

## Communications Policy and Research Forum 2006

### *Communications Policy and the Diversity Question: Does Regulation Matter?*

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Diversity is seen as one of the basic principles of Australian communication policy. The word appears in the objectives of the *Broadcasting Services Act (1992)*, the *Telecommunications Act (1997)*, in the objectives of the Australian content standard for commercial television and in the legislative charters of the national broadcasters. In these places it refers variously to issues of ownership and control, variety of services and to cultural, linguistic and ethnic diversity. In the current debate on media ownership one of the Government's primary rationales is that the changes will better support media diversity. If the Government sees these reforms as promoting diversity then those who oppose them accuse the Government of subverting diversity.

Remarkably, though, in the mobilising of 'diversity' in these debates there does not seem to be much reflection on what we really mean by diversity. This is surprising given its supposed central place in communications policy. For example, the Explanatory Memorandum to the *Broadcasting Services (Media Ownership) Amendment Bill 2006* pauses for one sentence to acknowledge

*Media diversity is a controversial and much-debated concept, and a comprehensive definition remains problematic. (p.8)*

It then proceeds to the outline what the legislation currently does to support diversity and what the Government proposes to change.

Now it may well be that a comprehensive definition is problematic but I do not think that should stop us examining what it means. Some questions spring to mind. Is diversity a normative value that remains relatively constant or is it a political position that must be constantly negotiated? Can it be reduced to empirical categories that can be measured? And if so what should be the measures? How do we know when we have got diversity? And, I think most importantly of all what is the hoped for outcome of this diversity? Is it to be the informed citizen using the diversity of the media to participate fully in the public sphere? Or is it the consumer embarrassed for choice by the range of media on offer?

Therefore what I want to do in this paper is to reflect upon some of these issues and argue that communications policy makers should develop a more complex understanding of diversity as both an object and an outcome of communications policy. In doing this I proceed in the hope that the development of communications policy can be regarded as a rational

exercise and is not always a game of political expediency in which 'media diversity' has become a 'fetished catch-phrase' (Karppinen 2005) mobilised for political game playing. That may be pie-in-the sky but let us have a try.

To do this I will draw on some of the growing literature on the diversity question in communication, which draws from fields such as economics, sociology, cultural studies and organisational theory. Space does not permit a survey of the literature on diversity and although eminent media theorists such as Dennis McQuail have addressed this issue I want to use as a framework for my discussion the work of the American scholar Philip M Napoli (1999). I am not arguing that this is the only way of conceptualising diversity but it serves my purpose as a way of trying to tease out the multi dimensionality of the diversity concept.

Napoli's model identifies three main components of diversity as being source diversity, content diversity and exposure diversity or diversity as received by audiences. The sub components of source diversity are seen as ownership of outlets and programs, as well as of the composition of the workforce involved in media creation. The sub components of content diversity are program types or formats, representation of demographic diversity and representation of the range of ideas and viewpoints. Lastly, he argues that exposure diversity has a horizontal dimension – the spread of audiences across available content – and a vertical dimension – the way individuals consume content.

McQuail and Van Cuilenburg (1983) also distinguish between open diversity, in which media representations give equal weight to all views and ideas, and reflective diversity, in which views and ideas are represented in proportion to their existence in society. If this is considered as a continuum then commercial television would tend towards reflective diversity whereas community and public broadcasting would tend towards open diversity.

Before looking at how this model may apply to Australia I want to say I think it is true that diversity does have a normative value in our conceptions of how the public sphere is constructed and renewed. It is closely allied to ideas of political pluralism that are seen as one of the virtues of the modern liberal democratic state. Yet it is not an absolute and is subject to negotiation. We can see this in a general way in the current debate over 'Australian values' with its implied critique of the settlement on multi-culturalism that was reached in the seventies and eighties. It can also be seen in the questions over the future of public service broadcasting.

### **Source Diversity**

It is not hard to see from Napoli's model that when the objects of the BSA are:

- *to promote the availability to audiences throughout Australia of a diverse range of radio and television services offering entertainment, education and information;(s.3(a)) and*
- *to encourage diversity in control of the more influential broadcasting services (s.3(c));*

that the primary focus of diversity policy in this country has been on source diversity. There are two underlying assumptions here. One is that an abundance of services enhances choice. This seems obvious and demonstrable in the Australian media system with its mix of commercial, public, community and subscription media. However, I will return to this issue later.

The other assumption is that media have the power to influence, which also seems self evident. From which follows the conventional view that if there is diversity in the ownership of the media then this will have a strong effect on the diversity of news and opinion. The reverse of this is that concentration of ownership and control will have an adverse effect upon speech and democratic practice. This leads to the implicit idea that a primary measurement of source diversity is the number of different owned and controlled outlets.

