

# CU Book Notes

**Dr Elizabeth Jacka,**

*Remapping the Australian Television System,*  
**CIRCI Working Paper 1993/2, ed. Prof. Bill Melody,**  
**Centre for International Research on Communication**  
**and Information Technologies, Melbourne 1993.**

Although this paper is dated June 1993, it appears to have been completed in the second half of last year. Its 'remapping' of the Australian television industry is thus fixed at a certain point in time, certainly before the impact of the BSA and its instrument, the ABA, had begun to be felt.

Nearly a year on, the industry remains in a state of flux, poised on the brink of unprecedented competition from new outlets, and the pay TV saga continues. The dangers of attempting to read the future are illustrated by Jacka's statement that 'the most likely licensee for Licence A is a big overseas operator like Time-Warner together with a local partner like Village Roadshow'. (Unless of course the winners fail to get their act together and such operators prove to be the underbidders - in the context of Australian pay TV, anything could happen!)

The recent fracas over MDS licences has shown that she was on firmer ground with her prediction that in the new television landscape 'in spite of free market rhetoric, there will continue to be various kinds of protection given to the big media players, including the existing free to air operators'.

The paper's value lies primarily in its succinct and perceptive overview, starting with the upheavals that took place in the mid-1980s flowing from the changes to cross-ownership rules which set off the frenzy of licence buying and selling, and by the policy of aggregation and changes to the audience reach, resulting effectively in national networking. As Jacka comments:

*Before aggregation viewers in Orange had common cause with a television community in a small area of Central NSW. After aggregation the same viewers had suddenly mysteriously been given commonality with people in the Riverina and Illawarra districts whether they felt it or not. At the same time they were drawn in more than before to a national communications space and space of identity and thence more towards an international one.*

She proceeds to give a useful outline of the economic characteristics of Australian commercial television, including some bar charts on profits, revenue and expenditure which were regrettably virtually illegible on CU's copy. This section draws attention to a key factor in cost increases, the shift in 1987/88 from the networks' cartel system of acquiring foreign programs to the 'output deal' system which links local networks to major production

houses overseas.

Jacka argues that despite recent reversals, 'commercial television has been, and is, a basically sound business' - a sentiment with which those who have recently acquired shares in the Seven Network would no doubt agree.

She will raise a few hackles when she questions whether current regulation directed to public interest outcomes in areas like Australian content and children's programs has the flexibility to respond to new broadcasting needs. Describing the instrument of regulation as 'lumbering, slow, litigious and coarse', she asks whether we should not be going down the path chosen by New Zealand of a production fund applied to specific broadcasting areas. But of course, this was written BBSA (Before the BSA) when our experience of regulation was based on a radically different approach. Jacka concedes that the approach she puts forward 'would be very politically vulnerable and would be able to be cut back at the whim of party political manoeuvres'. □



**Bureau of Transport and Communications**  
**Economics, Broadcasters and Market Behaviour,**  
**Working Paper 8,**  
**Commonwealth of Australia 1993, 40pp.**

**This paper claims to develop a model highlighting the response of broadcasters to the principal forces facing them in the delivery of programs and the sale of advertising.**

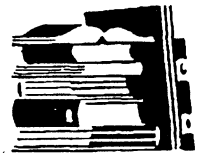
It's difficult to know who it is aimed at. Its approach is basic in the extreme and it reads like a primer of commercial broadcasting for secondary schools (or a new junior Communications Minister, perhaps?). There is nothing remotely new in any of its insights (if such they can be called) and it is breathtakingly simplistic. Some samples:

*Broadcasting is different from some other industries. Indeed, each and every industry has different characteristics which distinguish it from every other industry. All industries, however, have at least one thing in common; they engage in trade (that is, they participate in a market). (p.8)*

*The choice of advertising medium will be determined by the type of characteristics required by the advertiser and the target audience the advertiser is trying to reach. (p.23)*

*The entry of an additional broadcaster in a given service area will lead to a decrease in the average audience per station and thus to a decrease in average advertising rates (the price per 15 second spot). The*

*Continued on page 9 ...*



... Continued from page 8

decrease in average advertising rates reflects the decreased audience content of the advertising spot. (p.25)

To all of which, the only reasonable response by anyone with the most rudimentary understanding of broadcasting is: you don't say?

