# SCREEN PRODUCTION INDUSTRY POLICY LEDGER


<table>
<thead>
<tr>
<th>BENEFICIARY</th>
<th>EFFECT ON THE AUSTRALIAN SCREEN PRODUCTION INDUSTRY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subscription television services</td>
<td>Reduces ability for industry to examine compliance with the new eligible drama expenditure scheme (10% on local content)</td>
</tr>
<tr>
<td>Media Platforms and Content Creators</td>
<td>Reduces piracy, providing greater control of licenced film and television online</td>
</tr>
<tr>
<td>US studios, local service businesses and crew</td>
<td>Gain for US studios and local service businesses as well as crew skill development.</td>
</tr>
<tr>
<td>Commercial Television Broadcast Licence Holders, professional sport</td>
<td>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.</td>
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<tr>
<td>US studios, local service businesses and crew</td>
<td>Gain for US studios and some local service businesses as well as crew skill development.</td>
</tr>
<tr>
<td>SBS</td>
<td>Additional funds for SBS, however with no specific obligations to the Australian screen production industry.</td>
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</tbody>
</table>

**MAY 2014**
- First cut to Screen Australia
  - Loss – $38m over four years
- First cut to ABC
  - Loss of $35.3m over four years
- First cut to SBS
  - Loss of $8m over four years

**NOVEMBER 2014**
- Second cut to ABC
  - Loss of $254m over five years
- Second cut to SBS
  - Loss of $25.2m over five years

**FEBRUARY 2015**
- Removal of independent audit requirement for New Eligible Drama Expenditure Scheme
  - Loss – yet unable to quantify

**MAY 2015**
- Second Cut to Screen Australia
  - Loss – $3.6m over four years

**JUNE 2015**
- Site Blocking
  - Gain – yet unable to quantify

**OCTOBER 2015**
- Subsidising *Thor* and *Alien* for $47.25m

**NOVEMBER 2016**
- Broadcast Licence Fee Reduction
  - $168m over four years

**DECEMBER 2015**
- Third cut to Screen Australia
  - Loss – $10.3m over four years

**DECEMBER 2016**
- Subsidising *Aquaman* for $22m

**MAY 2017**
- One-off Payment to SBS of $8.8m

**MAY 2017**
- Broadcast Licence Fee refund
  - $127m

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1 This 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

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### 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.

<table>
<thead>
<tr>
<th>NO ACTION</th>
<th>BENEFICIARY</th>
<th>EFFECT ON THE AUSTRALIAN SCREEN PRODUCTION INDUSTRY</th>
</tr>
</thead>
<tbody>
<tr>
<td>✗ No action on New Zealand content At the very minimum, a loss of $2.5m in 2015</td>
<td>New Zealand Producers, Commercial Television Broadcasters</td>
<td>Reduces the incentive for commercial television broadcasters to invest in the production of Australian content</td>
</tr>
<tr>
<td>✗ No action on Producer Offset competitiveness Loss to economy of $103m</td>
<td>Foreign producers in other countries</td>
<td>Producers decide against making films and television locally, moving to more friendly employment environments (e.g. New Zealand).</td>
</tr>
<tr>
<td>✗ No action on Danish, Brazilian, China TV and Indian Co-Production Agreements Loss – yet unable to quantify</td>
<td>No one</td>
<td>No access to international co-partners and international tax subsidies, reducing scope for greater access to international markets</td>
</tr>
<tr>
<td>✗ No action on removing red tape for allowing involvement of Foreign Actors Loss – yet unable to quantify</td>
<td>No one</td>
<td>Producers decide against making films and television locally, moving to more friendly employment environments (e.g. New Zealand).</td>
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<tr>
<td>✗ No action on modernising the PDV Offset and making the Location Offset competitive Loss – yet unable to quantify</td>
<td>Foreign producers in other countries</td>
<td>Producers decide against making films and television locally, moving to more friendly taxation environments (e.g. New Zealand).</td>
</tr>
<tr>
<td>✗ No action on extending content obligations to SVOD services Loss – yet unable to quantify</td>
<td>Netflix, etc</td>
<td>No requirements to contribute to local content</td>
</tr>
<tr>
<td>✗ No action on Terms of Trade Loss – yet unable to quantify</td>
<td>Television broadcasters or other purchasers of Australian content</td>
<td>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.</td>
</tr>
</tbody>
</table>

#### KEY
- ✓ Gain for the Australian Screen Production Industry
- ✗ Loss to the Australian Screen Production Industry
- • Gain for specific businesses not broader local production industry

1. Drama – at the very minimum, a loss of at least $1.5m 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 $300k 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.

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

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