



Less money, more players

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How the next year looks for production perhaps depends most on which producer is looking. As *CU* pointed out two years ago, a single success will make the difference for most producers, 'between a year to remember and one to forget.'

The broadcasters' publicity machines have signalled already some of this year's television drama offerings. Two new Nine Network dramas *Pacific Drive* and *Water Rats*, in particular, have grabbed newspaper space. Together with some telemovie packages these new dramas fill up Nine's '96 slate.

The Ten Network continues *Neighbours*, of course, and adds two or possibly three series, including *Sweat*, which reportedly involves a split run deal with the ABC allowing Ten first release, with the second run on the ABC.

Upheaval, change or uncertainty over executive appointments has translated into slower decisions, and perhaps less news at Seven and the ABC. *Home and Away* and the successful *Blue Heelers* are set to continue at Seven, where there are also some sitcom possibilities.

Funding limitations and the delay in staffing decisions has especially affected the ABC, which continues *GP* for another, probably final, year, and introduces *Mercury*, a new newspaper drama from its Melbourne stable.

The chief factor in the production levels of films, and of television drama remains government decisions on budget levels and regulations. Economic indicators, either for the economy as a whole or of specific areas of activity such as advertising

revenue, probably have more effect on TV commercials, and corporate or commissioned production.

In regulatory news, the ABA's decision last year to introduce a quota for documentary on the commercial networks will have its first effect this year. The eligibility of official co-productions under the Australian con-



tent rules for free-to-air TV may make mini-series easier to finance.

The newly created Commercial Television Production Fund, introduced as part of the Government's Creative Nation package will inject an additional \$20 million into television production. It has announced funding for three two-hour telemovies, two of which are series pilots for Network Ten, and Nine has used the Fund to finalise the funding of New Town Films' production *Twisted Tales*, - a 12-part series of half-hour self-contained dramas.

The Fund's arrival is timely. The reduction of the FFC's appropriation to \$50 million, and its relatively low revenues this year have resulted in difficulties in funding television production. For the first time in its history, the Corporation announced in

January that it has effectively run out of funds. Of its funds for adult drama, the corporation had spent all of this year's funds, and committed some \$2 million of next year's allocation by October last year. Several projects have been held up, and there may be changes to broadcast schedules as a result. It may mean for example that the ABC proceeds with an in-house production instead of an independent producer's project.

No further television funding applications will be considered until April, and projects will be considered quarterly thereafter. This introduces an element of competition between projects and the need for comparative assessment of projects. The FFC had earlier decided not to fund 13-part series in an attempt to forestall the budget crisis.

The increase from the Production Fund does not fully redress the fall in program expenditure on Australian drama by commercial networks. Prior to its review of the Australian Content Standard the ABA released figures showing a fall of 21.2 per cent, from \$113m to \$89m between 1990-91 and 1992-93. Repeated requests were made during and after the review of the standard, but the ABA has only recently released details of the next two financial years in the data series. The figures show the decline continuing - a further reduction of 18.2 per cent to \$72.8m, and a total fall of 35.6 per cent since 1990-91. It is worth noting that this was a period of steady revenue growth by the networks. The ABA's 15 February news release gives another outing to the annual headline 'Large increase in commercial television industry profits', and reports again on a 10 per cent



annual growth in revenue and an 18 per cent increase in profits.

Despite this fall in expenditure, the arrival of new players gives some cause for optimism. Pay TV still has a comparatively small subscriber base, and its contribution to production levels is still small. However, it does introduce new buyers and it puts more pressure on programmers of existing free-to-air networks to secure unique schedules that work with Australian audiences. Australian programs still appear the most likely to achieve that.

The economy at large appears to be marked by uncertainty over the future of inflation and over the settings of interest rates.

It is not surprising that forecasts of advertising revenue are mixed. 1996 is an Olympic year, which should be a boost for TV advertising, as well as an election year. Some finance sector forecasts suggest that TV airtime is in strong demand, that it will maintain its advertising market share, and that pay TV advertising in 1997 will expand the sector. Against this, the Australian Association of National

Advertisers is reported (*AdNews* 17 November, p. 24) as finding serious falls in cost effectiveness of TV advertising. It also reports a fall in the percentage of average media budgets spent on TV. These differences would be compatible with an increase in the size of marketing budgets.

There are, as usual, emerging issues to watch for in the longer term.

It's an election year, but unlike the last occasion, the industry does not face a scorched earth option. Both major parties have made statements recognising the need for continued government commitment to the Australian production industry, and committing to maintaining existing levels of regulation and investment, including funding for the ABC and SBS. The Labor Government has not been quick enough to implement some of the multimedia initiatives announced last year in Creative Nation, and the fortune of some of these may be decided by the election. While the longer term might take different shapes, there are no short term disasters likely as a result of the election.

Whatever the outcome, several

regulatory decisions of consequence are likely. The ABA is examining content rules for on-line services, and the possibility of a fourth commercial network. Digital terrestrial broadcasting looms, as does a court case in which the New Zealanders are seeking access to Australian content regulation. The Australian content rules for pay TV are to be reviewed almost before they have started. A general review of the structure of the Government's film assistance programs has been discussed in bureaucratic circles for some time and remains a possibility, and the lack of incentives for private sector investment in the industry is a perennial concern.

Then there are the 'new media'. While Marketing on the Internet is a hot conference topic, and money is available for investment through the Australian Multimedia Enterprise, it's too early to forecast a major effect on the industry as a whole.

For a producer of any sort, a 'yes' may still depend more on the whim of a programmer, or a distribution executive than on the large forces shaping the industry. □

Commercial TV Financial Results 1994/95

The ABA's *Broadcasting Financial Results 1994/95*, published in February, shows commercial TV recording healthy increases in revenue (up 10% to \$2,355 million) and profits (up 18% to \$406 million) in 1994/95.

The figures also reveal trends in program expenditure, although the exclusion of program salaries and wages from the figures for program expenditure mean the results should be interpreted with caution.

Spending on Australian drama and children's programs and news and current affairs fell in 1994/95, while spending on other Australian programs such as sport, and foreign programs, rose.

Spending on Australian drama and children's programs has fallen by a third over the four years since 1990/91, while spending on news and current affairs and other Australian

programs has risen by 32% and 25% respectively. The figure for foreign program expenditure in 1994/95 is still 5% below the figure for 1990/91, before

the renegotiation of US program output deals struck at the height of the television industry shakeout in the late 1980s. □

