Submission 006
Received 18/03/2013

SL

JOINT SELECT COMMITTEE ON BROADCASTING LEGISLATION

SUBMISSION BY

SEVEN WEST MEDIA

18 MARCH 2013

Submission 006
Received 18/03/2013

Joint Select Committee on Broadcasting Legislation

Submission by Seven West Media on the 75% Reach Rule

Seven West Media

Seven West Media holds commercial television licences in Sydney, Melbourne, Brisbane, Adelaide, Perth and Regional Queensland.

We have a strong record in providing local content, both nationally through our commitment to quality drama, news, public affairs and entertainment programming and at a local level in our regional licence area Seven Queensland. We are probably the largest producer of Australian content in the country. And we are Australian owned.

Seven Queensland employs 176 people. 84 of those jobs are in our news department. We provide 6 separate local news bulletins every night to a population of 1.7m people.

We also produce local specials and connect with the community through initiatives such as the "Give Gympie a Hand" project providing on air support to encourage people to holiday in Gympie which was recovering from its third flood in recent years.

Seven Local News is consistently the most watched program in regional Queensland with a nightly audience of around 200,000 people. If there is a local news event or a natural disaster, we are there to cover it. Our success in the ratings shows that we serve our viewing base well.

We believe in being part of the communities we serve. We have a "buy local" policy wherever possible. For example if we need a new fleet car in Bundaberg, we buy from a local Bundaberg dealer. We support hundreds of community groups every year.

Local content and local media presence are vital to local communities.

The 75% reach rule

Seven has maintained a consistent position in relation to the repeal of the 75% reach rule. We have never sought it and we are not necessarily opposed to it. But we do say that if change is being proposed then all the implications should be carefully weighed up. Issues of diversity and voice as well as local content in regional areas deserve careful consideration.

If the reach rule is abolished then it is clear that two significant media mergers will take place. Those who do merge will be seeking synergies and cost savings. Obviously local

Submission 006
Received 18/03/2013

news will be an easy casualty of the rush to profit from mergers, and in the long run regional Australians may end up being poorly served by making this change.

That is why we believe these issues should be properly canvassed in any consideration of a change to media ownership rules. While the 75% reach rule may not be the most sophisticated mechanism to protect local content right now it is the best one we have.

Legislated content obligations are notoriously difficult to frame. Regional television licensees are already subject to a significant local news content licence condition but this can be met in very different ways. The licence condition requires the broadcast of roughly 60 minutes of material of local significance in each local market served by a regional licensee. Some broadcasters such as Seven Queensland deliver multiple nightly local news bulletins across their regional licence area to meet, and in many cases exceed, their quota requirements. Others satisfy the requirements by providing multiple news updates read from a central Sydney studio and have no local presence or journalists employed.

Many politicians we have spoken to have said that they do not want to consider this policy change through the prism of the Nine and Southern Cross deal. It is correct to say that good public policy should not be based around individual deals. But it is also clear that there are only a few transactions that will result from making this change. And it is important to understand what will result from them before allowing them to proceed.

The Nine/Southern Cross deal is not really a media deal, it is a banking deal. It combines the assets of two New York hedge funds with those of Macquarie Bank. While those currently representing these interests may make many promises about local content they are not really in a position to give long term undertakings.

In its submissions to the Productivity Commission Broadcasting Inquiry in 2000, Southern Cross made the following statement:

The audience reach rule is a rule that, in economic terms, costs very little to maintain. The community also obtains significant and definite value from retention of the rule. If the rule is abolished, network dominance of television will grow, with consequent loss of local programming and jobs, and for little economic return. (sub. 65, p. 7)

The people involved in the areas served by regional television licences should have an opportunity to speak on this issue. There has simply been no public debate and no consideration of unintended consequences of this policy change.

The Government says it is all about diversity. Yet the changes to the 75% reach rule is likely to result in what is currently four separately owned media entities becoming two (if Ten and WIN were to merge as seems likely in the face of the Nine/Southern Cross deal). And two regional television interests disappearing altogether. And more co-

Submission 006
Received 18/03/2013

ownership between radio and television (Southern Cross also owns the Austereo radio network).

We are told that the Public Interest Media Advocate and the public interest test are there to preserve diversity. But the provisions surrounding the public interest test are subjective and uncertain and not subject to any public scrutiny or legal appeal. There is no definition of "diversity" in the proposed legislation and no requirement to consider the interests of viewers in receiving material of local significance.

In the face of increasingly global media products, it has never been more important to decide how best to protect the regional and local content that is so important to our communities, particularly outside metropolitan areas. This is not an easy matter. Surely it deserves more attention than a four hour committee meeting where not one representative from regional Australia has been able to speak.

Before we remove the 75% reach rule, there should be a careful consideration and public debate about the real impact of the rule and if it is to go, the necessary alternative mechanisms that would be appropriate to protect local content, local presence and diversity.

Government's proposed Reach rule drafting

Over the weekend, the Government has circulated some proposed drafting to repeal the 75% reach rule. It says that if the reach rule is repealed the Government would put in place a new local content licence condition for regional television broadcasters.

The new licence condition would require all regional licensees to give a "binding undertaking" to the ACMA that within 5 days of the licensee becoming aware of a change of control the licensee must notify any new controller that the licence is subject to the existing local news licence condition on regional broadcasters.

Presumably any person acquiring a regional licensee would already be aware of that legal obligation. The proposed licence condition does no more than add a meaningless requirement to advise a new owner that those obligations remain in place. Which is comply with the same rules that currently allow Southern Cross to rip and read their bulletins from Sydney without one local journalist on the ground in any licence area.