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# What the invasion of "McDonalds TV" means for Australia's Media

*by*

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## WHAT THE INVASION OF "MAC TV" MEANS FOR AUSTRALIA'S MEDIA

I cast my mind back 31 years. I am a copy boy at the Sun News Pictorial—"the currant bun" as it was affectionately known. I work at the Herald & Weekly Times building in Flinders Street. My job is to distribute to reporters typing paper that is seven-sheets thick so there are multiple copies for the editors. No PC's, and hot metal typesetting had just been replaced by photo-setting machines.

The building is one of the great engine rooms of media in Australia. Journalists and printers turning out up to four editions of The Sun and four editions of the afternoon broadsheet The Herald. There is a radio station 3DB pumping out news re-packaged from the stories written for the papers. On the roof is a large neon sign for the sister TV station, HSV7. Step out the backdoor into a thriving garments industry in Flinders Lane.

Fast forward to 2001. The grand old Herald & Weekly Times building in Melbourne lies stripped and desolate with mock newspaper posters pasted on outside walls. The developers will probably be moving in soon to make homes for "empty nesters" from the eastern suburbs. Who will sleep in mahogany row?—there should be a premium on that apartment! The Herald & Weekly Times building—now a monument to an industry under pressure. Step out the backdoor to the Sofitel Hotel.

The Herald ceased publishing years ago. Newspapers in Sydney and Melbourne are generally no longer printed in the buildings where journalists work, information technology has severed the chord, with printing outfits miles away from the source of the content. These new printing plants, that now exist in every capital city, each cost hundreds of millions of dollars.

The media owners have not shirked in funding for such new investment notwithstanding shrinking markets with vital indicators such as circulation and classified advertising trends under pressure. The electronic media has also been investing heavily and faces substantial expenditures in converting from analog to digital transmission.

Where are Australia's media and communications industries heading?
Do they know?
Can they know?
Does mainstream Australian care about these questions?

A focus on Broadcasting and Communications in the context of a possible Australian/US Free Trade Agreement is timely, because it is but one more potential pressure point on an industry searching for its' future.

At one level this observation may appear exaggerated: generally speaking the major Australian media groups put in relatively satisfactory earnings performances during much of the last 10 years—with some, of course, performing better than others. Our big players are now all public companies. The larger media operators, broadcast and print have, notwithstanding the prevailing economic cycle, extracted large returns from their regulated environment. For example the Productivity Commission found rates-of-return for the free-to-air operators were above 20 per cent in the 1990's (after excluding the value of their licenses).

However I sense an increasing apprehension, if not in some cases fear, as to where these enterprises are headed on a five to 10 year time frame.

I am not going so far as to suggest that, to borrow the phrase of author Michael Lewis in the de-facto biography of Netscape founder Jim Clarke, our media entrepreneurs are searching for *The New New Thing* (although recent events surrounding the One.Tel debacle could perhaps have us believe otherwise). Rather there is a questioning amongst the leaders of our large media groups as to the nature of their businesses over the next 10 years.

What will they look like?
How should they define their core capabilities?
Who should they be looking to as partners?
How do they need to change and how quickly?

As I will explain a little later there are some key trends in media consumption that justify this introspection. Moreover policy positions based on cultural objectives will be increasingly difficult to support and sustain.

I am not in a position today to comment on the specific issue of the implications for Australia's media, broadcasting and communications industries of a proposed free trade agreement with the United States. I must leave comments with regard to the communications sector generally to others at this forum better qualified than myself. However I believe it will be useful to try and focus on the forces at play in our media industry because they are pointing to changes with implications for the sustainability of Government policy. This, in turn, will inform the issues and politics of such an agreement for Australia's media and communications sectors.

The on-going, but increasingly sharp, debate over the cultural imperialism of our TV screens of programming mainly from the US, is a symptom of a sea-change at play (and not of the local variety). This debate is occurring despite a raft of government and industry policies designed to protect, as some see it, our cultural identity.

In the absence of quite dramatic changes in policy and business practices, large slabs of Australian broadcasting and media simply won't exist inside five to 10 years. This will reflect the forces of the digital revolution and globalization on an industry trying to cling to past industry structures, practices and policy support arrangements.

To this extent the issue of a free trade agreement with America will be somewhat academic because the evolution of technology is re-casting the Australian media and broadcast industries. American and to a lesser extent European content will dominate our screens.

