

Standards vs. ratings

AGB.McNair Anderson Director of Media Research, Bill Faulkner, looks at the ABT's new programming standards in the context of television programming over the last 10 years

Currently the three commercial television stations in each of Australia's mainland capital cities collectively account for just under 90% of all viewing.

Much of the success of the commercial sector over the period under review is primarily due to the development of high-quality local productions including series, mini-series and movies, and the fact that the Australian public has increasingly reacted in a positive manner to quality local productions as against overseas imports.

For example, of the top 25 television programs screened in Sydney in the past decade, 16 were produced in Australia (see Table 1). These included the mini-series, *A Town Like Alice*, *The Dismissal*, *Return to Eden* and *The Thorn Birds*; the Australian movie *Picnic at Hanging Rock*; series such as *A Country Practice* and specials including *The Hoges Report* and *The Logies*.

Locally produced mini-series have been particularly strong ratings performers since the late 1970s with all first-run titles averaging a rating of 27 compared with foreign mini-series which average a 20 rating (see Table 2).

A comparison between the October/November survey period in 1979 and 1989 for Sydney also confirms the continued popularity of Australian television content.

Of the top 20 programs, six were produced overseas in 1979 compared with only four in 1989.

The ABT position

After a long period of sometimes controversial consultation, the Australian Broadcasting Tribunal (ABT) overhauled its Program Standards for Australian Content (Program Standard 14) on Commercial Television, with the first stages coming into effect this year.

The ABT states that it is seeking a solid Australian content on commercial television, that it wants to reduce regulation of commercial television, encourage rather than restrict production activity, provide maximum flexibility for licensees and take a commercially realistic approach to broadcasting development.

It states that the way to achieve these standards is to establish a transmission quota for television stations which would require a minimum 35 per cent of program hours telecast between 6am and midnight, to be Australian. This percentage is an increase of 5 per cent each year from the date of imple-

	Channel	Year	Rating
1 Special: Olympic Games (Opening)	10	84	56
2 Special: Royal Charity Concert	9	80	53
3 M.A.S.H. - Goodbye, Farewell, Amen	10	83	50
4 Mini Series: A Town Like Alice	7	81	49
5 Movie: Star Wars	10	82	48
6 Movie: Raiders of the Lost Ark	10	85	47
7 Sale of the Century	9	81	46
8 A Country Practice	7	83	45
8 Movie: Grease	7	83	45
10 Movie: The Spy Who Loved Me	10	83	44
10 Special: Opening of Sydney Entertainment Centre	9	83	44
10 Movie: Every Which Way But Loose	10	83	44
10 Mini series: Jack the Ripper	7	89	44
15 Special: The Hoges Report	9	81	43
15 Special: Logie Awards	9	82	43
15 Beyond 2000 Special: Climate in Crisis	7	89	43
18 Willesee Special: Quentin	7	82	42
18 Mini series: The Dismissal	10	83	42
18 Movie: 10	10	83	42
18 Mini series: Return to Eden	10	83	42
18 Mini series: The Thorn Birds	10	83	42
18 A Country Practice	7	85	45
18 Special: Royal Wedding - Andrew & Fergie	7	86	42
25 Movie: Picnic at Hanging Rock	7	80	41
25 Sale of the Century	9	80	41
25 Special: Royal Wedding - Charles & Di	9	81	41

Table 1 Source: AGB McNair Anderson

mentation until the total reaches 50 per cent.

Similar types of quotas have been met by commercial television licensees in the past, commencing with a 40 per cent requirement in 1960 which was increased to 50 per cent in 1965. This preceded the introduction of a points system in 1973.

Analysis of recent Australian programming by commercial networks has shown that, on average, the commercial stations have been meeting the ABT's previous targets, although this has varied somewhat from network to network.

Financial Viability

While historical ratings figures show that Australians generally prefer Australian programs, it equally seems clear that there is an inhibiting factor - that factor is production costs.

There has been, and are, many locally and successfully exported Australian pro-

ductions such as *Neighbours*. Conversely, there has also been a large number of expensive failures, including *Richmond Hill*, *Willington* and *Abel*, *Prime Time* and *Page One*.

Commercial television stations have ploughed millions of dollars into writing, scripting and producing such shows only to withdraw them from telecast, sometimes only after a few weeks, due to poor ratings performance.

In these cases, it becomes a question of commercial viability. Without local public support manifested in significant ratings, a program, despite its local genesis, will not attract sufficient levels of advertising revenue to justify its existence. The reality is that proper levels of advertising revenue and reasonable return on the investment is the lifeblood of the commercial television sector. This, in turn, poses a conflict between financial viability and quality and quantity of Australian programs. Should local commercial stations risk huge sums and possible ratings failures simply because they have to cater for

one-offs and series in the diversity category.

The score is determined by multiplying the Australian Factor by the Quality Factor and the Number of Hours screened.

Quality is subjective

The Quality Factor, according to the ABT, allows commercial stations to opt for fewer hours of high cost mini-series or more lower cost series/serials to satisfy its Australian content requirements. But surely the assessment of quality is subjective; in fact the ABT acknowledges this in its review document.

So how is the Quality Factor measured and who measures it?

Ultimately, it is the viewer who decides what he or she watches and this in turn determines a program's success or failure. While the ABT is offering incentives to high risk drama productions, it is our understanding that no incentives are offered to commercial stations for local sport, news, quiz and game shows. The ABT states these programs are popular and flourish, hence they do not require incentives.

