

**A Submission by Prime Television  
Limited to the Inquiry into the  
Broadcasting Services Amendment  
(Media Ownership) Bill 2006 and  
related bills**

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25 September 2006



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## **EXECUTIVE SUMMARY**

1. Prime Television Limited (**Prime**) is one of the leading providers of news and entertainment to regional Australia and supports the suite of media reform bills that were introduced into the Senate on 14 September 2006.
2. In Prime's submission, the "4 voices" test will provide adequate protection of media diversity in regional Australia.
3. The Australian regional media sector has experienced a rapid expansion and a great increase in diversity over the past 20 years.
4. This process of expansion and diversification will continue. New media are constantly being made available to regional Australians as demonstrated by the examples given below.
5. The media ownership reforms will allow the traditional regional media (being television, radio and print) to consolidate and offer an enhanced range of news and information services for regional Australians.

6. It would be inappropriate to mandate employment or other requirements on regional media. The Australian regional economy is best served by a very efficient and competitive media sector that provides a service of best possible quality at the lowest possible cost. This in turn provides for a strong advertising platform for regional businesses. Strong advertising platforms are critical for the continuing development of Australia's regional areas.
7. The "4 voices" test under the proposed legislation will not result in there being only 4 sources of news and information in regional Australia. The proposed test does not apply to news and information provided by ABC Television and Radio, SBS Television, Channel 31 community television channels, pay television channels, non associated newspapers and other local publications.
8. Prime has considered the suite of media reform bills introduced into the Senate on 14 September 2006 and makes the following submissions on matters arising out of those bills to assist the Senate Committee in its deliberations on the reform of Australia's media ownership rules.

## **1. ABOUT PRIME**

- 1.1 Prime Television Limited (**Prime**) is the owner and operator of free-to-view television networks throughout regional and remote Australia. Prime also owns and operates 6 commercial radio licences in North Queensland.
- 1.2 Prime's Australian regional network was established in 1988. However, member stations have provided free-to-view broadcast television to parts of regional Australia since the early 1960s. Prime currently broadcasts free-to-view television throughout regional New South Wales and Victoria, the ACT and remote and regional Western Australia.
- 1.3 Prime is an affiliate of the Seven Network. A major portion of its scheduled programming is derived from that network. Prime also produces and commissions local news and other programs of particular relevance to its regional audience and fully meets its obligations in that regard in accordance with relevant broadcasting regulations.

## **2. REGIONAL MEDIA EXPANSION AND DIVERSITY**

- 2.1 Until 1986, almost every regional area in Australia was served by only one radio station, one television station and one newspaper (if a newspaper was published at all). Since 1986:
  - 2.1.1 Aggregation has resulted in the provision of three commercial television stations to most populated regional areas of Australia.

- 2.1.2 The SBS television service is now provided to many parts of regional Australia.
  - 2.1.3 Pay TV services are now available across all regional areas of Australia. Pay TV services are now accessed by 25% of Australian households.
  - 2.1.4 Under the Government's regional radio program, most larger regional centres now have two commercial radio stations.
  - 2.1.5 The internet has provided a whole new media platform. ABS figures in 2004-2005 show that 63% of regional homes have a personal computer, and 51% of regional households access the internet from home.
  - 2.1.6 Online publishing has greatly lowered the costs of publishing and increased the opportunity for regional Australians to have locally produced newspapers, community newspapers and other publications.
  - 2.1.7 Community radio has been launched in many areas of regional Australia.
- 2.2 This diversity of regional media is not reflected in the "4 voices" test under the proposed legislation. In reality, regional Australians receive a great number of distinct "voices" from both traditional and new media. The proposed legislation will not affect this situation. Prime notes that the parliamentary e-brief entitled "Media Ownership Regulation in Australia" ([http://www.aph.gov.au/library/intguide/SP/Media\\_Regulation.htm](http://www.aph.gov.au/library/intguide/SP/Media_Regulation.htm)) states "it is notable that while the number of media platforms has increased, the actual sources of news and current affairs have remained stable". Prime disagrees with this observation. Pay television provides sources of news and information not

available through other platforms. A good example is the Aurora channel, a community channel which provides information not otherwise available (discussed below). Furthermore, the increase in services described above has resulted in far more regional services than was previously the case in 1986, when media reform last occurred.

