

**"WHO NEEDS SBS AND ABC ANY MORE? AND IF WE DO, WHY NOT MERGE THEM?"**  
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**\*\*\*CHECK AGAINST DELIVERY\*\*\***

Thank you, Mr President.

The title of my speech comes both from the recent wave of criticism of the ABC from some parts of politics and the media, and from my experiences in representing SBS over the last five years.

Let me start with SBS.

Politically SBS has, and continues to enjoy, bi-partisan political support. However, some have ventured the suggestion that as Australia is arguably the most successful migrant society in the world, isn't it a case of "job well done" – no more need for Special Broadcasting Services.

Well, let me start with a personal story. I arrived with my Polish parents in 1950, and this was our experience:

To go back to Poland cost approximately 18 months full salary before tax. So none of us went back, nor did a relative come to visit for another 25 years.

The only communication we had was a tightly written aerogram some every 6 weeks and the once a year telephone call, booked three months in advance, for a 10 minute call at Christmas Eve that cost half a day's salary.

There was no radio or TV contact at all. Schooling was in any language you liked – as long as it was English.

We were at the end of the world, we were here for keeps, and we were totally immersed in Australian culture. Frankly, there was no option but to become Aussies, and that we did.

In the 50s and early 60s migrants were mainly from Europe, mainly Judeo-Christian and, whilst eating habits and languages were somewhat different, the cultural gap was really not all that deep, and so integration into Australia proceeded pretty well.

Contrast that with today. Thanks to Jumbo jets, today the cost of travel back to most countries of origin is 3 weeks' salary or less, not 18 months. Most migrants today have a relative visit them or go back themselves within two years.

Thanks to the internet, overseas communication is by Skype, it's free, it's 24/7, and do you want video with that? ... not the once a year phone call at vast expense. You can watch and listen to old country television and radio services all day, to follow your old home country's politics, music and culture, news and current affairs virtually for nothing, on the internet or satellite.

Educational choices are extensive in terms of language and religion, and the government will subsidise a substantial part of the cost.

So, the situation is now vastly different. Current migrants can live in two worlds – a physical world in Australia and a virtual world of the old country.

To compound the change even further, the countries of origin are now very different as well. From Judeo-Christian European to successive waves from Asia, Latin America, the Middle East and Afghanistan, and Africa. When SBS was first started, 7 of the 10 largest foreign languages were European. Today, 7 of the top 10 are non-European.

The challenge to bridge cultural, ethnic and religious differences is higher than ever before, and the original default setting of total immersion in Australia no longer applies.

The cultural consequences of the internet and globalisation, create new challenges to national identity and citizenship in societies like Australia.

Therefore, to assume the continued success of Australia's migrant society without continued, if not strengthened, policies of settlement assistance, including SBS, would be to make a terrible mistake. Frankly, the need for SBS in Australia's evolving migrant society, is greater than ever.

So how has SBS risen to these changing circumstances?

SBS Radio has increased its coverage to 74 languages every week: 74 languages. The next most ambitious radio broadcaster is the Vatican Radio, with some 32 languages. So SBS does twice as many languages as the Voice of God – twice as many.

As important is the content within those languages. In each language there is now a 'must carry' of Australian news produced centrally by the SBS News Department. It contains key stories each day that all Australians are hearing in the general media. It is translated into the 74 languages so that all migrants can hear in their own language what their fellow citizens are thinking and hearing about. These stories are then expanded upon as relevant to each community, as well as carrying local community news for that migrant group about activities in this country. This local content makes the SBS service more relevant to migrant lives than purely foreign services.

So the point of SBS Radio services is not just a comfort stop for country of origin news, but rather it is to assist our migrant communities in becoming fully productive members of Australian society.

SBS completely revised the Radio schedule so that time allocation to the languages reflects the last census data about languages spoken at home. Importantly, SBS now broadcasts 100 hours per week in 23 languages representing the languages spoken at home by 1.7 million Australians from Asian countries, from India, right across the sub-continent to China and Japan, down to Papua New Guinea and Timor in the south.

