

Screen Producers Australia's submission on the Soft Power Review

Screen Producers Australia welcomes the opportunity to provide a submission to the Department of Foreign Affairs and Trading (**DFAT**) on the Soft Power Review.

For further information about this submission please contact Pravin Menon, Director of Government Relations & Operations (pravin.menon@screenproducers.org.au).

About SPA

Screen Producers Australia (**SPA**) was formed by the screen industry over 60 years ago to represent large and small enterprises across a diverse production slate of feature film, television and interactive content. As the peak industry and trade body, we consult with a membership of more than 500 production businesses in the preparation of our submissions. This consultation is augmented by ongoing discussions with our elected Council and appointed Policy Working Group representatives. Our members employ hundreds of producers, thousands of related practitioners and drive more than \$1.7 Billion worth of annual production activity from the independent sector as well as nearly \$1 Billion in export earnings and tourism expenditure within the overall screen industry.

On behalf of these businesses we are focused on delivering a healthy commercial environment through ongoing engagement with elements of the labour force, including directors, writers, actors and crew, as well as with broadcasters, distributors and government in all its various forms. This coordinated dialogue ensures that our industry is successful, employment levels are strong and the community's expectations of access to high quality Australian content have been met.

Executive Summary

SPA welcomes the whole-of-government effort to ensure Australia leverages its soft power in a more systematic and sophisticated way so as to promote Australia's security and prosperity and enhance its image, reputation and standing abroad.

The screen industry is arguably Australia's key soft power asset and is a flagship industry of Australia's culture and national identity. Screen content and new media is now ubiquitously consumed world-wide on traditional broadcasting media, social media, digital platforms and streaming services, making it increasingly relevant to national security, political stability and cultural diplomacy objectives.

Australian screen content is able to quickly and effectively convey understandings of Australian lifestyle, cultural, artistry and values as well as our significant natural resources and world-class produce. This fosters mutual understandings and helps build trust and familiarity. By way of example, Australia's cultural standing has consistently tracked higher than all Australia's overall standing on the [Soft Power 30 Index](#).

For more detailed views, please see [SPA's recent submission on Australia's proposal for a free trade agreement with the European Union](#).

Recommendations

Recommendation 1: Australia should encourage screen exports as well as the development of further co-production treaties and agreements to enhance cultural diplomacy and 'soft power' objectives in the Asia-Pacific region and beyond.

Recommendation 2: Australia should exercise its sovereign right as a signatory to the UNESCO Convention to protect its cultural assets and heritage such as the local Australian film and television industry. While foreign investment is encouraged, this should not be at the expense of local cultural expression and diversity and may otherwise weaken Australia's political capital in the region.

Recommendation 3: The ubiquity of digital platforms and streaming services expands the influence of US companies and US 'soft power' and should be regulated to provide local content in Australia as a countervailing force in the region. Australia should show 'soft power' leadership like countries in Europe have shown to adopt a strong stance on the protection of their cultural expression by regulating SVODs.

Recommendation 4: Australia should actively support initiatives for a singular screen strategy that combines national trade, export and diplomatic interests. This includes through establishing a 'Screen Export Advisory Council' and expanding the current Export Market Development Grant Scheme and Australian Cultural Diplomacy Grants Program to establish a specific 'National Screen Export Fund'. This could also be used to expand the reach of Indigenous businesses and stories as well promote diplomatic objectives.

Economic Activity

1. The cultural and audience value of the screen production industry alone has been estimated at over \$18 Billion, with an annual contribution to GDP estimated at \$3 Billion as well as over 25,000 in full time equivalent jobs. The independent screen production industry generated more than \$1.2 billion in production revenue in 2017 and supported more than 20,000 jobs.

Foreign Investment

2. In 2017-8, foreign investors were the single largest contributor of finance to Australia's annual slate of feature film (40%) and a significant contributor to Australian TV and online drama (23%), consistent with five-year averages.

