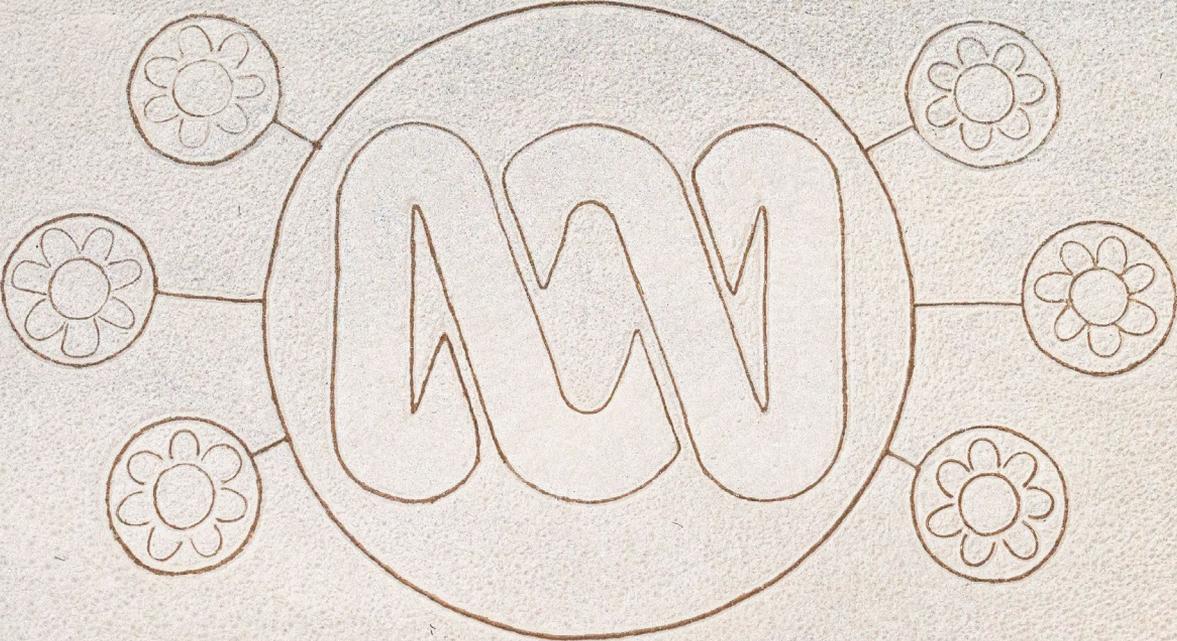


**AUSTRALIAN BROADCASTING CORPORATION  
BACKGROUND TO THE PLAN**  
The Five-Year Outlook for 2023–28



# INTRODUCTION

Australian audiences are increasingly fragmented across platforms and devices and have more choices for watching and listening than ever before. Analysis of the ABC's operating environment shows that audiences who prefer to use digital platforms will soon exceed audiences for broadcast radio and television. To reach and serve them, the ABC will need to strengthen and extend its digital products and content. This will also maintain the ABC's value to society as a trusted source for news and high-quality Australian entertainment.

Changes in the technology environment will continue to reshape audience consumption and competition across platforms and media providers. Adding to this, more government regulation is likely, and could limit the way the "tech giants" operate and handle user data. Meanwhile, new technologies like virtual studio sets and AI will change the way content is created and distributed. For the ABC, keeping pace with these changes will require it to modernise its own production, workflows, and distribution.

The changes in the way audiences consume media, and the way it's created, will continue to disrupt media markets in Australia and internationally. This creates risks for media diversity, local news and production, and Australia's voice and visibility in a global media market. In this environment, the ABC's role across news, screen and sound production, and international services will only become more important.

Workplaces and ways of working changed with the impact of COVID-19 and continue to change through technology and innovation. As the ABC adapts to changing audience behaviours, it will create new roles and workflows. These roles will need to be flexible and sustainable to respond to the changing operating conditions and ensure staff wellbeing. At the same time, diversity and inclusion will continue to shape ABC workplaces as much as its content.

This document summarises the ABC's five-year outlook across aspects of its operating environment as well as audience and content trends. It anticipates further changes in technology, media regulation, and audience behaviours. Operating in this environment will require the ABC to be an agile organisation that can embrace and adapt to these changes and maintain the ABC's value and relevance for audiences.

# FIVE-YEAR OUTLOOK

## Operating Environment

### The Economic Environment

There is considerable uncertainty around trends in the global economic environment. It is however likely that the longer-term effects of the COVID-19 pandemic and other market disruptors like the war in Ukraine will mean that a period of weakness will persist for some years.

In Australia, strong consumer spending in 2022 led to a period of solid growth. However, growth is expected to slow in 2023 and beyond. Higher interest rates and energy costs will drive down consumer spending, and wages growth is expected to remain sluggish for some time.

Slower growth, inflation, and a high level of national debt are likely to increase pressure on the Federal Government to constrain spending. This could have some influence on ABC funding decisions over time. However, the most significant impact of the economy on the ABC is likely to be increases in operating costs, such as energy use.

There has also been some speculation that the impact of economic conditions on household spending could affect media consumption. Subscriptions to streaming services fell slightly in 2022, and various surveys suggest consumers are being more cost-conscious in relation to entertainment.

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No clear trend has emerged to suggest a significant shift away from subscription-based services, and the declines seen to date are likely to be temporary if economic conditions improve. The introduction of lower-cost options in the market, such as ad-supported subscriptions, may also help to maintain subscription levels.

### The Social Environment

Australia has a generally cohesive society with a high standard of living and opportunities for most of its population. This is consistent with the Scanlon Institute’s finding that financial well-being is the strongest predictor of social cohesion.<sup>1</sup> Australians are among the wealthiest people in the world, enjoying the fourth-highest level of mean wealth per adult globally in 2021.<sup>2</sup>

However, Australia also has high levels of household debt. In 2019, it had the sixth greatest proportion of “over-indebted” households (those in the lowest 40% by income with a debt level three times their annual disposable income) among 23 OECD countries.<sup>3</sup> Overall wealth inequality in Australia also increased sharply over the past two decades. While this trend reversed slightly during the COVID-19 pandemic, by the end of 2021 the richest 10% of households held 46% of household wealth, while the lowest 60% had 17%.

