



Australian Government

Department of Communications and the Arts

Our stories. Our talent. A world of opportunity.

The Australian Government's Commitment
to the Australian Screen Industry

April 2019





Ladies in Black courtesy of Screen Australia

The Australian Screen Industry — World Beaters

The Australian screen industry is bursting with talent and creativity that is world class. Our stories are connecting with new audiences across the globe like never before. And our local screen talent is sought after and highly valued by the best in the world. That the Australian screen industry continues to go from strength to strength in an environment of rapid technological change and shifting audience behaviour is a testament to the tens of thousands of Australians who work hard every day to build this success.

The Australian Government recognises the significant contribution the Australian screen industry makes, both culturally and economically, to the nation. We are committed to providing the policy leadership and support necessary to ensure the continued bright future of this highly skilled and creative sector.

There is no doubt that audiences at home and around the globe have a strong and growing appetite for great Australian stories, perspectives and ideas. Our culture is strong and compelling, we have exceptional stories to tell and our stories showcase the Australian way of life and our values to the rest of the world. And our nation's unique natural beauty provides the dream backdrop for these stories, whether they be the pristine beaches of Queensland, the unrivalled beauty of Sydney harbour, the diverse landscapes of Victoria or the iconic scenery of the Australian outback.

The screen provides a platform to present these uniquely Australian perspectives to local and global audiences, building understanding of our culture, our character, our way of life and the diversity of our people.



Top End Wedding
courtesy of Screen Australia

The screen industry is an important contributor to the Australian economy and continues to go from strength to strength. The latest data from the 2015–16 ABS Film, Television and Digital Games Survey found a record 31,262 people were employed in the screen sector across 3,359 businesses. This has increased from 29,671 employees in the previous survey (2011–12).

Our industry may be small in comparison to others around the world but this is no barrier to the production of high-quality and diverse content. From engaging productions on the small screen such as *The Family Law*, *Bluey* and *Mystery Road* to the compelling productions on the big screen such as *Peter Rabbit*, *Ladies In Black*, *Sweet Country* and *Working Class Boy*, these, and too many more to list, all provide a source of reflection, entertainment and pride for the nation.

The results speak for themselves. In 2017–18, record expenditure on Australian titles was recorded at \$718 million. We saw 38 Australian features with \$321 million investment begin production along with 36 Australian television drama titles and 10 Australian children's television drama titles with \$344 million in investment.

Australians continue to love going to the cinema and in 2018 we enjoyed our third biggest year ever for the theatrical release of Australian films and documentaries with 61 new titles being released. In total, Australian films took over \$57 million at the local box office in 2018.

Australian skills regularly receive deserved high praise internationally. Over recent years, Australia's digital and special effects companies have been involved in creating some of the most innovative and exciting visual effects as well as working on some of the biggest blockbuster film and television series in screen history. Through working on productions such as *Gravity*; *X-Men: Days of Future Past*; *The Lego Movie*, *Guardians of the Galaxy* and *Game of Thrones*, the Australian PDV sector has built an enviable reputation for ground-breaking and award winning work.

In February 2019 a record number of Australian films screened at Sundance Film Festival including *Top End Wedding*, *Animals*, *The Nightingale*, *Judy and Punch*, *Little Monsters* and *I Am Mother*. This also complements the Australian productions selected for the Berlin Film Festival including the feature documentary *She Who Must Be Loved*, the 2015 film *Tanna* and two shorts, *Blackbird* and *The Mermaids, or Aiden in Wonderland*.

Australian production facilities and skills are increasingly sought after by major international productions, whose presence here boosts local economies and provides invaluable opportunities for local cast and crew to work with and learn from leading international creative professionals. Just one recent example — *Aquaman* — was directed by Australia's James Wan and principally filmed on the Gold Coast, as well as other Australian locations. It employed over 2000 local cast and crew and injected over \$150 million in expenditure to the local industry. *Aquaman* was a blockbuster box office success, grossing over \$1 billion worldwide and landing a place inside the top 20 highest grossing films of all time. Thanks to the Australian Government successfully luring this production to film in Australia hundreds of Australian screen professionals can add this blockbuster to their CVs.

