NATIONAL CULTURAL POLICY
SUBMISSION

AUGUST 2022

Introduction

Screen Australia is the Commonwealth Government agency responsible for the Australian screen production sector. We support Australian screen stories released through cinema, television, and online platforms at home and abroad. We support and connect cultural, commercial and governmental stakeholders, ensuring the production of culturally significant, high quality and innovative Australian screen stories.[1] Screen Australia's functions are set out in the *Screen Australia Act 2008*.[2] Broadly, Screen Australia is responsible for:

- culture: supporting and promoting the development of screen culture in Australia
- content: developing, producing, promoting and distributing Australian programs and providing access to Australian programs
- industry: supporting and promoting the development of a highly creative, innovative and commercially sustainable Australian screen production industry.

Screen content is an incredibly popular and powerful form of artistic and cultural expression, embraced by Australians of all ages and backgrounds. Australian screen content informs our sense of who we are, offers unique forms of cultural expression, and reflects culturally relevant and diverse experiences shared by millions of Australians. Screen stories incorporate other art forms such as music, and the screen industry delivers significant economic benefits by generating considerable direct and indirect employment and spend. The sector drives creative and technological innovation, and screen stars and stories create exceptional cultural impact and 'soft power' outcomes in other countries.

Screen Australia welcomes the Government's development of a National Cultural Policy (the Policy). This process provides an important opportunity to reflect on and address the many opportunities and challenges facing the screen sector.

A vision for the industry

Screen Australia seeks to inspire, inform and connect audiences with compelling Australian stories. To do this the agency develops and supports screen projects, practitioners and businesses: supporting projects of scale and ambition, distinct local stories told with strong creative voices, and risk-taking content for all platforms.

The screen sector is undergoing rapid and disruptive change, driven by the growing popularity of digital platforms. Subscription Video on Demand (SVOD) streaming services, social media platforms and digital gaming services offer vast libraries of innovative content, available at any time. This evolution has empowered audiences, raised their expectations, and created significant challenges for the local sector. The financing and commissioning of content has been deeply disrupted, and many businesses are struggling to realise opportunities for growth. Government support is integral for the creation of Australian content, but while some reforms have been made, significant elements target the traditional platforms of theatrical feature films and broadcast television, and

[1] Further information on Screen Australia's role can be found in Screen Australia's Corporate Plan.
[2] *Screen Australia Act 2008* (Cth) s 6(1).

omit or do not properly account for growing digital platforms. Most importantly, some Australians are struggling to access sufficient Australian content on the platforms that they use.

The National Cultural Policy seeks to establish a roadmap for the decade ahead, guiding the skills and resources required to transform and safeguard a diverse, vibrant and sustainable sector. It will be important for the Policy to acknowledge the inherent cultural value of seeing Australian faces, hearing Australian voices, and telling and viewing Australian stories on our screens, while providing a strong and coherent vision for the future of the industry.

The Policy offers five pillars for comment. In response to those pillars, Screen Australia suggests that for the screen sector, the Policy supports:

1. A commitment to authentic First Nations screen stories made for First Nations communities, for other Australians, and for global audiences
2. A diverse range of compelling and authentic stories for all Australians, including younger audiences, across all the screens they use, as well as stories that travel the world
3. A more sustainable, vibrant, skilled and creative industry with an appetite for innovation
4. A thriving and growing ecosystem of businesses, that are commercially and creatively driven to create ambitious and quality Australian stories that work at home and around the world, and are supported by efficient public institutions
5. Quality stories on platforms that are most used by audiences, and strong, strategic connections between stories and their audiences.

To reach these goals, the following policy, regulatory and funding tools will be required:

- **A modernised system of content regulation:** that ensures the proper operation of markets, provides a fair approach across physical and digital spaces, and most importantly, supplies Australian stories that develop and reflect a sense of Australian identity, character and cultural diversity
- **Well-calibrated tax offsets:** that reflect modern distribution and financing, incentivise creativity and drive the growth of the Australian creative industry, and are efficiently managed
- **Well-targeted direct funding:** that works in partnership with tax incentives and promotes ambition and innovation. Funding for projects should be targeted to compelling, culturally impactful projects that the market does not adequately provide, and support for talent and businesses should addresses challenges and opportunities in the current market
- **An "all of industry" and "all of government" approach:** working in a coordinated way across industry and governments under a clear strategy for the screen industry, to leverage existing investments, capitalise on existing strengths, build our skills base and capability, and encourage flexibility, adaption and growth.

1. First Nations

The importance of First Nations screens stories

First Nations screen stories are vital for First Nations communities, and create deep and lasting cultural impacts for other Australian viewers and international audiences. Screen stories preserve language and culture, give voice to communities, and break down barriers to greater understanding.[3]

Established in 1993 under the Australian Film Commission, Screen Australia's First Nations Department facilitates the creation and sharing of powerful, authentic First Nations stories across all screens. The Department is led and staffed by First Nations Australians, and Department funding only goes to projects created by First Nations Australians.[4] The Department helped to set industry guidelines for genuine First Nations consultation, and around the navigation of First Nations protocols and intellectual property rights. The Department is supported by other teams and staff within Screen Australia, and works in collaboration with organisations across the sector. It served as a model for the creation of Canada's Indigenous Screen Office.

The Department provides significant development and production funding for content such as recent titles *Total Control*, *True Colours* and the Australia/New Zealand Official Co-production *We Are Still Here*. It also funds a range of talent and business development initiatives, such as the *First Nations Producer Program*, online initiatives with Instagram Australia (Meta), and programs that connect First Nations creators with international markets and practitioners via high-level networking and professional development opportunities, and master classes.[5] The Department works in a 'hands on' way to support talented creators: it identifies gifted emerging practitioners and develops their skills, supports mid-career talent via a range of programs, and funds content created by established, award-winning First Nations creators and businesses. This comprehensive program has supported the careers of renowned screen storytellers such as Leah Purcell (*Redfern Now*) and Warwick Thornton (*Samson & Delilah*, *Sweet Country*), while recent breakthrough talent includes Jub Clerc, whose debut feature *Sweet As* will premiere at the 2022 Toronto International Film Festival, and Dylan River, who made his longer-form drama directorial debut with *Mystery Road: Origin*.

The First Nations Department has had a dramatic impact on the visibility of First Nations characters on screen. A 2002 study entitled *Broadcast in Colour* found that in the 1990s, there were very few First Nations Australians in sustaining roles on Australian television. Screen Australia's 2016 study *Seeing Ourselves* revealed a remarkable shift: between 2011 and 2015, 5% of main characters in Australian television drama were First Nations characters. The 5% figure matched the proportion of First Nations actors in the period, suggesting authentic casting was taking place. This improvement is also credited to the Department's ongoing partnership with the ABC's Indigenous Unit, NITV/SBS, the state and territory agencies and the Australian Film Television and Radio School (AFTRS).[6]

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[3] Screen Australia (2016) *Screen Currency: Valuing our screen industry* (pp. 10-11).
[4] Department funding only goes to a) sole applicants who are Australian Aboriginal and/or Torres Strait Islander practitioners; or b) projects that have Australian Aboriginal and/or Torres Strait Islander practitioners in key creative roles (at least as writer and director, and in the case of writing teams, the lead writer must be First Nations Australian).
[5] For example: Screen Australia (2018, October 18) *Screen Australia announces Indigenous Australian screen luminaries headed for LA* [Media Release]; Screen Australia (2020, January 30) *Participants announced for the Bunya Talent Indigenous Hub in LA* [Media Release].
[6] Screen Australia (2016) *Seeing Ourselves: Reflections on diversity in Australian TV drama* (p. 14). A follow-up report will be released in early 2023.

