A limited trading scheme may be feasible acccording to a new research report, released by the ABA, which considers the applicability of a tradable obligations scheme to broadcasting.

Trading the regulatory obligations of broadcasters

The ABA has released a research report which considers the applicability of a tradable obligations scheme to broadcasting. The report, prepared by The Allen Consulting Group, concludes that a limited trading scheme involving commercial television broadcasters and applying to the quotas for children's programming and Australian documentaries may be feasible.

'The ABA is not proposing that a regime of tradable obligations be established in the short to medium term,' said Ms Maddock. 'However the ABA is interested in exploring models which would allow industry more flexibility, and deliver benefits for audiences by maintaining and ideally improving, the outcomes of content regulation. In particular the ABA is keen to encourage broadcasters to improve outcomes in the important areas of Australian documentary and children's programming.'

Under a tradable obligations scheme a broadcaster would be able to enter into commercial arrangements for another broadcaster to take over its mandatory programming requirements. With performance targets set for the industry as a whole, viewers would still have access to the same overall amount of a particular type of programming. However this could be more concentrated on one or two networks rather than spread across all, as is currently the case.

In developing the model the consultants considered the need for diversity across and within different program genres and the need to address the potential risk of anti-competitive behaviour.

Changes in the broadcasting environment such as the growth of pay TV and the introduction of digital television have prompted discussion of revised approaches to content regulation. Drawing on regulatory requirements for the environment and natural resource management, a number of studies have suggested that tradability be introduced into quota schemes for broadcasting. The report is the first systematic examination of the applicability of the model to Australian broadcasting.

The study was commissioned as part of the ABA's research of policy tools for achieving public benefits in the changing broadcasting environment and is intended to contribute to debate.

Main findings

- The core requirements of a tradable obligations scheme appear to be met in respect of the commercial television industry. In particular, there appear to be sufficiently different marginal costs of compliance between broadcasters to create the opportunity for gains from trade.
- There is some scope for introducing a tradable obligations scheme which
  - o would apply to commercial broadcasters in individual licence areas
  - o would apply to two areas of programming: children's programming (children's C programs including C drama, and preschool P programming) and documentaries.
- Applying the scheme to areas where above minimum amounts of programming are broadcast, as is the case in adult drama, is not recommended as it could lead a reduction in the total amount of programming.
- Parties to the scheme should be obliged to broadcast a proportion of existing quota requirements, with a portion available for trading. This aspect is designed to deal with concerns about the exertion of market power by broadcasters and with concerns about a possible loss of diversity through concentration of programming in one or two broadcasters.
- The monitoring requirements will not vary significantly from the existing requirements. A trade would not have to be specifically approved by the ABA. After establishing the scheme, the ABA's role would be to maintain a public register of trades and monitor and enforce the standards.
- There is no scope for explicit trading of the local news/ information requirements applying to certain regional broadcasters because the costs of trading are likely to outweigh the benefits, and because of the demonstrated desire to maintain diversity of 'voices' in news provision.
- Given the small number of participants the main risk associated with the proposed scheme is that there will be no trades. While this will involve some administrative costs for the ABA (i.e. the cost of setting up the administratisve arrangements), there are not necessarily significant downside risks in such an outcome.

Deadline for comment

The ABA invites comment on the issues raised by the report with responses due 30 November.

A discussion paper, *Trading the regulatory obligations of broadcasters*, which includes The Allen Consulting Group report, is available at www.aba.gov.au/ television/research.