

World Television

Chris Irwin surveys international developments and explains the BBC's approach to

issues now facing Australia's ABC

The world of television is being shaped by two phenomena: first, the technological changes that allow new methods of television distribution and encourage the advent of new channels; and second, the increasing globalisation of programming.

The first should lead to the liberation of the viewer — multiplicity should mean greater freedom of information and a wider range of channels from which to choose. But the great majority of viewers will exercise choice only if the new distribution technologies increase the range of attractive programming available. Good programming is expensive. Unless the money available to generate new programming can be increased, it is doubtful whether consumers will be drawn to the new technologies, unlikely that the causes of freedom of information and consumer choice will be furthered and almost certain that the economics of international programme provision will not permit an adequate response to national tastes and interests.

Potential for new television services

In assessing the potential of other markets, I have developed a simple conceptual model which can be used to forecast prospective television revenue and the sustainability of new services. It takes as its base the historic revenue available to programme suppliers, uses independent projections of future growth and seeks to identify the future revenues available to the operators of television services.

This simple extrapolation in real terms suggests that, theoretically, in Australia there is likely to be sufficient expenditure to fund the operation of perhaps six or seven new viable channels by the end of the decade. It is assumed in this calculation that costs can be kept under control, with no inflation in programme supply costs.

The model ignores the hefty working capital costs involved in the start of any new service. The B Sky B experience in the UK provides a salutary reminder of the potential enormity of these costs. But B Sky B also suggests that new services can expect high returns in the long term. As with all pay television ventures,

success depends on deep pockets and long-term commitment. But it is not guaranteed: some win, but most do not within any normal period for return on investment.

The ingredients for success

Success seems to depend on several factors. First, all the successful operations have had access to good distribution networks: a developed cable environment in the United States for HBO and easily accessed terrestrial networks faced by weak competition in France for Canal Plus and South Africa for M-NET. Ease of access is vital: it is important to minimise cost of entry for consumers by keeping hardware prices down.

Secondly, the staples of pay television are generic channels. In the United States films, family entertainment, sport, news and information channels are the basic ingredients for programme-led new distribution technologies. Economic logic demonstrates the trade-off between programme costs and audience size for different categories of programming provided by the BBC in its domestic services. Light entertainment, acquired films and series, sport, children's programming and news and current affairs give a higher audience return per pound invested than religion, features, education and drama (even allowing for the relatively low cost but high pulling power of drama soaps).

This is not to say that services based on films, family entertainment, sport and news and information channels will inevitably succeed. Audiences (and willingness to pay) will be determined by programme quality. The bulk of the programme assets of high quality are controlled by relatively few suppliers internationally. The value of these assets means that those who control them will look to maximise their returns on their exploitation. This will inevitably encourage the emergence of a handful of global English language channels during the decade, only some of which will be tailored to regional markets.

Limited program supply

In part this is driven by the fact that there is a global imbalance in product sourcing. A few suppliers are in a position to control the bulk

of material suited to global exploitation. We can already see this in the film industry. The size of the US domestic market, which of late has generated more than 500 new releases each year, pales the ability of other national film industry markets to deliver English language releases. Despite its relative vigour, the Australian film industry appears to have generated less than 20% of the volume of its US counterparts — although this is a major achievement given the relative size of the two population bases. No less significant is the importance of the home video market in generating film industry revenues, the insignificance, in revenue terms, of network television film purchases and the rising importance of pay television revenues.

News and sport

In the sports world, the 1980s was marked by the increasing internationalisation of sporting rights and the emergence of ESPN and Prime Sports, together with the regional broadcasting unions and other sporting rights wholesalers as sports costs escalated. A similar pattern can be observed in news provision. The very high fixed costs associated with maintaining correspondents overseas has seen a general contraction in overseas coverage by national networks (the BBC is one important exception) and the preeminence of the two global television news agencies, Visnews and WTN. For example, the American networks have generally moved from maintaining national bureaux in individual countries to regional hubs. NBC and CBS have significantly reduced their bureaux structure and laid off many of their international staff. ABC (US), with its controlling interest in WTN, has been an exception. Even so, ABC played a positive role in the subsequently aborted negotiations last year intended to bring about a merger of WTN with Visnews.

Reuters has since supported Visnews (in which it is the controlling shareholder) in Visnews' expansion. Visnews — which is a major supplier for BBC World Service Television Ltd — currently operates 35 bureaux around the world and plans to open additional bureaux.

