

Australian Broadcasting Corporation

Submission to the

**Senate Environment and Communications
Legislation Committee**

**Inquiry into the Australian Broadcasting
Corporation Amendment (Restoring
Shortwave Radio) Bill 2017**

May 2017



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Introduction

The ABC is pleased to make a submission to the Senate Environment and Communications Legislation Committee's inquiry into *The ABC Amendment (Restoring Shortwave Radio) Bill 2017*. The Bill, introduced by South Australian Senator Nick Xenophon, proposes changes to the *Australian Broadcasting Corporation Act 1983* ("the ABC Act") to legislate for the ABC to restore and maintain the domestic shortwave radio services for the Northern Territory (NT) and international shortwave services to Papua New Guinea (PNG) and parts of the Pacific.

This submission addresses the implications of the proposed amendments to the ABC Act and sets out the reasons the ABC strongly opposes the enactment of this Bill.

If this Bill were to pass it would:

- impinge on the independence of the ABC by directing the Corporation to utilise certain broadcast technologies that have limited and diminishing audiences
- impose significant cost on the Corporation in the ongoing maintenance of the same transmission services
- oblige the ABC to deliver language services that have not been provided for in the past, at significant cost.

The ABC's decision to cease its remaining shortwave services was well considered, based on a careful assessment of the limited utility of shortwave technology in Australia and the region. In contrast, the Bill indicates a lack of understanding of shortwave technology, of the services provided by the ABC, and of the broader context of the ABC's decision to cease these services.

This same misunderstanding is demonstrated in the Explanatory memorandum and in the Senator's second reading speech, delivered on 13 February 2017, two weeks after the ABC's cessation of the shortwave services¹. In his speech Senator Xenophon erroneously claimed:

- that the domestic shortwave services broadcast both Radio National and ABC Local Radio to the NT. In fact, the domestic shortwave services broadcast ABC NT Local Radio only.
- the cost of the services was \$1.9 million. In fact, if the Bill was to be enacted, the total transmission cost would be closer to \$4 million per annum, with costs of \$1.2 million for the domestic services and \$2.8 million for the international services.
- the domestic shortwave services cover Western Australia, South Australia and Queensland. In fact, while the inherent propagation characteristics of shortwave transmissions mean that they can be received outside of their licensed area plan, the domestic services were intended by the ABC for the NT only, indicated by the fact they only broadcast ABC NT Local Radio. Any reception outside of the NT was fortuitous and not guaranteed.

Both the Bill and Senator Xenophon's second reading speech fail to recognise Section 8 of the ABC Act, which enshrines the ABC's independence and makes it incumbent on the ABC Board to ensure that the functions of the Corporation are performed efficiently and to the maximum benefit of the Australian public. In ceasing shortwave services, the ABC acted

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<http://www.aph.gov.au/en/Parliamentary%20Business/Bills%20Legislation/Bills%20Search%20Results/Result/Second%20Reading%20Speeches?BillId=s1055>

independently believing that they were an inefficient service, the continuation of which was not in the best interests of the Australian public.

Cessation of shortwave services

On 31 January 2017, the ABC ceased its domestic shortwave broadcasting services to the Northern Territory and international shortwave services to Papua New Guinea and the Pacific.

On occasions where the ABC makes a major programming change or change to its service the Corporation will carefully consider its legislative obligations, the balance between audience demand, changing audience behaviours and the challenges of working within a finite budget.

In the case of shortwave, the ABC did precisely this, giving due weight to the following factors:

- its legislative obligations
- a diminishing shortwave radio audience, both internationally and domestically
- the maintenance cost of the shortwave services
- the availability of alternative platforms from which audiences may access these radio services (domestically, ABC Local Radio Northern Territory, and internationally, Radio Australia)
- the terms of its shortwave contracts.

The ABC will set out these factors in further detail below.

