

JULY 3, 2020

SUPPORTING AUSTRALIAN STORIES ON OUR SCREENS

Options Paper Submission

Screening at Cannes Film Festival in 1994, the film went on to win
the Academy Award for Costume.



THE ADVENTURES OF PRISCILLA, QUEEN OF THE DESERT [1994]



Introduction

Thank you for the opportunity to comment on the options paper *Supporting Australian Stories on our Screens* co-authored by Screen Australia and the Australian Communications and Media Authority (ACAMA).

The options paper lays out clear and urgent reasons as to why the federal government should review the regulatory frameworks and policy instruments that support the Australian film and television industry and presents a convincing case for reform in the face of changed (and still evolving) markets. This response agrees that the federal government has a role to play to ensure the proper functioning of markets, but one that considers the perspectives of all stakeholders and not just service providers (broadcasters and SVODs etc).

Of the four models that are canvassed only one (*Option 3: Significant*) seems to meet the paper's stated objectives and align with the broad policy principles on which the models were developed. While this is clearly the beginning of a process, and not its end, it is nonetheless disappointing to note that significant questions remain about the impact of such reform and how it will be implemented. Indeed, many of the questions about the future that the 'State of Play' preamble raises remain unaddressed by the proposed policy prescriptions.

The main perspective missing from this paper, is that of the actual content creators. The report frames the problem it is trying to solve narrowly from the point of view of the service providers (broadcasters, streaming and subscriptions services) and evolving audience behaviour, whilst completely ignoring theatrical distribution and other ways Australians access professionally produced screen content (games, YouTube, Social Media) from the discussion.

In *Supporting Australian Stories on our Screens* it is important how we define Australian stories and create a policy environment that sees them prioritised over other service-industry economic activity.

To summarise, our response to the options paper can be summarised around these topics:

- Recognising the importance of feature films to our screen history and culture.
- Differentiating between policies that support cultural and economic outcomes.
- The need for updated definitions of Australian screen content and its prioritisation.
- Addressing how the reforms set up producers to build sustainable businesses.
- Recognition of the different financing needs of different screen formats.

Nominated for six Oscars including Best Film, *Lion* went on to make over \$140 million worldwide at the box office.



RELIC [2019]

First time director Natalie Erika James's career was launched after *Relic* screened at the Sundance Film Festival.



First time director Shannon Murphy's career was launched after *Babyteeth* screened at the Venice Film Festival.

BABYTEETH [2019]

Recognising the importance of feature films to our screen history and culture

While appreciating that the terms of reference for this options paper were quite narrow, and Screen Australia and ACMA were asked to focus on content obligations (quotas) for free-to-air broadcasters and SVOD services, in remaining focussed on this task the paper appears to ignore or not consider how theatrical distribution and feature films may yet contribute to this newly posited platform-neutral and future-focussed market environment. Cinema is not dead and there is no reason to believe that the market for the exhibition of feature films and the film festival market will not continue to evolve and to innovate in the years ahead, as they have always done.

While it is clear that there's a future for Australian feature film on streaming services (SVOD) and we recognise that exhibition in Australia has been largely usurped by US franchises, it concerns us to see that a whole sector of the industry appears to have been written out of this platform-neutral future. Most disturbingly, the options paper fails to recognise the important place feature films have had in our screen history and culture. Feature films have been the source of our most successful exports behind and in front of the camera, and our films have travelled much further and exerted more soft power than any television content we have created. Feature films have, and continue to be, a major pathway for emerging and new talent. They are the bedrock of our success at exporting Australian culture to the world. Where will our new talent emerge from if there's no alternative proving ground?

To date the streamers have shown very little interest in working with first timers. They are star-driven (both in front and behind the camera). The small number of filmmakers who have had success working for Netflix (Zak Hilditch, Ben Young, David Michod) have only been able to trade on that success after their first films went to A-list festivals. If we don't have an eco-system that supports first time features and their distribution to the Australian public, those opportunities won't happen. Features also have a longer shelf life than television series, and as such have an outsized impact on our culture.