*Broadcasting and Market Behaviour* is entirely lacking in 'colour' - where are the real life examples? Many of its points could have been more effectively illustrated from actual broadcasting experience, using the copious existing data published by the ABT for example. Not a single program, barely even a program genre, rates a mention in its dry as dust economic analysis.

The paper has no footnotes and it is not often clear to whom we are indebted for its pronouncements. The bibliography lists four of the BTCE's own publications and many of its sources are somewhat elderly - dangerous in such a volatile field as broadcasting - and esoteric. It makes claims that are simply out of date: for example, that 'the largely local nature of radio programming has limited the usage of networked programs'. Not any more. With the exception of work by Allan Brown, the key Australian broadcasting references are just ignored.

The paper contains some bar charts and tables intended to illustrate such concepts as audience preference distributions and volume of advertising and audience size. The best that can be said about these is that they break up the text a bit.

What is all this leading up to? The paper concludes that broadcasters financed by advertising will prefer mass appeal programs and ignore other programs which smaller groups of people might value highly. But if the audience financed the system directly, less popular and more highly valued programs could be supplied. Hang on, haven't you won that battle, BTCE?

The paper has no doubt about its own value, concluding that 'the analysis presented in this paper provides a useful start to understanding the economic behaviour of commercial broadcasters'.

It is part of a larger study on the economics of broadcasting services a report of which is expected later this year. CU for one will not be holding its breath. □

□ □ □ □ □ □

## Correction

It has been brought to CU's attention that the article by Tiga Bayles in the last issue of Australian Press Council News was a specially commissioned article reporting on the Brisbane conference on the Media and Indigenous Australians, not a reprint of Tiga's paper to the conference, as stated in CU 89.

## Bob Peters and Peter Leigh, *Broadcasting Bounces Back:*

*a financial evaluation of Australian commercial metropolitan television,*

**Part One: industry overview, ANZ McCaughan Corporate and Financial services, Melbourne, June 1993.**

**There's no doubt who this publication is aimed at: potential investors in commercial television in the context of the impending Seven Network float; and like Liz Jacka, the writers are sanguine about the prospects.**

Commercial metropolitan television, they say, is now in a phase of 'genuine and sustainable recovery' after the upheavals of the late 1980s.

Although its focus is ostensibly narrower than the BTCE paper, *Broadcasting Bounces Back* merits a much wider audience than its primary target. It offers an historical overview of the industry from a commercial perspective, with useful comparative statistics on items like media shares of advertising expenditure 1961-1991, and growth in advertising revenues over the same period versus GDP. Other valuable tables juxtapose national audience reach with share of advertising revenue and expenditures, and show changes in ownership between 1983 and 1993.

There is a summary of the regulatory situation as at mid-1993; a detailed analysis of ratings, programming and strategies, once again accompanied by excellent tables, many with a historical perspective; and an analysis of the industry's financial performance over various periods and currently.

A chapter involving corporate profiles is pitched more specifically to the investor reader but nevertheless contains much of more general interest on the structure, operations and finances of the networks.

The final chapter, Future Prospects, reinforces the authors' predictions about the industry's buoyant future. This chapter contains more valuable (and up-to-date) statistics such as current and projected cable penetration in the US, comparative take-up rates for VCRs in Australia and the States, and cable share of total viewing and advertising in the US.

As if all this were not enough, there are eleven detailed appendixes which supplement the statistical material included in the main body of the report.

In short, *Broadcasting Bounces Back* is a mine of useful information for all serious industry analysts and researchers.

Copies are limited and anyone interested in obtaining one should contact Bob Peters on (03) 272 1561, fax (03) 272 1702. □