



Introduction

Paramount Australia & New Zealand (to be referred to in the submission as Paramount) welcomes the opportunity to provide feedback to the National Cultural Policy update.

Paramount is proud of its history of significant cultural and economic contribution to Australia's booming creative economy, delivering quality local content to audiences across our various platforms:

- *Network 10* (Channels *10*, *10Peach*, *10Bold* and *10Shake*)
- *10 Play* (our free broadcast video on demand (BVOD) service)
- Pay television channels, *Nickelodeon*, *Nick Jr*, *MTV* and the *MTV* music channels
- *Paramount+* (Australia's fastest growing subscription video on demand (SVOD) platform).

Feedback to the Department from our industry associations, Free TV Australia, the ANZ Screen Association should also be considered alongside this submission.

Paramount has also contributed to the recent publication of the [Streaming for Australia report](#) along with Netflix, Disney, Prime Video and Stan. This paper analyses the role of SVOD services in the current boom in local production, including for Australian content, and details the growing cost and capacity challenges now confronting the local production sector that urgently need to be addressed.

The contribution of Paramount to the Australian production sector

Paramount is one of the largest investors in Australian content. We provide this investment for 16 million+ Australians that view our Free to Air (FTA) and Pay television channels and the 2 million+ Australians that use our streaming services every month.

Our premium SVOD streaming platform *Paramount+* launched locally in August 2021 and has already become established, amongst its competition, as one of the largest commissioners of Australian content.

In its first year alone, *Paramount+* has invested in eleven local productions – a record figure for any SVOD streaming service in its first year of operation. These include:

- Five Bedrooms (Seasons 2 and 3)
- Spreadsheet
- More Than This
- Last King of the Cross
- Six Festivals
- The Secrets She Keeps (Season 2)
- Couples Therapy
- The Bridge

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Paramount's substantial investment in Australian content and culture for Network 10 brings some of the nation's most loved shows to audiences – and always for free. This investment spans many titles across Australian drama, children's programming, documentaries, reality franchises, light entertainment, as well as local news and major Australian sports.

Sport plays an enormous role in Australian culture and society bringing communities together for a common team and purpose and providing unique Australian storylines to some of the most popular global sports. Paramount is a significant investor in sports content which brings much needed finances to grow the sports, support their athletes and contribute to the health and wellbeing of the nation.

Paramount+ and Network 10 are the home of Australian soccer through its partnerships with the A League's women's and men's competitions, as well as the international matches for the Matildas and Socceroos. Our partnership with Australian soccer includes all the FTA television broadcast rights for Network 10.

Commissioned Australian children's content is well represented across all our platforms, including our dedicated daytime FTA children's channel *10 Shake*, *Nickelodeon* and *Paramount+*. Since 2021, we've invested in multiple tween and teenage dramas including the *Bureau of Magical Things* (S2), *Rock Island Mysteries* (S1 and now S2 announced for 2023), *Dive Club*, and edgy new coming of age dramas *More Than This*, and *6 Festivals*.

Bringing Global Investment to Australia

Paramount's globally renowned production studios, regularly bring major film and television productions to Australia providing opportunities for local creatives to have exposure to a global industry while living in Australia.

Most recently, Paramount produced the screen adaptation of the Australian novel *Shantaram* for Apple TV+ that attracted \$55 million of investment, employed 330 local cast and crew and utilised the services of 500 Australian businesses during its production in Victoria in 2021.

On the Gold Coast, Paramount produced the blockbuster Nickelodeon film *Dora and the Lost City of Gold* which attracted \$43 million to the Queensland economy, employing 400 Australians and utilising 200 Australian small businesses throughout production.

In early 2022, CBS Studios (a division of Paramount) was announced as co-producer along with Australia's Easy Tiger for the Binge/Foxtel scripted Australian comedy series, *Colin From Accounts*. The partnership will also see the production taken to audiences around the world by Paramount.



