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The Hon Paul Fletcher MP
Minister for Communications, Cyber Safety and the Arts
PO Box 6022
House of Representatives
Parliament House
Canberra ACT 2600

Dear Minister Fletcher,

I refer to the Screen Options Paper Roundtable held by your office on 26 May 2020 and your letter dated 7 June 2020 inviting us to submit our ideas and feedback in relation to the Options Paper prepared by Screen Australia and Australian Communications and Media Authority (ACMA). We thank you and welcome the opportunity to expand on our contribution to support industry following AFTRS involvement in developing the COVID-Safe Production Guidelines.

AFTRS' purpose is to find and empower Australian talent, to shape and share their stories with the world by delivering future-focused, industry-relevant education, research and training.

In our submission, we have outlined our response to each of the proposed indicative models as indicated in the Options Paper, highlighting our preferred model to best support industry in the form of training, promotion and distribution of Australian talent and Australian stories, now and well into the future.

We thank you for your continued support and are very much looking forward to you visiting AFTRS on Thursday 23rd July and discussing this submission in more detail then.

Of course, should you have any questions prior to that time, please do not hesitate to contact me at nell.greenwood@aftrs.edu.au or (02) 9805-6410.

Yours sincerely,



NELL GREENWOOD
Chief Executive Officer



Supporting Australian Stories on our Screens Options Paper

Submission from the Australian Film, Television and
Radio School

Issued by: Nell Greenwood, Chief Executive Officer

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Introduction

The Australian Film, Television and Radio School (AFTRS) welcomes the opportunity to provide feedback to the Screen Australia and the Australian Communications and Media Authority's (ACMA) *Supporting Australian Stories on our Screens* options paper.

AFTRS supports a commitment to Australian media regulation reform.

Furthermore, this paper supports further investigation of *Model 3 - Significant* regulatory change as a measure to encourage the future growth of the Australian screen sector 'ecosystem' and the continued success of Australian stories on screen here and internationally. However, for completeness, the organisation's views on the positive and negative aspects of the other model preferences are discussed within the paper.

The paper also contextualises AFTRS's response as the national screen and broadcast training organisation. In order to provide best-practice education and training, AFTRS consults widely with the Australian screen media sector, its leaders, innovators and storytellers. In an increasingly competitive and dynamic international sector, this paper makes the case for the importance of training, within any regulatory landscape, as a key means of ensuring we attract, develop and retain the skilled and creative talent we need to produce powerful Australian stories for our screens and for the benefit of all Australians.

Executive Summary

Given the increasingly competitive landscape that Australian screen content creators operate in, and the manifest dominance of international corporations, this paper acknowledges the importance of mechanisms such as quotas and funding support for Australian stories. It also notes the relatively dated approach to regulatory frameworks, which focus on the narrow application of broadcast quotas. Importantly, AFTRS recognises the technology-driven screen media landscape is changing rapidly and, consequently, many quotas and support mechanisms do not, or cannot, meaningfully engage with the production industry, and, further, are no longer fit for purpose to enable Australian stories to reach Australian audiences.

This paper argues that a significant factor in the question of how to ensure the ongoing resilience and sustainability of our industry, and therefore Australian stories on screen, is the value and importance of high-quality training. This is essential to not just maintaining but growing a strong and independent Australian screen content 'ecosystem' that will support Australian stories into the future.

This paper further argues that identifying and supporting existing centres of excellence in the Australian screen media production industry provides a pathway to ensuring both a sustainable and internationally competitive industry. A high-quality and competitive screen production industry, with Australian stories at its core, supported by best-practice, innovative facilities houses, ensures skills growth, higher wages and new business opportunities. In a world dominated by high tech and mass communications, a resilient, agile and innovative cohort of creative content makers and innovators will improve outcomes for the entire Australian economy. Discussed in more detail in this paper is the value, both cultural and economic, derived from maintaining and strengthening the key bedrock content sectors of children's, series drama, comedy and entertainment.

Australian Stories and Cultural Significance

Fundamental to AFTRS purpose and vision is ensuring Australians have quality Australian stories to enjoy on their screens. AFTRS was established by the Australian Film Television Act 1973 (AFTRS Act 1973) for the principal purpose of providing training, including higher education, to the screen arts and broadcast sector. It has been training, upskilling and graduating talented, high-quality screen content practitioners for over 40 years.

The impact of AFTRS training on Australian screen culture and storytelling is significant. Our alumni continue to shape and drive the industry with their talent, skill and knowledge, and, of course, with the numerous films, television series and online content they have created. Prominent among our contributors to Australian stories are AFTRS Aboriginal and Torres Strait Islander alumni, many of whom are creators of highly significant cultural output that has allowed us to understand and re-consider who we are as a nation.

