



SBS submission to the Joint Standing Committee on the National Broadband Network March 2017

Key Points

- SBS is a public broadcaster with a unique purpose to inspire all Australians to explore, appreciate and celebrate our diverse multicultural world and in doing so, contribute to a cohesive society. It is therefore imperative that any policy settings maximise the community's ability to access SBS services easily, and at no charge.
- SBS is a digitally-led organisation with a commitment to new platforms and technologies to deepen and enrich the experiences of audiences engaging with SBS's distinctive content and services.
- SBS On Demand, SBS's online streaming service, is a great example and is seeing significant growth, having experienced its highest audiences to date in January 2017.
- While broadcast TV is still a dominant medium, this impressive performance shows that broadband-enabled online viewing is growing quickly, a trend supported by industry data.
- In this context, and as audiences continue to realise the social benefits that deeper engagement with content via digital services can deliver, it will be important for policy-makers to consider issues of network access and data usage implications.
- SBS submits that consideration should be given to regulatory settings that provide guaranteed access to national broadcaster content over the National Broadband Network (**NBN**), as well as mandating data usage arrangements that ensure that audiences are not penalised via excess usage fees for accessing SBS's video-rich digital content and services. This is important given that they have already paid for these with their taxes.
- In light of the significant public investment in the NBN, equitable access and data use arrangements for all Australians will ensure that the social benefits of the network are fully realised and the return on this nation-building investment is maximised.

Recommendation

SBS linear broadcast and online services such as SBS On Demand should be carried at no charge by NBN service providers on an unmetered basis.

Introduction

SBS welcomes the opportunity to submit to the inquiry by the Joint Standing Committee into the rollout of the NBN (the **Inquiry**).

SBS is unique in the Australian media environment. Its function is to provide multilingual, multicultural and Indigenous radio, television and digital media services that inform, educate and entertain all Australians and, in doing so, reflect Australia's multicultural society.

As a national free-to-air broadcaster, SBS reaches almost 100 per cent of the population through its free-to-air television services (SBS, SBS HD, SBS VICELAND, Food Network and National Indigenous Television (**NITV**)), subscription TV channel World Movies and eight digital (DAB+) radio channels (including SBS Arabic24, SBS PopAsia, SBS Chill, SBS PopDesi and simulcast AM/FM stations).

Importantly, as set out below, this reach is being significantly extended through SBS's digital services, including SBS On Demand and portals which make online audio programming and information—including essential migrant settlement information—available in more than 70 languages other than English.

Similarly, in education, SBS extends its reach online by providing a suite of resources via SBS Learn, the online home of free educational and school learning materials that deepen engagement with SBS programming and initiatives, and which provide a platform for teachers and students to share their work.¹

The Australian community supports these services via their taxes, with approximately 75 per cent of SBS funding coming from Government.² As such, citizens have a right to expect equitable arrangements to access and enjoy these services at no charge.

As SBS has previously submitted, the rollout of the NBN will enable SBS to better meet the diverse communication needs of Australia's multicultural and Indigenous communities. Faster broadband speeds will create more opportunities for communities to engage with multicultural and multilingual content created by SBS.

In highlighting issues relating to network access and data use, SBS aims to assist the Committee in its consideration of how the NBN can best be used to enhance social, as well as economic benefits—a key term of reference for the Inquiry.

¹ The SBS Learn educational hub is at <http://www.sbs.com.au/learn>. Recent examples of SBS Learn projects include: teacher resources to assist with art workshops celebrating Harmony Day; *My Grandmother's Lingo*, an interactive resource aimed at preserving Indigenous language, which has won both a Walkley award and an interactive innovation award at the renowned 2017 South by Southwest conference; and, teacher resources relating to SBS's *Small Business Secrets* program, which highlight the inspiring small business stories within Australia's many migrant communities.

² SBS is a uniquely hybrid-funded broadcaster, with approximately 75% of its revenue being derived from appropriations from the Australian Government, and the remainder from commercial activities such as advertising and sponsorship sales and the provision of language translation and cultural consultancy services to the wider market.