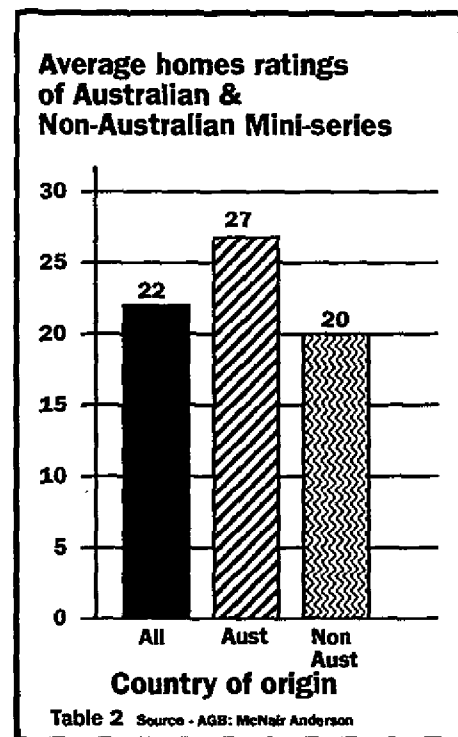
Two comments can be made. Firstly, while in general terms, news and some quiz shows have been, and are good ratings earners, not all news and quiz shows flourish. Secondly, such programs are not necessarily cheap to produce and therefore the stations run the risk of high costs without guaranteed ratings success. High risk is not necessarily confined to drama productions.

Broadcasting in hard times

Jack Ford examines the uncertain status of receivers and liquidators under the Broadcasting Act

Each of the past three decades has blessed lawyers in one area of practice or another. The 1960's was a golden era for mining lawyers. The 1970's and 1980's saw the ascendance of takeover lawyers. Broadcasting lawyers have been able to operate in fruitful conjunction with them. The 1990's looks like being the era of the insolvency practitioner. Broadcasting lawyers are likely to be able to team up with insolvency lawyers as cohesively as they have done with the takeover lawyers in the good times, in order to take advantage of new opportunities in the 1990's.

In the good times the rigidities and red tape of the Broadcasting Act (the Act) have had a distorting effect in relation to corporate restructuring in the broadcasting industry. Many of our leading companies have been surprised to learn that effecting their corporate strategies to obtain an interest in



There is a delicate balance between the networks' quite proper concern to remain commercially viable, growing audience preference for quality Australian productions, and the ABT's regulatory requirements. Quantity is not necessarily the answer: quality is subjective. In the end success or failure will be clearly spelt out by the viewer.

some company or other has involved them in the onerous requirements of the Act and the Australian Broadcasting Tribunal (ABT), although the target company might have only a remote and relevantly minor involvement, and no actual involvement, in broadcasting. In these cases the requirements of the Act have proven to be an additional and often nightmarish overlay to the requirements of the Companies and Acquisition of Shares Codes. The unfortunate fact is that most of the major industrial groups which operate in Australia seem to have a prescribed interest in one or more commercial radio or television licenses. If, for example, there is a takeover offer for Carlton United Breweries, Toothy, Bond Brewing, Coopers or South Australian Brewing, the offeror has to pass muster by the ABT. It is tempting to suggest that the ABT should be renamed the Australian Brewing Tribunal.

Virgin territory

The impact of the Act and the ABT on corporate restructurings is a relatively well-trodden path. By contrast, an exploration of the impact of the Act on receivership or insolvency was, at least until last November, virgin territory. I have in mind of course the appointment of receivers to the Quintex Group. Interestingly, the Act provisions, although not apparently drafted with situations of insolvency in mind (doubtless drafted in times when one equated a broadcasting licence with a licence to print money) may determine the way in which some insolvency situations are determined.

I have in mind particularly the Act's requirements regarding people acquiring or increasing prescribed interests in licences, provisions preventing foreign persons from being in a position to exercise the control of licences, provisions requiring ABT approval of certain transactions and provisions preventing transfers of licences and preventing the admission of persons other than the licensee to participate in any of the benefits of the licence or to exercise any of the powers or authorities granted by the licence without ABT consent.

How do these provisions impact on the appointment of receivers, managers and liquidators? That question leads to a number of other questions. Does the Act, on its proper construction, prevent a foreign creditor, for example, appointing a receiver/manager or liquidator? Is the Act intended to prevent the usual operation of the laws which regulate corporate insolvency in Australia? Should it do so? Should a creditor (foreign or otherwise) of a licensee company or a company with an interest in a licensee be in any different situation from a creditor of a company operating in any other industry?

Prescribed interest

Relevantly, the appointment of a receiver or liquidator to a company may occur either upon the application of a company itself or upon the application of a creditor.

In both cases, one such question is whether the receiver (or liquidator) obtains a prescribed interest in or is placed in a position to exercise control of the licence or licences. In the latter case, an additional question is whether the person who directed or procured the appointment of the receiver or liquidator also obtains a prescribed interest in or is placed in a position to exercise control of the licence or licences. The primary duty of a liquidator is to get in all assets, sell them and distribute the proceeds to all creditors (irrespective of whether all creditors or only one or more of them procured his appointment). The duty of a receiver may, depending on the terms of his appointment, parallel that of the liquidator.

Alternatively, the receiver may be au-