Northern Territory shortwave services

The ABC's Northern Territory shortwave services were located at three transmission sites across the Territory, at Roe Creek (Alice Springs), Tennant Creek and Katherine, and solely broadcast ABC Northern Territory Local Radio. In aggregate, the three services covered approximately 74% of the Northern Territory population (see Appendix A).

Prior to the cessation of the NT services, the last states or territories to receive dedicated ABC domestic shortwave services were Queensland and Western Australia. These services ceased in 1993 and 1994 respectively, reflecting declining shortwave listenership and the availability of ABC Local Radio on the AM and FM bands. The cessation of these services did not lead to a parliamentary inquiry.

In concert with the establishment of the shortwave services, the ABC extended its NT Local Radio transmission network on the AM and FM band in the 1980s and 1990s. Today, the NT is served by 15 terrestrial AM/FM transmitters, reaching over 84 per cent of the population, a greater population footprint than was covered by the shortwave services.

In May 2000, the National Association of Shortwave Broadcasters reported that shortwave usage in Australia was less than 1% of the population. This represents fewer than 1,500 active shortwave users in the Northern Territory at that time. The significant growth in internet usage, access to streamed radio and the increasingly limited amount of content available via shortwave since 2000 has led to a further decline in shortwave listenership, and ABC Radio estimate that in 2016 there were approximately 500 regular domestic shortwave listeners (approximately 0.7 per cent of the Northern Territory population).

In contrast, since 2009 the Federal Government has invested over \$375 million to establish its Viewer Access Satellite Television (VAST) service, delivering free-to-air television services and ABC local and national radio networks to all Australians, no matter where they live. VAST carries ABC NT Local Radio, is available to 100 per cent of NT households and over the period 2009 to 2017, listenership has grown to almost a third of Northern Territory households (23,000 households or approximately 70,000 people having a VAST receiver).

In addition to its availability through the AM and FM networks and VAST satellite, ABC NT Local Radio is also available to audiences through online streaming and the ABC Radio app.

Until its cessation in January 2017, the maintenance of the NT shortwave services cost the ABC approximately \$1.2 million per annum. The expiration of the international shortwave transmission contract in 2017 provided an opportunity for the ABC to review the viability of the NT shortwave services and it was recommended that they cease due to the confluence of:

- the availability of ABC Northern Territory Local Radio on AM/FM terrestrial radio, VAST and ABC digital and online platforms
- the relatively low level of shortwave listenership
- the disproportionate cost of maintaining the services in comparison with their diminishing usage.

Papua New Guinea and Pacific Shortwave Services

Until 31 January 2017, the ABC's international shortwave services transmitted Radio Australia to Papua New Guinea and Solomon Islands, Vanuatu and Fiji from facilities at Shepparton, Victoria (see Appendix B). The ABC's Radio Australia service continues to broadcast to Papua New Guinea and the Pacific via satellite, a network of nine FM transmitters, a range of local FM partner stations, via online streaming and a dedicated mobile app.

In past years the ABC also provided Radio Australia shortwave services to the Middle East, India, China, Indonesia and Asia, however these services were gradually switched off over the last decade as audiences transitioned to newer radio technologies, including FM transmissions and online streaming. The last of these services, broadcasting to Asia, was switched off in early 2015. The cessation of these services did not lead to a parliamentary inquiry.

Shortwave technology has been increasingly abandoned by international radio broadcasters over the last two decades as an audience platform due to the cost of maintenance, the availability of alternative technologies and decreased audience demand for a shortwave service. The BBC, Radio Canada, Radio Netherlands, Vatican Radio and Deutsche Welle have each closed or substantially reduced their international shortwave services in recent years. For example, the BBC World Service ceased its North American and Australasian shortwave services in 2001, its European and Middle Eastern shortwave services in 2007 and 2008, and Mandarin shortwave service in 2011, instead, focussing their resources on satellite

and online radio services in line with audience listening habits shifting to these alternative platforms.

