



23 May 2021

Content Division
Department of Infrastructure, Transport,
Regional Development and Communications
CANBERRA

Northern Pictures' Support for the Screen Producers Australia's Submission to the *Media Reform Green Paper*

Northern Pictures supports the Screen Producers Australia's submission to the *Media Reform Green Paper*.

In addition, we make the following observations.

Minimum Streamer Spend on Australian content

Northern Pictures strongly supports the introduction of a requirement that streamers spend 20% of locally sourced revenue on commissioning new Australian content.

By adopting this proposal, the Government has an opportunity to singlehandedly create thousands of new jobs in Australia and sure up an important export generating industry, simply by imposing a minimum local investment obligation on streamers linked to revenues being generated from Australian subscribers. Similar regulations have already been enacted in several European countries and will inevitably be a common feature of most large international television markets. Failure to implement these rules will leave the Australian film and television production industry at a significant competitive disadvantage to its rivals in other markets and will result in the loss of jobs, reputation, and export income for Australia.

The streamers have stimulated greater television and film viewership around the world and increased the amount of money earned by the global industry. This trend will continue and the film and television entertainment industry will see sustained growth for many years to come. Economies that have a strong participation in the industry will benefit substantially. As such, it is important for the Australian economy overall that the Government ensures there is a legislative framework that gives the industry every chance to thrive.

There is a lot of misinformation in the market that seeks to downplay the need for regulatory support for streamer investment in Australian film and television, including the following:

1. That a minimum spent requirement is not required because market forces alone will drive the streamers to commission programming about Australia and from Australian producers.

The Australian and *Wall Street Journal* newspapers have variously reported that Netflix and other global streaming platforms are pivoting to invest in foreign programming because they increasingly view the US market as saturated. While this pivot will apply to some markets, the streamer argument that foreign content investment is inevitable fails to make a critical distinction between markets, which is very relevant to Australia.

The “international production” that Netflix and others are focusing on is disproportionately in very large markets, especially those that are culturally or linguistically distinct. Brazil, India, South Korea, Japan and France are good examples of markets with huge numbers of potential subscribers who in large part have far less interest in North American content. The streamers know that in these kinds of markets locally produced shows outrate others in huge numbers, so producing locally can provide significant competitive advantage. To give you a sense of scale from the cable TV market, historically STAR Plus in India, which is 100% Hindi local programming, almost invariably outrated STAR World, 100% English programming (subtitled and dubbed), by a factor of 30+.

Australia is at the other end of the spectrum. We are a relatively small television market with an English-speaking audience that has been brought up with a heavy diet of American and English content, which also responds well to particular types of foreign language content.

2. That the Australian Film and Television market is booming and doesn't need regulatory intervention.

Australia's superb performance minimizing the impact of COVID has been a boon for attracting many leading Hollywood stars and studios to produce their current projects here. Different States have also competed aggressively with subsidies and grants to take advantage of the opportunity.

These benefits have mostly been enjoyed by local actors and film crews working on US film projects but they have not flowed through to local writers and producers, the creators of Australian stories. In any event, the benefits will be short term. The Hollywood film industry is famously fickle and as other filming locations reopen after large scale vaccination programs, no doubt supported by aggressive subsidies to reignite their local industries, it is inevitable that the recent upswing of work in Australia will reverse.

3. Streamers will leave the market if content spending obligations are imposed on them.

We can see no scenarios in which the streamers would walk away from \$2 billion in local Australian revenue, especially considering the marginal contribution from that revenue is probably over 90%.

The arguments in favour of imposing local content spending obligations apply equally to other markets around the world where the streamers are generating significant revenues. There is no doubt that the legislative approach already adopted by France, other European markets, and in process in Canada, will be taken up in many other markets. Inevitably producers in markets without streamer minimum content spend requirements will be at a significant disadvantage. Australian producers are world class, but so are the producers in many other countries, and it is inevitable that the Australian production sector will be badly hurt if the Government lags in enacting minimum content spend requirements.

On the other hand, if the Government moves with confidence and speed to enact local content spend requirements, the Australian film and television industry will be able to fully enjoy the global growth stimulated by the streamers and internet delivered television.

Support for Vulnerable Genres

As a producer of children's content for the free-to-air broadcasters in Australia we have seen our children's production slate wiped out following the ACMA's overnight decision in April 2020 to suspend the sub-quotas for Australian and children's television content. Our production slate of "P" & "C" content averaged 50 hours per annum for the 4 years to the end of 2020 and for 2021, it will be Nil.

We strongly believe that the streamers should be required to acquit a proportion of their overall 20% of Australian revenue obligation on newly commissioned children's content, on the basis that they run children's content on their platform and that children account for at least 20% of their audience.

About Northern Pictures

Northern Pictures was established in 2010. Over the last 10 years it has developed a reputation for strong storytelling and as one of Australia's most accomplished independent production houses. We produce an average of 100 hours of content each year for both local and global broadcasters, including blue chip natural history programs, social issues series, factual entertainment, theatrical documentaries, children's factual television and scripted drama.

Our Factual team has produced some of Australia's most awarded and recognised documentary content, tackling big subjects such as racism, mental health, domestic violence, disability, misogyny, and addiction. We pride ourselves on creating programs with unique access and cinematic sensibilities, underpinned by strong journalistic values. Recent examples include *Magical Land of Oz* (for the ABC in Australia, the BBC in the UK and PBS in the United States), *Love on the Spectrum* (for the ABC in Australia and Netflix internationally) and *See What You Made Me Do* (for SBS in Australia).

Northern Pictures Kids has built a reputation for entertaining, nature inspired factual content that excites and engages young audiences in the preschool and kid's space. Examples include *News of the Wild* (for the Seven Network), *Most Extreme Animal Planet* (for the Nine Network), *Hiccup and Sneeze* (for the Nine Network in Australia and Mediacorp in Singapore) and *Reino Animal* (for National Geographic, Latin America).

Northern Pictures has recently diversified into scripted content with a focus on drama and comedy. Recent examples are *Hardball* (for the ABC and subsequently acquired by multiple networks elsewhere, including by the BBC in the UK) and the recent commission *Spreadsheet* (for Network Ten and Paramount Plus).

Northern Pictures has been recognised as a significant contributor to diversity and representation, both on and off screen. Our critically acclaimed productions have garnered Rose D'Or, Banff Television and Venice Television Awards, the Japan Prize, New York Festival Gold Medals and AACTA awards, amongst others. In 2020, Northern Pictures won an International Emmy Award for *Hardball*.

Northern Pictures would welcome any enquiries from the Department and would be happy to provide details on any of the points raised in either the SPA submission or this document.

Please direct all enquiries to Peter Anderson, Managing Director at peter.anderson@northernpictures.com.au, phone (02) 8356 9376 (direct). Our address is 52-54 Turner Street, Redfern NSW 2016, Australia.

We confirm that our submission can be made public.

Northern Pictures
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