



**media, entertainment & arts alliance**  
the people who inform and entertain

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## **Media, Entertainment & Arts Alliance**

**submission to the**

**Convergence Review Committee's**

**Convergence Review - Interim Report**

**February 2012**

### **The Media, Entertainment & Arts Alliance**

The Media, Entertainment & Arts Alliance (Alliance) is the industrial and professional organisation representing the people who work in Australia's media and entertainment industries. Its membership includes journalists, artists, photographers, performers, dancers, symphony orchestra musicians, freelance musicians and film, television and performing arts technicians.

## **Introduction**

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The Media, Entertainment & Arts Alliance (“the Alliance”) welcomes the opportunity to provide comment upon the Convergence Review Committee’s Interim Report.

In this submission, the Alliance provides comment on those areas directly impacting upon the continued creation and sustainability of Australian content in the areas of drama, documentary, children’s, interactive content and music. The Alliance will provide the Committee with a supplementary submission with respect to media diversity, competition and the promotion of local and community content.

## **Content Services Enterprises**

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The Alliance supports the concept of the Content Service Enterprise being introduced to ensure that all businesses and organisations delivering content are dealt with on a level playing field. The Alliance supports the concept of regulatory parity in this sense to ensure that all media and audiovisual companies contribute to the development of Australian content and therefore Australian culture. It also ensures that some businesses are not advantaged over others through existing or developing loopholes. Within this though there needs to be differing levels of intervention to ensure that regulation is fair, practical and effective.

While the inevitable arguments of inhibiting business model development and growth will be put forward, the Alliance remains strongly of the view that those business models that most support the delivery of Australian content (that is, free to air, public and subscription broadcasters) should not be undermined by allowing television-like services to emerge without equivalent or similar regulations that will only serve to undermine the delivery of Australian content.

The Alliance notes that the key to the introduction of this concept will be the need to rescind the 2000 Ministerial determination under paragraph (c) of the definition of “broadcasting service” (No 1 of 2000).

With respect to the criteria upon which a Content Service Enterprise threshold would be based, the Alliance believes that these should not be set too high. If this were to be the case, regulatory avoidance would be encouraged. While the Alliance believes participation based upon viewers/users/subscribers has merit, 100,000 as mooted in the discussion paper is too high a target, particularly in a context where regional broadcasters are subject to local content requirements in areas where the population is smaller than 100,000.

The Alliance strongly supports criteria involving services intended for Australians and believes that this should be drafted to ensure that any CSE earning advertising or subscription dollars from Australia should be subject to the scheme.

With respect to the issue of attempting to regulate overseas enterprises, the Alliance is of the view that it is better to introduce the regulations than not and that research needs to be undertaken by the Committee and the Department to examine this question closely. The Alliance refers to the Joint submission of the Canadian Guilds ACTRA, APFTQ, CMPA, DGC and WGC to a Fact-finding exercise on the over-the-top programming services in the Canadian broadcasting system. This submission states that in the Canadian context at least, regulatory requirements can be enforced against internet services with no physical assets in Canada.<sup>1</sup> While this advice is specific to Canada drawing upon local jurisprudence, it is worth noting that (a) similar legal advice should be sort for the Australian context and (b) the general points made with respect to voluntary compliance are broadly applicable to the Australian context. The paper states that:

*“once requirements are imposed and jurisdiction is asserted, the overwhelming likelihood is that the services will voluntarily comply in order to be seen as compliant with Canadian law and in order to avoid enforcement action. In the music field, for example, SOCAN (Society of Composers, Authors and Music Publishers of Canada) is currently receiving revenue under its Canadian copyright tariff from over thirty offshore music sites.*

*“Why do these sites adhere to Canadian requirements? The reason is obvious. If these companies are publicly traded, or if they are supported by venture capital, they need to be able to say that they are compliant with Canadian law in order to retain investor support. It is not helpful if they have to disclose to investors that Canada has come after them for non-compliance or that they may be vulnerable to enforcement action. There are therefore significant pressures on such firms to bring themselves into compliance.”*

The Alliance therefore recommends that the Committee undertake research and seek legal advice to explore this particular issue further.

