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Submission to the Productivity Commission Inquiry into Australian Broadcasting

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Principal Recommendations

1. The Productivity Commission should advise the Government on appropriate performance benchmarks for the Australian broadcasting industry and industry regulators, and on the development of a co-ordinated approach to the compilation of statistical information relevant to broadcasting;
2. The Productivity Commission should provide an 'in principle' endorsement of structural diversity as a guiding objective of Australian broadcasting policy, which recognises the distinctive contribution of broadcasting sectors based upon non-commercial ownership and/or financing structures (including national public broadcasting, ethnic/specialist broadcasting, community broadcasting and indigenous broadcasting) to enhancing the overall diversity of services and programs available to all sections of the Australian community;
3. The Productivity Commission should advise the Government on how mechanisms for dialogue between academic researchers, relevant industry and community groups and the broadcasting sector as a whole can be strengthened, in order to ensure more effective medium-term realisation of cultural policy and public communications objectives of Australian broadcasting policy;
4. The Productivity Commission should advise the Government on the possibilities provided by digital broadcasting in the area of educational media, and how to maximise the contribution which the Australian Broadcasting Corporation can make in using this converged media technology to assist in achieving education and lifelong learning goals.

About the Author

Mr. Terry Flew is a Lecturer in Media Studies at the Queensland University of Technology and Director of the Centre for Media Policy and Practice. He is the author of several articles on Australian media industries, media policy, media and citizenship, and new media technologies, and has also undertaken research on the use of media and technology in education for DETYA. His book, *New Media Technologies: An Introduction*, will be published by Oxford University Press in early 2000. He holds an Masters Degree in Economics from the University of Sydney, and is currently completing a Doctoral thesis at Griffith University on Australian broadcasting policy.

Background

This submission recognises the wide range of issues which the Productivity Commission has been asked to consider in its examination of regulatory arrangements for Australian broadcasting. It also recognises that the Commission is required to consider such arrangements in light of both its guidelines under the *Productivity Commission Act 1998*, and the broader parameters for regulation assessment outlined in, among other Commonwealth requirements, the Competition Principles Arrangement agreed to by the Commonwealth, State and Territory governments in 1995.

The submission draws upon the *Broadcasting Issues Paper* prepared by the Commission in March 1999, and recognises the terms of reference of the inquiry, which direct the Commission to:

- report on practical courses of action to improve competition, efficiency and the interests of consumers in broadcasting services;
- focus particular attention on balancing the social, cultural and economic dimensions of the public interest; and
- take into account the technological change in broadcasting services, particularly the phenomenon of convergence (Productivity Commission 1999: 6)

This submission will focus upon the section dealing with 'The public interest and the objectives of broadcasting policy' (Productivity Commission 1999: Section 2.2). In doing so, it will pay heed to the three guiding principles of the terms of reference, with particular attention to the principle of "balancing the social, cultural and economic dimensions of the public interest."

Assessing Media Policy

The Productivity Commission has drawn attention to the multifaceted nature of media policy, and the multiple objectives which it is expected to address. Broadcast media are an industry, and are thus appropriately subjected to economic analysis. At the same time, there are also social and cultural dimensions of broadcast media, where the 'public interest' in policy outcomes will take different forms to those of economic policy. Denis McQuail (1991, 1992) has observed that, whatever the criteria of measurement of media performance used, the concept of the 'public interest' remains a central normative framework informing analysis of media performance and the effectiveness of regulatory frameworks.

Drawing upon McQuail's analysis, Cunningham and Flew (1997) proposed three performance benchmarks by which media policy could be assessed. These were:

1. **Public communications** goals, including: openness of access; independence from powerful vested interests; and availability of a diverse range of materials and points of view which are reflective of the diversity of interests and views of the community;

ensuring media accountability to the community; ensuring the effective contribution of media to the democratic political process, objectivity and reliability of content, and the minimisation of exposure to potentially harmful content among those potentially vulnerable or susceptible to such content;

2. **Economic policy** goals, which include effective competition and cost-effective delivery of a diverse range of services, as well as contributions to economic well-being through economic, employment and export growth;
3. **Cultural policy** goals, which can incorporate the economic development of Australia's cultural industries, but also recognise the immense contribution made by mass media to the everyday life of Australians, and their role in shaping national self-awareness and cultural understanding.

