

Roy Lopresti
Macarthur South West Broadcasting Pty Ltd
PO Box 606
CAMPBELLTOWN NSW 2560

Phone: 02 9824 9665
Fax: 02 9820 3339

19th November, 2000

The Committee Secretary
House of Representatives Communications Committee
Parliament House
CANBERRA ACT 2600

Dear Sir/Madam,

Following my recent meeting with the Chairman, Paul Neville MP it gives me great pleasure in further elaborating on my original submission to this inquiry with this supplementary submission.

Over the past decade I have been directly involved as a director of a local aspirant group who were endeavoring to create and obtain a new commercial broadcasting license for our local area, being Campbelltown. The company in question is known as Macarthur South West Broadcasting Pty Ltd. (MSW) which in turn is well documented within the files of the Australian Broadcasting Authority (ABA). The company was established in 1988, thus, being in the position of not only witnessing the replacement of the former Australian Broadcasting Tribunal, to the current Australian Broadcasting Authority (ABA) but more importantly, during the LAP for Sydney, MSW had illustrated the inadequacy of the current system to provide a fair and equal opportunity for smaller players to bid at an commercial auction exercise. Irrespective of MSW attempts to rectify the situation prior to the Campbelltown auction; the best the ABA could do within their capacity was to instigate special conditions on the license under Section 43, of the Act.

Let me say from the onset that the ABA did not, and still does not have the power to rectify this problem. Thus, the only way it can be rectified is by a change of attitudes and policy by the politicians. So therefore, irrespective of any future references to the ABA in instigating changes the reality is that the Minister for Communications is the only one in position to instigate changes.

The relevance of our experiences highlights the crux of the matter which in turn falls in line within the terms of reference of this current inquiry, which networking in turn is just a by product of the problem which is of concern to the Australian public in rural and regional Australia.

The rot as I see it started with the abolishment of foreign ownership restrictions, subsequently local input has become virtually non existent as networks endeavor to maximize profits at the expense of local needs. Also coinciding with the growth of networks is the increase in the level of arrogance displayed by the handful of network owners. In my opinion this can be directly attributed to the fact that there has been a lack of genuine competition (I would suggest the committee view the submissions that were submitted for the Sydney LAP by MSW so that an appreciation of what is currently occurring within the broadcasting industry can be obtained).

Of course, what the current industry incumbents fail to mention is that when they first entered the industry, they were given the opportunity of entering the industry on a level playing field. In other words, they were not deliberately pitted against multi – national companies as MSW were! Irrespective of the fact that they have been successful operators, they reality is that they would not be there today if they were denied the opportunity to enter the industry in the first place!

As MSW has stated in many of its submissions it is infuriating and insulting when, as a genuine local you are subjected to representation of your local area by a distant licensee, who nine times out of ten has no interest nor direct knowledge or understanding of the areas needs.

In the case of MSW and Campbelltown, it is well documented in submissions to the ABA that the regions population far exceeded other solus markets with fewer population levels when MSW first started its campaign over a decade ago. Irrespective of this fact, neighboring licensee's interest in the region only evolved as the realization that MSW efforts over the past decade were coming to fruition and subsequently their attitudes changed very quickly!

It must be remembered that MSW formation came about because of the realization by the genuine locals that there was never any serious attempts to service the needs of the area, simply because, in my opinion, there was no other competition for industry incumbents to worry about. The reality is that it was because MSW had the tenacity, courage and commitment since its inception in 1988 to champion the cause for its local community, that the Campbelltown license became a reality. It was only when the ABA met with the local business and social community leaders in regards to the needs of the area was there an appreciation of what was occurring in regional and rural areas, as a direct result of industry incumbents becoming more arrogant as they became bigger.

On observation, it seems to me that there is one set of rules for multi-national conglomerates and another for the smaller businessman, thus resulting in the inequity of the current policy. The time has now come in Australia where this trend has manifested itself in other industries. If no attempt is made to rectify the current attitudes, then we will witness among other things, the loss of this country's identity and culture.

With the above in mind, I would suggest that the committee review the following points:

1. The once 14.9% foreign ownership level which was scrapped overnight by the then Minister for Communications in 1991, citing that radio was not as influential as TV or print media, which in turn opened the floodgates to multi-nationals such as the Daily Mail Group (DMG) who currently own in excess of sixty regional stations. With the advent of the Internet age and digital broadcasting, the argument of radio not being influential is no longer relevant, nor in my opinion was it ever plausible in the first instance. We need only refer to the recent cash for comment scandal, which in turn has highlighted just how influential radio really is.