## **Promoting Australian content**

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The Committee’s interim report states:

*“From the wide range of views in submissions to the Review, it is clear that Australian content remains important to our society. There is an ongoing need for government intervention to support the production and distribution of Australian content. In particular Australian drama, children’s and*

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<sup>1</sup> Joint submission of the Canadian Guilds ACTRA, APFTQ, CMPA, DGC and WGC, *Broadcasting and Telecom Notice of Consultation CRTC 2011-344 Fact-finding exercise on the over-the-top programming services in the Canadian broadcasting system*  
[http://www.actra.ca/main/wp-content/uploads/BTNOC-2011-344\\_OTT\\_APPENDIX-4\\_Peter-Grant.pdf](http://www.actra.ca/main/wp-content/uploads/BTNOC-2011-344_OTT_APPENDIX-4_Peter-Grant.pdf)

*documentary content would not be produced at existing levels without government support.”*

The Alliance supports this and wishes to emphasise that government intervention should continue to be directed at those areas in which there is demonstrated and inherent market failure. This is implicitly acknowledged in the above statement with its emphasis on those areas in which the subquotas are maintained. This would therefore necessarily exclude light entertainment, magazine style programming, reality programming, game and quiz shows and similar content that there is existing financial viability for broadcasters and Content Service Enterprises.

### **A new uniform scheme for Australian content**

The Committee provides the following outline for a new uniform scheme for Australian content:

*“It is recommended that all Content Service Enterprises that provide audio-visual content, whether linear or non-linear, be required to support Australian content either by:*

*“> committing a percentage of total program expenditure to specified Australian content*

*OR*

*> if this is not possible, by contributing to a converged content production fund.*

*“The maintenance of Australian content levels will be challenged as more content becomes freely available from overseas sources. Ultimately it is likely that increased direct government funding will be required.*

*“For Content Service Enterprises that do not use broadcast spectrum, it is recommended that the above Australian content scheme be implemented as soon as practicable.”*

The Alliance strongly supports the recommendation that all Content Service Enterprises providing linear and non-linear content be required to support Australian content.

It is important to reiterate upfront that it is the Alliance’s view that the current system of support remains vital and viable and will continue to remain relevant for some time to come. The Committee acknowledges this when it states that “this sector is likely to remain dominant in the media landscape for some time.” The Alliance points to the continuing central role played by Commercial and Public Television Broadcasters. Free to air television remains the pre-eminent form of mass communication in Australia and it will remain a central part of the nation’s engagement with audiovisual content for a long time to come.

It is also important to note that while business models may be under threat, the Government must remain cognisant of the fact that there is a difference between failing business models and failed businesses. Simply because a broadcaster may be in financial trouble does not necessarily mean the entire platform and business model at the heart of that structure has failed. It may simply be failed business strategies and/or poor management. The Alliance notes that in 1990 Network's Ten and Seven entered receivership yet at the same time new strengthened Australian content rules were introduced.

The Alliance further supports the introduction of the above scheme for those Content Service Enterprises that do not use the broadcast spectrum as soon, as possible, as indicated in the Interim Paper.

### **Expenditure Requirement**

The Alliance supports the development of an expenditure requirement as one simple form of regulation that will ensure that all CSEs including internet based television-like services, will contribute to the cultural, democratic and social life of Australia rather than undermine it.

With respect to the development of the expenditure requirement framework, it is critical that the percentages be set at a point that ensures that, at the very least, the levels of Australian content that Australians currently enjoy are maintained into the future. The Alliance recommends that the Committee undertake research and analysis to find an appropriate level to deliver increased levels of Australian content to Australian views in the converged environment.

As the Committee would be well aware, the only extant example of an expenditure requirement in Australia is the subscription television drama expenditure requirement set at 10 per cent. However this produces a disproportionately low level of television hours. According to Screen Australia only 4.3 per cent of drama broadcast on the 48 drama channels was Australian. While this figure includes both new and repeat programming it is clear that the percentage accounting for new first release programming would be significantly lower than this level. Local content (including drama, and non-drama programming) accounted for 17.5 per cent.

In order to reach the overall 55 per cent quota level, the free to air commercial television sector spent \$950.6 million on the production or acquisition of Australian content. This is an expenditure of 68.8 per cent of their total programming expenditure of \$1380.9 million. This is slightly down on the average of 69.1 per cent over the last 5 years.

