

Australian Directors' Guild (ADG) Submission on Australia's Creative and Cultural Industries and Institutions - 22 October 2020



Who we are:

The Australian Directors' Guild (ADG) a Registered Organisation under the Fair Work Act 2009 and union. We are the Peak Body representing Australian Screen Directors who are engaged in work in the film, television, online, arts and entertainment, music clips, animation, commercial advertising and related industries. Formed in 1982, the ADG currently has 1200 members nationally.

Screen Directors play a central role making Australian screen stories, creatively leading these stories, the cast and the crew. Collaborating with producers, writers, actors and expert crew, the screen director's job entails development, production and post-production.

The direct and indirect economic benefits and employment opportunities for the Screen Industry:

The Australian screen industry generated a total direct economic output of \$8 Billion, generating \$3.3 Billion in GVA, and 24,771 Jobs in 2017-18. This is a 13% increase since 2012-13. This was due to an increase in Production, Broadcast and Home Entertainment including the introduction of streaming 'SVOD' platforms.¹

The Australian screen industry generated a total indirect economic output of \$7.2 Billion, generating \$3 Billion in GVA, and 30,047 Jobs in 2017-18²

To put this in perspective, the Australian wine industry only generates \$15 million in direct economic output and \$30 million of indirect economic output.³

In addition, Australia's copyright industries, including the local screen industry, employed over 1 million people (8.3% of the Australian workforce), generating an economic value of \$124 Billion, greater than any other industries, and generating \$4.8 billion in exports. ⁴ Currently, copyright in Australia only covers traditional media platforms.

In November 2019, the expected growth across the screen sector was predicted to be a further 10% by July 2022⁵ as there was an assurance of Australian content that would be seen on commercial broadcasters and subscription television through local content regulation.

However, when the Pandemic hit, Screen Directors stopped work, stopped income, and stopped making culturally relevant content aimed for local and international audiences.

And, the recent announcements from the government on content regulation and incentives will reduce the economic and cultural output and lack of jobs by July 2022, in particular, for Australian key creatives (writers, directors and producers) who make the content that drive the Australian market over the coming years if there is no decision made on regulating the streaming platforms immediately.

¹ Study on the Economic Contribution of the Motion Picture and Television Industry in Australia, 13 November 2019

² Study on the Economic Contribution of the Motion Picture and Television Industry in Australia, 13 November 2019

³ Economic Contribution of the Australian Wine Sector 2019, 19 August 2019

⁴ PwC Report into the Economic Contribution of Australia's Copyright Industries

⁵ Study on the Economic Contribution of the Motion Picture and Television Industry in Australia, 13 November 2019

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Why regulation is essential:

There is a long-standing history of regulation in the Australian screen industry. The benefits to supporting Australian content, specifically in the market failure areas, are its significant contribution to the Australian economy, to tourism and to share our stories with the world but the world has changed, audiences are consuming content differently, competition for viewing content is high, and production budgets are increasing in order to meet high standards in quality shows, especially coming out of the COVID-19 crisis.

We have the talent and skills to make strong, distinctive Australian content - for cultural diversity, to make us competitive globally and to create jobs. But there is no point in making it if we can't see it. And we have a danger of becoming a nation of formats if advertising revenue drives content and we have limited regulation.

In addition, the ADG has increased its union membership by 40% in the last 12 months with many of these members from underrepresented backgrounds, because our industry has made great traction in identifying gaps for female directors and directors from diverse backgrounds, breaking down barriers to entry, creating pathways that will ensure ALL our stories will be told for ALL viewers. This is what sets us apart from the rest of the world. With the new regulation as set out, these opportunities will shut down again and the momentum we've all worked so hard to build will be lost if we don't balance the cultural and economic impacts.

The Impact of COVID-19 Pandemic on Screen Directors:

When the pandemic hit, screen productions and businesses shut down. This has been devastating to our member directors at all levels. The Australian Directors' Guild was heavily involved in getting these businesses back up and running safely and lobbying government for JobKeeper that would apply to all Screen Directors who were out of work.

Unfortunately, in a survey to our ADG members after the final announcements, over 45% were ineligible for the government's JobKeeper and JobSeeker payments. It was imperative the industry had to get back to work quickly.

However, at the same time, the government released the options paper on new regulation for the screen sector, in addition, and without consultation, the government suspended the sub-quotas on the commercial broadcasters and subscription television provider in order to recognise productions shutting down.

After a few months, according to the Screen Producers Australia production survey, over 60% of local screen productions were able to resume production, therefore, in hindsight, the need to suspend sub-quotas should not have been implemented.

All the while, the streamers increased subscriptions, viewers and revenue, some providers still only showed less than 2% of Australian content at a time when home viewing increased dramatically.

Because of all of these unprecedented factors, new regulation *is* needed imminently to secure local productions and get our innovative and much-lauded industry back to work.

