

**SCREEN QUEENSLAND SUBMISSION IN RESPONSE TO  
SUPPORTING AUSTRALIAN STORIES ON OUR SCREENS  
OPTIONS PAPER**

**JULY 2020**



Animated Children's series, *Bluey* [Image courtesy of Ludo Studio]



**Queensland  
Government**

## 1. EXECUTIVE SUMMARY

Screen Queensland strongly supports the importance of Australian stories on our screens. We recognise that the existing regulatory framework is no longer best suited to serving the needs of the local screen industry or Australian audiences. We therefore support the case for change.

Having carefully considered the options set out in the Australian Government's Options Paper *Supporting Australian stories on our screens* ("Options Paper"), we believe that Option 3B provides the best framework for driving the long-term sustainability of the Australian screen industry and ensuring that future generations of local and international audiences can enjoy Australian screen stories.

In particular, we support:

- the development of a new definition of Australian content;
- expenditure obligations for Australian content on all media platforms (subject to certain minimums) implemented through independently approved investment plans;
- prominence and discoverability obligations for Australian content on all media platforms;
- harmonisation of the Producer, PDV and Location Offsets at 30%; and
- a cultural uplift to support the production of Australian content at 10%.

## 2. INTRODUCTION

Screen Queensland welcomes the opportunity to make a submission in response to the Options Paper.

Screen Queensland is a Queensland Government-owned company that has operated in the state for 27 years, and currently sits within the portfolio of the Premier of Queensland and Minister for Trade. Screen Queensland invests in the Queensland screen industry, attracts production to the state, including post, digital and visual effects projects, and supports screen culture events and activities throughout the state.

Screen Queensland's objectives are to: drive returns on investment and grow the value of the local industry; partner with innovators to break from outdated commercial and creative models; lead and transform the Queensland screen sector in a rapidly changing global market; invest in bold stories that drive cultural change for audiences everywhere; support and develop diverse local talent; and ignite the passion and appetite for Queensland-made screen stories.

While the focus of the Options Paper is on Australian Government initiatives, it is important to acknowledge that such initiatives are part of a broader ecosystem of support for the Australian screen industry. Screen Queensland actively participates in the wider Australian screen ecosystem and collaborates with key federal and interstate stakeholders in the screen sector. In particular, the network of state and territory screen agencies provides vital connective tissue and investment for the Australian screen industry. We believe it is critical that any new federal regulatory model works in concert with the states and territories.

After carefully considering the proposed options, Screen Queensland believes that this will be best achieved through Option 3B.

### **3. THE SCOPE OF THE OPTIONS PAPER: THE AUSTRALIAN SCREEN INDUSTRY AND AUSTRALIAN STORIES ON OUR SCREENS**

#### **3.1 Australian Stories: What does this mean?**

For the purposes of this submission, we shall take “Australian story” to mean Australian screen content generally. As discussed below, how “Australian content” is precisely defined is something that a platform-neutral regulatory framework will need to consider. It may also need to recalibrate the Significant Australian Content (“SAC”) test so that it is more closely aligned with the objectives of the Producer Offset.

#### **3.2 Our Screens in a Global Market**

We take “our screens” to mean ensuring pathways to Australian audiences.

While we accept that this is the primary focus of the Options Paper, it is important to acknowledge that the screen industry is a global industry. And while access by Australians to Australian screen content is important, any new regulatory model must also promote engagement of the Australian screen industry with global audiences.

In Screen Queensland’s view, current finance models, which draw investment into screen projects and businesses from overseas, and our ability to export IP is vital for the long-term cultural and economic wellbeing of the Australian screen industry.

### **4. THE PURPOSE OF THE OPTIONS PAPER: WHY SUPPORT AUSTRALIAN STORIES ON OUR SCREENS?**

Screen Queensland considers that there are many important cultural and economic reasons why Australian screen stories must be supported, in line both with the ACCC recommendation in its *Digital Platforms Inquiry Final Report* and the broad policy principles set out in the Options Paper.

## **5. THE OPTIONS: HOW TO SUPPORT AUSTRALIAN STORIES?**

The approach that Screen Queensland has taken in this submission is to focus on options that we believe will ensure that a broad range of Australian stories that reflect the diversity of our population are available across all genres and formats. We have also been mindful of pathways to audience in drafting this submission. Our response acknowledges the rapidly changing nature of the screen industry in particular in terms of modes of storytelling and audience consumption. It is important that regulations are sufficiently flexible to apply in a platform and format-neutral way.

While it is vitally important that these stories are available for Australians, the screen industry is a global business. It is therefore crucial from both an economic and a cultural perspective that we take an outward looking approach and leverage the rich inward investment and export potential of our stories.

There are four options put forward for consideration in the Options Paper. We do not consider either Option 1 or 4 workable. Of the remaining options, Screen Queensland supports Option 3B. We also address a number of questions asked in relation to Option 2 as they are pertinent to the implementation of Option 3B.

### **5.1 Option 3: Significant**

Screen Queensland supports this model as the best option for sustained growth and future proofing the Australian screen industry. In particular, we are in favour of mandatory regulation of all media platforms, including subscription services, and harmonisation of the offset system. Our detailed responses are set out below.

#### **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?**

Screen Queensland believes that the inclusion of comedy is an important part of scripted content and that any definition of "scripted content" should extend to both drama and narrative comedy. A more holistic approach may be to create three broad categories of Australian content: scripted, documentary and children's. While scripted would include drama and comedy, documentary would include fact-based content but not news, current affairs or light entertainment.

It is our firm belief that the definition should apply to new content only (however defined). It should only apply to Australian and not New Zealand content.