In making its decision to cease its international shortwave services, the ABC also utilised external and internal research on audience listenership trends in Papua New Guinea and the Pacific, which indicated that:

- listeners in these countries have moved and are continuing to move away from traditional forms of radio listening towards internet streaming and/or listening to FM transmissions or radio streamed via mobile phones. The findings from this research informed the ABC's decision to discontinue the shortwave services and identified:
- in Papua New Guinea, FM radio remains the dominant waveband, with less than 5% of all weekly radio listeners tuning into radio programming on any other frequency band²
- mobile coverage across Fiji, Samoa, Solomon Islands, Tonga and Vanuatu has jumped from less than half of the population in 2005 to 93 per cent in 2014, the cost of mobile calls declined by one third between 2005 and 2014, and international internet bandwidth jumped over 1500% between 2007 and 2014³.

The ABC's international shortwave contract was due to expire in January 2017, and based on international broadcasting trends, audience listening trends and the availability of the ABC's Radio Australia via FM transmissions, satellite and online services, the ABC considered that the significant investment required to retain international shortwave services would not be an effective use of taxpayer money.

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http://www.abcinternationaldevelopment.net.au/sites/default/files/Citizen%20Access%20to%20Information%20in%20PNG_2014.pdf

³ <http://theprif.org/index.php/news/53-media-releases/169-prif-ict-study>

Outcomes

In the three months since the NT and international shortwave services ceased, the ABC has received feedback from a range of stakeholders regarding this decision. Complaints have been received from industry and interest groups as well as from politicians and members of the public. Of these, however, the number of contacts from people within the intended coverage areas for the services was 20. The ABC has provided each of these listeners with advice about alternative ways to listen to NT Local Radio and Radio Australia respectively.

The ABC believes that the limited response from individual audience members in affected regions bears out the weight of evidence the ABC utilised in making its decision to cease these services.

The Bill

In reviewing the proposed amendments, the ABC recommends that Section 25 of the ABC Act should be taken into consideration. This section of the Act articulates the powers of the Corporation, including:

(1) Subject to this section, the Corporation has power to do all things necessary or convenient to be done for or in connection with the performance of its functions and, in particular, has power:

.....

(dc) to arrange for the transmission of programs or other matter by means of guided or unguided electromagnetic energy.

The intention of Paragraph 25(1)(dc) is clear; the ABC is responsible for managing its programs and services, including the management of its transmission services, without external interference. The proposed amendments would severely impact on the area of operation of Paragraph 25(1)(dc), undermining the ABC's independence and adversely impacting the ABC's ability, as an expert in the field of broadcasting, to determine how it should best provide services to its audiences.

Though the Bill is brief, if it is passed it would have significant consequences. These are:

- The reconstitution of terminated transmission contracts
- The re-establishment of defunct transmission infrastructure
- The ongoing provision of costly shortwave broadcasts to the NT, the Pacific and Papua New Guinea to diminishing audiences
- The provision of local language services to international audiences that are currently not offered via Radio Australia.

The ABC will respond to the implications of each of these outcomes in turn.

Contractual arrangements

The transmission infrastructure that delivered the shortwave services to the NT and international audiences was owned, operated and maintained by a third party provider, Broadcast Australia International (BAI). The proposed amendments require the ABC to provide equivalent services to those that ended on 31 January 2017.

This being the case, the ABC would have to renegotiate new contracts, in all likelihood with BAI. As such, should the proposed provisions pass, the ABC would be forced to come to the negotiations at a commercial disadvantage, having little choice but to accept the terms set out by BAI in order to fulfil the requirements set out by this new legislation.