Putting obligations on Australian exhibitors who are also commercial content service providers to the Australian public and whose revenue exceeds the levels proposed by the options paper needs to be considered. A truly platform-neutral and future-focussed environment should aim to be flexible enough to withstand future changes to viewing patterns or other changes in market conditions and would thus be intrinsically encouraging of innovation.

At the 74th Academy Awards, the film was nominated for eight Oscars, including Best Picture and Best Actress for Nicole Kidman, winning two: for Best Art Direction and Best Costume Design.

MOULIN ROUGE [2001]



MURIEL'S WEDDING [1994]

Launched the careers of Toni Colette and Rachel Griffiths.



Differentiating between policies that support cultural and economic outcomes

One of the most revealing aspects of the 'State of play' preamble was just how much federal money is being poured into the creation of content that is not Australian cultural content but could be described as runaway production or simply industrial activity. According to the option paper's own statistics, (p.11-12) the annual spend by government in 2018-2019 on all tax rebates (offsets) was \$383.7m. Of that figure \$176m (or 45% of the total spend on rebates) went to projects that accessed the PDV offset, an attraction mechanism largely for foreign productions. This figure, spent on supporting economic activity in the sector, pales in comparison to the \$81.8m given to Screen Australia the same year to develop and finance Australian screen stories. It should be noted that government investment in policy instruments designed purely to stimulate economic activity, and that primarily benefit foreign-owned companies, achieves a lower return on investment than when we channel money into our own home-grown projects. Productions that come to Australia because of our production-attraction initiatives (location and PDV offsets) tend also to import their Heads of Departments, meaning there's less opportunity for jobs for Australians and for training and career advancement.