Therefore, I would suggest that the committee review the foreign ownership aspect and if need be reinstate some % limit, which in turn will assist in stopping profits being siphoned back to parent company in question, thus, denying reinvestment within the local community in question.

2. There should be a cap on how many regional stations a company or individual may own, this would in turn stop concentration of ownership to a minute few, as well as ensure diversity in ownership of the more influential broadcasting services. The inconsistency in the current system, where limits are in place in metropolitan service areas, compared to regional service areas where there are no such limits just highlights the inadequacy of the current system. For example, most country areas only have the one commercial station in their area, making it the most influential form of media in that region. In other words, the argument that radio isn't as influential as other forms of media is relative to the area in question!
3. Just as the precedent has been set in Campbelltown (Section 43 of the Act), in reference to the signal originating from the local area in question, there should be similar conditions on regional and rural licensees. This in turn, will encourage the licensee in question to genuinely produce content that is of relevance to its service area, thus, discouraging the effect of unnecessary networking content from a distant source.
4. Irrespective of new technologies such as digital radio which when all is said and done, is just another tool used by industry incumbents to broadcast their program content. The reality is that localism can only be enhanced and achieved when it is of relevance to the local community, and this will only happen when there is direct input and involvement from the local people themselves.

To elaborate this point, playing the local news and a few ads, as now is the norm, can in no way justify or be construed to represent local input when the majority of air time is in fact taken up by networked programming originating from Capital cities.

The above points all emphasize the reality that the current system is severely flawed and unfair! There is definitely something wrong somewhere when, as a genuine small local businessman you are deliberately put in a situation with your hands tied to your back when competing for a commercial license at an auction with the likes of multi-nationals, who will easily outbid you simply because they can afford to off set the exorbitant price paid at auction throughout their network. Where as the genuine local has to cover cost and make a return from within the particular service area in question; thus, he will only bid to the point where he can justify a return! This fact was highlighted during the LAP for Sydney where in the instance of the Campbelltown, I now refer to a submission by Australian Radio Network (ARN) to the ABA, dated 7-10-1999 in reference to the Campbelltown Region: (pg. 6)

Quote:

“ A 1kw commercial radio service operating from the Razorback range will not Offer Campbelltown/Camden the sort of local coverage that MSW envisage on the basis that such a service could not be afforded by local broadcasters.

Ironically the very objectives the ABA is trying to promote, diversity and localism will be unachievable. The most likely candidate to purchase the service is the successful bidder for the additional Sydney commercial FM license.

Also of relevance is the following quote by another representative of ARN, Fiona Cameron:

Quote:

“ I believe the ABA has done it for good reasons, to give that market a little voice over and above 2WS, but the locals won't be able to buy it!”

Under the current system in place, there will never ever be entry in the industry by a small local player. The reason being not from the lack of small business people such as MSW, who are more than capable and willing to invest and retain profits in their local community, but, because they are intentionally denied the opportunity under the present policy to compete on a fair playing field at an auction exercise!

Over my years of pursuing the license for the Macarthur Region, it has become quite clear to me that a very unhealthy pattern has evolved which could be summed up by previous attitudes in society where “greed was good!” As a result this attitude we have witnessed how money has killed the “local radio service.” In other words, the heart and soul of a once healthy industry has been completely destroyed!

I need only refer to the recent situation with the South Sydney football club and their battle. The message and comparison that I make here is very clear, and that is, “When is enough, enough!” While the major players may control monetary interests, the one thing that has come out of the South Sydney saga is that, “money will not control people!”

In my opinion, when we look at the broadcasting industry we can see similar parallels with money basically dictating the attitudes of the policy makers. However, what is evident is that the public is tired of being treated like fools. While no one begrudges a commercial organization making a profit or the Government maximizing realistic returns for the use of broadcasting spectrum, the line however, has to be drawn as to where enough is enough! In other words, the Minister has to be fair not just to the larger organizations, but, also to the smaller players!

Unfortunately to this day, it seems previous attitudes as mentioned above still prevail, while the policy makers, for reasons known to themselves, seem quite content to retain the current status-quo! The reality is that Objects of the Act, for example Section 160(A) – (d), will never be achievable!

