

## Victorian Film and Television Industry Working Party

Representing screen production organisations in Victoria



australian screen editors

ASSG  
Australian Screen Sound Guild



SCREEN SERVICES  
ASSOCIATION OF VICTORIA



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### **SUBMISSION TO HOUSE OF REPRESENTATIVES FILM AND TELEVISION INQUIRY**

### **"FACTORS CONTRIBUTING TO THE GROWTH AND SUSTAINABILITY OF THE AUSTRALIAN FILM & TELEVISION INDUSTRY"**

## Introduction

The Victorian Film & Television Industry Working Party (WP) was established in 1998 at the request of the then Kennett State Government to provide an “industry view” of policy requirements to grow and sustain the Victorian screen production sector. Many WP proposals were considered and ultimately enacted by subsequent governments both Liberal and Labour including building the Docklands Studios, the Melbourne International Film Festival (MIFF) Premiere Fund, television drama and comedy pilot programs & partnerships and several initiatives surrounding the professional development/upskilling of key creatives, production personnel & screen technicians through attachment programs and a 2% training levy on Film Victoria production funding.

The Working Party has Victorian representatives from the two major screen employer groupings – screen producers and post production houses/film equipment suppliers (Screen Services Victoria). All the industry guilds are also represented – directors, editors, writers, cinematographers, sound recordists and screen technicians as well as the Media Entertainment & Arts Alliance and Women In Film/TV. We are a unique body in the Australian screen sector, **representing both employers and employees** and providing a united, cohesive voice for the Victorian industry. This submission is presented to the Inquiry on that basis.

### 1. Australian TV Content Standards

Since the late 1970s successive incarnations of the Australian Broadcasting Tribunal (now the Australian Communications & Media Authority - ACMA) have developed standards for and enforced, a minimum quota of Australian scripted drama/comedy, documentary and children’s programs to be shown on television. As part of their spectrum licence conditions, commercial free-to-air (FTA) network owners have been legally required to broadcast first-run, prime time Australian made programming. The current points system to measure Australian content (changed from a ‘broadcast hours’ quota in the 1980s) is not onerous. Many of the programs produced under this quota are high rating and critically acclaimed. It is worth pointing out however that the commercial TV networks can meet their Australian drama content requirements by producing only around 2 hours of “new” programs per day.

Recommendation: That Australian Content Quotas for drama/comedy, documentary and children’s programs be increased or at least maintained and enforced as a condition of the granting of spectrum usage licences.

## **2. Spectrum Licence Fees**

Commercial free-to-air (FTA) television networks have always paid spectrum licence fees to the Federal Government for the right to broadcast across our publicly owned airwaves. In 2012 the total of these fees was \$430 million per annum. The May 2016 Budget reduced spectrum licence fees by 25% then, in November of that year, Minister Fifield further cut fees by \$42 million. Television networks are now paying less than \$130 million to access the public airwaves – an enormous reduction from 9% of FTA television gross revenues in 2012 to 3.375% in 2016/17.

The \$200 million saving to the TV networks bottom line has seen no concomitant increase to the amount of local Australian scripted content commissioned & funded by FTA TV owners nor has the Minister demanded any quid pro quo for this financial gift to the television networks profits.

It is also understood that the Federal Government may succumb to pressure from the networks and abolish spectrum licence fees completely. On 16 March a Fairfax Media report suggested that fees would be reduced or discontinued to compensate networks for a loss of advertising revenue if a ban on gambling ads during sports broadcasts was enacted. This is a price expected to be demanded by Senate cross-benchers for their support of the Governments media ownership legislative proposals. And still no commitment to increased Australian content production.

Recommendation: That spectrum licence fees not be further reduced and that a significant portion of the \$200 million savings to commercial TV networks be committed to increased Australian content production.

## **3. Broadcast Licence Fees Paid to Producers**

At the same time as spectrum licence fees are being reduced for TV networks, the minimum broadcast licence fees paid by the networks to fund the production of drama, comedy, documentary & children's program content, have remained static since 2007 - \$440,000 per hour for adult scripted drama; half that for children's programs. Scripted TV content production (and particularly children's programs) has been a very important source of ongoing employment for the Victorian screen industry but it is becoming impossible for independent producers to mount new projects. In real dollar terms this now represents about 40-50% less than what TV networks were originally paying. As production costs have increased over this period to about \$1 million per hour, producers and their casts and crew are

constantly being asked to make more with less. Producers are under pressure to defer their fees in order to cash flow their production budgets but even this is not enough anymore. Investment levels from Screen Australia and the licencing fees are so low that producers are left with a large gap in financing which is becoming impossible to fill. It means the role of smaller independent producers is unviable. Only Screen Australia Enterprise-funded (and similar) production companies and foreign owned Australian-based companies can manage to continue in the sector.

In 2015/16 there was a 23% slump in television drama production, budgets being up but overall the number of hours produced is in decline due to the rise in short form mini-series. Victoria received only 26% of film and TV drama production activity by State (the lowest of the last 5 years) and only 25% of total production budgets were from companies based in Victoria – down from 37% in the previous financial year.

Recommendation: That the Federal Government provide increased funding to Screen Australia to support Australian film and television production activity at ongoing sustainable levels. In relation to TV network broadcast licence fees, there is a commitment to make all endeavours to increase these fees to realistic levels.

#### **4. Production Funding Offsets**

The introduction of various Screen Australia rebate schemes to support national screen production has been enormously successful in generating increased levels of Australian content creation in film and television, digital games, offshore productions shooting in Australia and post production for local and international projects. The 40% Producer Offset for feature films has encouraged both quality projects and also assisted in retaining intellectual property in Australian hands however the rebate is only 20% for television projects. The 16.5% Location Offset has encouraged largely US offshore film & TV productions to Australia and has been granted at a 30% level on several occasions to secure high budget, high production value projects.

Recommendation: That due to the “critical mass” importance of TV production underpinning the entire screen sector, the 40% Producer Offset for film be extended to Australian television projects and that the Location Offset be consistently provided at a 30% level to qualifying offshore productions.

## **5. Gender Equity & Diversity**

Recent initiatives in 2015/16 by both Federal and State Government screen industry funding bodies have sought to address the imbalance of women occupying key creative positions and the representation of cultural diversity on our screens. The Working Party supports and applauds these initiatives.

Recommendation: That the various initiatives be carefully evaluated in 2017 as to outcomes and that the most successful be encouraged to be emulated.