

APPENDIX A. Operation of Commercial Media

1. Commercial Media Content Influenced by Advertising

Commercial media operations are businesses. They operate to earn a profit.

- a) Most mainstream commercial media companies earn their income, totally or in part, through the sale of advertising.
To ensure advertisers get maximum exposure to potential customers, broadcast programs are selected to attract as large a target audience as possible, for as little expenditure as possible, at any single time.
Common results of this include:
 - . the 'dumbing down' of programming to the lowest common denominator to secure large audiences, which includes a trend away from quality in-depth information, and toward lightweight, 'infotainment-style' programming; and
 - . a preference for US over Australian local programming. US programming - having already covered its costs and made its profit in the far larger US English-speaking US market - is sold to Australia at rates far lower than the cost of Australian production.
- b) Content of media companies which are dependent on advertising revenue is influenced by their need to promote, or at least take care not to offend, the interests of companies with which they seek to do business.
- c) Even media operations which depend on subscriptions, as opposed to advertising revenue, at the end of the day have an interest to maximise profit that outweighs the public interest for, for example, investigative reporting, localism, diversity and innovation.

2. Ownership Influences Content

Privately-owned media is frequently also a vehicle for furthering the interests of its owners. Expression of an owner's political interests is rarely as overt as it was in 1995 when Kerry Packer appeared on his own Nine Network and declared that John Howard, then leader of the Liberal-National Party Opposition, would make a good Prime Minister. It usually occurs in subtle ways, through the appointment of senior management and, in turn, the selection of stories and the way in which information is presented to the public.

The public is frequently unaware of information that should have but did not come to its attention. For example, back when Nine promoted itself as the major television news network and was owned by the Packer family, which also had strong financial interests in casinos, it was highly unlikely that Nine would have screened weighty content on serious social problems that have resulted from the proliferation and promotion of legal gambling.

3. Concentration of Media Ownership - Contrary to the Public Interest.

Theoretically, there is not necessarily a connection between diversity of media ownership and diversity of media views. A single media company may establish common or closely aligned newsrooms, with reporters working across radio, TV and newspapers, leading to a reduction in the variety of views. Alternatively, a single proprietor could maintain separate newsrooms for each of their media outlets.

However, whereas media ownership is readily monitored and regulated, it is not possible to do the same with regard to determining whether or not a cross-media company's editorial policies across different outlets are diverse and truly separate from those of its owner. Concepts such as 'diversity of views' are difficult to measure. The influence of a media proprietor on the output of editorial staff is in most instances impossible to regulate.

The Productivity Commission Broadcasting Inquiry found that “the likelihood that a proprietor's business and editorial interests will influence the content and opinion of their media outlets is of major significance. The public interest in ensuring diversity of information and opinion, and in encouraging freedom of expression in Australian media, leads to a strong preference for more media proprietors rather than fewer. This is particularly important given the wide business interests of some media proprietors” (p.314). The Commission also noted that it was not necessary for proprietors to be heavy-handed about editorial direction, as self-censorship by journalists may achieve similar outcomes. *Productivity Commission Broadcasting Inquiry Report (2000)*

The editorial position of News Corporation's newspapers around the world in support of the 2003 US-led invasion of Iraq is one recent example of homogeneity of perspective on a crucial matter of public interest.¹ Undertakings given by media companies bidding for AFL rights to support and promote the sport rather than ‘bag’ or ‘demonise’ it provide another one.²

Even if it was theoretically possible to regulate commercial media so that it did not act contrary to the public interest, which is unlikely, the strong trend away from government regulation at the micro-level makes it unlikely the political will would exist to adequately resource a body to regulate the operations of powerful media companies.

¹ Robert Manne, ‘Murdoch and the War on Iraq’, in Robert Manne (ed) *Do Not Disturb: is the media failing Australia?* (Melbourne: Black Inc, 2005), pp. 75-98.

² Jeni Porter, ‘Soccer chief denies any attempt to silence critics’, *The Age Sport*, 9 Nov 2005, p. 7.