

Submission from Screenworks to:

## ***“Supporting Australian stories on our screens” Options Paper***

Prepared in March 2020 by Screen Australia and the Australian Communications and Media Authority (ACMA)

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### **TABLE OF CONTENTS:**

EXECUTIVE SUMMARY	2
ABOUT SCREENWORKS	3
About our members	3
RESPONSE TO OPTIONS PAPER	5
Introduction	5
Support for policy principles	5
Response to questions and options	6
Other opportunities & issues	10
Conclusion	11
CONTACT DETAILS	11

## EXECUTIVE SUMMARY

Screenworks strongly supports an ongoing role for the Australian Government to provide a regulatory framework that ensures access to Australian stories on screen for Australian audiences, and a viable Australian screen production industry that provides employment and business opportunities, especially for businesses and individuals located in regional Australia.

Screenworks has reviewed the Screen Australia and Australian Communications and Media Authority (ACMA) Options Paper titled “*Support Australian stories on our screens*” and has prepared this submission in response to the models and questions raised within that document.

Screenworks supports the broad policy principles stated on page 37 of the Options Paper and argues for a strong cultural and industrial rationale for diverse Australian stories and content across all platforms. Screenworks also supports key policy principles put forward by Screen Producers Australia in formulating their industry response to the Options Paper.

Rather than commenting on the four options presented, Screenworks is providing feedback on what we consider the best way to achieve the underlying policy objectives from the regulatory mechanisms that are considered in the paper.

Screenworks does not support any of the four models presented in the paper in totality. Due to this, our responses within this submission have been set out under the following headings:

1. Regulatory Parity – a platform-neutral regulatory framework for Australian stories and content on Commercial content providers (FTA & Subscription Broadcasters and SVODs)
2. National Public Broadcasters (ABC and SBS/NITV)
3. Tax rebates
4. Children’s content

Screenworks has also identified other initiatives and reforms that can further enhance the opportunities for Australian stories.

Screenworks strongly argues that further modelling and consultation must be undertaken by the Australian Government during the development of the platform-neutral regulatory framework, including and critically expenditure percentages, rebate and incentive percentages and all other obligations that may directly or indirectly impact the future success of the Australian screen industry and the future of Australian stories on our screens. Further consultation with the industry must also be undertaken regarding how quotas, obligations, rebates and requirements can be enforced under a new regulatory framework.

## **ABOUT SCREENWORKS**

Screenworks is a registered charity that provides support, leadership and vision for the regional screen industries (film, television, online and games development) across Australia. Screenworks is a not-for-profit, membership-based association managed by a board of directors that provide industry, management and screen industry knowledge and experience.

Screenworks has twenty-years' experience providing industry development and networking opportunities and services for regional screen content creators and workers, which are delivered online and across regional Australia, with a particular focus on the Northern Rivers region in NSW (the largest hub of regional screen practitioners in Australia).

Each year, we deliver a diverse and relevant range of professional development workshops, seminars and events covering the business and creative sides of all aspects of the Australian screen industry. Demand for and attendance at our professional development programs/events continues to grow annually and remains high, which has been demonstrated by solid attendance at recent Screenworks' events and the quality of presenters agreeing to speak at our events.

In addition to our professional and industry development activities, Screenworks also provides industry connections and opportunities, crew referrals and location support for regional productions, promotions and communications relevant to the regional screen industries and advocate on behalf of our members.

Northern Rivers Screenworks Inc is registered as a charity with the Australian Charities and Not-for-profits Commission ABN 87 095 440 458.