The rise in wealth inequality suggests that there is a risk that social cohesion could deteriorate over the next five years. The 2022 *Mapping Social Cohesion* report found that the rising cost-of-living concerns have had a negative impact on the way some segments of the population think about and experience the society they live in. The report found that respondents’ sense of “belonging in Australia” and pride in the Australian way of life and culture has declined since 2007. This was particularly true among people who were financially challenged, had a pessimistic outlook for the future, had lower levels of education, or were aged under 44.

1 Scanlon Institute (2022) *Mapping Social Cohesion* <https://scanloninstitute.org.au/mapping-social-cohesion-2022>.

2 Credit Suisse (2022) *Global Wealth Report* <https://www.credit-suisse.com/media/assets/corporate/docs/about-us/research/publications/global-wealth-report-2022-en.pdf>.

3 Davidson P & Bradbury, B (2022) *The wealth inequality pandemic: The wealth inequality pandemic: COVID and wealth inequality* <https://povertyandinequality.acoss.org.au/covid-inequality-and-poverty-in-2020-and-2021-2/>, ACOSS/UNSW Sydney Poverty and Inequality Partnership, Sydney.

Australia also experienced several polarising narratives during the COVID-19 pandemic and in relation to issues such as climate change and social justice. The Scanlon report suggests that such narratives are likely to continue where opposing attitudes may be amplified in political and public discourse, as well as across social media. In contrast, the report found that local or neighbourhood social cohesion was high and remained resilient in 2022.

Polarisation represents a distinct and significant challenge for the ABC. Its commitments to serving all Australians, reflecting a diverse society, and maintaining impartiality require it to reflect divergent views in a constructive way. It must fill knowledge gaps and stimulate respectful dialogues that create national conversations around important issues.

The ABC must also extend its presence in local communities, especially in Australia's regions and outer suburbs, both to reflect local values, concerns and lived experiences to the nation and to show how national issues affect local communities.

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## The Technology Environment

For the past two decades, networked and mobile computer technologies have repeatedly disrupted the production, distribution, discovery, and consumption of media in Australia. The COVID-19 pandemic led to increased internet use and accelerated a number of behavioural changes, including greater use of on-demand services, remote work, and mobile journalism. Over the next five years, the speeds and capacity of network connections will grow with upgrades to the NBN and mobile networks. At the same time, more devices and homes will become “smart” and more cars will be “connected”.

This transformation of the information, communications, and media industries has been dominated by a small number of large technology companies. Most are heavily fortified against competitive threats with diversified product portfolios and experience at acquiring, or emulating the features of, would-be competitors.

However, their significant market power and ability to influence public opinion has led governments around the world to seek ways to better regulate these global platforms, particularly under privacy and competition laws. For example, in 2022, the European Union enacted a Digital Markets Act to constrain the giants' market power and a Digital Services Act to ensure greater transparency and interoperability.<sup>4</sup> In early 2023, the US Department of Justice initiated legal action against Google alleging anti-competitive conduct in online advertising markets.<sup>5</sup> Australia's 2021 introduction of the News Media and Digital Platforms Mandatory Bargaining Code compelled Google and Facebook to negotiate with traditional news publishers.

To date, the platforms have avoided wide-ranging regulatory intervention. Whether they will be able to continue to do so — and whether new competitors will emerge — remains to be seen.

<sup>4</sup> European Council (October 2022) [Digital services package](https://www.consilium.europa.eu/en/policies/digital-services-package/) <https://www.consilium.europa.eu/en/policies/digital-services-package/>.

<sup>5</sup> US Department of Justice (24 January 2023) [“Justice Department Sues Google for Monopolizing Digital Advertising Technologies”](https://www.justice.gov/opa/pr/justice-department-sues-google-monopolizing-digital-advertising-technologies) <https://www.justice.gov/opa/pr/justice-department-sues-google-monopolizing-digital-advertising-technologies>.

The major technology companies are investing heavily in research and development to maximise their chances of identifying and profiting from emerging technology platforms that resonate with the public. The future technologies they are pursuing are not identical. For example, Meta and a number of games companies are pursuing “the Metaverse”, a vision of the internet as a persistent, immersive, 3D virtual environment. Amazon and others posit visions of “ambient” and “ubiquitous” computing in which computers largely fade into a background of smart devices and places that users interact with at work and in their daily lives. The emergence of generative AI has revived long-standing visions of personal software agents capable of autonomously performing tasks for their users.

If these or other visions are realised, they will significantly alter audiences’ experiences of media. Even if they are not, the component technologies being created to enable them are likely to play a role in the technology and media landscape over the coming decade.

The challenge for media organisations seeking to reach audiences will lie in making targeted investments in emerging platforms and technologies without overcommitting and scaling back commitments to those in decline.

To realise these opportunities and meet audience expectations, the ABC will need to modernise its infrastructure, systems and capabilities, as well as make better use of data. This will require further investment in technology and connectivity that achieves operational excellence, including end-to-end digital processes for production. It will need to use audience data to drive decision-making and give audiences the ability to personalise services while protecting their privacy.

At the same time, the ABC will need to maintain broadcast services to ensure that all Australians can continue to access the ABC. Broadcast radio and television are expected to remain important in some form for ABC audiences for at least another 15 years. The ABC is at a crossroads where it needs to balance the replacement of broadcast equipment with investment in digital platforms. Maintaining broadcast operations while funding modernisation will be a critical challenge for the Corporation.

## The Media Production Environment

Digitisation and network integration are enabling new, flexible production methods and more efficient means of delivering higher-quality services and applications to audiences. Virtualisation and cloud computing, for example, make possible decentralised production from any networked location and enable digital playout of media services. Likewise, better use of data facilitates product personalisation and more effective product development and resource management.

Recent advances in artificial intelligence (AI) and 3D technologies are providing new possibilities for content creation that have the potential to change or replace creative roles and processes. Some are available at little cost and potentially blur the lines between amateur and professional production.

