Land and Water News

Sub no. DR 297
ID no. 1412

Attention: Delwyne Rance
(for: Presiding Commissioner Professor Richard Snape)
Productivity Commission (Inquiry into Broadcasting Legislation)
Locked Bag 2
Collins Street East PO
MELBOURNE VIC 3000

PO Box 212
Aldgate,
South Australia
5154
Phone 08 8388 5608
Fax 08 8388 5372

RECEIVED
- 1 DEC 1999
Productivity
Commission

Wednesday, November 29, 1999

Dear Professor Snape

Submission in response to draft report

This submission — and my intended appearance at a hearing in Adelaide on December 13 — is in response to your draft *Report*, which I feel failed to consider the issue which I raised in my original (May 17) submission.

I believe moves to change the regulations imposed on major media players — giving them more access to new markets and broadcasting technologies — should be accompanied by the removal of present anti-competitive behaviour by government agencies which now guarantees large media outlets a substantial flow of tax-payer funded advertising revenue, even though cheaper and more effective alternatives (such as our services) now exist.

To do otherwise would be to close the doors to competition, and to lock in the entrenched positions of existing players as they move into new areas of enterprise. It would also entrench an unhealthy close commercial relationship between the major media outlets and the governments they are supposed to be 'watchdogging'.

What is 'Land and Water News'?

Land and Water News (or 'LAWN') is a media 'weenie'. We are a small family business which sells a national newsletter by subscription, complemented by two subscription-based email advertising services (LAWNads and LAWNinfo). Our market is people who work in the Australian environment, water and natural resource management sector (ie: the 'land and water sector').

What is our complaint

LAWNads, which has a targeted circulation of around 4,600, is a weekly, 'text only' email which advertises job vacancies, consultancies etc. in our sector, for which we charge employers $150 per advertisement — roughly a tenth of the price of a typical recruitment advertisement in a daily newspaper. LAWNads is free to receive, and is a proven and highly effective service (as is demonstrated by the growing number of private businesses, community groups etc. who already use our service instead of expensive newspaper advertising).

LAWNads has brought us into competition with some of the largest media players in Australia, and in the process we have discovered the existence of what we believe are anti-competitive relationships between Federal and State public service agencies, and major media outlets.

Essentially the problem is that many public service agencies have policies or practices which direct them to place advertisements with particular media outlets. Although we believe we can provide a superior service for a far lower price, we are therefore consigned to being an 'add-on' service — most agencies will only advertise with us in addition to their newspaper advertising, which severely limits our access to that market.

mussared@webmedia.com.au

I believe the requirement that public service agencies should place recruitment advertising with particular outlets (or types of outlets, such as "a national newspaper") has the dual effect of reducing competition — in an area which is rapidly opening up to the new technology — and of guaranteeing existing, major media players a substantial flow of taxpayer-generated income which represents a significant portion of their revenue (the so-called 'rivers of gold' which constitutes newspaper classified advertising).

Effectively, government policy and practice demands that public service agencies pay monopoly prices to businesses (newspapers) which no longer have monopolistic reach. There are now a growing number of cheaper alternatives, of which we are one.

There is also a social dimension to our complaint — in that much of the 'land and water' sector is made up of voluntary, and semi-voluntary community groups and bodies (landcare groups, catchment boards etc.). Requirements that they should advertise grant-funded job vacancies etc. with newspaper outlets can have major impacts on their limited budgets (we have been told of cases where 10 per cent or more of precious project funding has been swallowed up by the requirement for expensive, and unwanted, newspaper advertising).

You may also be aware that at least two State Governments have in the past used their control over tax-payer funded advertising revenue to punish (and reward) media outlets, by withdrawing (and reinstating) advertising *en masse* from particular newspapers. This I believe is unhealthy for a free media.

Relevance to the Productivity Commission Inquiry

I appreciate that the main thrust of the Productivity Commission's inquiry is the regulations which control broadcasting outlets (both established and emerging). However, the terms of reference do require the Commission to consider to what extent the Acts you are considering restrict competition — and your draft *Report* recognises the need to encourage media diversity and discourage concentration.

The question of advertising placement is (I presume — I have not read the legislation) not covered by the various Acts you are considering. However, I contend that the public service requirements and practices I have described amount to anti-competitive behaviour, which must be countered in any effort to deregulate (or regulate) ownership and access to broadcasting — particularly when some of the major players in the emerging new broadcasting media have their profits bolstered by it, giving them an unfair edge.

What we are seeking

I would like your final *Report* to include a recommendation that Federal, State and Territory Governments should issue a directive to all their agencies which stipulates that requiring advertisements to be placed in a particular media outlet (or type of outlet — eg: "a national newspaper") is no longer acceptable — and that they should instead be free to choose to place advertisements with whichever outlet is the most-effective, cheapest and best-suited to their needs.

We are not looking for any special deals. We only want to be free to compete in what is now a highly restricted market.

I look forward to discussing this issue with you further on December 13.

Yours sincerely

David Mussared

David Mussared
Editor