



Screen Currency

Valuing our screen industry

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All figures in Australian dollars.

Cover: (clockwise) *Wolf Creek 2*, *Jack Irish*, *The Sapphires*, *Red Dog* and *The Katering Show*.



Australian Government



The Dressmaker

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Introduction

Screen Australia has engaged two companies – Deloitte Access Economics and Olsberg SPI – to comprehensively measure the economic and cultural value of the Australian screen sector. The studies quantify and articulate what Australian screen content contributes to the economy, and to Australian culture and society.

Screen Currency comprises the key findings of the two studies.





Economic value:

The financial benefits of having an Australian screen production industry

The government supports the screen industry primarily because of the cultural benefits it delivers to Australian audiences and taxpayers. But the existence of a local industry also delivers significant economic benefits through the activity and employment it generates during the creation of Australian content.

In 2014/15 the Australian screen production industry contributed over \$3 billion in value add to the economy and over 25,000 full-time equivalent jobs.

The contribution of an industry or sector to the economy is commonly measured by its direct and indirect contributions to both gross domestic product (GDP) and employment. Direct contributions relate to the specific activities of the industry – in the case of screen production, for example, it may include employment of an art director or a gaffer. Indirect contributions relate to the 'flow-on' demands for goods and services from other parts of the economy - for example the use of financial services or rental of accommodation at filming locations.

Contributions to GDP are calculated as 'value add'. This is the combination of labour income earned by employees and revenue earned by businesses, minus the cost of materials purchased from other sectors, and minus government funding. In effect it's the 'value added' by turning raw materials and services into a particular output, and the employment created to do so.

The screen production and distribution industries generate a significant amount of activity and employment across the economy in delivering both local and foreign content to Australians – from ticket and popcorn sellers to television schedulers to publicity managers and distributors. In a previous study, Deloitte Access Economics estimated that the film and television production and distribution industries directly contributed \$5.8 billion to Australian GDP and about 46,000 full time equivalent employees¹.

This current study concentrates specifically on the contribution made by **Australian screen production and Australian creativity**. In 2014/15, Australian film and television content, along with the production of digital games and the Australian talent involved in foreign productions occurring in Australia, contributed \$3.072 billion in value add to the economy and 25,304 full-time equivalent jobs.

¹ p iv, Australian Screen Association, *Economic contribution of the film and television industry in Australia*, Deloitte Access Economics, February 2015.

This contribution included:

- ◆ Screen content under Australian creative control, which generated \$2.6 billion and 20,158 FTE jobs. This is the equivalent of around 5% of Australia's information media and telecommunications industry or 18% of its arts, sports and recreation services².
- ◆ Production and post, digital and visual effects (PDV) services provided by Australian businesses to foreign film and TV, which added another \$382 million and 4,093 FTE jobs.
- ◆ Digital games production, which contributed \$123 million and 1,053 jobs.

Screen content attracts around 230,000 international tourists to Australia each year, driving an estimated \$725 million in tourism expenditure.

On the world stage, Australian screen content is a powerful driver of tourism. Films and programs strengthen Australia's brand and provide compelling portraits of the country as a destination.

Screen content can draw international tourists to a specific filming location – as Baz Luhrmann's *Australia* did for regions such as the Kimberley in Western Australia – or it can more generally drive visitation to the country through the portrayal of its features and characteristics, such as landscapes, attractions and people.

Around 230,000 international tourists are estimated to visit or extend their stay in Australia each year as a result of viewing Australian film and TV content. This represents around \$725 million in estimated tourism expenditure in Australia each year that may be associated with Australian screen content. It compares to the estimated \$640 million of tourism expenditure in Sydney for which the Sydney Opera House could be responsible.

Australian narrative screen content drives at least \$252 million in export earnings each year.

Screen content returns revenue to the economy through exports. Money flows into the Australian economy from sources such as a share of the international box office earnings for *The Water Diviner*, or licenses paid for *Neighbours* to be broadcast on Channel 5 in the UK or *Wentworth* being added to Netflix in the US, or from international DVD and Blu-ray sales of *The Slap* or *Mad Max: Fury Road*. In 2014/15, total export earnings from scripted narrative content alone (feature films, TV dramas and documentaries) were at least \$252 million.

Revenue from the export of Australian online content is also expanding, including notable sales of Australian 'online originals' such as *The Katering Show* to international video-on-demand platforms.

Local content drives significant advertising revenue for the commercial free-to-air broadcasting sector.

In addition to the economic benefits above, local content has an important role in helping to generate advertising revenue 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.

² Information media and telecommunications incorporates publishing and broadcasting (including internet), motion picture and sound recording, internet and data processing services, library and information services and telecommunication services. Arts and recreation services incorporates heritage activities, creative and performing arts, sports and recreation services and gambling services.