SBS is a digitally-led organisation

A comprehensive digital portfolio

SBS provides a suite of digital services which are constantly evolving to meet audience needs and deliver on the SBS Charter in new and innovative ways. SBS's digital portfolio includes:

- **Video players**—including SBS's flagship SBS On Demand service, as well as in-language and news and current affairs video content posted to third party services such as You Tube.
- **Websites**—including:
 - dedicated sub-sites relating to food, movies, science, comedy and lifestyle;
 - more than 70 language sites (addressing the information needs of the many communities in Australia that speak a language other than English);
 - news and current affairs sites extending the reach of key programs such as *SBS World News*, *Dateline*, *Insight* and *The Feed*; and
 - sporting sites Cycling Central (for the latest cycling news and video highlights, including from the Tour de France) and The World Game (providing comprehensive coverage of world soccer, including the FIFA World Cup).
- **Apps**—including to access:
 - SBS On Demand;
 - SBS's Virtual Reality content;
 - SBS Radio and three dedicated music apps (SBS PopAsia; SBS Chill; and, SBS PopDesi, which provides the best of Bollywood, Bhangra and Desi pop);
 - *SBS World News*; and
 - sporting content relating to the Tour de France and Giro D'Italia cycling, and The World Game.
- **Social media profiles** on Facebook, Twitter and Instagram, including more than 70 in-language Facebook sites, providing a platform to interact with Australia's many culturally and linguistically diverse communities.

The breadth of this offering, and the increasing online availability of video- and audio-on-demand content, ensures that SBS is fulfilling its Charter by meeting its audiences on the platforms and devices they use, including on mobile, and at a time of their choosing.³

Growth and personalisation

As can be seen from the following table, SBS has experienced impressive year-on-year audience growth both on broadcast and, importantly, on online platforms. Key viewing statistics show that SBS is now reaching more people than ever online, with notable gains in unique audiences and in SBS On Demand chapter views.

³ SBS On Demand is available on a wide range of platforms, including on desktop, Apple TV, a range of phones and tablets, internet-enabled TVs, gaming consoles and set-top-boxes. A full list is available at <http://www.sbs.com.au/ondemand/where-to-find..>

Metric	2014-15	2015-16	
Monthly TV reach (5 min consecutive, network, total ppl) *includes Food Network from 29/11/2015	12.7 million	13.1 million	⬆
Monthly Metro TV Share (Network, total ppl)	5.8%	6.3%	⬆
Monthly Regional TV Share (Network)	5.0%	5.4%	⬆
SBS Online Network Unique Audience (monthly average)	1.52 million	1.55 million	⬆
SBS On Demand chapter views	8.96 million	9.75 million	⬆
Core commercial revenue	\$87.7 million	\$87.9 million	⬆
Employee Engagement score	68%	70%	⬆

Source: SBS Annual Report 2015–16⁴

Since the 2015–16 reporting period, SBS has seen even more digital growth, particularly on SBS On Demand, with January 2017 audiences reaching the highest ever.

The acceleration of growth on SBS On Demand is set to continue as users realise the benefits of personalisation which can only be delivered online. Access to SBS On Demand is now available following a registration process, which allows SBS to better understand its particular audiences and, over time, understand their viewing preferences so that the platform can recommend more of the content they love. Other benefits of registering include that users are able to manage their favourites, allowing them to queue and subscribe to their favourite shows.⁵

With SBS now focusing on the next stage of digital development and performance enhancements for its online products, users will see even greater benefits in product development, content curation, user experience and customer service.

Digital distinctiveness

SBS On Demand gives users access to exclusive and fast-tracked premium series and movies as soon as they are available—in 2015–16 alone, SBS provided 6,000 hours of programming on SBS On Demand, including 900 movies in languages other than English. In this way, SBS On Demand operates somewhat like subscription video on demand services like Netflix and Stan, except for that SBS On Demand makes all of its content available free of charge.

But it is the nature of SBS's distinctive digital content that really stands it apart from its competitors. Examples of innovation include a range of social TV and interactive storytelling projects.⁶

Other SBS initiatives take existing data and information and make it available for Australia's many culturally and linguistically diverse communities, and policy makers and service providers working with these communities. This is the case for SBS's Census Explorer, which enables interactive exploration of Australia's cultural make-up via

⁴ SBS Annual Report 2015–16, page 9 – available at

http://media.sbs.com.au/aboutus/upload_media/SBSAnnualReport2016.pdf.