These successes don't happen by accident. They are the product of the hard work, talent and creativity of the thousands of Australian screen industry professionals whose efforts have transformed Australia into a sought after destination for screen production. Their efforts have been supported by Commonwealth and state and territory governments of both political persuasions.

The Government is proud to have contributed to our industry's success through our ongoing commitment and provision of significant and critical support that enables Australia's content creators to thrive and tell our wonderful and unique stories.

Australian Government Support

The Australian Government is very proud of the quality and innovation delivered by Australia's screen industry and provides significant support through a range of mechanisms.

Australian Government Incentives

The Australian Screen Production Incentive (ASPI), as the Australian Government's primary mechanism for providing support to the screen industry, provides tax incentives for film, television and other screen production in Australia and is available in three streams:

- > The Producer Offset entitles a production company to a 40 per cent rebate on qualifying Australian production expenditure on eligible feature films and 20 per cent on other formats (TV, online, DVD) for productions with significant Australian content.
- > The Location Offset provides a 16.5 per cent rebate on qualifying Australian production expenditure for eligible productions with a minimum Australian spend of \$15 million.
- > The Location Incentive is a competitive grant program that works alongside the Location Offset to effectively increase the tax rebate to 30 per cent for eligible productions. The Government has committed \$140 million over four years.
- > The PDV Offset provides a 30 per cent rebate on qualifying expenditure for productions undertaking PDV production in Australia. The expenditure threshold for eligibility is \$500,000 expenditure on activities reasonably required to perform the PDV production in Australia.

Since the ASPI was established in 2007, it has provided over \$2.2 billion in support to the Australian screen sector (as at 30 June 2018).



\$81.8 million

will be provided in funding
to Screen Australia

\$22.6 million

will be provided in
funding to AFTRS



Location Incentive

The Location Incentive effectively increases the Location Offset tax rebate from 16.5 per cent to 30 per cent to make Australia a globally competitive production destination. Announced in May 2018, it will provide \$140 million over four years from 2019-20 to attract large budget international productions to Australia, bringing investment to sustain local jobs in the film production and related industries. One of the first productions to receive the new incentive, the series *Preacher*, is the biggest budget television production to film in Victoria in more than a decade, and is transforming the local industry. It would not have been possible for the series to be based in Australia without the assistance of the Location Incentive. The large budget productions secured to film in Australia as a result of the incentive will deliver significant foreign investment into the broader economy, employ thousands of Australians and use the services of many hundreds of Australian businesses. Productions supported through the Location Incentive will also grow our local industry, providing skills and training opportunities for Australia's crews and technicians in businesses like sound, music and post-production or visual effects and invest in technology and infrastructure.

Copyright Reform

The Government is committed to ensuring that Australia's screen industries have appropriate copyright protections and enforcement mechanisms in order to combat piracy. Online piracy, in particular, hurts Australia's creative industries and is particularly damaging to our local film and television production sector.

The Government's Copyright Amendment (Online Infringement) Act 2018, which came into effect on 11 December 2018, will strengthen the capacity of Australia's screen industries to fight offshore online infringement.

The amendments further strengthen the effectiveness of the existing website blocking scheme introduced by the Government in 2015 which have been successfully utilised by the Australian film industry to reduce access to infringing material. The new laws enable the Federal Court to make injunctions that target a broader range of infringing websites and file-hosting services which share infringing content, and provide a means to block proxy and mirror pirate sites more quickly. The amendments also allow copyright owners to seek Federal Court orders requiring search engines to demote or remove search results for infringing sites.

The Government also progressed reforms to the safe harbour scheme through the Copyright Amendment (Service Providers) Act 2018, which came into effect on 29 December 2018. The amendments ensure that those institutions that are providing important online services in the education, cultural and disability sectors can adopt measures to reduce copyright infringement on their systems without the risk of being liable for monetary damages. Other 'for-profit' companies will need to ensure they continue to undertake their online activities in a way which does not infringe copyright and therefore work with the Australian creative sector to ensure their material is appropriately protected.



