



Submission by Free TV Australia

Pre-budget submission
2018-2019

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1 Executive Summary

- Free TV represents Australia’s commercial free-to-air television licensees. We welcome this opportunity to submit to the Government’s pre-budget consultation process.
- Commercial free-to-air broadcasters are committed to remaining the home of local content, spending around \$1.5 billion every year. Six out of every ten dollars spent on local production in Australia comes from the commercial sector. This supports over 15,000 direct and indirect jobs and contributes a total of \$2.8 billion each year into the local economy
- Sales of this content internationally drive not only direct exports, but also indirect exports through tourism, education and other sectors by showing Australia to the world.
- The domestic television industry is at a critical point in its history. Even in just the last five years it has changed more than at any time since its creation. Consumers can now access television-style content on multiple digital devices and through a plethora of platforms and services.
- This explosion in competition for viewers is delivering exceptional choice for consumers but is also very challenging for the free-to-air TV sector. Audiences are fragmenting, the costs of making content are increasing, advertising revenues are declining, and consumers are quickly forming new viewing habits.
- But free-to-air broadcasters remain the most heavily regulated platform and cannot respond to the changing landscape at the same pace as the new entrant competitors. It is therefore crucial that the budgetary settings that support our industry are updated for the modern media environment.
- As part of a comprehensive package to modernise the regulatory framework, the following reforms should also be announced with the 2018-2019 budget:
 - **Equalise the producer offset.** There is currently an outdated distinction between feature films, which can access a producer offset of 40% of qualifying expenditure and television that is limited to 20%. The 2018-2019 budget should equalise the producer offset for all screen production at 40%.
 - **Remove outdated 65-episode cap.** With declining domestic audiences for drama and significantly increasing costs, the 65-episode cap on the producer offset has the perverse impact of discouraging the continuation of popular shows.
 - **Reform of the children’s quota:** The children’s quotas should be abolished as children simply are not watching the high-quality, award winning shows that broadcasters invest millions in making available to them.
 - **Update quota for Australian drama:** The drama quota must be made more flexible to allow broadcasters to meet the demands of the modern audience. The escalating production costs also need to be recognised by rewarding investment in higher budget shows with higher production values. The value of high-volume serials needs to also be more appropriately recognised as they form the bedrock of the production sector in terms of employment and training.
 - **Review the role of the national broadcasters:** We welcome the establishment of a competitive neutrality review to ensure the national broadcasters maintain their own unique and distinct place in the media landscape.
- The Government also needs to resist calls to restrict the ability for producers and broadcasters to be flexible and innovative in how to finance productions. Any further regulation will hamper our ability to compete against the more agile, less constrained digital players.

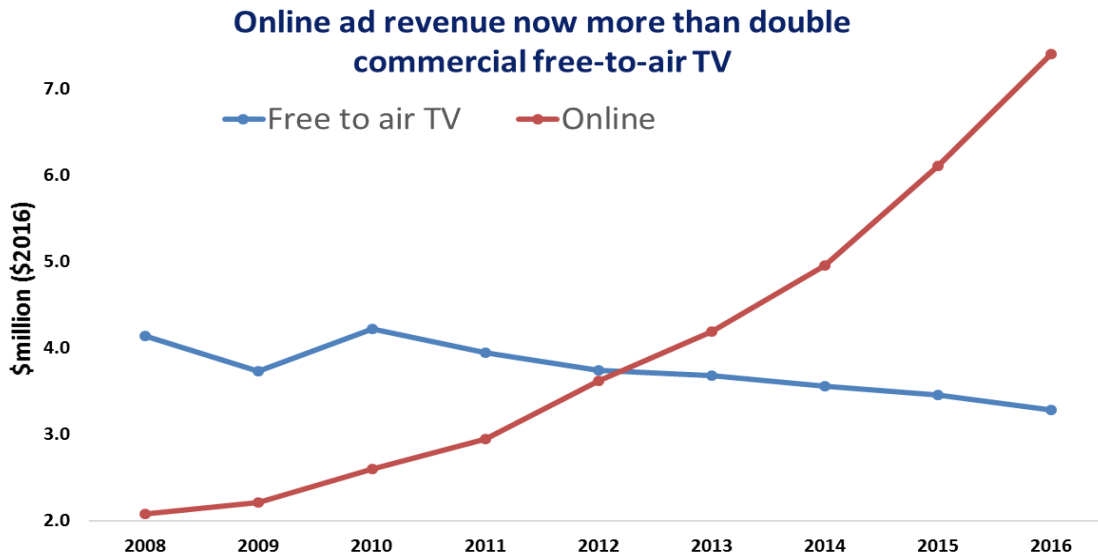
2 Introduction

The value of commercial free-to-air television to the Australian public remains high. Free-to-air television delivers high-quality programming to 97 per cent of Australian households. 20 million Australians watch broadcast TV each week.

