

National Cultural Policy Submission

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Submitted: As a worker/professional in an industry who uses arts (e.g. art therapist, tour guide)

Australian screen culture in era of streamers

I am part of a team of university researchers, with Anna Potter and Kevin Sanson, expert in the digital disruption of media industries and its implications for business and policy. We are midway through a three-year Australian Research Council-funded Discovery Project ‘Making Australian TV in the 21st Century’ that is focused on explaining the new obstacles and opportunities facing national screen industries given the sector’s increased internationalisation. In 2021 we released the [Australian TV Drama Index, 1999–2019](#), which presents data that provides a basis for understanding the challenges facing Australian cultural policy for screen industries. In 2020 our expertise won a tender to write a report for Minister Fletcher’s department assessing business models and policy for drama and journalism in Australia and 12 comparable jurisdictions (DCON 20/39). The 240-page report offers extensive background on the structural causes of many contemporary concerns in the sector. I am also an internationally regarded expert on the business of streaming and its implications;¹ my response focuses on the challenges of creating policy that ensures the creation and availability of Australian screen stories given the changed broadcasting ecosystem Australians access.

Our research explains how businesses of screen production and trade have changed in the last two decades. It is not simply the arrival of streamers, but comprehensive adjustments in underlying macroeconomics: the television business is now foremost international where existing policy was created for conditions in which discrete national industries organised the sector. The challenge facing Australian story production results from the erosion of the business of domestic commercial broadcasters.^A Placing quotas on streaming services without amending policy to fix loopholes in criteria of ‘Significant Australian Content’ may create work for the production sector but cannot be relied upon to deliver the policy goal that Australians are able to see recognisably Australian stories in their lounge rooms.

Although viewers may experience little difference between watching a show broadcast on Channel 10 or Netflix, there are crucial differences to these technologies and the policy approaches that effectively deliver richly Australian stories. Historically, Australian content quotas were effective and warranted because of the scarcity of broadcasting and the considerable power broadcasters had in deciding what would come into homes. Scarcity is now an artefact of the past, and the amount of choice in the marketplace in recent decades has been an extraordinary gain for viewers. Long limited to only what would be attractive to ‘most viewers’, as necessary to secure top advertising rates, new business models (subscriber payment) and transnational scale have expanded the range of commercially

¹ Amanda D. Lotz, *Media Disrupted: Surviving Pirates, Cannibals, and Streaming Wars*, MIT Press, 2021; *Netflix and Streaming Video: The Business of Subscriber-funded Video on Demand*, Polity Books, 2022.

viable storytelling so that Australians now have much greater story choice. Though many are not created in Australia, new technologies have made it possible to access stories about a much greater range of human experience than previously the case. Many Australians find this variety so compelling that they willingly pay multiple services for access to these stories (this makes streamers much more like a video rental store than a broadcaster), and the government's own research finds most Australians believe streaming services have enough Australian content.²

Global streaming services make it possible for Australians to watch shows from many countries and regions in ways that connect us to the world; they also create global scale that encourages the production of sophisticated stories for previously underserved audiences, such as teenagers and other subpopulations deemed market failures by linear services. It is also true that distinctly Australian stories aren't nearly the priority for a service in which Australians account for only 3% of subscribers, the case of Netflix, as for Australia's three commercial broadcasters that derive 100% of their business from selling the attention of Australian audiences to advertisers.

For reasons more detailed than fit here, scholarship on media economics and policy has identified that the policy levers created for broadcasting are ill-suited and even counterproductive in the context of streaming services.³ Policy goals such as the creation and availability of distinctly Australian screen stories can be generated for the current environment but must use different levers than in the past. The most effective levers are those that align with the business models of the companies/organisations responsible for production.

1) The ABC/SBS

The national broadcasters are entities whose mission perfectly aligns with a policy priority of offering stories about Australian life for Australians. These organisations have strong records of telling distinctly Australian stories and making them available to Australians. Australians turn to these services because they offer Australian content, including drama. **The most efficient use of government support of Australian stories is through stronger resourcing of the national broadcasters**, including making available dedicated funds for such stories and their inclusion in on-demand libraries.

Rather than leave the creation of Australian stories to services with a minimal local market, funds from the proposed 5% levy on streamers' Australian revenue can be redistributed to national broadcasters to provide dedicated funds for richly Australian stories.⁴ This would also be a reasonable requirement of commercial broadcasters.

