

# ABC Bias Argument Distracts From The Real Debate: The Numbers

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The argument by conservatives about ABC bias ignores the importance of commercial-free media, writes Ian McAuley.

Ben Eltham has pointed out that Abbott's cuts to the ABC 'are about appeasing the hardline right wingers in the conservative think tanks, and on the Coalition back bench – as has Mike Secombe who put it bluntly that "Abbott owes the Murdoch press, and it wants the ABC radically cut".

One assertion that just won't go away is the simplistic notion that the ABC, because it is funded from taxes, is in some privileged position vis-a-vis the commercial media. The line is that all those worthy souls who are disgusted by the ABC's bias – anti Team Australia and pro far-left Trotskyist ideas – are still forced to subsidise it through their taxes.

As put by Tom Switzer, former editor of Spectator Australia and adjunct fellow at the Institute of Public Affairs:

...those who hate talk-back radio or Rupert Murdoch's tabloids can take solace in the fact that they are not financing Alan Jones or Andrew Bolt. Taxpayers who subsidise the ABC to the extent of more than \$1 billion a year do not enjoy that peace of mind.

That's not right, Tom. We do finance Alan Jones and Andrew Bolt, and generously, even if we never tune into their shows, or anything else on commercial radio and television.

In a comment on Ben's article 'glennwire' asked the pertinent question 'How much does the commercial media cost the consumer – understood at the levels of individuals, households and firms?'

In response to 'glennwire' we can provide a reasonably good estimate, and it's a lot more than the ABC's comparatively modest \$1 billion: it's more like \$5 billion. In round numbers, every year each Australian household pays \$100 for the ABC and \$500 for commercial broadcasting. Even if you never tune into commercial radio and television, your household is paying \$500 for it.

In 2013 Australian companies spent \$13.4 billion on advertising, of which \$4.0 billion went to commercial TV, and \$1.0 billion to commercial radio. And contrary to the stories of woe from the commercial media, commercial free-to-air TV is getting a growing share of advertising spending.

That \$13.4 billion equates to about 1.5 per cent of Australians' consumption expenditure, and to avoid it you'd have to revert to a hunter-gatherer lifestyle. In all its distributional effects it's the same as a 1.5 per cent GST.

The ABC, by contrast, is funded from Commonwealth taxes, which means, because of the prominence of income tax in Commonwealth revenue, its funding is reasonably progressive. Because ABC viewers and listeners are over-represented among the better-off, that's a reasonable deal. But commercial TV and radio are funded by a 'tax' with the same regressive impact as the GST.

Unlike the GST (which goes to state governments to fund schools, policing, public transport, roads and hospitals), advertising expenditure goes to stimulating consumption, with a particular bias to discretionary consumption (there's less point in companies advertising stuff you're going to buy anyway).

Whatever accusation its critics can muster against the ABC, no-one could accuse it of promoting material over-indulgence – thereby contributing to our problem of high household debt (a problem Hockey just doesn't want to acknowledge).

Which brings us to the difference between the ABC and commercial media. The ABC caters for its customers. It has to because of public accountability, and opinion surveys show it does this very well. Commercial media also caters for its customers, but its customers are the firms spending on advertising, not viewers and listeners, who are simply the incidental beneficiaries of the main commercial transaction.

Advertising is concentrated on particular groups. There are the young, yet to develop their consumption patterns. It's far more profitable to influence a young person buying their first car than it is to target 60-year-olds buying their fourth Toyota.

A whitegoods chain isn't going to bother promoting its special credit card to someone who can work out that it carries an effective 25 per cent interest rate. And companies selling 'image' products won't find much response from mature and self-confident people.

As put by Jeremy Rifkin of Wharton Business School:

Advertising preys on one's sense of inadequacy and loneliness. It promises that products and services will enhance a person's personality and identity and make him or her more appealing, attractive, and acceptable to others.

People most responsive to advertising comprise the audience of commercial media, and it's an audience generally separate from the audience of the ABC.

Quite apart from issues of political bias – which Ben Eltham and others cover very well – that's a reason why a strong taxpayer-funded broadcaster is such an important part of our media mix. It serves a role that commercial broadcasters simply cannot fill.