The commercial free-to-air broadcasting industry is proudly the largest producer and commissioner of Australian content. The latest financial reports by the ACMA show that local content investment continues to grow and now stands at 80% of all production spending.¹ Our members are deeply committed to ensuring Australian audiences continue to see Australian faces, voices and stories on their screens. The local content they broadcast delivers enormous cultural and social value by creating and reinforcing our national identity.

Exports of Australian television productions also help showcase Australia to the world. These direct exports have been valued by Deloitte at \$252 million a year, with a further \$725 million a year coming from related tourism.² The commercial free-to-air broadcasting industry plays a huge role in generating these benefits by creating and delivering content across a wide range of genres. These include news and current affairs, sport, entertainment, lifestyle and Australian drama.

But this role is at risk if the budgetary and regulatory settings do not keep pace with the rapid change being experienced in the media sector. The explosion in competition for viewers is fragmenting audiences and reducing advertising revenues. As shown in the graph below, online advertising revenue has grown exponentially since 2008, while commercial TV revenue has been flat or declining.

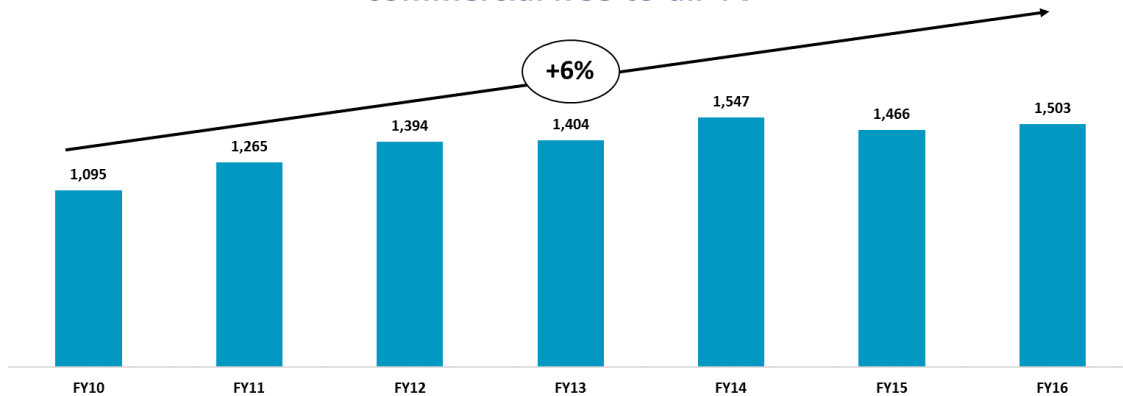


Despite the structural shift in advertising revenues, the investment of the commercial free-to-air sector in Australian content has continued to grow—at 6% year-on-year, as shown in the graph on the next page. Our members now invest \$1.5 billion every year in creating Australian content – representing 60% of all local spending on content.

¹ <https://www.acma.gov.au/theACMA/Library/Industry-library/Broadcasting/broadcasting-financial-results-report>

² Deloitte Access Economics, 2016, “What are our stories worth? Measuring the economic and cultural value of Australia’s screen sector”.

Increasing Australian content spend commercial free-to-air TV



Free TV members are fully committed to the role that they play in telling Australian stories to Australians. They understand and appreciate the cultural and social dividend that is delivered through the portrayal of the breadth and depth of Australian culture on television.

The recommended budgetary measures included in this submission seek to work within existing policy settings, updated for the modern media era. We are proposing modest refinements that are the minimum necessary to ensure that the broadcast and production sectors remain sustainable and the delivers on the demands of the modern Australian audience.

The changes that Free TV are proposing will help ensure the Australian public continues to enjoy watching a large quantity of high-quality local content free via our broadcast networks. They will also ensure our members can continue to act as the cornerstone for the local production sector – in a way that is relevant and sustainable.

3 Equal budget funding for all content types

3.1 Set the producer offset for all productions at 40%

The producer offset has played a powerful role in promoting the local production of feature films, TV drama and documentaries since being introduced in 2007. It has been particularly effective in supporting the production of high-budget, high production value content that has performed well in Australia and internationally. However, it does not make sense to continue to differentiate between feature films, which can access an offset of 40% of qualifying expenditure and television that is limited to 20%.

