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Friends of the ABC submission to the Inquiry into the Broadcasting Services Amendment (Media Ownership) Bill 2006 and related bills

This submission has been prepared by Darce Cassidy and is endorsed by Friends of the ABC organisations in New South Wales, Australian Capital Territory, South Australia and Western Australia.

According to the Explanatory Memorandum associated with this Bill:

The proposed changes will encourage greater competition and allow media companies to achieve economies of scale and scope, while protecting the diversity of Australia's media.

Friends of the ABC submit that recent developments, both in old media and new media, have already led to significant economies of scale and scope, while at the same time the diversity of Australian media is under threat.

This threat to diversity comes not only from this proposed legislation, but also from other technological and economic developments. There has been a huge growth in networking and syndication of content. There has been a significant increase in vertical integration where the one company can massage, rehash, and repurpose essentially the same content through newspapers, magazines, DVDs, radio, television, web pages, email services and podcasts. In many cases these same companies own or at least own the franchise to, the distribution mechanism as well as the content creation capacity.

If we are to have greater competition in the media, and protect media diversity, this proposed legislation needs not only to be examined in its own terms, but also in the context of other parallel developments in the media. The effects of this legislation are effectively magnified by these other economic and technological developments. We fear that this proposed legislation would only accelerate other forces that are leading to a loss of diversity. We are concerned that the legislation will strengthen already powerful media companies, while reducing citizens to consumers.

In looking at the diversity of Australia's media we can distinguish between the diversity of ownership of the media, the diversity of editorial content, the diversity of funding, and the diversity of delivery platforms. Of these, the critical form of diversity relates to content.

There are a number of ways in which owners influence the media. Their personal beliefs and values may influence content. Their broader business interests may influence content. The pressure to achieve economies of scale and scope, for more and more networking, syndication and re-purposing has also diminished diversity.

It is said that various forms of new media, and in particular the internet, have led to an increase in diversity. While there is some truth in this statement, especially in the early days of the internet, there are forces working in the opposite direction.

While the new media exist, much of it is simply old media content, repackaged. Creating a diversity of delivery platforms does not, in itself, increase the diversity of content. Moreover, many of the old media owners stand at the gateway to the new media. They don't own that gateway, but they do own most of the signposts, the road maps and the larger venues.

Drawing on data compiled by Roy Morgan Research, a recent study by the Australia Institute found:

...despite the rise of new media over the past decade, only a very small proportion of Australians rely on the internet for news and current affairs and, amongst those who do, the vast majority turn to websites that are either controlled by traditional media providers or draw their content from traditional media sources.ⁱ

The growth in the media is not so much a growth in more original voices, in more journalists and more playwrights, but rather a growth in sub-editors, producers, publicists technicians and repackagers. Put simply, fewer messages but more massagers

The other important form of diversity is diversity of funding. In theory Australia has three distinct media sectors, each with its own unique funding model.

- Commercial media are privately owned, are independent of government, and are funded by selling audiences to advertisers. Their programming is influenced by not only by their owners, but also by the funding source, the advertisers. Advertisers are interested in the both the quantity and the value (the spending power) of the audiences that they can buy from the broadcaster.
- Public Service Broadcasters are funded by the government, and their role determined by parliament. While they operate at arms length from government, and are promised editorial independence, that independence is, in practical terms, limited.
- Community broadcasters are owned by community groups and originally were primarily funded through voluntary labour and listener/viewer subscriptions.

The three distinct sectors provided a good framework for diversity. However this has been undermined by developments limiting diversity both within each sector, and between the three sectors.

We have argued that recent developments, including the vertical integration of media companies, combined with the abolition of the cross media ownership rules, will diminish diversity in the dominant sector – commercial media.

However this has been exacerbated by other developments that have reduced diversity in the two other sectors.

The original concept of the community sector would be local, owned by communities, funded by communities and staffed by amateurs. Over time the community sector has been increasingly networked and syndicated, staffed by professionals and funded by advertising.

A 2002-3 survey conducted by the Community Broadcasting Association of Australia found that advertising was the largest single source of funding for community broadcasters. On average it accounted for 32% of income. While 32% is an average figure, some community stations are barely distinguishable from commercial radio. A study by Kitty van Vuurenⁱⁱ found that one community station received 80% of its income from advertising..

On some community stations, most notably those connected with the Rhema franchise of Christian stations, the broadcasters are paid professionals.ⁱⁱⁱ

The public service sector has also become less distinct, especially the SBS. Since advertising has been allowed on the SBS there has been a gradual but significant change in the output of SBS TV, to the point where the station's original constituency has become increasingly disaffected. These developments are detailed in Appendix 1.

Semi-commercial SBS TV is starting to look more and more like its fully commercial counterparts.

At a broader level the effects on advertising on SBS TV were reflected in McKinsey and Co.'s study on nineteen public service broadcasters around the developed world. They found:

Our analysis shows clearly that an increased dependence on advertising has led inexorably to a more populist and less distinctive schedule^{iv}.

As for the ABC, advertising is prohibited on its broadcast outlets, but while it is against the spirit of the ABC Act and the ABC Charter, it may well be that advertising on the ABC's internet site is not illegal.

As new media have developed, the ABC has struggled to keep pace. As the number of TV and radio channels grow, and as the number of new media outlets multiply, the ABC

has had to rob Peter to pay Paul. With the exception of some additional funds for regional radio (for which both the ABC and the government deserve credit) all of the ABC's other ventures into new networks (such as ABC 2) and new media, such as its successful podcasting initiatives, have had to come at the expense of its mainstream activities.

It is little wonder then that ABC second TV channel, ABC 2, has become little more than a time shifting service to reshuffle the schedule for the ABC's main TV channel.

Media companies have already begun to take advantage of economies of scale and scope. While this has led to a diversity of delivery platforms, alternative voices are pushed to the sidelines. In a media world where not only the gateways, but also the high ground, are dominated by Microsoft and Murdoch, Bertelsmann and Berlusconi, diversity is not so much suppressed as simply crowded out.

To protect Australia's media diversity Friends of the ABC submit that the Committee should recommend that:

- The existing cross media ownership rules be retained.
- The government should properly fund an advertising free ABC and the SBS to deliver original content in digital radio and television, the internet and other forms of new media.

ⁱ The Australia Institute, *New media or more of the same – the cross media ownership debate*, May 2006

ⁱⁱ Kitty van Vuuren, *Community Participation in Australian Community Broadcasting: A Comparative Study of Rural, Regional and Remote Radio*

<http://www4.gu.edu.au:8080/adt-root/public/adt-QGU20040720.153812/>

ⁱⁱⁱ Darce Cassidy, *Australia's broadcasting system – the need for distinctive programming*, Submission to the House of Representatives Inquiry into community broadcasting, 2005

http://www.aph.gov.au/house/committee/cita/community_broadcasting/subs/sub58.pdf

^{iv} McKinsey and Co, *Public Service Broadcasters Around the World*, (mimeo) 1999