

**AUSTRALIAN AND CHILDREN'S SCREEN CONTENT REVIEW**  
**SUBMISSION BY MEDIA WORLD PICTURES PTY LTD, 21<sup>st</sup> September, 2017**

**COMPANY INTRODUCTION**

Media World Pictures is one of Australia's leading independent film and television production companies. Based in Melbourne and operating since 1983, Media World has successfully developed and produced hundreds of hours of award-winning content for both television and the big screen.

Credits include feature film *The Silver Brumby* starring Russell Crowe, the prime time mini-series, *The Circuit* and Australia's first Indigenous comedy feature film, Richard J. Frankland's *Stone Bros*. Animation credits include *The Flamin' Thongs* (co-produced with Red Dog Bites, Australia), *Dogstar*, the adult sitcom *John Callahan's QUADS!* (co-produced with Nelvana, Canada), *The New Adventures of Ocean Girl* and the animated adventures of *The Silver Brumby*.

More recently the company co-produced Australia's first animation series written and voiced by Indigenous Australians, *Little J & Big Cuz*. The company is now co-producing the 26 x 11 minute children's animation series, *The Strange Chores* with dual International Emmy Award winners, Brisbane-based Ludo Studio.

**SUBMISSION TO THE AUSTRALIAN AND CHILDREN'S SCREEN CONTENT REVIEW**

Media World Pictures is an active member of SPA. We have contributed to SPA's submission to the Content Review and are in broad agreement with SPA's response. SPA have responded to the questions posed in the Review paper so in our submission we will underscore what we believe to be the main points, and more closely discuss children's animation since that format is our main area of business.

**Current support structures**

We believe the current support structures in place – Australian content quotas for broadcasters, tax offsets for qualifying Australian content, and federal and state screen agency support – set the minimum standard for sustaining the local film and television industry and for ensuring Australians can view and make our own stories. It is more important than ever to strengthen our local voice and industry given the tidal wave of content distribution platforms owned by American businesses and the flood of accompanying USA-centric content. We agree wholeheartedly with Senator Mitch Fifield's comment in his address to ACMA:

***"First and most fundamentally, Australian stories need to be told. People need to hear our stories, our perspectives, our ideas. We have got a lot to share, and our stories and voices do matter. Our children need to understand the inherent uniqueness of our nation, and the character and diversity of our people."***

(ACMA Content Conference - Sydney Convention Centre, Darling Harbour, Sydney - Tuesday, 16 May 2017)

The way forward lies in maintaining the current Australian content quotas for the commercial broadcasters and additionally applying the same content quotas to the AVOD and SVOD content distributors and to the ABC, with sufficient government funding for the ABC to be able to meet its quota.

### **Taxation of global companies doing business in Australia**

We advocate for the better taxing of companies that are conducting business in Australia. We believe ensuring companies paying their fair share of tax on profits truly made in Australia is a key obligation of government.

### **Non-traditional outlets and what they currently mean for film makers**

The increase in non-traditional outlets has not represented a boom-time for Australian producers. Rather, program licence fees paid by the FTA networks have plummeted, and the alternate outlets offer small or no licence fees at all. YouTube doesn't offer production funding (except in limited circumstances for hugely successful YouTube creators) and one has to attract tens of millions of hits to attract any sort of meaningful income that could contribute to production budgets for quality Australian content.

The licence fees now offered for a large amount of Australian back catalogue content will not even cover the repeats fees that would be due to cast, thus preventing those shows from being re-screened – and preventing Producers being able to return more funds to investors or eventually, perhaps even making some further income to invest in their own businesses and future projects.

### **Animation specific comments**

There has been some criticism about the dominance of animation in Children's Content in recent years. The greater amount of animation compared to live action content has been a direct result of commercial broadcasters reducing their licence fees. Animation is not cheaper to make but has had more levers to pull in the battle to survive: animation can more easily be created via official or unofficial co-productions, some producers send work overseas to cut costs, producers soon realised they could access the PDV offset at 30%, and the ACMA Broadcasting Services (Australian Content) Standards for animation are more easily met than live action, thus allowing animation business models with minimal Australian creative involvement to dominate.

We agree the degree of Australian cultural content in animation needs to be lifted and have started exploring mechanisms for this in our response below to question 4 of the "Invitation to Respond" section of the Australian and Children's Screen Content Review Consultation Paper 2017.

The focus needs to be on the engagement of Australian crew and Australian ownership of the IP. Programs which are supported by quotas and subsidised by taxpayer dollars need to be created by Australians, owned by Australians and made by Australians. Animated content won't all be geographically set here – animation is a fantastical realm and we need to create *original* content for local viewers whilst appealing to the international market – but it *will* be

created by those individuals in our community who have the special skills that entertain us, and those individuals will bring an Australian perspective and personality to bear on the content we make.

We support the use of Australian cast and crew in animation programs.

