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# Screen Producers Australia's submission to the Review of the Australian Communications and Media Authority

Screen Producers Australia was formed by the screen industry to represent large and small enterprises across a diverse production slate of feature film, television and interactive content.

As the peak industry and trade body, we consult with a membership of more than 350 production businesses in the preparation of our submissions. This consultation is augmented by ongoing discussions with our elected Council and appointed Policy Working Group representatives. Our members employ hundreds of producers, thousands of related practitioners and drive more than \$1.7 billion worth of annual production activity from the independent sector.

On behalf of these businesses we are focused on delivering a healthy commercial environment through ongoing engagement with elements of the labour force, including directors, writers, actors and crew, as well as with broadcasters, distributors and government in all its various forms. This coordinated dialogue ensures that our industry is successful, employment levels are strong and the community's expectations of access to high quality Australian content have been met.

**Screen Producers Australia welcomes this opportunity to make this submission to the review of the Australian Communications and Media Authority (ACMA) issues paper. Our recommendations are:**

- 1. Content regulation needs to adapt to the changing media environment**
- 2. Amendments to regulatory obligations and administrative processes should be benchmarked against international trends in conjunction with broad industry and community consultation**
- 3. The ACMA needs to retain and increase the frequency of transparent reporting**

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**The independent production sector in Australia is highly competitive. These businesses are characterised by their professionalism, entrepreneurial spirit and quality of output. They operate in a global media landscape that is equally characterised by its dynamism, in which technological changes are giving rise to changes in production, distribution, consumption and business models.**

Despite the many changes affecting the sector one thing remains unchanged: the value Australian audiences place on Australian content. Notably, 91 per cent of people believe it is important that Australia has a film and television industry producing local content. This sentiment is similar across all age groups. Even among people classified as 'low' consumers of Australian content, 87 per cent felt it was important.<sup>1</sup>

The single most important benefit of having a film and television industry is to make sure that Australian culture isn't overwhelmed by American culture on account of the amount of movies and television series that Hollywood produces. This is reinforced by the vast majority of people agreeing that Australian screen stories are vital for contributing to our sense of Australian national identity.

Driving this cultural value is a delicate system of government interventions and support for Australian screen producers through tax incentives, content obligations and direct subsidy. Together, they help the film and television sector to directly contribute \$5.8 billion to Australian gross domestic product and about 46,600 full time equivalent employees. Of this, the independent production sector contributes \$1 billion to gross domestic product and more than 13,000 jobs.<sup>2</sup>

In particular, production of feature films, television drama and documentaries generated \$709 million worth of investment annually, including \$124 million in overseas finance. This level of investment in narrative production positively contributes \$331 million to gross domestic product, taking into account the direct and indirect impacts of production activity on the overall economy.<sup>3</sup>

## **1. Regulation needs to adapt to the changing media environment**

The ACMA oversees a number of obligations that deliver access to high quality Australian content by generating investments in local production that are wide ranging, across low cost per hour genres like news and current affairs to higher cost content like documentaries and drama.

In the context of this review, the Australian Content Standard, Children's Television Standard and the New Eligible Drama Expenditure Scheme are of most importance to the independent production sector. Screen Producers Australia reiterates the ongoing importance of these obligations and acknowledges the need for the ACMA to maintain their integrity through relevant checks and balances.

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<sup>1</sup> [http://www.screenaustralia.gov.au/research/austories\\_research.aspx](http://www.screenaustralia.gov.au/research/austories_research.aspx)

<sup>2</sup> [http://www.screenassociation.com.au/uploads/reports/ASA\\_Economic\\_Contribution\\_Report.pdf](http://www.screenassociation.com.au/uploads/reports/ASA_Economic_Contribution_Report.pdf)

<sup>3</sup> [http://www.screenaustralia.gov.au/getmedia/f236c6ef-9659-4573-b09c-dd93ca518db4/Submission\\_ConvergenceReview.pdf](http://www.screenaustralia.gov.au/getmedia/f236c6ef-9659-4573-b09c-dd93ca518db4/Submission_ConvergenceReview.pdf)

However, when looking ahead 5-10 years, Screen Producers Australia agrees with comments in the issues paper about the changing media environment. It is our view that policy makers, and in turn the regulator, will need to consider different mechanisms if Australia is to sustain a meaningful level of Australian content across a wider number of viewing platforms.

In Australia, like many other markets, there has been a great deal of speculation about the commissioning opportunities from video on demand services such as Netflix. However, these services are largely commissioning and acquiring content from North America. This may broaden in time, but their contribution to local production has been insignificant to date. In contrast, more than \$2 billion spent by free-to-air commercial and subscription broadcasters annually on internal and external television production.

In our small market, the increased competition for viewers is fracturing consumer spending and advertising revenues. This has the potential to significantly destabilise investment by commercial free-to-air and subscription television broadcasters. It will not be offset by increased investment from new entrants for some time, if ever, unless greater steps are taken to obligate new platforms to invest in local production.

Screen Producers Australia are therefore supportive of a reduction in commercial free-to-air television spectrum licence fees to alleviate some competitive pressure. Our support is contingent on a commensurate increase in local production. This can be achieved through an expenditure obligation. A requirement that must not facilitate a sports rights arms race at the expense of drama, documentary and children's programming.

In 2013 commercial free-to-air television was granted a partial spectrum licence fee reduction and quota flexibility whilst gaining stronger competition protections. This was a missed opportunity to tie these reductions to an increased investment in diverse local content. The same mistake should not be made again.