Technical Excellence and Innovation – Screen Media Industry Context

The ‘Knowledge Economy’ Demands of 4th Industrial Revolution

The profound impact of dominant international screen media and communications companies on global culture and practice must be acknowledged. Many are currently the largest companies in the world by market capitalisation. Built on the back of the digital revolution that started in latter part of the Twentieth Century, and often known by the acronym FAANG (*Facebook, Amazon, Apple, Netflix and Google*) – the founders of these companies recognised the importance of empowered screen media communications devices able to carry content, communications and information. The American giants provide ongoing challenges for the Australian screen sector. The 4th Industrial Revolution, which has evolved from the digital revolution that preceded it, built upon the accelerated technologies often referred to as disruptive, does, however, provide new opportunities. These include, among others, content creation in the worlds of Virtual and Augmented Reality, Artificial Intelligence and Adaptive Algorithms, Robotics and the ubiquitous Internet of Things.

As a practice-based educational institution focussed on meeting the challenges of the ever-evolving screen media sector, AFTRS has strong, ongoing relationships with employers, new businesses, funding agencies, and leaders across the screen and broadcast industries to ensure that AFTRS’ courses are aligned with industry needs and the future skills required in a changing creative, cultural and production environment. Within this new world, the school’s focus remains on industry growth, the creation of diverse employment opportunities, and continued creative and technological innovation and excellence.

It is essential the Australian industry recognise that disruptive technologies are the norm rather than a wave that will pass. It is also important to know the current dominant, seemingly unchallengeable companies, are in fact vulnerable to competitive innovation, and history tells us they do fall in the face of innovative competition. In addition, increased competition from other major, capital-rich economies is inevitable. No media industry is immune to this. Witness the rise of the *Tik Tok, WeChat, Tencent* and *Line* as Asian based challenges to FAANG dominance. So, while the streaming platforms now dominating content creation and distribution pose, seemingly, the biggest threat to the Australian media landscape in decades, there is, in that threat, opportunity for productive change. As an example, it should be acknowledged that the free-to-air broadcasting platforms have their roots in government regulation

developed in the 1950s and continue to operate according to those frameworks. Streaming platforms easily compete with these outdated models by providing cheap, quality overseas product. As a consequence, smaller scale media production houses, operating at the coalface of Australian story content creation, producing, arguably, our best content, do not meaningfully benefit from quotas and face loss or diminution of local markets at a time when they are talent rich. A direct result of this is many writers and directors are forced to seek work overseas, often on the very same streamers that devastated their domestic industry in the first instance. Additionally, Australian audiences lost in this transition from FTA to streaming platforms are hard to regain.

It also has to be acknowledged that change in the broadcast arena has been slow, from the perspective of both the networks themselves and the regulatory bodies charged with framing the broadcast landscape. Now, in the face of the streaming invasion, networks and regulators have little choice but to radically change operation models or face a dispiriting and permanent decline. It is in the hands of government and regulatory bodies to support local broadcasters, as well as the production industry, through realistic and effective regulatory change.

AFTRS also argues that, while changes to the regulatory framework will mitigate against the challenges and harness the opportunities of this new Industry 4.0, these changes must be accompanied by renewed emphasis on creative innovation and technical excellence. AFTRS contends that a well-trained, highly skilled media workforce, prepared for the challenges and opportunities of the disruptive era, is critical to not just arresting decline but growing the industry. Ongoing government support for continued upskilling and mastery of both the 'hard' craft, or technical, skills and the soft skills of adaptability, communication and creativity will ensure we can compete in this increasingly globalised storytelling marketplace.

If the sector is able to keep pace with changes in technology and innovate and master new technologies effectively and creatively, it will be an asset to, and a driver of growth for the entire economy.

Quality Education and Economic Growth

Evidence indicates high-quality education is key to facilitating better prospects for employment and higher wages. It can be argued that more practical and vocational training within a tertiary system creates a quality national talent pool that has a better chance of attracting foreign investment. At the national level, high-quality education provides a more productive workforce and its associated economic and social benefits: numerically, a 1% increase in student achievement sees an increase in GDP by 0.16%¹.

The economic productivity enabled by high-quality training has flow-on effects to society in general². High-quality education involves close involvement with education providers and industry, especially industries undergoing major transformations / disruptions (such as the media industry) which intrinsically requires a better workforce³.

