

The Health of the Australian Screen Content Production Industry

18th June 2023

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1. Australia's Screen Production Landscape

Over the past decade, Australia has increasingly developed into an attractive production location, not only for incoming Hollywood productions but for domestic film and television as well.

In 2021/22 drama expenditure hit an all-time high of A\$2.2 billion – this is inclusive of both incoming and domestic production.

As a result, Australia's production landscape has flourished.

Studio infrastructure has expanded in Australia, although at a slower rate than international competitors. In the last decade Queensland has expanded their sound stage offering, Victoria opened a new 'super stage' and a new virtual production stage at Docklands and other soundstages are planned in Far North Queensland, Western Australia and New South Wales.

Likewise, the **animation, post-production and visual effects** industries have grown in Australia. Australia is now home to internationally recognised VFX studios, including Animal Logic, Flying Bark Productions, Cumulus VFX, Rising Sun Pictures and Kojo. International studios such as Industrial Light and Magic, MPC and DNEG have added Australian offices to tap into the vibrant scene in Australia.

Australia's **production workforce** is also growing, both in numbers and strength. According to the latest census data from 2021, more than 15,000 are employed in film production and post-production, with a further 16,000 employed in television broadcasting. As the number of productions increases, opportunities for Australian crew for continuous work also increases and the risk of a brain drain to other production jurisdictions decreases.

There has also been substantial work to improve the representation of **underrepresented groups** on Australian screens and behind the camera. This important work is ongoing.

The media landscape in Australia, and globally, has fundamentally changed over the past decade. Audiences are viewing content in many new ways and using a variety of devices to access content when and how they want.

In the past five years, Australia's public service broadcasters, commercial broadcasters and Foxtel have been joined by **fresh investment from the streaming video-on-demand (SVOD)** providers, including Prime Video, Netflix, Disney+, Paramount+, Binge and Stan.

There is strong demand for content production in Australia coming from all types of commissioners.

However, despite the positive developments, domestic production in Australia has been impacted by various external influences.

COVID-19 had a significant impact across the screen sector, halting production entirely for several months in 2020. Once production did resume, COVID-19 continued to affect production schedules, crew mobility over state lines and distribution plans.

Australia's Public Service Broadcasters, ABC and SBS, have faced significant budget constraints over the past decade. According to a Senate Estimates question in October 2021, there was a **26% reduction in commissioned drama activity at the ABC in 2020/21 when compared to 2014/15**. This was due to the impact of COVID-19, increased production costs, changes to the media landscape and other external factors.

2. Key Takeaways

- Australian content has important industrial and socio-cultural roles to play, but **defining what constitutes Australian content is complex**, and current definitional approaches means that we are not necessarily seeing the whole picture of Australian content production and investment.
- **Drama expenditure has increased** in recent years, driven in part by the arrival of SVOD providers and the high budgets of SVOD productions.
- When comparing the latest year that data is available across SVOD, commercial broadcasters and the ABC, the data shows that the **ABC and SVODs invest in drama titles at a higher rate**, while commercial broadcasters spend significantly more on light entertainment titles.
- Australian **content is increasingly being produced across Australia**, rather than just in the east coast production hubs. This delivers the economic and social benefits of production across the nation, including outside of metropolitan Australia.
- **Spend by commercial broadcasters is down** across genres, including drama, children's and documentary. This is in part due to the continued impact of COVID-19 and advertising spend cutbacks.
- **Drama content for children within the 'C' and 'P' demographics is decreasing**. However, this isn't the full picture of children's content produced in Australia as it **doesn't account for non-drama production or content for teenagers and young adults**.
- **Co-commissioning children's content has increased**, particularly with Netflix as a partner. This may help relieve the burden on the ABC.
- Representation of **underrepresented groups** on and off Australian screens is improving but there is significant work needed to achieve genuine diversity, equity, and inclusion in the Australian screen sectors.
- **Indigenous and First Nations content is growing**, and these stories are increasingly seen by a global audience.
- Production arrangements negotiated by streamers with independent producers can vary and there is **no one-size-fits-all structure**. That said, arrangements typically tend to fall into the following three categories: (a) buy-outs; (b) co-productions; and (c) licenses.
- Australia is currently seeing a **shift towards the co-production and licensing models**. This is due to a number of factors, not limited to but including constant adjustments in the supply/demand relationships in the market.
- **Piecing together accurate and comprehensive data cannot be done successfully** in the current format that data is reported. It is not possible to accurately compare production levels, production spend or other factors across public broadcasters, commercial broadcasters, subscription TV and SVOD providers.
- The media landscape in Australia has evolved and changed dramatically over the past decade, and if there is to be a level playing field, it is important that the approach to collecting and reporting data evolve with it in the interests of all stakeholders.
- Therefore, policymaking at this time is impeded by a lack of comparable data across the sector.

There Are a Variety of Approaches to Defining Australian Content

An overarching question in this study is **what constitutes Australian content? This is a complex question** and it's important to note that how an audience defines Australian content does not necessarily align with how the industry or government defines Australian content.

