



In response to the ABA's report on Australian content on pay TV (on page 5), Ian Fairweather, of XYZ Entertainment, sent the following letter to the ABA.

Reply by XYZ Entertainment

The Acting Chairman
Mr Gareth Grainger
Australian Broadcasting Authority
PO Box Q500
Queen Victoria Building NSW 1230

Dear Gareth

Re: Press release NR36/1998 'Pay TV falls short on Australian Drama'

We were very disappointed in the attitude the ABA took to reporting the new Australian drama results of individual channels where the release noted 'another two approached 10 per cent'. While the press, to whom the release was aimed, would not know which channels they are, to us it clearly means our **Arena** and **Nickelodeon** channels.

From the beginning of transmission, XYZ, in concert with the licensees (which include Continental Century as distributor of our channels) has at all times made every effort to comply with the voluntary drama spend. We have also made much in the press of what we are commissioning from the production industry to honour the drama spend and (in the case of the **Arena** Channel) in co-operation with State Government film funding bodies which has had the effect of doubling **Arena's** spend to 20% in the first two years.

In the ABA's *Guidelines for 'new Australian drama' on Pay TV* published in June 1996, under 'Time-frame for expenditure' you state the following:

In the ABA expects pay TV broadcasters and channel providers to spend money on new Australian drama contemporaneously with the financial year in question. ...

... any money spent in excess of the amount required for that financial year cannot be carried over;

... If less than minimum 10% amount required has been spent in that financial year, the pay TV broadcaster or channel provider must make up the amount outstanding with the equivalent additional expenditure on new Australian drama in the next financial year;;;

The ABA is well aware of the costs in establishing our industry and would understand that managing a budget in this area is exceptionally difficult. **Arena** and **Nickelodeon** can not afford to overspend on new Australian drama in these early years and as we must commit during the year, before our expenditure is locked off, we have been cautious in

arriving at exactly the 10% figure for budget reasons, not to short change the spirit of or the precise 10% spend.

In the last reported year (the period to which this press release refers) **Arena** spent 9.9% and **Nickelodeon** 9.3%. The ABA's guidelines demand the spend to be contemporaneous, forbid any overspend to be carried forward (other than the feature film investment provision which did not apply to us) and allow for underspends such as these to be made up, as they will be, in the following year.

As both channels under a voluntary system complied utterly with guidelines and both publicly supported the new drama provisions, we were very disappointed with the ABA's attitude expressed in this press release of 'approached 10 per cent' where it expressly allows and accepts what we did in its guidelines as a 10% spend. We believe that an appropriate report would have been 'another two achieved 10%' or to satisfy the pedants at least 'another two achieved 10% under the ABA guidelines'.

The business of pay TV is laid out in the Broadcasting Services Act which the ABA administers. As channel providers, we are doing our utmost to make business work. We are positively co-operating in all aspects of our business which the BSA covers and we really would appreciate some support from the ABA and acknowledgment of this, particularly in these circumstances of the sensitive area of the new Australian drama spend.

Yours sincerely
Ian Fairweather
Executive Producer, Drama