Quote:

“... to ensure that Australians have effective control of the more influential broadcasting services, ...”

As a matter of reference, I note that when the ABA replaced the former Australian Broadcasting Tribunal (ABT) in early half of the last decade, it was done so because the system at the time was found to be inadequate. Although not perfect, the one good point about the previous system was that the little genuine local businessman had a fair opportunity of entering the industry. This is in complete contrast to what has eventuated under the present system. In brief, the time has now come to review and if necessary, replace the current system!

What MSW had displayed in its twelve-year's endeavor was commitment, courage, fairness, integrity and the capacity to fulfill its objectives. It is now time for the Government to rectify its current policies and the “greed attitudes” of the past, if fairness and equity are to be applicable to all Australians who are endeavoring to enter the broadcasting industry. The need for the Minister to take action now in rectifying the current biased policy is crucial if radio services in regional and rural Australia are to retain their “localism and identity”, which in turn has been undermined as a direct result of the failure of present policies!

Therefore, given the failure, after pursuing every possible avenue available within the current capacity of the ABA to enter the Campbelltown auction exercise on a fair playing field, as well as, my first hand experiences with the flaws of the current system, I would appreciate the opportunity of addressing the committee in person, so as they can obtain a first hand account of where and why the current system has failed not just Parliaments intentions; but, more importantly the Australian public, in particularly the small businessman in regional and rural Australia!

At the end of the day, there are two possible outcomes to this inquiry! Firstly, as this committee is truly independent, should they find that evidence stated in this submission is consistent with other submissions, then changes must take place. On the other hand, if the committee in their final report to the Minister find that the current system and policy is flawed, then the Minister must take action to rectify the problem. If the Minister were to ignore such recommendations, then the Australian public would have conformation as to who is really in control!

What has become evident to me as a businessman, is the absence of any form of industry ethics or morals. But, more alarming is the reluctance by the Minister and policy makers to attempt to instigate any! As a suggestion, if the committee could attempt to address the above mentioned fact, then perhaps we could finally see the end of the "greed attitude" from the policy makers, and in turn industry incumbents would then be more inclined to genuinely provide a adequate service to their prospective licensed service areas.

If no action is taken now, then while the Government may benefit directly in the short term, the real price that will be paid will be in the form of future generations to come! Given current trends, the day will come when future Australians will be denied the right to have say in their own country!

With the above statement in mind, as well as, what was allowed to occur at the Campbelltown auction, certainly leaves the Minister for Communications with a lot to answer for to the Australian public, in particular to the small businessmen such as MSW in regional and rural areas of Australia!

In Campbelltown, as history now shows, MSW were the only group whom apart from being completely independent, had also called the bluff of so called, " industry experts"! Irrespective of this fact, MSW had also met with officers from the Ministers department in reference to the flawed auction system in place and the fact that an independent such as MSW would be denied a fair opportunity to bid considering the fact that we were pitted against multi-national conglomerates.

It is also important to note that we had presented the Minister with an alternative option, which fell within his jurisdiction thus, had the Minister adopted this alternative, then Parliaments intentions of having a fair auction would have been realized! Yet, in the Minister response to MSW predicament he stated that a change to the auction system was not warranted!

Therefore, the question I pose to this committee to ask the Minister is:

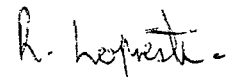
“Why wasn’t a change warranted, when the Minister knew all too well, that in the case of MSW as a genuine local group, would not be able to compete on a fair playing field against multi nationals at the then up coming auction exercise?”

It is critical that this committee ascertains from the Minister as to why an auction system that is severely flawed was intentionally allowed to proceed, given the fact that the Minister and his officers were made aware of this fact well prior to the auction date! It seems that the Minister in this instance has not only had his cake, as so to speak, but he has also eaten it!

The Australian public, particularly in regional and rural regions will wait with enthusiasm for the Minister justification of his actions, given the fact that the Minister is acting in the best interests of all Australians. If the Minister cannot explain and justify as to how and why, the current flawed system in place is fair, then the Australian public will expect nothing short of an independent inquiry!

As I have stated in this submission, and all along for the past decade with MSW, all we asked for, and what all the Australian public expect is, “ a fair go.” “ After all, this is still Australia, isn’t it?”

Yours Faithfully,



Roy Lopresti

Director

Macarthur South West Broadcasting Pty Ltd