Before identifying the governing definitions, consider *why* making Australian content is important. Broadly speaking, **Australian content contributes socio-cultural and industrial value.**

The socio-cultural benefits of Australian content **involves audiences seeing Australians on screen** in stories that are true to the lived Australian experience. *Home and Away* (1988-) tells the story of Australian friends and families living in a beach community in New South Wales. *Firebite* (2021) is a fantastical story about two Indigenous Australian hunters trying to protect their outback South Australian town from vampires. While very different productions, both *Home and Away* and *Firebite* use settings, characters and narratives that reflect Australia and the people who live here.

Industrial value is not limited to stories that reflect Australia and its people. It may include titles that involve Australians in the production, but perhaps do not tell an Australian story. The recent Baz Luhrmann *Elvis* (2022) feature was shot in Australia and involved Australian crew and production businesses, post-production companies, and featured Australian talent both on- and off-camera. However, it tells the story of Elvis Presley, an American musician, and while it shot in Queensland, the locations are representing the US.

These productions may not be telling an Australian story, but they **benefit the Australian screen industry, and wider economy,** by

providing job opportunities and talent development and have positive financial impacts in the local communities.

Productions can, of course, include **both socio-cultural and industrial Australian qualities.** *Bluey* (2018-) is an animated series produced in Queensland by Ludo, an Australian studio. It also resonates with Australians through its use of Australian accents and language, Australian visual tropes and storylines that align with the lived experiences of many Australians.

Content **commissioners in Australia have various remits** for producing Australian content, or reporting on the Australian content they produce.

Subscription television broadcasters, such as Foxtel, are required to spend a proportion of their program expenditure on Australian drama programming. The **commercial broadcasters** must broadcast at least 250 points of first-release Australian programming each year.

While the **ABC and SBS** are not obligated to follow content quotas such as those set out for the commercial broadcasters, both are guided by internal charters and are required to educate, inform and entertain Australians.

The **SVOD providers** are not currently required to spend a certain amount on Australian programming, however, five SVODs in Australia voluntarily report on their annual expenditure and commissioning activity to the **Australian Communications and Media Authority (ACMA)** and this data has shown strong levels of investment.

Guiding much of this reporting and commissioning activity is the Broadcasting Services (Australian Content and Children's Television) Standards 2020 (ACCTS). The **ACCTS outlines definitions for what qualifies as an Australian program**. Programs that meet some, but not all these requirements are not classified as Australian programs.

In the ACMA Spending by SVOD annual reporting, programs that fall outside of the strict definitional guidelines, but meet some of qualifications, are referred to as Australian-related content. In 2021/22 **A\$333.4 million** was spent by the five SVOD providers to acquire, produce or invest in Australian-related programs. This is in addition to spend on Australian content. While **not meeting the full definition of Australian according to the ACCTS**, it is arguable that these productions provide socio-cultural or industrial value in Australia.

For example, the Prime Video series *Nine Perfect Strangers* (2021) is classified as an Australian-related production because it does **not meet all the necessary requirements**, most notably it is not produced under the creative control of Australians. However, the series is based on a novel written by an Australian author, Liane Moriarty, stars Australian actors including Nicole Kidman and Samara Weaving, was shot in northern New South Wales and was produced by Australian production company Made Up Stories. While the series may lack the socio-cultural value of an Australian production, the **series offered numerous industrial impacts**, including hiring Australian crew and businesses and shooting in an Australian location.

ACCTS Australian Definitions

A program is an Australian program if it **is produced under the creative control of Australians**, notably:

- The producer/s are Australian,
- Either the director/s or writer/s of the program are Australian,
- At least 50% of leading actors, including voice actors, or on-screen presenters are Australians,
- For drama programming, at least 75% major supporting cast are Australians, and
- The program is produced and post-produced in Australia.

In the case of an animated project, at least three of the following roles attached to the the program must be held by Australians: production designer, character designer, supervising layout designer, supervising storyboard artist and key background artist.

A documentary that complies with the requirements above is not an Australian program if it's a reversioning of one or more documentary programs that are not Australian, official Australian co-productions, New Zealand or Australia/New Zealand programs.

Screen Australia's Drama Report defines Australian, or domestic, productions as those under **Australian creative control** (i.e. where the key elements are predominantly Australian, and the project was originated and developed by Australians). This includes projects that are fully foreign financed but are under Australian creative control. For projects that contain Australian elements, the Strategic Policy and Industry Insights Unit review the creative control and key roles within the project to assess how it should be classified.

A similar review of projects is part of the application for the Producer Offset. Within this **Significant Australian Content** (SAC) test, projects are reviewed against five metrics, including the project's subject matter, where the project was filmed and the nationalities and residencies of those making the film.

The **complexity around these definitional requirements** impacts where spend is attributed in the various published data sources. As a result, **official reporting in Australia is not necessarily reflecting the whole picture** of Australian content production and investment.

The evolving media landscape raises questions on the best approach to **defining national content** and how best to apply these definitions consistently across all content providers. This complexity of defining national content is not an issue unique to Australia. Other jurisdictions, including across Europe and Canada, are also reviewing these definitions.

