

1 1997 in review

JANUARY

Television: CanWest Global Communications increases its economic interest in Network Ten to 66% from 56%, via a separate Australian company.

Public broadcasting: the Mansfield Review concerning the role and functions of the ABC is released. Positive in tone, the document is relatively restrained in recommendation, advocating the eventual outsourcing of program production, rationalisation of the broadcaster's property holdings and closure of its international broadcasting services.

FEBRUARY

Television: the Australian Broadcasting Authority issues the Final Report of the work of its Specialist Group on Digital Terrestrial Television Broadcasting (DTTB). As a first step, the report advises that existing broadcasters be allowed to migrate to DTTB and fully participate in the new technology. It also requires that existing PAL analogue services be switched off but not until 2020 or later.

The Nine Network secures a long-term contract for free-to-air rights for News Corp.'s Super League competition; it also continues to cover rival Australian Rugby League games.

Film: the Review of Commonwealth Assistance to the Film Industry, carried out by David Gonski, recommends maintaining Commonwealth funding in the medium term and heralds the replacement of the Division 10BA and 10B tax concessions with Film Licensed Investment Companies (FLICs), due to launch in July 1998.

MARCH

Privacy: despite widespread industry and community support, the government withdraws plans to extend the application of the federal Privacy Act to the private sector, because of allegedly increased compliance costs for Australian businesses. The withdrawal may result in the refusal of international companies to trade with Australia because of its lack of privacy protection, following the introduction of the European Union Privacy Directive which comes into force on July 1, 1998.

Film: Village Roadshow secures a A\$120 million finance package to help expand its global cinema empire to 3,000 screens by 2001.

APRIL

Television: CanWest Global Communications is found to be in breach of the foreign ownership sections of the Broadcasting Services Act and ordered to reduce its stake to below the 20 per cent limit. It has until April 4, 1998 to convince the Australian Broadcasting Authority that it does not hold a controlling interest in the national commercial broadcaster.

Optus Communications settles its legal dispute with Network Seven and now controls the pay TV and local telephony arm Optus Vision. The deal between Optus Vision shareholders (Optus Comms, US West, PBL and Seven) results in Optus Comms buying out remaining shareholders in a share swap. Seven and PBL retain their interests in programming vehicles MovieVision and SportsVision which remain outside Optus Vision.

Pay-per-view services launch on rival pay TV services Optus Vision and Foxtel. Programs include boxing matches, wrestling and concerts for subscribers who pay a one-off fee for the event.

Telecommunications: Northgate Communications launches a cable/telephony system for 23,000 homes in Ballarat. It is the first step in what Northgate hopes will become a regional cable empire encompassing more than 40 provincial cities.

MAY

Television: pay TV groups Foxtel, Australis Media, Austar and East Coast TV, form a joint ad sales unit, Multi-Channel Network, in preparation for carrying advertising from July 1.

Film: Southern Star acquires U.K. production house Circle Communications for A\$23 million. Circle's assets include a 40% stake in drama producer Carnival, rights acquisition group Delta Ventures, documentary producer Oxford Scientific Films, and international distributor Pavilion.

JUNE

Television: the Broadcasting Services Act is amended to enable broadening of the Australian Broadcasting Authority's investigative powers from broadcasting matters to any services delivered using telecommunications.

Privacy: the prospect of real law reform looms closer when NSW state government attempts to protect source

confidentiality in journalism by introducing into Parliament the Evidence Amendment (Confidential Communications) Bill 1997.

The Australian Press Council rules against the *Daily Telegraph* and *Herald Sun* for taking photographs of former Senator Bob Woods and his wife in the garden of their family home. Woods was embroiled in public controversy at the time and therefore represented “fair game” for the media in their claims to be acting in the public interest.

JULY

Television: the Australian Broadcasting Authority extends a community television trial on the sixth television channel for another year. The trial will now end on June 30, 1998.

Network Seven buys the ABC's regional satellite channel Australia Television International for roughly A\$11 million, including debt. Seven also exercises its option to acquire A\$150 million of preferred stock in U.S. film studio MGM from fellow shareholder Kirk Kerkorian's Tracinda Corp. Seven originally committed A\$365 million to acquire 50% of MGM's voting rights and equal board representation with Tracinda.

Film: Video distributor Network Entertainment goes into voluntary administration, its share price having fallen from a A\$2.15 IPO price in November 1996 to A\$0.11c on July 11. Debts total roughly A\$11 million, assets upto A\$15 million.

Telecommunications: the Telecommunications Act 1997 comes into effect on July 1, introducing full competition in services and facilities. The general progression of the telecommunications industry from a public to private model effected by market liberalisation is expedited by the government's decision to sell one-third of its equity in Telstra.

Optus Communications announces that Cable & Wireless will increase its shareholding in the telco from 24.5% to 49% by acquiring all Bell South's shares.

AUGUST

Film: Becker acquires independent distributor/exhibitor Dendy for an undisclosed price. The deal includes four screens in Sydney and Brisbane.

SEPTEMBER

Television: Network Seven is part of the winning bid for the construction of the Docklands Stadium in Melbourne, gaining the rights to televising AFL games as part of the deal.

News Corp.- backed Independent Newspapers Ltd. acquires 48% of New Zealand's Sky Network TV from HKP Partnership for A\$300 million.

