SUPPORTING AUSTRALIAN STORIES ON OUR SCREENS – OPTIONS PAPER

Consultation Questions

1. What outcomes for audiences and industry will the current system support, and for how long?

Under the status quo, Australia's original screen content is likely to contract in both hours produced and budget, as well as storytelling scope. The current support gives little room for Australian producers to engage directly with digital disruption and reach new audiences, as well as tap into potential opportunities for international financing and distribution. Changes to the current support system should recognise the significant cultural and economic contribution that the Australian screen industry already makes and seek to add value to that via practical regulatory mechanisms that are well overdue in our industry.

2. In the context of an Australian content transmission requirement for commercial FTA broadcasters what percentage requirement across all channels should apply?

I think the same percentage required currently, with the flexibility measures outlined in Model 2. I believe we should ease the obligations by introducing flexibility in acquittals of these requirements, if there are new obligations in place for streaming companies to invest in Australian content by commissioning or acquiring to a certain percentage of their revenue.

3. How should requirements to support Australian drama, documentary and children's programming be prioritised? For example, should sub-quota arrangements (or elements of these) be retained, or should a proportion of the overall transmission requirement be dedicated to these formats?

Sub-quota arrangements should be retained and a proportion of the overall transmission requirement should be dedicated to drama, documentary, and children's programming in a 50/25/25 split of the transmission requirement (I would propose that these genres comprise 50% of the overall Australian content transmission requirement).

4. Would contribution to an Australian Children's Content Fund by commercial FTA broadcasters, in lieu of broadcasting children's content, be feasible, and if so, at what level?

I don't think a quick fix like an Australian Children's Content Fund with funds injected by commercial FTA broadcasters is likely to be the answer – producers still need to find an audience and a home for their content and this fund would be weakened if it means the commercial FTA broadcasters don't have to engage with that possibility anymore. It also raises questions around state and federal funding body requirements to have a broadcaster attached in order to apply for advanced development and production funding.

5. What, if any, amendments could be made to the NEDE scheme to improve outcomes for the sector?

The NEDE scheme is already set up to link Australian content to overall program expenditure, which allows expenditure to rise and fall based on industry conditions. I don't know that I would change the NEDE scheme, but it would be interesting to consider whether their online only platforms could come under similar regulatory requirements to international streamers operating in Australia. I understand that their businesses are taking a hit because the pricing is not competitive with the likes of Netflix, Disney, Amazon, and Stan, but I would almost be asking them to consider splitting out their drama & entertainment platforms permanently from sporting programming & subscriptions.

6. How should Australian content be defined in the minimal and significant models? Is there a need to revise key definitions, including first-release, documentary and children's programs?

I would like to see "first-release" examined, to make the definition uniform across schemes and legislation. I would advocate for Model 3: Significant and look to redefine the term on the basis that we increasingly take into account how the different platforms function and the audiences they reach.

7. To ensure a better understanding of the levels of Australian content broadcast on FTA television what additional data should be provided by the public broadcasters?

I would suggest that when the Boards of the public broadcasters are required to report to Parliament, that they report on the hours of commissioned vs acquired Australian content appearing on their channel/ platform in that quarter, and also provide a spend breakdown to show clearly the amount spent on commissions vs acquisitions, and broken down further into Australian drama, documentary, & childrens programming.

8. In the context of the model considerations listed on page 40, what revenue and subscriber thresholds would be appropriate for the minimal and significant models?

I don't believe Model 2: Minimal goes far enough, because the model proposes that subscription streaming services who meet the scale and service thresholds voluntarily make undertakings to ACMA to invest in and promote Australian content on their services. If you think about it, this is exactly the model we already have – with the exception that perhaps ACMA have not made a formal invitation.

In considering Model 3: Significant, further thought needs to be given to the level of revenue and monthly subscriber numbers.
Monthly Subscription Costs:
Stan: $14 (Monthly Rev at 500K subs = $7M; Monthly Rev at 700K Subs = $9.8M)
Netflix: $9.99
Amazon Prime: $6.99
Disney+: $8.99
Apple TV+: $7.99

Even the most expensive subscription streaming service makes $7M per month revenue at the 500K subscriber threshold – and on an annual basis, that's $84M – nowhere near the

$200M - $300M revenue threshold that was floated on P37. I think it's wise to use 500K as a minimum monthly subscriber threshold and then tie their investment in Australian content to a percentage of overall revenue in Aus – 15% would be fair as a starting point. However, I would not create a revenue threshold as high as $200M – that does not speak to the realities in the market or the subscriber threshold proposed.

