

SCREEN PRODUCTION INDUSTRY POLICY LEDGER

2014-19 Policy Decisions and their impact on the Australian Screen Production Industry.

MAY 2014	BENEFICIARY	EFFECT ON THE AUSTRALIAN SCREEN PRODUCTION INDUSTRY	
<ul style="list-style-type: none"> ✗ First cut to Screen Australia Loss – \$38m over four years ✗ First cut to ABC Loss of \$35.5m over four years ✗ First cut to SBS Loss of \$8m over four years 	No one	Reduces eligible funding pool for independent local productions	Loss of \$81.5m over four years
NOVEMBER 2014			Loss of \$307.7m over five years
<ul style="list-style-type: none"> ✗ Second cut to ABC Loss of \$254m over five years ✗ Second cut to SBS Loss of \$53.7m over five years 			
FEBRUARY 2015	Subscription television services	Reduces ability for industry to examine compliance with the new eligible drama expenditure scheme (10% on local content)	Loss yet able to quantify
<ul style="list-style-type: none"> ✗ Removal of independent audit requirement for New Eligible Drama Expenditure Scheme Loss – yet unable to quantify 			
MAY 2015	No one	Reduces eligible funding pool for independent local productions	Loss of \$3.6m over four years
<ul style="list-style-type: none"> ✗ Second Cut to Screen Australia Loss – \$3.6m over four years 			
OCTOBER 2015	US studios, local service businesses and crew	Gain for US studios and local service businesses as well as crew skill development.	Gain of \$47.25m ¹ for the screen service industry
<ul style="list-style-type: none"> • Subsidising <i>Thor</i> and <i>Alien</i> for \$47.25m 			
NOVEMBER 2016	Commercial Television Broadcast Licence Holders, professional sport	Reductions in licence fees that could have been channelled into supporting commercial television screen production will likely go to operational costs and inflated sports rights.	Gain of \$168m ² over four years
<ul style="list-style-type: none"> • Broadcast Licence Fee Reduction \$168m over four years 			
DECEMBER 2015	No one	Reduces eligible funding pool for independent local productions	Loss of \$10.3m over four years
<ul style="list-style-type: none"> ✗ Third cut to Screen Australia Loss – \$10.3m over four years 			
DECEMBER 2016	US studios, local service businesses and crew	Gain for US studios and some local service businesses as well as crew skill development.	Gain of \$22m ¹ for the screen service industry
<ul style="list-style-type: none"> • Subsidising <i>Aquaman</i> for \$22m 			
MAY 2017	Commercial Television Broadcast Licence Holders, professional sport	Reductions in licence fees that could have been channelled into supporting commercial television screen production will likely go to operational costs and inflated sports rights	Gain of \$127m ²
<ul style="list-style-type: none"> • Broadcast Licence Fee refund \$127m 			
MAY 2018	No one	Reduces eligible funding pool for independent local productions	Loss of \$84m over three years
<ul style="list-style-type: none"> ✗ Third cut to ABC - funding frozen for 3 years from July 2019 			
MAY 2018	US studios, local service businesses and crew	Gain for US studios and local service businesses as well as crew skill development	\$140.0 million over 4 years from 2019-20 to attract international investment
<ul style="list-style-type: none"> • Location Incentive Program 			
DECEMBER 2018	Content creators	Improved effectiveness of site blocking legislation introduced in 2015	Amendment site blocking provisions in Copyright Act
<ul style="list-style-type: none"> ✓ Copyright Amendment (Online Infringement) Act 2018 comes into force 			
APRIL 2019	Streaming services	Gain for streaming services and local service businesses as well as crew skill development	30% PDV Offset and 16.5 %Location Offset for streaming services
<ul style="list-style-type: none"> • Extension 30 %PDV Offset 16.5 %Location Offset to streaming services 			

¹This figure represents total payment to the two studios, which is funding that could have been allotted to invest in Australian-produced content.
² Includes radio broadcasters

STATUS QUO COSTS THE SCREEN INDUSTRY

Screen Producers Australia has made submissions to the government on issues relating to New Zealand content, the Danish Co-Production Agreement, Foreign Actors, lifting production offsets, and investment by subscription video on demand in local content. No action on these issues costs the industry.

NO ACTION	BENEFICIARY	EFFECT ON THE AUSTRALIAN SCREEN PRODUCTION INDUSTRY	
<ul style="list-style-type: none"> ✗ No action on New Zealand content At the very minimum, a loss of \$2.5m in 2015³ 	New Zealand Producers, Commercial Television Broadcasters	Reduces the incentive for commercial television broadcasters to invest in the production of Australian content	Loss of \$2.5m at very minimum ³
<ul style="list-style-type: none"> ✗ No action on Producer Offset competitiveness Loss to economy of \$103m⁶ 	Foreign producers in other countries	Producers decide against making films and television locally, moving to more friendly employment environments (e.g. New Zealand).	Loss to economy of \$103m
<ul style="list-style-type: none"> ✗ No action on Danish, Brazilian, China TV and Indian Co-Production Agreements Loss – yet unable to quantify 	No one	No access to international co-partners and international tax subsidies, reducing scope for greater access to international markets	Loss yet unable to quantify
<ul style="list-style-type: none"> ✗ No action on removing red tape for allowing involvement of Foreign Actors Loss – yet unable to quantify 	No one	Producers decide against making films and television locally, moving to more friendly employment environments (e.g. New Zealand).	
<ul style="list-style-type: none"> ✗ No action on modernising the PDV Offset and making the Location Offset competitive Loss – yet unable to quantify 	Foreign producers in other countries	Producers decide against making films and television locally, moving to more friendly taxation environments (e.g. New Zealand).	
<ul style="list-style-type: none"> ✗ No action on extending content obligations to SVOD services Loss – yet unable to quantify 	Netflix, etc	No requirements to contribute to local content	
<ul style="list-style-type: none"> ✗ No action on Terms of Trade Loss – yet unable to quantify 	Television broadcasters or other purchasers of Australian content	Buyers of Australian content often have disproportionate market power when dealing with the businesses who create it, the result of which can limit audiences access to the content and reduce the potential for economic returns.	

KEY

✓ Gain for the Australian Screen Production Industry

✗ Loss to the Australian Screen Production Industry

• Gain for specific businesses not broader local production industry

³ Drama – at the very minimum, a loss of at least \$1.9m in 2015 (calculated by applying the per-hour minimum licence fee for Australian drama to the hours claimed by commercial television broadcasters for New Zealand drama to meet the Australian drama quota). Documentary – at the very minimum, a loss of at least \$630,000 in 2015 (calculated by applying Screen Australia's minimum licence fee for Australian documentaries for Commissioned Programs to the hours claimed by commercial television broadcasters for New Zealand drama to meet the Australian drama quota). This figure of \$2.5m is the very minimum and does not take into account substantial equity investments in Australian drama and documentary programs. These equity investments are commercial-in-confidence.

⁴ For example, Netflix does not disclose its investments and audience ratings.

⁵ New Zealand content qualifies as Australian content for the purposes of the Australian Content Standard.

⁶ PWC modelling <https://www.screenproducers.org.au/news/new-tv-tax-offset-boost>