The National Cultural Policy Update

How to protect and support Australian culture through our TV screens

- **Prominence of FTA TV services (terrestrial channels and BVOD) on all consumer TV-related devices.**
 - National Cultural Policy pillar: “Reaching the audience”
- **Support educational institutions and industry to train and develop more Australians to work in the film and television production sector**
 - National Cultural Policy Pillars: “Centrality of the artist” and “Strong Institutions”
- **Increase the production incentives for specific content genres such as Children’s and First Nations content for television.**
 - National Cultural Policy Pillars: “First Nations” and “A Place for every story”

Recommendation 1.

Prominence of FTA TV services (terrestrial channels and BVOD) on all consumer TV-related devices.

National Cultural Policy pillar: “Reaching the audience”

As the submission from Free TV Australia notes, the provision of a free, high quality and universally accessible Free to Air (FTA) television service has been a key pillar of Australian culture and society, binding communities for more than six decades. Paramount is proud of Network 10’s significant contribution to that ongoing achievement.

Public policy must continue to support the role of FTA TV as the critical access point for all communities to Australian content.

Increasingly, the manufacturers of connected TVs, and the operating systems they utilise, are pushing FTA TV services out of sight in favour of streaming services that are willing to pay large sums to be seen. Some of these manufacturers and operating systems are demanding revenue share arrangements in return for FTA TV apps, such as 10 Play, being made available to the purchasers of their TV sets.

The Labor Government has recognised the vital role of FTA TV and made an election commitment to implement prominence rules that will ensure FTA TV channels and their related apps are available and easy to find on every connected TV and related device.

Given this commitment - and the obvious cultural importance of supporting FTA TV - prominence should be enshrined in the National Cultural Policy as it directly relates to the fifth pillar, “Reaching the audience.”



Recommendation 2.

Support educational institutions and industry to train and develop more Australians to work in the film and television production sector.

National Cultural Policy Pillars: *“Centrality of the artist”* and *“Strong Institutions”*

The Australian production sector is booming, with record levels of investment in the creation of both Australian and global content. However, the workforce and infrastructure has been unable to keep up causing a number of issues that are hampering sustainable growth of the Australian creative sector.

Capacity constraints

Paramount is experiencing worker shortages in almost every production role, from writers and directors to actors and camera crews, set designers to carpenters, electricians to production accountants.

Inability to access any of these highly skilled professionals can delay start times for productions or see them postponed indefinitely.

A lack of sound stage and studio infrastructure is also a constraint on production. Like all content commissioners, Paramount experiences delays to productions because the appropriate filming locations are booked out well in advance.

Rising costs are having an impact

Costs have also exploded in recent years. As reported by Screen Australia in the 2021 Drama Report, “over the past five years we have seen average production budgets for Australian SVOD drama expand from \$800,000 in 2016/17 to \$13.5 million in 2020/21.”¹

FTA television is particularly sensitive to the indirect and collateral consequences of the rapidly growing demand for the services of the Australian production sector. The production of local content is already becoming cost prohibitive and commercially unviable for FTA television broadcasters.

We note that these cost challenges and capacity constraints have arisen in the absence of SVOD mandatory investment regulation; the imposition of investment obligations or quotas for streamers will only exacerbate continuing problems if nothing is done beforehand to reduce these bottlenecks.

Government support to build the skilled workforce

Increasing government funding for places in training colleges, TAFEs and Universities will be critical to addressing the lack of skilled workers in film and tv production. However, this will only address the demand for workers in the medium to longer term if other measures aren’t taken in conjunction.

To accelerate the number of appropriately trained people who are “work-ready” on the job training programs will also need to be funded and developed in cooperation with commissioners (such as Paramount) and local production companies. It is the role of government to support such programs given their broader benefit to the community and local economy. The support can include costs associated with training, such as a living allowance,

¹ <https://www.screenaustralia.gov.au/sa/media-centre/news/2021/12-08-aussie-drama-production-reaches-record>



commuter transport costs, and in some cases accommodation so that students living in the regions are not excluded.