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During 2022, a number of generative AI systems emerged with the capacity to produce novel content that can appear indistinguishable from human creative output. This synthetic creativity includes the generation of text, images and computer code, while video and audio generators are in development. These technologies raise ethical, philosophical, and legal questions, and some creators whose work was used to train the engines have launched copyright challenges. Moreover, generative AI systems are constrained by the data used to train them, and text-based generators, such as the ChatGPT family, have been shown to reflect biases and include demonstrably false information in their outputs. The extent to which these limitations can be addressed in future iterations of the technology is likely to affect their viability for use in ABC production.

Similarly, AI is enabling a range of synthetic performance technologies. Text-to-speech engines appear to be reaching the point where they are indistinguishable from human speakers and can be trained to mimic the voices of individuals. “Deepfake” technologies that create simulated video of real people have been used in film and television, as well as for less lawful purposes. In addition, 3D modelling and rendering tools developed for the film and videogame industries are enabling the creation and animation of increasingly lifelike virtual humans. As they continue to develop, these technologies will enable new forms of production, but are likely to raise ethical issues if they displace human performers.

Virtualised production and performance spaces based on green screens and LED “volumes” that allow 3D computer imagery to be merged with video of live performances are becoming increasingly sophisticated and affordable by broadcasters. Virtual sets will become more common and more elaborate over the life of this Plan.

For the ABC, these technologies may represent opportunities to realise efficiencies and improve services. For example, AI-based transcription and translation may provide ways to make ABC services more accessible and AI-based video may allow significant scaling of bespoke weather and election coverage at a more granular level. At the same time, developing and training such systems to meet specific ABC needs will be time- and resource-intensive. Further, synthetic creativity and performance technologies are likely to present a range of risks that the Corporation will need to navigate carefully. The ABC will need to invest in ensuring it is able to stay abreast of developments in these areas.

## **The Australian Media Environment**

The Australian media environment has evolved rapidly in response to audience demand for internet-based and on-demand services. As broadcast and pay-TV viewing has declined, free-to-air TV providers have launched broadcast video-on-demand (BVOD) and subscription video-on-demand (SVOD) services. Also, pay-TV provider Foxtel has launched multiple SVOD channels and is seeking to transition its subscribers to IP-based services. Meanwhile, global video-on-demand (VOD) services — both giants and niche providers — have increased competition for the attention of Australian audiences.

In the audio environment, time spent listening to broadcast radio has declined, while the audiences for streaming services and podcasts have grown significantly. All major Australian radio stations have introduced live-streaming services in response, but they are competing with global operators like Spotify and Apple Music.

The trend towards digital platforms and away from broadcast will continue, and competition for audiences on digital platforms will intensify. As overall audience growth becomes more difficult to achieve, this may result in mergers, acquisitions, and consolidation, matched by decreases in editorial diversity. It is worth noting that in Australia there are now few legislative barriers to consolidation.

The steady decline in local news from commercial providers accelerated sharply during the COVID-19 pandemic, particularly in regional Australia, leaving many communities without a local news service. The Public Interest Journalism Project reports that, in December 2022, some 32 local government areas did not have a local news publisher, four of which also did not receive local radio news.<sup>6</sup> The ABC has an important role to play in providing news in underserved areas and, in 2022, recruited more than 50 additional journalists across regional Australia. However, the ABC can only contribute to solving the problem of “news deserts”, as Australia’s democracy is best served when communities have access to a range of local news sources.

As well as the loss of local news outlets, general access to news and media diversity have not improved significantly since 2020. Various factors are at play behind this, including the availability of internet access, press freedom, media concentration, competition in the advertising sector, and general economic conditions. The Australian Digital Inclusion Index 2021 shows that about 11% of Australians are “highly excluded” from the internet, and this number is declining only slowly.<sup>7</sup>

Australia also dropped 14 places to 39 on the Reporters Without Borders (RSF) World Press Freedom Index in 2022.<sup>8</sup> This was due to its highly concentrated media landscape and a lack of strong institutional safeguards for the free exercise of journalism. According to RSF, the growing control of large industrial groups encourages self-censorship among journalists in the commercial sector. As the Australian Communications and Media Authority (ACMA) has observed, the fewer news sources available to Australians has resulted in a perceived lack of originality and diversity in news content.<sup>9</sup>

In the regulatory environment, two clear trends continue to shape the media landscape around the world. The first is the trend for governments to tighten regulations around “big tech” companies in the market, and the second is regulation to protect privacy and personal data.

In Australia, the change of government in 2022 reset policy development in several areas. The Government has announced its intention to modernise Australian media regulations. It has committed to introducing a prominence regime and imposing an Australian content quota on video streaming services, both of which will potentially affect the ABC — the former may help improve the discoverability of ABC on-demand services, while the latter is likely to reshape the economics of the supply of audio-visual programming. These changes, which will be implemented in the first year of this plan, are expected to be followed by a range of other regulatory adjustments.

Changes like this create a degree of uncertainty in the Australian regulatory environment in the short-to-medium term. The ABC will need to remain engaged in the development of policy and be prepared to respond to new challenges and opportunities arising from it.

## The International Media Environment

The ABC operates in the international environment through its media services and development projects in the Indo-Pacific region. Its target audience includes both the citizens of Australia’s regional neighbours and Australians living, working or travelling overseas. The Corporation also operates foreign bureaux around the world.

There is no single “Indo-Pacific media market”. Each country is unique, with its own domestic media providers, languages and audience behaviours. The relative penetration of media technologies varies considerably across the region.

The delivery of international media services was once overwhelmingly the preserve of nation-states engaged in public diplomacy by broadcasting their views and values directly to people beyond their borders. However, the rise of the internet in recent decades has changed this equation, enabling companies and individuals to communicate and deliver content to audiences internationally.

6 Dickson G (2022) **Australian News Data Report: December 2022** <https://piji.com.au/wp-content/uploads/2023/01/andr-report-december-2022.pdf>, Public Interest Journalism Initiative, Melbourne.