9. What investment levels and library catalogue requirements might be considered appropriate voluntary undertakings for subscription streaming services?

I think it's wise to use 500K as a minimum monthly subscriber threshold and then tie their investment in Australian content to a percentage of overall revenue in Aus – 15% would be fair as a starting point. However, I don't think it should be voluntary and it is long overdue. Streaming services have reaped revenues from a large number of Australian subscribers since both Netflix and Stan entered the market in 2015. It's estimated that Netflix reaches over 50% of Australia's adult population now.

10. At what level should the Producer Offset be set for children's programs and one-off feature length programs, and what other settings around minimum spend, qualifying spend and pathway to audience, would appropriately target support?

I would set the Offset differently to the layout of the question here: for feature films, I would keep it at 40% - this is necessary to satisfy sales estimates based on level of cast, and it should be noted that Screen Australia require a Sales Agent attached in order to complete financing on features. For children's programs in a format other than feature films, I would raise the Offset to 30% across the board, in order to recognize rising production values and associated costs. The industry will need this additional indirect support more than ever when emerging from this global public health crisis.

11. Should scripted Australian content be limited to Australian drama, documentary and children's content, and are revisions to those terms necessary? Should it be limited to 'new' content, however defined?

Revisions to those terms might be necessary, but I don't see what limiting this to "new" content means or what the angle is here?

12. How should revenue be calculated and what would be an appropriate investment percentage rate? Should that percentage be consistent across service providers or varied according to business models?

Revenue should be calculated based on the revenue derived from Australian subscriptions or income, the numbers for which should be reported fully by each company. The percentage should be lessened for existing commercial content service providers who are already subject to content quotas (perhaps 10%) and the subscription streaming services should be subject to a raised percentage of 15% as a catch-up for the last 5 years over which they have been operating.

13. In relation to implementation option B for commercial content service providers, how often should these investment plans be negotiated?

I don't think Option B works - it cops out of direct engagement with the industry in which they already derive value from.

14. In relation to option B for commercial content service providers, what authority should the ACMA have to negotiate investment plans and impose minimum requirements?

I don't think Option B works - it cops out of direct engagement with the industry in which they already derive value from.

15. What promotion and discoverability requirements would be effective in the minimal and significant model?

If you're operating a broadcaster or streaming service in Australia, you should be obligated to feature Australian content at the top of the site/platform (first or second row down, clearly visible), or for 15% of the time you spend on advertising your own programs via broadcast or other means.

16. What would be an appropriate level of funding for national broadcasters to allocate to children’s content?

That's really hard to say - I think setting a minimum at 15% ensures kids grow up with a healthy diet of Australian content that hopefully keeps them wanting more.

17. What level of Offset rebate should be provided across all platforms? Why would some Australian content require additional support, and should this be provided via direct or indirect funding? What other settings around minimum spend, qualifying spend and pathway to audience, would appropriately target support?

I would look at lifting the TV drama & documentary offset to 30% considering the budgets have risen and will continue to do so, and retain the 40% offset for features, in part to recognise this is still a specialised artform with higher budgetary requirements including cast and financing requirements (from both an international and federal/state perspective). I'd look at a minimum spend per minute across all platforms, which should be halved for documentaries on any platform and in any format, to recognize they are altogether different ways of working. For Qualifying spend, I'd allow international financing costs incurred by the producers in the course of getting the programs financed and contracted, because it's necessary in order to secure that additional market interest and to the overall success of the project. I’d also allow all marketing costs to be included in Qualifying spend.

18. What Australian content would be provided in the absence of content regulations or incentives?

I don’t believe we are served by considering deregulating Australian content at this time, when the primary objective should be to increase our market hold and ensure our continuing economic and cultural impact by shifting regulations and incentives to address modern technology and how we reach audiences. It is my firm belief that the wholesale removal of content quotas an incentives would damage the industry irreparably.

19. If a single rate Offset was provided to support market-based projects what level should it be set at? What formats should be included and excluded? What qualifying expenditure thresholds and other settings should apply?

I don’t believe this approach works or provides the nuance we need right now.