

# BROADCASTING SYMPOSIUM

31 AUGUST 1999

PAUL NORRIS

Paper on session entitled: *The Future of Broadcasting*

I come with a modest proposal for reform.

The present situation is both unsatisfactory and unstable. We have NZOA making the case that it cannot fulfil its statutory functions adequately without more long-term security and more resources. It cannot get its way with the broadcasters. Interest groups like children's and Maori feel increasingly discontented. Producers clamour for a quota. Meanwhile TVNZ's fate hangs in the balance, to be determined very possibly by a handful of electors later this year.

So the time cries out for reform. We need a policy. And to be effective this policy needs to be comprehensive, it needs to be sustainable in the digital multi-channel age, and it needs to be custom-built for NZ's environment and NZ's needs. We can observe what other countries do, but we have to remember we are not them. We must have Kiwi solutions. We can't hope to emulate the BBC, although there may be principles espoused by the BBC which we can make work here.

And in moving to a solution, let me first deal with one or two ideas which have been around for some time in some guise or other. And almost inevitably I start with the central piece on the board, which I see as TVNZ.

One option, which I believe is the current Government's intention, is simply to sell it, lock stock and two channels, to the highest bidder. Which means it would almost certainly join the empire of one of the media moguls, be it Murdoch or Packer or whoever. Owned 100% offshore, courtesy of the Williamson amendment 1990. Meaning a tidy sum of a billion dollars plus to the Treasury. This would be quite unprecedented anywhere - the first ever sale of a publicly-owned television broadcaster. Quite remarkable and in my view a wholly deplorable act of cultural vandalism.

Clearly such a sale would do nothing for local content, discontented

minorities or public broadcasting.

There are several possible refinements to the above policy, effectively "tags" to the sale along the lines of a Kiwi share. But they are simply attempts to sugar the bitter pill, and I won't waste time on them. What about the notion of selling off everything except TV One, and retaining TV One in public ownership, as a kind of television version of National Radio. A policy apparently attractive to some in the Labour Party.

There are different versions of this option, depending on how you finance the channel. As TV One barely breaks even now, in full commercial mode, it would clearly need some public money. Lots of money (\$150m) if fully non-commercial, less and less the more ads you allow.

One suggestion has been that all the NZOA television money - some \$40m at last count - should go towards the financing of this public channel. I would not expect that this audience would find this an acceptable proposal. If NZOA is the element of the deregulated reforms that has worked best, who would want to see the ability to finance a diversity of programmes for different audiences thrown away at this point?

Besides, the notion of one public service channel to mop up all the worthy or non-commercial local programming really seems very old-fashioned in today's environment, let alone tomorrow's. It goes right against the NZOA principle of encouraging a range and diversity of programming to reach various audiences. How would you deal with the audiences for children's or youth - they are not likely to be regular watchers of this older-skewed channel.

Furthermore such a channel is unlikely to survive. It would not have enough money to compete for the more popular imported programming it would need to attract an adequate audience - *Coronation Street*, *Our World*, and even *Montana Theatre* could easily be picked off by competitors - note that it is Prime showing *Our Mutual Friend*. Nor could it continue to spend at current levels on news and current affairs. The agonies of RNZ news are as nothing to the gnashing of teeth we would behold. Not to mention Rugby (after Saturday we should not mention Rugby, but it would be completely unaffordable). In short a stand-alone, public service, TV One would not look like the TV One we

know and love. It stands condemned to the ghetto of falling ratings and hence diminishing political support.

This is to echo the point made earlier by Michael D Higgins: in a mixed model, public broadcasting cannot be weak.

So, in my view, not a good option.

The above scenarios were predicated on the sale of all or part of TVNZ.

My argument has always been - don't sell it, reform it. Put it out of its misery. Allow it to reclaim some of its heritage as a public broadcaster. And it's not fair to blame the beleaguered staff at TVNZ - it's the model which has been forced on them by the politicians which is the root of the problem.

