

19 July 2017

Matthew Deaner, Opening Statement

House of Representatives Standing Committee on Communications and the Arts

Inquiry into the Australian Film and Television Industry

Public Hearing – 19 July 2017, Sydney

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Thank you for the opportunity to meet with you and discuss factors contributing to the growth and sustainability of the Australian film and television industry.

Screen Producers Australia was formed over 60 years ago to represent the interests of independent producers. SPA has now over 500 members, who are small to medium sized businesses that generate over \$3 billion in economic activity and employ 17,000 people.

SPA does three main things.

- 1) SPA is a registered employer organisation and negotiations agreements covering pay and conditions with MEEA, the AWG and the ADG.
- 2) Each November, SPA hosts SCREEN FOREVER, the screen industry's conference, to which you are all invited.
- 3) SPA advocates on behalf of its members for greater opportunities to grow their businesses and create great Australian stories and take them to the world.

It is in this context we are here today.

In preparing our submission, we consulted extensively with our various policy reference groups, surveyed our members and provided the submission to our membership for comment.

We make four key recommendations:

- 1) A trade focussed agenda for the Australian government, including more and better co-production agreements
- 2) Harmonising the producer offset at 40 per cent and modernising their application
- 3) Evolving and expanding the regulatory environment to include new market entrants (Netflix, telcos etc.)
- 4) Provide certainty in government funding for screen agencies, public broadcasters, immigration process and property rights

Since SPA provided its submission to the Committee in late March, the following things have happened:

- The Government announced a Content Review
- In response to submissions made by the broadcasters to abolish the children's content quota, a campaign - #savekidstv – has been launched and thousands of emails have been sent to MPs
- The Australian Bureau of Statistics released its quadrennial survey on the industry, importantly, it revealed:
 - Hours for Australian drama and documentary have dropped 20 per cent, with New Zealand content increasingly being substituted in its place
 - Production business income is up 5% over four years – below inflation
 - Production income (licence fees etc.) is down 6% over the four years
- The ABC revealed it has reduced its commitment to Australian content (down 20 per cent for drama and children's) since a peak in 2013/14, in part, due to a series of budget cuts from the Government
- SPA has released the Screen Industry Policy Ledger, which highlights the past three years of policy decisions and their effects on the industry

Over the course of this Government, the screen Industry has undertaken great shifts – audiences and advertising revenue is fragmenting, with new market entrants taking eyeballs and Google and Facebook taking advertising revenue. The industry is under pressure and it is being felt down the value chain.

The government is heavily invested in this market and obviously wants to see the best returns for the Australian public for this investment.

How the value chain, and the Government, responds to this pressure will be telling – it's make or break for the small businesses in the independent production sector.

Why do we need small businesses in the independent production sector? Because it is the most efficient way to allocate resources in the market and supply the diversity of programming Australian audiences deserve. Small business will extract maximum value from their productions.

What will happen if the status quo remains? There could be a continuing shift to vertically integrated platforms that produce content in-house.

Why is this a problem? There will be an oligopoly of content providers with an attendant lack of diversity – including regional – that would go along with that.

What do we want from this inquiry? A strong commitment to the small businesses in the independent production sector to continue to supply the market with a diverse slate of quality Australian programming.

The most efficient way to allocate resources in this market is to have a robust and competitive independent production sector. This is not only efficient, but this achieves the Australian Government's historical and bipartisan policy objectives to ensure Australian stories on Australian screens.

Thank you