- 2.3 Since 1 March 2005, Australian communities have had a dedicated "voice" on subscription television, namely Aurora, The Community Channel (**Aurora**). Aurora is available with basic digital subscription packages on Foxtel, Austar and Optus Pay TV services. It is an independent, not-for-profit television channel airing short films, documentaries, music clips and other programs made by or about Australians. Aurora's website (<http://www.aurora.tv>) provides an online forum in which Australians can network, volunteer or learn about various community groups and events. Pay TV is not considered to be a "voice" for the purposes of the "4 voices" test, but provides a plethora of news and information services, of which Aurora is one example.
- 2.4 It is also relevant to note that the "4 voices" test under the proposed legislation only takes into account newspapers listed in the Associated Newspaper Register. Accordingly, Prime submits that the proposed legislation will not affect the large number of community based newspapers that are currently published and distributed throughout many parts of regional Australia.
- 2.5 Prime further notes that an assortment of other newspapers are available in each of many regional towns and cities. National papers, state papers, and in many cases, local papers from neighbouring regions and from other regions further away are

readily available at local newsagents. Some state papers run regional editions, which typically feature increased levels of local coverage across many regions of their states. All of these non-associated papers carry information of importance and relevance to people in regional communities. For example, these notes were taken from Prime's representative in Bunbury, WA:

*"Walking into main street newspaper shop this Tuesday [19 September 2006], I was able to buy Bunbury Herald (weekly, West Regional, a division of West Australian Newspapers), Collie Mail (weekly, Rural Press Regional Media); Donnybrook-Bridgetown Mail (weekly, same ownership); Manjimup-Bridgetown Times (weekly, West Regional, a division of West Australian Newspapers); Busselton Margaret River Times (weekly, West Regional, a division of West Australian Newspapers); Kalgoorlie Miner (six days a week, published by Hocking and Company, Kalgoorlie owned by WA Newspapers), in addition to the West Australian, The Australian (WA edition) and the Australian Financial Review."*

- 2.6 By way of further example, the community of Gladstone in Queensland is served by 5 radio stations, 5 local newspapers or journals and 3 commercial television services as outlined in Annexure A. In addition, a sample of the newspapers for sale in a local newsagency also finds *The Morning Bulletin* (Rockhampton), *The Central Telegraph* (Biloela), the Brisbane *Courier Mail*, *The Australian* and the *Australian Financial Review*. ABC radio and television, SBS television, and Astar (pay TV) also provide independent news services to the region. A total of 22 sources of news and information is available in Gladstone, before any consideration is given to the hundreds of on-line newspapers, e-journals or blogs also available. The proposed

amendment to the *Broadcasting Services Act* under this Bill would define this market as containing 6 "voices", and would allow mergers only to the extent that 4 "voices" were retained. Yet the Gladstone community would still have access to at least 20 separate sources of news and information, plus the very many on-line sources as outlined above.

- 2.7 Prime also notes that on 22 September 2006, the Minister announced a significant extension and enhancement to ABC regional radio services. This includes the enhancement of existing ABC Local Radio services to Wagga Wagga and the extension of ABC Local Radio to Dubbo.
- 2.8 Annexure A provides an overview of the traditional media available in Gladstone, Wagga Wagga and Bunbury. These markets were chosen because they are representative of Australia's regional diversity. This table at Annexure A highlights the diversity of "voices" available in regional markets.

### **3. IMPACT OF NEW MEDIA IN REGIONAL AREAS**

- 3.1 New media has had a large impact in regional areas recently. As noted above, over 50% of regional households access the internet from home. Over 58% of regional Australians access the internet from home or work. The proposed "4 voices" test does not consider the impact of online media for regional Australians. Prime notes that a study released in April 2006 by the Communications Law Centre entitled "Content, Consolidation and Clout: How will regional Australia be affected by media ownership changes?" argued that "the significance attributed to