McQuail's analytical framework stresses the extent to which "mass media are not the same as any other business or service industry, but carry out some essential tasks for the wider benefit of society, especially in cultural and political life" (McQuail 1991: 70). In Australia, such an argument draws upon both the widespread awareness of market failure in commercial free-to-air broadcasting (Erown 1985); the importance of the distinctive contribution of the ABC as a national public broadcaster, the SBS as a specialist broadcaster, and the community and indigenous broadcasting sectors; and the historical significance attached to the 'public trust' obligations of the commercial free-to-air broadcasters in their exclusive access to broadcasting spectrum (Davies and Spurgeon 1992; Hawke 1995).

What is apparent is that the national competition policy framework, and the terms of reference of this Inquiry, place a strong onus upon those who argue that media are "not just another business" to defend regulatory arrangements which restrict competition, by providing evidence both that "the benefits to the community as a whole outweigh the costs and .. the objectives can be met only by restricting competition" (Productivity Commission 1999: 2). In light of recent applications of competition policy and law to Australian higher education (Fels 1999), it is apparent that the domain of application of competition policy and law is a wide rather than a narrow one in relation to Australian broadcasting, which has fewer 'public good' characteristics than education.

In light of these observations, I will consider the objectives of broadcasting policy as outlined in the *Broadcasting Services Act 1992*, in order to make two points. First, there is a need to clarify which objectives of broadcasting policy have a direct relationship to competition policy, and which relate to competition policy but have other guiding principles, such as cultural policy or public communications goals. Second, there is the issue of appropriate benchmarks through which outcomes in the broadcasting industry, and hence the regulatory framework, could be evaluated in light of the policy objectives. In order to simplify analysis, I will presume that these objectives remain appropriate objectives of Australian broadcasting policy.

Policy Objectives of the Broadcasting Services Act 1992: An Analytical Framework

The *Broadcasting Services Act 1992* outlines ten objectives for Australian broadcasting policy. These are provided in the Productivity Commission *Broadcasting Issues Paper*, March 1999, and can be paraphrased as:

- a. Promotion of a diverse range of radio and television services to audiences throughout Australia;
- b. Providing a regulatory environment which promotes an efficient, competitive and responsive broadcasting industry;
- c. Encouraging diversity in control of the more influential broadcasting services;
- d. Ensuring Australian control of the more influential broadcasting services;
- e. Promoting a sense of Australian identity, character and cultural diversity;
- f. Promoting high quality and innovative programming;
- g. Encouraging fair, accurate and responsible coverage of matters of public interest and local significance;
- h. Respecting community standards in program material;
- i. Providing a means for addressing complaints;
- j. Protection of children from harmful material.

Drawing upon the analytical framework outlined above, these ten policy objectives can be differentiated on the basis of their orientation towards the goals and principles of competition policy, cultural policy, and other public communications goals. I would propose that the ten policy objectives can be associated with these three policy goals in the following way:

Policy Principle	Broadcasting Policy Objective
<i>Competition policy</i>	<i>a, b, c, d, f</i>
<i>Cultural policy</i>	<i>d, e, f, g</i>
<i>Other public communications goals</i>	<i>f, g, h, i, j</i>

There are objectives of broadcasting policy, as outlined in the *Broadcasting Services Act 1992*, which clearly come within the ambit of national competition policy, and for which economic techniques of analysis of the relationship of outcomes to policy objectives are clearly appropriate. Policy objectives in the areas of service diversity, industry competitiveness and diversity of control are within the scope of competition policy. There are equally clearly other policy objectives for which economic analysis does not provide the most appropriate bases for evaluation, particularly those relating to fair coverage, community standards, complaints mechanisms and protection of children.

There are also policy objectives for which policy principles overlap. There is an extent to which "ensuring Australian control of the more influential broadcasting services", and incorporates competition and cultural policy principles, and "encouraging fair, accurate and responsible

coverage of matters of public interest and local significance" includes both cultural policy and other public communications goals. The principle of "promoting high quality and innovative programming" has competition policy, cultural policy and public communications dimensions.

Overlapping Policy Principles and Goals: The Case of 'Diversity'

Three of the policy objectives of the *Broadcasting Services Act 1992* relate to the principle of 'diversity'. They are service diversity (Obj. a), diversity of control (Obj. c), and cultural diversity (Obj. e). I have discussed elsewhere (Flew 1994, 1995) the different ways in which the concept of diversity has been used in Australian broadcast media policy, and in media policy in other countries. This analysis recognised six ways in which the concept of diversity is used in media policy. These were:

1. Diversity of ideas and opinions;
2. Diversity of ownership of broadcasting institutions;
3. Diversity of media institutions and broadcasting services (structural diversity);
4. Diversity of program types (content diversity);
5. Diversity of sources of information and entertainment;
6. Diversity within information and entertainment programs which represents and responds to the cultural diversity of Australian society.