The Water Diviner

Audience value:

The benefits of Australian screen stories to viewers

Audiences show how much they value local screen content in a range of ways, including the price they're prepared to pay for it in time as well as dollars, and their opinions and preferences around what content they watch.

Australian screen stories are valued for their diversity and their distinctiveness.

When asked to note three pieces of Australian content they considered to be culturally valuable, 1,049 survey respondents identified 271 separate pieces of content or content types. They covered a broad range of films and programs – from classics such as *Crocodile Dundee* to TV soaps such as *Home and Away* to socio-historical films such as *Rabbit-Proof Fence* to factual programs such as *Four Corners* and natural history documentaries.

Over 60 per cent of respondents considered that Australian content is fairly, very or completely different from foreign content. Furthermore, the general correlation between the titles noted as valuable by international and Australian survey respondents suggests a broadly similar understanding at home and overseas of what makes screen content distinctively and uniquely Australian.

There's a general preference for local over imported content, even amongst the YouTube and Netflix generations.

Despite the vast amounts of imported programs on Australian screens (large and small), and their large production and marketing budgets, Australians expressed a preference for local content. Only 2 per cent said that they don't watch Australian content, 64% said that local content accounted for up to half of their media diet, and 22% reported that most or all of their viewing was Australian. And while the majority of people said that it makes no difference to them where content comes from, an inherent preference for domestic content came through with less than 14% saying that they were less likely to watch a program if it's Australian, compared to 35% who said they were more likely to watch a program if it's Australian.

The general preference for local over imported was evident even amongst the most avid online viewers who have the greatest choice of content from around the world. Their views on the distinctiveness of Australian content and their likelihood of engaging with it were comparable with the wider group.

Australian screen content generates \$17 billion worth of consumer welfare benefit annually.

The value of Australian screen content to audiences can be measured in market transactions – for example the ticket price paid to watch an Australian film. But the price a person pays for a ticket doesn't necessarily equate with how much they think it is worth. Certainly they think it's worth at least the ticket price, or they wouldn't buy it. But some people may be willing to pay more. The difference between the actual price

and the price a consumer is willing to pay is measured by economists as consumer surplus. Alternatively audiences may value having the choice and variety of different – and distinctly Australian – content, which is measured by economists as consumer choice value.

However these methods can only be applied to content that involves a direct payment from viewers – cinema tickets, subscription television, DVD sales and rentals and subscription video-on-demand. Much Australian content is available free to watch on free-to-air television or online. In those cases the audience pays for the content with the time that they dedicate to viewing. Economists are able to place an average dollar value on time spent viewing screen content. For this study, Deloitte Access Economics found the value of time per hour of watching screen content to be approximately \$4.57.

Drawing on survey results and revenue for Australian content released in 2014/15, and using a mixture of these two approaches – an average of consumer surplus and consumer choice for paid content, plus time-use value for free content – Deloitte Access Economics reported a total audience value of \$17 billion in consumer welfare benefit for Australian content released in 2014/15.

Australians are overwhelmingly in favour of government support for the local screen production industry.

Around 76 per cent of Australian survey respondents believe the government should provide support to the sector, compared to 12 per cent who are opposed to the idea and 12 per cent who said they don't know.





Cultural value: The social impacts of Australian screen stories

Screen content regularly defines and embodies national pride, cultural identity, social cohesion and points of connection between Australian citizens, to the extent where lines from *The Castle*, *Kath & Kim* and *Muriel's Wedding* have become part of our national lexicon. Articulating and measuring this type of value can be challenging but is not impossible.

Australian screen content generates 'option' value worth \$511 million and 'existence' value worth \$415 million annually.

The value of local screen content to the people who consume it has been quantified above. But even people who don't watch particular screen stories can still recognise the benefits they bring. They might see value in having the option to watch those stories in future. Or they might see value in the fact that others are able to watch them – for example adults who value the existence of local children's programs.

Economists can place a market value on this. The 'option' value of Australian screen content is estimated to be around \$511 million per year, and the 'existence' or 'altruism' value around \$415 million per year.

Screen content puts Australia on the world stage and facilitates soft diplomacy.

Australian screen stories provide a unique avenue for international 'soft' diplomacy. By presenting aspects of Australia that are strongly embraced by international audiences, programs such as *Home and Away*, *Neighbours* and *McLeod's Daughters* have for decades promoted understanding of and openness to Australian culture, values and people.

