What price Australian content?

Cultural Regulation of Australian Television Programs, by Franco Papandrea. Published by the Bureau of Transport and Communications Economics, Occasional Paper 114, AGPS, Canberra, 1997

The first observation to be made about *Cultural Regulation of Australian Television Programs* is that it is both Franco Papandrea's Ph.D thesis and a publication of the Bureau of Transport and Communications Economics (BTCE). Coming out of an innovative arrangement which the author has had with the BTCE, it thus has a status somewhere between an academic publication and a departmental study. It will be interesting to see whether this idea catches on in future.

The basic argument developed in this study is that Australian content regulations in general are effective as a response to market failure which influences commercial television programming decisions in ways closer to consumer preferences. But particular aspects of the regulations are not effective.

Papandrea argues that the 55 per cent transmission quota is the least effective form of regulation, and that it promotes programming which is not compatible with revealed community preferences. Much of the material published in this study will be recognisable from other BTCE publications but it is valuable to see how Papandrea develops his argument.

After a summary, he outlines the micro-economic theory of television programming supply and demand. Non-economists may wish to skip this section and go to Chapters 4 and 5 which provide succinct economic assessments of the arguments for Australian content regulations and the effectiveness of these regulations as they have been developed over time.

Papandrea observes that while there is a "market failure" case for local content requirements, closer analysis of costs and benefits associated with policy intervention is needed before an appropriate response can be determined. He finds that regulations have proved most effective in changing the behaviour of commercial broadcasters in the area of children's programming, have had an impact in drama production (though this has largely involved lower-cost serial drama), and that the transmission quota has had little affect on broadcaster behaviour.

Some of the most important information in this study is provided in Chapters 6 to 8. There, research is undertaken into measuring community benefits from Australian content regulations, and a contingent valuation study which attempts to quantify the worth which people place upon having some locally-produced material on commercial television. The finding is a generally positive one which highlights community support for such regulations even if they add to overall costs. It also reinforces the extent to which commercial broadcasters have proven able to meet the requirements in ways that have generally provided large enough audiences to make the programs profitable to broadcast.

The principal benefit of the regulations has probably been that they have forced risk-averse commercial broadcasters to invest in locally-produced drama in spite of its higher cost and greater risk than "proven" imported material. Importantly, however, Papandrea finds that those surveyed would like a change in the composition of local programming, with more documentaries, movies and children's programming, and less serial drama and game shows.

This reinforces his critique of the transmission quota which he finds to reduce flexibility to broadcasters in responding to changes in audience preferences, while doing little to satisfy unmet community demand for particular types of local programming.

As an economist, Papandrea is likely to have an intuitive hostility to quotas, which are seen as the bluntest of instruments through which to achieve regulatory goals. He also correctly notes that trends such as technological change, globalisation and multilateral trade agreements probably make the transmission quota less effective over time, and more open to challenge as discriminatory in trade terms and ineffectual in achieving its cultural policy goals.

The issue is again raised about whether, in the medium term, public support for local programming deemed to be socially desirable will come from direct government subsidy rather than indirect quotas, an issue raised with the Keating Government's Commercial Television Production Fund announced under *Creative Nation.*

What is refreshing in this assessment is that it marks a sophisticated economic assessment of a widely-supported cultural policy instrument, which avoids the sort of rhetorical overkill which could be found in this debate about five years ago. It is a detailed assessment of actual community preferences for Australian programming and a valuable contribution to an important media policy debate. It shows a willingness to concede points of weakness in the neo-classical economic argument such as endogenous preferences: in lay terms, demands generated by the supply of certain goods, services and, in this case, programs.

Reviewed by Terry Flew, lecturer in the School of Media and Journalism, Queensland University of Technology