Just think of this fantastic asset that we have in Australia: 1.7 million bilingual Australians, fluent in the languages of the countries to our north which are critical to the economic future of Australia, including 750,000 who speak the language of our newest Free Trade partners - Japan, Korea and China.

A wonderful soft power asset, this Asian culture and linguistic asset, nurtured by SBS to help Australia leverage those new Trade arrangements - an asset that other countries can only envy.

Coincidentally, just recently SBS was awarded host broadcaster status for the G20 in November and its bid featured its ability to conference the G20 in all 20 languages.

On SBS television, there is a similar objective, with different strategies.

By its international content in its news programs, the strength of its documentaries from around the world, and its very diverse sources of drama and movies, SBS TV helps all Australians learn about the diversity of experience and backgrounds of our fellow citizens who come from some 200 foreign ethnicities, as well as the Aboriginal and Torres Strait Islander communities.

SBS locally produced TV programming aids social cohesion through current affairs, documentary and entertainment. Its *Go Back To Where You Came From* series put the humanity back into the asylum seekers issue as well as tackling the politics. The *Once Upon A Time In Cabramatta* program chronicles the initial difficulties and ultimate success of the first major wave of non-European migration, the Vietnamese, whilst *Immigration Nation* and *Dirty Business* portray the history and impacts of migration in Australia.

These have been internationally acclaimed award winning, high rating shows that have informed the national conversation on key issues in our society. With a little more funding, SBS can innovate and stimulate that conversation even further.

Mandarin News, a pilot series run for 18 months, was a first for Australian TV - a half hour TV news and current affairs program in Mandarin with English subtitles. SBS would love to do the top five languages this way.

SBS television programming, originally very Euro-centric in its foreign content, now includes an average of 50 hours per week of programs from these Asian countries as well. Additionally, there are the famous SBS Asian food programs, and if it can be said that an army marches on its stomach, so too can it be said that our cultural familiarity marches on our enriched Australian culinary experience.

The very new element of SBS programming is its new third channel, the first ever national Indigenous TV station, NITV. It's been a very sensitive undertaking to ensure it serves the different needs of remote, rural and urban communities. It plays an important role in the culture, health information and entertainment needs of those communities, as well as capacity building in their communication skills, and it allows access by all Australians to better understanding of the First Australians.

There are also wider economic ramifications of SBS services for Australia. As Reserve Bank Governor Stevens observed recently, whilst in the short term we might be concerned at unemployment levels, thereafter with an ageing population we will have to attract skilled migrant workers to keep our economy going.

We will need Australia to be the country of choice for skilled migrants. SBS services are an important part of the attraction for family based decisions by migrant families, where not all of them speak English. SBS is a potent sign of how seriously and professionally Australia takes its task of migrants becoming citizens – in stark contrast to the poor experience of some European countries that have not had similar sophisticated settlement services, including anything like SBS.

So, in summary, I believe SBS is a case of job well done and even more to do!

**Now let's turn to the question of public broadcasters more generally**

A former Minister in the previous Coalition Government wrote recently in the Sydney Morning Herald, and I quote:

“Of course there is a strong argument that government should not be running a TV business ... Australia should not be taxing consumers for a government service that can be provided by free enterprise.”

*(SMH 11 February 2014, Pg 23)*

Others have argued that the internet has made the idea of public broadcast obsolete. We don't need the ABC or SBS anymore.

Well let's take a closer look at what actually is going on to see if in the most generous stretch of the imagination, free enterprise would step up to do what the public broadcasters currently do – or if not, is there a need to do it anyway, and indeed if more choice on the internet means more informed and educated audiences as citizens?

The commercial TV and radio business model is quite clear. Put bluntly, you use programs to attract eyeballs and ears which you then sell for X dollars per thousand to advertisers, and the best way to get mass audiences is through popular entertainment.

As commercial TV faces internet competition, we can see clear trends developing. News and current affairs made more populist and entertaining with more celebrities, opinions and *gotcha* moments. Drama and movies supplanted by competition based reality TV and huge investments in sport.

Let me be clear : I make no value judgement about that at all. I just observe that is the business model imperative.

Can I also make a very important point here about Australian content. We can see pressure on the cost side of commercial TV leading to pressure to reduce Australian content quotas in drama and children's television.