the discussion paper to the influence and availability of internet news sources is overstated. Recent surveys and polls point to the continuing importance of free-to-air television, newspaper and radio, particularly for coverage of national politics and current affairs" (p.42). Prime strongly disagrees with that observation. In the United Kingdom internet advertising will for the first time exceed newspaper advertising at the end of 2007 (GroupM Report, May 2006). Internet advertising will account for 13.3% of the £12.2 billion UK advertising market where national newspaper advertising has a share of 13.2%. This trend will continue and eventually be the case in Australia. Commercial Economic Advisory Service of Australia (**CEASA**) figures for the Australian advertising market already evidence this trend. For example, in the last 18 months, on-line advertising's market share has increased by 3% (ie 5.5% - 8.5%); whereas newspaper advertising's market share has decreased by 3% (ie 39% - 36%) and television advertising's share has remained steady. Reform must be forward looking. Advertisers are the best gauge of media platforms that attract audience attention. The prevalence of Crikey.com, even though until recently a one person business, underlines the ability of a new internet-based service to rapidly achieve a strong readership.

- 3.2 Online publishing has greatly lowered the costs of publishing and increased the opportunity for regional Australians to have access to locally produced newspapers and publications. Australians living in regional areas can now access most, if not all, local newspapers online. This emerging trend will drive opportunities for new regional media, in the same way that regional markets

such as Wagga Wagga (NSW), Gladstone (Qld) and Bunbury (WA) already have a number of local newspapers.

#### **4. ENHANCED SERVICES**

4.1 It should also be noted that consolidation of regional traditional media can only occur in the larger regional centres where there is a plethora of traditional media voices. Of the 96 commercial radio licence areas in regional areas, 60 presently contain four or fewer separate media groups, and therefore are excluded from consideration by media entities for consolidation under the proposed legislation. This leaves only 36 radio licence areas, or 37% of regional licence areas, that may utilize enhanced services through consolidation.

4.2 Consolidation of traditional media in larger regional centres will allow enhanced news and entertainment services for regional Australians. With consolidation comes larger and more resourced media entities who can devote more resources to local news and information gathering for regional media. This is especially true for regional radio, who currently rely heavily on syndicated services together with limited regional resources to provide a regional service. For example, in Bunbury, all three local radio stations currently source their "local" news from the very far side of the continent, in Queensland. If the proposed legislation were passed, and Prime was allowed to acquire a radio station in Bunbury (in addition to Prime's television station that covers the Bunbury area), local radio news for Bunbury could be sourced from Prime's Bunbury newsroom, as opposed to the Queensland-based syndicated services. This would ensure

a much greater level of local information for the people of Bunbury. Thus, Prime submits that the proposed legislation will enhance rather than restrict access to, and utilization of, local news for regional radio.

- 4.3 Annexure A contains information on syndicated news services in the Gladstone, Wagga Wagga and Bunbury markets. This information highlights that an increase in local radio news is likely to occur, if some consolidation of regional media was permitted.

## **5. INAPPROPRIATE TO MANDATE REGIONAL REQUIREMENTS**

- 5.1 Advertising is a critical ingredient in all western economies. Advertising is the only way that consumers become aware of goods and services. One of the most important factors in a viable economy is a strong advertising sector. It is the challenge of every regional broadcaster to ensure that regional advertising is of a high quality at an affordable price.
- 5.2 Prime submits that it is inappropriate to mandate local physical presence on traditional regional media. If, for instance, local staffing is enforced following a "trigger event" affecting a commercial radio licence, this will drive up the cost of regional media and therefore local advertising. As is well known, the effects of drought, petrol increases and interest rate rises have had a disproportionate effect on regional Australia. In that environment it is vital that advertising – which is a cost across all sectors – is provided as efficiently as possible. Larger media organisations have scales of economy that encourage downward

pressure on the cost of advertising. This will ensure that regional advertising stays at an acceptable high quality whilst still being affordable to local businesses. Maintaining this fine balance between quality and cost will ensure that we maintain a viable rural economic sector.

5.3 Further, Prime submits that the strongest rural advertising sector can best be achieved by allowing media entities to compete for advertising and to determine how this occurs without the fetters of local staffing or other local requirements. Whilst Prime acknowledges that there should always be a local on air presence in regional media, coupled with local news-gathering and broadcast information services, it would be inappropriate to mandate a local physical presence, particularly in relation to production and administrative support staffing.

5.4 Prime acknowledges that media play an important role in the dissemination of information in regional areas. For this reason, any concerns about the role of media can be addressed through regulatory scrutiny or licence conditions. This has already occurred in regional television, and Prime submits that any further concerns could be considered for all traditional regional media.

