

ACMA releases report on financial trends in the commercial television industry

A recent ACMA report reveals that in the 20-year period from 1979–80, commercial television revenues outpaced the general Australian economy. However, since 2000, television revenue growth has slowed.

Commercial Television Industry Financial Trends 1978–79 to 2005–06 provides a picture of the commercial television industry's financial performance over a period when the competitive environment and regulatory regime changed substantially.

In the reporting period, commercial television revenues grew by 3.8 per cent compared with Gross Domestic Product (GDP), which grew by an average of 3.2 per cent in real terms.

Since 2000, alternatives to free-to-air television—including the internet, subscription television, DVDs and computer games—have gained in popularity, attracting both new audiences and advertisers.

This has seen revenue growth for the commercial television industry slow to an annual

average of 0.6 per cent and profitability decline since 1999–2000 (despite continued increases in expenditure).

In the 2005–06 financial year, the commercial television industry reported total revenues of \$3,989.7 million, generating a profit (measured as profit before interest and tax, or PBIT) of \$620.4 million.

The study also found that industry PBIT increased between 1991–92 and 2003–04 at an average annual rate of 6.7 per cent. The exception to this trend was a period of unstable PBIT around 2000. Recently, over a two-year period from 2004–05, PBIT has fallen by an average of 27.8 per cent per annum. This was due to increases in expenditure in 2004–05 and falls in revenue in 2005–06.

In addition to examining the profitability of the commercial television industry, the study also compares the financial performance of licensees in metropolitan markets with those in regional areas.

Commercial Television Industry Financial Trends 1978–79 to 2005–06 is the second study of this type. Its purpose is to understand the general economic and financial trends that have influenced the commercial television industry during this period.

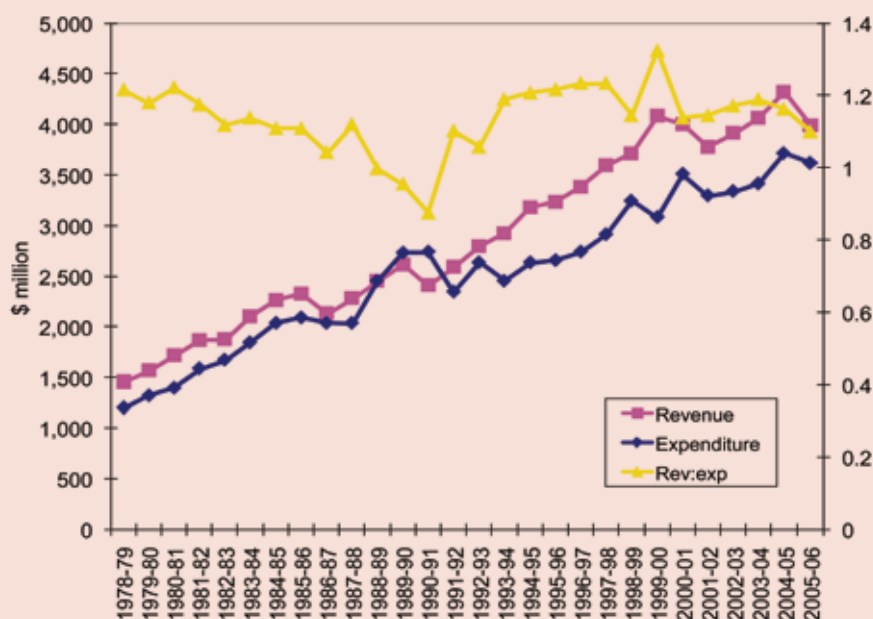
The study updates the earlier analysis presented in *The Commercial Television Industry: 1978–79 to 1998–99*, which ACMA's predecessor organisation, the Australian Broadcasting Authority, released in May 2001.

Commercial Television Industry Financial Trends 1978–79 to 2005–06 incorporates the latest ACMA data from the 2005–06 Broadcasting Financial Results (BFR). The BFR have been collected annually since 1978–79. At the time this report was prepared, 2005–06 was the most recent year for which BFR data were available.

Under Part 14A of the *Broadcasting Services Act 1992*, all holders of commercial radio and television broadcasting licences must provide licence fee returns, supporting documentation and payment to ACMA by 31 December each year.

Some care should be taken in interpreting the data derived from the BFR collection. While ACMA provides guidance to licensees on how to complete the forms, it does not verify the information reported by individual licensees, nor does it stipulate accounting standards to licensees.

Commercial Television Industry Financial Trends 1978–79 to 2005–06 is available on the ACMA website at <www.acma.gov.au> (go to About ACMA: Publications & research > Research > Broadcasting research).



Revenue versus expenditure for all commercial television licensees (\$ million)