

SUBMISSION TO CONVERGENCE REVIEW

General

Convergence is a reality today. However, to predict precisely where convergence will lead us is to take an educated guess – no-one can make those predictions with certainty. Government should not try to second guess technology paths. Rather, the role of government should be to develop a regulatory environment which is flexible and which encourages investment, employment opportunities and export opportunities; a regulatory environment in which the consumer can determine which applications are successful and survive.

Only then will the benefits of convergence be maximised for Australia and the Australian people; only then will there be the greatest possible choice of applications and content, a choice of providers of services, a vibrant industry providing increased employment and export opportunities. Only then will Australia be on the same footing as other developed nations participating in the new global media regime.

The benefits of convergence will flow to Australia only if the regulatory environment allows it. That environment needs to respect the rights and choices of consumers, needs to provide an attractive investment equation, not to fear change and international involvement.

News Limited is concerned that insufficient time has been allowed for this review. In Europe a green paper was released in December 1997. The European Commission set 5 months for consultation with an intention to produce a report on the results of that consultation by June 1998. In reality, those timelimits were extended. We expect that this convergence issues paper is only the first stage of a longer process.

News Limited believes it is well placed to consider the issues of convergence as they impact on the media and its related industries, even though the convergence paper is presented in a wider context. From this perspective, the current regulatory environment needs to be amended to allow for truly open competition. This requires that government:

- minimise artificial barriers to entry including:
 - removing media specific regulation regarding ownership, control and foreign investment, thereby allowing generic laws such as the Trade Practices Act and Foreign Acquisitions and Takeovers Act to regulate; and
 - eliminating anomalies based on delivery platform. It is no longer logical to regulate content delivered by the radio spectrum differently from content delivered by a cable, satellite or in hard copy. The delivery platform is not the relevant issue. Content is the issue, not the means of delivery;
- encourage infrastructure investment;
- encourage development of new applications and content allowing the consumer to choose which applications will be successful;
- ensure efficient use of public resources such as radiofrequency spectrum including the early return of analog spectrum; and
- encourage consumer takeup of new technology by ensuring, among other things, interoperability of hardware, equipment that is easy to use and represents value for money.

Efficient regulation

Regulation of the media should be as efficient as possible. This means that there should be no doubling up. Each issue should be administered by only one regulator to minimise red tape. For example, only FIRB should apply foreign investment restrictions in Australian industry - not FIRB as well as the ABA, or anyone else. This is particularly important for the

government to make investment in Australia more attractive which, in turn, would improve Australia's position within the international competitive regime.

There should be absolute consistency between all states and territories of Australia and the country should work together with other countries to establish internationally adopted schemes and standards – even though it is unlikely that they would ever be adopted without exception.

Content

On the development of local content, Rupert Murdoch recently stated:

No taste – no notion of quality – will need to go unmet. And the power of consumers to reject what we offer will be greater than ever.

Their judgement – as it always has been – will be swift to punish the media that misjudges public taste or morals, or the foreign media which fails to understand the sensibilities of host cultures.

And, as I have said, consumer choice is proliferating as we sit here.

There will, most probably, always be a mass media market – along the lines of the commercial television audience in Australia today. However, niche markets will increase in number and there will be greater choice of content available to each of those niches, sourced both from Australian content providers and from international sources.

More content producers will be able to afford to make their content available through one or other means because as delivery means increase in number they will also decrease in cost. Local content – both on a national basis and a more regional basis – should prosper, provided there is a consumer market for it. Consequently, dimensions of plurality (such as localism and community access) will prosper in an open and competitive converging media industry.

This scenario is enhanced if there is full interoperability at key interfaces creating a network that is ubiquitous, interactive and accessible to all users and service providers.

Conclusion

The ultimate goal is to create an environment in which consumers determine the successful applications rather than regulation predetermining the industry structure or direction. Consumer choice in a market characterised by truly open competition will bring numerous benefits to Australia. Alternatively, we could be excluded from participation in the global media regime.