Please turn to page 23

BBC News Services

The BBC has also been expanding its own international news gathering base for its television and radio services, both domestic and international. The BBC now has more than 50 bureaux and well over 250 correspondents and stringers around the world. As BBC World Service Television Limited has developed, it has also made arrangements for expanded international picture supply with third parties. BBC World Service Television Ltd has been talking to the ABC in Australia about the possibility of complementary coverage with access to ABC bureaux and correspondents in those areas — particularly in South-east Asia — where ABC has developed its news gathering expertise. We believe that, as an alternative to the approach adopted by NBC and CBS, collaboration with other newsgatherers in order to secure a greater return on the high fixed costs entailed in newsgathering, is a step forward. It also helps secure plurality of news supply.

This is a vital corollary of freedom of information to which BBC World Service Television is committed. We are committed to the principle that a better informed world makes for better international relations. Constraints on plurality of sourcing and the freedom of information are the handmaidens of bigotry and bias. The BBC's international reputation rests on its commitment to impartiality and accuracy and its readiness to reflect a diversity of views. Newsgathering partnerships around the world are an important element of this, as is the international polyglot expertise that can be found in the BBC World Service.

BBC World Service Television

It was an awareness of the brand strength of the BBC internationally that led to the creation of BBC World Service Television Limited. The company was established as a wholly owned commercial subsidiary of the BBC in March 1991. Its mission statement sets it the task of "creating a self-funding television equivalent of BBC World Service Radio, with the aim of being in every continent by the end of 1993". It has already launched services with regional partners covering Europe, Asia and Africa and we are in various stages of development with plans for services for Japan, America and the Pacific. The ventures are wholly self-funding. BBC World Service Television Limited has

recourse neither to BBC domestic licence revenue nor to grant-in-aid. Relations with the BBC and other suppliers are governed by normal commercial contracts and licences.

The logic for the creation of BBC World Service Television was governed by a number of considerations. First, there was the desire for the BBC to retain its competitive position as a respected provider of impartial and accurate information as the growth of television attracted listeners away from radio. Second, there was a realisation that without an international television presence, the BBC might find itself marginalised in the increasingly competitive global market for rights. Finally, it was considered that the status of the BBC as an international broadcaster might temper attempts to interfere with the future operation of the BBC on purely domestic grounds. Those of us who work for the BBC or who, around the world, rely on its contribution to the free flow of information internationally, see it as a global asset.

Regional partners

At this stage of its development, BBC World Service Television provides primarily news and information services, tailored to the needs of the different regional markets covered by its satellite outlets. We rely on our strategic regional partners to secure the revenue for the service and to advise the company on the best way of tailoring its services to the needs of each region.

These important relationships have helped already to shape the service and to reinforce our recognition of the need for a two-way street in the field of information flow. A World Service cannot achieve its aim if it does not actively promote that flow by, for example, entering into collaborative newsgathering arrangements. Cultural imperialism is inimicable to the free flow of information and a better informed world. We believe that in working with others who broadly share this vision, drawing on their resources to improve international coverage and by making that international coverage available to supplement national news services, we can make a contribution to global information that is both outstanding for its breadth and cost-effective in its provision.

The development of BBC World Service Television as a commercial, wholly self-funding subsidiary of the BBC is also helping to ensure that the BBC, as the UK's principal broadcaster, is streamlined

for a new, more competitive era. It avoids the Corporation being marginalised in a multi-channel environment whilst reinforcing the disciplines of competition and the need to adapt rapidly to survive in a harsher economic world. This strategy seems to us to be the most desirable way of exploiting the opportunities created by the new distribution technologies, whilst tempering the globalisation of programme supply and ensuring responsiveness to national tastes and interests.

Chris Irwin is Chief Executive of BBC World Service Television.

From page 6

to read the signals of the market and not to repress them. Then, we may well see Bishop Berkeley's prophecy finally completed, with the world reaching new heights as it comes full circle, and Australia playing an important part.

This is an edited version of a paper delivered by Rupert Murdoch at an Asia-Pacific Congress in Sydney on 18 October 1992.

From page 15

However, it might be argued that in some circumstances the same claims may be fairly made for the ethically secret communications of other professionals. Certain communications of other professional groups may also be the privilege of the client (or patient or penitent) rather than of the professional. And the effective operation of a code of professional ethics often serves the ends of the legal system, by promoting its spirit. Should it be possible to delineate circumstances in which these two conditions obtained, it would be hard to see what objections could be made to according legal recognition to professional privilege of professions other than lawyers.

The bottom line, however, is that any protection which is afforded must be protection which serves the end of justice. A code of ethics should not be a shield which prevents a court from having access to information which is crucial to the dispensing of justice in the case before it. Nevertheless, this still leaves a great deal of scope for just recognition of codes of ethics. It should not be beyond the wit of our lawmakers collectively, to devise a system in which the courts are required to obtain from witnesses only that portion of the truth which is necessary to serve the ends of justice.

Deane Wells is the Attorney General for the State of Queensland.