



Australian Government

Australian Government response to the Senate
Environment and Communications References
Committee report:

Economic and cultural value of Australian content
on broadcast, radio and streaming services

March 2022

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Overview

The Australian Government notes the report by the Senate Environment and Communications References Committee (the Committee) into the economic and cultural value of Australian content on broadcast, radio and streaming services.

The Australian Government recognises the significant contribution the Australian screen and music industries make, both culturally and economically, to the nation.

The screen provides a platform to present Australian perspectives to local and global audiences, building understanding of our culture, our character, our way of life and the diversity of our people. The Government is proud to contribute to the Australian screen industry's success through its ongoing commitment and provision of significant and critical support that enables Australia's content creators to thrive and tell our entertaining and unique stories.

The Australian Government is committed to supporting continued growth in the Australian screen sector. In 2020-21, the Australian Government invested record funding of over \$530 million in the screen sector, with the majority of funding going to local Australian productions. The 2020-21 funding represents an increase of 28 per cent on the previous year and includes:

- More than \$323 million to support the development and production of Australian local content through Screen Australia, the Australian Children's Television Foundation (ACTF), and the Producer Offset and Post Digital and Visual Effects (PDV) Offset.
- More than \$157 million invested in attracting large budget international productions to Australia to support our world-class production and VFX sector through the Location Incentive, Location Offset and PDV Offset.
- The \$50 million Temporary Interruption Fund (TIF), providing the certainty that Australian productions needed to secure financing.

In July 2020, the Government committed an additional \$400 million to the Location Incentive, boosting the total funds available through the program to \$540 million and extending the program until 2026–27. The Location Incentive directly supports the Australian screen production industry by attracting large and highly technical productions that provide invaluable employment and development opportunities for Australian cast and crew, strengthening the domestic industry and its capacity to produce high-quality cultural content for Australian and international audiences.

Further, from 1 July 2021, the rebate rate under the Producer Offset for television content increased from 20 per cent to 30 per cent and the 65 commercial hour cap for drama series no longer applies. These changes will increase investment into Australia and reposition the industry to adapt to a modern media landscape, creating productions of scale for domestic and global audiences.

The Australian Government is committed to enabling the provision of Australian content to Australian audiences and to supporting a vibrant and consumer-focused Australian production sector. Regulation is one of the levers available to Government to support this outcome. The Government has embarked on a process to modernise the Australian content regulatory framework, in line with a commitment to a staged process of media reform towards an end state of a platform-neutral regulatory framework covering both online and offline delivery of media content to Australian consumers.¹

¹ Australian Government, [Government Response and Implementation Roadmap for the Digital Platforms Inquiry](#), 12 December 2019.

In September 2020, the Government announced its first stage of reforms, including streamlining and simplifying the Australian content obligations that apply to commercial free-to-air television broadcasters and an intention to amend the New Eligible Drama Expenditure (NEDE) scheme to reduce minimum levels of expenditure on new drama programs from 10 per cent to 5 per cent. It was also announced that large streaming services would be requested to report to ACMA on their investment in Australian content. This package of measures followed extensive consultation with a range of stakeholders as part of the release of the *Supporting Australian stories on our screens* options paper, jointly produced by Screen Australia and ACMA.²

- From 1 January 2021, commercial broadcasters have been subject to a revised Australian content quota framework under the *Broadcasting Services (Australian Content and Children's Television) Standards 2020*. This framework gives broadcasters greater flexibility around how they meet obligations to broadcast Australian drama, documentary and children's content, allowing them to better target their content to suit their audiences, while still protecting and promoting Australian stories and perspectives.
- Large streaming services operating in Australia – Disney+, Stan, Amazon and Netflix – have commenced reporting voluntarily to ACMA on their investment in, and provision of, Australian programming. These services collectively reported investment of \$153 million in Australian programs in 2019-20 and \$178.9 million in 2020-21.

On 27 November 2020, the Government released the *Media Reform Green Paper*, which sets out a range of proposals to reform and recalibrate the regulatory arrangements for the Australian media industry.³ The Green Paper included a proposal to require large streaming services, such as Netflix and Disney+, to invest a proportion of their gross Australian revenue in new Australian content and Australian content measures for the national broadcasters. The Government has undertaken extensive consultation with stakeholders since the close of submissions on 23 May 2021.

