



## **SPECIAL BROADCASTING SERVICE CORPORATION (SBS)**

### **Submission to the Inquiry into the Broadcasting Legislation Amendment (Media Reform) Bill 2016**

#### **Environment and Communications Legislation Committee March 2016**

SBS occupies a unique place in the Australian broadcasting environment. Its services are a vital component of national strategies to ensure the continued success of Australia as a multicultural society. As a national free-to-air broadcaster in Australia SBS reaches almost 100 per cent of the population.

SBS is not directly impacted by the Media Reform Bill 2016, as it deals primarily with commercial television, radio and print media. However, the reforms will change the structure of the media industry which may impact SBS's activities in the medium and longer term.

The potential for merger between the major television networks and their regional affiliates could mean that Australia will have five broadcasters with national reach. The three national commercial broadcasters are likely to also have majority control over radio and newspaper assets across the country. This will create a desire to protect the diversity of Australian voices and consequently SBS will need to create more distinctive local content. This will challenge SBS's current commercial model, and in future would require SBS to lean more heavily on government revenue than on commercial revenue in order to meet this need of creating local content.

Any consolidation in the commercial media sector will cause significant operational changes within these commercial media companies. Advertising sales functions will grow, as they become nationally focussed and potentially be able to sell across radio, print, online, outdoor and free-to-air television. This is likely to disadvantage SBS by increasing competition in an already competitive advertising market. SBS receives approximately 25 – 30 per cent of its income from commercial activities and is a smaller scale player in the media advertising landscape. SBS would consequently require greater flexibility in the rules that currently govern the sale of its commercial airtime in order to maintain its current level of commercial revenue.

The emergence of potentially five broadcasters with a national footprint, also controlling newspaper and radio assets, means it will be more important than ever for public broadcasters to provide quality, distinctive Australian content and news that is balanced and impartial. Over the last three years, however, the amount of commissioned Australian content on SBS has declined due to budgetary pressures. In 2012-13 SBS commissioned 155 hours, in 2013-14 SBS commissioned 180 hours and in 2014-15 commissioned only 82 hours, which represented less than 9% of its TV schedule.

The high costs of commissioning Australian programs mean that it is always more financially viable for broadcasters to favour overseas programming for the bulk of the schedule while using Australian content to define our identity. In addition, it is challenging to sell content that is distinctively Australian to overseas markets, and therefore this type of programming cannot support the generation of SBS's commercial revenue. In order to meet the call for increased distinctive, local Australian content, SBS will need to lean more heavily on funding from government than from commercial revenue sources in order to fulfil its Charter of telling Australian multicultural stories. The current levels of Australian content, at 9% of its TV schedule, are already insufficient to adequately meet the Charter

The changes proposed by Senator the Hon Mitch Fifield modernise the media laws from 1987, and take into account the changing media landscape with the introduction of overseas and local streaming services, and the availability of news, current affairs and entertainment over the internet. While SBS may be affected by the changes to the legislation, support from government to meet the community's need for local Australian content, as well as the necessity of providing flexibility for SBS to maintain or build its commercial revenue, will allow SBS to continue to perform its unique role in the media landscape.

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