¹ <https://docs.education.gov.au/system/files/doc/other/ecoimpactschoolquality.pdf>

² <https://www.education.gov.au/annual-report-2015-16/outcome-2-build-skills-and-capability>

³ https://www.cedefop.europa.eu/files/com669_en.pdf

The Convergence of Information and Communication Technologies (ICT) and Media

The approaching Industry 4.0⁴ has seen the continual increase of the interlinking of communication networks and media content via the internet. A major outcome of this technological upheaval is the democratisation of media production. Products, services and daily activities have all become increasingly connected in an interactive digital environment⁵.

Convergence has destabilised traditionally 'siloes' sectors of the media industry. This economic challenge to the media industry must be met by a responsive industry and, therefore, training environment. Education providers need to provide the learning experiences and knowledge to students that meet emerging skills gaps presented by rapid industry changes and cultivate the soft skills of the 'lifelong learner', vital to allow students to continue to adapt and innovate in this new world. Industry, in order to have a reliable supply of highly skilled and enterprising, creative graduates agile enough to adapt to technological change, must also play its part by providing internships and well-rounded training opportunities designed to complement practice-based education. The transformation between student and a job-ready graduate can only be achieved with best practice interaction between educational institutions and industry.

Supporting Domestic Centres of Excellence

The Australian owned, domestic, independent production sector is of major importance to the strength of the Australian screen media industry. This sector includes many long-established, Australian owned, independent companies, as well as many new and innovative emerging production entities. It produces world-class television, online and web content; it is a major employer; and it contributes significantly to both the cultural and economic well-being of the nation⁶. Also, to be acknowledged is the vital role high tech facilities houses play in supporting high-quality creative output and rounding out the model of an efficient production environment.

This paper argues that, within this sector, there are centres of excellence driving the growth of our screen content industry and providing invaluable training pathways for our screen talent. Key amongst these centres of excellence are the production companies and talent pools associated with the following genres: Children's, Comedy, Entertainment and Drama. Practitioners in these genres are able to hone their skills through the regular and consistent production of high-quality output. In addition, these high-value practitioners more often than not remaining locally based due to the practice of working in collaborative teams. This latter point is very important. For, while some talented individuals travel are compelled to travel overseas to further their careers, and often then remain overseas (directors, for example), genres that work in collaborative teams, with ongoing output relationships with end-users, tend to stay at home. Consequently, the companies they are associated with grow and become local economic drivers in the sector. Further, evidence indicates team-based production houses are not only prodigious but

⁴ <https://gpseducation.oecd.org/revieweducationpolicies/#!node=41761&filter=Tertiary>

⁵ <https://www.alrc.gov.au/publication/national-classification-scheme-review-dp-77/3-media-convergence-and-the-transformed-media-environment/media-convergence-and-the-transformed-media-environment/>

⁶ <https://www.screenaustralia.gov.au/getmedia/08d8518b-867b-4f61-8c2e-ebd10f0dc3a4/Drama-report-2018-2019.pdf?ext=.pdf>

exceptionally varied in terms of successful output and genres. An example might be the company *Working Dog*, one team of creators based in Melbourne for many years, producing series television, one-offs, game shows, light entertainment and Australian cultural film classics such as *The Castle* and *The Dish*. This company consistently demonstrate a deep, intimate understanding of Australian culture. *Princess Pictures* is another Melbourne example, and *CJZ*, a long-time part of the Sydney market, yet another. Among the numerous Indigenous focussed companies are *Brindle* and *Blackfella Films*. In Children's, there is *Flying Bark* in Sydney, *Ludo*, the creators of the hit series, *Bluey*, in Brisbane and *Blue Rocket* in Tasmania. Each is a mainstay of the local industry. There are also many examples in Drama and Entertainment, as there are of high-quality facilities houses supporting these production houses. And finally, these centres must be recognised for their potential as highly productive training and internship pathways – vital for the ongoing growth of a diverse, healthy screen ecosystem.

AFTRS argues, in addition to a review of the quota system, the government prioritises creativity and considers identifying and supporting these 'centres of excellence': the domestic powerhouses of Australian screen storytelling and culture.

Indicative Models for Consideration

The following sections outline AFTRS' response to each of the proposed indicative models as indicated in the options paper:

Model 1: Status Quo

AFTRS recognises the current inequitable arrangements that exist in the regulatory and incentive approaches encumbered upon the various screen providers.

The fact that commercial FTA broadcasters have quota and sub-quota requirements, subscription broadcasters have the New Eligible Drama Expenditure (NEDE) scheme and subscription streamers have no existing regulatory obligations is an outdated arrangement that was built on platforms that have since changed immeasurably.

We see this current process around how government may best support the Australian screen industry as an opportunity to provide a more equitable way to support Australian screen programs for the current age.

AFTRS agrees with the options paper in that the effectiveness of the current regulatory arrangements is declining. We agree that maintaining the status quo provides for little innovation nor longer-term growth of the Australian screen production sector.