These programs are critical to Australian identity and culture, and TV commissions for this content are critical for the Australian creative production industry.

The ABC and SBS, with Australian content central to their Charters, rise to even greater prominence in this question of Australian culture in the mass media and the health of our creative industries.

What you can say is that under pressure from new media, these trends take free enterprise TV further and further away from the Charter of public broadcasters which, simply put, is to inform, educate and entertain.

Again, no criticism of this gap. But it is clear that there is no crowding out of free enterprise by public broadcast radio and TV. They are complementary.

The ex-Minister's comments are a strawmen at best.

This then leaves the question, if free enterprise broadcasters don't want to do it, is there a need for it, or will the internet do it?

It is instructive to note that at the birth of broadcast technology and the radio, there was the realisation of the dramatic power of a free medium that could speak to everyone across the land simultaneously, and the great democracies in the Anglo world took different approaches to who should wield this power

Britain decided that it was too dangerous to leave in the hands of private interests. The BBC was formed as a monopoly publicly funded radio broadcaster, but independent of government, and with a clear Charter to inform, educate and entertain.

The United States decided this powerful new median was too powerful to leave in the hands of government, and made it entirely a free enterprise show.

And Australia decided on a middle course, with a public broadcaster and free enterprise.

As TV came along, the same applied. Eventually, Britain allowed in free enterprise broadcasters, and the US launched a public channel as well, albeit on a small scale.

The public broadcasters in Australia at any given time attract between 20-25% of audiences. The free enterprise TV and radio broadcasters have traditionally accepted this leakage from the universe of eyeballs and ears they have to sell to advertisers, and have done well enough from the 75-80% balance of the market. Even today, they don't lead any great critique of the public broadcasters.

Newsprint, however, is different. The convergence of media, where all players need to have a strong on-line presence, whatever their base - TV, radio or print – means that it is a novel situation for newspapers to have to compete with TV in the on-line space. And because public TV broadcasters have the most comprehensive news service to put on-line, then they can be seen as the most obvious competitor in the on-line space.

Some take an aggressive stance, seeing it as unfair competition to have a free service in a space they are trying to erect pay walls. Unlike their TV and radio brethren, they haven't yet learnt to co-exist with public broadcasters.

Of course, some owners of the free enterprise media have not been blind to the power they can wield over public opinion, as a bonus to just making money. There are many examples, especially around Election time, of their media outlets unashamedly taking a strong position for or against particular parties, and being very influential to outcomes.

That political power, and the sense of competition with public broadcasters in the new media, especially internet and mobile apps, is coming to a head, despite recent legislative endorsement of on-line presence by public broadcasters.

Some see it to be behind the enthusiastic, persistent and extensive commentary on perceived short comings at the ABC by a prominent and powerful family controlled print media group in Australia.

The business reality is, however, that if the future for print media is to move on-line and mobile via the web, perhaps with only weekend papers in print format within a couple of years, then they will just have to find a way to compete with public broadcasters as commercial TV and radio have done for decades.

The imperative of convergence applies to all players. Print can't argue that public TV and radio should be quarantined to their old media, whilst commercial print makes the transition to straddle both.

No-one knows how the media convergence will finally play out, or how fast, but some current trends can be observed, and they are important.

There is likely to be a consolidation of ownership of traditional TV and radio mass media. We can already see proposals for that being discussed openly. This would lead to even less diversity of news and information sources in commercial mass media than now, and more pooling of newsgathering and journalistic resources.

The decline of the print media is of particular concern, as traditionally it has been the largest journalistic resource. It has generally set the news cycle for the other media, provided extensive coverage and driven investigative reporting, the essential role of the "fourth estate".

As people go on line, there is evidence that they don't search afresh the millions of sites available, but settle down for several favourites.

And importantly, technology means that your history is tracked. So when you go onto a site, you will increasingly be offered a tailored experience on that site, reflecting your past preferences. In other words, any two people visiting say the Canberra Times website in the future will be offered absolutely different web front pages, the content reflecting their perceived interests – be it sport results, business, politics or travel – as gleaned by tracking their past browsing.