This study also drew attention to the extent to which the likelihood of diversity between broadcasting services was related to their mode of financing, and particularly the relationship between advertiser, government, subscriber and other sources of financing between such services. It argued that there was not a straightforward relationship between the number of program channels and viewer choice, but rather that the relationship was mediated by the nature of service type and by its mode of financing. An illustration of the possible diversity implications of different broadcasting structures is provided in the table below:

	COMMERCIAL FREE-TO-AIR	PUBLIC BROADCASTING	SUBSCRIPTION '(PAY') SERVICES	COMMUNITY BROADCASTING
DIVERSITY OF IDEAS/ OPINIONS	Less Likely	More Likely	Less Likely	Yes
DIVERSITY OF OWNERSHIP	Less Likely	No	Policy dependent	Yes
DIVERSITY OF SERVICE TYPE	No	No	Yes	No
DIVERSITY OF PROGRAM TYPE	Less Likely	More Likely	More Likely	More Likely
DIVERSITY OF INFORMATION/ ENTERTAINMENT SOURCES	Less Likely	More Likely	More Likely	More Likely
CULTURAL DIVERSITY	Less Likely	More Likely	More Likely	More Likely

There is now a considerable body of evidence which suggests that the greater content diversity is less a product of more broadcasting services within a particular structural framework (eg. more commercial free-to-air broadcast media services), than a consequence of commitment to structural diversity in service types. In its study of the impact of a new commercial free-to-air broadcast television service upon the diversity of program types in Canberra, the Bureau of Transport and Communication Economics (BTCE) found that the contribution of the ABC to viewer program choice was 20-70% greater than that of an additional commercial free-to-air service depending upon day of the week, and 38.6% overall (BTCE 1993: 102). Similarly, Graeme Turner's comparative study of ABC and commercial media news and current affairs found that the ABC's contribution in terms of comprehensiveness of coverage, range of stories and depth of analysis far exceeded the commercial sector in both television and radio (Turner 1996).

Benchmarking Performance in Australian Broadcasting Policy

It is important to acknowledge that recognition of particular broadcasting policy objectives as being tangential to or largely outside of national competition policy objectives does not render assessment of industry and regulatory performance impossible due to the "intangible" nature of the objectives pursued. A medium-term objective for the government review of broadcasting policy, which should be adopted by the Productivity Commission, but which should continue beyond the timeframe of its inquiry, is establishment of a set of benchmarks against which the industry as a whole can be assessed, in terms of agreed broadcasting policy objectives such as those in the *Broadcasting Services Act 1992*. This will also, indirectly, provide a set of benchmarks against which the performance of regulatory agencies which are given responsibility for aspects of the performance of the broadcast media industry can also be assessed. This also points to the need for a co-ordinated approach to the compilation of statistical information relevant to broadcasting across relevant government agencies.

Recommendation 1

The Productivity Commission should advise the Government on appropriate performance benchmarks for the Australian broadcasting industry and industry regulators, and on the development of a co-ordinated approach to the compilation of statistical information relevant to broadcasting.

The benchmarking process outlined below provides a first sketch of how such a framework could be developed:

Policy Objective	Policy Benchmarks
Diversity of services	Availability of new services Degree of program differentiation between service types Investment in new program types
Competitive industry	Freedom of entry for new providers Degree of product/service innovation Competition for product from local production industry
Diversity of control	Concentration of ownership, control and influence Significance of non-commercial ownership structures (public, community, indigenous) to overall system Evidence of owner influence upon program content and production processes
Australian control	Level of foreign ownership Local participation on foreign-owned services Control of services by diverse sections of Australian community (eg. community, ethnic, indigenous)
Promotion of Australian identity, character and cultural diversity	Level of Australian-produced material Ratings for Australian-produced material Cultural diversity of Australian-produced material Assessment of Australian-produced material among culturally diverse audiences
Quality and innovative programming	Exports of Australian-produced material Diversity of program types International awards for local productions
Fair and accurate coverage/ coverage of local events	Complaints of bias Measures of balance/bias of programming Measures of 'local content' on geographically-specific services Geographical diversity of content on national services
Respect community standards	Levels of program complaint Administrative costs of classification procedures External scrutiny of program standards and classification mechanisms
Effective complaints procedures	Satisfaction with complaints procedures Administrative costs of complaints procedures Influence of complaints procedures upon future conduct of service provider
Protection of children	Adequacy of program classification criteria Levels of compliance with program classification criteria Research into children and broadcast media