We can see this assumption being played out in the current debate on media ownership. The government's arguments for change to existing foreign and cross media rules rest on two foundations. One is that the expansion of new media, principally the internet, is giving people more alternative sources of information, news and opinion. By inference this has reduced the need to regulate old media as tightly as before. The second is that the restrictions on media ownership close off sources of foreign investment and prevent companies developing economies of scale and scope. There is more than one way to achieve such economies, but certainly inter- firm co-operation or merger is one of them.

It might seem curious then that in a situation where the major measure of diversity is plurality of ownership and control of the more influential media the reform proposed will potentially reduce plurality across these media. I say this not to be partisan in this debate but to point out what appears to be an inconsistency and one which springs in part from giving so much emphasis to ownership as a primary measure of diversity. To be fair the Government is not advocating monopoly and is punting the combination of alternative sources of news and information and the investment potential for new services will compensate for a lessening of competition.

The opponents of this view argue that recreating the old oligopolies of newspaper, radio and television will lead to a lessening of diversity. This was certainly the conclusion of the Productivity Commission on the issue of concentration and diversity in its 2000 report on broadcasting:

*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.*  
(Productivity Commission 2000, p.314)

What I would suggest is that while it may well be true that more media proprietors means greater variety of information and opinion, very little work has been done to test the validity of this belief. How do we know the diversity of views and opinions increased when the cross media nexus was broken in the eighties? How should we measure this? What exactly is the link between diversity of ownership and diversity of views? Does the ownership structure affect diversity, as in the difference between a media company with diffuse public ownership and one with a single dominant shareholder?

Also, for all the virtue supposedly involved in the breaking of the cross media nexus scant attention has been paid to the effect of concentration of ownership within each medium which was also a product of the reforms. Thus, the number of metropolitan newspaper owners was decreased and the audience reach rule facilitated greater national networking in television, in the process reducing localism.

The stand off in the debate about change has now become a numbers game of how many media companies there should be in metropolitan and regional markets. I don't want to get into the game of counting outlets, but I do observe that the reason for it being attractive is that it presents a tangible means of apparently measuring diversity; far more attractive than the idea of measuring 'share of voice' that was proposed some years ago. But we should not deceive ourselves that it is not a fairly crude measure of diversity. As Couldry has argued *...the dynamics of concentration and conglomeration, do not, of themselves tell us anything about the uses to which media products are put in social life generally* (Couldry 2004, p.118). This means that to understand the dimensions of diversity we need to consider more than ownership diversity.

Lastly it needs to be said when considering source diversity that the Australian broadcasting system is a mixed system, for the national and community broadcasters provide a non-commercial alternative and the subscription television sector an extensive array of channel choice. It is obvious that when one comes to consider the delivery of news and opinion that the ABC in particular is crucially important in contributing to source diversity. Subscription television is also a provider of news and it is interesting to note that, although it stands to one side in the cross media debate, the only Australian news channel, Sky News, is the result of a cross media partnership between News Corp, Seven Network and PBL.

Program sources and the plurality of creative inputs to media production provide another dimension to the question of source diversity. In

broadcasting it may be argued that high barriers to entry and imposed technical restrictions on the number of channels restrict entry to the market. There are thus gatekeepers in the media who decide who gets to create and to speak. What Born refers to as “the politics of creative entitlement” (Born 2000, p. 405). Thus there are issues of access and control over the supply of programming.

A significant amount of government support over a long period of time has gone into the support of an independent film and television production sector in Australia; independent that is from the broadcasters and from the major international media companies that own content and distribution channels. The Government’s cultural policy has been about ensuring there is a distinctive Australian voice in the media where the market itself has failed to provide it.

In the US a significant area of media policy has been devoted to ensuring that the workforce engaged in any media outlet is reflective of the community it is serving; thus rules about positive discrimination for women, African and Hispanic Americans. This has not been an area of much policy debate in the media in Australia.

### **Content Diversity**

The value placed on content diversity is threefold. We expect that the media should reflect the range of opinion on issues of the moment and also ideally be open to giving voice to those views that might be more unusual and potentially controversial. Here we come again to the problem of whether one outlet needs to be reflective of all views, the question of balance, or whether taken as a whole the media is reasonably diverse in it’s the range of views represented.

On the question of balance the ABC is regularly castigated for not being representative or having a slant to the left. But in the commercial media the position is somewhat different as this comment from the editor of The Australian indicates:

*Now I think The Sydney Morning Herald and The Age are clearly more left-wing today than they were a decade ago, and I'm not absolutely certain a) that that's a smart thing to do from their point of view, given that politics seems to be moving slowly to the right, and b) I'm not sure that us being there with them would be very good for us. It's probably smart for us to seek a market that is unhappy with them.*  
Chris Mitchell, Editor, *The Australian*, The Media Report, ABC Radio National, 9 March 2006

Here is diversity of view point presented as a question of market segmentation. It raises the question, which I will turn to later, of how people consume media. What does it mean for diversity if media outlets

seek to align themselves with particular ideological positions in pursuit of profitability?