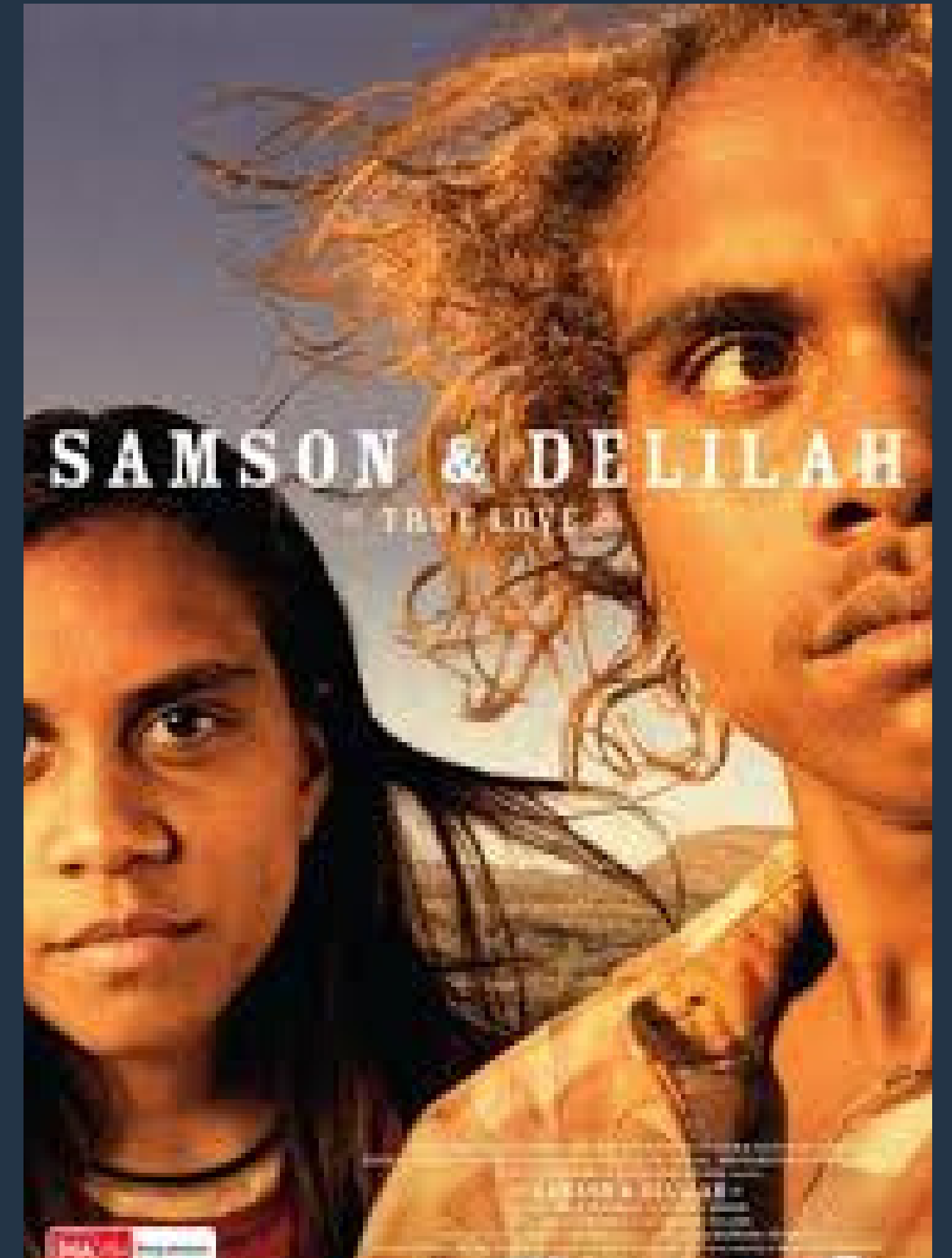


Launched the career of Eric Bana. **CHOPPER [2001]**

While we aren't saying that the Australian government shouldn't spend taxpayers money to attract foreign production to our shores, and we accept that doing so is an important and vital part of a functioning industry, we do think it is important to differentiate between policy prescriptions and regulatory frameworks that simply encourage economic/industrial activity vs those that result in cultural outcomes. The reason we even have government intervention in this market is largely to ensure Australians get access to screen stories about themselves, our history and our place in the world. It is important when contemplating and designing this reform to be clear about how much federal money is going to be poured into content that does not meet this fundamental policy objective.

The film competed in the Un Certain Regard section at the 2009 Cannes Film Festival, winning the Caméra d'Or ('Gold Camera Award' for best first feature film) launching the career of Warwick Thornton.

SAMSON AND DELILAH [2019]



GALLIPOLI [1981]



The need for updated definitions of Australian screen content and its prioritisation

Leading on from our last point, it is fair to say we were disappointed to read on page 37 of the paper that the definition of terms such as “Australian content” would be left for the context of further consultation and would not be addressed here. The reform that this paper proposes, and the transition from content obligations (quotas) on free-to-air broadcasters and subscriptions services to a broader platform-neutral approach will require a much clearer definition of what counts as Australian content than the producer offset’s “significant Australian content” test currently provides.

If the current SAC test was rolled over and was allowed to be applied to content commissioned by a wholly foreign-owned streaming service such as Netflix they could choose to expend their new “Australian” content obligations on projects developed and shot in Australia but using our locations as a proxy for America, much as they intend to do with their second Australian series *Clickbait*. This would not meet the policy reform agenda of making “our stories” available on the screens that we watch and valuing their cultural impact. We will become merely a backlot for Hollywood.



PICNIC AT HANGING ROCK [1975]