Dance Academy courtesy of Screen Australia

Screen Australia

Screen Australia is the Australian Government's principal funding agency for providing support to Australian screen practitioners to develop compelling Australian stories. Screen Australia also administers the International Co-Production Program. Australia is currently party to 12 audio-visual co-production arrangements under the International Co-production Program. These arrangements have resulted in 186 official co-production titles with total budgets of \$1.9 billion that have either been completed or have commenced production (as at 15 October 2018). The Government will provide funding of \$81.8 million in 2019–20 to Screen Australia.

Australian Film Television and Radio School

The Australian Film Television and Radio School (AFTRS) is the national institution for the provision of specialist education and training for Australia's screen arts and broadcast sector. Its role is to provide advanced education and training to develop the skills and knowledge of talented individuals to meet the evolving needs of Australia's screen and broadcast industries. The Government will provide funding of \$22.6 million in 2019–20 to AFTRS.

National Film and Sound Archive

The National Film Sound Archive (NFSA) is Australia's premier audiovisual archive, preserving our screen content for generations to enjoy. The NFSA collection holds more than 2.8 million works, including films, television and radio programs, videos, audio tapes, records, compact discs, phonograph cylinders and wire recordings. It also encompasses documents and artefacts such as photographs, posters, lobby cards, publicity items, scripts, costumes, props, memorabilia, oral histories, and vintage equipment. In 2019–20 the Government will provide funding of \$25.5 million.

National Institute of Dramatic Arts

The National Institute of Dramatic Arts (NIDA) is Australia's leading centre for education and training in the performing arts, with expertise across the full range of dramatic disciplines including acting, writing, scenic construction, technical theatre, movement, voice, costume and production design. NIDA graduate actors, designers, writers, directors, and technical and production professionals have achieved acclaim on the stage and on screen for over 60 years, sharing Australian stories with audiences around the world. The Government will provide operational funding of \$7.7 million to NIDA in 2019–20.



Bluey courtesy of Screen Australia

Australian Children's Television Foundation

The Australian Children's Television Foundation (ACTF) plays a pivotal role in supporting the production of distinctly Australian children's television. In 2019–20, the Government will provide \$2.9 million to the ACTF to support the development, production and distribution of quality Australian children's content. This will provide young audiences with continued access to high-quality Australian stories which are critical for educating, entertaining and contributing to developing a sense of culture and identity.

Ausfilm

Ausfilm's role is to promote Australia as a destination for film production to attract work to our shores that will generate jobs and investment. In 2019–20, the Australian Government will provide \$1.7 million to Ausfilm to continue its functions of promoting Australia's screen industry and government incentives including the Australian Government's Australian Screen Production Incentive and newly established Location Incentive, generating foreign investment, Australian jobs and skills development opportunities.

Regulatory Support

The Australian Government ensures that minimum levels of Australian content are made available on broadcasting services. One of the objectives of the *Broadcasting Services Act 1992* (BSA) is to promote the role of broadcasting services in developing and reflecting a sense of Australian identity, character and cultural diversity. This role is promoted via programming quotas requiring minimum amounts of content produced under the creative control of Australians to be broadcast.

The BSA requires the media regulator, the ACMA, to determine program standards relating to the Australian content of programs and programs for children that are to be observed by commercial television broadcasting licensees. In accordance with this requirement, the ACMA has developed two legislative instruments — the *Broadcasting Services (Australian Content) Standard 2016* (ACS) and the *Children's Television Standards 2009* (CTS) — that set minimum quotas for certain format genres. These format genres include 'first-release' Australian and children's drama, documentaries, and 'P' (preschool) and 'C' (children's) programs.

The BSA also requires eligible subscription broadcasters and channel providers, such as Foxtel, to ensure a minimum of 10 per cent of all drama programming expenditure is on new Australian drama productions and official co-productions.



For metropolitan and regional television
and radio broadcasters

**licence fee reform is
providing close to
\$90 million per annum
in ongoing financial relief**

Broadcasting and Content Reform Package

In 2017, the Australian Government legislated the Broadcasting and Content Reform Package, which included a suite of measures to support Australia's broadcast sector. The package included:

- > The abolition of broadcast licence fees and replacement with a more modest spectrum charge, providing close to \$90 million per annum in ongoing financial relief to metropolitan and regional television and radio broadcasters;
- > Abolition of redundant ownership rules that shackle local media companies and inhibit their ability to achieve the scale necessary to compete with foreign tech giants; and
- > Higher minimum local content requirements for regional television following trigger events, including introducing minimum requirements in markets across South Australia, Victoria, New South Wales, Western Australia and the Northern Territory for the first time.

