

SUPPORTING AUSTRALIAN STORIES ON OUR SCREENS – OPTIONS PAPER

Screen Territory Response



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Introduction

The Options Paper Supporting Australian stories on our screens released by the Australian Communications and Media Authority (ACMA) and Screen Australia indicates the Australian screen industry is changing rapidly, and has changed significantly, since the introduction of Australian Content Standards and the Australian Screen Production Incentive Regulations as they presently stand.

The Northern Territory screen sector is a vibrant growing industry and a creator of award-winning content. It is recognized as the premier producer of First Nations content in Australia with the industry on a growth trajectory with a mounting list of celebrated Indigenous creatives, expanding production companies and critically-acclaimed projects. The recent accelerated growth of the sector is largely due to the Northern Territory Government's recent \$9 million strategic investment 2016-2020, which alongside the various Australian Government incentives including producer offset and content quota system, has now generated over \$17 million in direct production expenditure into the Northern Territory economy over the past four years.

This demonstrates the important role that Government support plays in fostering a vibrant and prosperous screen industry both economically and culturally. Screen Territory welcomes the timely review by Screen Australia and ACMA of the Australian Content Standards and Offset provisions. Significant regulatory reform is required to ensure that the Australian Government continues to effectively support the generation, production, access and consumption of Australian stories by Australian audiences in an increasingly complicated screen landscape.

Subsequently, any changes to Australian content requirements and production incentives will have a significant impact to the ongoing success of the strongly flourishing screen sector in the Territory, as well as nationwide.

Screen Territory, in consultation with the Northern Territory Screen Industry Advisory Council, which has been established to provide expert advice to the Northern Territory Government on matters related to the development and growth of the Northern Territory Screen industry, has considered proposed models for change and is supportive of **Model 3 - Significant Changes**.

Australian content investment requirements

The establishment of new Australian content investment requirements that are platform-agnostic in their application to all commercial content service providers requiring them to invest a percentage of their revenue (across all services) in new Australian scripted programming, and to make Australian content available and easily accessible across their Australian service(s). As outlined in the Report, other territories, including the European Union and Canada, have already moved or are starting to move to a similar model.

Considering the global audience shift towards SVOD and IPTV delivery, and with the expanding bandwidth available to the Australian public with the implementation of the National Broadband Network (NBN) this option seems an appropriate and effective response; while taking into account the privileged market access and public good that free to air broadcasters continue to provide.

The Options paper further outlines two alternative approaches for implementing an investment requirement across all service providers. Option A requires service providers to make Australian content available on their Australian service/s or contribution to an Australian Production Fund; or Option B which requires service providers to negotiate bespoke investment plans with the ACMA.

Screen Territory is partially supportive of Option A.

Screen Territory does not support the proposal that allows providers to make an offset by making an equivalent contribution to a newly established Australian Production Fund (APF). Rather, commercial entities should be required to re-invest into Australian content to ensure diversity and a tiered spread of budgets within the Australian content landscape.

In line with the platform-agnostic nature of the policy, investment rates should be calculated on the content service provider's total Australian revenue from their local service(s), and that the appropriate investment rate varies with the type of provider. This is to ensure enough flexibility in the obligation to recognise their different business models, market positions and public interest obligations.

Alongside the investment rate obligation Screen Territory would suggest a correlating hours-based system to ensure that minimum volumes of production are met and that tiers of production budgets are maintained within the Australian screen ecosystem. It is our opinion that platform agnostic regulation be as clear and simple as possible to create certainty for Australian content creators and the market.

Reporting Requirements

Screen Territory is supportive of increased reporting obligations upon content service providers to Australian Parliament on total Australian expenditure in category aggregation, as well as the hours of Australian programming broadcast.

Children's Programming

Australia has a history of producing high quality children's programming, which have entertained audiences at home and around the world. Australian children's television production reflects Australian themes and culture and ensures that Australian children, generation after generation, know, experience and appreciate their own distinctive culture. It also gives Australian children a means to share their home, their stories and their experiences with children around the world.