Screen Australia Definitions

Significant Australian Content Test

Screen Australia must be satisfied that a project has a significant level of Australian content. In determining whether a project has significant Australian content, it must have regard to the following:

- The subject matter of the film
- The place where the film was made
- The nationalities and places of residence of the persons who took part in the making of the film
- The details of the production expenditure incurred in respect of the film, and
- **Any other matters considered to be relevant.**

Screen Australia Drama Report

Domestic Production - Projects other than co-productions under Australian creative control (i.e. where the key elements are predominantly Australian, and the project was originated and developed by Australians). This includes projects under Australian creative control that are 100% foreign-financed.

Foreign Production - Defined as those under foreign creative control, originated and developed by non-Australians. This includes foreign projects with an Australian production company operating in a service capacity.

Australian Content Spend on the Rise

The number of potential funders for projects has **expanded** since SVOD providers entered the Australian market. This has resulted in significant increased investment.

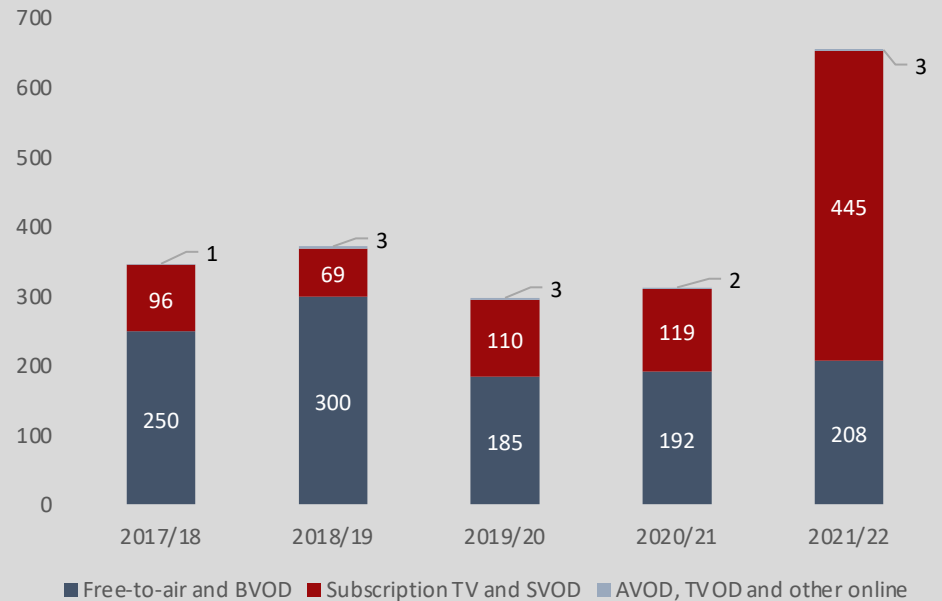
Expenditure on Australian features and television drama in 2021/22 was **A\$1.5 billion**. Spend on general television and video-on-demand drama alone accounted for **A\$656 million**.

According to the 2021/22 Screen Australia Drama Report, almost **68% of domestic television drama production spend came from subscription TV and SVOD**. This was an increase of more than 360% on 2017/18.

Screen Australia tracks data in line with first release platform, however this **doesn't account for co-commissions or co-productions** across networks and platforms, or Australian features that were financed by an SVOD but first had a theatrical run.

This means that we're **not seeing** the complete SVOD picture of production in Australia, nor are we seeing the complete nature of collaboration across platforms and providers.

Figure One – Australian General TV and VOD Drama Production Spend (A\$m)



Source: Screen Australia (2022)

ABC and SVOD Invest in Drama at Higher Rate; Commercial Broadcasters Heavily Invest in Light Entertainment

While the available data doesn't allow for a direct apple-to-apples comparison, it is possible to isolate commissioned investment spend across the ABC, SVODs and commercial free-to-air broadcasters.

Because of the differences in allocating spend, these figures should not be directly compared. The latest data available across all three commissioners is 2020/21, however more recent data will be discussed for the ABC and SVOD providers in later parts of the report. Due to the availability of data, there is no breakout for SBS/NITV or subscription television.

ABC

- In 2020/21, the ABC's total commissioned investment was **A\$86 million**.
- **A\$61 million** was invested in drama, children's, factual and documentary content.
- Almost 60% of this spend went towards Australian drama titles.
- A further A\$25 million went towards commissioning content outside of these genres.

SVOD Providers

- In 2020/21, Prime Video, Disney+, Stan and Netflix spent **A\$178.9 million** on commissioned, co-commissioned and acquired Australian content.
- More than 50% of this spend went towards Australian drama titles.
- **A\$66.8 million** went towards 'other' genres, which includes children's drama and non-drama, light entertainment, and sport.
- A further **A\$450 million** was spent on producing, investing or acquiring 12 Australian-related programs.

Commercial Broadcasters

- In 2020/21, the commercial broadcasters spent **A\$1.5 billion** on Australian content. This includes sports and news and current affairs.
- **A\$69.7 million** was spent on Australian drama titles, with **A\$8.4 million** spent on documentary and **A\$3.6 million** on children's content.
- Light entertainment accounted for almost **A\$500 million** in expenditure for the commercial broadcasters. Outside of news and sports, this genre was the greatest recipient of spend.

The ABC contributed **A\$177.2 million** on Australian content in 2021/22, a 106% increase on 2020/21.