So here is the great paradox: In a new age of theoretically boundless alternative sources of information, actual experience may be narrow and more polarised in practice. The casual exposure to a variety of news that you get whilst flicking through a newspaper or the nightly news bulletin will be replaced by cleverly, but narrowly, targeted information and ads in the web based world.

Why does this matter?

It matters because, for our democracy to function well, we need an informed and educated citizenry, and media forums in which our political leaders can engage in serious discussion about difficult decisions we have to make as a country. A fragmented, polarised new media landscape and a consolidated entertainment driven mass media makes this much harder, and doesn't serve our democracy well.

I believe that an informed democracy is in the national interest, and there is a clear necessity to not only have public broadcasters, but for them to be properly funded, and on all media platforms.

The flip side of that is, of course, that public broadcasts have to be true to their Charters. They have to be independent, accurate and balanced in the way they inform and educate, and have to reach out to all Australians.

I don't wish to buy into any of the current controversies about balance or accuracy. I will say that it is a continual task for the Boards and the senior management to guard against the tendency of any organisation to build resistance to external criticism, and to assume that the topics that interest its professionals are the topics that interest the nation.

Public broadcasters have over time done a great job in the eyes of the ordinary Australian, even though, from time to time, there may be some mis-steps.

Surveys have consistently shown that nine out of ten Australians rate the ABC and SBS as providing valuable services.

Surveys show that Australians trust the ABC and SBS far more than they trust commercial radio and TV : 60% more trustworthy in recent Newspoll surveys. Australians not only value and trust the public broadcasters, but actively use them as well.

The most recent surveys show that 18 million Australians use the ABC each month, and 12.5 million use SBS each month, as well as up to a quarter of Australians viewing TV at peak times are switched onto the public broadcasters.

In the current Federal Government budgetary environment, it is even more important than ever that all government funded organisations ensure they work as efficiently as possible, whilst addressing their Charters.

Funding adequacy needs to be seen in context. On a combined basis, ABC and SBS have over the last six years increased output well beyond any increases in funding, notably through the launching of their four new digital multi-channels and industry leading web based services without any funding for content.

To take one yardstick, the ABC and SBS combined cost is approximately one seventh of what it costs to run the BBC, yet with their 8 TV channels and over 60 radio stations across a much larger geography, they produce much, much more than one seventh of the output of the BBC.

In Australian terms, on a cost per viewer basis, SBS is less than the average to the commercial television stations, and ABC is comparable to, the average of cost per viewer of commercial television stations.

I make these observations to temper any expectation that there are massive cost efficiencies to be found in the local operating budgets of public broadcasters, and certainly not even modest ones at SBS.

**Turning now to the last part of the topic – if we need the public broadcasters, why not merge them?**

The previous Chair of ABC is on the record as regretting that he didn't achieve a merger of the ABC and SBS during his term and, whilst the current Chair has not taken up the cause, senior executives of the ABC have continued to agitate for such a merger.

As the ex-Chair of SBS, I will go on the record to say a merger is a bad idea on a number of levels, and should be a non-starter.

Firstly and most importantly, there is the question of governance, culture and stakeholder management.

SBS has a very complicated task servicing the 74 separate migrant communities and the complex Indigenous audience for NITV with its very different needs in urban, rural and remote Indigenous communities. It has very specialised services for all these separate groups.

It also has the population at large and the different strands of interest across its genres, including its major participation in sport, with its renowned cycling and soccer coverage, sport now being unusual for public broadcasters.

It has sport because it has advertising. SBS is a complex hybrid funding model where some 1/3 of its operating revenues come from commercial revenue. It would be a most awkward mix, or indeed the thin edge of the wedge, to mix SBS advertiser supported channels with ad-free ABC.

The powerful Free To Air TV and Radio lobby would go into overdrive, indeed Gyngell at 9, McLennan at Ten and Worner at Seven would have a collective conniption at the thought of advertising creeping into the ABC channels, stealing their revenue, not to mention a revolt by the millions of ABC viewers and listeners.

The ABC is a complex organisation as it is, with its plethora of TV and radio stations at international, national and regional levels. There is some concern that its scale is already a challenge to Board and management as it is.