A strengthened broadcast sector means a stronger screen sector, given that free-to-air television is still a key delivery platform for Australian screen content.

All of the above support mechanisms have assisted the Australian screen industry to create stories that we all love and treasure, and that receive international praise and awards for their excellence.

Amongst many major shifts in audience preferences, none have been as dramatic as the shift towards on-demand consumption. Whether they be transaction-based (TVOD) services such as Google Play and Apple TV, subscription video on-demand services (SVOD) like Foxtel Now, Netflix and Stan, or advertising based (AVOD) services such as 9Now, 7plus, Tenplay or SBS On Demand, a plethora of choices now present themselves to consumers. The Government's \$29.5 billion investment in the NBN is supporting this trend, and all Australians will have access to fast and affordable broadband by the middle of 2020.

Building on Success — New initiatives

The Government has been actively working to support screen production in Australia and the availability of high quality productions for Australian audiences. But there is more we can do.

- > Location and PDV Offsets extended to online distribution
- > Commitment to not reduce eligibility for the ASPI
- > Enabling Australian broadcasters to apply for Screen Australia funding

Providing access to incentives for streamed productions

The way content is created and consumed has undergone dramatic change since the ASPI was introduced in 2007. There have been significant technological advancements and changes to content distribution. Audiences and the Australian screen industry now consider online streaming as a form of television broadcast.

In recognition of the change of views in the industry and consumption by audiences of screen content, the Government will adopt an evolved interpretation of 'television' which will enable series and mini-series solely distributed via online services to be eligible for the Location and PDV Offsets, provided all other applicable eligibility criteria are met. All current and new applications to the Location and PDV Offsets will be assessed under this interpretation.

This modern interpretation will support Australian companies making television series and mini-series distributed only through digital platforms — such as Stan, Amazon Prime, and Netflix — to be eligible for the refundable tax offsets. This will ensure that our industry is able to capitalise on the digital market for content creation and that we maintain our competitiveness to attract inbound investment.



Doctor Doctor courtesy of Screen Australia

Commitment to Support Mechanisms

The Australian screen industry cannot become the industry of excellence it needs to be without the assistance of Government support. The financial support the Government provides to a range of format genres such as drama, documentary, reality and lifestyle ensures diverse productions are available to Australian audiences to enjoy all year round. While there have been calls to reduce support to some content genres such as reality programming, there will be no changes to the format eligibility for the ASPI ensuring these mechanisms are still available for the creation of some of Australia's most popular shows.

There is high public value in television that speaks directly to Australian children through its depiction of Australian themes, language and social values that can enhance a child's understanding and experience of their culture. Any changes in this area would need to be made with consensus and with outcomes for Australian audiences as the primary consideration.

Ensuring equitable opportunities to apply for Screen Australia funding

The Government will formally request the Screen Australia Board review its Terms of Trade to ensure that Screen Australia investment continues to be responsive to the marketplace.

Production houses owned by foreign broadcast companies are eligible to apply for direct investment from Screen Australia. Australian broadcasters or companies associated with Australian broadcasters, however, are not eligible. Enabling Australian broadcasters and companies associated with them to be eligible to apply for direct funding from Screen Australia would level the playing field and recognise the changing face of the converged media environment.



Thor Ragnarok courtesy of Screen Australia

Our Ongoing Commitment

Australia's screen production sector is a complex ecosystem, with changes in one part potentially having adverse effects in another.

The sector continues to undergo significant adjustment as a result of new market entrants, new technologies and changing audience consumption patterns. It is for this reason that the Government has thoroughly consulted and carefully considered proposed changes to regulatory and support mechanisms.

In this evolving landscape, we will continue our commitment to the industry and work with them to monitor support mechanisms, and move to adapt where needed, to ensure quality Australian stories are made for audiences here and abroad to enjoy.