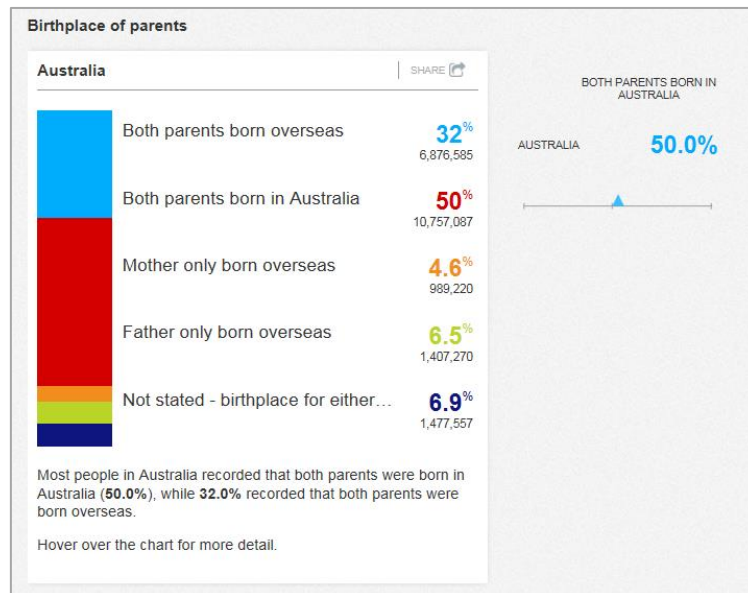
⁵ This is a great benefit, for example, to viewers of the more than 30 international television news bulletins broadcast on SBS television—nearly all of which are available seven days a week, and shortly after broadcast in their country of origin, on SBS On Demand.

⁶ Examples have included:

- *Junko's Story*, an interactive feature telling the harrowing story of a Japanese survivor of the Hiroshima atomic bomb now living in Australia (produced to mark the 70th anniversary of the bombing)—available at <http://www.sbs.com.au/hiroshima/>.
- The use of social television, which deepens engagement by encouraging social media interaction with related broadcast content. Social television helped generate the biggest ever SBS audiences across television and online for the 2016 Eurovision Song contest.
- SBS's Virtual Reality experiences like *Tomorrow's Diwali*, which combined real-time art with narrative to highlight what Indian festivals represent to the diverse Indian Australian community—available at <http://www.sbs.com.au/topics/life/culture/article/2016/10/13/app-lets-smartphone-users-experience-diwali-never>.

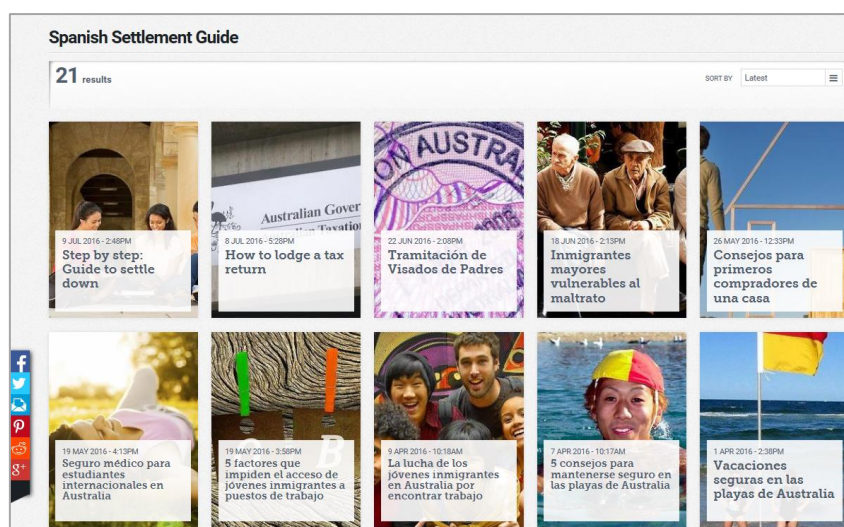
Census data.⁷ With Census 2016 data soon to become available, SBS will update the Census Explorer to ensure it remains a relevant resource.