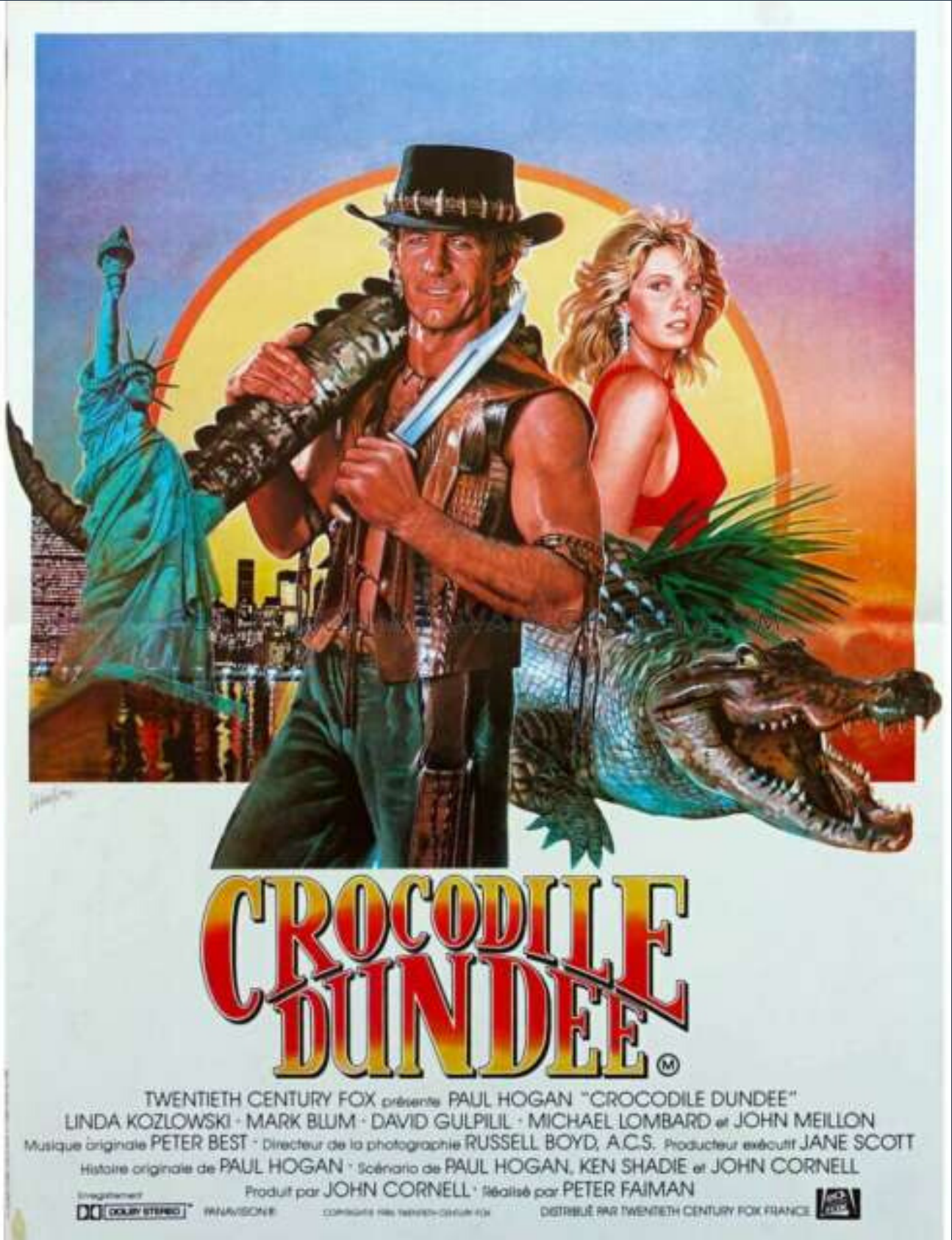
Peter Weir went on to direct a diverse group of international films including Academy Award-nominated films such as *Witness* (1985), the drama *Dead Poets Society* (1989), *Green Card* (1990), *The Truman Show* (1998) and *Master and Commander: The Far Side of the World* (2003).

CROCODILE DUNDEE [1986]

Indeed, over the years that the Producer offset has been operating, the SAC test has allowed projects such as Alex Proyas' *Knowing* and the Peter Rabbit films to be counted as Australian without having any on-screen Australian cultural content. While we don't want to limit the ways in which Australian filmmakers wish to express themselves, arguably there are projects, by nature of their content, that should look primarily to the free market for their financing. They certainly should not be made with the same level of Australian taxpayer support that puts Australian places, faces, accents, history and attitudes up on our screens. It is our view that government policy should prioritise support for Australian cultural content and that this is where the lion's share of taxpayer's money should be directed.

We note that the measures listed on page 42 of the report in the detail for *Option 3: Significant* around a points-based test for Significant Australian content are all circumstantial and not framed in terms of culture. There is also a risk that only by offering projects of "quality and cultural significance" increased direct funding through Screen Australia that cultural content comes to be defined as worthy and artistic and not simply about the experience of being an Australian living in Australia.

