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ready has co-production treaties, it seems likely that resulting productions would qualify.

Incentives

The EC legislation is backed up by a five-year program called Media 95, which offers a wide range of production incentives and has an estimated budget of 200 million ECU.

These incentives include training programs for professionals, a Media Business School, a European Script Fund providing development loans for European film and television projects, workshops for professional European screenwriters, a project to define and stimulate the documentary, and the Media Investment Club, designed to promote program creation and production by means of advanced technologies including digital and computer techniques, HDTV and interactive multimedia.

As well as the production incentives, there are a number of distribution mechanisms, like the European Film Distribution Office established to assist the distribution of theatrical films (its starting point was a finding that 80 per cent of European films were not distributed outside their country of origin), loan schemes, support for promotion and marketing, funds for dubbing and subtitling.

Euro Media Guaranties provides financial guarantees across Europe for European independent producers and financial insititutions providing loans, up to 70 per cent of the loan finance.

From its dominant position in program distribution, the United States finds it difficult to comprehend the need for this kind of assistance, including that offered through Australia's state and federal funding bodies. While smaller countries battle to sustain a production industry, the US continues to argue that subsidies and quotas give these countries an unfair advantage in the audiovisual trade war.

The battle rages on......... ❑

We Told You So!

Sometimes, there is no joy in being proven right.

In our major pricing supplement last year (*CU#80*) we warned that the benefits of telecommunications competition and price controls were likely to be unevenly spread. Telecom's recently announced price changes are a perfect example.

While the changes involve a number of price reductions, and price reductions are always welcome, closer scrutiny reveals that not everyone will share the benefits.

The real winners are those who live in a capital city and make a large volume of STD calls to other 'near' capital cities.

Second place - and much further down the scale, with a 3 per cent reduction - are other capital city residents who make calls to other capital city residents. A very poor third place - at 2 per cent - are the rural and remote telephone subscribers who make calls STD calls to destinations between 165 kms and 745 kms away.

And the ones who miss out are people who cannot afford a connection fee or the rental charges; people who make primarily local calls; and people in regional centres whose calls are to destinations less than 165 kms away. ❑

What It's All About

As *CU* explained in the earlier issue, until now Telecom has adhered to a pricing policy for trunk calls in which duration of call, time of day and distance were the sole determinants of the price. (The only exceptions to this policy were community and pastoral call rates.)

The legislation now allows Telecom to make 'reasonable' cost allowances for its prices, a process described by the cumbersome term of price 'deaveraging'. And Telecom obviously has a strong incentive to reduce prices along the more profitable routes where it is likely to encounter competition from Optus.

It has done just that. While Telecom's price reductions for some rural and remote calls is welcome, the big winners are, as predicted, the capital city users of trunk calls to other 'near' capital cities.

Sometimes it's no fun saying we told you so. ❑

THE NEW CHARGES

The new 'intercapital rate' which took effect on 6 May means that the price of telephone calls drops by up to 9 per cent on the Day Rate and up to 7 per cent on the Economy Rate for calls to 'near capitals' - cities less than 745 kms apart. Calls for capitals over 745 kms apart drops by 3 per cent.

For example, a five-minute call on Day Rate from Sydney to Brisbane - a 'near capital city' - falls from $1.88 to $1.73. A five-minute call between other capital cities - for example Sydney to Perth - drops from $2.62 to $2.54.

The other change is a 2 per cent drop in price for calls between 165 kms and 745 kms outside intercapital routes; a five minute call on Day Rate will drop from $1.88 to $1.85 for those calls. ❑