Challenges and opportunities

Screen Australia's First Nations Department has a holistic strategy for the industry, *The Next 25 Years*, which was developed via extensive consultation. It is provided as an attachment to this submission, and is available online.[7] The strategy addresses challenges and opportunities including:

- Fragmented funding, strategies and approaches across the sector: creating an opportunity and need for the Department to coordinate approaches to First Nations content, talent and business development
- Unclear and unsustainable talent pathways: creating an opportunity for the Department to embed a talent development pathway, and transparent, collaborative approaches. These measures will address sector-wide skills shortages, and particularly the need to develop more First Nations producers, and businesses owned by First Nations practitioners
- Access to funding and resources in an environment of rising costs: Screen Australia has increased the Department's budget, and there are opportunities to consolidate this increase and tap corporate and philanthropic funding
- Need for strong First Nations voices, and advocacy: to navigate intellectual property rights, call for adequate representation, and ensure authentic storytelling, including via a refreshed *Pathways & Protocols* guide for filmmakers working with First Nations people, culture and concepts.[8]

The strategy outlines further specific ideas and actions across the key pillars of storytelling, story and talent identification, talent development, talent connection, and advocacy.

To address these challenges and opportunities, the First Nations Department requires significant focus and resourcing. The Department's yearly spend reached a high in 2021/22 of $7.9 million, increasing by nearly 140% over the last five years. Spend also varies with demand. In some years multiple higher-budget titles are ready to enter production and are allocated funding, but this is not the case in other years.

Table 1: Screen Australia's First Nations Department: spend by financial year[9]

17/18	**18/19**	**19/20**	**20/21**	**21/22**
$3.3 million	$4.5 million	$6.3 million	$5.2 million	$7.9 million

To engage with the opportunities outlined in the Department's strategy, and fund important content, Screen Australia plans to maintain significant funding for the First Nations Department. This is, however, dependant on overall funding from Government.

As the careers of First Nations screen storytellers grow, they work in projects funded through different streams within Screen Australia, such as Rachel Perkins (*Bran Nue Dae*, *Jasper Jones*), Wayne Blair (*The Sapphires*, *Top End Wedding*) and Leah Purcell (*The Secret Daughter*, *The Drovers Wife The Legend of Molly Johnson*). It is vital that First Nations stories and storytellers have opportunities across all screens, platforms, roles, and areas of the sector.

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[7] Screen Australia (2019) *The Next 25 Years: Screen Australia Indigenous Department Strategy*.
[8] Terri Janke (published by Screen Australia) (2009) *Pathways & Protocols: a filmmaker's guide to working with Indigenous people, culture and concepts*.
[9] Screen Australia statistics. 2020/21 data includes COVID-19 budget support for funded projects.

2. A place for every story

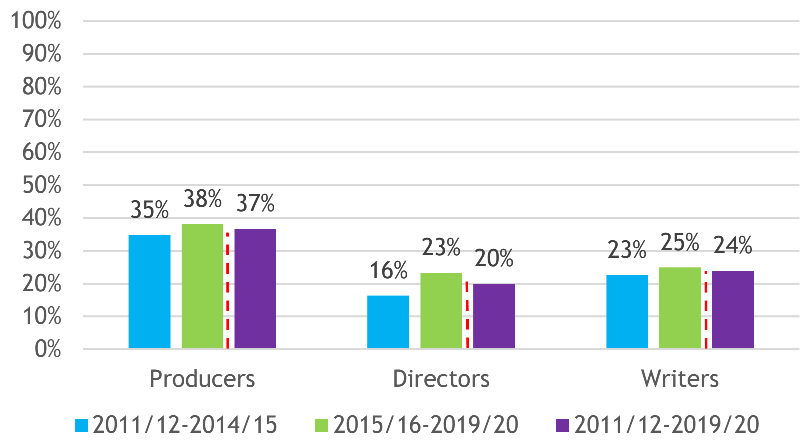
The importance of diversity, inclusion, equity and authenticity

The 2021 Census reinforced that Australia is one of the most diverse countries in the world. But the image of Australia that is reflected across our screen stories often does not capture this diversity of the nation. Screen Australia's 2016 research report *Seeing Ourselves: Reflections on Diversity in Australian TV Drama* benchmarked diversity in Australian TV drama from 2011 to 2015, showing significant inequality across a number of Australia's minorities and marginalised communities:

- 18% of main characters were from non-Anglo Celtic backgrounds, compared to 32% of the population at the time – though First Nations representation was strong, driven by titles on public broadcasters
- Only 4% of main characters had an identified disability, compared to an estimated 18% of Australians
- 5% of main characters were identified as LGBTQI, compared to an estimated up to 11% of the population.[10]

Gender inequality remains a pressing issue in the screen industry. Despite the creative, cultural and commercial success of titles from *My Brilliant Career* to *The Dressmaker*, female talent has been underutilised and stories about women have been excluded. Under-representation is particularly acute in feature films, where women are less than one quarter of all writers and directors, and well below half of producers.[11]

Figure 1: Australian feature drama: % of women in key creative roles



Source: Screen Australia production data[11]

Screen Australia's mission to ensure the development of a diverse range of Australian programs is enshrined in the *Screen Australia Act*.[12] Screen Australia exists to inspire, inform and connect audiences with compelling and authentic Australian stories. These stories span films, television series, online titles and games, ranging from 'broad' or 'mainstream' titles, to content targeted to very specific audiences across all ages. It is notable that while digital disruption creates many challenges, it also provides opportunities for stories previously judged as 'niche' to reach large international audiences, particularly online. To create compelling content, Australia needs a

[10] Screen Australia (2016) *Seeing Ourselves: Reflections on diversity in Australian TV drama* (pp. 3-4).
[11] Screen Australia (2020, October 15) *Screen Australia releases Gender Matters KPI update and new industry data* [Media Release]. Please note that in Figure 1, the 11/12-14/15 column contains four years of data, while the 15/16-19/20 column contains five years of data.
[12] *Screen Australia Act 2008 (Cth)* s 6(3)(a).

vibrant, innovative and creative industry. It is important that the industry continue to embrace the importance of authentic and appropriately developed stories to ensure every voice can be heard.

Challenges and opportunities

Australian audiences can now easily access vast online libraries of foreign content. Australians that don't see themselves in local stories now look elsewhere. A number of successful Australian titles are locally embraced and globally lauded for their diversity and inclusivity, but to meet the demand for a diverse range of high quality stories such as *Mystery Road*, *Love on the Spectrum*, *First Day* and *Here Out West*, it is vital that the screen sector as a whole becomes more diverse and inclusive.