Model 2: Minimal

Whilst AFTRS can see the most benefit in the 3rd *significant* model for change (as per the section below), a minimal approach to change is also supported but not preferred.

Whilst AFTRS can appreciate that the possibilities for change within the options paper suggest that “... *regulatory reform does not necessarily mean imposing identical regulations across all entities...*”, it could be argued that the 'different strokes for different folks' way of thinking does not cater for a consistent, streamlined approach to supporting the Australian screen industry. Distribution lines of content providers

have started to blur. All national and commercial FTA broadcasters and subscribers now have additional, established online platform offerings.

As we move into the next phase of content delivery, the industry will continue to engage with a range of innovative and interactive formats. Any regulatory solution needs to be future-proofed for whatever the ‘next big technology’ is that comes the nation’s way. The regulatory context should be framed around *what* you provide, rather than *how* you provide it.

If the minimal model were to be introduced, in regard to the proposals put forward for subscription streaming obligations, AFTRS would be keen to see a range of measures introduced. Whilst a minimum number of hours of Australian content on each service is worthy as a threshold measure, there is the ongoing concern that minimums become maximums – witness commercial broadcasters’ children’s output - and that Australian content could simply be ‘buried’ in streaming provider catalogues, particularly as technology advances to more accurately anticipate and predict the viewing needs of subscribers. So, AFTRS would recommend that the minimum number of quality Australian produced hours measure should be introduced for all platforms generating revenue from Australian audiences, in addition to mandatory investments calculated as a proportion of Australian revenue earned. In other words, platforms must produce the hours and the investment, not fulfil their obligations with, say, one expensive film or limited series.

In regard to quotas, the options put forward to revise and rebalance (a) transmission quotas on commercial FTE broadcasters across *all* channels, including SBS and the ABC, and (b) the NEDE scheme across *all* formats, are sound initiatives.

AFTRS also agrees that sub-quota arrangements should be retained.

Model 3: Significant

AFTRS supports Option A, being a common approach to Australian content availability and contributions to the Australian Production Fund (APF) across all broadcasters and streamers that meet a threshold level.

Furthermore, AFTRS would like to propose the idea of individual ‘investment rate’ threshold *bands*, categorised by the production offering (children, documentary, etc.), along with inbuilt, prioritised support for the Australian owned production and facilities houses - the centres of excellence argued above - that provide pathways for internships and training. AFTRS argues here for mechanisms that directly support training pathways, such as the establishment of a minimum training wage. These threshold bands would allow government to modify or ‘tweak’ the band rates on an annual (or otherwise) basis, as needed. This may assist with counteracting market influences that drive the amount of content in a particular offering produced and distributed below acceptable levels.

In building on the recommendations of Model 2, AFTRS considers a platform-agnostic approach to regulation to be a sound one. As the options paper accurately points out:

‘The government’s role is not to protect domestic businesses from digital competition, but rather to ensure the proper functioning of markets and a fair approach to regulation that ensures the rules of the physical world apply equally to the digital world’.

Any regulatory approach should support growth in streaming services, which in turn would support the growth in production and distribution of Australian content.

Finally, AFTRS, in setting its own organisational goals, values and KPIs, seeks to underpin its metrics so they are representative of the Australian community, as well as its cultural heritage. We would advocate that any provisions to support Australian screen stories should follow a similar approach.

Model 4: Deregulation

AFTRS sees benefits to retaining some sort of quota (either the status quo, minimal or significant change).

As well as the option paper's primary objective of supporting Australian screen stories, emphasis should also be placed on the subsidiary factors that underpin this. For example, supporting Australian jobs is a key factor. As mentioned in the options paper, the Broadcasting Services Act 1992 (BSA) provides that 80% of total advertising on commercial television is Australian made.

AFTRS, along with other government entities such as the National Institute of Dramatic Art (NIDA), the National Film and Sound Archive (NFSA), etc., provides support to the industry in the form of training, promotion and distribution of Australian talent and Australian stories.

Conclusion

As a practice-based training organisation, AFTRS' priority is the development of world-class Australian talent that will ensure our industry continues to thrive in this continually evolving, innovating industry. More broadly, it is vital that all Australians have access to the Australian stories that allow us to make sense of who we are as individuals and as a country. A thriving Australian screen sector 'ecosystem', where a range of content is produced across platforms and varying levels of scale and scope, is critical to ensure that our brightest talent is able to stay and create here and tell the challenging, testing, inspiring stories that are so critical to our culture.

This discussion and period of reflection is critical and timely: the role that government plays now, in concert with industry, will ensure that Australian screen stories are seen and heard into the future.

