

SUBMISSION TO THE MEDIA REFORM GREEN PAPER

A new regulatory paradigm

Australia's screen production industry delivers substantial economic and cultural contributions, leveraging a complex mix of regulation and support measures to do so. This value has been recognised and supported in a bipartisan way by successive federal, state and territory governments.

In addition to delivering a diverse range of high-quality and highly valued cultural content to Australians, and providing a diverse range of employment opportunities, the industry also takes our stories to the world and has a rich export potential. Screen exports play a vital role in Australia's 'soft diplomacy' efforts internationally.

It is therefore evident that expansion of Australia's network of regulatory supports to include the rapidly expanding streaming sector is an opportunity to maximise the economic, employment, cultural and soft power benefits that increased export activity can provide.

Reform has been on the agenda for almost 10 years, but with the impact of coronavirus, and with changes in consumer behaviour, entertainment choices and industry economics all arriving at increasing speed, this is a singular opportunity to update regulatory settings and set a stable foundation for growth in industry exports. We must get this reform process right, so that in years to come, Australians are able to access new generations of Australian stories, on the platforms that are relevant to them and that the nation can receive a greater value of this investment in local stories, both in economic return and heightened soft power.

A fundamental condition precedent of successful Australian screen exports is a healthy, vibrant, diverse and sustainable domestic production industry. If production activity is not maintained at a level that supports sustainable employment and quality of output, then the cultural and economic objectives of Australian screen content are jeopardised. The Screen Export Council (SEC) notes the likely downturn in industry activity arising from the partial deregulation of the commercial free-to-air and subscription television platforms.

The Screen Export Council therefore supports the reform measures in the Screen Producers Australia (SPA) submission, which seek to capitalise on this crucial opportunity with a set of proposals which will underpin growth and sustainability in the sector, and hence export potential, for many years to come.

The fundamentals for a growth-focused regulatory scheme are:

- A requirement that streaming platforms which meet certain size and scale thresholds are required to spend a proportion of locally earned revenues on commissioning new Australian content.
- Minimum obligations to engage with the Australian independent production sector.
- Minimum obligations which protect vulnerable genres (drama, children's, documentary).
- A pathway to negotiated terms of trade to enable local production businesses to retain sufficient intellectual property to facilitate monetisation and export opportunities.
- Public and transparent reporting requirements, to give regulators the tools to monitor the framework, and to give production businesses the information required to properly value their outputs.

- ABC and SBS obligations, with funding quarantined for vulnerable genres

Getting these settings right will lead to cascading benefits in terms of jobs, economic output, export opportunities and, most importantly, a rich return to Australians in terms of the quality and quantity of culturally relevant content.

The SEC also submits that there is an urgent need for the Government to act promptly and implement the new framework for commencement on 1 January 2022. Partial deregulation of linear broadcasting platforms has created a gulf in commissioning demand and it is vital for the ongoing sustainability of the local production sector that the regulatory transition is completed as soon as possible.

The SEC also wishes to emphasise the importance to Australia's screen export potential for the current reform process to include a pathway negotiated terms of trade. The imbalance in bargaining power between large global streaming platforms and independent Australian screen businesses is resulting in deal terms, provided on a 'take it or leave it' basis, which sees all rights assigned to the streaming platforms, but without a proportionate producer fee that properly compensates for the loss of export potential. There is a clear need for all parties to be brought together in a process that results in fair, agreed minimum terms of trade. Whilst open negotiations are preferred, there is merit in there being a back stop of possible Government intervention if negotiations do not complete in good faith.

Measures to unlock Australia's Screen Export potential

The SEC also notes its submission to the *Supporting Australian Stories on our Screens* Options Paper, which included a range of recommendations related specifically to maximising the potential of Australia's screen exports.

Whilst the regulatory settings for lucrative new streaming platforms are central to maximising that potential, we note the SEC submission also put forward a range of other recommendations for which there has been no formal Government response.

They included:

- A co-ordinated approach to screen exports from Government
- Competitive tax incentives
- Growth in the number of official co-production treaties, with a particular focus on Asia and Europe
- Modernisation and harmonisation of existing co-production treaties
- Streamlining of visa processes for key elements of production
- A single umbrella branding and strategy for the sector internationally, including expanding marketing and relationship maturing opportunities.
- Make permanent the increases to the Export Market Development Grant scheme announced in April 2020

The SEC reiterates its support for these measures and looks forward to further engagement with the Government to advance their implementation.

About SEC

The Screen Export Council was formed in April 2019 to help advance the export potential of Australia's local screen industry in taking Australian stories to the world. The SEC's role is to advance the export potential of the screen industry as a key part of Australia's creative industries.

The SEC provides strategic oversight and focus on building export skills and capabilities of Australian screen businesses as well as boosting screen trade and co-productions in underserved Asian and European markets.

The SEC is comprised of prominent business leaders and industry experts and is supported by a secretariat provided by Screen Producers Australia (see Attachment A for biographies).