7 Thomas J, Barraket J, Parkinson S, Wilson C, Holcombe-James I, Kennedy J, Mannell K & Brydon A (2021) **Australian Digital Inclusion Index: 2021** <https://www.digitalinclusionindex.org.au/digital-inclusion-the-australian-context-in-2021/>, RMIT, Swinburne University of Technology and Telstra, Melbourne.

8 Reporters Without Borders (2022) **World Press Freedom Index 2022** <https://rfsf.org/en/index>.

9 Australian Communications and Media Authority (2020) **News in Australia: diversity and localism** <https://www.acma.gov.au/publications/2020-12/report/news-australia-diversity-and-localism>.

Asia and the Pacific exhibit some of the highest overall levels of social media growth globally. Engaging with audiences through major social media platforms and in local languages is a necessary part of any successful Asia-Pacific media strategy.

However, the reach of US platforms is not universal. The highly connected economies of South Korea and Japan enjoy unique app ecologies that remain competitive with global services. Likewise, the People's Republic of China (PRC), which limits its citizens' internet access through the "Great Firewall of China", has enabled the creation of an entirely separate domestic ecosystem of online and social media services.

In the Pacific, the internet has been transformative, offering dispersed populations a means to overcome geographic distance and to access economic opportunity and inclusion. In most Pacific Island countries, more than half of the population has internet access, predominantly through mobile devices. By subsidising free or low-cost mobile phone plans that use its software in developing countries, Facebook's parent company, Meta, has effectively made the social network synonymous with the internet for many in the Pacific.

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Despite this growing internet penetration, broadcasting, particularly on radio, is expected to remain a key means of reaching Pacific audiences for the foreseeable future.

In Asia, by comparison, most markets for media services — from the high-technology media ecologies of Japan and South Korea to the less-developed markets of the Mekong subregion — are already saturated with local providers. This diminishes the likely relevance of international services for local audiences and reduces the number of frequencies and/or channel positions available for broadcasting.

In some countries in which the ABC operates, the media ecosystems have been weakened in recent years by censorship and other threats to media freedom, as well as disinformation and the emergence of COVID-19.

At the same time, the Indo-Pacific region is becoming an increasingly contested space among international broadcasters. In particular, the PRC has made significant investments in its global media capabilities, including services to Asia and the Pacific, since 2009. Pacific journalists increasingly cite Chinese Government pressure to carry state-media content or to restrict reporting.

Against this complex backdrop, the ABC will focus its international media activities on the Pacific, the Indian subcontinent and Southeast Asia. The announcement of additional funding to support the Corporation's international activities under the Government's Indo-Pacific Broadcasting Strategy will enable it to expand its services to audiences in Australia's neighbourhood.

### **The Public Service Media Environment**

Public service media (PSM) organisations around the world face challenges arising from audience, political and societal trends. They must continue to adapt how they deliver their services across more platforms to meet a wider range of audience preferences. At the same time, PSM remits, and values like impartiality, trust and equity, are being challenged in increasingly polarised societies.

As broadcasters transition to becoming digital media providers, and audiences' needs and behaviours change, the enduring PSM mission of informing, educating and entertaining remains constant. However, where commercial media are consolidating in response to global competitors, PSMs do not have this option. Instead, they must explore other options, such as greater collaboration, to achieve efficiencies. In Europe, for example, this includes technology co-development, content sharing and co-creation, and partnerships with arts, cultural and educational institutions.

In many countries, PSM organisations have faced questions about their continued value and relevance in the face of abundant and globalised media. This is despite strong evidence of a correlation between the presence of PSMs and healthy democracy.

In response to these challenges, many PSMs have sought to maintain public support by emphasising the value of their role in the societies they serve. This includes their contribution to democracy through impartial news and a diversity of views that support an informed civil society.

In surveys, perceptions of the ABC's value have been in slow decline over the past two decades. This reflects various factors, including audience fragmentation resulting from digital disruption and attacks on the media that have included PSMs. In 2022, 12% of respondents in ABC Corporate Tracking surveys said the ABC was "not valuable", the highest level recorded. This measure was weakest among 18–24-year-olds and those studying or unemployed.

An important task for the Corporation over the next five years will be to reverse this trend, demonstrating relevance, impact and usefulness of its services to the Australian people and the nation as a whole.

## The Work Environment

The ABC has been telling stories for more than 90 years. But the way stories are told never stands still. Digital media, streaming services, mobile technology, and artificial intelligence are all having an impact on the way content is sourced, created, published, shared, and archived. A critical element in this digital space is discovery, which requires the consistent application of rich metadata.

The changing world of content creation has had an impact on the ABC. Recently, it has introduced new roles and skills around reporting, social media distribution, and video production. There is more change to come. More established tasks and methods will need to cease or be scaled back to allow for the new workflows required for the digital media environment. And this will require a clear roadmap for training and transition.

Workplaces, too, are changing. Employees and organisations have embraced more flexible approaches to work hours and time spent in offices. A large part of this stems from the value found in a greater focus on mental health and wellbeing. This, in turn, has helped organisations accept more people seeking work on a part-time or short-term basis.

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Both organisations and prospective employees are also more attuned to social values, advancing the development of diversity and inclusion policies and environmental sustainability.

As a values-driven organisation, the ABC has long been an employer of choice. To maintain this and remain competitive in the labour market, it will need to bring together these values and the new approaches to work and workplaces. However, perhaps the greatest challenge will be building a culture that supports the needs of today and tomorrow more than the needs of yesterday, and an ABC that adapts readily to a changing environment.

The current media environment also brings pressure to produce work at speed and deliver high volumes of new content. Within this, the ABC's culture must keep workloads sustainable and avoid producing low value content. The ABC must have an audience-first, digital mindset and maintain a continuous effort to sharpen processes, promote agility, acquire new skills, and break free from rigid roles and structures that constrain teamwork and collaboration.

## Diversity and Inclusion

As a national broadcaster, the ABC has an obligation to reflect and serve the people of Australia in all of their diversity. The first step to fostering national conversations that give a wide range of people a chance to speak is to recognise the diversity of voices and perspectives within the nation.

