



**SUBMISSION TO THE JOINT SELECT COMMITTEE ON
BROADCASTING LEGISLATION**

Parliament of Australia, Parliament House, Canberra

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PRIME MEDIA GROUP SUPPORTS THE REMOVAL OF THE 75% REACH RULE

PRIME believes that the 75% reach rule is a “smoke stack era” regulatory barrier and an anomaly in what has become a borderless media landscape.

WHY THE 75% REACH RULE NEEDS TO BE ABOLISHED

There is no longer any justification for the retention of the 75% reach rule and, as a matter of public policy, should be repealed on that ground alone. The rule is a significant constraint on the ability of the free-to-air television sector to organise itself in the most economically efficient manner. It is our strong submission that circumstances have changed so fundamentally in the media landscape that there is no longer any valid basis for its retention.

If the 75% reach rule is not abolished, regional free-to-air television broadcasters, in particular, will be unable to compete on an equal footing and will be unjustifiably quarantined to the past, while other media players enjoy 100% audience reach in an open and largely unregulated market.

The regional free-to-air television industry risks being inundated with a confluence of increasing competition through a plethora of content offerings. The increasing layers of unrestricted media platforms, competing to satiate the appetite of a limited number of eyeballs, will undoubtedly impact the viability of content delivery and constrain the ability of free-to-air regional broadcasters to compete. Broadcasters have a right to be able to compete on a level playing field

THE IRRELEVANCE OF THE 75% REACH RULE IN THE MODERN MEDIA CONTEXT

In the contemporary media environment, national 100% access to media is available to consumers via the internet, IPTV services and pay television channels. This begs the question as to the justification of maintaining an out-dated statutory constraint that particularly impacts regional free-to-air television, when no competitor in the media landscape is subjected to a reach rule.

Increasingly, we are seeing a growing sophistication of audiences who have the capacity to access news, information and entertainment via smart phones, tablets, connected TVs and computers.

Established internet media operators, such as newspaper websites and FOXTEL's suite of channels have 100% reach, and new and emerging visual media platforms will use the internet, the NBN and the spectrum auctioned via the digital dividend to become ubiquitous.

Internet-based “catch up TV” services, including those offered by the ABC, SBS, and the commercial networks have unfettered access. On-demand services offered by FOXTEL, and new IPTV entertainment channels that will emerge following the acquisition of 4G spectrum by major telecommunications companies are all unrestrained in providing 100% commercialised communication services in PRIME's licence areas.

So-called "second screen" entertainment options that merge social media interaction with the streaming of television content such as Facebook, Twitter and YouTube, and "over the top" services, such as Apple TV, are and will be, increasingly provided by metropolitan-based and global media entities jumping through a hole in the regulatory fence that provides them with unfettered access to regional audiences and the revenues that sustain the regional free-to-air television broadcasting industry, underpin the provision of regional content such as local news bulletins, and create employment for well over a thousand regional and rural Australians.

These new media services are unlikely to employ one regional Australian, but they have 100% access to regional and rural free-to-air television audiences in our licence areas, and will, at least in the case of internet-based businesses, pay no licence fee to the Government for the privilege of operating.

All of these changes will occur – and indeed are occurring – in an environment where regional free-to-air broadcasters are chained to the past. This is the unintended negative consequence of legislation and policy not keeping pace with technology.

IMPACT OF THE DIGITAL DIVIDEND

The ACMA has announced the digital dividend auction will take place on 16 April this year. This is a game changer for regional broadcasters. The UHF spectrum, whilst being sold in contiguous bands, has no prohibition on the number of parcels that can be acquired by one purchaser. The corollary is that a purchaser of the spectrum could gain access to 100% of the Australian audience with 4G technology and the capacity for high speed downloads of news and entertainment services.

Meanwhile, free-to-air television broadcasters, such as PRIME, are tethered to anachronistic legislation, limiting them to 75% audience reach.

COMMITMENT TO RURAL AND REGIONAL AUSTRALIA

PRIME is a committed regional broadcaster, an investor in local news services, and an employer of over 500 Australians, the majority of whom live in rural and regional Australian communities.

PRIME television stations have produced local news and weather bulletins in its licence areas for 20 years.

Under the current licence conditions, certain aggregated licence areas require regional broadcasters to produce material of local significance. There is no specific obligation to produce news services in those licence areas.

PRIME, however, produces local half-hour news bulletins 5 days a week, and news and weather updates throughout the day and evenings in each of its regional and rural markets of Western Australia, Albury/Wodonga, Wagga Wagga, Orange/Bathurst, Tamworth/New England region, and the mid North Coast of New South Wales. In all but one of those markets PRIME news dominates at 6pm with audience shares usually well above 40%, and in some cases above 50%.

Local news editors, journalists, reporters and camera crews are employed across PRIME's television network and they are supported by studio production personnel who are based in Canberra, Tamworth and Bunbury. In total we have a staff complement of about 80 people working on regional news gathering, production and telecast duties. Additionally PRIME has local sales staff situated in regional centres across the country, and engineers who manage a complex transmission network that encompasses more than 200 regional and rural sites in WA, NSW and Victoria.

The obligation to broadcast material of local significance can be protected far more effectively by regulation and licence conditions, notwithstanding the removal of the 75% reach rule.

LIMITATIONS FACING PRIME BECAUSE OF LEGACY LEGISLATION

With the exception of local news, weather and information programs, PRIME owns very little intellectual property. Regional free-to-air broadcasters licence the program schedules of the core commercial television service and 2 digital multi-channels supplied by the networks and broadcast that content to regional Australians in their licence areas.

Acquisition of digital programming rights is not available to PRIME or, we understand our regional free-to-air counterparts and therefore, PRIME cannot take advantage of on-line "catch up TV" services. As a result, regional and rural viewers are able to bypass PRIME's broadcast service and watch content at a time of their choosing via other media platforms.

As such, legacy legislation quarantines us in the 20th century and could, unwittingly, asphyxiate our potential to compete.

CONCLUSION

The reach rule is ineffectual and should be retired. It is demonstrable that the regional media landscape is significantly challenged by 100% coverage of pay TV, the ubiquity of the internet and new, emerging and largely unrestricted digital entertainment platforms.

As a matter of current policy, all other forms of media can compete with free-to-air broadcasters both nationally and globally. As a representative of the regional free-to-air broadcast industry, PRIME, for example, should not be constrained from participating in consolidation opportunities that are available to all other media players. The 75% reach rule fetters our capacity to meet competitive challenges in the market.

ABOUT PRIME MEDIA GROUP

PRIME Media Group is an ASX-listed company with regional television and radio interests, serving the people of regional and rural markets in Queensland, New South Wales, Victoria and Western Australia. Our media assets reach a potential audience of 6.2 million people, or 27% of Australians.

PRIME's television division holds broadcast licences in regional and rural New South Wales, Victoria and Western Australia. Our television output is principally a retransmission of the Seven Network's metropolitan program schedule, integrated with local advertising, local news and weather, and two weekly children's programs.

PRIME's radio division is an independent radio network with AM and FM stations spanning the regional Queensland coastline from the Sunshine Coast to Cairns.
