



Suite 2, Level 1, 36 Fitzroy Street Surry Hills
NSW 2010 Australia
+ 61 2 9360 8988
screenproducersaustralia.org.au

5 February 2016

Screen Producers Australia's submission to the inquiry into broadcasting, online content and live production to rural and regional Australia

Screen Producers Australia was formed by the screen industry to represent large and small enterprises across a diverse production slate of feature film, television and interactive content.

As the peak industry and trade body, we consult with a membership of more than 350 production businesses in the preparation of our submissions. This consultation is augmented by ongoing discussions with our elected Council and appointed Policy Working Group representatives. Our members employ hundreds of producers, thousands of related practitioners and drive more than \$1.7 billion worth of annual production activity from the independent sector.

On behalf of these businesses we are focused on delivering a healthy commercial environment through ongoing engagement with elements of the labour force, including directors, writers, actors and crew, as well as with broadcasters, distributors and government in all its various forms. This coordinated dialogue ensures that our industry is successful, employment levels are strong and the community's expectations of access to high quality Australian content have been met.

Screen Producers Australia welcomes this opportunity to make a submission to the inquiry into broadcasting, online content and live production to rural and regional Australia. While much of the conversation about this review focuses on news services, consideration must be given to other forms of local screen storytelling that reflect local communities lives and experiences.

Our recommendations therefore focus on issues relating to the production of scripted adult and children's drama, documentaries and entertainment programming:

- 1. The need for a healthy independent production sector to tell local screen stories**
- 2. State and Local Government considerations**
- 3. Federal Government considerations**

Contact details

For further information about this submission please contact Matthew Hancock, Manager, Strategy and Operations

The independent production sector in Australia is highly competitive. These businesses are characterised by their professionalism, entrepreneurial spirit and quality of output. They operate in a global media landscape that is equally characterised by its dynamism, in which technological changes are giving rise to changes in production, distribution, consumption and business models.

Despite the many changes affecting the sector one thing remains unchanged: the value Australian audiences place on Australian content. Notably, 91 per cent of people believe it is important that Australia has a film and television industry producing local content. This sentiment is similar across all age groups. Even among people classified as 'low' consumers of Australian content, 87 per cent felt it was important.¹

The single most important benefit of having a film and television industry is to make sure that Australian culture isn't overwhelmed by American culture on account of the amount of movies and television series that Hollywood produces. This is reinforced by the vast majority of people agreeing that Australian screen stories are vital for contributing to our sense of Australian national identity.

Driving this cultural value is a delicate system of government interventions and support for Australian screen producers through tax incentives, content obligations and direct subsidy. Together, they help the film and television sector to directly contribute \$5.8 billion to Australian gross domestic product and about 46,600 full time equivalent employees. Of this, the independent production sector contributes \$1 billion to gross domestic product and more than 13,000 jobs.²

In particular, production of feature films, television drama and documentaries generated \$709 million worth of investment annually, including \$124 million in overseas finance. This level of investment in narrative production positively contributes \$331 million to gross domestic product, taking into account the direct and indirect impacts of production activity on the overall economy.

1. The need for a healthy independent production sector to tell local screen stories

The core reason for a production sector supported by government, and not vertically integrated into licenced broadcasters, is to encourage diversity of voice and multiple opportunities for different screen businesses in our community to contribute to local storytelling.

Left to the market alone, the centralisation of internal production by television broadcasters in Sydney and Melbourne has been gradually occurring over many years. This has had an impacted on different production genres in different ways. With regards to scripted adult and children's drama, documentaries and entertainment programming, the independent sector in partnership with broadcasters is critical in maintaining the production of authentic high quality screen stories from a range of communities around Australia.

¹ http://www.screenaustralia.gov.au/research/austores_research.aspx

² http://www.screenassoc.com.au/uploads/reports/ASA_Economic_Contribution_Report.pdf

In fact, the independent production industry has been the one clear contributor to diverse storytelling from multiple communities and locations around Australia. The support for independent production sector via various policy settings enables a range of story telling in regional and rural Australia.

