

Submissions

Supporting Australian Stories on Our Screens.

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Introduction

I offer the following structure on which to base regulation developed from five years of teaching after I left the ABT. I fully recognise that I have been out of the media regulatory loop for 25 years volunteer teaching video in remote Aboriginal communities. I therefore do not offer any comment on the 4 Models. I found the Options Paper very comprehensive and useful. However you might find an ex-media-regulators thoughts useful in attempting to establish a level playing field which I assume is what Model 3 is endeavouring to do.

Regulation by Points or Revenue

The Australian Broadcasting Tribunal introduced the points system which was an attempt to distinguish more expensive series and one-off drama from the cheaper serials.

I now think it was a mistake to provide a form of regulation that is complicated and based on confidential financial information that is not transparent to the public. This would also apply to any regulation based on revenue.

Well publicised quotas enable the interested public to monitor a TV licensees performance. It means the public and industry can be involved in the regulatory process if the system is well publicised. It has the added bonus of alerting the regulatory staff to lapses in meeting quotas.

Market Structure

Regulation will always be needed for free to air television broadcasters because broadcasting is an imperfect market for local programs that are recognised as important to promote Australian identity – drama, documentary and children’s programs. Any regulation therefore needs to address these imperfections in production costs, distribution costs, and limited market – the prime time audience. Subscription Video on Demand has highlighted the imbalance in these structural issues.

The market is imperfect because:

- a) High cost of local production v low cost of purchase of overseas programs (over 500% for many dramas)
- b) Cheap distribution for Video on Demand v licence fees and technical infrastructure for Free to Air programs .
- c) Limited supply of prime time to generate maximum audience revenue from commercials for Free to Air. There are only 24 hours in the day and on weekdays about 4 hours (6pm to 10 pm).

Commercial television needs access to the revenue base (prime time viewers) to ensure that free to air television can maximise income from exhibiting quality drama and documentary programs.

Subscription channels charge the audience a monthly fee which does not represent the cost of production. The addition of internet channels for distribution means more competition for the limited scarce resource of prime time viewers (the revenue base for free to air).

Therefore

- 1) Subscription Australian Television should also be subjected to similar regulation. Their revenue base from subscription should not entitle them to provide cheaper programming to an Australian audience.
- 2) Subscription Video on Demand needs to be regulated to produce and screen the same amount of original Australian programming as required by the other broadcasters. The audience will determine when they are shown.

Alternatively a benchmark figure (equal to the production costs of regulated Australian programs) should be paid by the company for access to the audience by a tax/duty.

NOTE

With on-demand facilities all channels have the capacity to offer time shifting which enables the audience to determine what and when they want to view. Therefore, provided their supply of local productions of drama, documentary and children's programs are the same there may be no need for any prime time regulation. They will be competing on level playing fields of expenditure.