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Screen industry continues attack on multi-channel local content requirement

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By Brendan Swift

The Australian screen industry has continued its attack on the federal government's attempt to bolster Australian content on free-to-air digital multi-channels.

On November 30, the government announced that it would permanently halve television broadcast licenses (and cap them at a maximum 4.5 per cent of revenue) in 2012-13 and introduce a minimum Australian content requirement for digital multi-channels from January 1, 2013.

However, the local screen industry has criticised the new requirement for 730 hours of Australian content (which will rise to 1460 hours by 2015), largely because it could be met through repeats of local content.

"The requirement for 730 hours on the new multi-channels includes news, sport, reality and repeats, with no requirement for new Australian stories," the Australian Writers Guild said. "A tokenistic incentive of first-run drama counting for two hours of any other content is not a financially meaningful inducement when an hour costs many times more than the highest rating, biggest budget, most heavily-marketed American programs in the world."

The current Australian Content Standard requires the main FTA channels to broadcast at least 55 per cent Australian content between 6am and midnight (including sub-quotas for Australian adult drama, documentary and children's programs) although this does not apply to the multi-channels. Channels such as Go, Eleven and SevenTwo have been largely filled with US re-runs and other cheap content with Network Ten's decision to shift long-running drama *Neighbours* from its main channel a rarity.

SPAA executive director Matthew Deaner said: "Australians should be very disappointed at this outcome which ignores the recommendations provided by the Convergence Review and fails to address the increasing amounts of foreign content on our screens."

The government's Convergence Review recommended raising the Australian sub-quota content obligations by 50 per cent to make up for each commercial broadcasters' two quota-free multi-channels. Local content broadcast on multi-channels would also count towards meeting the new, expanded sub-quota obligations.

SPAA pointed to Screen Australia's previous estimate that implementing that Convergence Review's recommendation would cost the three commercial broadcasters about $40 million a year – an amount well under the license fee cut.

Commercial television broadcasters paid $273.3 million in broadcasting licence fees in 2008-09, before the Minister for Broadband, Communications and the Digital Economy, Senator Stephen Conroy announced a 33 per cent fee cut in 2010 and 50 per cent in 2011, citing the demands of funding Australian content, the impact of new technology and commercial challenges facing the sector, and lower license fee levels in certain other countries.

Those reductions prompted licence fees to fall to $231.4 million in 2009–10 and $179.8 million in 2010–11, according to the Convergence Review report.

Equity director Sue McCreadie said: "The Australian content announcement is all smoke and mirrors. Requiring the commercial networks to screen 1460 hours of local content on the multi-channels by 2015 might sound a quid pro quo for the licence fee rebates but it's actually less than the networks broadcast on average already."

However, when announcing the plan, Senator Conroy defended the commercial broadcasters ongoing support for local content despite facing challenging business conditions. He said that the commercial television industry invested a record $1.35 billion in Australian programming across drama, sport, news and current affairs and light entertainment in 2011-12 despite weak revenues and increased costs.

“Commercial free-to-air television is under pressure from the structural change taking place in the media due to the convergence of content delivery platforms and changing consumer habits. Without adjustments to the current rules, the industry could be forced to drop quality Australian content as cost-cutting bites into programming. Updating the rules on commercial free-to-air television broadcasters gives them certainty, and allows them the flexibility and capacity to innovate and thrive.”

The free-to-air networks have supported the government's proposed change. Ten Network Holdings managing director James Warburton said the measures were “sensible” and “represent a good outcome for the local production and free-to-air television industries, and give the free-to-air television networks regulatory certainty.”