### **About our members**

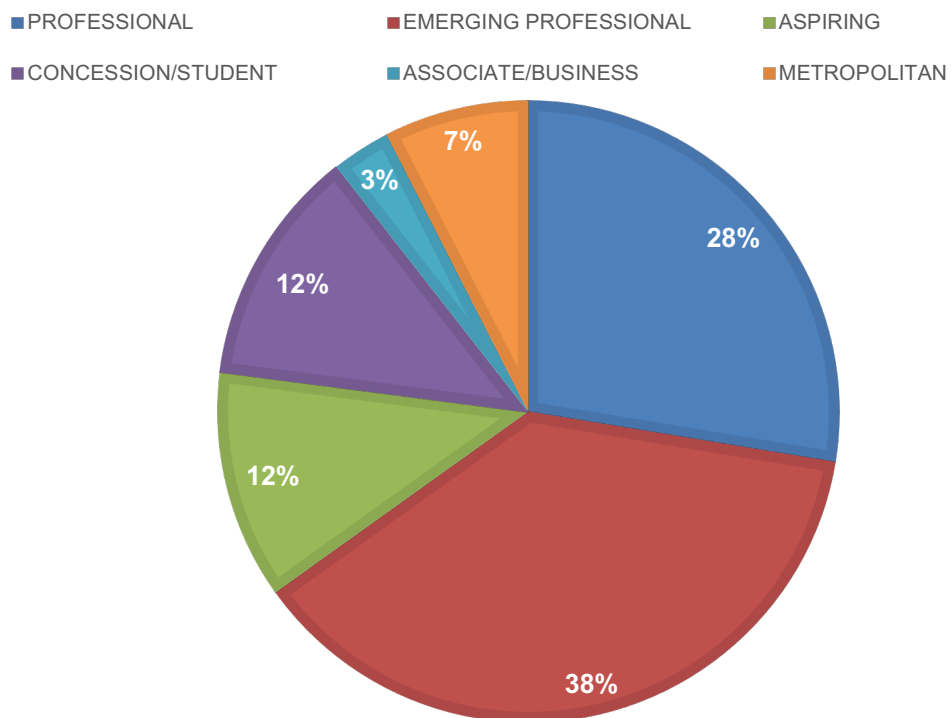
Screenworks' membership is primarily made up of people who work in the screen industries in the Northern Rivers region of NSW.

However, over the past 3 years, our membership has been opened up to all businesses and residents living in regional, rural and remote areas of Australia. As a result, our membership represents individuals living in every state and territory of Australia.

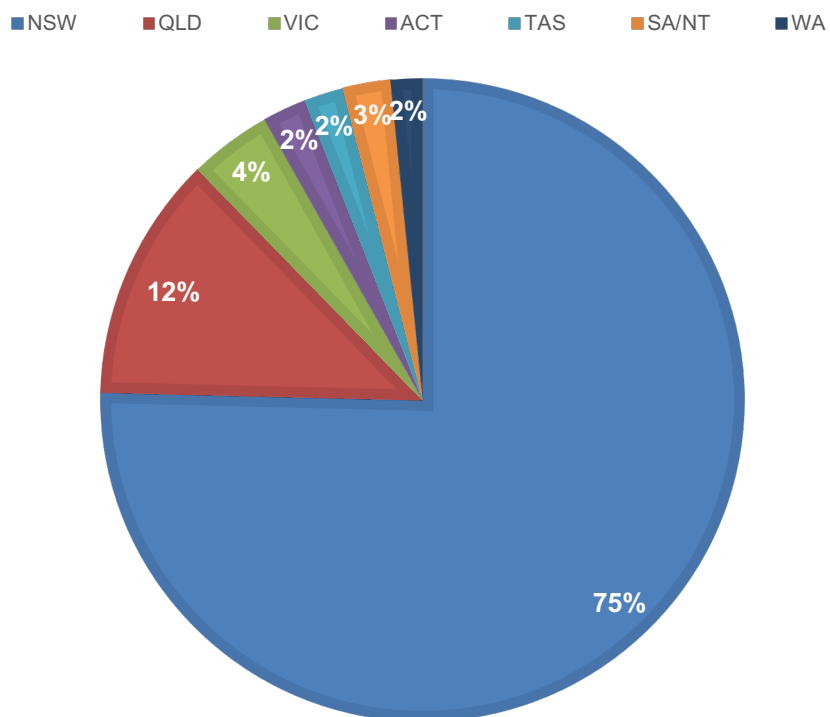
Members include producers and directors of screen content across all platforms, highly experienced production professionals (designers, art department, lighting, camera, sound, makeup and hair, wardrobe, locations, unit and post-production) as well as emerging practitioners and screen and audio students at educational institutions across Australia.

