

WildBear Submission to 'Supporting Australian Screen Stories' – Options Paper



wildbear
entertainment



Introduction

WildBear Entertainment welcomes the opportunity to contribute to the conversation on the policy settings for the future of the Australian screen industry. We wish to thank the Minister for Communication, Cyber Safety and the Arts, Paul Fletcher for having the vision to tackle the challenging task of policy reform for the screen industry. WildBear commends the work done by Screen Australia and ACMA in the options paper which captures the key issues and opportunities.

Reform is needed as the screen industry has been dramatically altered with new technologies and evolving audiences preferences not only challenging existing business models but also creating new business opportunities for content creators and greater choice and quality of content for Australian audiences.

Underpinning the sector for many years has been the support of Government through a system of incentives and regulation. The fundamental policy needs for incentives and regulation remain but the settings need updating to reflect the rapidly evolving screen ecosystem

WildBear fully endorses the Screen Producers Australia submission and has contributed to that document. WildBear would like to use this opportunity to make a submission based on the specific experience of our business and our focus on the domestic and international market for factual film and television.





Business Overview

WildBear is a production company with offices in Brisbane, Canberra and Sydney. The Company produces factual film and television for all Australian networks (Nine, Seven, Ten, Foxtel, ABC, SBS) and many international platforms including Netflix, BBC, CCTV, National Geographic, Discovery, PBS, and many more. We employ between 90 and 140 staff each year dependant on our project load and produce around 150 hours of content annually.

Business Overview

As well as being a regular supplier to Australian platforms WildBear is a successful exporter and has won numerous export awards including ACT Exporter of the Year in 2017. Key highlights include:

- One third of income is from international buyers through presales, advances and sales of completed programs
- Consistent repeat business particularly in the UK, USA, France, Germany and China

Our business is growing by adopting a market orientated project strategy and by developing a portfolio of content that is focused on both the domestic and international markets. WildBear carefully curates our development slate and mixes projects that are; either wholly domestically focused; domestic with broad international appeal; or primarily for the international market. WildBear produces content for streamers, traditional broadcasters (pay and free) and theatrical release and has benefited from the growth in overall demand for content. Building a portfolio of projects and nimbly responding to market opportunities has driven the growth of the business.



The Opportunity

At WildBear we anticipate our business growth will occur through volume growth and diversification in the portfolio of factual content we produce and by servicing the growing and evolving markets and platforms. We anticipate that this market will have four key characteristics

- Thriving domestic platforms commissioning primarily Australian content for Australian audiences
- International platforms operating in Australia commissioning Australian content that reaches an Australian and global audience
- The international market where Australian producers are commissioned to produce content primarily targeted for an international audience
- Scale and size whereby Producers can deliver a high volume of content with a diverse slate of genres and budget levels to create a sustainable business model that is not overly reliant on a single buyer or market



The Opportunity

To realise these opportunities the policy settings need to achieve the following:

- An obligation on platforms that are obtaining a significant benefit from the Australian market to commission Australian content. While the expenditure in commissioning dollars is important the expertise in audience demographics and editorial standards improves the quality of the Australian content and the skills of Australian producers. The commissioning eco system is created through a strong relationship between buyer and producer. Moreover Australian audiences will benefit from access to high quality Australian content
- The sub genres of harder-to-finance content; children, drama and documentary with a higher cultural value need to be included in the Content quotas with a view to the overall commissioning landscape. These genres need to be available on a mix of platforms in Australia. As identified in the options paper 'the cultural impact of Australian screen content is increasingly important in our on-demand, fast evolving world'
- Incentives. The high cost of producing Australian content, the relatively small size of the domestic market and the ease with which large foreign English speaking content makers can access our audiences mean the incentives provided by Federal and State Governments, including both offsets and direct investment, must remain. While WildBear operates in a primarily commercial environment key, high cultural value projects with an almost exclusive domestic focus benefit from a mix of offsets, broadcaster licence fees and State/Territory and Screen Australia funding.