By way of example, in 2015, Screen Producers Australia conducted a survey of members as part of our submission to the Australian Broadcasting Corporation Amendment (Local Content) Bill 2014. In the context of this broader inquiry, it is worth revisiting those findings as a good example of the creative and commercial diversity reached through independent production.

Screen Producers Australia surveyed member businesses regarding sources of finance, location expenditure and residency of primary cast and crew on projects produced for the ABC which, along with Screen Australia embraces various strategies for encouraging story telling from across regional and rural Australia. The responses account for the lion's share of annual drama and documentary production as well as a sample of light entertainment titles.

The survey titles included *The Doctor Blake Mysteries*, *Rake*, *It's a Date*, *The Code*, *The Gods of Wheat Street*, *The Moodys*, *Miss Fisher's Murder Mysteries*, *ANZAC Girls*, *8MMM Aboriginal Radio*, *Old School*, *The Flamin' Thongs*, *Dance Academy*, *Nowhere Boys*, *Outback ER*, *Croc College*, *The War That Changed Us*, *The Dreamhouse*, *Two on the Great Divide*, *Jandamarra's War*, *Redesign My Brain*, *Julia Zemerio's Home Delivery* and *Wastelander Panda* among many others.

Out of the 100 titles, 41 were either completely or partially produced in South Australia, Western Australia, Queensland, Tasmania, the Australian Capital Territory and/or the Northern Territory.

Regarding the proportion of expenditure by location, when averaged across the 41 titles, 56 per cent was spent outside New South Wales and/or Victoria with 11 titles notable for spending more than 90 per cent. The estimated value of production from these 41 titles alone is close to \$50 million.

As would be expected, production in each state and territory occurs irrespective of a producer's principal place of business. When looking at all 29 businesses included in the survey, 31 per cent were based outside Sydney and Melbourne. Despite this, 69 per cent of all businesses produced titles that had a proportion of production in locations other than New South Wales and/or Victoria.

Subject matter is also an important factor in regional production. Of the 100 titles commissioned by the ABC from independent producers, 56 titles explored subjects and/or settings relevant to their shooting locations. This included 31 titles that were specifically relevant to locations in South Australia, Western Australia, Queensland, Tasmania, the Australian Capital Territory and/or the Northern Territory.

One of these productions, *8MMM Aboriginal Radio*, was produced by Princess Pictures and Brindle Films, based in Melbourne and Alice Springs respectively, and was set in Alice Springs. Brindle Films won the Screen Producers Australia Award for Breakthrough Business of the Year in 2015.

2. State and Local Government considerations

Whilst State and Local Government considerations are not directly in the purview of this inquiry, it is important to acknowledge the interconnected strategies that work in partnership with Federal Government policy. Two examples help to illustrate this:

- **Regional and rural production funding support**

Screen Producers Australia wrote to the Western Australian Minister for Regional Development Donald Redman calling for an enhanced regional production fund in January 2015.

The production sector in Western Australia has been responsible for a significant body of work, including feature films and television drama titles like *The Turning*, *Kill My Three Times*, *Red Dog*, *An Accidental Soldier* and *Paper Plains*. They also have a very strong documentary tradition with titles like *The War That Changed Us*, *Who Do You Think You Are?*, *Outback Truckers*, *The Waler: Australia's Great War Horse* and *Search for the Ocean's Super Predator*.

However, it is a commercial reality that operating a production business in Western Australia is more expensive, particular when shooting rural areas with limited infrastructure, transportation and other logistical challenges.

This, of course, is not just limited to Western Australia and the Federal Government has a role to play in empowering communities to tell screen stories across the country.

- **Film friendly communities**

State and Local Government's have worked together in many jurisdictions to develop 'film friendly' guidelines and protocols. Most recently the Victorian Parliament passed the Filming Approval Act 2014 to establish a clear and consistent framework which Victorian public agencies must comply with when considering permit applications for commercial filming on public land.