I propose first that TVNZ be removed from the SOE Act, that it be given the same status as RNZ, that it becomes a Crown Entity. Then that it be required to perform to a Charter, again like RNZ. This Charter will lay out the goals and objectives of the organisation, including specific requirements to promote national identity and culture and for minimum levels of certain genres of programming. The company's statement of intent could then set targets each year against the goals in the Charter. The Charter could also stipulate maximum levels of advertising. This is positive regulation, aimed at restoring key elements of public broadcasting.

This relatively simple change addresses a number of the current problems.

It deals with the issue that there are currently no programming requirements on TVNZ. The Charter would end the discontinuity between the requirements the Broadcasting Act imposes on NZOA and the commercial imperatives imposed on TVNZ by the SOE Act. NZOA and at least one broadcaster would be seen to be in harmony in their objectives.

This change would also allow the national broadcaster to get away from the notion that broadcasting is driven first and foremost by the profit motive.

It would remove the requirement that TVNZ return a dividend to the Treasury. TVNZ would be required to be financially responsible and to be in surplus, but that would be it. Profits would be re-invested in programmes or digital expansion. I cannot resist wondering here about

how it was decided that not \$70m but \$100m of TVNZ's profit from asset sales should go straight to the Treasury. Surely TVNZ needs more than the retained \$60m to launch its digital offerings?

So TVNZ would line up with various other public broadcasters working to their Charters, but dependent to varying degrees on commercial revenues. RTE in Ireland or CBC in Canada are two such examples.

( Details can be found in the recent NZOA report, *Local Content and Diversity - Television in Ten Countries*)

There are certainly tensions between the public remit and the commercial lifeblood but they are manageable.

Which leaves the issue of local content.

If we are concerned to address the issue of achieving more local content, there are good arguments for some form of quota. Under the Charter I've proposed TV One will carry the obligation of some minority programming, and some high-risk local programmes, but why should there not be requirements across all free-to-air broadcasters for certain basic levels of local content in a number of genres?

Why should TV3 not face a requirement for a certain amount of local children's programmes? This can simply be regarded as part of the cost of being in the television business in NZ.

Under this scenario, NZOA is still in business, very much so, so it is up to the broadcasters to pitch to NZOA for the funding for their mandatory programming, for the programmes in their quota. The broadcasters will want to use as much public money as possible in meeting their quota.

But NZOA has been crying poor for some time, and it is undeniable that if we are to achieve more programmes in the at-risk areas specified by NZOA, then more money must be found. Either the broadcasters must find the money, or NZOA needs a bigger budget.

So here is the final leg to this policy. Make the quota mandatory only on mainstream free-to-air channels. All broadcasters or channels which are granted exemption from quota requirements will pay a levy to NZOA, thus providing additional money for local content.

So Prime, for example, or TV4, might apply for and be granted exemption from any local content requirements. They would then be obliged to pay a levy of a percentage of annual revenue to NZOA.

There are two principles at work here: one is the differential treatment of broadcasters in respect of local content requirements; the other is the requirement that those who are advantaged by not conforming to local content rules are appropriately disadvantaged by the payment of a levy. Effectively some are paying for the privilege of avoiding a restraint. To some extent it is a way of levelling up the playing field.

This regime should apply to all broadcasters, pay TV operators and some new media operators. Many of the new pay channels we are likely to see will contain little or no local content, and be none the worse for that. But financially attractive pay TV options could see some broadcasting resources move to pay from a more difficult free-to-air environment. The levy on imported, global pay channels should do something to address this. So Sky, TVNZ digital pay, TV3 digital pay ( if we get this far) and those like IHUG and Saturn with pay offerings, however they are delivered, would all fall under the levy if they wished to avoid local content.

Finland seems to be flavour of the month in some quarters. Let me just point out that in Finland, all commercial broadcasters pay a levy on their revenues as a subsidy to the national public broadcaster. This keeps the licence fee lower than it would otherwise be and is regarded apparently as a sensible political compromise. Remarkable people the Finns, as indeed are the Irish.