2) Tightening ineffective policy

The measures used in the past to determine 'Significant Australian Content' were effective because the dominant commissioners – the commercial broadcasters – had businesses focused on offering content to Australians. Streaming services – whether foreign or

² Social Research Centre, Media Content Consumption Survey, January 2022, p 31.

³ Amanda D. Lotz, (2019) "The Multifaceted Policy Challenges of Transnational Internet-distributed Television," *International Journal of Digital Television*, 10(1): 27–31, https://doi.org/10.1386/jdmp.10.1.27_1; Amanda D. Lotz and Anna Potter, Assessment of Media Business Models and Supports (DCON 20/39), 2020.

⁴ An open competitive fund could be used but allocating to the national broadcasters is most efficient and effective.

domestic – rely on foreign subscribers or foreign financiers and these interests discourage richly Australian stories and features. The internationalisation of the business, which includes the foreign ownership of several major Australian production companies, makes it necessary to revisit supports for the industry and Australian subject matter criteria. The majority of taxpayer funds in the sector (72%, 2015–21) goes to support the Australian Screen Production Incentive that does not have **enforced expectations of Australian subject matter** in the ‘Significant Australian Content’ test.⁵ It can be met by a ‘number of factors’ many of which tie to creatives’ nationality and location of production. Producers can easily meet these requirements without telling stories that are distinctly or richly Australian.^B

Some worry subject matter is too difficult a criterion, but we need only look at the drama offered by the ABC and SBS to see the range of distinctly Australian stories that can be offered when such an expectation is made. The creation of distinctly Australian stories such as *Mystery Road*, *The Heights*, and *New Gold Mountain* need not be the only content supported, but such stories require **dedicated funding and a greater share** of support levels.

The amount of direct funding currently available in support of richly Australian stories is not sufficient to overcome the need for foreign financing that leads to sacrifices in cultural specificity. Another lever that can enrich the availability of Australian stories is to allocate greater funding for some ‘distinctly Australian’ titles that meet a high subject matter bar so they aren’t required to satisfy international investors or other services’ priorities.

3) Distribution policy

New technologies also provide new levers to achieve policy goals. Innovative thinking and policymaking surrounding distribution policy (supporting the availability of content not just its production) also provide significant opportunity. As a start, titles should have ongoing accessibility on a free service window such as iView if Australian taxpayer funds or offset are received. The **substantial number of Australian screen stories that remain inaccessible** to Australian audiences despite technologies that allow their availability is a great failure in policy innovation.

Australians love and are moved by screen stories for many reasons. In the contemporary era of abundance, cultural policy is most effective if it ensures alternatives to the stories advantaged by commercial priorities. A much richer and more diverse array of stories is available now than in the last century because different business models and transnational reach have enabled a greater breadth of storytelling to be commercially viable. Specific areas, like titles that might be regarded as ‘too Australian’ to appeal to those in other countries, are in most need of targeted help.

^A The decline of Australian commercial broadcasting is due to the launch of digital multichannels around 2009. The addition of new channels created new costs for broadcasters in creating or licensing programs for 3x the channels but brought no new advertiser spending. Globally, the addition of new ways of advertising has not introduced substantial new spending. Rather, spending that now goes to ‘digital’ moved from other spending such as newspapers, magazines, direct mail, phone books, increasingly broadcasters. New advertising tools such as search (Google; Amazon) and social media offer advertisers different – in some cases – better advertising tools and provide options for advertisers. See Anna Potter & Amanda D. Lotz, (2021). “The First

⁵ Amanda D. Lotz & Anna Potter, (2022) “Effective Cultural Policy in the 21st Century: Challenges and Strategies from Australian Television.” *International Journal of Cultural Policy*. [10.1080/10286632.2021.2022652](https://doi.org/10.1080/10286632.2021.2022652)

Stage of Australia's Digital Transition and Its Implications for Australian Television Drama." *Media International Australia*. <https://doi.org/10.1177/1329878X211030370>

^B Of course due to tax secrecy, we also have no idea what titles receive this support. Our research suggests nearly all titles produced in Australia receive offset and many of those titles at best offer banal signifiers of Australia rather than Australian stories. By its own admission, Screen Australia regards the producer offset as industrial support not cultural policy.