Content Quotas

WildBear supports the SPA position identified as Option 3 in the discussion paper calling for an expenditure requirement that is tailored to the specific providers differing business and operating models.

WildBear recognises the important role the domestic content platforms (FTA commercial networks, subscription television platforms (Foxtel) and Stan and theatrical distributors. These platforms have supported the commissioning of high-quality Australian content for decades and their continued economic strength are vital to the continued good health of the industry. The increase in offsets and broadening definition of Australian content will assist these platforms to continue providing Australian content to Australian audiences. WildBear recognises the need for some flexibility in the new content quotas on these Australian platforms while also noting their central role in Australian cultural life. There is a need to modernise the quotas without undermining the system and the overall volume of Australian content particularly for drama, documentary and some form of content obligation produced for young audiences.



Content Quotas

The major global streamers currently enjoy significant commercial benefit from operating in Australia without making a contribution to the cultural and economic benefit of the country. A new revenue based content obligation to commission content primarily produced by independent production companies will help redress this imbalance. These platforms invest enormous sums in commissioning content, it is only reasonable that some of this investment is spent in Australia.

WildBear also supports tied Federal Government funding for the public broadcasters external commissioning budgets which enables funding for drama, comedy, documentary, light entertainment and children's programming.





Incentives

The various tax offsets are the most important form of Government support available to WildBear. The certainty of funding, the ability to retain equity and the dollar contribution to the budget makes this mechanism essential in financing projects. While the broad settings are effective the harmonisation of offsets at 40% for significant Australian content and a flat 30% for all other content will lead to considerable growth for our business including increased employment.

The harmonised 30% offset should apply to all forms of Australian content including entertainment. This addresses an anomaly whereby international content through runaway productions can access a 30% offset through the Location Incentive (via the 140 million top up) or the PDV Offset.

Incentives

While the location and PDV offset are welcome the high spend thresholds sometimes make them difficult for Australian businesses to access.

With the addition of the SAC test it could be argued that the bar is higher for Australian producers to meet the requirements of the Offset and the current system disadvantages Australian content produced by Australian businesses.

The justification for the increase to the offset is due to the increasingly complex international funding environment Australian producers find themselves in. Producers cannot rely solely on Australian sources to fund their films and increasingly require significant international investment to close the gap. The 30-40% offset will enable WildBear to leverage the market for international finance to increase our market share of the global content business.

An increase in the offset will allow Screen Australia and the State agencies to invest their funding more strategically. At WildBear our current slate of around 30 projects per year more than 70 per cent have no direct state or federal investment.

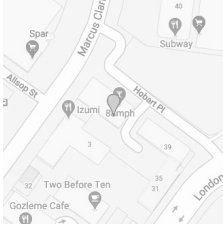
We anticipate that a 30-40% offset will help us to grow our business, increase our staff levels to 120-200 per year and lessen our reliance on direct Government funded investment even further.





Conclusion

The reform process is a unique opportunity to grow our industry and provide high quality content for Australian audiences and knowledge based employment opportunities for Australians. WildBear urges the Government to seize the chance with a bold reform agenda that will secure the future of the industry for decades to come.



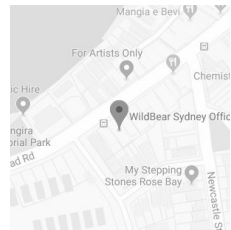
Canberra

Level 1, 10 Hobart Place,
Canberra City, ACT 2601
GPO Box 3112, Canberra City, ACT 2608
T: +61 2 6210 1400
F: +61 2 6246 8288



Brisbane

Suite 1, 33a Logan Rd Woolloongabba,
QLD 4102
PO Box 153, Coorparoo, QLD 4151 T: +61
73891 7779
F: +61 73891 7717



Sydney

737 New South Head Rd,
Rose Bay, NSW 2029
T: +61 2 9212 1135
F: +61 2 9211 3429

For more information, contact:

Michael Tear
CEO

WildBear Entertainment
Level 5, 10 Hobart Place
Canberra City ACT 2601

Tel: +61 2 6210 1400
Email: producers@wildbear.tv