In early 2023 Screen Australia will publish a second *Seeing Ourselves* report, conducting a follow-up, in-depth investigation of diversity. The updated *Seeing Ourselves* report will measure levels of diversity and trends over time across factors including cultural background, disability, and gender and sexual orientation. It will also outline barriers to progress and opportunities for change across different sections of the industry. The report will help to identify diversity and inclusion priorities and targets, inform policy development, and monitor change. **Screen Australia will work with industry on opportunities identified in the *Seeing Ourselves* report.**

Since 2015, Screen Australia's Gender Matters program has encouraged and improved female participation and authorship of screen stories. [13] It has supported female creators, female-led initiatives and businesses, and directly led to the creation of titles such as 2019's top-grossing Australian film, *Ride Like a Girl*, which told the story of Melbourne Cup-winning jockey Michelle Payne and was Rachel Griffiths' feature drama directorial debut. The screen industry has made some progress towards greater gender equity on and off screen, but more work is needed across many aspects of content creation and distribution. **Screen Australia is on track to meet its current gender equity KPI,[14] and will announce further measures shortly.**

Safety within the industry is an ongoing focus. As recent research into the camera department workforce identifies, harassment and abuse are still prevalent.[15] Screen Australia-funded productions must comply with the *Australian Screen Industry Code of Practice*.[16] Breaches of the code can lead to loss of funding opportunities and other consequences. This Code was developed by industry, following Screen Australia's development of its own Code of Conduct. Screen Australia is committed to supporting safe working environments.

Screen Australia funding programs are calibrated to support authentic, high quality stories created via appropriate levels of authorship, collaboration and consultation. Importantly, Screen Australia's First Nations Department publishes guidance for filmmakers working with First Nations people, culture and concepts. This focus on appropriate practice is creating new opportunities for creators and encouraging a more diverse industry. The current demand for talent, and shortages of workers with specific skills, create a unique moment to promote opportunities for diverse emerging talent. These opportunities are discussed further below. **Screen Australia will continue to promote best practice across the sector in regards to authentic authorship and appropriate consultation and collaboration, encouraging the sector to better reflect the rich diversity of Australian society.**

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[13] Screen Australia (2021, October 27) *Gender Matters 2021 - Backgrounder*.
[14] Screen Australia (2021, October 27) *Gender Matters update 2020/21*.
[15] Australian Cinematographers Society (2022, July) *A Wider Lens: Australian camera workforce development and diversity* (p. 22).
[16] Screen Australia (2019, June 11) *Screen Australia's Code of Conduct replaced by industry code from 1 July 2019*.

3. The centrality of the artist

The importance of artists as workers and creators

Professional screen content is created via a collaborative process that involves a diverse range of artists, including writers, producers, directors, actors, and a large variety of crew and supporting staff. Film and video production and post-production businesses, commercial free-to-air broadcasters, subscription broadcasters and channel providers, and the digital games industry directly contributed $5.4 billion in industry value-add to the economy in 2015/16, employing approximately 31,000 people at June 2016.[17] Theatrical distribution and exhibition is estimated to employ a further 10,000 people,[18] and contribute significant further value-add.[19] While the screen sector has been greatly disrupted by the pandemic, this data is likely to underestimate the sector's impact. Comprehensive and updated ABS data will be available during 2023. The sector broadly spends around $3.5 billion a year on production,[20] and this content creation also encompasses other art forms, including the performing arts, music and design, generating significant jobs and income for other arts creators.[21]

The sector generates substantial indirect economic impacts: content creation makes extensive use of goods and services such as rental and catering services, and the industry generates significant tourism and export income.[22] Australian content also has an important role in helping to generate advertising revenue, particularly for the commercial broadcasting sector. Australian programs regularly dominate the top-rating free-to-air lists, and local dramas and entertainment programs frequently serve as flagship programs upon which channels build their branding and scheduling strategies.[23] The screen sector generates a range of economic activity and impacts that other artistic and cultural practices do not.

To create quality local content that creates cultural impacts at home and abroad, Australia needs a vibrant, skilled and creative industry with an appetite for innovation. Australia is globally recognised as a territory with world-class facilities, cast and crew, and a highly effective COVID-safe production framework. The Australian industry has developed with the assistance of significant, sustained, and coordinated support from federal, state, territory and local governments. Industry support is a key function of Screen Australia.

Screen Australia plays a central role in supporting screen content creators. The agency funds the development and production of content, talent and business development, initiatives with industry partners that focus on areas of need, and events such as industry markets and film festivals. Significant examples include:

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[17] Australian Bureau of Statistics (2017, June 15) *Film, Television and Digital Games, Australia (cat. no. 8679.0), 2015-16*, with further data from Screen Australia *Production industry Australian Bureau of Statistics survey*. An update to this data, which will include theatrical distribution and exhibition, will be released during 2023.

[18] Compiled by Screen Australia using unpublished data from the Australian Bureau of Statistics, Censuses of Population and Housing, 1971-2016. This data is not included in the Australian Bureau of Statistics industry survey cited directly above.

[19] Olsberg SPI (2019, November 13) *Study on the Economic Contribution of the Motion Picture and Television Industry in Australia*. Please note this study is not directly comparable with the ABS data cited above.

[20] Australian Bureau of Statistics (2017, June 15) *Film, Television and Digital Games, Australia (cat. no. 8679.0), 2015-16*. Includes production of film, television and video, and digital games. An update to this data will be released during 2023.

[21] Olsberg SPI (2017) *Film and the Creative Economy: How Film and Television Drama Productions Grow the Creative Industries*.

[22] Deloitte Access Economics (2016) *What are our stories worth? Measuring the economic and cultural value of Australia's screen sector* (p. 12).

[23] Ibid (p. 15).

- Enterprise funding for talent, providing emerging and experienced creatives with domestic or international career placement and professional development opportunities
- Enterprise funding to expand and develop strategic businesses and initiatives, such as:
    - Blackfella Films: Sydney-based with a Melbourne office, founded by First Nations Australians, and winners of the UN Media Peace Prize, and AACTA and Logie Awards for titles such as *Total Control*, *Redfern Now*, *Mabo*, and *First Australians*
    - Ludo Studio: Brisbane-based, has won three International Emmys for *Bluey* and created innovative online titles *Robbie Hood*, *Content* and *Doodles*
    - Global Story and Impact Labs: supporting social impact documentary projects to build distribution strategies and new pathways to local and global finance.
- Initiatives in partnership with industry partners, that focus on areas of need:
    - The Emerging Writers' Incubator: providing experience in drama production for 18 emerging writers from underrepresented backgrounds[24]
    - The Kaleidoscope Project: funding to make a film that reflects and captures what it's like to be a young Culturally and Linguistically Diverse person in Australia[25]
    - Curious Australia: supporting screen practitioners from under-represented backgrounds to bring their diverse documentary stories to SBS platforms.[26]
- Support for leading film festivals and industry events, including:
    - The Adelaide, Brisbane, CinéfestOZ, Darwin, Flickerfest, Focus On Ability, Melbourne, Revelation Perth, St Kilda and Sydney Film Festivals
    - Screen Forever, and the Australian International Documentary Conference.

Screen Australia also provides market research and advice, research for governments and industry, and communications and legal support for funded productions. The agency plays a key role coordinating opportunities with Australian Governmental departments and agencies, state and territory agencies, industry associations and organisations, and content platforms.