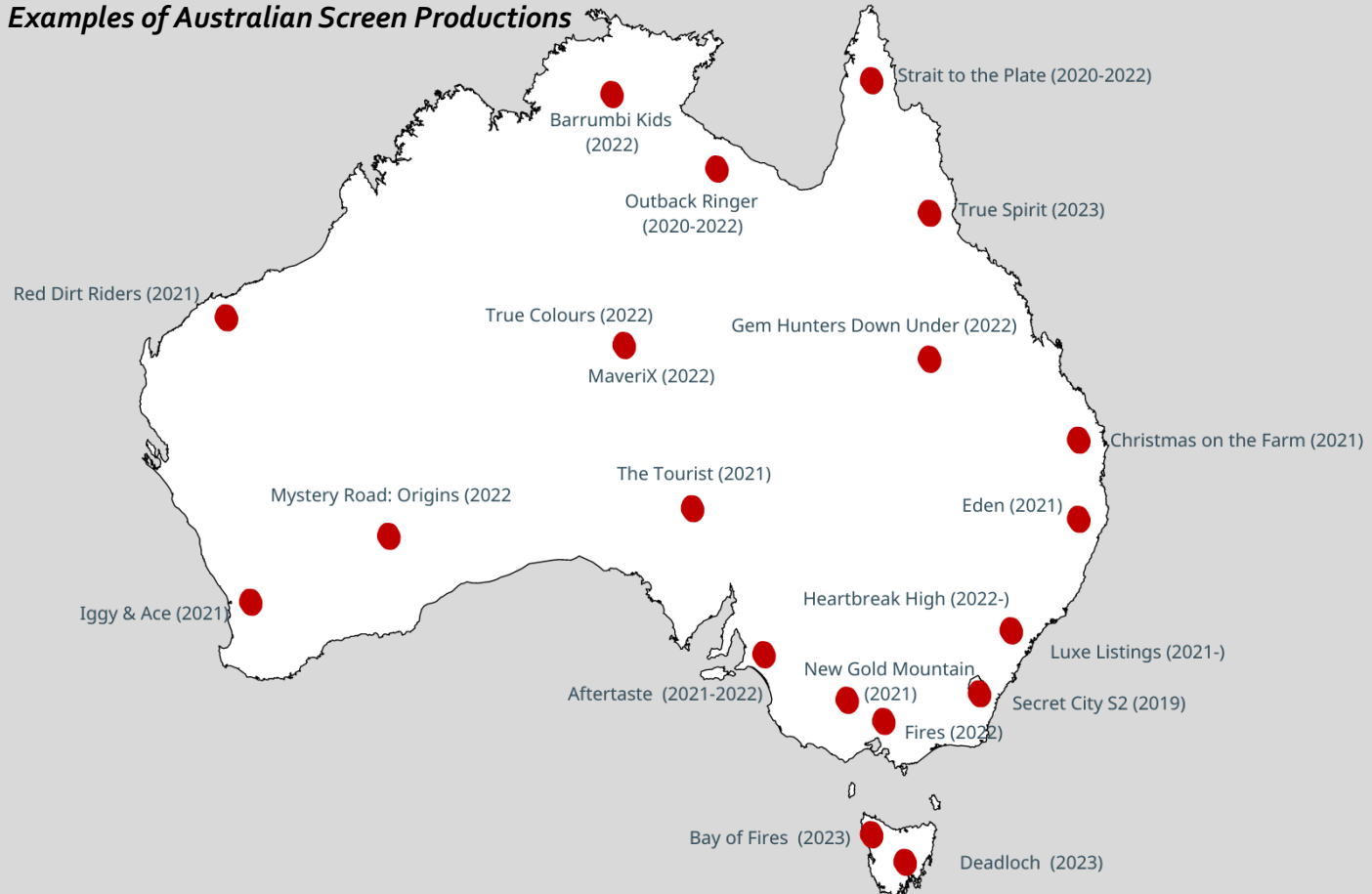
A\$335.1 million spent on Australian content in 2021/22 by 5 SVODs, an 87% increase on 2020/21.

2021/22 data for commercial broadcasters has not yet been published.

Screen Content Is Increasingly Being Produced Across Australia

While incoming drama productions are still concentrated on the east coast in the production hubs in Sydney, Melbourne and South East Queensland, domestic content is increasingly being produced across Australia. This delivers very significant economic and social benefits. A **wider range of communities** benefit economically from the production shooting in their area, while more drama and documentary shot outside of metropolitan hubs **increases representation on Australian screens** and behind the camera.

Figure Two – Recent Examples of Australian Screen Productions



4. Snapshot of the Sector

Commercial Broadcaster Spend is Down Across Most Genres

The **commercial broadcasters were particularly impacted by the COVID-19 pandemic**, especially increased costs associated with producing during these years and advertising spend cutbacks.

In 2020/21, the latest year the ACMA commercial broadcaster data is available for, **spend on drama, children's and documentaries was down** on previous years.

There has been a **drop in spend on children's content**. In 2017/18 the three commercial broadcasters spent **A\$25.6 million** on children's drama and non-drama content. In 2020/21 spend on children's content was **A\$3.6 million**.