**A few notes specific to some of the questions posed in the Content Review Consultation Paper 2017 follow:**

**Q2. What Australian content types or formats is the market likely to deliver and/or fail to deliver in the absence of Government support?**

The market will deliver sport, news & current affairs, and light entertainment and reality television without government intervention.

**Q3. What types of Australian screen content should be supported by Australian Government incentives and/or regulation?**

Non-market support is essential for Aboriginal and Torres Strait Islander programming.

The market alone will not deliver children's television or sufficient adult drama and documentary. Rather than repeat the clear cases made elsewhere for supporting Australian drama, documentary and children's television, we refer to the fine research referenced in the Content Review paper demonstrating the immense cultural value of creating Australian content.

Children's television will always need support. It is no cheaper to produce than adult television. International broadcaster presales have plummeted and indeed the whole world has become more protectionist. There are far fewer distributors and their distribution guarantees have similarly declined.

We support the same quotas mandated for commercial broadcasters being mandated within the ABC's charter, and sufficient funding being granted to the ABC to fulfil such obligations. But as the ABC's current contribution to children's TV is *already* a significant factor supporting the current state of the industry, mandating quotas in the ABC's charter cannot be seen as an opportunity to reduce FTA quota obligations residing elsewhere.

**Q4. The current system of support for screen content involves quotas, minimum expenditure requirements, tax incentives and funding (see [Attachment B](#)). What are the strengths and weaknesses of the current system? What reforms would you suggest?**

We think a mix of quotas, minimum expenditure requirements, tax incentives and funding works well. Quotas underpin the industry and minimum Australian expenditure requirements ensure only projects with sufficient market support attract taxpayer support. Tax incentives create work in Australia. Direct funding needs to remain as an essential part of both the development process and production funding.

We advocate applying the same FTA Australian content quotas to the new streaming services – after all, such services are simply using Australian internet infrastructure rather than spectrum to access Australian viewers.

We must not reduce FTA quotas. The FTA networks screen only just enough local content to meet the quotas and only make what they are legislated to make – otherwise their business model motivates them to buy cheaper content from overseas. Plus, we understand the USA-Australian Free Trade Agreement will not allow us to reverse any cuts to quotas so it's very important we don't lower the quotas we currently have.

Quotas make the industry sustainable. Few in the film and TV industry can make a career out of the occasional feature film. TV gives some people enough work for them to stay in the industry, albeit sometimes supported by other jobs or more consistently paid partners. TV trains up our actors, the next generation of crew, the next heads of departments, the next key creatives, it lets folks maintain sufficient skills to work when there is work, and to take advantage of the occasional bigger opportunity. And of course we all love the big opportunity, when our shows and people shine on the larger stages worldwide.

#### **Some specific suggestions:**

##### **Restrictions on access to PDV offset**

We suggest that shows adequately supported by the market should not be able to access the PDV offset. ie. post production on commercially driven reality television shows should not be supported by taxpayer dollars through the PDV offset.

##### **Restrictions around access to government funding by foreign owned businesses**

We support a review around access to government funding by foreign owned businesses to check whether the benefits of such funding are comparative to those realised by funding locally owned businesses.

##### **ACMA criteria for animation and increased CTS points for Australian made programs**

We suggest changes be made to the ACMA CTS definition of what qualifies as an Australian Program for animation programs, most of which in recent years have been unofficial co-productions.

For quick reference, the requirements for animation are currently as follows ([Broadcasting Services \(Australian Content\) Standards 2016, Part 3, Clause 7](#)):

- (f) in the case of an animated program — the program satisfies at least 3 of the following requirements:
  - (i) the production designer is Australian;
  - (ii) the character designer is Australian;
  - (iii) the supervising layout artist is Australian;
  - (iv) the supervising storyboard artist is Australian;
  - (v) the key background artist is Australian.

This model has driven down licence fees, reduced Australian IP, and is the main contributor to the criticism of a lack of children’s animation programs having a distinctly Australian voice. This model has also obliterated live-action children’s production. To turn this around, we suggest the CTS definition for animation should combine the requirements for live action AND the three-out-of-five CTS animated program requirements. All Official Co-productions would obviously qualify as Australian Content. We would be willing to support programs attracting multiples of CTS points where production of children’s live action or animation is made completely in Australia, attracting double points, or perhaps triple points as currently applies to children’s telemovies. To qualify for this arrangement, broadcasters would have to meet the Screen Australia minimum licence fees. This model would directly result in more live action programming being made.

**Advertising restrictions**

We suggest the reduction of advertising restrictions during C drama to G classification be explored.

**Q7. What would the Government need to consider in transitioning to new policy settings?**

We wish to be consulted on the reform options. The Review hasn’t proposed any solutions for us to address. We acknowledge a review is timely and feel strongly it will take extensive conversations to revise the current industry structures to accommodate the impact of the new market entrants.

It is unrealistic to expect that settings devised now will suit all future changes and periodic review will be required.

Any transition would need to be flagged long enough in advance to allow the market to prepare.