There are no easy answers or solutions to such issues—nor do I wish to arrogantly assert that a particular set of content values is superior to others.  However the Australian content production industry is under business pressure and current protection and support regimes are having limited effect.

In the absence of a different approach to furthering objectives of audio-visual cultural policy, the lot of the Australian industry appears grim, on a five-year time horizon. On this scenario the "trade" with America will most certainly be free, and almost entirely one-way. There will be no debate. It will be over.

While acknowledging options are limited and would probably require quite substantial government intervention and fiscal cost we do, to an extent, have only ourselves to blame.  The effect of many policies has been to actively discourage competition and innovation in our media and broadcast sectors that can only have resulted in an element of complacency.

Now as the digital world closes-in, anxiety heightens. The old props and policies are being seen as increasingly ineffectual. *New, New business solutions* are being canvassed but whether they will have the same objectives in terms of cultural identity of the old box of policy props, is entirely problematic. Unfortunately some of the business operators in these sectors have believed their business is a special case, in some way immune or bullet- proof from the forces of global economic change. Although still supported by regulatory arrangements that are licenses to print money, increasingly this will not be so.

For decades media and broadcasting have been cosseted with special regulatory and anti-competitive regimes. They are not alone in this with other major industry sectors such as motor vehicles and textiles, clothing and footwear having also enjoyed a preferred status. The interesting aspect of such analogies though, is that for more than 30 years there has been a vibrant debate in Australia as to the viability of manufacturing with consequent change.

It was far too slow for some, and of course too quick for others. But since Gough Whitlam slashed tariffs across the board by 25 per cent and chided his backbenchers as "nervous nellies" the Australian manufacturing industry policy landscape has, with political fits and starts, undergone change.

The Federal Opposition Leader Kim Beazley recently made the point that the huge jobs losses in Australian manufacturing  between 1970 and 1985 occurred while protection was still intact. That is hundreds of thousands and jobs disappeared *despite* protection. Beazley says this: "It (manufacturing) lost it because the protective environment was no longer capable of sustaining the changes which took place."

In my view his comment is just as relevant in the current context of our media industry. After decades of so-called adjustment policies we continue to see clothing factories close, may see Mitsubishi exit manufacturing in Australia, and Australian icons shut-up shop, merge, or consolidate.

We "consume" media and broadcasting along with Arnotts biscuits, Fosters beer, and BHP steel. And our consumption of media has been changing in recent years: we are buying and reading newspapers less, we are watching free-to-air television less (in houses with Pay TV, free to air viewing is 50 per cent less), and we are spending more time using the Internet.

Average viewing of free-to-air television has fallen about 10 per cent over the past decade. Amongst the five to 12 year age group it is down 20 per cent. Some of these trends pre-dated the Internet, so-called digital convergence, or the like of the last decade.

The Productivity Commission Inquiry into the Broadcasting Services Act (on which I served as Associate Commissioner) and reported in March last year, found the total consumption of newspapers, television and radio did not change greatly in the 1990's but use of the Internet, subscription TV and cinema rose in popularity.

In other words consumption of traditional media is at best stagnating and certainly so on a per capita basis. This is even occurring in one-newspaper markets such as Perth where the mid-week circulation of the *West Australian* is down from 240,000 copies five years ago to 205,000 copies today.

A key trend noted by the Commission is there appears to be a shift in the total population's consumption of media as young people grow older, with a growing importance of new media such as the Internet and a declining importance of traditional media such as newspapers and commercial television. Or not to put to fine a point on it: the markets of newspapers and free-to-air television are dying. TV audiences are also becoming more elusive.

Increasingly our media and broadcast operators will face the dilemma of the milliners and car makers in that government support is becoming ineffectual and increasingly counter-productive in terms of their plans and strategies.

Debate with regard to protection policy for the media and broadcast sectors has been within exclusive political parameters. Government on the one hand has no difficulty sacrificing hundreds of dairy farmers to market forces while insulating from competition commercial television operators. Why is this so? In media and broadcasting the argument

has focussed on “protecting” the interests of media consumers by furthering cultural objectives.
The barriers to competition have been deemed necessary to help the operators “fund” local content and support cultural objectives, or at least so the story goes. This has given rise to an artifice of rules and regulations that are detailed in the Productivity Commission report. This largely unaccountable protective regime has resulted in arguably the most complicated regulatory regime any Australian industry sector has ever seen.

