

Actors union relents in tentative studio deal

April 19 2009, By RYAN NAKASHIMA , AP Business Writer

(AP) -- The Screen Actors Guild and the Hollywood studios said Friday they have reached a tentative deal on movie and prime-time TV show productions, capping a yearlong battle that ended with the Guild giving up its fight for better Internet compensation.

The Guild said its leaders would recommend approval by the board and ratification by its members, which could be completed next month. The contract would replace one that had expired last June.

The new deal follows the Internet provisions earlier agreed to by writers, directors and another actors union and will expire on June 30, 2011, according to two people who were briefed on the contract. The people both requested anonymity because the details were not supposed to be disclosed before the Guild's board reviews it over the weekend.

The date means SAG's contract will expire around the same time as other unions, maintaining the future threat of a joint strike. That expiration date had been one of the final points of contention.

But in allowing the contract to lapse for nearly a year, SAG actors lost wage increases that the studios said amounted to nearly \$70 million so far.

Before the stalemate, the studios had offered a 3.5 percent increase on minimum pay in the first year. That will now be scrapped, and actors will only get pay raises from the date of ratification moving forward - 3 percent over the next year and 3.5 percent for the final year plus the

extra time through June 30, 2011, one of the people said.

On many counts, people who follow the industry say the Guild is worse off than where it began.

"Their endless stalemate really amounted to them pouring sugar in their own gas tank," said Jonathan Handel, an entertainment lawyer who has followed the talks closely. "The SAG hard-liners have inflicted serious damage on their own union."

Fierce infighting and a stalemate with the studios pushed talks past the June 30, 2008, expiration date, and since then, the U.S. economy went into a nosedive, weakening actors' resolve for a strike and hardening the studios' unwillingness to bargain as DVD sales also fell apart.

Work for actors stagnated as movie production slowed, reality TV show production grew and network programmers made moves to replace scripted dramas with talk shows.

On top of that, more than 90 percent of pilots for scripted shows in the coming fall TV season have gone to SAG's more acquiescent cousin, the American Federation of Television and Radio Artists, a reversal of past trends.

AFTRA, with 70,000 members compared with SAG's 120,000, ratified its own prime-time TV deal with the studios last July after it broke off joint talks with SAG for the first time in nearly 30 years.

SAG maintains a monopoly on union work for major motion pictures in the United States.

SAG had sought improvements on provisions covering shows that rerun online on sites like CBS Corp.'s TV.com and Hulu.com, a joint venture

of General Electric Co.'s NBC Universal and News Corp.'s Fox. Seeking such improvements were a key part of the writers' strike that shut down production for 100 days early last year.

But the Guild eventually gave up trying to improve on a deal other unions had already accepted, especially after internal elections last fall shifted control to a moderate group.

The tenor of stalled talks changed for good in January when its board fired Doug Allen, a former NFL linebacker and NFL Players Association executive, as SAG's executive director.

For the last several weeks, David White, SAG's interim executive director, had been holding back-channel discussions with The Walt Disney Co. Chief Executive Bob Iger, News Corp. President Peter Chernin, and Warner Bros. Chief Executive Barry Meyer in order to salvage a deal and obtain an expiration date in line with other unions. Warner Bros. is a subsidiary of Time Warner Inc.

Observers say it is unlikely the deal will unleash a barrage of new production bottled up because of labor uncertainty.

Film production had already been curtailed because of the credit crunch and falling sales of DVDs, a major driver of studio earnings, despite a slight uptick in North American box office revenue last year.

Last month, the Motion Picture Association of America said the number of films produced in 2008 plunged 21 percent to 520, compared with 656 the year before.

Scott Witlin, an entertainment lawyer who has represented television networks in the past, said lifting the labor overhang on movie production might not help that much.

"I think there are some projects that may be on the fence that will be able to go forward," he said. "Unfortunately, the difference between the finance world last summer and today means projects that might have gotten going are going to end up on the shelf."

Ron Perkins, a 59-year-old actor, said work has indeed slowed recently. Still, he said not all members may agree to settle.

"I don't know that members of the Guild will accept just anything to get it over with," he said. "But I could be wrong about that."

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