Providing equal access to the producer offset rate at 40% would encourage greater investment in the Australian production industry and provide an additional incentive for broadcasters to invest in Australian content.

There are numerous reasons to treat television and other eligible projects the same as film, specifically:

- Television production contributes just as much to creating a vibrant industry as film production. In fact, it can have a greater impact because broadcasters typically offer longer-running employment and training opportunities, which increases the pool of Australian screen production talent for the benefit of all formats.
- There is now little technological distinction between film and TV production and most are produced by the same pool of cast and crew talent. This can be seen behind the camera and in front, such as Nicole Kidman appearing in the American TV series *Big Little Lies* recently produced by HBO.
- Successive editions of the Screen Australia *Drama Report* show that the costs of producing television drama have been increasing (see page 15), which increases the need for the nation to support local production. In fact, the cost of producing quality television is now comparable to the cost of producing film, and can also be higher.
- The historic ‘hold back’ window between the release of a film in cinemas and its release on free-to-air or subscription TV platforms is rapidly closing.

Free TV recognises that there are also calls for increasing the location offset that currently provides a 16.5 per cent offset for film and television projects filmed in Australia with an Australian spend of over \$15 million. While we would not oppose an increase to this offset, we consider that increasing the producer offset is a higher order issue and is likely to provide greater economy wide benefits. This is because, unlike the location offset, the producer offset is only available to content that meets the “significant Australian content” test. Seeing Australian stories and hearing Australian voices on-screen plays an essential role in shaping our cultural identity and binds us as a nation through shared stories and experiences. The value of the content to Australian society cannot be overestimated.

In addition, the export of these uniquely Australian stories promotes Australian culture, showcases our talents on and off screen, to the rest of the world. Australian screen content plays a powerful role in strengthening the brand value of Australia, including strengthening Australia’s image as a desirable destination for tourism and migration. A survey commissioned by Deloitte Access Economics in 2016 revealed that around 230,000 international tourists are estimated to visit or extend their stay in Australia each year as a result of viewing Australian film and TV content. This represents around \$725 million in estimated tourism expenditure in Australia each year that may be associated with Australian screen content.

While big budget foreign productions can provide short term opportunities for local talent and businesses, the commercial television industry plays a more critical role in maintaining and

growing our production sector in the long term, providing ongoing investment and regular employment opportunities and a vital training ground many screen industry professionals.

Free TV is also aware of calls to limit the access of broadcasters to the producer offset and arguments that the quotas alone determine the hours of production. Similar to the issues set out below in relation to Screen Australia funding, this argument is based on an outdated view of the content creation sector.

There are a number of significant threats to the ability of the commercial broadcasting sector to continue its critical role in the production of Australian content and particularly Australian drama. Currently the pressures on content budgets are three-fold. There is increasing competition for content from new entrant streaming services, advertising revenues are falling, and audience demands for high production values are increasing. In this environment, significantly increasing the costs for the main investor in Australian content would be disastrous for the content eco-system. Free-to-air broadcasters would simply not be able to commission anything like the same volume or quality of Australian content as currently is the case.

For a strong and healthy screen production industry to be viable in Australia, there needs to be a strong and vibrant commercial free-to-air broadcasting sector that has the capacity to commission quality shows from an equally strong and vibrant production sector. Policies that deliberately disadvantage the sector that contributes six out of every ten dollars in Australian content, can only make the entire eco-system weaker.

3.2 Remove 65-episode cap

The illogical and discriminatory 65-hour limit on the application of the producer offset to commercial TV series should be removed in the 2018-2019 budget. Under this limit – or cap – a series is no longer eligible for the offset after it has been in production for 65 hours (about five seasons).

The rationale for removing the offset after 65 hours was that shows that survive to five seasons should have become self-sustaining. However, the reality is that the challenges of funding a drama series in Australia do not change or ease after multiple seasons – especially in an environment of declining domestic audiences for drama on free-to-air television. For this reason, it has been very rare for local dramas to continue beyond the 65-hour point.

In short, removing the cap would allow successful titles to continue being created for longer. This would in turn deliver a range of benefits to the industry that would further the Government's objectives and represent a good continued investment of taxpayers' funds.

3.3 Provide access to Screen Australia funding

Screen Australia is the Australian Government's main agency for supporting the Australian film and TV industry. It provides grants, loans and recoupable investments for projects, businesses and practitioners across film, TV drama, documentary and multi-platform storytelling.