The Productivity Commission describes the setting thus: “ This approach reflects a history of political, technical, industrial, economic and social compromises. This legacy of quid pro quos has created a policy framework that is inward looking, anti-competitive and restrictive.”

However in an era of converging digital media the interest of the consumer, at least as it was intended by the old props and supports, is becoming increasingly lost and confused. The survival of the old box of props and barriers to entry is now at a cost to consumer choice in new media. The government’s digital broadcasting policy has imposed a new set of barriers on the marketplace of media products by ensuring their introduction will be protracted and costly to consumers.

The recently aborted auction of digital broadcasting spectrum for datacasting was a telling illustration of how misguided digital broadcasting policy is in this country. The outcome was predictable, but it is testimony to the power and influence of the entrenched media interests that nobody in Canberra seemed to care.

The good news for consumers is that the datacasting cock-up shows how traditional interests are being challenged by the digital revolution and that the current artifice of regulatory arrangements are unsustainable. But it also sends a message to the traditional media operators that the rules of economic and political engagement are changing.

On the one hand, trends in advertising expenditure do not support a proposition of an industry on its knees: Newspapers attract nearly 40 per cent of the spend in main media and television 30 per cent. Historical growth between 1970 and 1998, according to the Productivity Commission, has been 4.8 per cent for television and 3.6 per cent for newspapers.

However demographic and media consumption trends suggest a more challenging scenario is emerging. With newspapers, there are interesting straws in the wind: poor earnings of most major newspaper groups with slack circulation and readership and fragmentation of key classified franchises under pressure from, among others, new Internet players.

Time will tell how much of this simply reflects the current weakness in the economic cycle but my feeling is that it would be dangerous to assume that newspaper earnings will return to levels of a couple of years ago.

Similarly, in television, audience fragmentation is growing with subscription television in about 30 per cent of households. In the US viewing of the top six broadcast networks has fallen from 76 per cent in 1996 to 58 per cent in 2000. Nearly 84 per cent of US households now receive their video programming from cable or satellite operators.

The US Federal Communications Commission says this has contributed to "diversity" by providing programming to most viewers that is from a source other than the six broadcast networks. Consistent with this view the FCC recently decided to abolish the rule prohibiting mergers between a major network and so-called merging networks. It said the change "will not harm, and indeed is likely to promote competitive efficiency and diversity."

Diversity; now there's a key word. The word invoked by all sides of the media regulatory debate in this country to support their cause; by free-to-air broadcasters who say if they face competition from a fourth player they will lose money and diversity will suffer; by aspiring broadcasters who say they will add to diversity; by the local content program makers who say their programs are the meat of diversity.

While digital policy is restricting consumers' choice, the consumer is facing a dwindling menu of Australian drama, documentaries and comedy. The reason is straightforward: BRW Magazine recently reported that the cost of producing one episode of a drama such as *Water Rats* was about $400,000 with a series costing as much as $5 million. Fees from the network (licensing fees) cover about 75 per cent of production costs with the balance having to be found from overseas sales which in many instances is proving very difficult to achieve.

Demand from the European market is falling, with consolidation among European broadcasters and increased competition from American programs. That is the forces of globalization at work. By contrast BRW reports that it costs only $100,000 or so to make an episode of a so-called reality TV show that are now dominating our screens with local network licensing fees generally covering all of the production costs. Are we entering an era of "McDonalds TV" where the templates are imported and the local industry provides the filling?

Share prices of listed local production houses Southern Star, Becker Entertainment and Beyond International have, BRW reports, fallen more than 50 per cent since mid-1998. Southern Star has managed in the past year to turn from loss into profit—singling out the *Big Brother* series as a commercial winner. *Big Brother* with Oz filling is now, according to the company, destined for the markets of New Zealand and possibly Germany and the UK.

New media is also faring poorly for shareholders. Foxtel, Optus Television and Austar have lost a combined $4.2 billion in the past six years. The share prices of the two entities publicly listed Optus and Austar have been under significant pressure. Rationalization of this sector would appear inevitable.

The challenges at Foxtel with three owners (Telstra, PBL and News Corporation) with differing corporate agendas is well documented. The Australian subscription  television landscape—not even a decade old—is under business pressure with growth in household penetration appearing to slow. The subscription television industry is not in a position to take up the slack in terms of demand for original local programming.