## Current member breakdown (as at 1 June 2020)

### SCREENWORKS MEMBERSHIP BY CATEGORY



### SCREENWORKS MEMBERSHIP BY STATE



# RESPONSE TO OPTIONS PAPER

## Introduction

Screenworks strongly supports an ongoing role for the Australian Government to provide a regulatory framework that ensures access to Australian stories on screen for Australian audiences, and a viable Australian screen production industry that provides employment and business opportunities, including in regional Australia.

Screenworks recognises that the current Australian content regulatory framework for Australian drama, children's programs and documentaries on commercial Free To Air (FTA) Broadcasters and Subscription Broadcasters is out of date and that it needs to be extended to apply to new commercial content delivery platforms, in particular to subscription video on demand (SVOD) services which are the biggest growth area for Australian audiences.

Screenworks has reviewed the Screen Australia and Australian Communications and Media Authority (ACMA) Options Paper and supports the objective to provide a platform-neutral "level playing field" content regulatory framework in Australia for all commercial content providers including SVOD services.

In the changing landscape and impacts of new digital platforms on the traditional theatrical sector, Screenworks also recognises the need to reform tax rebates that contribute to financing both Australian and international productions.

Screenworks emphasises the importance of Australian stories to reflect who we are as a nation to ourselves and to the world, and as pointed out in the Options Paper, 76% of surveyed Australians favour government support for the sector. Screenworks also recognises the significant economic contribution of the Australian screen content sector which is \$2.6 billion and creates 30,500 jobs per annum.

## Support for policy principles

Screenworks supports the broad policy principles stated on page 37 of the Options Paper:

- Australian screen stories are important culturally and economically
- Our stories should be available on the screens we watch
- Regulation and incentives should be fit for purpose, effective and efficient.

Screenworks argues for a strong cultural and industrial rationale for diverse Australian stories and content across all platforms as a starting point for any new regulatory framework, including stories and content from regional Australia and First Nations people.

Screenworks also supports key policy principles put forward by Screen Producers Australia in formulating their industry response to the Options Paper:

- Australian stories and content have both significant cultural and economic importance.
- Australian Audiences should have access to a broad range of their own stories across free and paid platforms and services.
- Australian children should have access to child-centric perspectives.
- The Australian Government has a role to ensure competition for and address market failure in the creation and delivery of quality Australian screen content.
- All platforms that derive benefit from the Australian market should contribute to the creation of new Australian content.
- In order to meet these demands and audience expectations, there is a need to establish a healthy screen sector (development, production, distribution), that delivers employment, economic activity, industry upskilling, exports and growth opportunities.
- Independent screen businesses (SMEs) are critical to achieving these objectives and there should be a diverse range of businesses (size, structure, geographical location etc) enabling a diverse range of voices, to contribute to and participate in the screen industry.
- Existing levels of production, investment, employment, hours and exports should be grown.
- Independent screen businesses should be permitted to hold a reasonable amount of as much intellectual property and rights in their work as possible to best reward risk and contribution as well as to assist businesses to remain as stable as possible to ensure ongoing development and work

## **Response to questions and options**

Screenworks' response to the Options Paper is based on consideration of important policy objectives of:

- Ensuring access to Australian stories for Australian audiences on all platforms and genres; of telling Australian stories in all their diversity – including regional stories and First Nations stories - and the important contribution of diverse Australian stories to our cultural identity.
- The particular importance of Australian stories for Australian children.
- The importance of ensuring Australian content commissions – including drama – on all platforms/commercial service providers.
- Continuing support for a robust and diverse independent production industry.
- The importance of developing Australian Intellectual Property for domestic and export markets.
- The importance of developing Indigenous Cultural and Intellectual Property (ICIP) for domestic and export markets.
- Ongoing employment of Australians on production in Australia, particularly in regional Australia

Australian content should be sourced from a dynamic and diverse domestic content production industry that includes both larger and small independent production companies, including regionally-based producers and practitioners.

Screenworks argues that to ensure a robust industry and ongoing employment and business development – especially in regional Australia – the regulatory framework and government incentives should promote a mix of domestic and international productions in Australia. We support a new package of regulation and incentives that will stimulate industry growth, jobs, exports and both the quality and quantity of Australian content delivered to Australian audiences.