The following is an example of the type of analysis SBS's Census Explorer presents—in this case in relation to proportions of Australians whose parents were born overseas.



Another good example of SBS meeting its Charter digitally is the production of online SBS Settlement Guides. Building on SBS Radio's long history of providing balanced and impartial news and information to migrants, these guides were launched in 2016, and provide digital support to radio segments. They feature 'need-to-know' facts about settling in Australia, including information about facets of daily life, local culture, history, and government services. They relate directly to SBS's purpose of informing, educating and inspiring all Australians, and by so doing encouraging social cohesion.⁸

The following is an example of stories from SBS's Spanish Settlement Guide.



⁷ Available at <http://www.sbs.com.au/news/census-explorer>.

⁸ SBS Settlement Guides are available online, on radio and on mobile in Bangla, Filipino, Gujarati, Hindi, Indonesia, Korean, Malayalam, Nepali, Punjabi, Sinhalese, Tamil, Urdu, Arabic, Cantonese, Mandarin, Vietnamese, Kurdish, Spanish, Amharic, Dari, Dinka, Persian, Khmer, Pashto, Swahili, Thai, Tigrinya, Turkish, Hmong and Somali.

Market context

SBS retains a strong focus on providing linear television services via its four distinct free-to-air television channels (SBS, simulcast on SBS HD; SBS VICELAND; Food Network; and, NITV). These services reach nearly the entire population and are available free of charge.

However, SBS's digital acceleration responds to audience trends, which clearly show the migration to digital, especially among younger audiences. This submission is timely because it is important that policy settings pivot to acknowledge the trend.

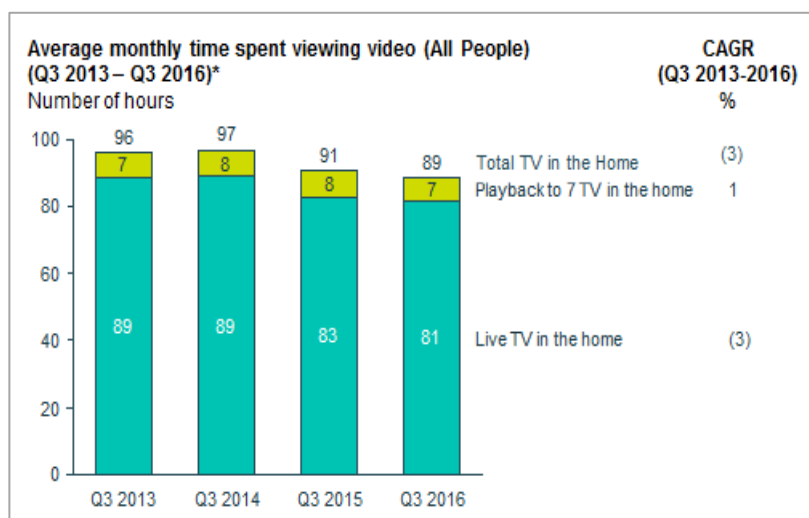
In this regard, SBS's key observations of audience trends across the market include:

- Fragmentation of audiences across platforms continues with continued migration from broadcast television and radio to online products.
- While the drop in overall television audiences has been gradual to this point, increasing competition from a broader set of players, including digital-only businesses and telecommunications companies, has seen recent accelerations in television audience decline.
- Younger audiences' more pronounced move away from broadcast platforms is a sign-post which is leading to media companies increasing their focus on digital growth to build new and retain existing audiences.
- These younger audiences continue to drive the trends of device ownership and use of on-demand services, as well as other broadband-delivered video and audio content.

These trends are illustrated in further detail below.

Declines in live TV viewing

The following chart shows that while live and playback television continue to represent a significant absolute number of monthly video consumption hours across the Australian population, live television viewing has declined at 3 per cent per annum since Q3 2013, with increases in playback (that is viewing programs that have been recorded from live television) not offsetting those losses.