Content on free-to-air television (and to a minor extent subscription television) is regulated with the non-economic cultural and social objectives. These regulations are intended to promote "the role of commercial television in developing and reflecting a sense of Australian identity, character and cultural diversity."

The local television industry is supported, as it is in a number of other countries, by the heavy hand of programming quotas. The regulations even extend to local content in advertisements. And as was the case with the motor vehicles, textile, clothing and footwear industries, the regulations are becoming less effective for the industry and, if the pre-dominance of "McDonalds TV" is any guide, for consumers either in terms of any reasonable interpretation of the Broadcasting Services Act.

Australian television is supporting a declining program industry—an analogy can be made with the car manufacturers and the component makers where regulations proved incapable of meeting their objectives. The television operators are increasingly cutting costs in satisfying the letter of the content regulations and trying to support their earnings.

The ABC has its own great challenges when it comes to local programming. ABC Managing Director Jonathan Shier said recently " to hold out *Big Brother* or *Survivor* as being innovative when Australia was the 10th country in the world to get the program is ridiculous," adding that "I don't regard cheap-quality content with an Australian accent as the end-game of what I am trying to do."

The "dumbing" down of Australian television (both commercial and public) partly reflects economic pressures that can only intensify. But as with other industries, the local program production industry is clinging to a protection framework that cannot deliver its objectives.

Can the industry demonstrate the rules are delivering on their stated audio-visual policy objectives?
Can it substantiate the assertion contained in a recent letter to the Prime Minister that putting the local content regulations on the negotiating table in a proposed free-trade agreement with the US would threaten the local industry?
What are the alternatives?

For the TV operators the local program makers have been pawns in a game to justify barriers to entry. But the operators are now moving onto other agendas in search of the New, New solution. Increasingly policy makers, viewers and the media operators themselves will challenge the social, political and business benefits of the artifice of regulations.

The Productivity Commissions states: “As boundaries between media dissolve and the old concept of broadcasting becomes obsolete, this regulatory framework is eroding and becoming circumvented.”

This metamorphosis will not be confined to self-serving changes in cross-media and even foreign ownership regulations. It will extend to the digital broadcasting regulations of more recent times that were put in place when policy makers and many of the media operators still saw the world in terms of competitive “boxes” and territories.

But now they are seeing the world more in terms of multiple “platforms” across which they can “distribute” their content. They are seeing themselves more as “packagers” of content, information databases, and communications services and less so providers of discrete media products.

This New, New thinking simply does not fit with a regulatory regime that has various media tightly defined and “boxed.” One.Tel was a business disaster for PBL and News Corporation—but the thinking that gave rise to their investment reflected the new “platform” way of thinking about a media business. There are many reasons why One.Tel sank and ironically one of them, in my view, is that PBL and News could have done much more in leveraging their traditional media businesses with the relatively new distribution platform of mobile telephony.

The current regulations relating to digital television are not sustainable and will in large part not survive the term of the next government.

Larger media operators will want more flexibility to execute a multiple platform strategy unencumbered by cross-media ownership, foreign ownership, and ironically some of the rules in the digital broadcasting policy, put there in the first place to protect their interests. They will want to do what they wish with the digital broadcasting spectrum, when they wish, and with whom they wish.

If this means for example shareholder arrangements between a television license owner, a newspaper, a US telco, and a US new media Internet operator, well so be it. If this also means that the TV operator needs to concede a more competitive regime for example in the area of datacasting, well thew trade-off may be worth it.

Indeed it is possible to envisage a scenario where TV license operators could be at some stage prepared to accommodate a fourth free-to-air operator if this were a political barrier to achieving the flexibility they require for a multi  platform strategy. Such are the challenges facing our media in the search for scale and scope for their business in a digital world that nothing can be ruled out on say a five year time frame.

For newspapers the task is to find business models that support large-scale migration of content to digital distribution platforms while, as previously noted, the markets for their traditional products are under pressure.

For the television operators facing, on US experience, a halving of their audience share the challenges are three-fold: for the time being continuing to block new competition through government regulation (such as the datacasting rules and the prohibition on a fourth free-to-air network); driving down programming costs and, as with the newspapers migrating to new platforms to try and find larger audiences. The latter is already proving a painful experience for newspapers and television with red ink everywhere.

From a perspective of improving the profitability of the media operators existing businesses, changes to foreign ownership and cross-media rules are, at one level, of questionable relevance. They do not address the challenges outlined above for the operators because the business synergies from owning a newspaper and television network, or from the involvement of a major foreign operator, are at best marginal. New management may be better, but it could also be worse, and the cultural obstacles to cooperation would be substantial. Recent history suggests that when for example a television operator strays beyond its core business, the results are poor.

