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The West Australian

West Australian Newspapers Limited

A.C.N. 008 667 632

July 15, 1999

Broadcasting Inquiry,
Productivity Commission,
Locked Bag 2, Collins Street East PO,
MELBOURNE. VIC. 8003.



Dear Sirs,

Following our recent discussion I am pleased to submit the following submission to the Broadcasting Inquiry on behalf of West Australian Newspapers Limited.

In the first instance we believe the scope of the inquiry is appropriate. We also believe that the Broadcasting Service Act 1992 (Section 3) – which spells out the objectives of broadcasting regulation – is a satisfactory set of goals to be used in shaping Australia’s media environment.

In our opinion, with the advent of new technologies such as the Internet and datacasting and the current “network mentality” of the free-to-air TV stations and many radio broadcasters, the current Act is unable to achieve its intended goals.

It is our view that the Act remain unchanged, at least in its intent, but that other elements of the current broadcasting legislation should be changed so that the goals can be satisfactorily achieved.

We do have specific concerns regarding the cross media ownership regulations, the prohibition of new commercial TV licences until 2006 and the indicated regulations of datacasting services.

A level of critical mass is required for a media organisation’s optimal performance. The relaxation of the cross media ownership provisions would allow WAN to acquire a television or radio station and would enable us to grow to a size where we would be more competitive on a local, national and perhaps an international basis.

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Currently new entrants in the commercial broadcasting arena is not possible until 2006 and further entrenches the significant hold that existing free-to-air licences enjoy. In exchange for this concession the existing operators are required to begin broadcasting digitally by 2001. The prohibition should be removed and allow new players to bid for available licences.

Recent information published by Sinewave, a web site ratings company, reveal that by far the biggest slice of 'new media' content is American in origin, as of the 100 most popular web sites accessed in Australia, only 39 are local and in terms of traffic 68.5% goes to offshore web sites.

If we are to be competitive both in traditional and new media we must be allowed to grow to a size and level of diversification that enables us to compete.

New media is a combination of vision, text and audio delivering on line services economically and we must have access to each type of content and the ownership of a TV station in W.A. would enable us to meet the challenge in Australia's new media environment.

Against a background of cutbacks in FTA's (free-to-air) local news, current affairs, educational and local culturally significant programming, on commercial and public TV, *The West's* ability to own a local TV station would greatly increase the diversity and quality of programming available to Western Australians.

With by far the biggest news gathering organisation in W.A. and dedicated bureaus across this State, the Eastern States and around the world, a West-owned TV channel would increase the quality and quantity of news and current affairs and promote competition with rival channels.

Other programming opportunities could be developed from existing sections of the paper such as Habitat, Fashion, Today, Entertainment and Sport. It is quite feasible for *The West* to develop a niche and unique programming style similar to some of the local cable operators in the U.S.

Additionally *The West's* quality content and unique relationship with the people of Western Australia would be invaluable to a TV and online content partnership. Increasingly with Internet and TV content

originating outside W.A., relaxation of the prohibitions against cross media ownership and the auctioning of new TV licences is the only possible way that Western Australians will have access to quality local content.

Datacasting services may be delivered in a variety of ways (via terrestrial broadcast spectrum, cable and satellite) and we believe these services should be open to competition. We would argue that the regulatory framework should not discriminate between the different delivery systems. At present Government regulations provide for FTA channels to enter digital broadcasting totally unrestricted whereas we are prevented from competing until the year 2008. Given the broad range of broadcasting available through digital, this technology would have the ability to erode our revenue base through on line, interactive and classified advertising services.

Industry sources suggest that the introduction of digital sets within households will be a slow process and in fact some estimates have suggested that by the end of simulcasting in 2008, digital TV may only have a market penetration of households of approximately 20%. Australia has proved to be a country that readily accepts new technology and irrespective of what level of market penetration is achieved, it will no doubt have a significant impact on our business.

With digital TV sets likely to be a gateway into the home for TV, Internet and datacasting, we believe that an open access regime that allows all players access to the digital receiver is crucial to develop a competitive new media industry.

Under this scenario we could broaden our base of revenue by competing for the advertising dollars currently spent exclusively in television. We could maximise the efficiencies by utilising staff across both mediums in the gathering of news stories and the cross selling of advertising. More importantly we would remain the only major metropolitan diversely owned Australian media company.

Yours sincerely,



DENIS THOMPSON,
MANAGING DIRECTOR