Commercial free-to-air broadcasters are explicitly excluded from accessing production funding or other assistance from Screen Australia. We believe this exclusion is based on an outdated view of how the television production industry works. For example, commercial broadcasters and groups eligible to apply for Screen Australia funding all call on largely the same pool of actors and production professionals to complete their productions. In other words, Australian content is being made by the same people but under different models.

A condition of the 2018-2019 funding for Screen Australia should be that it provides equal access to all producers.

This change would mean that production units owned by commercial free-to-air broadcasters would be treated in the same way as any other production business operating in Australia. It

would also mean the government would be free to provide its financial support to those projects and groups it believes – through Screen Australia – will best help it achieve its goals. Those objectives include generating Australian-made content and building an internationally competitive industry comprising strong, locally owned businesses.

4 A realistic approach to children's viewing

4.1 What are children watching these days?

Ask any Australian child what their favourite show on commercial television is and you will get answers like *Little Big Shots*, *Australian Ninja Warrior* or *MasterChef Australia*. However, you will almost certainly not hear about the high quality, award winning shows that are made especially for children that commercial broadcasters invest millions in making available to them.

Free TV asked the research group OzTAM to analyse audiences for programs classified as C and P broadcast on any commercial free-to-air TV channel in the calendar years of 2010, 2013 and 2016. The analysis revealed that on average very few children are watching programming classified as C and P released on commercial free-to-air TV:

- In 2010, 14% of C and P programs attracted an average of more than 25,000 children aged 0-14 years.
- By 2016, only 7% of C and P programs had an average audience of 0–14 year olds that was higher than 25,000 and 79% of programs had an audience of below 10,000.
- Further, in 2016, all pre-school programs had an average audience in the 0–14 year old bracket of less than 10,000.

In fact, as the table on page 10 demonstrates, the live metro 0-13 year-old audience for programs made specifically for children in 2016 was a mere 6,800. Including the average online catch-up audience adds only another 457 to this number.

On average, C and P programming is reaching 0.2% of the potential target audience of all Australian children with access to the services.

Despite these trends, commercial free-to-air broadcasters are still required to screen a collective total of at least 1,170 hours of programming annually for children aged up to 14, to meet C and P quota obligations imposed by the government.

4.2 Why aren't children watching shows made especially for them?

One theory often put forward to explain why fewer children are watching children's programming on commercial free-to-air TV is that they cannot find programs on the multi-channel services offered by the networks – 7TWO, 7mate, 7flix, One, Eleven, 9Gem, 9Life and 9GO!. Another theory is that the programs are not offered at times that suit kids.

These theories do not stand up to scrutiny. First, providing multi-channel services lets commercial broadcasters create kids' destinations for times of the day that are suitable for children. Programs are also much less likely to be 'displaced' on multi-channels by news events or other urgent interruptions. This used to happen regularly when children's programming had to compete with all other content on broadcasters' primary channels. Secondly, the success of the ABC's dedicated services for children – especially ABC Kids – shows kids and their parents are happy to watch multi-channel services.

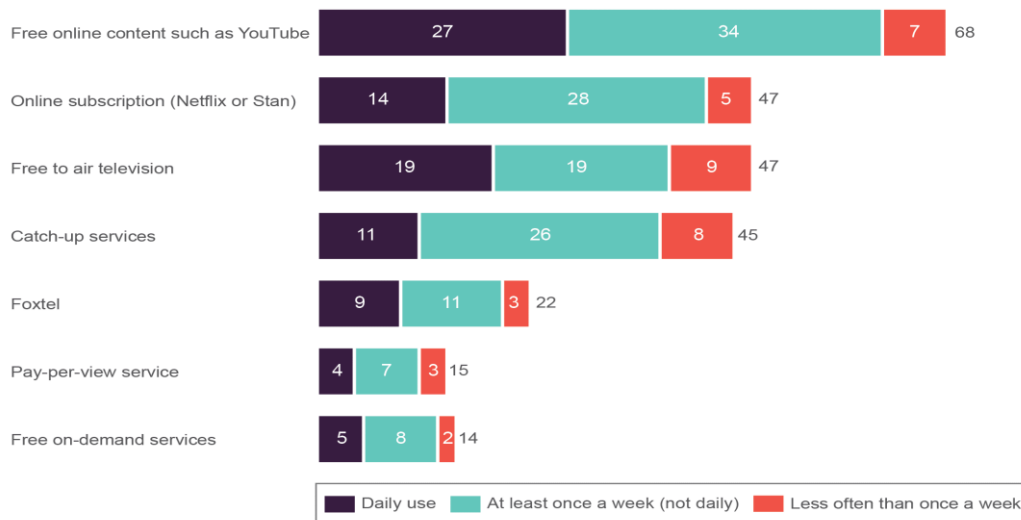
Our analysis, supported by findings by the Australian Communications and Media Authority (ACMA), shows that when children watch programs made specifically for children on free-to-air TV, they are choosing the publicly funded, ad-free kids destinations provided by the ABC.