Drama spend has also dropped, although not at the same rate as children's. Expenditure decreased by 24% for adult drama between 2017/18 and 2020/21.

The new ACCTS points system for commercial broadcasters raises some concerns about the diversity of content from commercial broadcasters in the years to come.

There is no longer a requirement for commercial broadcasters to meet the minimum requirement of 130 hours of first release children's content, including 25 hours of children's drama.

However, the new points system apportions larger points allocation for higher budget drama, so it remains to be seen whether these concerns materialise.

Figure Three – Expenditure on Australian Drama by Commercial Television Licensees (A\$m), 2012/13 FY – 2020/21 FY

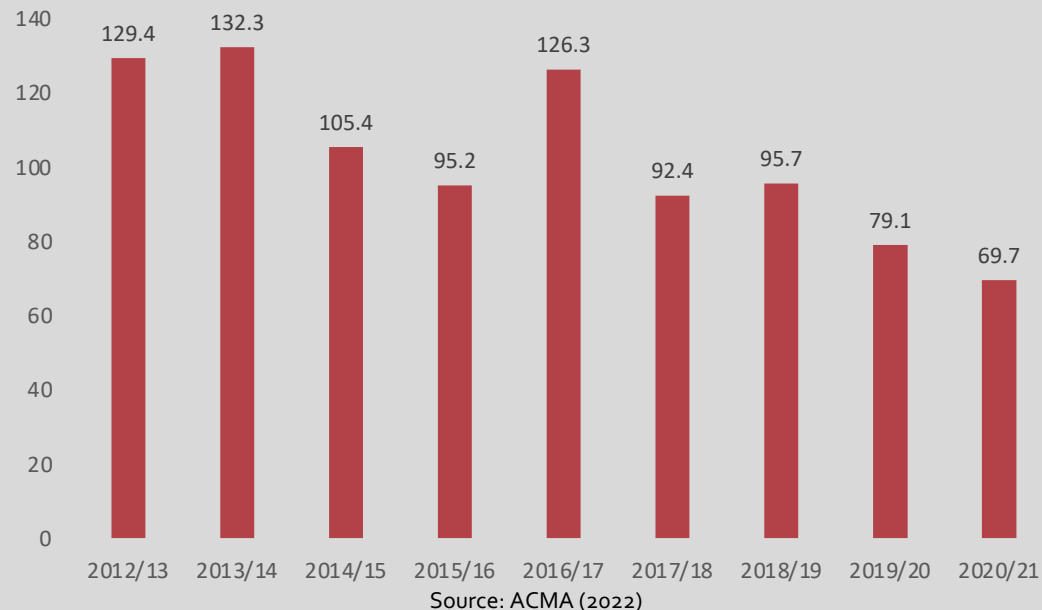


Table One – Commercial Television Program Expenditure (A\$m)

| | 2017/18 | 2018/19 | 2019/20 | 2020/21 |
|---|---------|---------|---------|---------|
| Adult Drama | 92.4 | 95.7 | 79.1 | 69.7 |
| Children's Drama and Non-Drama | 25.6 | 24.9 | 10.6 | 3.6 |
| Documentaries | 10.4 | 9.6 | 7.1 | 8.4 |
| Light entertainment | 486.8 | 534.3 | 530.4 | 499.9 |
| Total Aus spend (including news and sport) | 1,626.0 | 1,566.5 | 1,479.2 | 1,524.5 |

Subscription Television Drama Spend is Down

Subscription television broadcasters, such as Foxtel, are **required to invest** 10% of their total expenditure on new Australian drama programming via the New Eligible Drama Expenditure (NEDE) scheme. This obligation can also be met by channel providers. These are the companies providing drama content to the licensees.

Between 2016 and 2021, **Foxtel invested A\$172 million** on programs that qualify as NEDE. Their recent successes in Australian drama include *Upright* (2019), *Love Me* (2021), and *The Twelve* (2022).

In addition to the A\$172 million spent on drama programs between 2016 and 2021 that qualify as NEDE, the Foxtel Group also spent an **additional A\$232 million on Australian factual, lifestyle and entertainment programming** during that same period. Like drama, those investments create valuable Australian jobs in the creative industries.

In May 2020, Foxtel launched Binge, a SVOD platform in Australia. This means Foxtel's business is spanning across multiple platforms.

While the largest, Foxtel is not the only subscription TV licensee in Australia. Four subscription TV licensees supplied one or more subscription TV drama services to audiences in 2021/22, Foxtel, Selectra (Austar), Telstra and Fetch TV.

Across subscription television, there has been a **drop in spend in recent years**. The subscription television industry spent **A\$18.72 million** on eligible Australian drama programs in the 2021/22 financial year; down from **A\$56.72 million** in 2017/18.

The NEDE rules provide for the expenditure obligation to be incurred in one year and acquitted in either the same financial year or the following year. This means that any shortfalls and surpluses from the previous year can be carried across the following financial year. In each financial year, licensees and channel providers must, at the very least acquit their previous financial year's shortfall for each drama channel, in order to be compliant with the rules.