### Program Expenditure - Australia

	2008/09	%
Number of Stations	55	100
Drama	132.1	9.6
Children's-drama	12.7	0.9
Children's-other	9.8	0.7
News and current affairs	111	8
Documentaries	26.7	1.9
Sport	330.8	24
Light entertain.-variety	176.7	12.8
Light entertain.-other	132.3	9.6
Other programming	25.6	1.9
Australia Unspecified	-7.1	-0.5
<b>Total Australian</b>	<b>950.6</b>	<b>68.8</b>
Overseas Drama	407.8	29.5
Overseas Other	22.5	1.6
Overseas Unspecified	0	0
<b>Total overseas</b>	<b>430.3</b>	<b>31.2</b>
<b>TOTAL PROGRAMMING</b>	<b>1380.9</b>	<b>100</b>

Source: ACMA, Broadcasting Financial Results 2008-09

In terms of drama, the commercial free to air networks spent \$132.1 million on Australian adult drama in 2008-09 while spending \$407.8 million on imported drama. It is unclear whether this latter figure includes children's drama but presuming it does not, this means a drama expenditure requirement of 24.4 per cent would be required. (If the figure does include children's drama this would bring the percentage to 26.2 per cent.) Over the past five years the average has been 24.1 per cent (or 26.3 per cent if the figure does include children's drama)

In order to, at the very least, maintain levels of Australian content that Australians have enjoyed to date a 70 per cent expenditure requirement seems to be the level required to ensure this consistency moving into a converged environment. Subquotas can be similarly determined with drama at 25 per cent.

The Alliance would also note that concerns remain around the introduction of an expenditure requirement and its interaction with the rules embedded under the Australia US Free Trade Agreement.

Firstly it is clear that the removal of, or lowering of the current quota will bring in to play the ratcheting provision of the Agreement so that any decrease will become permanent. The Alliance believes that this step should not be taken lightly and should only be taken when a new regime is in place that will absolutely guarantee increased levels of Australian content moving into the future.

Secondly, while it is unclear, and legal advice would need to be sought, the Alliance supports the proposition that it is possible to impose an expenditure requirement on

the broadcasters given the strictures of the AUSFTA. It is arguable that any extension of regulation to Content Service Enterprises outside of the commercial and subscription broadcasters is possible because the government is be able to take measures to ensure that Australian content on “interactive audio and/or video services” is not unreasonably denied to Australian consumers. The market failures inherent in the business models of non-broadcast spectrum Content Service Enterprises make it clear that Australian content will not be made available at the same levels as previously experienced. Any actions taken would therefore be to ensure that Australian content is made available to Australian consumers.

Thirdly, the AUSFTA only provides the Government with power to increase the current drama expenditure requirement in the subscription television space from 10 to 20 per cent and extend the expenditure requirement to “service providers making available services in the following program formats: the arts, children’s, documentary, drama, and educational.”

The Alliance reiterates its view that regulatory parity should not be an end in itself, and should not be interpreted to mean that the same rules apply to every Content Service Enterprise. While the Alliance assumes that the Committee does not intend this to be the case it is worth stating that every Content Service Enterprise cannot be treated the same way given their market position, take-up and influence. Setting an expenditure requirement at the subscription television levels would be a mistake and would lead to severe decreases in the levels of Australian content. The Alliance strongly rejects any moves to set the expenditure requirement at this lowest stave of the barrel.

In developing an expenditure requirement, the Committee must also take into account some of the flaws that exist in the current requirement. The current legislative framework is designed in such a way that allows the 10 per cent requirement to be treated as a maximum level not a minimum level of expenditure. This is because the drama channels are able to make up the short fall from one year in the next. Changes in 2005 extended this to enable subscription broadcasters to carry over any over-expenditure into the next year ensuring that the 10 per cent expenditure remains a maximum. The Alliance recommends rescinding this provision in the subscription space and recommends strongly that it not be included in any future expenditure requirement regime.

### **Converged content production fund**

The Alliance supports the concept of a converged content production fund. The Alliance believes that is appropriate that those Content Service Enterprises seeking to gain access to the Australian market contribute to the development and delivery of Australian content, even if it at one remove and those services do not actually screen Australian content.

As the Alliance has argued previously, the concept of a converged content production fund requires a guaranteed source of funding from those who benefit financially from either access to the spectrum or to the Government funded national broadband network. The Alliance therefore supports the proposal to have the fund supported by this requirement and "spectrum fees paid to government by commercial FTA television broadcasters, as well as through direct government funding." The Alliance remains of the view that ISPs and a percentage of media mergers (as occurs in Canada) should also contribute to this fund.

The scope of the fund will need to be outlined in detailed. The interim report refers to:

- interactive content such as games and other applications;
- the production of key genres including drama, children and documentaries;
- the production of local, community and regional content;
- innovation in content and platforms.

