

# San Fernando Valley Business Journal

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## As Writers' Talks Resume, Business Leaders Worry

By Mark R. Madler - 9/17/2007

San Fernando Valley Business Journal Staff

Talks are scheduled to resume this week to hammer out a new contract between the major studios and the Writers Guild of America.

The financial stake of writers when their work is used in new media – downloads, streaming and mobile – and whether to base residuals on the profitability of television shows are the main issues between the two sides.

The Guild and the Alliance of Motion Picture and Television Producers, the bargaining arm of the major studios, were set to talk again starting Sept. 19. The current contract for the 12,000 members expires in October.

Talks in July broke down quickly with the Guild rejecting a limited issues package submitted by the Alliance that called for negotiating on wages, pension and health and a study on how new media and its impact on traditional media.

WGA negotiating chairman John Bowman called the study and a proposal to pay residuals to writers only after a television show turns a profit as “nonstarters” and would be rejected by the Guild.

Attempts to reach a representative of the Guild and the Alliance, based in Encino, were not successful.

Compensation for writing for new media and increased residuals from home entertainment releases will be the deal breakers in the negotiations because that is where the big money is, said Nate Thomas, a professor in cinema and television arts at California State University, Northridge.

As the talks resume, the writers will get support from the other unions because they are all on the same side, Thomas predicted.

“There are the studios and the big producers and then everybody else,” Thomas said.

Contracts between the studios and the unions representing actors and directors are up for renewal next summer.

In anticipation of a possible walkout by writers, the studios are reportedly fast tracking and stockpiling scripts. In July, FilmLA reported a 21 percent increase in on-location feature film and television filming in the second quarter when compared with 2006 as evidence that studios were boosting production in the event of a strike.

Television and film writers last struck in 1988. A strike was averted in 2001 when a last minute deal was reached.

“If the strike will benefit us and it’s over quickly, let’s do it,” said a daytime television writer who lives in Sherman Oaks. “But with the bullet points they’ve set out it will be difficult to get over some of the hurdles.”

The Los Angeles area has already dodged two potential strikes, by longshoremen at the port and by grocery store employees, and that the standoff between the writers and the studios has not been resolved concerns business leaders, said Brendan Huffman, president of the Valley Industry & Commerce Association.

If a strike were to take place a ripple effect would hit the east Valley, Huffman said.

“We have members who have business relationships with film industry –banks, realtors, apartment owners, commercial realtors, restaurants; anywhere from Kinko’s to IT support,” Huffman said. “They get a lot of business.”

The previous writers strike resulted in an income loss of \$3 billion in 1988 dollars, according to the Los Angeles Economic Development Corp.

Dire predictions were made in 2001 of what a strike would cost Los Angeles – \$2 billion a month, said the LAEDC.; \$6.9 million over five months, according to a study prepared by the Milken Institute and Sebago Associates for then-Los Angeles Mayor Richard Riordan.

As Hollywood loves sequels, a strike this year over pay related to use of content on new media would be a repeat of the early 1950s when writers took to picket lines over their compensation for films shown on that age's new medium – television.

In 2007, there are millions of more dollars at stake, especially for the writers who are also show creators whose work ends up streaming on network websites.

The Guild has made some progress with the studios with some new media content. In March, the WGA-West and East reached an agreement with CBS on writing for webisodes for two daytime soaps.

As the touchy negotiations with the Alliance show the two sides are not in agreement on a settlement to the issue.

The difference between this year and the negotiations in 2001 was that six years ago the impact of new media was still an unknown, said the Sherman Oaks television writer.

"Now we can see a footprint of what's to come," the writer said. "That is going to be the future more than just watching standard television,"

Doing a study on the impacts of new media is just a way for the studios to stall, Thomas said.

"We all know where it is going," Thomas said. "They are watching movies on iPods now and there are going to be more media accessed that way."

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