

Drama Report 2016/17: Record \$1 billion+ expenditure

Tuesday 31 October 2017: Screen Australia's 27th annual Drama Report released today shows an all-time high expenditure on drama production in Australia in 2016/17 with \$1.3 billion, made up of \$610 million foreign project spend and \$667 million for Australian projects. The sharp increase was largely driven by feature films which saw the highest-ever level of foreign spend (\$567 million) and an increase in local film production (\$284 million).

Expenditure on Australian TV drama (\$321 million) and the number of titles (46 titles) produced also broke records. Australian children's television is a notable exception to the upward trend with expenditure down 20% on the five-year average.

The Drama Report measures the health of the Australian screen industry and covers the production of Australian and foreign feature films, TV drama and online programs that commenced principal photography in the financial year. In the case of foreign PDV-only (post, digital and visual effects) projects, they are captured from the time work began in Australia. Some of this content has already hit our screens, while other titles are yet to be released. For the first time online drama programs longer than 30 minutes have been reported separately, with 22 titles made for platforms such as Stan, ABC iview and YouTube.

Overall \$1.3 billion was spent across 151 screen productions in 16/17 compared to \$850 million which was spent across 120 productions in 15/16. New South Wales accounted for the largest share of total expenditure in Australia (36%), however Queensland was not far behind (33%) with the significant rise driven by several major Hollywood blockbusters shooting in the state.

Graeme Mason, CEO of Screen Australia said: "Crossing the \$1 billion expenditure threshold is an incredible milestone for the Australian screen industry and has not happened by accident. There is a whole ecosystem of support measures that keep our industry firing, including direct government funding, tax incentives and Australian content quotas."

"We know television is becoming more expensive to make, but the demand for that content both locally and abroad is clearly increasing when you have shows like *Picnic at Hanging Rock* securing US sales before production had even wrapped."

"It is great to see Australian film continuing to grow, and to have features like *Sweet Country* taking awards at Venice and Toronto speaks to the quality of production, not just volume."

"The financial dividend from foreign feature production is undeniable and is of particular benefit to our crews who have the opportunity to work on big budget projects."

"Although the production of children's television works in a cycle that mirrors the quota requirements, this year's sharp decline in expenditure is notable."

FEATURES

Australian feature production saw a significant increase in both expenditure and titles, with \$284 million across 41 films, compared to the previous year which recorded \$195 million across 32 films. This was largely driven by foreign-backed *Peter Rabbit* and a strong domestic and co-production slate including *Sweet Country*, *Swinging Safari*, *Cargo* and *Mary Magdalene* (UK).

Big-budget features such as *Thor: Ragnarok*, *Aquaman* and *Pacific Rim: Uprising*, as well as PDV-only projects such as *Spider-Man: Homecoming*, drove foreign features expenditure to an all-time high of \$567 million. This record result was more than double the 15/16 expenditure (\$249 million) and significantly above the five-year average (\$311 million). In 16/17 the Australian dollar remained below USD\$0.80 assisting companies to remain competitive. The Location Offset and PDV Offset, as well as other state and federal government incentives, were leveraged to attract foreign productions.

TELEVISION

Australian TV drama production exceeded last year's record highs with a total expenditure of \$321 million (15/16 \$310 million), across 46 titles (15/16 44 titles). 457 hours of content were produced, an increase on the previous year (446 hours).

16/17 saw a resurgence in series production, the majority of which were half-hour comedy formats such as *The Family Law* (S2), *Here Come the Habibs!* (S2) and *Get Krack!n*. Mini-series production remained strong and included series returns of *Cleverman*, *The Secret Daughter* and *Wentworth*, as well as adaptations such as *Wake in Fright* and *Picnic at Hanging Rock*.

Three foreign TV dramas, including *The Leftovers* (S3) and *The Bold and the Beautiful* special episodes, commenced shooting in Australia in 16/17, driving a 39% increase in expenditure to \$43 million, 84% above the five year average.

CHILDREN'S TELEVISION

Pressure in local children's TV drama production was evidenced by a sharp decline in Australian expenditure in 16/17 (\$48 million), significantly below the five-year average of \$60 million.

With total budgets of \$100 million, 13 titles generated 111 hours of content, all slightly below the previous year. Two children's programs made for online platforms, *Trip for Biscuits* and *Drop Dead Weird*, have been accounted for in the online drama section.

ONLINE

This year's report has also captured online titles that were at least 30 minutes in total duration. All up, 22 online dramas were made, contributing \$14 million to overall expenditure and generating 40 hours of entertainment.

These titles premiered on platforms such as Stan, ABC iview and YouTube, and included *The Other Guy*, *Let's Talk About* (S2), *Other People's Problems* and *The Superwog Show*.

SOURCES OF FINANCE

The Australian film and TV industry (producers, production companies, distributors and broadcasters) provided 57% of the finance for this year's TV and online slate, \$252.9 million to 77 titles which is well above the five-year average. Subscription television saw a record financial contribution of \$50 million.

Conversely, foreign investors contributed nearly half (47%) of the finance for this year's Australian feature slate, providing \$162.9 million to 23 titles.

Local screen content remains reliant on government support including direct funding from the Federal Government Agency (Screen Australia) and state agencies, in addition to the Producer Offset tax rebate administered by Screen Australia.

Screen Australia contributed \$13 million for 16 features that commenced production in 16/17. The Producer Offset provided \$99.7 million to Australian feature projects, accounting for 29% of total finance.

Over half (56%) of the TV and online drama titles were supported by Screen Australia, totalling \$24.3 million across 45 titles. The Producer Offset added \$52.9 million to local TV and online programs, making up 12% of total finance.



POST, DIGITAL AND VISUAL EFFECTS (PDV)

To provide a sense of the ongoing business activity of PDV companies in a given financial year, the second section of the Drama Report uses a different data timeline. In this section, a project's total PDV spend has been spread across each year in which it occurred, rather than attributing the whole amount to the year in which work commenced.

PDV expenditure on Australian and foreign drama titles totalled \$252 million in 2016/17, up 17% on last year's record high and 24% above the five-year average of \$202 million. Of the total expenditure, \$123 million came from 34 foreign PDV-only projects. This is an all-time high, up 18% on last year's record and 49% above the five-year average, a result of work completing on *The LEGO® Batman Movie* and continuing on *The LEGO® Ninjago Movie*.