According to the 2021/22 ACMA reporting, an expenditure shortfall of A\$8.6 million was reported and needs to be made up in the next financial year.

The table below provides total industry results aggregated across licensees, channel providers and pass-through providers.

Table Two – Subscription TV NEDE Compliance Snapshot (A\$m)

| | 2017/ 18 | 2018/ 19 | 2019/ 20 | 2020/21 | 2021/22 |
|--|-------------|-------------|-------------|---------|---------|
| Total spend on new Australian drama in financial year | 56.72 | 24.67 | 13.74 | 8.75 | 18.72 |

Source: ACMA (2023)

SVODS are Spending More Per Hour On Australian Drama Content than Any Other Platform

Australian and foreign online streaming services made the largest investments in Australian drama in 2021/22, with a spend of **A\$186 million**.

While the number of titles is lower for SVODs in comparison to other platforms, the budgets are substantially higher.

As reported by Screen Australia, eight subscription TV and SVOD titles that went into production in 2021/22 had budgets over **A\$20 million**.

These productions deliver high-quality Australian content. The **increased budgets on these productions** enable complex storylines that may incorporate VFX, increased location shooting, and larger casts and crews. There are both socio-cultural and industrial benefits to productions of this scope.

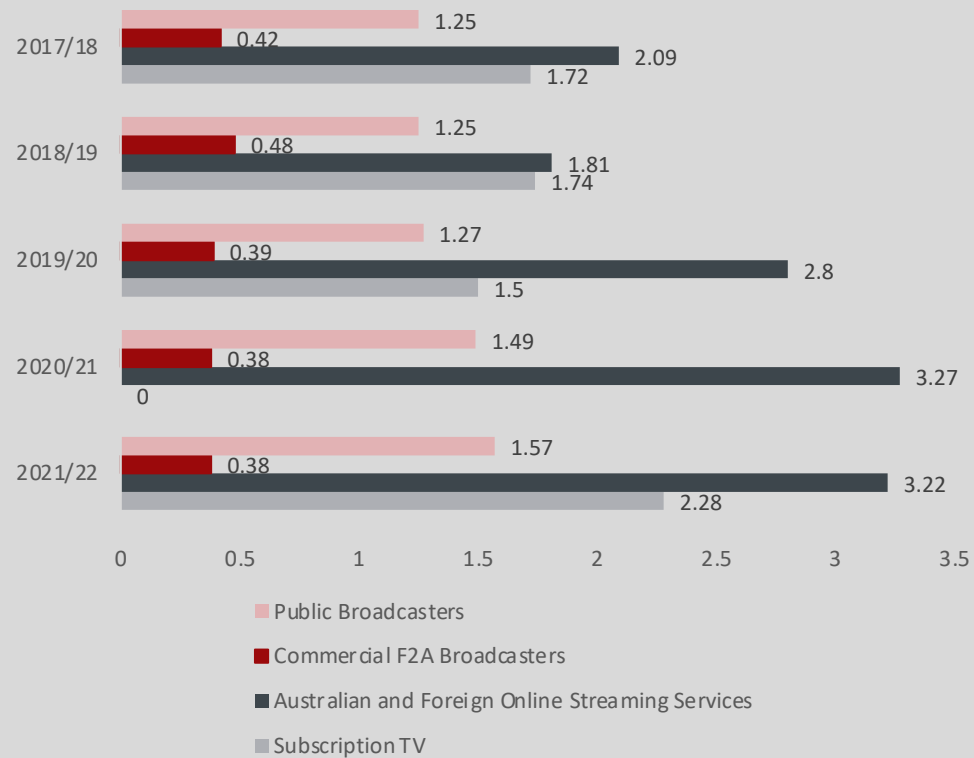
Using the data provided in Screen Australia’s drama report, an average cost per hour can be calculated by dividing the budgets by the number of hours.

As Figure Four shows, streaming services reached an average cost of **A\$3.22 million** per hour in 2021/22.

On the other end of the scale, the commercial free-to-air broadcasters had the lowest average cost per hour, ranging between **A\$0.38 million** and **A\$0.48 million**.

This is likely attributable, at least in part, by high volume series such as *Home and Away* or *Neighbours* (returning to Channel 10 and Prime Video in 2023) which consist of several hundred episodes each year.

Figure Four – Cost Per Hour by First-Release Platform, Drama, 2017/18 – 2021/22 (A\$m)



Source: SPI Analysis of Screen Australia (2022)

SVODs Revive Popular, Home-Grown Drama For Global Streaming Audiences



Australian Amazon Original *Back to the Rafters*, released in 2021, is a reboot of the popular Australian family drama, *Packed to the Rafters*, which aired from 2008 to 2013. The new series was commissioned by Prime Video, produced by Seven Studios and written and brought to life by the original show's creator, Bevan Lee.

Back to the Rafters, whose storyline picks up where the original had left off in its 2013 finale, has been developed with a view to adapting the much loved *Packed to the Rafters* to the digital age.

The reboot keeps the overarching format of the original, in evocatively and boldly exploring the journey of a local Australian family as they navigate life and all that it has to

offer, while keeping the drama quotient subtle and understated.