Transmission infrastructure

As referred to above, the transmission infrastructure utilised to transmit the ABC's shortwave services was owned and operated by BAI. The ABC contracted BAI to transmit its content via BAI towers. Accordingly, the ABC has no oversight regarding BAI's international shortwave transmission facilities at Shepparton in Victoria, nor the three domestic shortwave sites in the NT. It is possible, for example, that the facilities have been decommissioned by BAI due to the paucity of demand for shortwave transmitters and the equipment repurposed for alternative transmission purposes. As such, there is no assurance that there are current existing facilities that could meet the Bill's purpose of restoring equivalent shortwave services.

Shortwave services

As outlined above, the ABC's decision to cease shortwave services was well considered and took into account the limited and diminishing audiences for these services, the cost of their maintenance, international broadcasting trends and the availability of the relevant ABC Radio networks on numerous alternative platforms.

The proposed Section 27A sets a precedent in imposing certain technology on the ABC. The ABC notes that the Act is silent on the means by which the ABC must broadcast its services. The ABC, rather than the legislature, is expert in the field of broadcasting, and should be free to determine the best methods of transmitting its services and to be responsive to technological and audience changes, in accordance with its powers under the Act

Added to this, the financial burden of the proposed provisions on the ABC cannot be ignored. To reinstate these shortwave services to the NT, PNG and the Pacific, when there this limited and diminishing audience demand and the respective networks are provided for by other means, would cost the ABC approximately \$4 million per annum. The ABC does not have unlimited funds and to revert funding to shortwave services would cause it to be divested from elsewhere, potentially at the expense of other ABC programs and services. This is contrary to the wishes of the Corporation, which strongly believes that it is best placed to determine the most effective means by which to transmit its services, at the most efficient cost, to achieve the greatest benefit for its audiences.

Language services

Paragraph 27A(2)(c) of the Bill proposes that the ABC "*broadcasts programs in languages appropriate for the countries to which they are broadcast*", yet it does not define which countries they may be, nor recognise that many nations in the Pacific have numerous dialects and, in many instances, also languages of European origin. Papua New Guinea for example is one of the world's most linguistically diverse nations, with over 800 languages spoken across its breadth.

Currently the ABC's PNG and Pacific Radio Australia service provides a 30 minute weekday program in Tok Pisin, one of the three official languages of Papua New Guinea. Otherwise, the Radio Australia program schedule is broadcast in English.

Should the current Paragraph 27A(2)(c) be passed into law, it would require the ABC to expend significantly more resources than it did or currently does on servicing an unspecified international audience in their “appropriate” language. With no additional funding, it is clear that such an impost would, against the ABC’s wishes, necessarily come at the expense of the ABC’s domestic audience.

The inclusion of Paragraph 27A(2)(c) also impinges upon the ABC’s independence to make programming decisions, prescribing not only the technology utilised to broadcast Radio Australia programs to the audience, but also imposing certain, albeit unspecified, content requirements on the Corporation.