But this scenario is from the perspective of an existing business looking out—it is not the New, New thinking of content across multiple platforms. It is difficult to see a long-term business strategy that can support the current regulatory environment. The metamorphosis is already underway. Australia's major media operators are, to greater or lesser degrees, in favor of modifying at least the foreign ownership restrictions in Australian media and a number of groups want restrictions on cross-media ownership ditched.

Illustrative of why these regulations are on borrowed time was the recent call of the Seven Network for "catch-up" amendments in areas such as foreign ownership and cross-media regulations to cover SingTel's takeover of Optus.

Under the current regime the print and free-to-air operators face an uncertain future with increasing capital requirements and fragmenting markets. For their boards and management the options are few under current policy. Growth through acquisition is very limited. Quite apart from the specific regulatory restrictions there is no way competition policy would (or should) allow Fairfax and News to combine their newspaper interests, or the free-to-air TV operators consolidate their interests, irrespective of the specific regulatory bars in these areas.

In a multi-platform world it is possible that a print or TV operator could become attractive to a non-media operator such as a telco. The ACCC has already indicated that existing competition policy would not stand in the way of such an outcome and, we know Telstra and PBL seriously discussed such an arrangement last year. Teltra's Ted Pretty is reported by The Australian to have smiled broadly when asked recently if a hostile takeover of PBL by Telstra could occur. “I’ll leave that sort of question for others who might like to speculate,” was his reply.

Telstra CEO, Ziggy Switkowski, noted recently in an interview with Robert Gottliebsen in The Australian that broadband strategy has to be more than saying “well, we’ll get the infrastructure out there and wait and see what happens.” He said more telcos are talking about how they have access to content and British Telecom is talking about acquiring television stations. In the wake of Telstra’s share plunge last week one prominent analyst said it partly reflected the re-definition of Telstra as more of a media stock.

On paper Telstra and Optus are amongst the serious non-media potential partners for the existing media operators. I say on paper because there are significant political and real business and shareholder value issues (particularly for Telstra).

In the absence of a Telstra-type deal, a step-change in shareholder value for these media groups will require changes to foreign ownership and cross-media regulations. Indeed if Telstra went with one group, the others would be clamoring for regulatory change to level the playing field. Such changes will be a wrenching step for the political process and be highly controversial, but it will come about sooner rather than later because existing policies will be seen to be failing and there will be a growing consensus for change amongst the media operators.

The Productivity Commission said: “Technological change has ramifications for many specific areas of media regulation—access to spectrum, the definition of digital television services, ownership and control and content regulation. With the increasing pace of technological change in media and communications, the means for achieving the community’s policy objectives must also change.”

This is going to create an intellectual challenge for the next federal government. But the goal posts are moving in a globalizing world. US Federal Communications Commission Chairman, Michael Powell, said recently: “ (Deregulation) is not a reward for competition, it’s an incentive for competition.”

Powell’s Commission has just presided over the merger of AOL and Time Warner which on any yardstick is the bell-weather for global change in media and communications. It exemplifies the multi-platform thinking. It is as close as we have got in media to Jim Clarke’s New New Thing.  Australian media operators must look on this deal envy and trepidation.

Sanctioning the merger, the FCC said it will accelerate the transformation of traditional media products to digital platforms, aiding the development of advanced services. The FCC cited public interest benefits in deployment of a wide range of broadband technologies and what it described as “the direct stimulation of the cable broadband market.”

The new merged giant is already claiming success from the merger with revenues of A$18 billion in the March quarter. Time claims to have sold on AOL an additional one million subscriptions to its magazines.

No Australian media operator can, under the current regulatory straight-jacket, contemplate a strategy that goes much beyond re-arranging deck chairs or throwing good money after bad as major newspaper publishers and most free-to-air operators have been doing in Internet strategy.

Globally, News Corporation is trying to pull off its own New New deal with an offer for satellite broadcaster DirecTV that would deliver nine million subscribers to fill the North American gap in its Sky Global Networks. The price: A$139 billion.

The FCC's Michael Powell is now said to have America's version of Australia's cross-media ownership rule in his sights along with the 35 per cent cap on the audience reach of any one owner of TV stations. News Corp is already technically in breach of the audience reach rule in the US.