Australians come from a wide variety of cultural and linguistic backgrounds. In 2021, almost half (48.2%) of the population had at least one parent who was born overseas and 5.8 million people (22.8%) reported using a language other than English at home.<sup>10</sup> However, truly reflecting the diversity of the Australian population requires recognition and representation not only of people from different ethnic and cultural backgrounds, but also people of diverse genders, ages, sexual orientations and social backgrounds, people from geographic locations across the country and people with disabilities.

For media organisations, there is the further need to avoid the risk of “performative diversity”, where diversity is only apparent on-screen and within content and not included in behind-the-scenes decision-making. Ensuring diversity throughout the workforce is not only equitable but allows a media organisation to bring a breadth of perspectives and life experiences to its creative outputs. Research conducted by the Diversity Council of Australia indicates that staff working in inclusive teams report higher levels of satisfaction, effectiveness and innovation and are less likely to experience discrimination or negative effects on their mental health.<sup>11</sup>

The ABC has a strong record in this area and continues to set and meet higher standards. However, there are opportunities for it to improve diversity and inclusion in the workplace and to make its content more diverse and accessible.

The ABC's Diversity, Inclusion & Belonging Plan 2023–26 sets out initiatives and targets to create inclusive content and services, employ and retain a diverse workforce, promote an inclusive workplace culture and maintain respectful relationships with Aboriginal, Torres Strait Islander and diverse communities. Through its Elevate Reconciliation Action Plan 2023–26, the ABC has committed to a long-term project to bring First Nations names, languages and voices into the national conversation.

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OUTPUTS.**”

<sup>10</sup> Australian Bureau of Statistics (September 2022) [Cultural diversity of Australia](https://www.abs.gov.au/articles/cultural-diversity-australia) <https://www.abs.gov.au/articles/cultural-diversity-australia>, 2021 Census article.

<sup>11</sup> D'Almada-Remedios R, & O'Leary J (2021) [Inclusion@Work Index 2021–2022: Mapping the State of Inclusion in the Australian Workforce](https://www.dca.org.au/sites/default/files/synopsis_2021-22_inclusionwork.pdf) [https://www.dca.org.au/sites/default/files/synopsis\\_2021-22\\_inclusionwork.pdf](https://www.dca.org.au/sites/default/files/synopsis_2021-22_inclusionwork.pdf), Diversity Council Australia, Sydney.

## The Planning and Financial Environment

The ABC faces an increasingly complex operating environment that will continue to make long-term planning difficult. New platforms and technologies will continue to emerge and potentially disrupt the market. However, the media sector will also see increased competition, consolidation, and government regulation, as noted above.

One development that will help the ABC in this environment will be the Australian Government's decision to establish five-year funding cycles for both the ABC and SBS. This will bring greater certainty in relation to funding and support longer-term planning, especially in relation to capital projects.

There are however several other factors that could disrupt planning due to their impact on the ABC's budget or the ABC's operating environment. These include:

- The need to further accelerate the modernisation of the ABC's production and distribution technology to keep pace with audience behaviours and secure longer-term operating efficiencies. This will need to be managed alongside the need to maintain a level of broadcast services.
- The need for the ABC to adapt rapidly and "hedge its bets" in some circumstances. For example, while the ABC must produce bespoke content for third-party platforms, it must maintain its own platforms and always be prepared for a third-party platform to fail or become compromised in some way.
- Potential risks to existing partnership funding. This could include an end to funding agreements with Google and Facebook (Meta) and greater competition for funding from bodies like Screen Australia.
- The likelihood that operational, compliance, and other costs will continue to rise in the business environment where requirements in areas like cyber-security, sustainability, and privacy safeguards are expected to increase.
- The impact of the pandemic on the economy and migration created a skills shortage in some areas and these effects are expected to continue for several years. The ABC may encounter skill shortages for the roles it needs to operate into the future.

- The effects of climate change may increase the importance of the ABC's emergency broadcasting relative to other activities and influence decisions in relation to service access and reliability. Ensuring the resilience of ABC operations may also require a higher level of funding.

The factors outlined above will challenge the ABC to align its resources to the highest value activities. It needs to become more active in more "spaces", and it needs to strike the right balance of services for audiences. Too much or too little anywhere will generate business risks. Mechanisms will be needed to continually address the "spread" of resources across the ABC's operations, relative to its Charter, audience needs, and audience value.

## The Commercial Environment

The ABC's commercial activities relate to sales of content rights, distribution partnerships, merchandise, music, and books. It also provides production services and facilities for the creative industries. The markets for these activities are subject to intense global competition and fluctuations in consumer spending. However, while the revenue from sales goes back into making more ABC content, the activities themselves also have other important benefits.

The ABC's retail activities contribute to the recognition and engagement with its brand. Against the decline in radio listening, ABC Music's country, classical, and children's music releases maintain a strong connection with these audiences.

As the globalisation of markets continues to increase competition, the ABC's commercial opportunities may increase as well. There will be a larger market for content sales and the ABC may have further commercial opportunities in some international markets.

## Audience Trends

### Social Media

More than 80% or some 21 million Australians use social media. In one sense, this represents the largest media audience in the country.<sup>12</sup> However, social media users are spread across platforms and tend to consume content that they find to be personally relevant. The *YouTube Culture & Trends Report 2022*, for example, found that 65% of younger audiences say content that is personally relevant is more important than content that many others talk about and 55% watch content that no one they know is personally interested in.<sup>13</sup>

As a content media organisation, the ABC has an opportunity to reach and engage audiences on social media platforms, but the opportunities vary for each and the landscape changes frequently. At present, most of the large and established platforms, like Facebook, Instagram, and YouTube, have reached maturity and only TikTok is projected to have significant growth over the next three years. To better engage with younger audiences, the ABC will need to increase its reach and brand recognition on platforms with growth opportunities.

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Along with the agility needed to embrace new platforms, the ABC will need to weigh the risks of each. As new platforms emerge, the ABC will need to balance its resources between serving current audiences and reaching new ones. It will also need to consider security concerns and the wellbeing of ABC staff working with the platforms.