The Alliance supports the general tenor of this scope. The Alliance recommends in addition to the genres listed that indigenous content be supported as a priority as well.

With respect to the production of local, community and regional content the Alliance is of the view that broadcasters in the regions should continue to be obligated to provide this material as a condition of their access to spectrum. However the Alliance does support Content Service Enterprise accessing funds available under this fund where they are developing programming that is genuinely innovative on new platforms rather than supporting basic services.

As the Committee notes "Interactive content such as games and other applications can make a significant contribution to developing Australia's identity and cultural diversity." Here the Alliance reiterates that in order for this to be genuinely the case, then a Significant Australian content test needs to be introduced and that this be tighter than the existing test under the Producer Offset. This would necessarily involve subject matter, Australian voices and on-screen presence. The problem with the existing test is that it has allowed US-born Hollywood studio films set in the US or other foreign territories or dressed up to look Australian for the purposes of the test to receive support from the Government. This needs to be resolved immediately under the Producer Offset and not allowed to occur under the Converged Content Production Fund.

### **Transitional arrangements**

*"For commercial FTA television broadcasters, the following transitional arrangements are recommended:*

*> the existing 55% transmission quota should continue in the short to medium term*

- > there should be an increase in Australian sub-quota content obligations to reflect the two additional channels each broadcaster currently operates*
- > the broadcasters should be given a higher degree of flexibility in how these sub quota obligations are met."*

*"The current 55% transmission quota for commercial FTA television broadcasters should not be extended to multi-channels but should remain on the primary channel. There should be some increase in the existing Australian content sub-quotas but these should be applied more flexibly. Commercial FTA television broadcasters will be able to satisfy the increased sub-quotas across any of their multi-channels.*

*"Further details are being developed for the final report and the implementation of these recommendations will need to be considered in the context of the Australia's international obligations including the Australia-United States Free Trade Agreement."*

The Alliance supports the two stage process being proposed as this meets the recommendation we made in our original submission.

The interim report makes no reference to the amount of time that this will take – whether the transitional period will be defined or otherwise. It is the Alliance's view that it would be a mistake to define this period of transition outside of a regular review period of 3 to 5 years.

With respect to the Committee's proposal regarding subquotas the Alliance has previously called for action to address the dearth of Australian content in the digital multichannel space and welcomes the recommendations to increase the sub-quotas. As with the expenditure requirement though, research should be entered into to ensure that the increase delivers increased levels of Australian content on the multi-channels. The Alliance would argue that it is appropriate to multiply the subquotas by the number of channels that a broadcaster has – at the moment three, in other words a subquota should in principle apply to each main and multi-channel.

The Alliance believes that material created under the subquotas should continue to appear on the main channel and that any flexibility referred to should apply to the application and acquittal of any multi-channel subquotas. However, if it is the view of the Committee to allow a broadcaster to acquit an increased subquota across any of their channels, at the very least, there needs to be rules in place to ensure a continued place for subquota genres on a network's main channel.

### **Direct and Indirect Subsidy Measures**

*"It is recommended that premium television content exceeding a cost threshold attract the 40% tax offset available under the producer offset scheme. This should be directed to premium television content produced in*

*the independent sector. This will bring premium television content in line with the current rate of offset available for feature film production and further support a vibrant independent production sector.”*

The Alliance supports the introduction of a 40 per cent offset for premium television content but makes the following comments.

The 40 per cent offset for premium television content should only be introduced with the tightening up of the Significant Australian Content test as referred to above and as outlined in the Alliance’s previous submissions. Further the Alliance believes that the Offset should not be limited to the independent sector. The Alliance would argue that the recommendations of the Convergence Review should deliver increased levels of Australian content as a whole. The Alliance wholeheartedly supports the independent sector however believes that limiting the proposed offset to one sector will potentially limit the possibility for more Australian content for Australians to enjoy.

With respect to what premium content is defined as, the Alliance simply notes that access to the Offset should remain for those genres of production that are not supported by the market. This would necessarily exclude light entertainment, magazine style programming, game shows and similar content that is financially viable for broadcasters or Content Service Enterprises. The Alliance would support rules that ensure higher levels of per hour expenditure to ensure the creation of *premium* content.

*“Interactive content such as games and other applications can make a significant contribution to developing Australia’s identity and cultural diversity. It is recommended that the production of this content be supported by the 20% producer offset scheme and the converged content production fund.”*

The Alliance stands by its view expressed in its earlier submission that if Government assistance through a tax offset is to be extended to the games and app industry it should be on Australian cultural grounds – that is, there should be a Significant Australian Content test including subject matter and Australian accent elements.