On 7 February 2022, the Government released the *Media Policy Statement* which responds to the *Media Reform Green Paper* and outlines a series of measures and a pathway to modernise Australia's television market, support Australian content and enhance regional news services. The Statement includes a commitment to implement a Streaming Services Reporting and Investment Scheme and to establish a National Broadcasters Reporting Framework for Australian content.

The Streaming Services Reporting and Investment Scheme will safeguard and promote Australian content on the streaming services that Australians are increasingly using. The National Broadcasters Reporting Framework will provide the Government and the public with additional information about how the ABC and SBS are contributing to the availability of Australian stories on our screens. The *Streaming Services Reporting and Investment Discussion Paper* was released concurrently with the Statement. The Discussion Paper sets out the proposed design of regulation on streaming services. Submissions to the Discussion Paper close on 24 April 2022.

The role of broadcasting services in developing and reflecting a sense of Australian identity, character and cultural diversity is also promoted via Australian music requirements on radio broadcasting services. Minimum quotas of Australian music are set out in the *Commercial Radio Code of Practice 2017* and the *Community Radio Broadcasting Codes of Practice 2008*. Codes of practice are developed under a co-regulatory framework, established by the BSA, in which industry develops content rules in consultation with the ACMA and the public.

² ACMA and Screen Australia, [Supporting Australian stories on our screens—options paper](#), 15 April 2020.

³ Australian Government, [New rules for a new media landscape—modernising television regulation in Australia](#), 27 November 2020.

The Australian Government commitment to supporting the music industry is evident through a range of grants provided to support Australian artists and music organisations. In March 2019, the Government announced additional funding of \$30.9 million over five years from 2019-20 through the Australian Music Industry Package. The Package is designed to bring more live music to Australian communities, support greater representation of women and Indigenous artists in the music industry and assist local Australian artists to expand into international markets.

In addition, the \$250 million Creative Economy COVID-19 support package announced in 2020 and recently extended to over \$485 million, is supporting the music industry during the pandemic in a range of ways. Key measures for the music industry include:

- \$200 million Restart Investment to Sustain and Expand (RISE) Fund which provides funds to arts and entertainment businesses to stage festivals, concerts, tours and events, including through innovative operating and digital delivery models, and provide increased employment opportunities, including retention of artists and skilled workers in the arts and entertainment sector and allied industries.
- \$59 million COVID-19 Arts Sustainability Fund that provides direct financial assistance to support significant Commonwealth-funded arts and culture organisations facing threats to their viability due to COVID-19.
- \$40 million to the charity Support Act to provide immediate crisis relief to artists, crew and music and live performance workers across the country, including extending the Wellbeing Helpline to the entire creative industries sector and offering a dedicated helpline for Indigenous artists, crew and music workers.

The Australian Government is committed to providing the policy leadership and support necessary to provide for the continued bright future of Australia's highly skilled and creative sectors, including the screen and music industries.

Australian Government response

The Australian Government's response to the report on the economic and cultural value of Australian content on broadcast, radio and streaming services is set out in detail below.

Australian Greens' additional comments

Australian Greens' Recommendation 1:

1.10 The Australian Greens recommend that the content quota system be maintained to ensure the production of uniquely Australian content, and children's television.

Australian Greens' Recommendation 2:

1.14 The Australian Greens recommend that the Australian Government implement at least a 10 per cent expenditure, and a separate promotion, obligation on SVOD services operating in Australia.

Australian Greens' Recommendation 3:

1.17 The Australian Greens recommend that the Australian Competition and Consumer Commission examine the need for UK-style Terms of Trade provisions to address the oligopsonic market conditions which currently exist.

Australian Greens' Recommendation 4:

1.24 The Australian Greens recommend that the Australian Communications and Media Authority work with CRA, ARIA, APRA AMCOS, and other music industry stakeholders to ensure that Australian content obligations are being met by commercial broadcasters, and the current Code is still fit for purpose in terms of quota levels, application to DAB+ stations, time period and format categorisation given useful international comparators such as Canada.

1.25 The Australian Greens also recommend ARIA, APRA AMCOS and other music industry stakeholders explore local content obligations with the music streaming services, with the Government to have oversight if industry agreement cannot be reached.