ACMA research has confirmed that all the programs in the Top 30 watched by children age 0–14 on FTA TV in 2016 were on ABC2.³

³ *Children's television viewing and multi-screen behaviour*, ACMA, August 2017.

Alternatively, as shown below, kids are preferring to find TV or other video content on-demand when they want it via subscription services such as Netflix and Stan, and catch-up TV services offered by broadcasters. They are also increasingly drawn to the vast amount of other video content available on the Internet, ranging from professional TV shows to their favourite YouTubers videos.

Choosing YouTube and Netflix for their children’s viewing



4.3 Abolish the quota to allow reinvestment in valued content

The entertainment programs broadcast by our members are capturing the imagination of hundreds and thousands of Australian children. In fact, the stories told by the new entertainment formats are leading to a new era of family co-viewing. Families are putting down their mobiles and tablets and coming together in the living room to hear Australian stories—just told in a modern way.

These stories include Australians overcoming adversity to follow dreams of becoming a chef or the courage and determination of being your physical best to take on the Ninja challenge. These are all Australian stories just told in a way that resonates with how Australian children and families are now engaging with our platform.

This is in stark contrast to the programming that is mandated under the existing children’s quota. Abolishing the quota will enable our members to reinvest the money they are spending producing expensive children’s content into programming that will resonate with Australian families. Allowing free-to-air broadcasters to invest in the most valued content will stimulate more production and in turn a sustainable industry.

The existing children’s quota is no longer about serving Australian children and is more akin to an industry support package, funded by commercial broadcasters. We appreciate that there are a number of stakeholders, including producers who predominately make children’s content, who would be opposed to moves to remove the regulated demand for their product. As has occurred across other sectors of the economy, the 2018-2019 budget could provide some transitional support for those producers that have established themselves, quite rationally, to meet the regulated demand for children’s content.