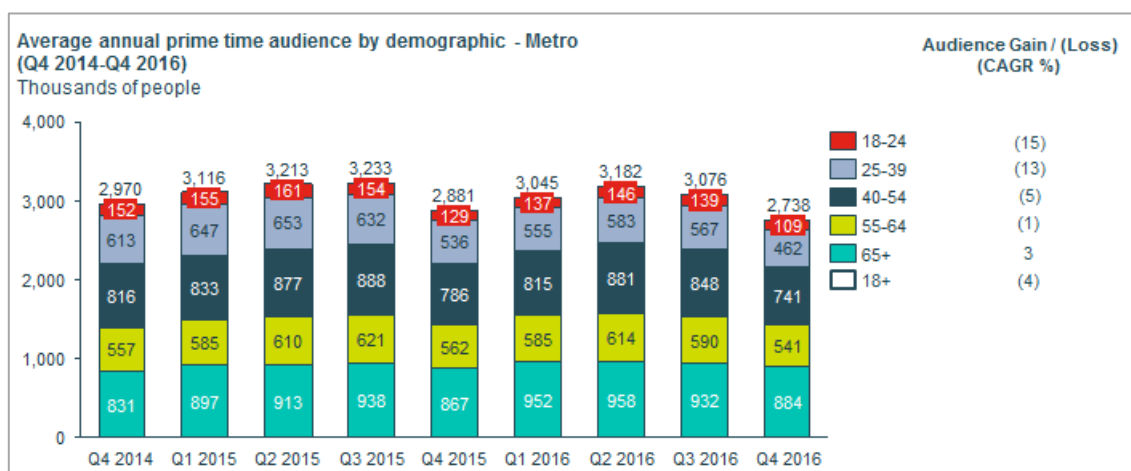


Source: Nielsen Multi-screen report Q3 2013 / 2014 / 2015 / 2016

Note: CAGR refers to compound annual growth (decline) rate, which is the average annual growth (decline) over the period.

Declines in prime-time TV viewing among younger audiences

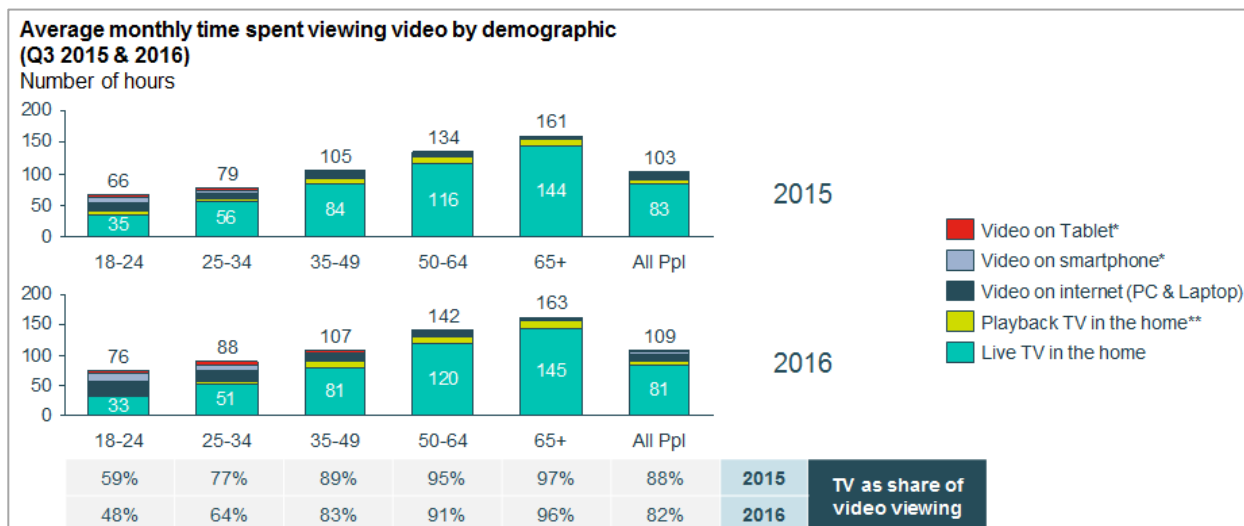
Average television audiences in prime time have also declined. As demonstrated below, older viewers now represent an increasing share of viewing in this key period as audiences 18–54 continue to reduce their consumption.



