

Thank you for the opportunity to comment on the very important issue of how best to keep Australian stories present on our country's screens. I am a Film Technician with more than twenty years experience in the local industry, and I've worked on everything from major Hollywood blockbusters, down to tiny sketch comedy series that go to air on YouTube. The bulk of my career, though, has been spent working on the kinds of Australian television drama that our Networks count towards fulfilling their Local Content requirements.

I would like to offer some observations, from my point of view at the coal-face, and to expand upon a couple of points raised in the Options Paper that was delivered by ACMA and Screen Australia in March of 2020.

Why are imports cheaper?

In their Paper, 'Supporting Australian Stories On Our Screens', the authors refer to the relative expense of producing home-grown content, but they don't go on to address the question of why the cost differential between local and imported product is as pronounced as it is. They state (p5):

It is expensive to create screen content. Drama, documentary and children's content is easier and cheaper to import than to commission and produce in Australia... Australian content, therefore, is very often a less attractive option than foreign programming.

This is undoubtedly true, and yet it seems counter-intuitive that a glossy, action-packed American drama, with a big budget and 'name actors' in the lead roles, could be considered the 'cheap' option for an Australian network - compared to a relatively sedate, and much more modestly budgeted, Aussie TV drama? Understanding why this is the case, is the key to understanding why our screen industry needs government support, like Local Content Quotas, in the first place.

Dumping content in our market

Each episode of a US crime-show, for example, might cost \$US 3 million or more to produce, but due to the sheer size of their domestic market, those massive costs are generally recouped at home. So the American Studio has a finished product that is already paid for, and nearly two hundred territories around the world to sell that product into. Even if they are only asking for a small fee from each, given that there are so many territories, it still adds-up to a handy profit for the Studio.

But that small asking-price for the slick program, presents a problem in the foreign territories into which it is sold. This theoretical '\$US 3 million an Episode' crime-show, might only cost an Australian Network \$AU100,000 to put to air. If that Network wanted, instead, to produce an episode of a local drama with similar production quality, it could cost them \$AU800,000 or more. So, even though we, in Australia, can generate content a lot more cheaply than they can in the US (for a number of reasons, starting with our lower rates of pay), we still can't produce it as cheaply as what they will sell it to us for.

In other industries, that disparity would be labeled dumping. If the US started loading \$3 million worth of wheat onto ships and sending it out here to sell in Australia for \$100,000 per load, our wheat farmers would be outraged and it would be front-page news. If it happened year after year, Aussie farmers would soon be forced off their land, and we'd have no domestic wheat production left. It would also be in direct contravention of the WTO's anti-dumping regulations.

And yet, that is exactly what happens, consistently, with television content in the Australian market.

Not a level playing field

Obviously, there are differences between agricultural commodities and digital products. If a farmer sells a tonne of wheat to market, and then wishes to make a subsequent sale to another party, they are going to need to grow some more wheat. With a film or television program, however, the exact same item can be repeatedly sold into hundreds of markets, with no further production required.¹

But even though digital products differ from non-digital products in this fundamental way, the distortion that results from having content dumped into the market at a fraction of the reasonable cost of production, is exactly the same. Thus, Australian content producers have long been forced to ply their trade on a playing field that is anything-but level.

No linguistic protection

Our Producers do continue to swim against the tide of cheap imports, however, because they know we need to see Australian stories, and we need our kids to see Australian stories, if we want to maintain our distinct cultural identity. The great advantage of being an English-speaking nation in a world teeming with English-language content, is also a great disadvantage, when our own content is so readily replaced by that of others who also speak our language.

Contrast this with a country like Denmark, for example. There is no international market that a Danish television network can visit to buy ready-made Danish-language content. If domestic audiences want to hear their own language on screen, and if the government wants to keep their local language relevant, it is clear that they need policy settings, and the requisite funding, to ensure that Danish-language content is produced, via film practitioners right there in Denmark. Thus their official language, being somewhat uncommon, affords Danish cultural industries a form of partial-protection, via their language's very uniqueness.

Back in Australia, meanwhile, we have no such linguistic barrier to help protect our national identity. Content produced in our official language is made seemingly everywhere, and can be picked-up at well below-cost prices by any TV Network that happens to be hunting for a bargain. Thus, if care is not taken, Australia's airwaves could easily be swamped by foreign English-language

content, that in no-way showcases, or reflects upon Australian culture, and includes no Australian voices whatsoever. To some extent, this is already occurring.

Anti-dumping laws?

The most direct approach to solving this problem would be to introduce Anti-Dumping Laws for cultural products. Imagine, for a moment, that a system were put in place that required our TV networks to pay, say, 75% of the Production cost of a program, in order to put it to air.

Under such a scheme, the \$3 million episode of the slick crime-show out of the US, would cost an Australian TV Network, \$2.25 million to screen. Australian-made programming would be very competitive in a regulatory environment like this, because we can produce top quality product here for less than half that amount. In theory, our Networks would be clamouring to make local content in order to save themselves a fortune.