Challenges and opportunities

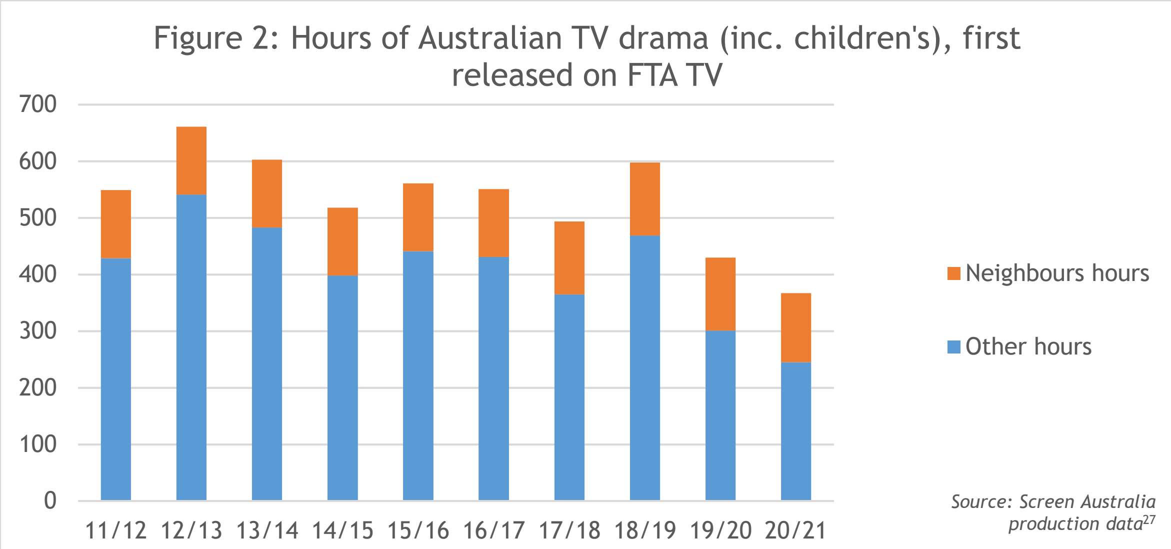
Digital disruption, commissioning trends, and the COVID pandemic create significant challenges and some opportunities for screen sector workers, particularly the key creative roles of writer, producer and director. Spend on drama in Australia has increased, driven by local production of titles financed by foreign studios, and by increased budgets for some Australian content. However, TV content creation, which has formed the 'backbone' of the industry for decades, is particularly challenged. The number of TV drama titles created, and volume of episodes and hours, is falling – and is likely to be particularly affected by the end of production of *Neighbours*.[27]

[24] Screen Australia (2022, April 26) *SBS Emerging Writers' Incubator returns for Australian screenwriters* [Media Release], SBS in partnership with Screen Australia, Screen NSW, VicScreen, Screen Canberra, Screen Queensland, Screenwest and the South Australian Film Corporation, and with the assistance of the Australian Writers' Guild.

[25] Screen Australia (2021, May 19) *ABC ME and Screen Australia announce films selected for The Kaleidoscope Project* [Media Release], Screen Australia in partnership with the ABC.

[26] Screen Australia (2021, June 2) *New documentary initiative calls for diverse and First Nations creatives to get curious about contemporary Australia* [Media Release], SBS and NITV in partnership with Screen Australia, Screen NSW, VicScreen, Screenwest, Screen Tasmania, the South Australian Film Corporation, Screen Queensland and Screen Territory.

[27] Screen Australia production data *All TV drama formats: Number of TV drama programs produced, number of hours and total production budgets, 1990/91-2020/21*. Data is subject to revision.



Production for SVOD platforms is increasing, but is generally focused on shorter-running, higher-spend titles. This trend is reducing opportunities to create and work on long-running drama and documentary productions, and particularly limiting development opportunities for emerging and mid-career talent.

Screen Australia's programs support creators to identify, develop, finance and create quality content that has cultural impact. These programs are adapting to rising audience expectations, increasing global competition, and important trends in financing and production. While Screen Australia is focused on supporting a sustainable local industry, global input is more important than ever. The agency partners with the sector to create a range of important talent development initiatives that connect Australian producers, directors and writers with global markets and foreign industry leaders. This work is detailed in *Strong institutions* below. Further opportunities are available in this space, noting the need to ensure benefits flow through to local industry.

To create compelling content, Australia needs a vibrant, innovative and creative industry. Foreign inbound productions that shoot in Australia create important employment and training opportunities, and develop the industry's capacity to create local stories. **There are further opportunities for foreign projects attracted by significant Government incentives and direct funding to provide specific talent development opportunities for key roles.** This includes important creative roles such as writers and directors, as well as other 'below the line roles' currently in high demand and affected by skills shortages, including heads of various departments, production accountants, line producers, assistant directors, and unit production and location managers.

Screen storytellers create content with deep, sustained, and varied cultural impacts. The artist's voice is central to this process. As per our response to the *A place for every story* pillar, Screen Australia is committed to supporting authentic, high quality stories, and will continue to work with industry on strategies to further this work.

For quality local content to be created, Australia needs an ecosystem of creative, competitive and commercially successful producers and production companies. Australia has a diverse range of production companies and producers, including companies owned by local and foreign broadcasters, companies with foreign investment, Australian-owned companies, and a large number of independent producers. As per our response to the *First Nations* pillar, Screen Australia is working to foster a diversity of experienced and sustainable First Nations producers and production companies.

Producer sustainability is challenged by several factors, including increasing global competition for finance and audiences, the impacts of rising budgets, digital disruption of traditional sources of finance and revenue, and the contract terms of some platforms.

Australian content competes with global content for local and global audiences, and Australian producers increasingly compete with foreign counterparts for finance, talent and commissioning opportunities. This growing global competition is reducing the sustainability of some local business models and businesses. Governments support the sustainability of the local industry via regulation, tax incentives and direct funding programs. Policies that prioritise cultural outcomes for audiences cannot always maximise economic outcomes for some businesses, and further industry consolidation may occur. Screen Australia will continue to provide programs, such as Enterprise funding, to support businesses to adapt and compete.

The Producer Offset provides producers with the opportunity for substantial equity in their projects. While producers can trade this equity to secure further investment, a key goal of the Offset is to provide real opportunities for producers to retain substantial equity in their productions and build stable and sustainable production companies.[28] In response to the increasing cost of production and marketing, and the growing difficulty of securing finance, Screen Australia is concerned that some producers are increasingly 'trading away' equity to ensure productions commence and fees will be paid. In these circumstances the Producer Offset effectively bolsters individual project budgets, rather than supporting the ongoing sustainability of businesses.

Pressures on budgets, finance and retention of equity are exacerbated by the terms of some commissions and acquisitions. Traditional business models based on IP retention have been challenged by the practice of some VOD platforms, which seek to pay a single fee in exchange for all rights, as well as any equity held by the producer. These deals may involve large lump sum payments, but may leave creators with no control over content, or opportunities to realise 'long tail' revenue. Screen Australia administers the Producer Offset according to relevant legislation.[29] Projects must pass the Significant Australian Content (SAC) test to receive the Offset. The SAC test takes into account copyright ownership, details of the production expenditure incurred and recoupment and profit participation, but the SAC test is a holistic test, and no single factor is determinative, particularly if other factors are strongly 'Australian'.[30]

When the Producer Offset was established, Screen Australia and the state and territory agencies took the view that producers of directly-funded projects did not need to include 100% of the anticipated Offset rebate in the finance plan of a project. For example, when Screen Australia directly funds a project, producers must include at least 90% for drama projects, and 85% for documentaries. The remainder is referred to as the 'producer's margin'. Upon payment of the rebate, producers or production companies can retain the margin to help maintain their businesses and continue to develop new projects. Unlike other tax incentives, the Producer Offset was created to assist producers to retain substantial equity in productions, and build stable and sustainable production companies. **To ensure the Producer Offset better fulfils its policy goals, Screen Australia suggests the Government consider amending the Producer Offset to require that producers retain the 'producer margin' for all projects that receive the Producer Offset, not just projects directly funded by agencies.**

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[28] Explanatory Memorandum, *Tax Laws Amendment (2007 Measures No.5) Bill 2007* (Cth) c 10(5).