Social Dimensions of the Public Interest: Some Issues

Two further issues become apparent in considering the issues presented in the Issues Paper on 'Social Dimensions of the Public Interest' in light of the analytical framework presented above. First, there is the need to consider the relationship between structural diversity and content diversity, and the need to recognise the extent to which particular broadcasting policy goals are less likely to be realised by stricter adherence to national competition policy than through a broader government commitment to a 'broad slate' of broadcasting service types. Second, there are issues raised about the 'public interest' in broadcast media which are not appropriately dealt with within the framework of the Productivity Commission's inquiry, but which should be priorities for the Federal Government in its overall approach to broadcast media policy.

Recommendation 2

The Productivity Commission should provide an 'in principle' endorsement of structural diversity as a guiding objective of Australian broadcasting policy, which recognises the distinctive contribution of broadcasting sectors based upon non-commercial ownership and/or financing structures (including national public broadcasting, ethnic/specialist broadcasting, community broadcasting and indigenous broadcasting) to enhancing the overall diversity of services and programs available to all sections of the Australian community.

The Productivity Commission's *Broadcasting Issues Paper* identifies a number of concerns about the extent to which current broadcasting policy meets the needs of minority or under-represented groups within Australian society, and the extent to which it meets identified 'pro-social' objectives. In particular, it raises concerns about the adequacy of existing broadcasting arrangements to meet the needs of:

- indigenous communities;
- ethnic communities;
- children;
- educational programming.

The *Issues Paper* correctly identifies these constituencies and objectives as inadequately served under current broadcasting arrangements in Australia. Through this submission, I would propose that the current inquiry provide the opportunity for those involved in the relevant Government departments to develop links with representative community groups and academic researchers, to identify medium-term strategies which propose appropriate legislative arrangements and which maximise the scope for realising 'pro-social' broadcasting policy objectives.

Recommendation 3

The Productivity Commission should advise the Government on how mechanisms for dialogue between academic researchers, relevant industry and community groups and the broadcasting sector as a whole can be strengthened, in order to ensure more effective

medium-term realisation of cultural policy and public communications objectives of Australian broadcasting policy.

Technological Change and Media Convergence

The implications of technological changes associated with digitisation and convergence of media will be fundamental and profound. Whatever the new technologies or their speed of adoption, the core issue of media policy will remain one of "balancing the benefits the private ownership of intellectual property and the means of information production, distribution and exchange with realisation of citizens' entitlement to information and communication" (Collins and Murrone 1996: 182). The Internet at present clearly has a far greater element of structural and content diversity than broadcast television. Will this be the case in accessing online material from a converged digital television medium? Evidence so far suggests that a growing presence of large corporations on the Internet (as measured by the rapid growth of .com sites) has not led to corporate domination or a reduction in the diversity of material available from the Internet.

Media convergence should be a positive development for public broadcasting. This is because the media genres in which public broadcasting specialised, such as news and current affairs, documentary, children's and educational programming, are also those where access to ancillary text-based and interactive materials have the greatest potential to add value to the overall product. There is a strong case for arguing that government should recognise the potential provided by digital broadcasting for the ABC to go "beyond open learning" in educational media, and develop integrated course materials accessible to lifelong learners throughout the community, most notably those without access to a networked personal computer at home, or those lacking familiarity with the Internet.

International trends are pointing to the importance of recognising the significance of digital broadcasting for new modes of educational delivery in information economies. The British Educational Communications and Technology Agency (BECTA) stresses the importance of broadcast television as a major source of direct and incidental learning, while the Blair Government's newly-announced University for Industry (Ufi) identifies the importance of TV and radio in promoting a culture of lifelong learning because of their ability to reach large audiences and their extension into new digital technologies. In the United States, the Advisory Committee on Public Interest Obligations of Digital Television Broadcasters, set up by President Clinton alongside digital broadcasting legislation, has recommended the reserving of spectrum space for non-commercial educational broadcasting channels, as well as additional funding for educational datacasting (Advisory Committee on Public Interest Obligations of Digital Television Broadcasters 1998).

Recommendation 4

The Productivity Commission should advise the Government on the possibilities provided by digital broadcasting in the area of educational media, and how to maximise the contribution which the Australian Broadcasting Corporation can make in using this converged media technology to assist in achieving education and lifelong learning goals.

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