2016 Children and Preschool Programs—Live & Catch-up Audiences

| | | Catch-up Average (VPM Rating) | Live Average (Metro 0–13) | Original Timeslot |
|--|---------------|-------------------------------|---------------------------|---------------------------------------|
| Pre-school Programs | | | | |
| Crocamole | <i>ELEVEN</i> | 62 | 2,000 | Weekdays - 9.30am |
| Imagination Train | <i>9GO!</i> | 30 | 7,000 | Weekdays - 9.00am |
| Jay's Jungle | <i>7TWO</i> | 36 | 1,000 | Weekdays - 8.00am |
| Lah-Lah's Adventures | <i>ELEVEN</i> | 22 | 1,000 | Weekdays - 8.00am |
| Larry The Lawnmower | <i>7mate</i> | | 2,500 | Weekdays - 8.00am |
| William & Sparkles' Magical Tales | <i>ELEVEN</i> | 41 | 7,000 | Weekdays - 9.00am |
| Wurrawhy | <i>ELEVEN</i> | | 4,000 | Weekdays - 9.30am |
| Children's Drama - First release and Repeat | | | | |
| Barefoot Bandits | <i>ELEVEN</i> | 25 | 4,000 | Sa 7am, Su 10am, Th-Fr 8am, Sa 7.30am |
| Beat Bugs | <i>7TWO</i> | 311 | 1,000 | Weekdays - 7.30am |
| Bottersnikes & Gumbles | <i>7TWO</i> | 66 | 1,000 | Weekdays - 7.30am |
| Buzz Bumble | <i>9GO!</i> | 9 | 21,000 | Sun - 7.30am |
| Captain Flinn and the Pirate Dinosaurs | <i>9GO!</i> | 67 | 29,000 | Sun - 7.30am |
| Dennis and Gnasher | <i>9GO!</i> | 16 | 30,000 | Sat - 11.00am |
| Dogstar: Christmas in Space | <i>9GO!</i> | 117 | 35,000 | Sat - 6.00pm |
| Get Ace | <i>ELEVEN</i> | 1585 | 5,000 | Sat - 7.00am |
| Hairy Legs | <i>7TWO</i> | 52 | 1,000 | Weekdays - 7.30am |
| Heidi | <i>9GO!</i> | 279 | 14,500 | Sat - 11.00am |
| Kuu Kuu Harajuku | <i>ELEVEN</i> | 586 | 4,500 | Sat 7.30am |
| Lexi & Lotti: Dynamic Detectives | <i>ELEVEN</i> | 19 | 2,500 | Sat 7am |
| Mako: Island of Secrets | <i>ELEVEN</i> | 1801 | 3,500 | Sun- 10.00am |
| Maya the Bee | <i>9GO!</i> | 7283 | 46,000 | Fri - 6.00pm |
| Pirate Express | <i>9GO!</i> | 61 | 22,000 | Sat - 11.30am |
| Sally Bollywood: Super Detective | <i>7TWO</i> | 135 | 1,000 | Weekdays - 7.30am |
| Sam Fox: Extreme Adventures | <i>ELEVEN</i> | | 5,000 | Sun 10am, Fri 8am |
| Tashi | <i>7TWO</i> | 134 | 2,000 | Weekdays - 7.30am |
| The Day My Butt Went Psycho | <i>9GO!</i> | 7690 | 22,000 | Sat - 7.30am |
| The Skinner Boys | <i>9GO!</i> | | 23,000 | Sun - 7.30am |
| The Wild Adventures of Blinky Bill | <i>7TWO</i> | 217 | 1,000 | Weekdays - 7.30am |
| The Woodlies | <i>7TWO</i> | 51 | 1,000 | Weekdays - 7.30am |
| Vic The Viking | <i>ELEVEN</i> | 1242 | 5,000 | Sat - 7.30am |
| Other C programmes | | | | |
| Baby Animals in our World | <i>ELEVEN</i> | 42 | 6,000 | Mon-Sun, 7.30am, 8.00am |
| Crunch Time | <i>9GO!</i> | 35 | 11,000 | Weekdays - 7.30am / 8.00am |
| Flushed | <i>7TWO</i> | 29 | 1,000 | Weekdays - 7.00am |
| It's Academic | <i>7TWO</i> | 17 | 2,000 | Weekdays - 7.00am / 7.30am |
| Kitchen Whiz | <i>9GO!</i> | 49 | 13,000 | Weekdays - 8.00am |
| Match It | <i>7TWO</i> | 24 | 1,000 | Weekdays - 7.00am |
| Move It | <i>9GO!</i> | 27 | 14,500 | Weekdays - 7.30am |
| Scope | <i>ELEVEN</i> | 83 | 4,000 | Sat - 8.30am |
| Totally Wild | <i>ELEVEN</i> | 87 | 3,000 | Mon-Wed 8am, Sat 8am |
| Average Audience | | 457 | 6,800 | |

5 An Australian drama quota that meets today's audience

The current drama quota system, which sets mandatory requirements for commercial free-to-air broadcasters, dates back to the 1960s and was last substantially updated in 2005. This system has become outdated due to the radical changes in technology and audience behaviours seen in recent years.

Without having an impact on the bottom-line, one of the most important changes the government can make in the 2018-2019 budget is introducing flexibility into the content quota system. This will enable commercial free-to-air broadcasters to 'follow the audience' in terms of the content they want to watch and the new platforms they want to watch it on.

5.1 Recognising higher production values and long running serials

The drama quota system centres on a system of points, which are awarded according to the format and duration (in commercial hours on a pro rata basis) of drama programming. This model requires the production of a large amount of Australian drama content for free-to-air TV.

But as outlined below, this content is expensive to produce and is attracting shrinking audiences. In this environment, we recommend that the drama quota become more flexible to reflect escalating production costs by rewarding investment in higher budget shows with higher production values. The value of high-volume serials needs to also be more appropriately recognised as they form the bedrock of the production sector in terms of employment and training.

Under the existing model, broadcasters must attain 860 points each three years, with differing points per hour based solely on the format of the program. Furthermore, the cost of production is not considered, there is no distinction between original commissioned programs and acquired programs, and the cultural, training and employment benefits of long running serials are significantly undervalued.

We propose a new model for calculating drama scores that better reflects the needs and preferences of our current audience. Our proposal model retains the need to reach 860 points each three years and is still based on the use of format factors and the duration of programs. However, it recognises the difference between original commissioned programs and acquired programs. It also acknowledges that local production costs have risen in recent years, and that many popular dramas on on-demand platforms from overseas now have very large production budgets.

This approach also ascribes a slightly higher value to long-running series, which serve audiences and also play a key role in providing employment and training that benefits the entire Australian content production sector.

We believe that the proposed approach will provide the flexibility that will be critical for the sustainability of the drama production sector in Australia.