Conclusion

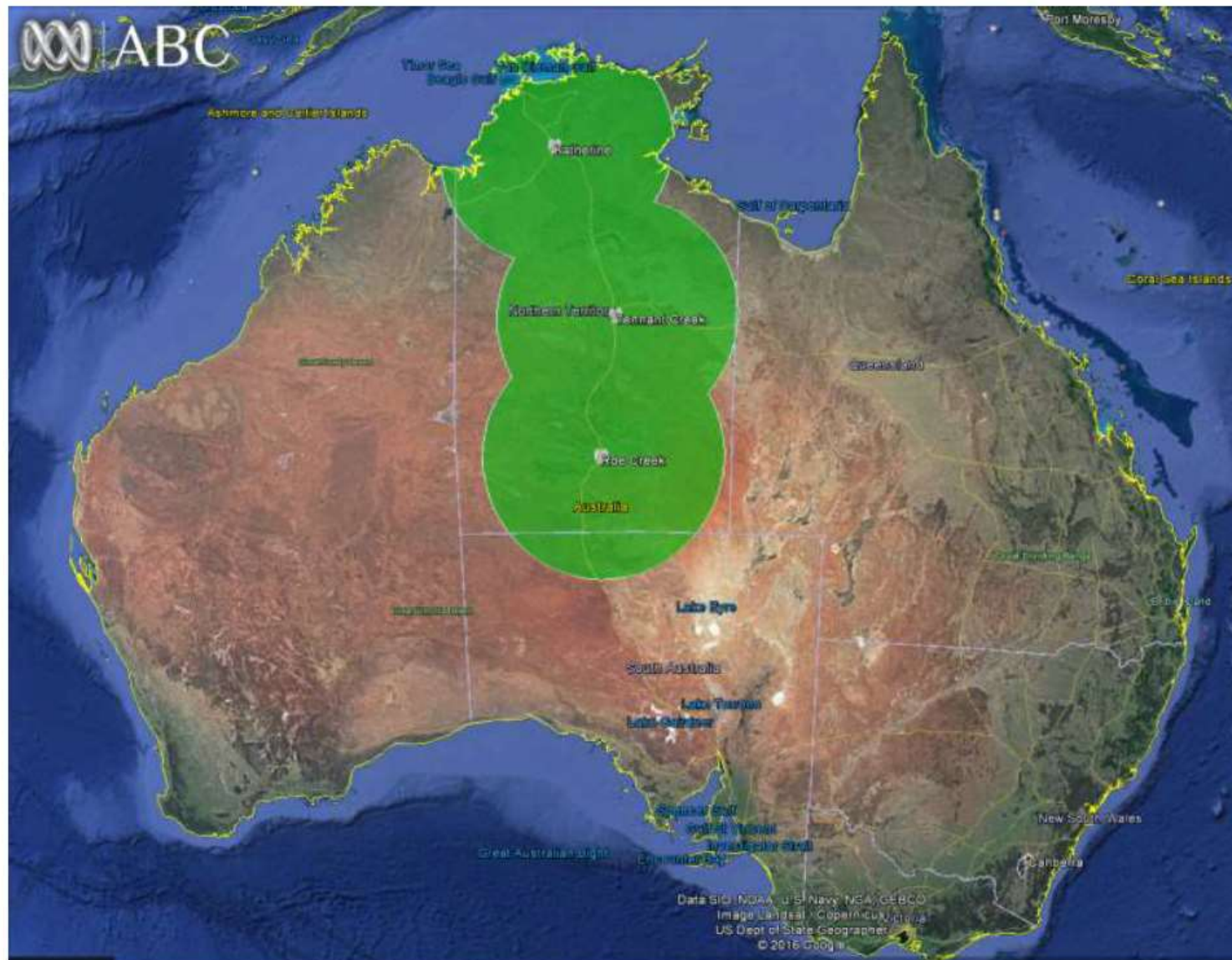
The decision by the ABC to cease shortwave transmissions was appropriately considered. As outlined in this submission, the decision was made taking into regard audience demand, changing listener behaviours, the cost and utility of the services, and reflects the ABC’s commitment to efficiently and effectively utilise its available funding.

The proposed provisions also cause concern as, at a time of significant technological advancement and media disruption, the Bill seeks to impose upon the national broadcaster a technology with limited utility. The ABC recognises that there is always some measure of disappointment when a public service is removed or diminished, however, in this case the ABC believes that the decision was completely valid and to impose the reinstitution of these services would be a retrograde and costly outcome for the national broadcaster and the taxpayer.

Accordingly, the ABC considers that the Bill, which impedes the ABC’s independence, imposes a technology on it at significant financial cost, forcing it to divert funds from other necessary services, is retrograde and unnecessary. For these reasons the ABC strongly opposes the enactment of this Bill.

ABC Submission to the Senate Committee Inquiry into the ABC Amendment (Restoring Shortwave Radio) Bill 2017

Appendix A



ABC Submission to the Senate Environment and Communications Legislation Committee Inquiry into the ABC Amendment (Restoring Shortwave Radio) Bill 2017

Appendix B