[29] *Income Tax Assessment Act 1997* (Cth). More information is available on Screen Australia's website.

[30] Factors include the subject matter of the project, the place where the project was made, nationalities and places of residence of the persons who took part in the making of the project, details of production expenditure, and other factors. For more detail, refer to Screen Australia (2022) *Producer Offset Guidelines* (s 2.2).

4. Strong institutions

The importance of strong institutions

The institutions that sustain Australian screen stories are vitally important to Screen Australia: from other government agencies, to businesses across production, finance and distribution that employ thousands of Australians and create significant economic impacts. These institutions have been affected in various ways by digital disruption and the COVID pandemic. While many Australians have embraced online streaming services and games, the cinema and broadcast television sectors have been deeply challenged.

Screen Australia works with all parts of the sector to understand and address these challenges, and support the sector to grow, develop and take opportunities. This support includes funding programs for content creation, development of talent and businesses, initiatives with industry partners, and other support such as provision of important research to Government and the sector.

Challenges and opportunities

Digital disruption and the COVID pandemic have challenged the wide range of foundational institutions that sustain the screen sector. These challenges also present important opportunities for change.

Access to local drama, documentary and children's content is supported by a framework of regulatory intervention and funding support. The 2019 Australian Competition and Consumer Commission's (ACCC) Digital Platforms Inquiry, and 2020 ACMA and Screen Australia *Supporting Australian stories on our screens* Options Paper, describe how the rise of digital platforms has created an urgent need to update regulation and funding.[31] Many of these factors have been impacted and exacerbated by the COVID pandemic. While some reforms have been made, notably to the Producer Offset, further steps are necessary. Opportunities in relation to SVOD platforms are discussed in the *Reaching the audience* section of this submission. The Producer Offset was reformed in 2021, providing additional support to content that is not a feature film, and to longer-running drama series. **As the Government implements modernised content regulation, it may be prudent to examine opportunities to reform the Producer Offset to further incentivise the production of culturally-valuable content that is at greater risk of market failure. There may also be opportunities to refine and modernise the Offset to create greater efficiency for industry and Government.**

Government provides coordinated support to the sector through different Government departments, agencies, partnerships and programs. As the Australian Governmental agency with responsibility for the Australian screen industry, Screen Australia plays a key role connecting industry and Government, identifying opportunities and building partnerships. Screen Australia's work focused on the local sector includes:

- Working in partnership with the Department of Infrastructure, Transport, Regional Development, Communications and the Arts
- Close collaboration including fortnightly executive meetings with state and territory screen agencies, to discuss challenges and opportunities, and coordinate approaches

[31] Australian Government (2019, December 12) *Regulating in the digital age: Government Response and Implementation Roadmap for the Digital Platforms Inquiry*; Australian Communications and Media Authority, and Screen Australia (2020) *Supporting Australian stories on our screens—options paper*.

- Frequent discussions with screen industry associations and guilds on industry issues, and partnerships on initiatives to address issues such as COVID-safe production, and diversity, inclusion and gender equity
- Working in partnership with film distributors and exhibitors, television broadcasters, and online streaming services to promote funded content, understand industry trends, co-fund strategic initiatives, and discuss future opportunities
- Significant funding for key screen industry events, industry partnerships, and cultural organisations, which supports institutions such as the nation's leading film festivals, industry conventions and markets
- Collaborations with other key sector stakeholders, such as the Gender Matters Taskforce.

Screen stories create unique 'soft power' impacts. Screen Australia's long-standing international engagement supports the reach and influence of Australian content and culture. The agency's work across borders includes:

- A longstanding partnership with the Department of Foreign Affairs and Trade, including collaborations on events such as the *Australia now* program
- Continuing collaborations with Government agencies such as Austrade and Tourism Australia, and input and attendance at events such as *G'Day USA*
- Membership of Ausfilm, a partnership between Australian content creators and government agencies that connects the international film community with Australian incentives, talent and facilities
- Assistance for Australian embassies and consulates, and Ambassadors and other representatives
- Communication and strategic partnerships with foreign governmental screen agencies
- Operation of talent development schemes that place Australian talent with leading foreign content creators, including the new *Talent Gateway* and *Global Producers Exchange* partnerships with Australians In Film
- Ongoing support for content creators to attend foreign markets, awards and festivals, operation of market desks and assistance at these events, and marketplace 'intel' on foreign distribution
- Funding of innovative business Enterprise schemes that target foreign markets.

These connections create deep and broad knowledge of the sector. Current arrangements are generally effective, though most were designed prior to the take up of digital viewing. **There may be opportunities for Government to better coordinate federal support to meet evolving local and global objectives.**

A key current need is to address shortages of skilled workers in some roles, particularly those identified by a recent analysis of production infrastructure and capacity.[32] Government and industry have engaged with this issue principally via a working group involving the Office for the Arts, Screen Australia, Ausfilm, AFTRS, NIDA, and state and territory screen agencies. Screen Australia is contributing its expertise and insight across all levels of production to this issue, which impacts production and post-production of local and foreign inbound content. **Screen Australia suggests that, in consultation with the Department of Infrastructure, Transport, Regional Development, Communications and the Arts, Screen Australia takes responsibility for creating and implementing a sector-wide, nationally-coordinated strategy to develop industry capacity in the short, medium and long term.** The strategy would address infrastructure, workforces, skills

[32] Olsberg SPI (2020) *Production Infrastructure and Capacity Audit*, commissioned by Ausfilm. Roles in high demand include experienced 'above the line' writing and directing roles, as well as 'below the line roles' such as heads of various departments, production accountants, line producers, assistant directors, and unit production and location managers.

and other factors, and would be developed in collaboration with governmental and sector stakeholders. It would include options for new measures, and also how to better leverage existing policies such as state and federal offsets, and direct funding incentives. It is important to note that this issue is strongly influenced by local and global general economic conditions, and impacted by specific features of the screen industry, such as its ‘start up’ nature and highly mobile workforce. Skills shortages are impacting other countries, particularly the United Kingdom. The screen sector is subject to rapid change, and any strategic approach will need to flexibly adapt to evolving circumstances.

