

# National Cultural Policy Submission

## Australia New Zealand Screen Association - ANZSA

Submitted: On behalf of an arts peak body

### First Nations

ANZSA's members value the incredible story telling tradition of Australia's Aboriginal and Torres Strait Islanders, and particularly its streaming services showcase top-quality first nations content to Australian and global audiences. See for instance Netflix's [NAIDOC week](#) promotion.

### A Place for Every Story

The changes in distribution for screen content – particularly the streaming video on demand services - are enabling a much broader range of stories to connect successfully with Australian and international audiences, with stories from all over the world told from a great variety of perspectives becoming successful globally.

### The Centrality of the Artist

Screen production is a collaborative art-form, bringing together many hundreds of people to collaborate. To create sustainable careers for workers in this sector, it is ultimately required to build a bigger sector and to do that encouraging market-based investment in screen productions as well as training and screen infrastructure is essential.

### Strong Institutions

Australia's screen industry operates on a combination of market-based investment, combined with strong institutional support through publicly-funded entities such as the ABC and SBS, Screen Australia, ACTF, AusFilm, AFTRS and NIDA – combined with a competitive, predictable, and reliable Screen Offset program. Continued support for these institutions is essential.

### Reaching the Audience

Streaming services are telling local stories and have enabled a much broader range of stories to connect with audiences. Stories that feel authentic because they are hyper-local, but which touch on universal themes, are finding success around the world.

## Are there any other things that you would like to see in a National Cultural Policy?

### INTRODUCTION

- ANZSA members have been involved in the Australian screen industry for over 100 years. This consultation covers a broad range of arts and cultural sectors. The screen industry occupies the creative *industries* side of this spectrum.
- ANZSA members support the production of Australian stories and distribute these Australian stories in Australia and around the world in cinemas, streaming VOD services, home entertainment and television. We are committed to supporting Australian culture by telling, investing in, and exporting Australian stories.
- A goal of a new National Cultural Policy should be to promote, support and develop the innovative ways that culture is being created and expressed by and for Australians.

## CURRENT SITUATION

- Australia has developed a thriving screen industry largely through incentivising, rather than mandating, production, coupled with strong copyright protection and enforcement. For instance, in FY20/21 most of the investment in Australian stories occurred in theatrical and streaming video on demand, two sectors *not* subject to content obligations.
- Screen Australia's Drama Report shows that in 2020/2021 investment in Australian stories reached an all-time record with \$874 million invested. Outside of Government funding, it is market-based investment that finances these stories, which ultimately come from the viewers. It is encouraging to see strong viewership from audiences in Australia and around the world, resulting in a healthy mix of local and international funding for these stories..
- We acknowledge the Government is considering introducing an investment obligation as part of the National Cultural Policy, but there is no evidence that the absence of such an obligation is holding back investment in Australian stories. Four of the major VOD services are voluntarily reporting investments to ACMA – which shows that these four services invested \$628 million in Australian and Australian-related content in financial year 20-21.
- Australia's streaming services have voluntarily invested in a vast array of Australian stories, and some highly anticipated new shows such as *The Clearing*, *The Artful Dodger*, *Faraway Downs* and *Last Days of the Space Age* (Disney+) *Heartbreak High*, *Irreverent*, *Wellmania* and *Boy Swallows Universe* (Netflix), *Class of '07*, *Deadloch* and *The Lost Flowers of Alice Heart* (Amazon Prime Video), *Colin from Accounts* (Binge), *Bali 2002* and *Year Of* (Stan) and *The Bridge* and *Last King of the Cross* (Paramount+).

## THE BARRIERS TO GROWTH

- The real challenge – not just in Australia but around the world – are the supply-side constraints; there is a shortage in dedicated screen production infrastructure, and there is a shortage of skilled and experienced screen workers. We urge the Government to include the screen industry in the Jobs and Skills Summit in September.
- An investment obligation – especially one that would result in additional investment beyond current levels – will cause inflationary pressure on screen production activity, and will thus contribute to the economy-wide challenges we are facing today with inflation running rampant. (See page 43 of [Oliver & Ohlbaum report](#).)

## THE PATH TO SUCCESS

- Whilst there is no practical need for an investment obligation on streamers given the current record-level investment in Australian stories, some may argue that there can be a role for an investment obligation from a cultural perspective, as a means of ensuring a minimum-level of investment in Australian stories. We posit that an obligation for such a reason should be set at a level to support a base level of production, as it's effectively an insurance policy, and should certainly not exceed the 1 to 2% applied in the majority of European countries. The obligation should not unnecessarily interfere with creative decision-making, commissioning practices and freedom of contract.
- However countries with the most dynamic screen sectors – such as for example the United Kingdom - have opted to go without an investment obligation on streaming services altogether, and have instead focused on certain, predictable and competitive incentives to encourage market-based investment, coupled with strong copyright protection and enforcement (both legislatively and through enforcement funding). This approach has led to not just investment in content, but also significant investment in capacity expansion and skills development. Australia

risks falling behind with its current Location Incentive program not providing enough certainty to invest given that it is capped in time and funding quantum.

- Frontier Economics has found that countries benefit when they attract investment in screen content and this high-value added activity makes a disproportionately large contribution to GDP, supports skilled, well-paid employment and supports a country's exports.