This is of vital importance when considering that according to the Australian Bureau of Statistics, as of 30 June 2018, an estimated 4.7 million children aged 0–14 lived in Australia. As such, Screen Territory supports the requirement for both the ABC and SBS to produce children's content and believes that they should be provided with additional specific funding for this purpose. This funding should be quarantined within the ABC and SBS exclusively for this undertaking.

Since 1982, the Australian Children's Television Foundation (ACTF) is a significant advocate and contributor to the creation, promotion and marketing of quality Australian children's content. They have introduced our intrinsically Australian stories to a global market, including some of the most successful Australian children's series through such series as *Around the Twist*, *Dance Academy* and *Mortified*. The Foundation plays a pivotal role in providing funding and support to independent producers, writers and production companies.

The ACTF currently receives \$2.8 million from the Commonwealth Government. To assist in meeting children's programming requirements and to meet the level of production budgets that is required to produce quality content for Australia's children, which can also be marketed to and viewed by a global audience, Screen Territory recommends that the Australian Government funding to the Australian Children's Television Foundation be increased.

Incentives

Screen Territory supports the creation of a single 30% offset rate for the Producer, Location and PDV Offsets. This single rate should be applicable to content on all platforms, creating a simplified and platform neutral approach.

This harmonised single rate meets the essential requirements for a rapidly changing Australian and global production, market and distribution environment; and its impact upon the delineation of current and future licensing arrangements for diversified content platforms. Audience consumption and market trends are fragmenting through the uptake of rapidly changing technology, and with international streamers and content producers presently acquiring or taking significant stakes in international cinematic distribution outlets and other screen businesses, traditional models are increasingly disrupted.

In the implementation of this single offset rate, Screen Territory supports that:

- Minimum spend thresholds be revised.
- The present 65-hour cap is removed to assist in continuing the production of successful multi-season Australian series that are still costly to produce but contribute significant benefits to the domestic screen industry and Australian economy.
- Eligible formats for the Producer Offset should exclude reality television programs.
- All content forms are eligible for the offset provided that they reach the minimum Qualifying Australian Production Expenditure (QAPE) thresholds.
- That content have no minimum duration requirements as long as the project is screen based in form of its delivery (e.g. short form, AR, virtual reality, etc.) and meets the minimum QAPE thresholds.

Cultural uplift

Screen Territory supports the introduction of a 10% cultural uplift for feature films, documentaries, scripted drama, and children's content with significant Australian elements and views this as a crucial component of the proposal due to screen's powerful role in cultural evolution.

This is an important component to the proposed revisions as indicated by the Screen Currency research project, indicating that Australians believe Australian screen content is recognisably different and important to support.

Further, by the introduction of an additional 10% Cultural Uplift it will bring Australian content into competitive line with our Tasman neighbours in New Zealand where certain television production is currently eligible for a 40% tax offset.

In the implementation of this Screen Territory recommends:

- A points-based test for qualification with both 'Regional and Remote Location' and 'Indigenous Content' listed as criteria for awarding points towards the uplift qualification.
 - ***Regional and Remote Location criteria*** in ensuring amplification of the instrumental impacts of the sector to guarantee that remote locales are supported and that the Australian screen expenditure is spread broadly throughout the Australian economy and not just focused upon urban centres. The Northern Territory given its vastness does not enjoy the same privilege as urban locales and is disadvantaged with much higher financial costs for production due to geographical distances and lack of access. The addition of a 10% uplift for regional and remote location filming would assist in counteracting these costs and would provide a more equitable offset arrangement.

- ***Indigenous Content criteria*** in ensuring that Indigenous-authored content is celebrated and conserved; as well as providing instrumental impacts to the fostering and sustainability of Indigenous filmmaking within Australia. Indigenous culture is the oldest living culture in the world and of immense intrinsic value to the Australian nation as a whole and to the world at large.
- That the eligibility test for “Australian Content” be more specifically defined than the existing test for the offset to distinguish between projects that are simply “Australian-made” and those that are “uniquely Australian stories”. This is vital to ensure eligible projects contain significant cultural value and are thus justified for the additional 10% uplift.