However, the reboot features the Rafters dealing with more contemporary issues, such as, 'country versus city life; Ruby's concern for climate change; homelessness as a result of a defective apartment building; dealing with sick parents in aged care; the infertility Ben and his new wife face.'

Since 2019, Prime Video has commissioned 25 Australian Amazon Original series in Australia, which has in turn led to an investment of over A\$150 million in local productions since launch. This includes the production of *Back to the Rafters*.

Notably, *Back to the Rafters* was the first scripted Australian Amazon Original to be scheduled for production in 2019.

This decision to begin its original production run in Australia with *Back to the Rafters* was also reportedly connected with centring a story that draws on a local, Australian family, thus making for relatable scripted content for Australian viewers and backing stories that have a uniquely Australian voice.

As noted by James Farrell, VP of international originals at Amazon Studios, "*Packed to the Rafters* is among the most beloved Australian series, and this revival will allow us to give our customers the locally relevant entertainment they want."

Aside from the nostalgia and excitement that this show has brought to Australian viewers, the show's commissioning by Prime Video has helped bring Australian creative talent and this uniquely Australian story to viewers across the world.

Despite Lack of Uniform Data on Content Spends, Promising Landscape for Documentaries

Documentary and factual content in Australia has remained steady in recent years. It remains a genre produced across all Australian content providers.

Documentary production is reported on differently by Screen Australia. Rather than spend, production budgets for single title documentaries and documentary series are recorded. The most recent published year is 2020/21.

In 2020/21, production budgets for domestic documentaries amounted to A\$226.9 million.

This does not include light entertainment content that sits outside of the definitions for drama and documentary but also makes up a significant number of the titles produced annually in Australia on all platforms.

Data available on content spend on documentary and factual content by public broadcasters and SVOD platforms is **limited and lacks uniformity**. That said, available data points to a promising landscape of documentary and factual content in Australia.

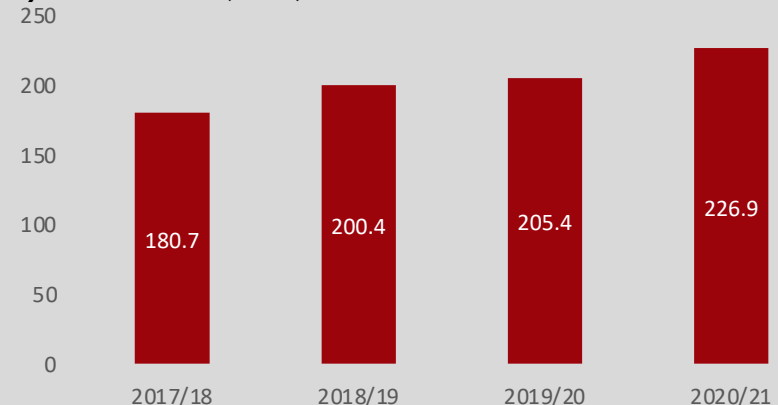
- From the ABC's 2021/22 annual report, **A\$52.26 million** was invested by the ABC into documentary and factual content. This was a **substantial increase** on the 2020/21 reported spend of A\$9.9 million.
- The latest year available for commercial broadcasters is 2020/21. During this year, A\$8.4 million was spent on Australian documentary content.
- The five **SVOD providers spent A\$37.4 million** on commissioning and acquiring Australian documentaries in 2021/22.

This is a **46% increase** on the reported 2020/21 documentary spend from the SVOD providers, however, Paramount+ did not report to the ACMA in 2020/21. In 2021/22, Paramount+ commissioned two documentary titles.

SVOD providers in Australia have commissioned or co-commissioned a dynamic slate of documentary titles. Through analysis of announced Australian titles, SPI estimates that approximately **34% of content titles produced by the SVOD providers are classified as documentaries or light entertainment**.

While specific data on budgets is not publicly available, it is understood that documentaries commissioned by the SVOD providers benefit from higher budgets. Additionally, SVOD providers have partnered with organisations such as Cricket Australia to deliver series that offer unique insight into popular topics typically unavailable to Australian audiences.

Figure Five – Total Documentary Budgets in Australia, 2017/18 – 2020/21 (A\$m)



Source: Screen Australia (2022)

SVODS are Adding to the Factual Content Landscape and Telling Some of Australia's Most Urgent Stories

Revealed: Amongst Us – Neo Nazi Australia is a documentary exploring the rise of neo-Nazi activity in Australia. Released on March 2022, *Amongst Us* kickstarted a series of long form documentaries released by Stan, under the platform's *Revealed* banner. Stan's *Revealed* slate has been produced by Stan's executive producer, Amanda Duthie, with the help of production support from Screen Australia, among others.

The series includes documentaries covering some of Australia's most "stirring, urgent, and untold true stories." It has been produced as part of a partnership between Stan and Nine. Notably, the *Revealed* slate is Stan's first attempt at long-form investigative content.

Amongst Us follows an undercover investigator going by the pseudonym 'Davo' who infiltrates the Nationalist Socialist Network (NSN), posing as a recruit. True to its name, the documentary reveals the frightening web of Australia's neo-Nazi communities and the seemingly 'ordinary'

people who are shown to populate it.