Of course, in the real world, Anti-Dumping Laws of that kind are completely unworkable, for innumerable reasons. Just for starters, our commercial TV Networks would collapse, because they depend upon the massive pool of heavily discounted foreign content, in order to stay afloat. So much so, that if the Networks were allowed to, they would likely broadcast nothing but cheap, dumped product, right around the clock.

A compromise solution

That is why we have long had the Local Content Quotas in this country - as a kind of compromise, to keep Aussie stories on our screens, and our own culture visible, amongst the plethora of foreign programming. The quotas do nothing to address the actual cause of the problem, but they do go some way towards rectifying the negative impacts of dumping, in a manner that still allows the Networks to remain profitable, by filling large swathes of their broadcast schedules with low-cost imports.

The Content Quotas have, by and large, worked very well in this manner for many years. The principal issue with the Quotas in our current environment is that they are only applied to the part of the content provision spectrum that is contracting, in terms of both audience-share and revenue, and not to the portion of the spectrum that is growing rapidly – the Streaming Services.

Free-loaders

The Streaming Services are new arrivals in the Australian content market, and they have been disruptors, in every sense of the word. Generally owned by very large, multi-national corporations (such as Apple, Google, Amazon, Disney, & Netflix), they have taken viewers, and thus advertising revenue, from our traditional broadcasters, but have so far given very little back to our nation in return. In fact, the corporations behind them don't even like to pay tax here!

They have brought a lot of content with them, though. Very expensive, glossy programming, that is all made for, and paid for by, their existing operations in the massive markets of North America and Europe. For the Australian-arms of their operations, then, all that content can effectively be offered in our market for free. There is currently no real impetus for these Streaming Services to produce any content in Australia, given that they have ready access to so much 'free' content already.

Once again, the theoretical idea of digital Anti-Dumping Laws would level the playing field somewhat, and, at face-value, it would be a handsome money-spinner for our nation. If the big multi-nationals were all required to pay the Australian Government 75% of the production costs of the hundreds of shows they exhibit here, in return for the right to stream in our country - that would be a very large amount of money. Enough to pay for a Local Production Fund, with plenty of cash left over.

Of course, in reality, such laws would no-more work for the Streamers than they would for the traditional Broadcasters. In our globally connected world, with VPN's (Virtual Private Networks) and the like, they'd be completely unworkable. And, in any case, the Streamers would sooner exit our market than pay that kind of money - which, in turn, wouldn't be popular with our voters.

Time to do their share of the lifting

Whilst direct Anti-Dumping Laws are not possible to apply, Australia's long-term compromise solution, the Local Content Quotas, are very possible, and need to be applied to the Streaming Services as a matter of urgency. The 'free ride' that the Streamers have been given thus far, has been harmful to our TV Networks, harmful to our Screen Industries, and harmful to our culture overall, given that an Australian perspective is currently more-or-less invisible in this fast-growing portion of the content delivery ecosystem.

Not the right time to cut the Quotas

One result of the current dearth of local programming across the Streaming Services, is that the percentage of all the drama currently screening in this country that can be classified as Australian, must surely be at an all-time low? Given this lack of Aussie stories, and the fact that we have no idea how effective a future Quota system may be in getting the multi-nationals to generate content in our country, I would argue strenuously that this is not the time to allow a reduction in the amount of local content that our traditional TV Networks are required to broadcast.

Right when our stories are most absent, is not the time to be producing less Australian content.

In the future, once a Quota system has been running successfully in the Streaming sector for some time, perhaps an analysis can be done, on:

- the amount of Australian Content screening across the whole spectrum of broadcast and narrowcast providers
- the penetration of that content domestically
- its visibility internationally
- the net worth of the Australian Screen Industry to our nation's economy, et cetera

Once we have such a full picture, it may be possible to get a sense of whether we have the levels set correctly for our Local Content Quotas, or whether some adjustments can safely be made?

But such a moment will be a while coming. Due to their fundamentally different mode of delivery, the Quotas for Streaming Services will not be able to be calculated in the same way as they are for traditional broadcasters. A new model will need to be developed to determine the annual hours of local content required of each, the hours of first-run local drama, and the hours of local documentary and children's programming (where appropriate). We will need systems to determine whether the Streamers are complying with their requirements, methods of enforcement, and practical penalties for breaches. We will need to decide if we are going to weight foreign programming that is shot in Australia, but set overseas, differently to programs that are set in Australia (in other words, to what extent will we prioritise the foreign investment objectives over the cultural, or vice-versa)? There are a great many issues to work through, and it may take a number of adjustments over several years to get the Quotas functioning as they are intended, ensuring that they're generating the optimum amounts of investment and content production in our country.

Will we punch above our weight?

Australia is a nation with a small population. In the ever-expanding global entertainment market, we have a correspondingly small cultural footprint. In many areas of global endeavor, Australia punches well above its weight, but, unfortunately, television drama hasn't often been one of them. There would be many avid consumers of good quality television around the world who have never seen an Aussie show, and that is unfortunate. At present, with a handful of notable exceptions (primarily produced by the ABC and SBS, despite their ever-tightening budgets), we're not really a part of that global conversation.