Ongoing privacy and data security issues, together with a desire for safer online spaces, have emerged in relation to social media platforms, most notably Facebook and TikTok. This has made social media platforms a focus for government regulation in Europe, the US, Canada, and India, as well as Australia.

However, despite the difficulties and even regardless of the opportunities, the ABC has an important role to play on third-party platforms. As well as serving audiences on the platforms audiences prefer, the ABC is a source of trustworthy news in an environment that's otherwise prone to mis- and disinformation. Its ability to produce educational content also creates opportunities to support media literacy and online safety.

### Listening

In Australia, listening to live radio is spread across AM, FM, and DAB+ broadcast services, as well as live streams and “catch-up” radio programs via online services. Together, these services reach 80% of Australians. The fact that reach has remained relatively steady suggests that many people still appreciate the ease of radio and use it when driving, working, or at home. However, the time spent listening to these services is in long-term decline.

Technological advancements (connected cars, smart speakers, 5G, artificial intelligence and machine learning) are driving structural changes in audience behaviour. With data connectivity improvements and ubiquitous access to audio in and out of the home, streaming is fast becoming the primary source of access to audio content.

<sup>12</sup> We Are Social (2023) *Digital 2023: Australia*.

<sup>13</sup> YouTube (2022) *Culture & Trends Report 2022* <https://kstatic.googleusercontent.com/files/5d1153725e437152c5ae6b10651c5e9f4bbb117287b8904db3fe91389277698c21a861fa4dcb6ba04780745ea97ebefed4208d9048fbd2b97af79c7e51b28b2b>.

The growth in podcast listening has been a notable trend in recent years. YouTube and Spotify currently attract the most podcast listeners, but competition among global media players is intensifying. This competition is creating greater choice and improving quality. The ABC creates high quality, award-winning podcasts across a broad range of topics, but it must find a way to reach more audiences.

With music streaming (Spotify, YouTube Music, Apple Music) performing better than traditional broadcasting in terms of discoverability and personalisation, these global platforms are having an impact on music consumption and the ways audiences discover new music. Only 23% of the 18–34 age group rely on radio to discover new music. They locate new sounds through music apps (58%), social media (53%) and movies/TV shows (44%).<sup>14</sup> The cannibalisation of traditional music radio broadcasting by global music streaming platforms and social media (TikTok) is set to continue in the years to come. The ABC plays an important role in promoting and supporting Australian music, and in this environment must find a way to adapt and remain relevant.

AM services are the most problematic. AM transmission does not support high-quality audio and the signal is prone to disruption in built-up areas and from electric vehicles. It also requires significant energy. However, AM can cover large areas, which is vital for maintaining services in a country like Australia, especially during natural disasters. Alternatives to AM do exist but would require extensive replacement of broadcast infrastructure and consumer devices.

Faced with these challenges, the ABC will need to scale back traditional broadcast services over time and invest more in content and distribution aimed at audiences for its own and third-party digital platforms, which includes access to in-car entertainment systems. It will also need to promote its audio content and make it more discoverable, especially for younger audiences who are less inclined to listen to radio. This includes audio for children, such as podcasts and audiobooks, where the ABC has an opportunity to grow and build on its reputation as a safe space for kids.

## Watching

Audiences across all demographics continue to embrace online viewing and reduce their use of broadcast TV, and this is most acute for teenage and young adult audiences. The shift to online viewing, where the entertainment options are seemingly infinite, has made it harder to attract audiences to ABC content.

The ABC has responded to these trends with improvements to ABC iview, including personalised recommendations and a user log-in to allow seamless movement between devices. Ongoing investment in ABC iview, as well as the content it offers, will ensure that ABC iview continues to meet audience expectations.

At the same time, it is clear that younger audiences will be harder to reach on the ABC's owned platforms. The ABC will need to look for ways to reach and engage younger audiences using third-party platforms and support them with a digital-first strategy across commissioning, production, and distribution.

While the ABC continues to improve the value and appeal of its digital content, products, and services, it must continue to cater to important audiences for free-to-air television. Traditional broadcast services are still popular across some older audience segments, even if consumed via internet-connected smart TVs. The ABC also seeks to maintain such services for Australians unable to access internet services.

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<sup>14</sup> The Music Network (September 2022) [“Where are Australians discovering new music?”](https://themusicnetwork.com/new-music-discover-report/) <https://themusicnetwork.com/new-music-discover-report/>

## News Consumption

While overall news consumption in Australia is high,<sup>15</sup> there are clear signs of news fatigue and disengagement. Slightly more than half (52%) of Australians use a news service at least daily one of the lowest levels recorded in Reuters' global survey.<sup>16</sup>

According to the 2022 Australian *Digital News Report*, the proportion of Australians reporting low or no interest in news grew from 36% in 2016 to 46% in 2022, while active avoidance of news increased.<sup>17</sup> In particular, the number who said they "often" avoid news rose from 8% to 14% over the five years to 2022.<sup>18</sup> This trend likely reflects in part the recent pandemic and wider geopolitical instability and may reverse over the next five years in the wake of COVID-19. However, it appears more plausible to imagine lower levels of interest and greater avoidance of news continuing given the likelihood of continued geopolitical and climate-related disruption.

At the same time, Australian news audiences are fragmenting. In particular, there are clear generational differences in Australians' preferred news platforms.<sup>19</sup> The proportion who use television as a primary source of news rises with age, while the use of social media sources shows the inverse trend.

Online news, used by 49% of Australians, and social media, used by 44%, give audiences access to a wide array of global sources of news and information unavailable through traditional domestic media.<sup>20</sup> There is also some evidence of a small proportion of casual news users shifting to more partisan news coverage as a result of declining engagement and trust in news media.

This fragmentation is expected to increase over the next five years as Australians' use of broadcast television and radio continue to decline. This shift from appointment-based consumption will directly affect audiences for scheduled news bulletins and current affairs programs. News providers will need to increasingly focus on on-demand services and personalisation to ensure they remain relevant.