5.2 Telling Australian stories in the modern era

While scripted drama is an important part of broadcasters' schedules and is significant in their branding and identity, the regulatory framework needs to keep pace with the modern audience demands. Part of this is recognising that Australian stories can be told in a number of different ways, including through many different genres including factual and entertainment programs.

Our members showcase powerful true stories of overcoming adversity and personal achievement through programs including *The Voice*, *My Kitchen Rules* and *MasterChef Australia*. A significant part of these shows is describing the background of the contestants. This often involves telling stories of real Australians who are living life with a disability or are from culturally or linguistically diverse backgrounds.

6 Resist harmful interventions in production financing

Commercial free-to-air broadcasters rely on the production sector to create fresh, innovative and engaging content that domestic audiences will love. In turn, the production sector needs a strong and vibrant commercial television sector that has the resources to continue to commission new content.

As set out in this submission, there are important issues to consider regarding the funding of new Australian productions. But this should not include consideration of policy prescriptions that would limit the flexibility of producers and broadcasters to be innovative in how they choose to fund new content.

Policies that would impose restrictions on the ‘terms of trade’ between broadcasters and producers are based on an out-dated view of the production sector being between “big broadcasters” versus independent production houses. There is a real risk that policy prescriptions that are written from the outdated view of the production ecosystem will make a challenging situation worse.

Imposing legislated terms of trade would apply a straitjacket to producers and broadcasters. Financing a diverse programming slate requires being able to use a number of finance and partnering options. The risks in getting policy prescriptions wrong are severe—some productions will not be financed, and diversity of content will suffer.

Free TV understands that one reason for concerns regarding the relationship between broadcasters and producers is the (often over-stated) role currently played by ‘in-house’ productions. Over the last 5 years, less than 8 per cent of total Australian drama productions have been made in-house, as shown in the table below—the number in the brackets is the number of in-house productions.

| | No. | Hours | Budgets (\$m) | Spend (\$m) | Avg. cost/hr \$m |
|---------|--------|-------|---------------|-------------|------------------|
| 2012/13 | 40 (4) | 502 | 314 | 305 | 0.625 |
| 2013/14 | 40 (5) | 472 | 302 | 291 | 0.640 |
| 2014/15 | 35 (4) | 402 | 239 | 237 | 0.595 |
| 2015/16 | 44 (1) | 446 | 315 | 310 | 0.706 |
| 2016/17 | 46 (1) | 457 | 325 | 321 | 0.710 |
| 5-yr av | 41 (3) | 456 | 299 | 293 | 0.656 |

Source: 2016/2017 Screen Australia Drama report, pg 13

Nevertheless, it is important to correct the perception that ‘in-house’ production is different from ‘independent’ production and is less worthy of support. It is largely the same group of actors and production professionals that are called upon regardless of whether or not a production is undertaken “in house.”

What is important in this context is the contest of ideas to make great local content that will resonate with viewers, irrespective of whether the producer is a very large company, a broadcaster or a smaller independent.