5. Reaching the audience

The importance of the audience

Screen Australia exists to inspire, inform and connect audiences with compelling Australian stories across all screens. Screen content has unparalleled popularity and cultural impact, reaching widely across all audience groups and conveying stories with deep meaning. Drama, documentary and children's content creates unique and vital cultural impacts for audiences of all ages, shaping national pride, social cohesion and points of connection. Children's content is especially important: it helps children to understand the world and their place in it, acquire language and other skills, and gain age-appropriate guidance on complex issues. Screen stories are overwhelmingly popular with audiences:

- over 17.5 million Australians watch commercial television each week[33]
- prior to the COVID-19 pandemic, cinemas and drive-ins were the most frequently attended cultural venue or event in Australia[34]
- online stories are increasingly influential with 62% of Australian adults watching content on an online subscription service in 2021 (compared to 58% for commercial free-to-air TV),[35] while content on services such as TikTok, YouTube and Facebook attracts millions of views
- two-thirds of Australians play games according to sector research,[36] with games spend by Australians predicted to grow faster than other sectors.[37]

This reach enables screen stories to inform our sense of who we have been and who we are, offer unique forms of expression and provide culturally significant experiences shared by millions of Australians. These impacts are provided by a spectrum of stories: from content that is broadly popular, to stories recognised for high levels of artistic and cultural merit.

Quality Australian content crosses borders and shapes the world view of Australia.[38] Other successful Australian 'exports', such as sports or other forms of artistic practise, cannot necessarily deliver as nuanced or impactful messages on such a broad scale. Titles such as *Bluey*, *Round the Twist*, *Mystery Road*, *Magical Land of Oz*, *Lion* and *Miss Fisher's Murder Mysteries* present aspects of Australian life, history and culture, while promoting an understanding of, and openness to, Australian values. Dramas and documentaries also attract around 230,000 international tourists to Australia each year, driving an estimated $725 million in expenditure.[39] Screen stars such as Chris Hemsworth and Paul Hogan have been central to official, high-profile and successful tourism campaigns, while other screen storytellers such as Hugh Jackman, Margot Robbie, Nicole Kidman, Cate Blanchett and Baz Luhrmann often function as highly recognisable 'unofficial ambassadors' for Australia.[40] Most global Australian screen stars were trained at Australian governmental institutions or first emerged on local titles supported by government.

[33] Think TV *Fact Pack Jul-Dec 2021* (p. 6).

[34] Australian Bureau of Statistics (2019, March 26) *Attendance at Selected Cultural Venues and Events, Australia, 2017-18*.

[35] Australian Government (2022, January) *2021 Media content consumption survey* (p. 5). Content refers to 'Things like television shows, movies and documentaries.'

[36] Interactive Games & Entertainment Association (2022, August) *Submission to the Office for the Arts: Consultation on a renewed National Cultural Policy* (p. 1).

[37] PwC (2022) *Australian Entertainment and Media Outlook 2022-2026: Play - Traditional & Social Gaming and Esports*.

[38] Screen Australia (2016) *Screen Currency: Valuing our screen industry* (p. 8).

[39] Deloitte Access Economics (2016) *What are our stories worth? Measuring the economic and cultural value of Australia's screen sector* (pp. 3, 27).

[40] These factors are further explored in Screen Australia's submission to the 2018 Soft Power inquiry: Screen Australia (2018, October) *Screen Australia submission to the Soft Power Review*.

Challenges and opportunities

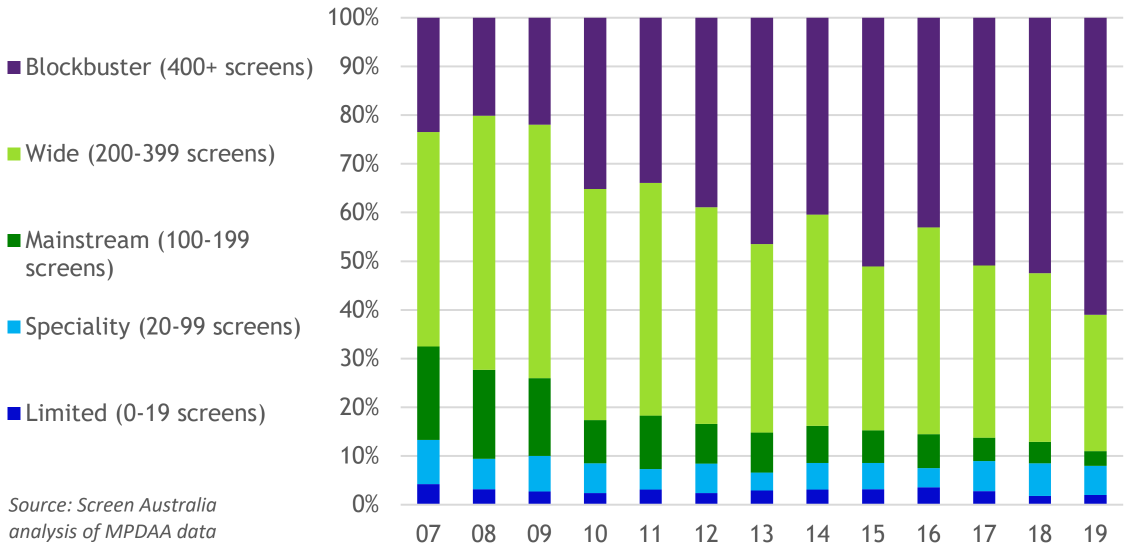
Australian audiences deserve to access high quality, innovative and culturally impactful Australian screen stories. The rapid uptake of on-demand viewing has empowered audiences and increased their expectations, as they access vast libraries of content, available on demand. This creates significant challenges for content creators and content platforms, but also opportunities to use evolving strategies to reach and engage audiences. The Australian Government provides significant support to the industry, but this support can be better calibrated for the modern environment.

Across various platforms, Australian screen stories face significant challenges to 'cut through' the crowded marketplace and reach audiences.

Film

It is becoming even more difficult for independent Australian films to cut through at the cinema against expensive foreign content, and growing supply of foreign films. As per Figure 3, 'blockbusters', principally from Hollywood, more than doubled their box office share in the years prior to the COVID pandemic, as cinemagoers increasingly sought films with large budgets and 'big screen' appeal.

Figure 3: Films released in Australia classified by release strategy: % of box office



Source: Screen Australia analysis of MPDAA data

The pandemic has greatly disrupted the marketplace, exacerbating some long-term issues and creating serious challenges for most businesses. Revenues have been reduced, important marketplace factors such as release windows were altered, and it is not clear how quickly or strongly audiences will return to previous habits. However, the 2020/21 summer demonstrated the appetite for quality Australian film, as *The Dry* grossed more than $20 million.[41]

Australian independent films generally have much lower production and marketing budgets. To reach an audience, films must be high quality, be backed by strategic and properly-financed marketing campaigns, and enjoy the time required to build momentum. Screen Australia provides significant research, marketplace and marketing support. The agency is currently considering