Alongside generational differences in platform and device use, research indicates that younger Australians also have different attitudes from traditional news consumers. ABC research on the needs of 18–29-year-olds suggests higher levels of scepticism about news reports and a propensity to regard no news as position-free. In response, they validate news using multiple sources, rather than to trust a single source. Younger Australians also have broader conceptions of "news" that includes a range of interesting information.

In this fractured environment, the ABC will need to adapt its news offering to meet the divergent expectations of the audiences on the different platforms it uses.

The imperative to produce quality journalism and maintain trust will remain. In a largely saturated online market for news, competition will intensify around the digital experience, including on-demand news, localisation, customisation, and personalisation.

The ABC will face these challenges, but the impact may be reduced at times due to demand for large-scale coverage of major events.

“**NEWS PROVIDERS WILL NEED TO INCREASINGLY FOCUS ON ON-DEMAND SERVICES AND PERSONALISATION TO ENSURE THEY REMAIN RELEVANT.**”

15 Roy Morgan Research (21 November 2022) "[News readership: 97 per cent of Australians continue to consume news](https://www.roymorgan.com/findings/9121-thinknewsbrands-readership-september-2022)" <https://www.roymorgan.com/findings/9121-thinknewsbrands-readership-september-2022> (Finding No. 9121).

16 Park S, McGuinness K, Fisher C, Lee JY, McCallum K & Nolan D (2022) [Digital News Report: Australia 2022](https://apo.org.au/node/317946) <https://apo.org.au/node/317946>. News & Media Research Centre, University of Canberra, Canberra, p 10.

17 *Digital News Report: Australia 2022*, p 47.

18 *Digital News Report: Australia 2022*, p 51.

19 *Digital News Report: Australia 2022*, p 71.

20 *Digital News Report: Australia 2022*, p 70.

The Corporation is the only news organisation in Australia with the scale and expertise to deliver sustained coverage across natural disasters, and it also specialises in election coverage. In the past, Australians have turned to the ABC for reliable and comprehensive coverage of such events through its broadcast and, increasingly, its digital news services. If the number of extreme events increase, the ABC will face the different challenge of maintaining its high level of coverage and expertise across more events.

## Trust in Media

Trust in both institutions and organisations continues to be a critical element for reputation, brand, and audience relationships. A “trust crisis” has become globally more prominent in recent years, with the Edelman Trust Barometer 2023 warning that increasing distrust in the government and the media means that “Australia is on a path to polarisation, driven by a series of macro forces that are weakening the country’s social fabric and creating increasing division in society.”<sup>21</sup>

Trust in news media is particularly fragile, shifting erratically in response to external factors. For example, the Edelman Trust Barometer found that Australians are among those showing the lowest trust in traditional media in 2023, while trust in entertainment increased slightly compared to 2021. The 2022 Australian *Digital News Report* also reported an increase in trust in news from public service media and regional/local newspapers.<sup>22</sup> The longer-term trend, however, is that trust in media is declining overall. ABC Corporate Tracking surveys show a decline in trust in the ABC from 82% in 2017 to 77% in 2022. While the ABC remains more trusted than other media institutions and information providers, this is a worrying trend.

Factors contributing to the erosion of trust in media may include political attacks on the media, the rise in misinformation and disinformation, and social media algorithms that amplify extreme and alarmist viewpoints. The erosion of trust contributes to news avoidance and the formation of partisan “echo chambers” in the media landscape. This, in turn, makes it more difficult for the media to support democracy, particularly in terms of keeping the public informed and holding government leaders and others in positions of power, to account.

Trust is both a complex and complicated phenomenon. Trends over time show that public trust is volatile and fluctuates due to global and local events, and government activity. Organisations, including the ABC, can’t rely solely on reputation and must focus on being trustworthy and earn trust through consistency, impartiality, transparency, and accountability. With localism being another driver for trust, being part of the communities that it serves, whether in the cities, regions, or online spaces will be another imperative to successfully maintain Australians’ trust in the ABC.

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<sup>21</sup> Edelman (2023) 2023 Edelman Trust Barometer: Australia Report.

<sup>22</sup> Digital News Report: Australia 2022, p 103.

## Content Trends

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### News

As audiences have shifted to digital platforms, news has become easier to access and social media has become a popular consumption platform. Alongside this shift, trust in news sources has declined and there has been an increase in news avoidance, as noted among the audience trends outlined above. These changes have drawn some audiences away from traditional news reporting, prompting news providers to look for new ways of keeping audiences informed.

Approaches aimed at serving younger audiences include using different formats, like vertical video, using social media for distribution, and keeping individual stories separate, rather than clustered in a bulletin or aggregated on a website. They may also include stories that include opinion or a reporter's reaction to the facts. These approaches reflect an audience preference for short pieces of content encountered within a feed of other posts and updates.

Other approaches attempt to alleviate news avoidance with coverage of more positive stories and a wider range of topics. This includes the concept of "constructive" or "solutions journalism", which is reporting that focuses on attempts to solve problems and address issues. These approaches counter a concentration of serious and confronting news reports flowing from coverage of politics, international affairs, the economy, crime, and natural disasters. According to the 2022 Australian *Digital News Report*, respondents' chief reasons for avoiding news included too much coverage of topics like politics or COVID-19 (49%), the negative effect news has on their mood (44%) and feeling worn out by the amount of news (32%).<sup>23</sup>

A balanced approach to the tone of news coverage is not new. Nor is a mix of short- and long-form stories. However, the new approaches also recognise a greater range of audience behaviours and that audiences have more control over the individual content items they choose to consume.

This means that news organisations need a more diverse mix of stories and formats to reach the audiences they seek to serve.

The Social Research Centre's 2022 Media Content Consumption Survey confirms that Australians use a range of sources to access news content and highlights that access to news via social media continues to be important to them.<sup>24</sup> It also found that Australians consume local and national news in roughly equal measure and are slightly less interested in international news.

Beyond this, the *Digital News Report* found that Australians consume news to be informed and out of curiosity, while only a few (14%) say that it is entertaining or fun.<sup>25</sup> Across the range of news topics, the report found that women tend to prefer local news, health, lifestyle, entertainment and crime while men consume more international news, politics, business, sport and science/technology.