Recommendation 3.

Increase production incentives for identified critical content genres such as Children's and First Nations.

National Cultural Policy Pillars: "First Nations" and "A Place for every story"

Paramount provides content that reflects the diverse audiences that utilise our services. This includes significant investment in children's scripted content across our services (see page 2).

However, investing in genres, such as children's, with small potential audiences and limited opportunity for advertising or subscriptions to make the investment viable means opportunities to commission such content are more limited.

To incentivise more Australian children's content being commissioned, the Australian Government could provide a specified top-up to the Producer Offset (TV series only) above the current 30%, scaled up to an additional 10% if certain criteria are met.

For the purposes of such a Producer Offset top-up, children's content should include any scripted film or serial that can appeal to audiences up to 18 years of age to ensure that children of all ages are afforded content specific to them.

The same mechanism of a top-up to the Producer Offset could be used for other culturally important content, such as First Nations. Such a top-up could be used to not only incentivise more First Nations stories but also to support training and development for First Nations peoples within roles across productions.

Paramount actions supporting First Nations Australians

Paramount's Vision for Reconciliation is to build an Australia that elevates the voices and perspectives of First Nations Peoples and cultures and for those voices and perspectives to be embedded in the Australian media landscape.

In 2022, Paramount entered the second phase of its Reconciliation Action Plan (RAP) – Innovate.

Paramount's Innovate RAP is our commitment to our employees, our audiences, our business partners, our clients and the communities we work with to be truthful in our work together with a vision to progress and celebrate storytelling, inclusivity and equity for and with First Nations Peoples.

Recent examples of Paramount's commitment to expanding the presence and voice of First Nations peoples across our popular content have included Brooke Blurton (Noongar-Yamatji) as lead of season 2021 of [The Bachelorette](#);

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teammates Derek Nannup (Noongar) and Courtney Jones (Biripi) [on *Hunted season*](#) 2022; and two First Nations couples have joined as permanent “couch critics” on the most recent season of [Gogglebox](#).

Network 10 will soon broadcast a First Nations-led and produced documentary series called [The First Inventors](#). A four-part series developed for NITV and Network 10 hosted by actor Rob Collins (*Total Control*) who investigates the innovations, complex knowledge systems and scientific discoveries of Australia’s First People, to reveal how the world’s oldest living culture has thrived in Australia for at least 50,000 years.

In NAIDOC Week 2022, [Paramount delivered a range of First Nations content and stories](#) across our brands and programs, including our news-based programs *10 News First*, *Studio 10* and *The Project* who also included the use of indigenous place names in story locations and weather maps.



Comments regarding proposals to implement an SVOD local content investment scheme

Investment in Australian production and local content is booming based on all available data from Screen Australia and the ACMA.

In FY20-21, some of the largest streaming services reported to ACMA an aggregate investment of more than \$628 million into Australia's production industry. This amount represents \$360 million more than the previous financial year, with the vast majority of investment being in drama, documentary and children's content.

We note that the FY20-21 aggregate does not include the Australian productions for *Paramount+* listed in the pages above that will largely be reflected in data collected for the FY21-22 period to be published later this year.

If, despite the many reasonable concerns raised by the broadcast and streaming sectors that caution against any introduction of mandatory investment schemes at this time, the government pursues such a policy, we offer some observations and areas to address, largely based around recent proposals put forward by the Department during its Media Reform discussion paper consultation before the 2022 federal election. For more feedback on the proposed scheme we recommend reading the submissions of ANZ Screen Association (ANZSA) and Free TV Australia.

Setting the investment obligation

Should the Government elect to include a percentage investment obligation, the previous government's proposed percentage of 5% in the Scheme far exceeds international standards, with the majority of financial contribution requirements internationally set at 2% or lower of local revenues as recognised in the discussion paper².

Investment timeframes

The proposed timeframes for reporting, measuring and designation (when applicable) do not reflect the realities of film and television production timeframes. A three year timeframe is more realistic.