## **6. REGIONAL SERVICE PROTECTIONS**

6.1 Prime submits that the existing licence conditions attached to the licences of aggregated regional commercial television licences provide adequate safeguards for levels of content broadcast on matters of local significance. Regulatory scrutiny by the ACMA is

the best way of achieving adequate levels of local content, not ownership restrictions.

- 6.2 Whether the need exists to expand the imposition of these licence conditions to other markets is a matter that should be considered on a market by market basis.
- 6.3 Prime is also of the view that more could be achieved in these areas with positive incentives as opposed to regulatory threats. Prime submits that consideration should be given to a regional licence fee rebate scheme that rewarded licensees for achieving or exceeding local content quotas. In this way, a portion of the licence fee revenue generated from regional communities could be returned to those communities in the form of additional local content.

**Prime Television Limited**

**25 September 2006**

## Annexure A Traditional Media in Gladstone, Wagga Wagga and Bunbury

<b>Gladstone, Qld</b>				
<b>Local Radio</b>				
<b>Station</b>	<b>Local News (per day)</b>	<b>Syndicated News (per day)</b>	<b>Source of News</b>	<b>Owner</b>
Hot FM	3	12	Townsville	MRRW
Sea FM	3	12	Gold Coast	MRRW
4CC	3	12	Townsville	Prime Radio
4RO	3	12	Gold Coast	Prime Radio
Rhema FM	Nil	14	Brisbane	United Christian Broadcasting
<b>Print</b>				
<b>Title</b>		<b>Published</b>	<b>Owner</b>	
Gladstone Observer		Daily (Mon – Sat)	APN	
Gladstone News		Fortnightly	Private, local	
Port Curtis Post		Weekly (Monday)	APN	
Calliope Shire Crier		Monthly	Local Council	
Coastal Rag		Weekly	Private, local	
<b>TV</b>				
<b>Station</b>	<b>Local News</b>		<b>Syndicated News</b>	
Ch 7 (7 Qld)	Nil		As per BTQ7 Brisbane	
WIN	2 x 30 mins		As per QTQ9 Brisbane	
Ch 10 (SCB)	Nil		As per Ten Brisbane	

<b>Wagga Wagga, NSW</b>				
<b>Local Radio</b>				
<b>Station</b>	<b>Local News (per day)</b>	<b>Syndicated News (per day)</b>	<b>Source of News</b>	<b>Owner</b>
StarFM	Breakfast only	All day	Albury	MRRW
2WG	Breakfast only	All day	Albury	MRRW
Life FM	Nil	All day	Sydney	Riverina Christian Radio
2AAA FM				community
<b>Print</b>				
<b>Title</b>			<b>Published</b>	<b>Owner</b>
Wagga Daily Advertiser			Daily	Riverina Media Group
Riverina Leader			Weekly	Riverina Media Group
<b>TV</b>				
<b>Station</b>	<b>Local News</b>		<b>Syndicated News</b>	
Prime	Yes		As per ATN7 Sydney	
WIN	Yes		As per TCN9 Sydney	
Ten (SCB)	News Updates		As per TEN10 Sydney	

<b>Bunbury, WA</b>				
<b>Local Radio</b>				
<b>Station</b>	<b>Local News (per day)</b>	<b>Syndicated News (per day)</b>	<b>Source of News</b>	<b>Owner</b>
HotFM	nil	All day	Gold Coast	MRRW
RadioWest	nil	All day	Gold Coast	MRRW
Easy Listening	nil	All day	Gold Coast	AMI
<b>Print</b>				
<b>Title</b>		<b>Published</b>		<b>Owner</b>
Southwestern Times		Weekly (Thurs)		WAN
Bunbury Mail		Weekly (Tues)		WAN
Bunbury Herald		Weekly (Wed)		Rural Press
<b>TV</b>				
<b>Station</b>	<b>Local News</b>		<b>Syndicated News</b>	
GWN	Yes		As per TVW7 Perth	
WIN	Nil		As per NEW10 Perth	

Each of the highlighted communities also receives local ABC Radio, ABC TV and SBS Television, underpinning the wide diversity of information available right across the communities. As noted above, the Minister has recently announced that ABC Local Radio will now be extended in Wagga Wagga.