Australian Greens' Recommendation 5:

1.29 The Australian Greens recommend that the Australian Government introduce a single Producer Offset of 40 per cent for all types of qualifying production, including both film and television. The Australian Greens also recommend that the Producer Offset only be available to production companies which do not also hold a broadcasting licence to ensure the future of Australia's independent production sector.

Australian Greens' Recommendation 6:

1.31 The Australian Greens recommend that the Australian Government remove the 65-hour cap on television series from accessing the Producer Offset.

Australian Greens' Recommendation 7:

1.35 Australian Greens recommend that the Australian Government no longer recognise New Zealand content for the purpose of Australian content quotas.

Australian Greens' Recommendation 8:

1.41 The Australian Greens recommend that the Australian Government increase the Location Offset to 30 per cent.

Australian Greens' Recommendation 9:

1.45 The Australian Greens recommend that the Australian Government decouple the Location and PDV Offsets to allow for both offsets to be claimed for any single eligible production.

Australian Greens' Recommendation 10:

1.47 The Australian Greens recommend that the Location and PDV offsets be platform-neutral in their eligibility criteria, allowing SVOD services to access such incentives without disadvantaging the film and television industry.

The Australian Government **notes** these recommendations.

The Australian Government is fully committed to its continued support of Australia's screen and music industries. The Government is very proud of the quality and innovation delivered by Australia's screen and music industries and provides significant support through a range of policy settings.

The Government continually works to make sure these policy settings are complementary and maximise opportunities across the screen sector. The Government has worked to support our screen industry by adopting an evolved interpretation of 'television' under Division 376 of the Income Tax Assessment Act. This allows series and mini-series solely distributed through online services to be eligible for the Location and Post, Digital and Visual (PDV) Offsets, provided they meet all other eligibility criteria. The beneficiaries of this are Australian companies that undertake screen production or post, digital or visual effects work on screen content that is subsequently only distributed online.

In addition, opportunities for Australia's post, digital and visual effects houses will continue to be available and increase as a result of the work undertaken on productions that are secured by Australia through the Location Incentive. It is a requirement for productions receiving funding under the Location Incentive to use the services of at least one Australian PDV provider. Over \$198 million in additional activity for Australia's PDV providers will be generated by the Location Incentive productions announced to date.

The Australian Government is committed to supporting the music industry through a range of mechanisms, including programs that support Australian artists and music organisations. The Australian Music Industry Package announced in 2019 is designed to bring more live music to Australian communities, support greater representation of women and Indigenous artists in the music industry and assist Australian artists to expand into international markets. The Government also provides funding for musicians through the Australia Council. As the Australian Government's principal arts funding body, the Australia Council, offers a variety of grants for individuals and organisations to support a range of activities that foster the careers of Australian artists.

As announced in the *Media Policy Statement*, the Government has committed to implementing Australian content requirements on large SVOD services operating in Australia. The Government is currently consulting on the proposed design of the scheme, outlined in the *Streaming Services Reporting and Investment Discussion Paper*.

In making any changes to the Government's support settings, the Government will consider a range of policy settings to continue to support the Australian screen and music industries.

Labor Senators' additional comments

Labor Senators' Recommendation 1:

1.23 Labor Senators recommend the Australian Government:

- Immediately release the report of the Australian and Children's Screen Content Review.
- Undertake public consultation on options to break the current impasse, cast the policy and regulatory net widely and ensure modernisation of the framework on a holistic and evidence-based footing to avoid negative unintended consequences.
- Implement the new framework as soon as practicable to end the years of inaction, uncertainty and missed opportunities in the Australian content sector.

The Australian Government **notes** this recommendation.

The Government is committed to protecting and promoting Australian content on Australian screens, and to supporting a vibrant Australian production sector. The Government has embarked on multi-year process to modernise the regulatory and policy framework for Australian content, and the Australian and Children's Screen Content Review – the consultation for which was undertaken in 2017 – was just one of a number of processes that have helped to inform the Government's deliberations.

On 7 February 2022, the Government released the *Media Policy Statement* which responds to the *Media Reform Green Paper* and outlines measures to support Australian content, including the Streaming Services Reporting and Investment Scheme and National Broadcasters Reporting Framework for Australian content.