

# Inquiry into Broadcasting

## Productivity Commission

### Additional submission by Terry Giesecke

I wish to submit some comments on the Draft Report in respect of the recommendations resulting from Chapter 8 Ownership and control.

Recommendation	Comment
<p>8.1 Foreign investment in broadcasting should be covered by Australia's general foreign investment policy. All restrictions on foreign investment, ownership and control in the BSA should be repealed.</p>	<p>[1] I believe that foreign investors should be allowed to establish <u>new media</u> outlets only. Australia could benefit from new investment which could add to diversity and new ideas. Such a policy would encourage the creation of additional media resources and opportunities.</p> <p>[2] However, I do not see that there is much to be gained by allowing foreign enterprises taking over existing resources. Australia has a high degree of foreign ownership in other industry areas, in some cases 100 per cent. If this applied to the media it could impinge on our sovereignty and cultural integrity.</p> <p>[3] As I understand it, the current policy on foreign investment is one of encouragement rather than keeping a watching brief on the penetration of foreign ownership, and control, as was previously intended.</p> <p>[4] Also Australia's precarious balance of payments situation makes us reliant on overseas investment which could mean that our media companies are all the more vulnerable to takeover.</p>
<p>8.2 If recommendation 8.1 is not adopted, the BSA should be amended to allow for unrestricted investment of Australian sourced funds managed by foreign managers.</p>	<p>No comment</p>

<p>8.3 Section 54 of the BSA, which restricts a person from controlling more than two commercial radio broadcasting licenses in the same license area should be repealed.</p>	<p>[5] Such a repeal could lead to many smaller areas having only one commercial operator which would reduce competition. Listeners, employees and advertisers would be confronted with a monopoly situation. In Canberra the four commercial licenses are owned by two companies. In my view the repeal of that provision would soon result in one company controlling all four, unless it could be prevented under another section of competition policy. Canberra was subjected to monopoly ownership in radio until 1975, that was not a happy experience. I feel that other areas would be in the same situation if the provision were repealed.</p> <p>In my view the provision should remain.</p>
<p>8.4 Only after the following conditions have been met:</p> <ul style="list-style-type: none"> <li>◆ removal of regulatory barriers to entry</li> <li>◆ abolition of restrictions on foreign ownership</li> <li>◆ media specific public interest test in Trades Practices Act</li> </ul> <p>Should cross media rules be removed</p>	<p>[6] I support the concept of specific media provisions in the Trade practices Act that recognise the special place of media in society. As stated in my previous submission ownership should rules should be based on the following:</p> <ul style="list-style-type: none"> <li>◆ Individual companies limited to national market share of 20 per cent</li> <li>◆ Precluding media companies owning controlling interests in non media companies</li> <li>◆ Divorcement of ownership by operators of marketed newspapers from free throwaway papers</li> <li>◆ a strong code of fair competitive practice to stop predatory pricing and other unfair practices</li> </ul> <p>[7] I believe that cross media ownership restriction have played a positive role in preventing concentration of ownership. In regional areas the lack of such restrictions could lead to monopoly. It is important that all regions have some competition in the commercial media.</p>