Our potential to reach a world-wide audience, though, is evidenced by the international acclaim that our children's programming receives. Of the current crop of local kids shows, *The Inbestigators* is seen around the globe on Netflix, and *Bluey* is a hit on Disney, just to name two. Our comparative success in this field, once again owes much to the ABC, and to the work of the Australian Children's Television Foundation. However, it also reflects the fact that our budgets for producing children's content are relatively on a par with those for similar projects around the world. It's against the adult drama budgets of our international competitors, that our own drama production budgets often start to look a little anaemic.

Australia's got talent

If increased levels of investment were available in Australia, we have the potential to produce home-grown television drama that the world will want to watch. We have an abundance of talented Film Technicians and Creatives at work in this country, and there are Aussies plying their trades overseas, as Directors, Writers, Editors, Designers and Directors of Photography, on some of the most successful shows in the world.

Denmark provides a good example of what we could strive to achieve in our country. Whilst the behemoth that is the US television industry, and other large producers like the UK, dominated the airwaves, the Danes quietly invested in developing high-quality content of their own. They developed and enhanced their own 'Scandi-Noir' sub-genre, and have found ready audiences around the world for their slick TV shows, despite a language-barrier that Australia does not face. Such a global future is not out of the question for our own television industry, were sufficient funding available here to enable us to compete.

But where might this increase in production budgets come from? One potential source would be the Government. There are a lot of governments around the world that put considerably more money into Film and TV Production than the Australian Government does. They do this because they recognise the value of the Screen Industry and its finished products to their economy, to their culture, and to the way their nation is perceived around the world (the soft-power benefits). Other, more tangible benefits of that investment are felt right through their economies, from the tax-take to tourism.

Of course, in the current economic climate, not all governments are looking for additional things to spend money on, however.

Encouraging the global players to give something back

Enter some of the richest Corporations on the planet – Amazon, Apple, Disney, et cetera. If the Australian Government were to employ a Quota system that compelled these Streaming Services to invest in content production in our nation, the government will still receive all of the economic benefits, and the cultural benefits, that would have flown from investing in it themselves. The benefit of the Quota approach, however, is that it will be the multi-national Corporations who do the investing, instead of our nations taxpayers.

And the cost of all this to the said Corporations is - well, nothing really. Those Streaming Services need content in any case, and they need to generate plenty of good quality television every year in order to satisfy their millions of subscribers around the world. That is their entire business model. The only thing our Quotas would do, in effect, is ask them to make a tiny amount of the content that they need, here in our country. If the finished product is of sufficient quality - and it will be in their own best interests to try and ensure that it is - they may even turn a profit from the exercise.

The Streaming Service gets its content, and Australia gets substantial foreign investment, job creation, cultural exposure to a global audience and a 'seat at the grown-ups table' in the world of high-end TV shows. It's a win/win situation, and it's all brought to you by – Local Content Quotas.

We can't stop the dumping, so we need to keep the Quotas

As long as the supply of below-cost foreign content continues to flood into our market, the Local Content Quotas remain the only tool that we have to level the playing field, and ensure Australian stories continue to make it to our screens. The Quotas, therefore, very much need to be retained. The temptation for our TV Networks, in these difficult times, to sacrifice Australian culture, and Screen Industry jobs, in order to lower their own costs (and maximize their profits), is simply too strong for the Quotas to be removed.

For the Quotas to work most effectively, though, they need to be made platform-neutral. The potential benefits of expanding them to cover the Streaming Services as well as the traditional TV Networks, are enormous, and there are no costs to our country for doing so – there are only costs for failing to act.

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¹ To Economists, products that can be repeatedly sold *ad infinitum* following a single bout of production, are known as 'non-rival'. It's not too controversial to assert that an influx of below-cost non-rival goods into any market has an effect akin to dumping in that market. The orthodox position would be that this is not a problem, however, as the arrival of cheaper, non-rival 'widgets' into our market would simply see all widget production move off-shore to the cheapest location, giving our nation's consumers access to cheaper widgets, and allowing domestic manufacturing to move-on to some other product (or just cease altogether – take your pick). In the case of television production, however, we run into an issue, because the product itself is not so easily divorced from the site of its production. An Aussie TV show produced in the USA, won't really be Australian in any meaningful way, and won't achieve our goals for it to tell our country's stories. And it would amount to cultural suicide, if we were to simply out-source all our televisual story-telling to whomever will sell us their own non-rival TV shows for the lowest price – thus, in the case of the intersection between television production and national identity, the flood of cheap non-rival imports definitely is a problem. (Of course, the shift of production should theoretically occur in the opposite direction, from the USA to us, as we are the cheaper producers! But the cultural specificity cuts both ways – US Studios don't move their nation's stories to Australia, even though we can save them money, and neither do they move them to India, or sub-Saharan Africa, where labour is even cheaper still, because it's very hard to shoot *The Sopranos* in either Addis Ababa, or Adelaide.)