

Senate Select Committee on the Future of Public Interest Journalism

Ensuring a Viable, Independent and Diverse Service

The Future of Public Broadcasters in Delivering Public Interest Journalism

A response by Assoc Prof Angela Romano, the Vice President (Networks) of the Journalism Education & Research Association of Australia, on behalf of JERAA to a question about the impact of state-funded public broadcasters on commercial media companies and the free market

RESEARCH ON THE IMPACT OF PUBLIC SERVICE MEDIA

Nielsen and his colleagues (2016, pp. 75-77) have identified evidence-based research reports from around the world about the impact of the public service media. These studies overall find that the public service media have little or no impact on private sector media, and have a positive impact of the amount and diversity of original content available to audiences. The following sections summarise the key findings of these research reports.

Barwise & Pickard (2014) *What if there were no BBC television? The net impact on UK viewers*

The researchers used a counterfactual scenario to evaluate what would happen in the United Kingdom if there were no British Broadcasting Corporation (BBC) television service. The findings indicate that public television leads to little if any 'crowding out' of the private sector market. It forecast that without the BBC, television content investment would fall by 5-25% and first-run content investment might drop by 25-50% in the UK.

BBC (2013) *Public and private broadcasters across the world—The race to the top*

The author, commissioned by the BBC, used a cross-sectional analysis of television markets in 14 countries to conclude that there is a 'race to the top' in which competition between public and private media sectors for audiences compels all media organisations to lift their standards. This increases the size of audiences overall, thus benefiting the public sector media. In most of the countries studied, there was a positive relationship between strong public service media and strong private sector media, and not a negative 'crowding out' relationship. This positive relationship was strongest in Australia, the United Kingdom, Nordic countries and, to a lesser degree, Germany.

Dewenter & Haucap (2009) *Economic impact of public online services. Market effects within Three-Stage-Tests*

Using theoretical modelling, the authors tested the public service value of online public service media content compared with existing private sector offerings in relation to 12 different types of content. The authors find high competition between public and private media in the 12 topic areas that they studied, but indicated that public service online media provided added value in regional and supra-regional news, economic and financial news, and content for children.

KPMG (2015) *An economic review of the extent to which the BBC crowds out private sector activity*

This KPMG report, commissioned by the BBC Trust, used an econometric analysis on the BBC's potential to 'crowd out' commercial operators in entertainment television broadcasting, news television broadcasting, and local/regional print newspapers between 2002 and 2014. It found no evidence that increases or decreases in BBC activities affected the amount of time that television viewers spent watching commercial broadcasters, the revenue of commercial broadcasters, or the readership or revenue of newspapers.

Oliver & Ohlbaum Assoc Ltd, & Oxera Consulting (2016) *BBC Television, Radio and Online Services: An assessment of market impact and distinctiveness*

The authors reviewed UK market impact research and conducted a double-counterfactual analysis into the potential impact of a different and more distinct BBC. The authors find that the BBC does take some of the commercial media audience share in the UK, but there is limited financial impact on commercial media operators. They find that some parts of the commercial sector would be helped if the BBC were to differentiate itself with more distinct services that offered less entertainment, sport and soft news, and proportionally more investment in diverse original news programming, harder news, background and analysis. It also points to ways in which the BBC could help commercial rivals through greater cooperation in areas such as future platform and content aggregation, archive access, and content sharing and licensing.

PwC (2015) *The impact of a change in the BBC's licence fee revenue*

Using the results of counterfactual modelling, the authors indicate that a 15% increase in BBC licence fee revenue would lead to net growth in the British television sector and GDP, while a 25% increase would have a net negative effect on GDP.

SNF (2015) *Competitive effects of some selected NRK services*

The authors assessed the market impact of selected services offered by NKR, the Norwegian government-owned radio and television broadcasting company. The authors find that the private

sector media's main competition for advertising and audience attention comes from large international technology companies rather than public sector media.

Van der Wurff (2005) Competition, concentration and diversity in European television markets

This historic study of free-to-air television in Finland, France, Germany, Greece, Italy, the Netherlands, Spain and the UK in the 1980s and 1990s found that competition and concentration contribute to a diverse supply of programmes that mirrors audience demand, and public broadcasters lead to greater content diversity than would be supplied by a competitive market alone.

Waldfoegel (2011) Station ownership and the provision and consumption of radio news

This analysis of data about news radio stations and market-level demographic information in the United States found that markets with proportionally more commercial news stations had fewer news stations and less diversity in news when compared to other markets of the same size. It found that public news stations have more impact on the variety of news and percentage of population listening to news compared to commercial news stations in the US.

SOURCES

Barwise, P., & Picard, R.G. (2014) *What if there were no BBC television? The net impact on UK viewers*. Oxford: Reuters Institute for the Study of Journalism. Available at https://reutersinstitute.politics.ox.ac.uk/sites/default/files/What%20if%20there%20were%20no%20BBC%20TV_0.pdf

BBC. (2013) *Public and private broadcasters across the world—The race to the top*. BBC. Available at http://downloads.bbc.co.uk/aboutthebbc/insidethebbc/howwework/reports/pdf/bbc_report_public_and_private_broadcasting_across_the_world.pdf.

Dewenter, R., & Haucap, J. (2009) *Ökonomische Auswirkungen von öffentlich-rechtlichen Online-Angeboten. Marktauswirkungen innerhalb von Drei-Stufen Tests [Economic impact of public online services. Market effects within Three-Stage-Tests]*. Gutachten im Auftrag des VPRT e.V. Baden-Baden.

KPMG. (2015) *An economic review of the extent to which the BBC crowds out private sector activity. A KPMG Report commissioned by the BBC Trust*. BBC Trust. Available at http://downloads.bbc.co.uk/bbctrust/assets/files/pdf/about/how_we_govern/charter_review/annex_b_market_impact.pdf.

Nielsen, R.K., Fletcher, R., Sehl, A. & Levy, D. (2016) *Analysis of the relation between and impact of public service media and private media*. Oxford: Reuters Institute for the Study of Journalism.

Available at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2868065.

Oliver & Ohlbaum Assoc Ltd, & Olera Consulting. (2016) *BBC Television, Radio and Online Services: An assessment of market impact and distinctiveness*. Available at

<https://www.gov.uk/government/publications/bbc-television-radio-and-online-services-an-assessment-of-market-impact-and-distinctiveness>

PwC. (2015) *The impact of a change in the BBC's Licence Fee*

revenue. <http://downloads.bbc.co.uk/aboutthebbc/reports/pdf/bbclfpwc2015.pdf>.

SNF. (2015). *Konkurransemessige virkninger av noen utvalgte NRK-tjenester* [Competitive effects of some selected NRK services]. Available

at <https://www.regjeringen.no/contentassets/edf33dfdbb1d425891ec37c2c8087bd7/nrk-rapport-mars2015.pdf>.

Van der Wurff, R. (2005) Competition, concentration and diversity in European television markets. *Journal of Cultural Economics*, 29(4), 249–275.

Waldfoegel, J. (2011) *Station ownership and the provision and consumption of radio news*. Available at https://apps.fcc.gov/edocs_public/attachmatch/DOC-307470A1.pdf.