Tourism

3. Australia's screen content is estimated to attract around 230,000 international tourists to Australia each year, driving an estimated \$725 million in tourism expenditure. International arts tourists spent \$17 Billion in Australia, making up 60% of the \$28.4 Billion spent in Australia by all international tourists.

Exports and Co-Productions

4. Figures from DFAT record \$239 Million in exports of audio-visual and related services accounted in 2017 compared with \$1.69 Billion in imports, representing a trade deficit of almost \$1.5 Billion.
5. The recent *House Standing Committee on Communications and the Arts* considered that co-productions should be fostered and enhanced and that "additional co-production treaties would be beneficial to the industry and would not be detrimental to the future production of Australian stories."
6. Co-productions are a great soft power asset as they allow Australia to build effective and strategic partnerships with other governments and the private sector. These bilateral and multilateral agreements encourage cultural cooperation and allow co-production partners to benefit from respective countries' regulatory and taxation environments.
7. Australia has official international co-production treaties and Memorandums of Understanding with 12 countries. By comparison, France has co-production treaties with over 30 countries and Canada has co-production treaties with over 60. 186 official co-production titles made under Australia's *International Co-Production Program* with total budgets of \$1.9 Billion.

Screen as a cultural asset

8. It has become increasingly more difficult for screen industries in many countries (particularly English-speaking nations) to compete in the global distribution environment given the market dominance of America's screen

industry and streaming services. There has been an increasing need for Australia to protect the diversity of its cultural expression in response to a globalised market place.

9. Cultural output of a nation cannot be substituted with the cultural output of another nation. Screen Australia's research showing 91% of Australians believed it was important that Australia had a film and TV industry producing local content.
10. Australia is also a signatory to the UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expression, which reaffirms the sovereign rights of all states to maintain, adopt and implement policies and measures they deem appropriate for the protection and promotion of the diversity and expression of culture in their own territories.

Digital platforms and streaming services

11. The rise of subscription video on-demand services (**SVODs**) like Netflix and Stan in recent years has significantly changed market dynamics within the Australian audio-visual sector. Netflix Australia is estimated to have 2.02 million subscribers, followed by Stan with close to 1 Million subscribers. As new market entrants and media delivery platforms become more established and dominant in the audio-visual sector, it becomes essential that the Government reserve its freedom to regulate them.
12. SVODs are currently not subject to Australian content obligations and until relatively recently, were not subject to taxation requirements either. By way of comparison, in France, taxes are levied on subscription revenue for streaming services such as Netflix and on advertising revenue for video-sharing websites such as YouTube, which are then funnelled into France's National Film Board. Such levies are then used to finance original local content in France, including movie and TV.

Indigenous screen stories

13. Indigenous screen content is one of Australia's most unique cultural asset and plays a pivotal role in engaging wider global audiences of stories and traditions of Australia's diverse Aboriginal and Torres Strait Islander communities and improving Australia standing in the international community. Australian films like *Sweet Country* have won several awards across Asia, Europe, North America as well as in Australia.

Trade missions and cultural diplomacy

14. Trade delegations and Australian-led international events play an essential role in building strategic alliances and networks with international broadcasters and distributors, which significantly improves the marketability and export sales potential of Australian screen content. They also serve to promote bilateral cultural exchange, showcase Australia's industry capabilities

and encourage tourism. Overall, this improves investment conditions for Australian businesses seeking to establish offshore commercial presence.

15. SPA considers that leadership is required at the federal level to adopt a singular strategy in Australia's national interest. This includes through establishing a 'Screen Export Advisory Council' and expanding the current [Export Market Development Grant Scheme](#) and [Australian Cultural Diplomacy Grants Program](#) to establish an specific 'National Screen Export Fund'. This could be used to assist independent producers market their content overseas and promote diplomatic objectives. This could be designed along similar lines to the UK's [International Strategy for Creative Industries](#).