There is also the expectation that the media should represent the demographic diversity of the nation. Again, there is the question of whether this should occur within one outlet or across the entire media. Certainly we can see with the variety of newspapers in community languages, the SBS and community broadcasting that questions of access are being addressed. However, I think the question is still whether the more influential media are doing enough to represent this diversity.

Then there is the question of whether, particularly in broadcasting, there is sufficient diversity in the types of programs being provided to meet the diversity of tastes in the community. There are two aspects to this. One is the Reithian view that the social role of broadcasting is to 'elevate' the taste of the community and expose them to a range of programming they might not know they are interested in. This, of course, strikes as an old fashioned patronising view of the role of broadcasting which, it could be argued, is antithetical to a more open and democratic view of diversity. I think this Reithian view was never as widely held in Australia, as it still is to some extent in the UK, and it should not be confused with the regulatory interventions to support such things as children's television.

The other aspect is the notion that broadcasting is simply responsive to audience taste and is reflective of that in the sense of 'giving them what they want'. This is particularly seen as a characteristic of commercial broadcasting, so that one of the rationales for public broadcasting is to meet the needs and interests of those not served by commercial broadcasting.

### **Exposure Diversity**

Within media policy little attention has been paid to exposure diversity or diversity as received by audiences. There is instead an implicit assumption that by ensuring source diversity and content diversity this will lead to exposure diversity. It is assumed that if people have available a plurality information and entertainment, that they will actively choose to take advantage of that range and that this should contribute to an engaged and informed citizenry. But, why should we assume that availability and use are going to be synonymous? Newspapers are widely available, but increasingly the signs are that younger people do not read them and turn to other sources of information.

We also know that the reception of media content and the construction of meaning from it is complex. This is evidenced by the wealth of theoretical and empirical studies of audiences and the reception of media messages. The usage of media is also complex. Some studies of US cable television and internet usage suggest that increasing abundance of choice does not necessarily lead to increased exposure diversity.

While concentration of media ownership has been studied widely, less attention has been paid to the phenomenon of audience concentration. This refers to the situation where the majority chooses the same program/channel even when there is a wide variety of choice. It is observable in a range of media where a relatively small number of media products account for the majority of consumption – out of the hundreds of films released in Australia each year only ten to twenty will attract the largest audience. Webster and Lin (2002) argue this is a version of ‘Pareto’s law’ which predicts that only a small part of the population will account for the greatest proportion of national wealth.

Yim (2003) explored audience concentration and studied the ratings for broadcast television, radio, basic cable and the circulation of magazines in the USA in 2000. Yim found that in media where there was a large number of items, and thus choice, that audience concentration was highest. Webster and Lim (2002) studied Internet usage using data from Nielsen’s Net Ratings and found that Internet audiences were highly concentrated on a relatively small number of sites.

In context of Australian broadcasting when one looks at free to air television, with its relatively limited choice of channels and programs, there does not seem to be audience concentration. Viewing seems to be spread relatively proportionately across all channels, at least as far as the commercial channels are concerned. Yet when one looks at subscription television, with its greater choice of channels, there does seem to be evidence of audience concentration. Thus, in 2004 in pay television households 9 channels, including the rebroadcast free to air channels, accounted for more than 60% of viewing (AFC 2006). This needs to be studied more fully.

If there is a tendency towards audience concentration it is also unclear what effect viewer specialisation might have on exposure diversity. Viewer specialisation occurs where wide variety of choice allows consumption to concentrate on a narrow range of channels/programs. Potentially this reduces exposure diversity. For example, the availability of channels devoted to particular genres (movies, sport, comedy etc) allows audiences attracted to that particular genre to devote most of their viewing time to those channels. Similarly the use of more efficient Personal Video Recorders may also allow viewer specialisation on particular program types.

The concern about this fragmentation and specialisation is that while it appears to meet the ideal of a plurality of tastes being met, it could also raise issues of governmentality. Fragmentation and privatization could lead to an increasingly fractured public sphere in which sections of the polity have withdrawn from participation to pursue their private interests. Again, it seems that more work needs to be done to understand how people use various media and how this affects their exposure diversity.

It seems to me that some of the research the ABA and ACMA undertake moves toward broadening our understanding of this. I am thinking particularly about ACMA current research project *Media and Society: National Community Research into the impact of media on children, families and society*.

### **Does Regulation Matter?**

In approaching the question of whether regulation matters one needs to understand the importance of the role of the state in setting the boundaries of the market. The state created the broadcasting system (of course, not without a struggle between contending agents). It planned the use of the spectrum, determined the conditions of entry to the market and created barriers to entry through the licensing and renewal system. Through this it determined the conditions under which competition could occur. The rules on foreign and cross media ownership also determined the structure of media not directly regulated, such as newspapers.