Screenworks' members are challenged by the small and declining number of commissioning platforms in Australia. This combined with rising budgets and an increasing need to raise international finance has left many independent producers struggling to generate sustainable incomes.

It is critical to the future viability of our constituents - and for a robust Australian industry - that the regulatory framework ensures that all platforms deriving income from Australian audiences and subscribers are required to commission new Australian content. We also emphasise the importance of supporting a diversity of Australian production businesses that are developing original Intellectual Property, especially those operating across regional, rural and remote Australia.

Rather than commenting on the four options presented, Screenworks is providing feedback on what we consider the best way to achieve the underlying policy objectives from the regulatory mechanisms that are considered in the paper.

However, Screenworks specifically does not support either Status Quo (Model 1), or complete Deregulation (Model 4). Of the remaining two models, we support aspects raised in each of the models but do not support either Model 2: Minimal or Model 3: Significant in totality.

Due to this, our responses are set out under five headings:

1. Regulatory Parity – a platform-neutral regulatory framework for Australian stories and content on Commercial content providers (FTA & Subscription Broadcasters and SVODs)
2. National Public Broadcasters (ABC and SBS/NITV)
3. Tax rebates
4. Children's content

Screenworks has also identified other initiatives and reforms that can further enhance the opportunities for Australian stories.

## **1. Regulatory Parity – a platform-neutral regulatory framework for Australian stories and content on Commercial content providers (FTA & Subscription Broadcasters and SVODs)**

Screenworks supports a revenue-based expenditure quota across all platforms (including Commercial FTA Broadcasters, Subscription Broadcasters, SVOD and other on-demand services) to ensure that all services commission Australian stories and content produced by independent Australian production companies.

Within a platform-neutral regulatory framework in legislation, key minimum requirements will be necessary to ensure the protection of vulnerable genres including scripted adult television drama and comedy, children's programs and documentaries. This was clearly demonstrated in the PricewaterhouseCoopers study referenced in the Options Paper which concluded that if content quotas are dropped, children's programs would not be produced at all, drama would reduce by 90% and documentaries by 50%.

Further modelling and consultation must be undertaken by the Australian Government during the development of the platform-neutral regulatory framework to identify a minimum number of either hours or programs/commissions floor across all platforms.

For Commercial FTA broadcasters, Screenworks also supports the continuation of a minimum number of hours requirements including:

- a safety net for prime-time drama,
- an ongoing requirement to broadcast drama, children's and documentary programs on each broadcaster's primary channel, and
- a new category of 'youth' (up to 16 years) be introduced for Commercial FTA broadcasters

Screenworks also argues that the Australian Government should close the New Zealand loophole that allows New Zealand content count towards requirements.

For Subscription Broadcasters (such as Foxtel), Screenworks does not support any dilution of the drama genre requirement.

For Subscription Streamers (SVOD), Screenworks supports:

- a requirement that a percentage of Australian subscriptions revenue is spent specifically on commissioning new Australian content from independent production companies on their own platforms, and
- a search function or menu so that audiences can easily discover Australian stories and content on SVOD services.
- If an SVOD screens international children's content, there should be a requirement on the SVOD to commission and to screen first release Australian children's content.



Screenworks does not support any option that would allow SVOD services to contribute to an Australian Production Fund as we believe that all SVOD services should be commissioning Australian stories and producing content in Australia. In this way, we again emphasise the importance of increasing the number of commissioning platforms in Australia to ensure a viable Australian screen industry into the future.

Screenworks also encourages the Australian Government to consider classification requirements for SVODs as part of the framework to ensure those classification requirements for Australia are not cost-prohibitive to Australian companies that may be competing against global multi-national companies (eg. Stan, DocPlay).

Classification should not be a cost barrier to competition or to Australian companies competing in the on-demand video space but should provide genuine and accurate classification recommendations to Australian audiences for all streaming services that operate in this territory.

## **2. National Public Broadcasters (ABC and SBS/NITV)**

Screenworks strongly supports ongoing and increasing government support for our National Public Broadcasters and protected funding for drama, comedy, documentary and children's content.