As highlighted in the ANZSA submission at the time, subscription streaming services invest substantially more per individual show than already regulated parties. These larger investments should be encouraged as they improve the export potential of these shows, but rigid annual reporting quotas with no flexibility to spread investment across multiple years could have serious negative consequences on the types of content produced and would limit the creative ambitions of SVOD services in the commissioning of Australian content.

The NEDE scheme for Pay television channel providers allows for shortfalls, as well as a surplus carryover of any excess expenditure in the directly prior year. The proposed SVOD scheme only allows for a surplus carryover of 20 per cent of the obligation from the prior year without any opportunity to make up a potential shortfall in a subsequent year.

A reportable investment scheme for SVOD services needs to be at least as flexible as the NEDE in design.

² Streaming Services Reporting and Investment Scheme Discussion Paper, P.g 9. <https://www.infrastructure.gov.au/sites/default/files/documents/svod-scheme-discussion-paper.pdf>



Defining Australian content and eligible content investment

All Australian content must qualify

Should a local content investment obligation ever be required, it will be critical that content of all genres be able to qualify including drama, children's, documentary, light entertainment, news and sport.

If qualifying content is restricted to only some genres, then only some Australian audiences will benefit. This outcome would be unacceptable given that every subscriber who pays for a service should rightfully expect to be provided with content that meets their tastes and interests. Restricting genres would tend to homogenise the local content offered by SVOD services in Australia, a further poor public policy outcome.

A lot more work needs to be done to define Australian content. As ANZSA noted at the time, the SAC test is largely subject matter based and relatively subjective and applies only to drama content. While the Australian Content Standard is broad regarding the types of content that are eligible (sports, news, light entertainment are all eligible), but very narrow and prescriptive in what makes something Australian. Neither are fit for purpose for an SVOD investment scheme.

Co-Commissions with FTA TV should be encouraged

By expanding potential funding sources, co-commissioning arrangements between SVOD services and FTA broadcasters can facilitate larger production budgets which in turn enhance production quality so that Australian content has a chance of becoming globally competitive and appealing not only to Australian audiences but also to potential audiences abroad.

Critically, from a public policy perspective, co-commissioning arrangements with a FTA broadcaster assist in enabling access by all Australians to high-quality Australian content, regardless of where they live or how much they earn or what internet access they can afford.

The introduction of mandatory investment schemes for SVOD services would likely undermine these efforts to facilitate co-commissioning arrangements with FTA television networks, as SVOD services would inevitably seek to retain the best content exclusively in an effort to financially justify the investment imposts arising under the mandatory scheme.

If such a scheme is implemented it will be critical to ensure that co-commissions are encouraged and supported by allowing both the FTA Broadcaster and the SVOD service to report the content towards their annual quotas or investment obligations.

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Eligible content should not be restricted to commissions

The prescriptive view that only commissioned content can be eligible would have a detrimental impact on the content that SVOD services can provide their subscribers.

Acquisitions are a critical part of the investment ecosystem. They provide additional revenue streams to producers and cast that can be used to invest in developing new creative content. Just as importantly, acquisitions also provide another avenue for the content to reach new audiences both in Australia and overseas. Removing the incentive for acquisitions would therefore have negative impacts for local creatives and audiences.

The commercial structure that underlies content creation should not determine its eligibility.

Discoverability

There is no evidence that suggests SVOD services are not making Australian content easily discoverable. No service provider would invest in the commissioning of Australian content only to hide it from its subscribers.

Paramount spends significant funds on marketing of its Australian content to consumers. This includes regular advertising of these programs across FTA television, radio, popular websites and social media platforms, public transport and billboards. Paramount also uses its own avenues to audiences such as promoting its content on Network 10.

Australian programming is given prominent placement on *Paramount+* content menus including the top banner placement utilised to promote all new content.

Requiring SVOD services to report on discoverability and marketing would be highly unusual and the same expectation is not currently imposed on Australia's FTA or Pay television linear broadcast and BVOD services.

ENDS