In Australia News Limited has made clear its desire to enter television broadcasting and was a strong critic of the now failed regulations governing the use of some of the digital spectrum for datacasting. Little surprise the political pressure being exerted by Murdoch on Canberra as shown in a recent editorial in The Australian: "The Australian Broadcasting Authority's report on how news is made lays bare, yet again, the bankruptcy of our political leaders' stand on media ownership."

The editorial said relaxation of cross media ownership rules would allow News to bid for other assets, while opening the field for other companies.

The Australian Broadcasting Authority Chairman, David Flint, had recently stated that cross-media rules have "little validity" arguing that journalists were more influenced by each other than by media proprietors. Fairfax Chairman, Brian Powers, sniffed the political breeze when he said recently that "over the next 12 to 24 months we will see some important changes to the regulatory environment in Australia."

The government has already flagged it will take another look at the datacasting policy, and probably before the election. This could represent a significant retreat from the government's digital broadcasting policy.

The datacasting regime was a part of a much larger mosaic designed to defend for so long as possible the regulatory "rents" accruing to the free-to-air broadcasters. But the government's digital broadcasting policy is flawed because it tries to regulate technology. Its' datacasting policy decreed highly proscriptive rules as to what use the spectrum could be put. At one point the Australian Government actually canvassed legislating against certain content genres of streaming media on the Internet!

At the same time the government has restricted what the free to air broadcasters can do with the digital spectrum while effectively ensuring its uptake by consumers (and therefore the switch-off of the analog spectrum that could be used by new entrants) is dragged out as long as possible.

The Productivity Commission concluded that “without change to the framework for digital television the conversion (from analog) is at serious risk of failure.” On one count—datacasting--its’ fears have already been validated. The Commission made major recommendations in the area of digital broadcasting policy covering conversion from analog to digital television, relaxing restrictions on digital content, and improved management of spectrum.

The Productivity Commission said that if Australia failed to “develop a convergent policy framework, Australian media and communications industries will not realise their potential. They will continue to be distorted and stunted by regulatory impediments, with adverse implications for the community and economy generally.”

The Commission charted a way forward from this regulatory malaise. In so doing the Commission stated that: “Broadcasting plays a significant role in Australia’s cultural and social life—one that has long been given in broadcasting policy. The Commission has taken these objectives as given.”

The Commission recommended the cross-media rules be removed but only after the following conditions have been met: the removal of regulatory barriers to entry in broadcasting, together with the availability of spectrum for new broadcasters; the abolition of Broadcasting Act restrictions on foreign investment, ownership and control; and the amendment to the Trade Practices Act to provide for a media-specific interest test to apply to mergers and acquisitions.

On Australian content regulation the Commission said little evaluation of the quota programs has been undertaken. It said the quota system was designed for analog television and will not be readily adaptable to the digital, convergent environment. As convergence proceeds, quotas will be less and less effective. The Commission recommended an independent inquiry into audio- visual policy to be completed by 2004. In the meantime the program quotas should be retained with the exception of the 80 per cent quota for Australian advertising and the drama expenditure quota for subscription television.

The choices facing our media, broadcasting and communications industries are pretty clear: the current regulatory arrangements are inherently unstable and will not secure their future.

A key question however is whether a more flexible regulatory environment, consistent with the multi-platform thinking, would be better or worse for Australian media consumers. From the perspective of diversity of choice in content and platforms the answer is probably yes. From the viewpoint of Australian content that supports the broad and vague cultural objectives of the Broadcasting Services Act, I don't know. It depends on what Australian media consumers think of the programming they are getting from our commercial and public broadcasters and whether it furthers cultural objectives.

If audience ratings are any guide it would seem there is a fundamental disconnect between what politicians think should be good for Australians, and why this justifies the regulatory artifice to protect incumbent operators, and what Australians actually like viewing. I suspect that many viewers could not give a damn about audio-visual cultural policy so long as they can watch what they judge as entertaining TV whether it be World Championship Wrestling, an American sit com, re-packaged American reality TV, or an Australian produced drama.

We all have our own views on this. What is certain is the digital revolution will increasingly make it difficult for politicians to shrink-wrap what they think we want in a neatly packaged set of regulations.

The consumer will decide.

*(*Stuart Simson is Managing Director of Artsim Pty Ltd, producer of Business Daily television on Sky News. The views expressed are his own.)*