

Competitive neutrality and the ABC

Submission to Inquiry into the competitive neutrality of the national broadcasters

The purpose of this submission is to observe that the principles of competitive neutrality cannot be applied directly to the analysis of competition between the ABC and commercial broadcasters, since they are not in competition for the provision of advertising. Some broader issues are also raised.

The competitive neutrality principles

The central idea of competitive neutrality is that, in markets where both public and private enterprises compete to sell the same goods or services, any advantages or disadvantages associated with public ownership should be neutralized.

As is noted in the Issues Paper, the primary service sold by commercial media in Australia is advertising. In the case of free-to-air TV and radio, and associated digital platforms (not paywalled) advertising is the only service from which significant revenue is derived. The ABC does not sell advertising and is therefore not in competition with these media. This means that application of the standard competitive neutrality principles is inappropriate.

Constraints on the ABC and on commercial broadcasters

It is, nevertheless, useful to consider the way in which the different goals and obligations of commercial media and the ABC influence and constrain the services they provide.

For commercial media, the primary concern is to attract and retain an audience desired by advertisers. This entails:

* targeting programs at particular demographic groups. Traditionally, 18-34 year old males have been considered desirable by marketers on the supposed basis that they are open to forming brand loyalties and more likely than women to be decisive in large purchases. Even if target groups change, the same points apply

* providing content that encourages “stickiness”, that is, continued viewing over a long period, enabling repeated exposure to advertising material. This requires avoiding ‘niche’ programming

* providing content that reinforces the beliefs and social attitudes of target audiences. This is most evident in news and current affairs programming, notably satirised in the ABC program *Frontline*, but it is also apparent in the stage-managed conflicts that provide much of the appeal of ‘reality TV’ game shows.

The ABC faces a different and in some respects directly opposed set of constraints. These include

* A requirement for ‘balance’ in news, current affairs and social commentary. This requirement may broadly be interpreted as saying that the range of views held by the Australian community should be reflected in ABC coverage of controversial issues. The requirement, and the extent to which it is satisfied by the ABC, has itself been controversial over many years.

For the purpose of this submission, the important point is that this is a constraint not faced by commercial media outlets. As is appropriate in a free society, such outlets can, and do, adopt a ‘campaigning’ stance on particular issues, and can choose to favor one political group or another. This may be done either to promote the views of the owners and editors or to attract and retain an audience sympathetic to the views being expressed. This point is explicit in, for example, the Commercial Radio Australia Code of Practice, which states

Nothing in this section 3 obliges the Licensee to allocate equal time to different points of view, nor to include every aspect of a person’s viewpoint, nor does it preclude a critical examination of, or comment on, a controversial issue as part of a fair report on a matter of public interest

Regular inquiries into the ‘balance’ displayed by the ABC constitute a burden not faced by commercial media. This burden does not fit easily into a competitive neutrality framework, but it must nonetheless be taken into account.

* Relatedly, the statutory responsibilities of the ABC to respond to complaints from the general public are more onerous than those imposed on commercial broadcasters.

* The ABC has an obligation to serve the Australian public as a whole, rather than to favored demographic groups, and to provide content serving a wide range of interests, many of which may appeal only to particular audiences. This requirement is in tension with pressure for the ABC to achieve audience shares comparable with those of commercial media, a tension heightened by constrained funding. It represents another reason why a competitive neutrality framework is problematic at best in dealing with the ABC.

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