The Australian film production industry stands to gain from the existing requirement for pay TV to spend on new Australian drama. These findings are contained in the *Australian content on pay TV - Working paper* recently released by the ABA.

Australian film industry stands to gain from pay TV

The Australian film production industry stands to gain from the existing requirement for pay TV to spend on new Australian drama, according to the ABA.

'Movie channels on pay TV should create substantial demand for new Australian films over the next few years, as their program expenditure increases and the corresponding obligation to spend on local programs grows,' said Mr Peter Webb, ABA Chairman.

The ABA's working paper summarises the results of the first stage of its investigation into Australian content on pay TV. The paper examines options for varying the current requirement and ways to encourage Australian content on pay TV.

'The ABA is pleased to see that pay TV channels generally are being "Australianised" to attract subscribers. In terms of drama channels, the ABA has proposed some flexibility in the range of programs that can count towards the expenditure requirement and the definition of "new Australian drama" to encourage this,' Mr Webb said.

'It is clear that Parliament intended that pay TV would be subject to a lighter level of regulation than free-to-air commercial television. The ABA considers that regulation which has the effect of decreasing the diversity and choice offered by pay TV to Australian audiences would be undesirable. To a major extent, the diversity and choice provided by pay TV will continue to consist of programming sourced from outside Australia.'

The working paper also presents information about compliance by the pay TV industry with the requirement that predominantly drama channels spend 10 per cent of their program expenditure on new Australian drama.

From information voluntarily provided to the ABA, total program expenditure of predominantly drama channels in the period ending 30 June 1996 was $24.6m. Of this, $1.7m was 'new Australian drama' or 7.1 per cent of total industry expenditure. Eight of the eleven pay TV channels met the 10 per cent expenditure requirement.

ABA investigation

On 17 September 1996 the Minister for Communications and the Arts, Senator the Hon. Richard Alston, directed the ABA to conduct an investigation into certain matters relating to Australian content on pay TV.

The investigation will provide information to the Minister on matters relevant to the review required under s.215(2) of the *Broadcasting Services Act 1992*. This section requires the Minister to conduct a review of Australian content on pay TV before 1 July 1997. The review is considering the feasibility of increasing to 20 per cent the current s.102 requirement that at least 10 per cent of the annual program expenditure on predominantly drama pay TV channels is spent on new Australian drama programs.

Matters being examined by the ABA include: the nature of Australian programming on pay TV now; the operation of s.102; the implications of increasing the expenditure requirement to 20 per cent; and alternative mechanisms of ensuring Australian content on pay TV, such as transmission quotas.

To date, the ABA has received 46 submissions to its investigation and held 30 consultation meetings. Submissions have come from pay TV broadcasters and channel providers, the film and television production industry, Commonwealth film agencies, the Department of Foreign Affairs and Trade, the New Zealand High Commission, children's television organisations and free-to-air broadcasters.

Submissions indicate pay TV industry support for continuing an expenditure requirement along the lines of the voluntary scheme devised by the ABA. The pay TV industry also opposes any increase in the amount of expenditure required on Australian programs at this very early stage of the industry's development.

The Minister has directed the ABA to report to him by 30 April 1997.

Current requirements

Section 102 of the Act provides:

> Each subscription television broadcasting licence is subject to the condition that, if the licensee provides a service devoted predominantly to drama programs, the licensee will, for each year of operation, ensure that at least 10 per cent of the licensee's program expenditure for that year in relation to that service is spent on new Australian drama programs.

In the course of consulting with interested parties on the implementation of this licence condition, however, the ABA concluded that few, if any, pay TV licensees will themselves spend money directly on programming.

The ABA therefore developed guidelines, *Guidelines for 'new Australian drama' on pay TV* (June 1996), which encourage voluntary expenditure on new Australian drama by those corporate entities which purchase programming. The aim of the s.102 guidelines is to encourage pay TV broadcasters and channel providers to act in a way which honours the spirit of the licence condition and leads to new opportunities for the Australian drama production industry.

For copies of *Australian content on pay TV - Working paper* please contact Robyn Selby on (02) 9334 7846.

At the ABA's forum on 12 March 1997, representatives of the pay TV and film and production industries discussed the *Australian content on pay TV – Working paper.*

Australian content on pay TV industry forum

Early in the investigation it became apparent that there was a need to share information between the production and pay TV industries.

The ABA also considered that there would be value in getting all parties together at a forum, especially once the initial information gathering stage of the investigation was completed.

The forum was hosted by the ABA and chaired by Mr Jock Given, Director of the Communications Law Centre. With approximately 80 attendees from all sectors of the pay TV industry (from broadcasters to drama and non-drama channel providers), the production industry (craft unions, individual producers and the Australian Film Finance Corporation) plus the Federation of Commercial Television Stations; the Australian Record Industry Association; and the Federation of Australian Narrowcast Subscription Services.

In her introduction Ms Lesley Osborne, ABA Manager Standards, stressed that the main purpose of the forum was to discuss the issues raised by the ABA's options outlined in the working paper. On the information gathered to date in the investigation the ABA considers that the 10 per cent expenditure requirement for new drama can deliver on the policy objective of supporting the Australian drama production sector, particularly for movie channels. The ABA also considers that the broader cultural objective can be advanced by a more flexible requirement which encompasses a wider range of Australian programs. These considerations are reflected in the options put forward in the working paper. If we are to stick with an expenditure requirement it has to be able to be enforced by the ABA, and have greater accountability built into it.

Ms Beryl Cutherbertson, from the Bureau of Transport and Communication Economics (BTCE), presented the

preliminary findings of the BTCE study into how much money a program expenditure condition might generate for the production industry over the next 10 years. The estimates, yet to be finalised, indicate that the movie channels will spend most on new Australian drama. Other types of drama channels will cost significantly less to program than the premium movie channels. The BTCE study will also look