CU Book Review

Paying For Diversity

Terry Flew, *Financing, Programming and Diversity in Australian Television*, Communications Law Centre Occasional Paper No.8.

This paper, which examines the relationship between program funding and program diversity, begins with a consideration of the meaning of 'diversity' - which, as the writer points out, is a concept allowing many interpretations.

Thus the ABT in its 1982 report on cable and subscription services saw diversity as a combination of the dissemination of a wide range of opinion and attitudes, the servicing of minority needs and interests, and restrictions on ownership. More recently, the objects of the Broadcasting Services Act re-endorse the idea of diversity in control (at least of the 'more influential' services) and encourage the availability of a diverse range of services offering entertainment, education and information.

In line with the prevailing market orientation in broadcasting policy in recent years, however, in 1989 the Department of Transport and Communications preferred to emphasise diversity of *choice* for viewers as a rationale for introducing pay TV - the 'structural diversity' approach.

The flaw in this approach, as the Saunderson Committee pointed out in its report *To Pay or Not To Pay*, is that Australian subscription services will not necessarily offer increased or real choices; and that the similarities between pay TV as currently envisaged and free-to-air broadcasting, as well as the fact that they will compete for audiences, suggest that barrier-free entry and unlimited channel space are no guarantee of greater competition.

Structured Pluralism

Terry Flew prefers the concept which has been called 'external diversity', involving a structured pluralism in broadcasting so that different media present different positions and types of programs which appeal to discrete segments of the audience. This contrasts with internal diversity, such as prevails in one-broadcaster countries or public broadcasters like ABC, where attempts are made to serve manifold tastes and interests on one television service. (In this context, it is worth noting Flew's reminder of Glen Withers's conclusion that 'more financial support for the ABC by government does seem to result in more diverse programming'.)

The central thesis of this paper is that different modes of financing programs are crucial to achieving external diversity, since financing has 'a major bearing on programming practices and hence on the degree of content diversity'.

> *The absence of adequate finance for a diverse range of broadcast services and program types is likely to adversely affect the extent to which a diverse range of programming emerges. Similarly, programming strategies which aim solely to maximise audience size may lead to an 'excessive sameness' in programming which adversely affects particular audiences and prevents certain program types from being screened.*

Flew's paper suffers to some extent from having been prepared before the advent of pay TV. This is a singular disadvantage for a paper which purports to consider the effect of different modes of financing on the types of program which appear on the screen, since at this stage both the mode of financing pay TV programs, and the range of programs likely to be available, remain largely in the realm of speculation.

Inevitably, therefore, his analysis must be based on known quantities - existing commercial and national television broadcasters.

He lists four modes of financing: advertiser and government financing, direct subscriber payment, and 'other sources' (which includes such things as subscription drives and marketing/merchandising). Perhaps another category should be added: program financing strategies such as co-production and co-financing which cut across both commercial and national sectors of television and, these days, play a decisive role in what programs get made. The role of film funding authorities is mentioned under 'government financing' but it is important to remember that most government financing these days is tied to contributions from other investors, whether through direct investment, co-production, pre-sales or other arrangements.

Sound Scrutiny of Commercial Sector

As might be expected from a writer whose background is in economics, Flew is on firm ground when analysing the economics of the industry, for example in the chapter on commercial television. But he does not ignore the human dimension, as when he usefully reminds us that commercial free-to-air television is the most watched among all sections of Australian society, and as a result 'its images and output are critical to the perspective which Aboriginal and Torres Strait Islander Australians and NESB Australians hold of themselves, the nature of Australian society, and their position and opportunities within it'.

The commercial sector has often been criticised for its unadventurousness and overall sameness in programs. Flew argues that other possible approaches, such as 'premium', 'no frills' and 'specialisation' approaches 'have been precluded either by their lack of economic viability or by broadcasting regulations' - such

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as the former Broadcasting Act requirement that licensees provide adequate and comprehensive programs. One might also point out that there was considerable room to move within these constraints: for example, there was nothing to stop a network broadcasting social documentaries in addition to, or in place of, drama, indeed there is positive encouragement to do so under the current Australian content standard. Yet the networks' programming approach has largely been characterised by an unwillingness to try almost anything new - unless of course it has first been a success on the ABC.