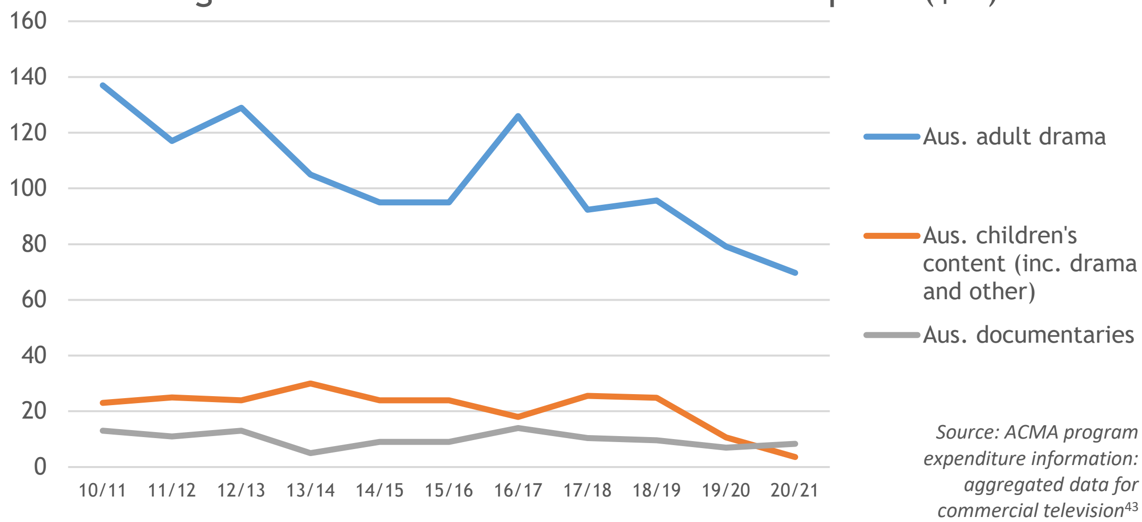
[41] Box office data courtesy of Numero.

options to evolve its marketing funding programs, including opportunities for specifically funded pilot programs that provide significantly increased marketing investment in targeted films.

Free-to-air and subscription broadcast television

As audiences change their viewing habits, overall viewing of free-to-air and subscription television has fallen over time, challenging revenue sources for television broadcasters. 'Appointment' viewing of content such as news and sport remains strong, but significant audiences are migrating viewing of narrative drama and documentary titles to VOD services. In response to this audience migration, falling revenues, and other factors including the rising costs of premium content, commercial television broadcasters have focused investment in other genres.[42] As per Figure 4 below, broadcasters have greatly reduced investment in drama, documentary and children's content.[43]

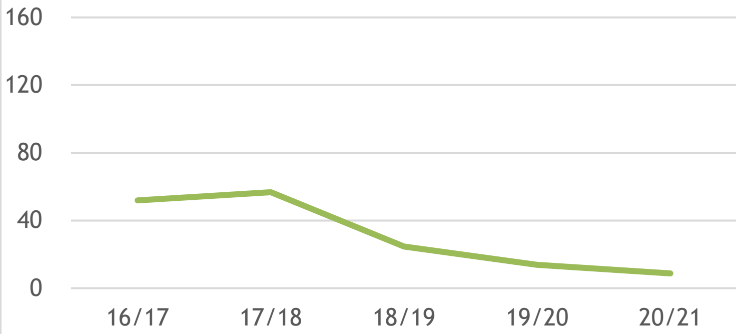
Figure 4: Commercial FTA broadcaster spend ($m)



Source: ACMA program expenditure information: aggregated data for commercial television[43]

Investment into drama from the public broadcasters has remained steady, particularly in children's content. As Figure 5 demonstrates, investment by subscription TV broadcasters has fallen significantly in recent years, as the subscription TV sector has been significantly impacted by the same market forces.[44] It should be noted that Foxtel's 2021/22 slate includes a number of significant drama titles.

Figure 5: Subscription TV spend on new Australian drama ($m)



Source: ACMA spending and targets results 2020/21[44]

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[42] Australian Communications and Media Authority, and Screen Australia (2020) Supporting Australian stories on our screens—options paper (pp.18-23, 30-32).
[43] Australian Communications and Media Authority Commercial television program expenditure.
[44] Australian Communications and Media Authority Spending on subscription TV drama: New Eligible Drama Expenditure scheme: spending and targets results. Chart displays spending on new Australian drama in a financial year.

Drama spend is also becoming concentrated into fewer titles as production costs are rising, reducing choice for Australian audiences. The impact of reduced Australian drama spend is evident in the steady decline of production of Australian television drama: the total hours of general and children's TV drama dropped from 551 in 2016/17 to 367 in 2020/21.[45]

It remains important for Government to consider how audiences are consuming content. For example, the success of children's content on the ABC suggests that audiences value its offering of broadcast and online options, and provide opportunities for Government and industry to build on this success. It is also important to note that audience habits will continue to evolve. While viewing on broadcast channels is falling, use of broadcaster VOD platforms is increasing quickly. **Government support for the sector, across all regulatory and funding options, will need to flexibly adapt to change, and Screen Australia funding will continue to respond to audiences.**

Subscription VOD services

Subscription VOD services have grown quickly and continue to evolve. Research commissioned by the Government in 2021 showed that SVOD services have overtaken commercial free-to-air television as the most popular way to consume screen content.[46] However, several significant services do not provide adequate levels of Australian content to their Australian audiences, with particular concerns around investment levels in new drama, documentary and children's content.[47]

Screen Australia supports the Government's intention to regulate streaming services of scale. **Screen Australia submits that this regulation should prioritise the supply of culturally important Australian stories to Australian audiences. Strong regard should also be held for the cultural benefits of exporting Australian content to the world, and economic and business outcomes.** Focusing on cultural impact and local results would be consistent with other regulations, and the overall rationale for government intervention.

The detailed design of this regulation is a matter for the Government, and Screen Australia will continue to provide the Government with any assistance it seeks in this regard. However, focusing on the above objective and prioritising local audiences suggests that the design of the streaming service regulation should consider:

- **Incorporating only 'at risk' content that is culturally valuable and subject to market failure - which Screen Australia submits is drama, documentary and children's content.** The policy rationale for supporting drama, documentary and children's content has been established by Government and is consistent with existing local regulation and support, as well as approaches in other countries.
- **Whether a specific obligation or 'sub-quota' for children's content is required, and the role of targeted funding or further tax incentives for children's content creation, to ensure child audiences of different ages can access a range of quality stories made for them.** Production data demonstrates that commercial content platforms do not significantly commission or invest in culturally impactful, high-quality children's content, unless they are required to by regulation.[48] SVOD services of scale have significant child audiences and offer large catalogues of foreign children's content. A specific children's

[45] Screen Australia production data *All TV drama formats: Number of TV drama programs produced, number of hours and total production budgets, 1990/91-2020/21*. Data is subject to revision. For further information see Screen Australia (2021) *Drama Report 2020/21* (p. 15-21). As Figure 2 above demonstrates, the cancellation of *Neighbours* will further reduce the hours of Australian drama that are produced, particularly for commercial free-to-air audiences.

[46] Social Research Centre (2022, January) *Media content consumption survey: Analytical Report*, commissioned by the Department of Infrastructure, Transport, Regional Development and Communications.

[47] Australian Government (2022, February) *Streaming Services Reporting and Investment Scheme Discussion Paper*.

[48] See Figures 4 and 5 above, and Screen Australia (2021) *Drama Report: 2020/21* (pp. 15-25, 28).

content obligation would guarantee a level of investment in Australian stories made for children. Careful design would be required to create positive outcomes for audiences and industry. Designing an obligation around spend, focused on commissions, could incentivise investment in quality projects that are embraced by audiences. This would contrast with previous regulation of free-to-air broadcasters that required a minimum quantity of content. This obligation would work in partnership with tax offsets and direct funding, supporting industry outcomes.