**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?**

Designing a robust, platform-neutral regulatory framework that does not lend itself to gaming by regulated entities is a difficult task. While revenue should be calculated according to Australian domestic revenue, we note that the business structures of some regulated entities may make this difficult to calculate. While ideally expenditure should represent a percentage of revenue, the regulatory model should allow for variation between platforms, depending on their business models. This supports our preference for option B. We expand on this further in our response to question 13 below. Screen Queensland also proposes that a minimum level of content in each category be set (whether in terms of hours or points) as an additional measure to ensure that a critical mass of Australian content is produced.

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

If the Australian Government is to embark on significant reform of Australian media regulation, Screen Queensland is of the view that option B is likely to represent a more workable approach than option A. The advantage of this approach is that it promotes constructive engagement with the regulated entities. It also allows flexibility to modify regulations to the circumstances of the regulated entity.

**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?**

Screen Queensland is conscious that option B would require a significant level of oversight by the ACMA. It would therefore only be a viable option if the ACMA was resourced to carry out this function.

In order to be effective, the ACMA would require broad powers to negotiate investment plans and to impose minimum requirements and conditions. For example, conditions might relate to the engagement of independent producers or terms of trade to ensure retention of intellectual property ("IP"). It would also require effective reporting, enforcement, and appeal mechanisms.

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

Screen Queensland considers commitments regarding discoverability and prominence of Australian content likely to be more effective than catalogue quotas. This is an important pathway to Australian audiences.

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

Screen Queensland acknowledges the vital role of the national broadcasters in commissioning children's content such as Queensland's own *Bluey*. While we believe that there should be a diversity of Australian content, including children's content, we are supportive of the national broadcasters receiving an increase in funding, specifically to support the production of children's content. In our view, any such funding should be reserved for spending on Australian children's content and a commitment made to working with the independent production sector rather than committing the funding to in-house productions.

**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?**

Screen Queensland favours a harmonised rebate of 30% for the Producer, PDV and Location Offsets. In our view, this approach will not only streamline the Offsets, it will provide certainty for producers and ensure Australia's competitiveness in the global screen market, allowing us to capitalise on the advantages we already offer in terms of physical locations, talent, skill, security, and affordability.

The harmonisation of the Offsets would also allow for a recalibration of the SAC test to more closely align with the objectives of the Producer Offset. In our view, this could include provision for a 10% cultural uplift to support the production of Australian stories. Screen Queensland supports a minimum qualifying expenditure of AUD\$500,000 made available to qualifying projects regardless of format, intended platform or length.

**5.2 Questions asked in relation to Option 2 which are relevant to the implementation of Option 3B**

**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?**

As stated above, it is important that a diversity of content, including children's content is available across platforms. Amending the prescriptive rules that currently apply to children's programming on commercial FTA television (subject to appropriate standards to safeguard the welfare of these vulnerable audiences) should make this a more commercially viable proposition for broadcasters.

Having said that, it must be acknowledged that commercial FTA broadcasters have long opposed children's content quotas. And even prior to the suspension of local

content obligations in April 2020 in response to COVID-19, some broadcasters had halted production of children's content. It therefore may not be practical to require all FTA broadcasters to include children's programming in their schedule. In that event, contribution to an Australian Children's Content Fund could be a viable option, subject to the fund being managed in a way that reflects our population and industry, including its regional diversity. In our view, this is something that could be considered as part of a broadcaster's investment plan that is envisaged under Option 3B.

This option would allow commercial FTA broadcasters to focus programming on their key audiences. It would also facilitate the production of quality children's content for child-centric viewing destinations. In Screen Queensland's view, contribution to a fund should not be seen as an easy way out for commercial FTA broadcasters. We discuss the option of funding the national broadcasters to make children's content available in our response to question 16.

**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?**

As discussed above, the focus of the Options Paper is "Australian stories". We have interpreted that as referring to "Australian content". However, there is no overarching definition of Australian content. The *Broadcasting Services (Australian Content) Standard* ("ACS") uses Australian creative control as a measure of whether a program is Australian while the SAC test also looks at other indicia including subject matter, place of production and expenditure. How Australian content is defined in a platform-neutral media regulatory framework, will depend on the policy objectives of that framework.

What does seem reasonably clear is that a number of the existing definitions do not incentivise the production of new Australian content. Additional steps need to be taken to ensure this, for example, abolishing the New Zealand content loophole as discussed above. It may also be appropriate to move away from concepts such "first-release" and consider more platform-neutral definitions such as "new Australian content". We consider these issues further in our response to question 11.

**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?**

Screen Queensland acknowledges the key role of data in developing and implementing an effective media regulatory model. We also acknowledge that the data currently available in relation to Australian content on FTA television is piecemeal. As a general principle, we support the collection and publication of improved data in relation to expenditure on Australian screen content, however, we

do not express a view on whether those obligations should extend to the public broadcasters.

**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?**

This question raises the difficult issue of which video on demand services should be captured by the minimal and significant models proposed in the Options Paper. Clearly, the regulatory framework should not act as a barrier to entry into the market, while services which are in the business of distributing screen content to Australian audiences should invest in Australian content.

The significant model would apply to all content service providers and would therefore be platform-neutral and future-focused in design. This may also be a more comprehensive model for ensuring investment in the Australian screen industry. Screen Queensland does not have a fixed view on what thresholds should apply. In our submission, economic modelling would be useful in further developing this model.

Screen Queensland welcomes the opportunity to partner with the Australian Government in supporting Australian stories on our screens and beyond. If you have any queries about this submission, please do not hesitate to contact us.

Sincerely,



Kylie Munnich  
Chief Executive Officer