Notwithstanding the non-arrival so far of pay TV in Australia, the chapter on subscription (pay TV) services and how they may develop in Australia is useful, drawing widely on overseas sources to produce some fascinating material. In the US between 1985 and 1990, cable TV's share of the audience increased from 14 to 26 per cent of all households, while free-to-air lost 12 per cent of its audience. But the really interesting statistic is that in the same period, cable's percentage of ad revenues only grew from 3.4 per cent to 6.3, while the free-to-air services showed little drop off in revenue. This can no doubt be attributed at least in part to conservatism on the part of agencies and media buyers, which other studies have suggested acts as a constraint even on advertisers who may wish to associate themselves with new outlets or more innovative programs.

Flew correctly treats overseas experience and studies of pay TV with caution, pointing out for example that Noam's conclusion that more channels will produce greater diversity of content 'is dependent upon there being a large number of pay channels, a widespread willingness to subscribe to pay services, service provider willingness to provide 'minority' channels, and diversification of media ownership arising from the development of a new system'. As things stand, it would be hard to demonstrate that any of these conditions apply to Australia's proposed services.

No Rose Garden Ahead

Flew's conclusions on pay TV should give pause to anyone who still thinks that it is the answer for everyone who ever wanted more variety on their screen, or longed for more locally relevant programs. Satellite services inherently centralise the program delivery (and to some extent production) process and are directed to a national audience, and other delivery systems will still be unevenly distributed between regions, 'with a tendency for niche services to gravitate towards areas with high population densities'.

Flew points out that while multiple channels hold scope for enhancing diversity, 'the overall economics of television tend to pull in the other direction'. Diversity may be enhanced, he says, but it would undoubtedly be diluted if introduction of pay TV meant the end of regulation on free-to-air broadcasters or of a commitment to national broadcasting, which will continue to be the most-watched services.

There may be better ways of enhancing diversity, such as supporting community television. But as Flew points out, the issues of concern in this sector remain similar to those identified when the idea was first mooted in the 1970s: in particular, inadequate government support and an insecure funding base.

Nevertheless, he sees important opportunities in this area for enhancing localism, participation, innovation and program diversity.

As for the national broadcasters, Flew concludes that planned ABC and SBS pay TV services will enhance structural diversity in this sector because of the different rationale underlying their programming strategies, but acknowledges the central issue of whether they can operate successfully in pay TV without diluting their free-to-air services. This applies particularly to the ABC because its planned pay TV services such as news/current affairs and children's programs appear to be an extension of their current services, whereas SBS's proposed language-specific narrowcasting is more complementary to its existing services.

A few quibbles: Australian TV did not have 'three competing commercial free-to-air networks since its inception' (p.19) - the third licence in metropolitan markets was not granted until 1964; it is misleading to imply (p.35) that SBS itself sought to supplement its revenue by taking commercial sponsorship - it had no choice in the matter; the use of a 1985 table to illustrate peak time programming in seven countries (p.37) seems risky given that the broadcasting landscape has changed so radically in the last decade in most of these countries.

But overall this is a useful and refreshingly un-dry (for an economist) paper. Its message for the average viewer could well be: keep going to the video shop. At the very least, viewers should bide their time and see whether real choice is on offer, or the same old stuff tricked up in a new package. ❑

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Advertiser Caution On New Services

Evidence presented by Terry Flew of advertiser conservatism in supporting pay cable services in the States may have an echo here - even though there is a prohibition on advertising on pay TV services until 1997.

Responses to the National Advertiser Survey, reported in *Ad News* (18 November) show that advertisers are concerned that pay TV:

- will cause fragmentation and make it difficult to place advertising for mass market products;
- could take viewers from free-to-air networks, decrease the networks' ability to deliver audiences and increase costs;
- operators could set rates high to keep upfront subscriber costs low.

On a more positive note, advertisers thought that pay TV could be cost-effective for niche products, saw possibilities for advertiser involvement in programming, and believed that audiences who had paid for programs would be more attentive. ❑