

**TELECASTERS AUSTRALIA LIMITED
SUBMISSION IN THE REVIEW OF THE BROADCASTING SERVICES ACT (1992) BY THE PRODUCTIVITY COMMISSION**



1) INTRODUCTION

This submission by Telecasters Australia Limited (TAL) is supplementary to the separate submission being made by the Federation of Australian Commercial Television Stations (FACTS) on behalf of the television industry. It should therefore be taken in conjunction with that report.

TAL is a regional television broadcaster operating as Ten NNSW, Ten Queensland, Seven Darwin and Seven Central.

The FACTS report deals with the matters affecting the television industry as a whole, whereas this submission deals with those items, which have a specific impact on regional television operators. These issues are; Cross Media Ownership, Foreign Ownership, Control and Audience Reach. In addition, we have attached other submissions TAL has made to various other Enquiries currently being conducted by the government. These outline TAL's position in the areas of Retransmission of Free to Air Signals by Pay TV Operators; The Review of Under Served Terrestrial Television Markets and the Regional Equalisation Plan.

In general TAL submits that the regulation of cross-media and foreign ownership in the Australian media industry needs to be simplified.

The current double layer of regulation, in the form of the Broadcasting Services Act (1992) (BSA) and general industry control by the ACCC and FIRB, creates unnecessary complexity. This complexity has a negative impact on the industry by stifling growth, creating reluctance among local investors and denying access to overseas investors.

Furthermore, convergence within, and the globalisation of, the Australian media industry means that it is no longer appropriate to use strict rules to govern issues of ownership and control in the industry. Questions of ownership and control should be reviewed using a more relaxed set of rules in conjunction with general competition guidelines and monitored by the ACCC.

TAL makes the following specific submissions:

2) CROSS MEDIA RULE

TAL submits that the cross media rules in the BSA should be amended to allow for cross investment between television, radio and newspapers, subject to general competition laws.

Reasons

(i) *Convergence*

TAL submits that the continued convergence of forms of media means that it is no longer appropriate to continue with the previous classifications of cross media restrictions contained in the BSA. There is no justification for restricting cross ownership between television, radio and newspapers, when there is no such restriction between radio and Pay TV. Additionally, access to news and advertising is no longer restricted to the mediums of television, radio and newspapers.

(ii) *Plurality*

TAL submits that its suggested amendment of cross media ownership restrictions in regional markets will encourage plurality in such markets as it increases the potential for an increased number of voices in the market.

(iii) *Cross Promotion*

TAL submits that its suggested amendment to cross media ownership restrictions in regional markets would have the advantage of enabling cross promotion of services.

3) FOREIGN OWNERSHIP

TAL submits that:

- (i) foreign investment in television should not be restricted and that the current restrictions be completely removed.
- (ii) Should the foreign ownership restrictions be retained in some form following this review, there should be a specific exemption from the foreign ownership restrictions for portfolio investment bodies. The intention of the current foreign ownership rules is to restrict foreign control of Australian media; it is not intended to restrict passive investment in the media industry by fund managers which are Australian run but foreign owned.

Reasons

(i) *No threat to Australian cultural identity*

- (a) TAL submits that the relaxation of the foreign control restrictions in the BSA poses no threat to Australian cultural identity. Issues of identity are related to regulation of Australian content and are not related to the regulation of foreign investment in television broadcasting.

This is because the demand of the viewing public, rather than the personal tastes of the supplier of the material, drive the content of Australian television.

It is therefore possible for local content requirements to encourage material, which meets local and national needs regardless of the nationality of the owner of the commercial television licence.

- (b) TAL submits that preservation of Australian content and identity in broadcasting is a key issue, which needs to be addressed if foreign ownership restrictions are relaxed as part of this review.

(ii) *Plurality*

TAL submits that the relaxation of the foreign ownership rules will encourage plurality in television broadcasting as it will increase the number of potential media operators and therefore increase the range of information, entertainment services and options available to the public.

(iii) *Globalisation*

TAL submits that foreign ownership restrictions should be relaxed in recognition of the increased globalisation of the Australian media market.

4) AUDIENCE REACH RULE

TAL's submission

TAL submits that the 75% audience reach rule in the BSA should be repealed.

Reasons

TAL submits that the audience reach rule should be removed from the BSA in recognition of the increased globalisation of the Australian media market. The policy behind the original audience reach rule was the confinement of the ownership and control of television to local regions and cities. The rule was amended in 1987 (by extending the limit from 65% to 75% of the Australian population) in recognition of the expansion and operation of the television industry on a national rather than local scale. The Australian television industry no longer operates solely as a national market but is increasingly becoming part of a global market. Accordingly, there is no longer any rationale for limiting the control of commercial television licences to less than 75% of the Australian population.

Local content is only currently provided where it is commercially justifiable. Therefore the removal of this restriction will have little, if any, affect on the levels of local content provided in regional markets

5) REVIEW OF UNDERSERVED TERRESTRIAL TELEVISION MARKETS

See attached submissions dated 16 March 1999 for Seven Darwin and a joint submission with Imparja Television.

6) REGIONAL EQUALISATION PLAN

See attached submissions dated March and May 1998.

7) CONCLUSION

To ensure the continued growth of the regional commercial television markets in Australia, the complex regulatory framework that governs cross media and foreign ownership rules must be simplified.

In the opinion of TAL the stringent set of rules that restrict cross media and foreign ownership must be relaxed. In recognition of the increasing convergence and globalisation of the media industry, the enforcement of these rules should be left to a single tier of regulators, who can enforce the rules in conjunction with general competition guidelines.

Attachments