Network Seven affiliate Prime Television buys 34 UHF licenses in New Zealand from United Christian Broadcasters for national broadcasting

Film: Reg Grundy Productions creates a production fund which will initially finance two action series, two sitcoms and telemovies. Grundy also receives approval from the Film Finance Corporation for its investment in children's series *The Search for Treasure Island* which has been presold to Network Seven.

Telecommunications: Communications Minister Richard Alston rejects Telstra's proposal to introduce a 50 cents per call charge for some directory assistance services.

Media Ownership: The government gives up trying to trade off favours between the Packer and Murdoch camps and announces its decision to put the media ownership review on hold.

OCTOBER

Censorship: Andres Serrano's notorious art work “Piss Christ” and the exhibition of which it was part, is removed from the Victorian National Gallery, a week after its launch. Legal action fails to stop the exhibition but a barrage of threatening phone calls followed by two physical assaults on the work ends Serrano's display. It is hard not to conclude that the lack of condemnation of the vandalism by the Church and the Victorian government following closure of the exhibition implicitly legitimised the vigilante censorship.

NOVEMBER

Telecommunications: One-third of Telstra is sold off by the government. The multitudinous public investors in the telco saw their shares increase in value by more than 70% in less than three months.

DECEMBER

Film: Hoyts Cinemas chief executive Peter Ivany announces his relocation to the U.S. in 1998 as the group gears up for potential mergers of its U.S. operations. Consolidation of the U.S. cinema industry has been faster than expected, forcing Hoyts to consider a merger with or sale to a U.S. major in order to improve operating margins and leverage. Hoyts also announces a joint venture with Rupert Murdoch's Fox Studios Australia to develop a 16-screen cinema complex at Moore Park in central Sydney. Of the 16 screens, 12 will house mainstream movies and the remaining four will form a separate arthouse complex.

foreign actors working on fully funded productions in Australia.

Next up will be the debate over funding for the Commercial Television Production Fund (\$60 million over three years) and SBS Independent (\$13 million over 13 quarters), both of which expire this financial year.

Overall production budgets in feature films and independent television dramas increased by 12 per cent or \$62 million in 1996-97 compared to 1995-96, according to the AFC. Some 87 projects (feature films and TV drama programs) worth a total of \$561 million were produced by the independent sector in 1996-97. Of these, 33 were mainly financed by Australian government sources (compared to 43 in the previous year), 23 were mainly financed by overseas investors (the same as the previous year) and 31 were mainly financed by Australian commercial broadcasters and private investors (mainly production/distribution companies) compared to 20 in the previous year.

The value of Australian feature production rose by \$41 million, an increase of 46 per cent over 1995-96. Television drama budgets were up by \$54 million on last year's total – a rise for the fourth year in a row – and the overall value of Australian productions rose by \$28.5 million. Expenditure in Australia (production and post-production) rose for the fourth consecutive year, increasing by nine per cent over 1995-96 to \$410 million.

With some production funding assured, the domestic industry can afford to bathe in the glory of good figures for 1996-97. But the battles are by no means over. Funding for SBS Independent and the Commercial Television Production Fund, both of which expire this financial year, will provoke major campaigns, with the commercial TV networks probably supporting the production industry in its plea for continued and satisfactory funding.

Karen Winton

ABA announces modest broadcast profits for 1996-97

Commercial television and radio industries achieved what the Australian Broadcasting Authority (ABA) termed modest profit increases in 1996-97.

Basing its calculations on figures supplied by the broadcasters, the ABA reported that profit for the 44 free-to-air commercial television licences rose by 1.5 per cent in the past financial year to \$445.9 million. The result was achieved on a four per cent increase in broadcasting revenue to \$2.56 billion, balanced by a 4.8 per cent increase in expenses, to \$2.12 billion.

The 15 mainland state capital services improved broadcasting profit by 1.8 per cent to \$346.5 million on a 4.2 per cent rise in revenue to \$2.02 billion.

The six television services in Sydney and Melbourne accounted for 51.7 per cent of industry revenue though revenue growth in the two largest cities was slower than that in the other mainland capital city markets. The Perth services achieved the only double-digit growth with revenue increasing by 11.4 per cent compared with 7.3 per cent in Adelaide, 4.3 per cent in Brisbane, 3.5 per cent in Sydney and 1.7 per cent in Melbourne.

The commercial television industry spent \$549.6 million on Australian programming in 1996-97, nine per cent more than in 1995-96. Australian drama and children's programming accounted for 17 per cent of local program expenditure (\$91.8 million), news and current affairs 28 per cent, sport 27 per cent, light entertainment 24 per cent, and documentaries two per cent.

Profits for the 181 free-to-air commercial radio licensees were stronger than their television counterparts in 1996-97, rising 5.6 per cent to \$74.7 million on a 0.3 per cent improvement in revenue to \$556.2 million. Expenses decreased by 0.5 per cent to \$481.4 million.

The 39 metropolitan services in the seven capital cities increased broadcasting profit by 18.3 per cent to \$50.4 million, on a 2.2 per cent rise in revenue to \$372.6 million.

Australia's 20 capital city FM radio broadcasters saw profits rise 19.6 per cent to \$54.1 million and revenue increase 3.1 per cent to \$243.1 million. The 19 AM services' losses increased to \$3.6 million from \$2.6 million the previous year.