Released on 30 April 1986 in Australia, it was the highest-grossing film of all-time in Australia, the highest-grossing Australian film worldwide, the second-highest-grossing film in the United States in 1986, the highest-grossing non-US film at the US box office ever and the second-highest-grossing film worldwide for the year.



ANIMAL KINGDOM [2010]

Jacki Weaver received multiple awards for her performance, as well as an Oscar nomination for Best Supporting Actress



The film also launched internationally director David Michod and actor Ben Mendelsohn.



Russell Crowe started his career in the Australian Film Industry, winning the Oscar in 2000. This film was his first as director.

THE WATER DIVINER [2015]

Addressing how the reforms set up producers to build sustainable businesses

One of the great unanswered questions from the options paper is how the proposed reforms would set up producers to build sustainable business through their ongoing commitment to the telling of Australian screen stories. To be clear we don't mean the idea of a "cultural uplift" for productions that have Australian cultural content, which of course needs to be significant enough to make them easier to finance, but rather what Screen Australia and ACMA see as the way forward for the ongoing exploitation (long tail) of Australian IP.

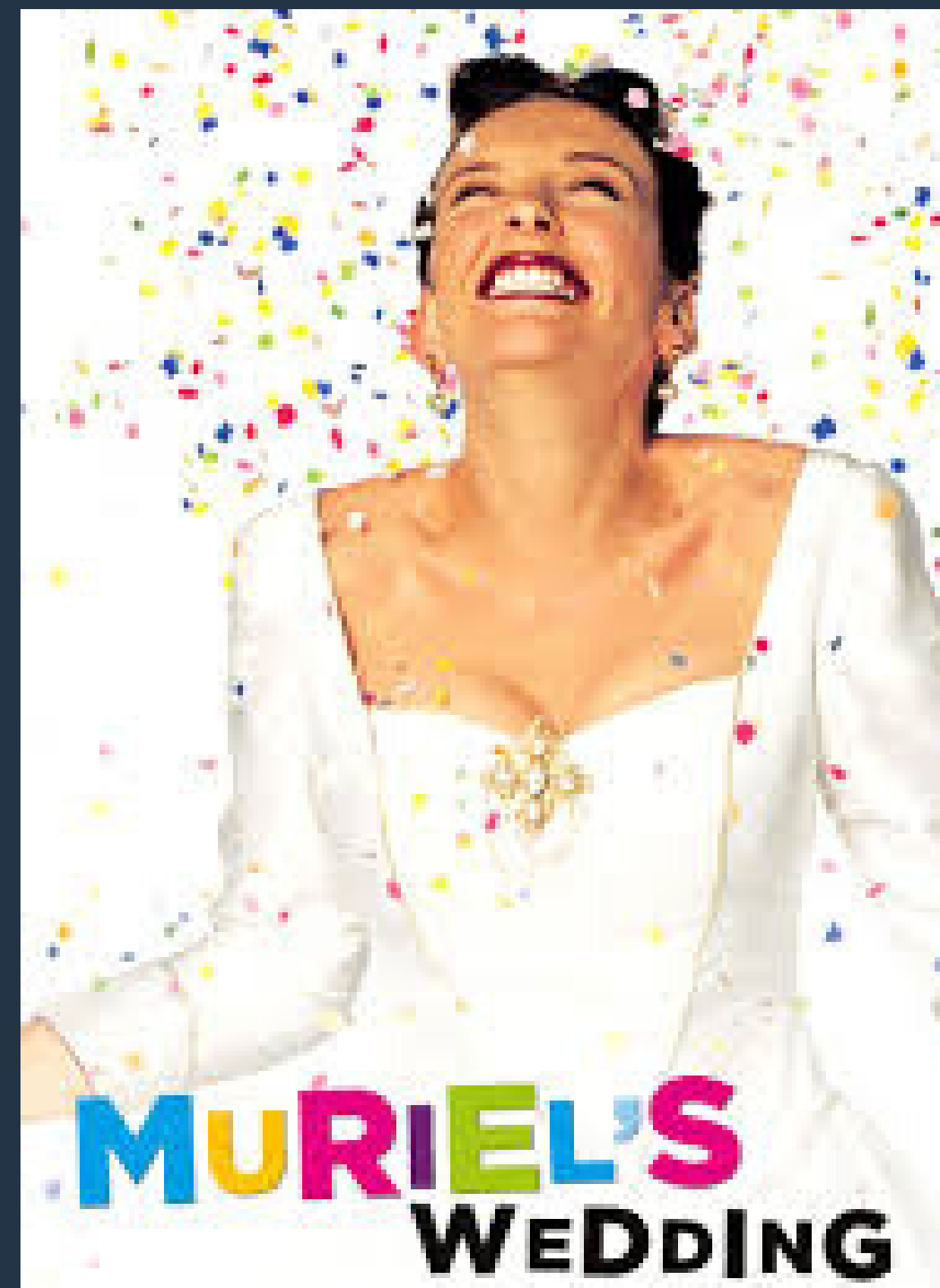
In the emerging market conditions if theatrical exhibition for Australian feature films is in decline, where is the blue-sky potential that replaces the potential returns to the producer through box office performance and the producer offset? In the new emerging market conditions where a sale to a streaming service locks up global rights in perpetuity, where's the potential for future returns from the ongoing exploitation of the underlying IP? If free-to-air broadcasters are going to focus on news and reality TV and get out of the drama business how will Australian producers create sustainable businesses and be rewarded for the success of their projects attracting eyeballs (features or television series) if they are made for and locked up by foreign-owned services that won't release viewing data? All blue-sky potential for Australian producers could be erased in this platform-neutral future-focussed environment, and all the upside is being transferred to multi-national or foreign-owned corporates that control the means of transmission.