One of the changes wrought by the introduction of the BSA was the removal of the licence condition that required commercial radio and television services to individually provide an adequate and comprehensive service having regard, amongst other things, to 'the diversity of interests in that community' they served (*Broadcasting Act 1942* ss. 83 and 4(6)). Considerable time and effort was spent in ensuring that licensees both ascertained what the diverse interests of the community were, but also on measuring how they catered for that diversity through their programming output.

This was changed in the BSA to a condition that ...*the licensee will provide a service that, when considered together with other broadcasting services available in the licence area of the licence (including another service operated by the licensee), contributes to the provision of an adequate and comprehensive range of broadcasting services in that licence area* (Schedule 2 (7)(2)(a)) There is no similar requirement for community, subscription and class licences.

I make this observation not through any nostalgia for a regulatory past, but because it serves to illustrate one of the major changes that occurred with the BSA which is rise of the market metaphor and the recasting of the citizen as consumer. Confidence in the market as the most efficient mechanism for the allocation of resources is one of the essential elements of economic neoliberalism and I would argue that much of the BSA represents what Hay has described as the 'institutional embedding of neoliberalism' (Hay 2004) in the regulation of broadcasting.

Whereas under the previous regulatory regime there was less faith in the market to produce content diversity the pendulum has swung the other way towards an assumption that through the market the expansion of

services will introduce greater choice and therefore more diversity of content. Certainly Australians have been offered greater choice of channels since the introduction of subscription television in 1995 - there are now over 70 channels on Foxtel cable. However, given that approximately 75% of households have chosen not to subscribe they still rely upon free to air services.

In the free to air environment we already have the national broadcasters offering a second channel and there is the prospect that by 2009 commercial television will also offer additional channels. Many commentators have pointed impatiently to the slow pace of moves towards the introduction of new services and wonder whether opportunities have been squandered and existing interests entrenched. I don't disagree these are problems, but there appears to be an imperfect understanding in Australia of what the effect of new market entrants and competition might do and how this might differ across various media. I think there is a possible conundrum here that while increasing the number of outlets and therefore competition might increase viewpoint diversity at some level might actually inhibit content diversity.

The idea of content diversity is that it should produce heterogeneity of program formats and content, but one of the problems with relying upon the market to produce diversity is that competition can encourage homogeneity. In 1929 the American economist Harold Hotelling observed:

*Buyers are confronted everywhere with an excessive sameness. When a new merchant or manufacturer sets up shop he must not produce something exactly like what is already on the market or he will risk a price war...but there is an incentive to make the new product very much like the old, applying some slight change which will seem an improvement to as many buyers as possible without ever going far in this direction. (This is) the tendency to make only slight deviations in order to have for the new commodity as many buyers of the old as possible... (Hotelling 1939, p.54)*

Since these observations Hotelling like effects have been observed in many industries and they are very pertinent to diversity in broadcasting. I have observed this in my own work on the history of commercial broadcasting in Australia. The introduction of the third capital city stations in 1964/5 was done on the basis of increasing competition and promoting diversity. Instead what it instituted was a period of ruinous competition where program prices escalated, advertising revenue was cannibalised and the new stations in each market were forced to compete around the same demographic as the older stations. The result was homogeneity rather than heterogeneity of programming.

I think it can be argued that, the Bond/Skase episode aside, the advent of true national networking ushered in what we have today in commercial television. This is a state of moderate competition and relative stability.

Also, one can see in the manner in which subscription television was introduced that the focus on promoting competition produced a tendency towards ruinous competition amongst the multiplicity of providers.

My point being that the regulatory decisions on market entry can reverberate through the system for much longer than might be imagined. As a consequence there needs to be more attention paid to the study of market entry and its potential effects on diversity. To this end there are studies available of both European and US television that may be useful here (Collette and Litman 1997; Thomas and Litman 1991; Van der Wurff and Van Cuilenburg 2001; Van der Wurff 2004 and 2005).

### **Conclusion**

Broadly speaking I would argue that in the conceptualization of diversity in communication policy there has been a tendency to focus predominantly upon source diversity. This is important to the extent that the assumption remains that a plurality of outlets will lead to a diversity of views and opinions. To which end the present propositions being advanced by the Government would seem to go against this objective.

I also argue that with the emphasis on source diversity not enough attention has been paid to content or exposure diversity. I suggest we have a far from perfect understanding of exposure diversity and that more research on this is needed to understand the real effects of diversity policies.

We also need to pay much more attention to the way in which market structure facilitates and potentially inhibits diversity. This means considering the use competition as a tool and not as an end in itself. By this I mean that in certain circumstances a degree of concentration may actually help underwrite the costs of providing diversity.

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