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Time for Action – Australian television  
content in review.

## **Time for Action – Australian television content in review.**

Firstly I would like to outline our association with and our commitment to television. We are the Australian Film Commission and perhaps all too often associated solely with film. But television is central to our industry and we believe there are few, if any, policy issues of more significance than the issue of Australian content. So when we address this issue, we do so with due seriousness, with significant resources, and we expect that our opinion and advice is delivered with some authority.

The AFC has a number of direct funding programs aimed at supporting the development of television projects and television productions. We support animators and documentary filmmakers to develop projects and we provide production finance in both areas. Our producer support program funds both documentary filmmakers and television drama producers. Much of our short drama output and all of the output of our Indigenous Unit is financed in association with broadcasters, usually SBS. Unfortunately, since the end of the CTPF, we have not had a direct funding relationship with the commercial networks.

The AFC also administers the Federal Government's co-production program which is mostly used by television producers.

Outside of development and production funding, the AFC is involved in a very broad range of policy, research and information gathering work. We are the primary data collection agency for the industry and we publish the national drama survey annually and the encyclopaedic Get The Picture bi-annually – both now available on our website. In addition, we regularly publish books and reports dealing with developments in television technology and programming. And of course in the area of policy, we contribute to all major enquiries and discussions. We represent through our Chair Maureen Barron, the arts and audio visual industries on the Minister for Trade's WTO Advisory Group, we participated in the recent Productivity Commission enquiry into broadcasting, and we are now of course participating in the Australian Broadcasting Authority's current review of the Australian content standard.

Our submission to the ABA's review is available on our website and the ABA's website. It's long and it's detailed and it has a number of quite specific recommendations. But rather than outline these this morning what I wanted to do was set out for you what I think are some of the fundamental principles or areas of concern which should underpin and inform the discussion within the industry around this review. In our opinion these are principles and issues by which proposals and possible outcomes must be tested. And we believe that these principles and these issues must be considered by all the major parties in this review.

## **Rationale for Australian content regulation**

Firstly, we must restate and recommit to the fundamental rationale for an Australian content standard. This must be our guiding principle and we must deliver against it. Like many nations, Australia has seen the broadcast of local content as an essential role of the television system. It is an essential public interest obligation of privately owned television in return for continued spectrum access and protection from competition. The object is to ensure that the culture of the nation is represented on our screens and to encourage the expression of creativity.

## **Economic state of Broadcasting**

Secondly, the capacity to pay on the part of the networks must be the primary economic indicator when designing and refining the content standard. We should not have a problem with or question network profitability. They are businesses, owners and shareholders have a right to returns and decisions about how to run the business should be made rationally within this context. Maximise revenues and minimise costs. But within a context and the context is limited competition which provides the broadcasters with the capacity to pay. The perspective and the question asked must first and foremost be is there a capacity to pay and deliver the outcomes required of the standard.

This review of the Australian Content Standard is being conducted in an environment where free-to-air broadcasting remains a successful and robust business. Despite recent warnings of a tightening advertising market and reduced earnings, all three networks are in a strong financial position after a decade of growth and reconstruction. They are protected from new entrants to the market until at least 2007 and appear to be in a good position to deal with the challenges from any economic slowdown and the growth of pay TV.

The AFC recognises that the recommendations it makes relating to increases in drama and documentaries, and the level of cost contribution to children's drama, will have a financial impact on the broadcasters. However, this must be seen in the context of the objectives of the Broadcasting Services Act and the capacity of the broadcasters to generate revenue sufficient to support these increases in costs, the capacity to pay.

## **The content standard and industry support**

The third principle relates to the role the content standard plays in the development and growth of the Australian film and television industry.

The importance of the content regulation to the development of the screen production industry cannot be overestimated. It not only created the opportunities for production, the development of skills and the support of infrastructure, but it also created a growing and increasingly strong domestic television market.

The existence of strong broadcasters committed to the production of Australian content has served to underpin the direct industry support initiatives by government. Our culture of popular Australian television is integral to the domestic market and has produced programs which are attractive internationally.

At a time when the Federal Government has recognised the international competitiveness of the Australian film industry and its growth potential in regard to foreign production, it would be a very selective and blinkered policy approach to ignore the relationship local television production has to the development and underpinning of Australia's capacity to service this production. In its August 2001 film industry funding package, for the first time the Federal Government recognised the integrated nature of the film and television industry by increasing direct funding for local production while at the same time introducing incentives for foreign production. It is no longer possible to remove the broadcasters and their regulated responsibilities in regard to Australian content from the training, employment and creative, commercial and physical infrastructure which combine to form the complex matrix which now constitutes our film and television industry.

### **Diversity in adult drama**

The first three points of principle I have outlined above relate to the broad social purpose of the content standard and to ensuring the conditions exist for the delivery of the outcomes of the standard. My next and final three points are ultimately about audience, about the Australians who watch local content if and when it is available.

Firstly, adult drama. The Standard is presently overwhelmingly being met by volume drama production with over half the drama broadcast being at the lowest cost per hour to the network. This has occurred at the same time as the amount of Australian drama being broadcast has declined. In 2000 the three networks broadcast 498 hours of drama compared with 597 hours in 1988/1989. Despite fluctuations this represents an absolute decrease of 16.5% over the period.

Ultimately, the Standard has not encouraged diversity of program formats nor growth either in investment or in the actual number of hours of Australian drama being broadcast. It is clear to the AFC that the drama sub-quota needs to be restructured to encourage quality and greater diversity in program formats.

### **CHILDREN'S DRAMA**

Secondly – children's drama.

The AFC strongly rejects any proposal that would result in the dilution of the children's drama requirements. These have been developed to provide Australian children (under 12 years) with access to programming specific to their needs and interests.

The Government has been clear in its intention that commercial broadcasters be required to broadcast minimum amounts of Australian children's programming. Any discussion of the cost of fulfilling this requirement must be set against the objects of the Act and the expectations of the community. In any case the children's drama requirements are not an onerous burden on broadcasters in the context of their overall broadcasting activities. In 1999/2000 expenditure on children's drama represented 0.3% of total revenue and 1.4% of total program expenditure.

Broadcasters are arguing that despite the public interest objective in providing the current levels of Australian children's drama programming, the regulatory cost is too high. The AFC does not believe that this assertion can be supported.

In 1999/2000 the children's drama requirement cost the broadcasters \$11.9 million. It represented just under two per cent of total expenditure on Australian programming. The cost of children's drama to the networks represented 0.4% of their advertising revenue in 1999/2000.

### Documentary

And finally, documentary. The Standard requires that each network broadcast 20 hours a year of first release Australian documentary programs. The ABA's analysis shows that between 1998 and 2000 Australian documentary occupied one per cent of the hours broadcast by the networks, foreign documentaries 1.5% and other non-fiction programming (excluding news, current affairs and sport) approximately 15%.

The ABA reports that expenditure on Australian documentary programs has been dramatically reduced, falling from \$26.3 million in 1994-95 to \$3.4 million in 1999-2000. The AFC notes that the broadcasters have disputed this outcome and the ABA has stated that it will revise some of the data published in the Issues Paper.

It appears that the documentary quota for commercial television is doing little to stimulate production of higher budget documentary. Since the demise of the Commercial Television Production Fund, there appears to be little incentive for commercial broadcasters to commission more adventurous and higher cost documentary programs. As a consequence the diversity of documentary available to the commercial television audience appears to have diminished.