

NEWS LIMITED

Submission

Senate Inquiry into the Broadcasting Services Amendment (Media Ownership) Bill 2006 and related bills

The Secretary
Senate Environment, Communications, Information Technology and the Arts
Legislation Committee
PO Box 6100
Parliament House
CANBERRA ACT 2600

September 25, 2006

News Limited made a submission in April 2006 in response to the Australian Government's discussion paper on media reform options. In that submission we described the proposed reforms as a highly discriminatory model of deregulation that would not deliver the intended benefits.

Regrettably, nothing has changed in the interim that allows us to alter our position. In fact, statements by the Government since April, combined with the introduction of the bills into the Parliament, have amplified our original concerns.

This submission therefore is a supplementary update to our earlier submission.

Sensible reform of Australia's media industry that is fair to all sectors is long overdue. The bills will not deliver this.

If passed by the Parliament, the bills will short change consumers and various sectors of the industry on several fronts.

For example:

- the removal of cross and foreign restrictions will distort the market even further, reduce diversity and shore up protection for free to air television
- without the prospect of additional free to air television licences, the reforms will prevent new players from competing against the highly profitable commercial free to air television sector
- meanwhile, all other sectors will be exposed to increased competition and industry consolidation

NEWS LIMITED

- this highly protectionist approach will entrench the oligopoly enjoyed by incumbent free to air broadcasters and enable them to be the most likely predators in inevitable industry consolidation
- the proposed benefits of allowing free to air broadcasters to multi-channel will be illusory because only the incumbent broadcasters are allowed to operate these new channels. This will provide no new jobs and no new content.
- there is no basis for the argument that the market cannot support an independently owned 4th free to air network, but can support up to 8 new free to air multi-channels
- we are opposed to the decision to allow free to air broadcasters to bid for so-called datacasting spectrum when they have already been given at no cost, spectrum that will allow them to multi-channel
- it is still not clear what type of services and what type of content will be allowed on the datacasting spectrum
- the details of the proposed “use it or lose it” provisions for the anti-siphoning are yet to be finalised
- consumers cannot yet be satisfied that any benefits will arise from free to air multi-channelling, or from the proposal to auction data casting spectrum

Regrettably, we believe the proposed bills represent an alarmingly protectionist policy that is completely at odds with the open competition model that would deliver the kind of bold, consumer friendly reforms that are needed.

Instead of encouraging and rewarding innovation and investment, the proposed bills will provide further financial benefits to free to air broadcasters which are largely responsible for stifling the innovation and diversity of choice that is required to stimulate the take-up of digital services.

Despite having, at great expense, led the way in Australia with the rollout innovative digital services, subscription television will, on the other hand, be punished by the Government’s free handout to the free to air operators of multi-channelling spectrum.

If the Government insists that no new free to air licences will be issued now, then at least:

- there should not be any relaxation of restrictions on multi-channelling by commercial free to air broadcasters prior to the end of the simulcast period;
- instead, free to air broadcasters must be compelled to increase transmission of high definition television from the modest 20 hours a week currently
- further, free to air broadcasters must be compelled to upgrade their transmission of high definition television such that their HD service is broadcast in either 720p or 1080i – anything less is not true HD. After all it was on the promise of delivering true HD that the free to air operators convinced the Government to give them their digital spectrum;

NEWS LIMITED

- if commercial free to air broadcasters are permitted to adopt full multi-channelling at the end of the simulcast period, the anti-siphoning scheme must be amended significantly;
- at the end of the simulcast period, new free to air broadcasters must be admitted using the digital spectrum that would be freed up as a result of the switch-off of analogue;
- at the end of the simulcast period, subscription television broadcasters should also be eligible to compete for spectrum that will allow them to offer a multi-channel service free to air;
- the existing genre restrictions related to the datacasting spectrum should be maintained for the life of the simulcast period for application to Licence A for “in-home’ services;
- the commercial free to air television broadcasters should be compelled to hand back their analogue spectrum at the end of the simulcast period so that “analogue switchover will release a large amount of spectrum in the currently congested BSB spectrum” as stated in the options paper;
- the existing cross and foreign ownership limits must remain until the end of the simulcast period, and the admittance of new free to air broadcasters.

News Limited's position on anti-siphoning reform is well known. We support the position of ASTRA, the various sporting codes, FOXTEL and Fox Sports in this regard.

Sydney, September 2006
