2017.

¹⁰⁸ Darren Davidson, 'ABC 'undercut' commercial rivals on news deal' *The Australian*, 10.4.2017. Accessed 29.4.2017.

¹⁰⁹ Senate Estimates hearing 24 May 2017, op cit.

¹¹⁰ Mark Day, 'Guthrie out of touch defending Aunty's free online news services', *The Australian* 29.5.2017. Accessed 11.6.2017.

¹¹¹ Major cuts in the Fairfax group and others at News Corp have been announced in 2017. <http://www.abc.net.au/mediawatch/transcripts/s4665341.htm> Accessed 21 May 2017.

more influential player in the Australian media market with aspirations to reach every citizen whatever their preferred platform or delivery system.

Acknowledgements

This initial research and interviews for this paper were started during a trip to Sydney in October and November 2016. I'm extremely grateful to all those who made that trip possible and helped me during it.

Thanks are due first to Jerry Watkins and colleagues at the University of Canberra who invited me to speak at the Engaging Innovation Conference in Sydney in November 2016. It was that invitation that prompted the idea of spending some time doing the research for this paper. Thanks are also due to my colleagues in Oxford – both at the Department of Politics and International Relations, who gave me the leave which made the trip possible, and to my colleagues at the Reuters Institute, who worked so hard to cover my absence over a term.

In Australia I'd like to thank all those who helped me in multiple ways. To Benedetta Brevini, Felicity Ruby, Paul Barry, John Collee and Deborah Snow and Ben and Kim Doherty for their hospitality. To the many who were kind enough to agree to meet and be interviewed by me; to Gaven Morris at the ABC for a great interview which is quoted in this paper, and for all his assistance in setting up interviews with so many others across the organisation who were all generous with their time. To all our excellent former ABC journalist fellows. And finally to the many people beyond the ABC who were kind enough to meet and be interviewed by me, including Richard Bean, Jim Carroll, Eric Beecher, Peter Fray, Darren Goodsir, Julie Posetti, Julianne Schultz, Mark Scott, Leonore Taylor, Derek Wilding, Kim Williams, and Richard Windeyer.

Responsibility for the content of this paper lies entirely with me but I'm grateful for so many of those who helped my understanding of a media environment which is far more different from that of the UK than might at first appear.

Thanks too to Alex Reid who took charge of getting my text into shape for this working paper, and to the others who read and offered comments on what I had written including my wife Jo Moffett-Levy and colleagues Rasmus Kleis Nielsen, Lucy Küng, Richard Sambrook and Caroline Lees.

About the Author

Dr David A. L. Levy is Director of the Reuters Institute for the Study of Journalism and an expert in media policy and regulation. He previously worked at the BBC both as a news and current affairs producer, reporter, and editor, and later as Controller Public Policy. He was a member of the Ofcom Content Board from 2011-2017. He is the author of *Europe's Digital Revolution: Broadcasting Regulation, the EU and the Nation State* (Routledge, 1999/ 2001), and joint author or editor of several RISJ publications including the annual Reuters Institute *Digital News Report* 2012-2017.