#### THE ROLE OF THE LOCATION OFFSET

- The Gillard Government National Cultural Policy in 2013 recognised that the Location Offset was internationally uncompetitive where incentives can exceed 30%, and recommended a \$20 million Location Incentive program as a precursor to an increased Location Offset.
- A change of Government then prevented this action from being introduced. The previous Government made ad-hoc investments to attract specific projects, but did not formalise a Location Incentive program until 2018. Now a total of \$540 million has been allocated to the Location Incentive program without structural reform on the Location Offset having been enacted. We estimate that less than \$130 million of this allocation remains – which is at risk of running out in twelve months' time.
- The program has been very successful.<sup>1</sup> BCARR estimates that by 2026–27 it could generate over \$4.3 billion in expenditure in Australia by international film and television productions, create 108,800 jobs and support over 36,000 businesses. It has continued to serve the objectives of promoting Australian cast and crews and contribute to building up the screen sector.
- The greatest success in our opinion has been the fact that the program has contributed to the development of the local industry. For instance, the ABC's *Fires* used virtual production technology that was only available as a result of its usage by NBC Universal's *La Brea*. In addition it is important to note that the worlds of Australian and international production are becoming increasingly blurred. For instance, the program supported titles such as *The Tourist* (written by UK writers, created by a UK production company, but filmed in South Australia with an Australian crew and almost completely Australian cast) and *Clickbait* (conceived by Australian writers, an Australian production company, filmed in Melbourne but set on screen as Oakland, with a predominantly Australian cast and crew). Both titles had larger budgets than the median Australian production and went on to be very successful – both in Australia and around the world.
- We recommend the National Cultural Policy 2022 follows the final step of its 2013 iteration, and recommends the introduction of a 30% Location Offset. This is equivalent to the combined Location Offset and Incentive funding levels made available now, and will provide a rate that provides certainty to Australian businesses seeking to invest and expand.
- Such a change will provide certainty to Australian businesses to invest in screen production infrastructure. Whereas in Australia the only new screen infrastructure is built with state government investment (given the absence of certainty here), in the United Kingdom an estimated £131.6 million was spent on building or expanding UK studios between 2017 and 2019 alone. And even that only tells a small part of the story: an analysis of infrastructure plans which had already been granted planning permission shows another £785.4 million of potential spend.<sup>2</sup>
- As a result, Australia – despite its record-level results in FY20/21 – is falling further behind; its share of global production activity is declining. With investment in global screen production increasing, now is the time to locking in a competitive and clear Offset system to help Australian businesses invest, which in turn will create many thousands of quality jobs for Australian workers and address the capacity constraints identified above.

## THE RISK OF UNINTENDED CONSEQUENCES OF A STREAMERS INVESTMENT OBLIGATION

- Beyond the supply side constraints already mentioned here – which would make it difficult to comply with an obligation - there are other risks that need to be considered.
- Australian audiences seek out a variety of genres and derive part of their Australianness, including their engagement with and understanding of Australian language, values, history, people, way of life and culture, by listening to, making and watching a variety of Australian stories, from scripted drama to animation, and from documentaries to light entertainment.
- Any regulation requires specific definitions: to determine what genres are eligible; to determine what is Australian and what isn't. The submission page limit doesn't enable us to go into great detail here, other than to observe that Australian culture is dynamic and constantly evolving. Australian audiences should be able to decide what is and what isn't Australian culture - how it is defined, consumed and represented.
- Audiences abroad make sense of Australia by consuming Australian stories. Ensuring Australian producers have creative freedom and agency will ensure we can continue to export great Australian stories to the world.
- Frontier Economics found that protectionist audio-visual policies invariably requires arbitrarily settling such questions in regulation, and that the resulting policies ultimately inhibit, not support, the success of the audio-visual sector – its analysis showed that restrictive policies *reduced* exports by 4.3%.<sup>3</sup>This is because policy restrictions that erect barriers to inbound investment deter the influx of international capital, talent and skills, and can restrict the adoption of new techniques and innovations that inbound investment brings.

## CONCLUSION

- We applaud the Government on developing a new National Cultural Policy. We are firm believers in the important role the creative industries play in Australia's society, both from a cultural and economic perspective.
- Australia's screen industry is in an enviable position relative to many other creative sectors, buoyed by a voracious appetite from Australian and international audiences, and there is great potential for further growth.
- Copyright underpins all creative endeavours. We urge the Government to ensure effective enforcement is enabled, and note the risk of overbroad exceptions (that don't meet Australia's international obligations) undermining the employment prospects and income potential of Australia's creators.
- Designing appropriate solutions will require nuance, which can't naturally be accommodated within this National Cultural Policy process. As such, we encourage the Government to keep the recommendations coming out of this process at a principle-based level, and then provide for detailed reviews surrounding the specific design and implementation of any measures recommended.

<sup>1</sup> <https://www.infrastructure.gov.au/department/media/news/location-incentive-boosts-australias-screen-sector>

<sup>2</sup> <https://www.bfi.org.uk/industry-data-insights/reports/uk-screen-sector-economy>

<sup>3</sup> <https://www.mpa-apac.org/wp-content/uploads/2021/05/KR-Frontier-The-Economic-Impact-of-VOD-in-Korea-30.04.pdf>