- **The need for initial commissioning of content, along with co-commissions and acquisitions.** SVOD platforms are the primary way in which many Australians access drama and documentary content. Increased local commissioning by SVOD platforms would lead to stronger cultural outcomes for local audiences, and also meet several industry challenges. Content is financed by a complex system of local and global sources. Co-commissions between services provide opportunities for producers, but widespread co-commissioning could impact the ability of regulatory systems to meet their objectives. To guarantee cultural outcomes, a sufficient level of competition and original commissioning will be required.
- **Whether current definitions of "Australian" content will be suitable for a regulatory system involving international content services, and globalised finance.** International finance is becoming more important to fund content, increasing the influence of foreign financiers. Additionally, international SVOD platforms are more likely than local services and broadcasters to invest in Australian-made content that is set overseas. There is a global trend toward embracing distinctive stories such as *Bluey* and *Bump*, or foreign titles *Squid Game* and *The Bridge*. However, these titles are exceptional, and industry trends shift quickly. The content tests within the *Broadcasting Services (Australian Content and Children's Television) Standards* and the Producer Offset may be suitable for use within an SVOD content obligation, but were designed prior to the rise of streaming and may not comprehensively guarantee that content will appear Australian.[49] It may be appropriate for Government to examine the cultural impact of Australian content provided under regulatory systems over time, and consider developing a future-facing framework.
- **Important aspects of discoverability, and audience insights.** A regulatory system for SVOD platforms would seek to ensure cultural outcomes. To have cultural impact, content must be discovered and viewed. Discoverability is a fast-evolving policy area that will become more crucial as time passes. It is important that audiences are presented with Australian options, including for content that algorithms may not necessarily present. Culturally-impactful content such as *Redfern Now* and *Girls Can't Surf* may not be searched out, but chosen if presented, providing an opportunity for content to build momentum. To measure these impacts, Government would require information from streaming services, including requiring individual titles.
- **Further adjustments to modernise funding supports.** As noted throughout this submission, the Government system of regulation, tax offsets, and direct funding for content and other outcomes, provides an inter-connected system of support. The sector is evolving quickly, and the implementation of significant new regulation will likely create options to increase the efficiency of Government support.

[49] The *Broadcasting Services (Australian Content and Children's Television) Standards 2020* (Cth) do not require that content is evidently Australian to audiences: they do not require that content is set in Australia, or has Australian characters, voices or subject matter. These factors are important elements of the SAC test, but it is a holistic test and other factors are also relevant (for more detail, refer to Section 2.2 of Screen Australia's *Producer Offset Guidelines*). The cultural aspects of "Australian" content are complex and subject to debate.

Other online platforms

Content services such as TikTok, YouTube and Facebook host an extraordinary range of amateur and professional content, including unique drama, documentary and children's screen stories. This content can achieve millions of unique views, quickly amassing much wider audiences than other content. Australian children, teenagers and young adults use these services more than traditional platforms, enjoying, discussing and sharing innovative screen stories made for them and by them.[50]

Drama and documentary content on online platforms often requires significant direct Government funding. Content made for social media platforms often does not meet the minimum duration or spend requirements of the Producer Offset. Direct support from Screen Australia is the major enabler of key cultural and industry outcomes:

- Ambitious local stories that attract millions of views, chiefly from younger audiences that have pivoted from traditional platforms, including dramas and comedies *RackaRacka: Versus*, *Superwog* and *The Formal*, documentary *Small Footprint* and children's drama *Ginger & The Vegesaurs*
- Authentically-authored, diverse stories that achieve global recognition and reach worldwide audiences, such as Rose d'Or award winner and International Emmy nominee *Content*, and *It's Fine, I'm Fine*, which screened at the CANNESERIES festival
- Support for emerging talent via development programs and partnerships including the *Skip Ahead* initiative with Google Australia, and funding for innovative, risky ideas such as *Lustration VR* by First Nations creator Ryan Griffen.

Online content creators supported by Screen Australia often move into film and television production, including *The Katering Show* 'Kates', the Aunty Donna comedy group, and Julie Kalceff, who created the globally popular webseries *Starting From Now* prior to writing, directing and co-producing the International Emmy-winning children's drama *First Day*.

While several Australian titles have enjoyed notable local and global success, Screen Australia is concerned that Australian children and young adults are not being provided with a significant diversity of quality Australian drama and documentary content made for them, on the screens they use, and in the formats that they enjoy. Screen Australia provides substantial funding programs and initiatives that support stories for younger audiences, particularly on online platforms. The agency also provides business development opportunities for the sector and is further evolving these programs. Screen Australia is committed to focusing on this issue in coming years, to fulfil the agency's purpose to support content for all Australians.

Screen Australia responds to changing audience tastes by directing funding to areas of need, and to popular platforms. In 2021/22, Screen Australia reacted to demand and nearly doubled production funding for online projects to $8.7 million. **While sustained funding from Government would be required to maintain overall investment, Screen Australia intends to continue directing significant funding to online content, to support stories for important audiences.**

Games

Two-thirds of Australians play games according to sector research, with games spend by Australians predicted to grow faster than other sectors.[51] The Australian industry is relatively small: most

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[50] Social Research Centre (2022, January) *2021 Media content consumption survey: Analytical Report* (p. 20).

[51] Interactive Games & Entertainment Association (2022, August) *Submission to the Office for the Arts: Consultation on a renewed National Cultural Policy* (p. 1); PwC (2022) *Australian Entertainment and Media Outlook 2022-2026: Play - Traditional & Social Gaming and Esports*.

games played by Australians are developed overseas, and games with Australian voices, settings and themes are rare.

Screen Australia's two-year *Games: Expansion Pack* initiative opened for applications in March 2022. It funds Australian independent games developers to increase the ambition and quality of their games, and to transition into businesses of scale that can better compete in the global market. The initiative supports projects budgeted below $500,000, complementing the planned Digital Games Tax Offset. The first round of the initiative received 110 applications, more than double the expected response, and the planned $3 million funding pool for this round was expanded to more than $4 million.

The low number of skilled games workers in Australia compared to comparable countries, high demand for Screen Australia funding, and high growth in the local market reflect the industry's capacity for growth.[52] This opportunity, further explored in the Government's *Level Up: A Guide to the Australian Games Industry*, can be best harnessed with the assistance of carefully calibrated Government support.[53] The *Games: Expansion Pack* initiative was funded via a strategic allocation and is currently scheduled to end in June 2023. The 2013 *Creative Australia* National Cultural Policy included the provision of $20 million over three years for an *Australian Interactive Games Fund*.[54] **Screen Australia suggests that Government consider restoring similar levels of funding, to provide dedicated, long-term, strategic support for Australian independent games creation that works in partnership with the planned Digital Games Tax Offset.**

Conclusion

Screen Australia welcomes the Government's development of a new National Cultural Policy for the decade ahead. The Australian screen industry plays a vital and paramount role in Australia's diverse and vibrant arts, entertainment and cultural sector. Increased demand by Australians from all ages and backgrounds for innovative, high-quality screen content at home and abroad, provides a unique opportunity, though significant work is needed to ensure these opportunities can be taken.

Screen Australia looks forward to the outcomes of this process, and would be delighted to provide further information in writing or in person to the Government. To facilitate this, please contact Senior Manager, Strategic Policy and Industry Insights, Kate Hickey by email Kate.Hickey@screenaustralia.gov.au or phone (02) 8113 1015.

[52] Ibid.
[53] Australian Trade and Investment Commission (Austrade) and Interactive Games & Entertainment Association (2022) *Level Up: A Guide to the Australian Games Industry*.
[54] Australian Government (2013) *Creative Australia: National Cultural Policy*.