Screenworks supports minimum expenditure obligations and transparent reporting requirements for ABC and for SBS/NITV, including for scripted drama and comedy, documentary and children's content.

Screenworks also argues that SBS/NITV should receive additional funding to create both Indigenous and multicultural children's content into their programming.

## **3. Tax rebates**

Screenworks agrees that the current offset provisions are out of date and require reform. This is particularly the case in light of feature films and the collapse of theatrical windows, and the challenges around financing Australian content, and the need to attract higher budget international productions to generate important employment, skills and technological development and business growth.

Screenworks supports:

- the retention of 40% Producer Offset for Australian feature-length productions, whether being made for cinema or SVOD release
- a flat 30% Producer Offset across all Australian scripted, documentary and children's television productions with revised and clearly stated eligibility criteria

- an additional 10% “cultural uplift” for significantly Australian television programs including children’s programs, drama and comedy with clearly defined criteria established following further consultation with the industry to allow flexibility to support the financing of culturally important programs.
- the current Location Offset (16.5%), Location Incentive (13.5%) and PDV Offset (30%) be continued for international productions to ensure a robust mix of Australian and international productions necessary to secure employment/business for Australian crews and facilities.

In addition, Screenworks would like to highlight the challenge created by SVODs and other commissioners retaining perpetual global rights which results in no equity for Australian producers. In this regard, Screenworks argues that access to Offsets could be made conditional on agreement to Terms of Trade that protect retention of IP for Australian producers, actors and key creatives.

#### **4. Children’s content**

Screenworks argues strongly for ongoing government regulation to ensure that Australian children can access diverse and high-quality child-centric Australian programs in different genres across all platforms that screen any children’s content.

As argued above, SBS/NITV should receive additional funding to create both Indigenous and multicultural children’s content into their programming.

Any SVOD platforms that screen international children’s content should be required to commission and screen first release Australian children’s content.

#### **Other opportunities & issues**

Screenworks has also identified other initiatives and reforms that will further enhance the opportunities for Australian stories and complement the introduction of a new regulatory framework.

It is noted in the Options Paper that Australian stories reflect who we are as a nation to ourselves and to the world. Although only 29% of the population in Australia live outside of major cities, the majority of our most successful Australian stories on the large screen have been stories from regional, rural or remote Australia including *Crocodile Dundee*, *Australia*, *Babe*, *Red Dog*, *The Dressmaker*, just to name a few.

Screenworks strongly argues for increased financial support from the Australia Government for regionally-based screen projects and also independent producers, SMEs and independent screen practitioners that reside outside of the major cities.

Screenworks argues that the Australian Government should expand the number of international co-production treaties to maximise the export potential of Australian stories and support the growth of the

Australian screen industry. Existing co-production treaties should also be harmonised and modernised to ensure consistency across all treaties.

Screenworks strongly encourages the Australian Government to ensure ongoing government support is provided to screen-related SMEs from across Australia to attend international markets and to access opportunities to create international business-to-business relationships.

Screenworks also argues that the Australian Government should consider a review of foreign actor guidelines which were drafted well over a decade ago. Because of the way the current offshore investment quotas are structured, there is a protectionist stance around importing foreign actors on Australian productions that is limiting our ability to attract international sales and financing in a very globalised market and therefore makes us far less competitive than other countries. The investment that existed for pre-sales and financing in the global market place a decade ago has collapsed, so it is important that these guidelines are brought into line with current realities of the global marketplace.

## **Conclusion**

In conclusion, Screenworks would like to reiterate that it strongly supports an ongoing role for the Australian Government to provide a regulatory framework that ensures access to Australian stories on screen for Australian audiences, and a viable Australian screen production industry that provides employment and business opportunities, including in regional Australia.

Screenworks strongly argues that further modelling and consultation must be undertaken by the Australian Government during the development of the platform-neutral regulatory framework, including and critically expenditure percentages, rebate and incentive percentages and all other obligations that may directly or indirectly impact the future success of the Australian screen industry and the future of Australian stories on our screens. Further consultation with the industry must also be undertaken regarding how quotas, obligations, rebates and requirements can be enforced under a new regulatory framework.

## **CONTACT DETAILS**

For all enquiries related to this submission, please contact:

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