This framework included flexible, administrative principles to ensure that commercial filmmakers have a positive experience and receive a responsive, consistent, transparent and informed service across Victoria.³

Screen Producers Australia welcomes these types of guidelines and protocols as one of a number of measures to ensure the ease of production across states and territories. This reduces the cost of red tape for production businesses when shooting in rural, regional and metropolitan councils.

3. Federal Government considerations

On 30 October 2015, Screen Australia released their annual Drama Report. The results show that Australian television is at a critical juncture with continued falls in the number of adult drama hours, now at

³ http://www.film.vic.gov.au/data/assets/pdf_file/0018/93042/Victorian-Film-Friendly-End-user-Guidelines-Web-Version.pdf

their lowest point in a decade. Without intervention these figures will be worse next year, compounded by likely falls in documentary as well, as the full effects of cuts at ABC, SBS and Screen Australia are felt.

The industry expects a level of fluctuation from year to year, particularly in expenditure on local and international feature film production. But the hours of local television drama are a worrying sign as television is the engine room of the sector, particularly with an absence of meaningful commissioning levels from new unregulated streaming services in the market.

This inquiry should consider the following reforms:

- **Adjustments to the Australian Content Standard**

The Australian Content Standard requires all commercial free-to-air television licensees to broadcast minimum levels of Australian programming.

Under the Closer Economic Relations agreement with New Zealand, television content produced in New Zealand is treated as Australian for the purposes of the Standard. As a result of greater regulatory flexibility afforded to commercial free-to-air broadcasters in 2013, there is now an increasing reliance by these broadcasters on acquitting their quota obligations by using cheap content acquired from New Zealand, rather than being produced locally.

The annual average of New Zealand hours screened by the commercial free-to-air broadcasters between 2007 to 2012 ranged between 22 to 48 hours each year. Since the amendments took place the combined annual hours across the commercial free-to-air broadcasters rose from 40 hours in 2012 to 120 hours in 2013 and 180 hours in 2014.

This is not the intent of the Standard. The time is right to address this problem as the Standard has a sunset clause that will come into effect in April 2016. Screen Producers Australia wants the Standard to be amended and extended. Whilst we are participating in the consultation process of the Australian Communications and Media Authority relating to the sunset provision, we political will is the most likely way to achieve significant reform.

By broadening the definition of first release to reflect the concept of a worldwide premiere, and not just a program's initial screening in the licence area, the Australian Communication and Media Authority will be able to restrict the practice of Australian broadcasters purchasing discounted New Zealand content to satisfy their obligations. Importantly, this definitional change will not breach the terms of the Closer Economic Relations agreement.

Additionally, the Australian Content Standard is currently being reviewed by the ACMA. Consideration could be given to encouraging the commercial broadcasters to commission more stories that reflect regional and rural Australia through obligations that could be more explicitly outlined in the standard.

- **Funding for ABC, SBS and Screen Australia**

These Government entities support the development, financing and delivery of Australian screen stories to audiences in different ways. Specific funding support to them to deliver outcomes that enhance local and regional storytelling could be considered by Government.

- **Content obligations needed for online platforms**

Screen Producers Australia has welcomed a number of new online streaming services to the Australian market over the last year. These new subscription services, such as Netflix, join the likes of free services like YouTube in changing the landscape for consumers and producers.

Australian audiences, Australian screen businesses and Australian culture benefit from a vibrant screen industry generating quality Australian product. In particular, the contribution of commercial and public broadcasters to local production is critical and the quality of their output must be continually applauded, although not taken for granted.

In the context of on-going policy discussions at a national level around television broadcasting, both in terms of revenue and regulation, coupled with the launch of these online services, it is important to remember the value of mechanisms to support local content on our screens.

Whilst we are pleased to see new players such as Netflix enter our expanding market, we trust that this will not just provide an avenue for imported content and local catalogue titles, but also will result in a valuable contribution to Australian screens through original local production.

To this end, Screen Producers Australia encourages the Federal Government to consider appropriate content obligations so all Australians, particularly those in rural and regional areas, are not short changed by the lack of local screen stories.