The Alliance therefore supports the extension of the Producer Offset (for feature films and television) to genuinely Australian games and applications as well as for the online components associated with an originating Producer Offset film or television series. The latter could easily be extended in the form of allowing such expenditure to be qualifying expenditure for the purpose of the Offset.

If there is any market failure in the games industry it is solely in the area of games featuring Australian-accented, themes or subject matter. For the most part the product created by the games industry is one based upon US accents and either US or so-called “universal” themes and subject matter.

As to the potential scope of an Interactive Offset the Alliance does not believe user-generated and social media-based content is comparable to nor a replacement for professionally produced material. Further the Alliance does not support assistance for the creation of social media content as by its very nature this content is user-generated, largely ephemeral, qualitatively different to traditional professionally produced content and is fundamentally about interactive engagement, communication, commentary, promotion and/or advertising.

### **Australian Music Content**

*“Australian music quota requirements currently apply to analog music radio stations. A number of submissions have called for these quotas to be extended to digital radio stations and to internet radio services, consistent with the principle of regulatory parity.”*

*“Whilst this principle is valid, some digital radio services are developed for specific events, for example to cover tours by popular musicians, and some internet services are user directed. A recommendation on this issue will be made in the final report.”*

The Alliance remains strongly of the view that the Code of Practice 4 pertaining to minimum levels of Australian music be retained and extended to digital channels.

Currently Code of Practice 4 is in place to ensure that radio broadcasting assists in “developing and reflecting a sense of Australian ... cultural diversity.” This does so by ensuring Australian audiences of all interests and cultural background have an opportunity to hear music from Australia of all genres and styles and conversely allows Australian musicians of all cultural backgrounds to have an opportunity to present their work to an audience. Without the quotas, such diversity is undermined by shutting out Australian music. In other words, the quotas ensure Australians have access to Australian music. Without the quotas, it is possible if not highly likely that stations may not play Australian music.

This can be seen in the fact that prior to the first local content standard being introduced in the 1942 Broadcasting Act, levels below 2.5 per cent were not met. While the quota has assisted in the development of an industry and a critical mass in terms of a self-sustaining industry it is likely that this would be undermined significantly if the quota was to be removed in digital radio.

While digital radio has not reached its own critical mass it is clear that like the digitisation of television, digital radio is the future of radio in Australia. The genres on digital radio range from the usual formats – adults contemporary, jazz, dance music etc. – to more unusual formats such as Triple M’s High Voltage Radio playing AC/DC twenty four hours a day, seven days a week.

The Committee refers to “digital radio services... developed for specific events, for example to cover tours by popular musicians, and some internet services are user directed.”

Commercial radio broadcasters licensees have access to an extraordinarily valuable and profitable public asset and regulations regarding the type of channels that they can and can not develop should be imposed. These are already imposed with regards to adult content, and other issues of concern to the community. The continued presence of Australian content is simply another one of those concerns.

With regards to the specific example of a station focussing on one foreign act, the Alliance believes that it is not necessarily the role of commercial broadcasters to solely promote foreign acts in using the spectrum. Australian taxpayers expect commercial radio broadcasters to meet particular obligations in having access to the airwaves. Promoting Australian music is one of them. Allowing stations to solely broadcast foreign acts will undermine the objectives of the Broadcasting Services Act. The principle is also in line with the intentions and objectives of the Government in its introduction of a Foreign Music Act Support Scheme. The intent of this scheme is to ensure that when foreign performers enter the country to perform live, local acts are provided opportunities as supports increasing the exposure of Australian music to the Australian public. Similarly commercial radio station stations utilising public airways should be obligated to promote Australian music on such stations.

The Alliance recommends the Government examine regulating online radio services aimed at the Australian market in the same way as it intends for non-broadcast audiovisual Content Service Enterprises.

### **Australian content in advertising**

The Alliance notes that the Committee have not explicitly addressed the issue of the Australian Content Standard for advertising in its interim report. The Alliance understands that the Committee may be of the view that given the lack of input on this issue from submissions, that it is an area of less concern to the industry. The Alliance however believes that the Australian Content Standard for Advertising is vitally important and notes that this issue had been addressed in our original submission. The Alliance therefore strongly argues that it will need to be addressed in the Committee’s final report.