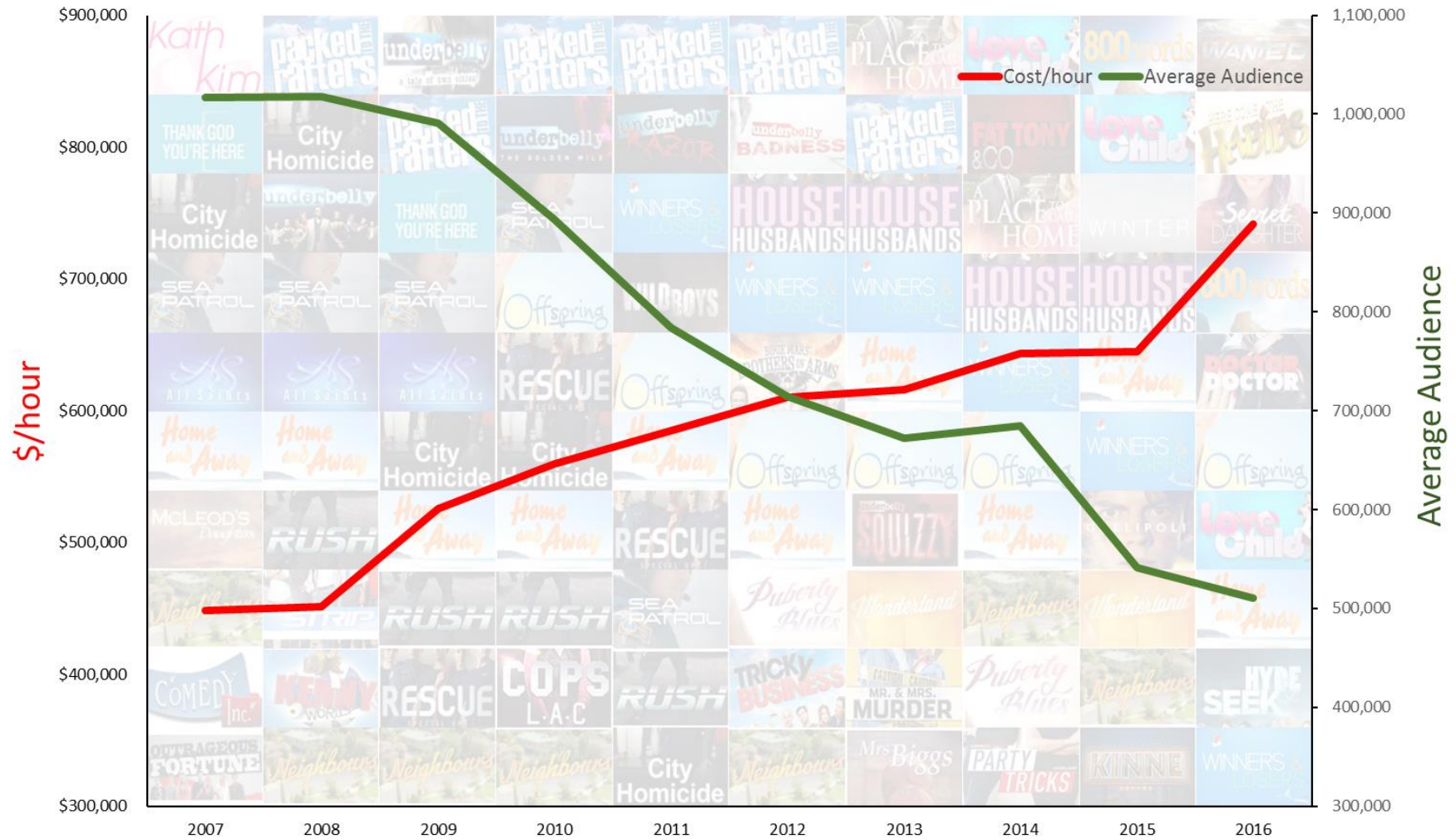
The reality is that the economics of commissioning new content have never been harder. As shown on page 11, over the last decade, audiences have halved, and costs have doubled.

The fact that costs for broadcasters have been increasing while revenues have declined shows that the issues with the content eco-system are not related to the “market power” of broadcasters

as some commentators have suggested. The issue is that the entire eco-system is being challenged by the emergence of new technologies and changing audience patterns.

Rather than writing policy prescriptions based on a misdiagnosis of the challenges faced by the sector, amendments to budgetary and regulatory settings should be evidence based, with a clear understanding of the modern media environment.

Great Aussie Drama - Costing More and Rating Less



Cost source: Screen Australia (<https://www.screenaustralia.gov.au/fact-finders/production-trends/tv-drama-production/all-tv-drama-formats>)

Audience source: Oztam 2017, Drama programs with more than 2 episodes airing within the year. First runs included where known.5 city metro, Overnight Data (Live + As Live Viewing) & Consolidated 7 & 28 data where available, total individuals.

7 Fund the outcome of the competitive neutrality review

The ABC and SBS play important roles in Australia's media landscape and in helping the government achieve its cultural and educational policy objectives. This is especially the case in areas where it may not be commercially viable for other operators to deliver relevant content, such as children's programming and niche content for specific ethnic groups.

We welcome the Government's announcement of a competitive neutrality review into the national broadcasters. This review process will be important in ensuring a cohesive Australian media landscape, including the national broadcasters finding their own unique and distinct place.

We would expect that the competitive neutrality review could also cover:

- the approach to risk of the national broadcasters compared to the prevailing commercial best practice risk management strategies operating domestically and worldwide;
- how new services are funded by the national broadcasters and whether there is an ability for the national broadcasters to invest into new services like VOD by reducing core charter aligned activities;
- a stocktake of the regulations and the costs of compliance applying to both commercial networks and national broadcasters; and
- recent developments in the competition regulation of national broadcasters in other jurisdictions, and particularly in the UK, and report on approaches that could be adopted here for the ongoing monitoring of competition impacts.

The 2018-2019 budget should include appropriations to enact the findings of the competitive neutrality review, including funding for ongoing monitoring and enforcement of any recommendations.