The international profiles of our established and emerging screen talent – from Cate Blanchett, to Chris Hemsworth, (the voice of a recent Tourism Australia campaign), to RackaRacka's Philippou brothers – also help promote the Australian brand and bring attention to the country. Australians on both sides of the camera have been recognised at the Academy Awards since 1942, with 2016 the nation's most successful year to date. And our stars continue to turn up in US and UK film and television, increasingly bringing their Australian accents to their roles. The attention received by Australia's online creators is adding to this effect – at June 2016, the online talent who have received support from Screen Australia had racked up more than 2 billion views worldwide for their 69 YouTube channels.

These international profiles not only support tourism, they also forge a sense of relatability as they communicate Australian culture and values to the world.

We can measure some of the intangible benefits of our stories by their instrumental, institutional and intrinsic value.

Cultural value can manifest in a range of other ways that are not easily measured with numbers and dollars.

For example, the feature film *Gallipoli* (1981) shows how screen content has helped to shape national understanding of Australian identity. It's an early example of a film that established mainstream representation of the spirit of mateship, courage, larrikinism and good humour that has become so ubiquitous as to be taken for granted. It also impacted on the value that Australia places on its history. At the time it was felt that understanding and awareness of Anzac had diminished in Australian culture. By the early 1980s, according to director Peter Weir at the time, the battle of Gallipoli was no longer taught as sacred and many young people saw the Anzac story as a joke. The film is seen as having refocused the cultural conversation on the soldier's sacrifice and the importance of Anzac in Australia's national identity. The successful and critically-acclaimed film also launched the international careers of Weir and actor Mel Gibson.

One method for understanding and evaluating these less tangible benefits is a model that considers three specific ways that cultural products provide value to a society.

A cultural product can:

1. have direct social or economic impacts, which is defined as **instrumental value**. *Gallipoli* showed instrumental value in helping to define the Australian identity and in launching the international careers of Peter Weir and Mel Gibson.
2. enable an organisation, a government or a country to gain the trust and esteem of the public. This is defined as **institutional value**. *Gallipoli* showed institutional value in re-establishing respect for Anzac and Australia's contribution to the Gallipoli Campaign.
3. bring value to individuals in a society by giving them a way to engage with ideas and aesthetic excellence. This is defined as **intrinsic value**. It's highly subjective so can be harder to evaluate. Some of the ways that *Gallipoli* showed intrinsic value were through its moving story, and its iconic imagery and music.

Many pieces of Australian screen content similarly demonstrate various combinations of instrumental, institutional and intrinsic value.

- ◆ Films such as *Rabbit-Proof Fence* and *The Sapphires* brought true stories of Australia's people and history to wide audiences in a strongly engaging and entertaining format. On top of their critical acclaim and strong box office success, both films helped to bring about understanding of and change in attitudes to Australia's Stolen Generations.
- ◆ TV series from *Number 96* to *A Country Practice* to *Offspring* have fostered social change by informing and challenging audiences as well as entertaining them. Popular Australian drama series have regularly brought confronting issues such as sexuality, racism, disability and grief to the nation's living rooms in an accessible commercial format, providing opportunities for shared conversations and connection to characters and situations outside the viewer's lived experience.
- ◆ As the oldest living culture in the world, the stories and knowledge of Indigenous Australia are uniquely and significantly important to the nation. Programs made by Indigenous Australians – from *First Australians* to *Redfern Now* to *Songlines on Screen* – preserve language and culture and bring a wide range of stories



of Indigenous Australia to the Indigenous audience, to the broader Australian population and to the world. And Indigenous talent from both sides of the camera regularly shines on the world stage, with critical acclaim and prestigious awards building esteem for Australia internationally.

- ◆ From the filming of the 1896 Melbourne Cup to 2016's *Howard on Menzies*, Australian documentaries have recorded and preserved the diversity and changing face of the Australian nation and people. They also have a long history of leading and fostering change in attitudes, practices and laws, from 1957's *Manslaughter*, examining the impact of the Maralinga nuclear test range on local communities, to 2015's *That Sugar Film*.
- ◆ The benefits children gain from seeing and hearing their own country and culture through local screen content are widely recognised. Programs such as *Play School* contribute to learning, language acquisition and school readiness. Programs for older children, such as *Little Lunch*, *Round the Twist* and *Dance Academy*, help children understand the world and their place in it, with age-appropriate guidance around complex issues such as birth, death and bullying. Many are used as learning and discussion tools in the classroom. And from *Skippy* to *H2O: Just Add Water*, Australian children's programs have been hugely popular internationally, showcasing our country to children worldwide and launching the careers of young actors.



Deloitte Access Economics: What are our stories worth?
Measuring the economic and cultural value of Australia's
screen sector

Olsberg SPI: Measuring the Cultural Value of Australia's
Screen Sector

**Available in full at
screenaustralia.gov.au**



Little J & Big Cuz



Australian Government