Recognition of the different financing needs of different screen formats

Finally, in our view the only viable model proposed is *Option 3: Significant*, but it is not at all clear how the proposed Australian Production Fund would work and what it would mean to the financing of different kinds of projects. In Screen Australia's and ACMA's vision for this option what will become of Screen Australia's direct (equity) investments and the same from the states? Is it intended that the APF will be used by the companies that fund it to fill the gaps left after government incentives are approved? Is the APF the new gap financier? What this platform-neutral approach to content financing fails to account for is the specific and different financing needs of different formats. The theory is good but until we see more detail about how such a theory will be implemented it is almost impossible to make an assessment from the detail given.

Launching the international careers of the lead actors, and director PJ Hogan, the film received multiple award nominations, including a Golden Globe Award nomination for Best Actress in a Motion Picture – Musical or Comedy.

MURIEL'S WEDDING [1994]



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In Summary

The options paper *Supporting Australian Stories on our Screen* lays out clear reasons why the Australian federal government should review and reform the regulatory and policy framework that supports the Australian Screen production industry, but as a starting point for discussion we think it leaves too many big questions unanswered. While we support the aims of this policy review, we nonetheless remain concerned that because of the narrow terms of reference for the paper, not all stakeholder's perspectives have been adequately considered. Any platform-neutral future focussed reform of the industry needs to consider the needs of Australia's content creators, answer the tricky questions of how they will finance their projects and build sustainable businesses for the future, and should be further guided by a principle of prioritising government investment in screen stories that meet a tighter definition of Australian cultural content. By ignoring (or leaving out) consideration of the continued importance of feature films to our screen culture and history the proposed reforms also fails to address how new talent will be trained and identified in this new market environment.

Fury Road won multiple critical and guild awards, and received ten Academy Award nominations, including Best Picture and Best Director, and won six: Costume Design, Production Design, Makeup and Hairstyling, Film Editing, Sound Editing and Sound Mixing.

CO SIGNED

MAD MAX [1979]

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Filmed on a budget of A\$400,000, it earned more than US\$100 million worldwide in gross revenue and held the Guinness record for most profitable film. The success of *Mad Max* has been credited for further opening up the global market to Australian New Wave films. It launched the careers of George Miller and Mel Gibson.

In 2006, director George Miller won the Academy Award for Best Animated Feature for *Happy Feet* (2006). He has been nominated for five other Academy Awards: Best Original Screenplay in 1992 for *Lorenzo's Oil*, Best Picture and Best Adapted Screenplay in 1995 for *Babe*, and Best Picture and Best Director for *Fury Road* in 2015.