To add the cultural and economic complexity of SBS to that mix would be to create an unwieldy conglomerate in governance and stakeholder management terms.

There is no doubt that SBS, at one fifth of the merged whole, would become the poor cousin in the tribal infighting that is inevitable in large organisations.

Secondly the economics. SBS was born lean - extremely lean - and has a very low cost operating model, with a lot of outsourcing. On a cost per viewer, SBS is hands down the most efficient broadcaster in Australia, compared with the commercial stations and the ABC.

The ABC, whilst competitive in costs with the commercial stations, comes from a different tradition and way of doing things, having been historically much better endowed and doing most operations in house.

In the business world, we know there is a very simple law that applies to mergers: the larger entity culture smothers the smaller. The ABC is over four times larger than SBS in terms of staff and funding, and so you would expect ABC culture to become dominant.

There is no doubt that, if merged, the ABC way of doing things will prevail.

So far from saving money from very limited synergies, I believe that in a short period of time, the total cost of running SBS would actually go up.

Then, finally, there is the politics of the idea. I have already mentioned the politics with the commercial stations, and the ABC audience into its millions, and then there is the politics of the migrant vote. That migrant vote is now moving around between the major parties, and it is a decisive swing factor in many seats. Both major parties are now focussed on winning that vote.



Subsuming SBS into the ABC would be very unpopular. It would be politically foolhardy to alienate the migrant vote and spend more money in doing so. A lose/lose idea.

So in summary, I strongly believe that a merger of SBS and ABC is *wrong in principle, bad economics and even worse politics*.

Finally, before I conclude, I should touch on the proposed changes to the Racial Discrimination Act, as they have caused enormous consternation among various minority groups, ethnic and otherwise, and seem to threaten the social cohesion in the diverse migrant society that SBS works to maintain.

In principle, everyone agrees that free speech is the bedrock of democracy, and the classic defence of loosening the Act is that the best way of fighting racism and other vilifications is to have them out in the open, and have them slayed by the weight of reasoned argument.

This, however, assumes that in the case of the mass media, that minorities have similar access to the microphone as for example a populist shock jock, or that in the new media you can find and counter every blog and website that is racially denigrating.

In practice this is simply not the case.

Let me put the changes into stark reality, not an academic argument. Consider the real case of a website that was reported under the current Racial Discrimination Act and closed. The website comments included:

“Asian people flood our city with their Asian shops, with their language all over them, having their own dedicated *China Town* and their suburb. We understand that everyone has different levels of hate for Asians, and so we have *Yellers* (people who yell). Their job is to yell at Asians with a passion – ie ‘*You Gook f\*\*k off to China*’ – and whatever they can to show Asians they are not welcome in Australia. Fighters are there to express their anger physically by laying the Gooks out.”

Under the proposed Act, I understand, this website would be fine, enjoying the protection of the proposed new Section 18D allowing such comments as part of a “public discussion of social issues”, with no test of reasonableness or good faith.

My personal hope is that the public consultation process will result in further thought being given to the balance between free speech and racial discrimination if this is the outcome.

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In concluding, may I say that the appointment at SBS has been one of the most challenging and rewarding ones I have had.

I would like to record my appreciation of the support I and the organisation enjoyed from Ministers Conroy and Turnbull, the collegiate support of the Board of Directors, the first Board to be appointed by the arms-length process now enshrined in legislation. I must say it was an interesting experience to go for my first interview in 30 years! But it has resulted in a highly professional and balanced Board.

And most importantly to the executives and staff of SBS. It truly is a place that attracts passionate and lively people because of its mission, and they are so ably led by one of the best CEOs I have had the pleasure to work with, Michael Ebeid. This is a most complex hybrid public, semi commercial

operation with more stakeholders than the Tower of Babel, and he is doing a terrific job, with the fact that he is the first non-Anglo CEO of SBS a pure incidental bonus.

Long may SBS prosper and contribute to the continued success of Australia as the world's most successful migrant society.

So, ladies and gentlemen, I hope you have got the impression that it is my very strong belief that we need the ABC and SBS more than ever, and they should be separate and properly funded for their increased and vital tasks ahead.

*ENDS*