## **2. Amendments to regulatory obligations and administrative processes should be benchmarked against international trends in conjunction with broad industry and community consultation**

Screen Producers Australia supports initiatives by the ACMA to increase efficiency and reduce red tape. However, our support is offered only in such cases where the benefits clearly outweigh the costs. In order for this to be established and communicated the ACMA must also have the capacity to undertake public consultation and benchmark impacts against international trends.

This was an area of concern expressed by Screen Producers Australia in the recent Broadcasting and Other Legislation Amendment (Deregulation) Bill 2015, in which the Senate Standing Committee on

Environment and Communications concluded in their inquiry that there was a lack of industry consultation.<sup>4</sup>

There are good examples of the ACMA compiling local and international trends for communications policy, such as The Five Year Spectrum Outlook.<sup>5</sup> However, in relation to content issues the reports typically focus on viewer behaviour and delivery mechanisms rather than contrasting regulatory impacts across territories on the production levels of local content.

Screen Producers Australia acknowledges the ACMA's occasional paper, Evidence-informed regulatory practice – an adaptive response 2005-15<sup>6</sup>. We encourage similar approaches in response to any future amendments to regulation.

### **3. The ACMA needs to retain and increase the frequency of transparent reporting**

To ensure that regulation is effective there must be three fundamentals: the obligation, transparent reporting and accountability. Industry is often focused on the obligations, but less is said about the importance of transparency and accountability. We believe that the ACMA must be structured in such a way that ensures the accuracy, and improves the timeliness, of compliance reporting.

These checks and balances are equally important for internal processes (i.e. the pre-classification of C Drama, etc) or in cases of industry self-regulation (i.e. CAD classification, etc).

Screen Producers Australia cites the Broadcasting Financial Results as a report that is not being published fast enough. Currently, the ACMA has the 2012-13 report on their website and the page has not been updated on the 24 October 2014.<sup>7</sup> However, Free TV Australia released an update on 27 October 2014 for the 2014-15 financial year.<sup>8</sup> This release provides limited detail, yet indicates that the data has been compiled.

Just as the Government has developed a framework to measure the performance of regulators.<sup>9</sup> The independent production sector looks to the ACMA to the publicly reporting of regulatory obligations as it will our businesses confidence to manage risk. It is with this in mind, Screen Producers Australia has called on Federal Government to consider increasing transparency for the public broadcasts.

There is no question that the ABC and SBS must remain independently accountable under their respective Charters, but Screen Producers Australia believes there is a role for the ACMA to standardise reporting obligations across commercial and public broadcasting. Under this proposed obligation, the ABC and SBS would set their own programming strategies and commissioning budgets, but they would report their activity annually to the ACMA.

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<sup>4</sup> [http://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Environment\\_and\\_Communications/Broadcasting\\_Deregulation/Report](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Environment_and_Communications/Broadcasting_Deregulation/Report)

<sup>5</sup> [http://acma.gov.au/~media/Spectrum%20Licensing%20Policy/Report/FYSO%202014%20-%202018/ACMA\\_FYSO%202014-18%20pdf.pdf](http://acma.gov.au/~media/Spectrum%20Licensing%20Policy/Report/FYSO%202014%20-%202018/ACMA_FYSO%202014-18%20pdf.pdf)

<sup>6</sup> <http://www.acma.gov.au/~media/Regulatory%20Frameworks%20and%20International%20Engagement/Report/PDF/Evidence-informed%20regulatory%20practice%20an%20adaptive%20response%202005-15.pdf>

<sup>7</sup> <http://www.acma.gov.au/theACMA/Library/Industry-library/Broadcasting/broadcasting-financial-results-report>

<sup>8</sup> [http://www.freetv.com.au/SiteMedia/W3SVC751/Uploads/Documents/RECORD\\_1.54\\_BILLION\\_DOLLAR\\_COMMITMENT\\_TO\\_FREE\\_AUSSIE\\_CONTENT.pdf](http://www.freetv.com.au/SiteMedia/W3SVC751/Uploads/Documents/RECORD_1.54_BILLION_DOLLAR_COMMITMENT_TO_FREE_AUSSIE_CONTENT.pdf)

<sup>9</sup> [https://www.cuttingredtape.gov.au/sites/default/files/files/Regulator\\_Performance\\_Framework2.pdf](https://www.cuttingredtape.gov.au/sites/default/files/files/Regulator_Performance_Framework2.pdf)

The ACMA's Broadcasting Financial Results and Compliance Results are good examples of reporting obligations that should be replicated for public broadcasters. This type of reporting, in particular the breakdown of programming expenditure, is a vital tool for industry and government to guide policy development.

Screen Producers Australia would also like the data to be enhanced across a range of content delivery services. This would also include more detailed reports, including the kind of funding (by in-house and external production including licence fees and equity), placement (by channel) and origin (by Australian, New Zealand and international) of programming expenditure and hours.

This was endorsed, in principle, by the Senate Standing Committees on Environment and Communications in their report on the Australian Broadcasting Corporation Amendment (Local Content) Bill 2014.<sup>10</sup> The Committee recommended that Government 'establish a mechanism to enable the transparent and comprehensive reporting'. It was also reiterated by the Minister for Communications.<sup>11</sup>

Whilst the implementation of expenditure requirements on local production and public broadcasting transparency may not be directly in the hands of the ACMA, Screen Producers Australia do anticipate a role for the ACMA should they be introduced in the future.

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<sup>10</sup> [http://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Environment\\_and\\_Communications/ABC\\_Local\\_Content\\_Bill/Report](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Environment_and_Communications/ABC_Local_Content_Bill/Report)

<sup>11</sup> <http://www.malcolmturnbull.com.au/media/the-future-of-our-public-broadcasters>