Notes: Average audience OzTAM 5 City Metro, 1800–2400, Consolidated FTA TV (incl. spill)
As noted above, CAGR refers to compound annual growth (decline) rate, which is the average annual growth (decline) over the period.
Source: Nielsen OzTAM

Growth of viewing on PCs and smart devices among younger audiences

Finally, as discussed above, while still much smaller than the share across all age groups of live television in the home, the share of video viewing on PC and smart devices continues to be much greater amongst younger demographics. This is most noticeable in the following charts in the 18–24 and 25–34 demographics.



Notes: Data excludes non-TV video viewing via set-top box or other OTT device (eg Apple TV); * Based on Q4 data from prior year
Source: Nielsen Multi-screen report Q3 2016 & 2015

Social benefits of ensuring access to SBS content via the NBN

Given these trends, it will be essential that equitable access to the NBN and equitable data use arrangements be ensured—so that audiences can continue to gain the social benefits of SBS’s content and services. This is appropriate not only because deeper engagement with SBS’s content via digital services will continue to promote social cohesion in Australia, but because our services are majority tax payer funded. That is, SBS strongly submits it is appropriate that tax payers, who have funded SBS’s content and services, as well as the roll-out of the NBN, are supported to gain the social benefits delivered by both into the future.

SBS acknowledges that equitable access is a complex policy issue, and that the digital future involves the interplay of a range of market participants, including network owners such as NBN, retail service providers, and those, like SBS and other public service providers, who deliver content over the network.

SBS also acknowledges that the Government is currently awaiting the final report of an inquiry by the Productivity Commission (the **Commission**) into the telecommunications universal service obligation (**USO**).

To date the Australian USO has been addressed at providing access to standard telephone services. In its November 2016 draft report, the Commission noted that it would be possible for the concept of a USO to be expanded to include broadcasting as well as broadband services.⁹

Such an expansion could lead to consideration of ideas such as must carry regimes to ensure broadcasting signals are carried over the NBN, or an access regime for broadcasters (similar to the regime set out in the *Competition and Consumer Act 2010* under which telecommunications service providers can access declared telecommunications services in order to supply end-users). However, an alternative is to see broadcasters’ online services as one among a range of online services available on the NBN.

The latter is more consistent with the approach currently flagged by the Commission, which is to focus a revised USO on addressing access to a baseline broadband service to all premises in Australia, with issues of accessibility and affordability being examined once the NBN is fully rolled-out.¹⁰

SBS appreciates that the redesign of the USO and accompanying accessibility and affordability programs will be a matter for the Government, and that these measures may be the subject to further policy review. Nonetheless, SBS wishes to echo a number of specific submissions made to the Commission about the idea of zero-rating of government websites, such as those operated by SBS, on the NBN. Under this concept, users of government websites are not charged for accessing these sites.¹¹

Zero rating or un-metering of SBS’s services—including both linear programming streams and on-demand content—among other services provided by public entities,

⁹ Productivity Commission, *Telecommunications Universal Service Obligation – Draft Report*, November 2016 (**Draft Report**), page 136 – available at <http://www.pc.gov.au/inquiries/current/telecommunications/draft/telecommunications-draft.pdf>.

¹⁰ Productivity Commission, *Telecommunications Universal Service Obligation – Draft Report – Overview*, November 2016, page 2 – available at <http://www.pc.gov.au/inquiries/current/telecommunications/draft/telecommunications-draft-overview.pdf>.

¹¹ In relation to zero-rating of government websites, the Draft Report notes, at page 232, that:

- ACCAN considered that access to government telehealth, distance education, and government/public services could be facilitated by this approach;
- the Broadband for the Bush Alliance recommended that the Government create universal unmetered (but not unlimited) online access to health, government services, education services and banking for remote residents and non-government organisations; and
- the ACCC considered that providing free or unmetered access to government services online is likely to help with accessibility and affordability issues faced by consumers.

could become particularly important given that they are video-rich, and so can be data-heavy. While the data limits on retail service providers' plans may rise over time, and while some retail service providers already choose to un-meter access to some broadcasters' online services on some plans, there are currently no guarantees for consumers.

Recommendation

SBS linear broadcast and online services such as SBS On Demand should be carried at no charge by NBN service providers on an unmetered basis.