New government regulation and incentive announcements and the Impact on Screen Directors:

Incentives & Policy Announcements:	What it means to Directors:
Temporary Interruption Fund	Directors who were employed on projects that had finance in place, ready to shoot, but were halted by insurers are now able to commence.
Budget Support Fund	Directors who were employed on projects that were greenlit for production but halted due to COVID-19, could receive extra monetary support to make the sets COVID-safe and continue shooting.
Location Incentive	The additional \$400 million over the next three years for international productions is not favourable to Australian directors, with a majority of these productions bringing their own

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	international directors into Australia. With the exception of <i>Clickbait</i> and <i>Young Rock</i> television series that use local directors, we need to ensure there are still pathways for all directors. Currently there is no mandatory measure to ensure there are attachments for directors on international productions where there are no local directors attached.
Production Support	The additional \$30 million over the next two years to Screen Australia will only work in favour of local content and directors if it fills the gap that the lack of distribution for new content being made: including lack of streamer regulation, reduction in broadcaster regulation and new Producer Offset regulation has made. The additional funding will go a long way to support local productions, especially directors, but if the service providers are not regulated properly, there are no platforms for this content to be seen.
Development Support	The additional \$3 million over the next three years to Screen Australia will ensure key creatives (writers, directors, producers) will be able to develop Australian content. The additional funding will go a long way to support local productions, especially directors, but if the service providers are not regulated properly, there are no platforms for this content to be seen.
Children's Program Support	The additional \$20 million over two years to the Australian Children's Television Foundation will benefit Australian directors but if the service providers are not regulated properly, there are no platforms for this content to be seen.
55% Content Quota for Commercial Broadcasters	The 55% content quota to remain over the next two years is essential but does not ensure new drama, children's programs and documentary content on their channels. This quota can be made up of news, sports, lifestyle, cheap format shows and old films and television shows and is therefore not favourable to directors.
Broadcasters required to reach 250 Points for Australian Genre Content	This is not favourable for directors. 250 points per year can now be made up of a serial such as <i>Neighbours</i> or <i>Home and Away</i> , two documentaries and one high-end mini-series. This means there will be a 30% reduction in content from previous years and less jobs overall for directors.
Subscription television drama production expenditure reduced to 5%	This is not favourable for directors. Less new productions on Foxtel mean less content and reduced jobs for Australian directors.
Producer Offset at 30% for television and feature films with an increased cap from \$500,000 to \$1 million.	This is not favourable to local directors because lower budget productions will not be able to get the offset. In particular, mid-budget documentary features will cease to be made. It is impossible to raise a million dollars for documentary, however, it is reasonable to raise funding for a \$600K to \$1 million budget with the Producer Offset. This has a massive effect on financing for new local content that won't meet the threshold requirements. The ADG insisted on the additional 10% Cultural Uplift to include an Australian Director and be all Australian key creatives, heads of department, crew and cast (excluding Executive Producers), in order to ensure balance for local productions. Screen Australia's additional funds will be required to fill this gap for lower budget feature films and documentaries.
Removal of the 'Gallipoli Clause' from the Producer Offset	This is not favourable to local directors as it now makes it financially feasible to do production overseas. This will not be favourable to the economy either. More overseas productions means less local productions and local jobs, putting even more strain on pitching Australian stories into an already saturated and under-resourced television market in Australia.
Streamers required to report on the amount of Australian content on their platforms.	ADG, with the guilds collective, plus a majority of the screen industry, have insisted that all service providers (including streamers) be required to put a minimum percentage of Australian-derived revenue (5-7%) back into new Australian scripted content on their platform annually. A minimum requirement of total Australian content on all platforms and

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	catalogues should also be considered. An estimated revenue across all service providers would bring between \$200 million to \$400 million annually back into new Australian scripted content which would help balance with the current reduction in regulation and incentives and increase to international incentives. It was also put forward that the ACMA regulate the streamers in consultation with the industry in order to ensure streamers have a minimum requirement of new Australian drama, documentary and children's content as appropriate to their platform.
No additional support for public broadcasters	National broadcasters must receive additional funding specifically for Indigenous and children's content in order to compensate for the loss of this content on the FTAs.
No regulation on Internet Service Providers	A further contribution from Internet Service Providers and other digital platforms towards Australian content should also be considered in the scope of the regulatory framework.

These changes weaken the drama, documentary and children's content quotas for subscription and free-to-air television and have stopped short of transitioning and extending the rules to new media platforms like Netflix, Amazon Prime and Disney+. This will leave many in the industry stranded.

These major global platforms have boomed during the pandemic with SVOD subscriptions in Australia surging by 32% to 16.3 million by June this year. These streaming services are making billions of dollars from Australian audiences and minimise their tax contributions.

However, the vast majority of what they stream is American content. Without rules, there is no requirement for them to produce Australian stories for Australian and global audiences.

And this means fewer jobs for Australian directors.

With the Government's decision to reduce the regulatory burden on legacy media platforms, and to make it harder to access vital tax incentives for feature film and television, it is even more urgent that streaming video services are regulated to produce content in Australia. This is also vital for Australian audiences, who deserve to see their stories on the content platforms they are using.

With the introduction of COVID safety guidelines, the screen industry is getting back to work and is ready to contribute to rebuilding the national economy.

Avenues for increasing access and opportunities for Screen Directors moving forward:

In the same way the government has shown support to news business including independent, community and regional media through recent legislation reform process and planning, the screen sector expects support that will increase commitment to local content that will provide content to all Australians, incentives for local filming and local voices telling our stories. In order to balance the impact of the recent government regulatory and incentive announcements, the ADG recommends:

1. Immediate regulation on streamers to be implemented by January 2021. 5-7% of Australian derived revenue from Netflix, Amazon Prime, Disney+, Apple TV+ and any new streaming platforms that enter our market per year, to go back into new Australian drama (scripted content), documentaries and children's programs.
2. Change in Copyright Legislation to cover all service providers to ensure retention of IP/copyright for content creators so they can be rewarded for the exploitation of their creative work across any platform.
3. Screen Australia to revise their direct funding programs in order to fill the gaps from the Producer Offset changes that will prevent lower budget productions from being made and utilise the new funds to ensure there are viable pathways for content, crew and key creatives.
4. Mandatory Australian director attachments required on all International Productions benefiting from the location incentives and offsets.

For more information, please contact the ADG admin@adg.org.au 02 9555 0745.