The Alliance supports SPAA’s supplementary submission on this issue and agrees that:

1. *“TVC production is a vital sector underpinning the viability of screen production in general.*
2. *“TVC production directly and indirectly delivers positive social, cultural, educational and economic outcomes.*

3. *“Australian Content in Advertising regulation has been a key factor in the viability of the TVC sector, and hence the viability of the overall screen industry.*
4. *“Sustained TVC production requires current local content regulation be applied to the platform neutral landscape.*
5. *“Consideration be given to expanding the local content regulation to platforms that have recently emerged and exist in a ‘content regulation free’ environment such as FTA multichannels.*
6. *“Mechanisms for review and future alteration to Australian Content in Advertising regulation be put in place such that as the industry moves into the converged landscape policy settings can be adjusted.”*

Given that convergence will impact upon the advertising industry much in the same way as the rest of the industry it is critical that action be taken to ensure the ongoing viability of the industry and its contribution to Australian culture. The Alliance recommends the retention of the current arrangement, and its extension to the multichannels. In the long term consideration needs to be given to extending the arrangement to television-like services broadcast over the internet or other converged media platforms if advertising forms part of their business model.

Further the standard needs to be clarified to ensure genuine Australian content is counted. The current Commercials Advice system is loose enough to allow significant non-Australian elements to be included in a commercial deemed Australian under the Standard.

## **Public Broadcasting**

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*“The decades old charters of the Australian Broadcasting Corporation (ABC) and the Special Broadcasting Service (SBS) do not explicitly recognise the broad range of functions performed by each organisation. It is recommended that the ABC and the SBS charters should expressly reflect the range of existing services, including online activities. This will give commercial operators increased certainty about the boundaries of public broadcaster activities.”*

The Alliance supports the updating of the ABC and SBS charters to better reflect the changing media landscape and to include explicit reference to their existing services and online activities.

*“While Australian content quota obligations continue for commercial FTA television broadcasters as a transitional measure, quotas should also apply to the public broadcasters. It is recommended ABC1 have a 55% Australian content quota consistent with the obligation of commercial FTA television*

*broadcasters. Reflecting its multicultural charter obligations, the SBS should be required to target half this amount.”*

The Alliance agrees with the Convergence Review Committee’s recommendation to apply quotas to the public broadcasters. This would fulfill the Labor Party’s 2007 election promise to introduce a 55 per cent quota. However, the Alliance believes that subquotas should also apply to the public broadcasters.

The Alliance notes that the ABC has been achieving (or at least close to achieving) the 55 per cent Australian content level (or thereabouts) between the hours of 6pm and midnight as well as 6pm and midnight. The key concern though is not just that this may fall without the ABC being required to meet it under future management and budgetary constraints, but that the ABC could return to a state of affairs where minimal levels of drama and other critically important genres of content be screened.

In 2009 the Australian Government provided an additional \$70 million for local drama production, directed towards co-producing with the independent production sector drama across a range of genres. This followed a concerted campaign by the Alliance and other stakeholders to raise the level of first run drama hours after the ABC had hit a nadir of seven hours of first release drama in 2006/07 and 16 hours in 2007/08. The funding has led to a genuine increase with the ABC reporting that the volume of first-run Australian drama content on ABC TV was 37 hours in 2010-11 and 36.5 hours in 2009 –10. However this still compares poorly with the commercial networks with an average of 162 hours for Network Seven, 76 hours for Network Nine and 192 hours for Network 10.

As the Alliance stated at the time the funding increase was not sufficient to fulfill the ALP’s pre-election pledge to provide sufficient funds to the ABC to allow it to broadcast the same levels of Australian drama as is required by regulations of the commercial free-to-air networks. It is the Alliance’s view that the ABC should in fact be doing more.

The Committee argue that:

*“given the ABC’s commitment to specialist Australian programming, in science, the arts, religion and rural affairs; sub-quota obligations are not appropriate.”*

The Alliance disagrees and believes that the above statement is simply a non-sequitur. Yes, the ABC must support a greater range of programming genres but this should not impact upon their obligation to also programme drama, childrens and docmunetary productions at appropriate levels – ie levels similar to those expected on the commercial networks.

The key issue in this matter is the need to ensure that the ABC and SBS are funded appropriately to reach this level of Australian content. If a quota and subquota is

imposed upon the public broadcasters, it is the Alliance's view that the Government would therefore be obligated to fund the public broadcasters adequately to reach these pre-determined quota levels.