For the ABC, these trends for news content indicate that reaching audiences will require varied coverage that is authentic for the platform where it appears. Relatable stories that have an impact on people's lives will have the most appeal, along with some coverage that is otherwise useful, empowering, or positive.

**“NEWS ORGANISATIONS NEED A MORE DIVERSE MIX OF STORIES AND FORMATS TO REACH THE AUDIENCES THEY SEEK TO SERVE.”**

<sup>23</sup> *Digital News Report: Australia 2022*, p 51.

<sup>24</sup> Social Research Centre (February 2023) **2022 Media Content Consumption Survey – Summary Report** <https://www.infrastructure.gov.au/sites/default/files/documents/Media%20Content%20Consumption%20Survey%202022%20-%20Final%20Report.pdf>.

<sup>25</sup> *Digital News Report: Australia 2022*, p 50.

The ABC has real strength in public interest journalism that holds the powerful to account, and in telling human stories. It may be able to extend the appeal of ABC news and reach more audiences with news made for different platforms and by covering a wider range of topics.

## Entertainment and Factual

Comedy and drama are among the most popular VOD categories. Documentaries are also popular with VOD audiences, and true crime is the most watched sub-genre. The ABC must find a way to bring more content from these categories to audiences if it is to remain relevant into the future.

The main challenges for the ABC in this area are competition and rising costs. The market for English-language entertainment is global and dominated by major players with massive budgets. Competition for content drives up costs for both the production and acquisition of creative ideas and the distribution rights for those ideas. Meanwhile, the need to reach and appeal to audiences across a variety of platforms adds to these challenges.

The ABC has an opportunity to grow audiences provided it can meet audience expectations for quality and relevance. This includes producing specialist content and documentaries in ways that relate to younger and broader audiences. Achieving this will require investment, new ways of working, and perhaps some bold choices to make Australian stories stand out and win audiences.

## Education

The ABC has long played an important educational role within Australia, delivering programs and services that support teaching in Australian schools and offering a foundation for pre-schoolers through its children's services. Through its international services, the ABC has assisted English-language learners throughout Asia and the Pacific. More generally, the wide range of content presented across ABC services plays both an informative and educative role for audiences in Australia and overseas.

The ABC's place in Australian education has been largely unchallenged. However, in recent years, YouTube and other websites have made a wide range of alternative sources available.

Education content is also subject to greater competition and higher costs associated with content rights. Increased demand for teaching content, especially short explainers and audio-visual content, add to these challenges. Meanwhile, the need to provide content for different state-based curricula is ongoing.

The ABC will need to maintain its expertise as a provider of school educational content and create more material to ensure high-quality Australian content is available across key topic areas, such as Australian history, literacy, numeracy, STEM and media literacy. It will also need to make more of its education content available via ABC iview and social media sites, as well as the ABC Education portal for teachers and schools.

## Children's Content

Younger Australians are digital-first, and their reliance on broadcasts over the next five years will continue to diminish as they increase their use of on-demand platforms and social media as their primary sources of content. The content on these platforms is less likely to be Australian, as there are signs across the sector that less Australian children's content is being produced. High-quality Australian content created for children is critical to their development and cultural awareness, and there is a risk that if these trends continue, Australian children will be missing out on the opportunity to see and hear themselves reflected in the media they use.

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The ABC remains the country's leading commissioner of children's content. As children's behaviours continue to change, it will need to undertake further research to understand their shifting wants and needs around entertainment. What remains clear is that this audience continues to shift from TV to on-demand services. On current trends, the free-to-air reach for children may fall as low as 8% by 2032.

It is anticipated that digital-first commissioning and developing vertical video content aimed at younger audiences on third-party platforms will be increasingly important for reaching children. In children's audio, there is an opportunity to further engage audiences with a focus on podcasts, audiobooks, and platforms such as Spotify across a range of children's age brackets.

## Music

Australian tastes in music have become more diverse and international with the rise of on-demand and streaming platforms. Commercial FM music stations have realigned their music selections for a broader range of tastes and have achieved growth at the expense of other stations, including the ABC's triple j. Meanwhile, those who listen to the ABC's jazz, country and classical music services make up only a small part of Australian music audiences.

Research around music preferences in Australia is limited and further studies could help to identify new opportunities and better position the ABC's music services into the future. As well as investigating music tastes, more insight is needed into the behaviours and preferences around new music discovery, which is an important role for ABC services. The ABC has a long tradition of supporting local Australian musicians by featuring artists, composers, and emerging talent through the music networks of ABC Classic, ABC Jazz, ABC Country, triple j, Double J and *Unearthed*. Further investigations would fit within the ongoing task of ensuring these ABC products and services are aligned to audience needs, interests, and behaviours.

## Sport

Sport brings the nation and communities together and engages Australians of all ages and backgrounds. Coverage of major sports attracts significant audiences, especially live sporting events. Behind this interest, participation in a wide variety of sports also attracts millions of Australians. Australia's largest group of volunteers — around 3 million — is also associated with sport.<sup>26</sup>

The ABC has a long history of covering sports and maintains a strong commitment to sports commentary and reporting. The ABC's radio broadcasts continue to be important for significant audiences around the country. However, the ABC's opportunities to cover major sports for screen audiences are limited. Competition for coverage rights is intense and this drives up costs for both broadcast and streaming rights. This situation is expected to continue. It is also likely that the market for coverage rights will grow to include more competitions.

With additional dedicated funding, the ABC could explore opportunities to cover some competitions and events that are under-represented in the media, particularly women's sport. The lead-up to the 2032 Olympic and Paralympic Games could also generate specific opportunities to engage more Australians through sport.

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<sup>26</sup> Kieren Perkins OAM (5 October 2022) [Speech](https://www.sportaus.gov.au/media_centre/news/kieren-perkins-delivers-national-press-club-address) [https://www.sportaus.gov.au/media\\_centre/news/kieren-perkins-delivers-national-press-club-address](https://www.sportaus.gov.au/media_centre/news/kieren-perkins-delivers-national-press-club-address), National Press Club, Canberra.



ABC Music: Double J on the ground at Bluesfest



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