Witnessed through a hidden camera lens, the audience is taken on what has been described as a 'harrowing' journey, as they are made privy to conversations among members of the NSN, candid revelations shared between members, and propaganda that includes hate speech and racial viewpoints.

Amongst Us is an example of factual content that has placed the spotlight on a key socio-political issue darkening Australian society, in an interesting way – i.e. as reviews have noted, in letting the members show the audiences their behaviour and actions, rather than accusing them of anything directly. It also deals with key subject matter - in bringing the extent of Australian far right, neo-Nazi sentiment in today's world, to the fore, and demonstrating just how insidious it is, and how much urgent attention it needs.

Amongst Us is also notable in displaying the

investigative journalism process in a way that hadn't been done before. This type of content is key in catering to audiences' "insatiable appetite for documentaries" as described by Stan's chief content officer, Cailah Scobie.



Children's Drama Content Decreased, but Co-Commissioning Deals Help Relieve Burden on the ABC

There has been a **decrease in content produced for young children** over the past decade. This is particularly evident in the number of titles produced by the commercial broadcasters.

Children's content is regulated in accordance with the ACCTS and includes specific definitions around audience age and content type.

According to Screen Australia's latest Drama Report, in 2021/22 **only 11 children's drama titles went into production.**

However, it is important to note that this does not factor in content made for audiences outside of the specific ACCTS definitions of children's content, such as titles made for **older teenagers, or non-drama programming.** Page 19 looks at teen content produced in Australia in more detail.

The **ABC** has long been seen as the 'home' for quality children's programming. However, reductions in funding in the past decade have complicated the ABC's ability to consistently produce children's content and this places substantial pressure on the public service broadcaster to deliver content for Australian children.

According to the ABC's 2021/22 annual report, **A\$26 million**, or approximately 15% of the ABC's content investment for the year, went towards children's programming.

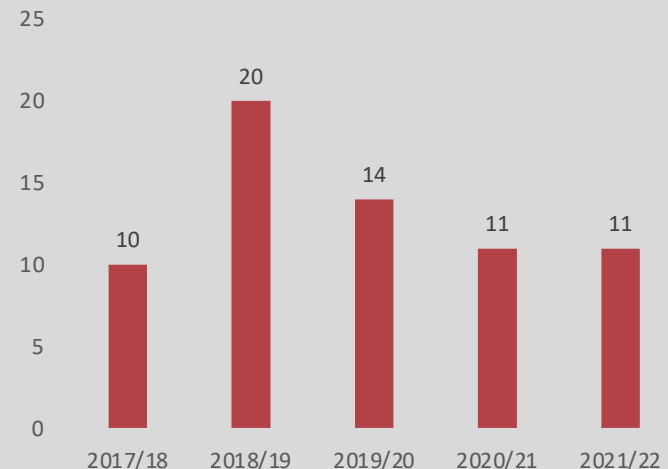
NITV has been growing steadily as a provider for children's content over the past five years. This content has a First Nations focus on creative content, cast and crew attached to the programs and where the productions take place.

Co-commissioning content may reduce some of the pressure on Australia's public service broadcasters. **Both ABC and NITV have commissioned content with the commercial broadcasters, and, increasingly, with Netflix.**

Since launching in Australia, Netflix has produced a significant amount of children's content, including a number of co-commission deals with the ABC (including *Maverix*, *The New Legends of Monkey*). **Netflix reportedly spent A\$58 million** on children's content between 2019/20 and 2020/21.

These commissioning deals typically involve the ABC retaining first-release Australian rights. This invariably helps to maintain the ABC's position as the home for children's content but has reduced the producing burden on the public broadcaster.

Figure Six – Children's Drama Titles, 2017/18 – 2021/22



Source: Screen Australia (2022)

Australia Mystery Dive Club Takes a Local, Regionally Shot, Co-production Between Streamer and Australian Commercial Broadcaster, to Global Audiences



Channel 10.

The show's storyline is unique: it follows a group of teens who are part of a local town dive club. Mystery strikes when one of the group's members goes missing soon after the group discovers some Victorian treasure on one of their dives. From this point, the narrative escalates, with further twists and turns adding to the development of the plot and intensifying the intrigue. This interesting narrative is shaped by the fact that the show was reportedly made in response to, among other things, the increasingly high demand for "appealing and bingeable" content by adult and family audiences on smaller screens.

Reviews note that the show features a well-written script, and commendable acting performances. Notably, the show has been praised for presenting family oriented scripted content that "does not talk down to kids" – a rare feature for shows that are typically made for family audiences. This is complemented by the show's narrative focus on the lives of a group of female teenagers living a small Australian town, and

platforming themes like homosexuality, that are relevant to young adults living and growing in the 21st century.

In addition to its female focused narrative and exploration of vital socio-cultural themes, the show draws viewers into the interiors of a small, Australian coastal town, showcasing the scenic landscape of Port Douglas. This, again, aligns with the intention of the show's creators, which was to create a show centring on Queensland scenery. Importantly, at the time of the project's announcement, Queensland's Premier Anastacia Palaszczuk announced that the show was estimated to create in excess of 110 jobs for Queenslanders and inject nearly A\$8 million into the economy, as well as promote the region as a developing production hub ahead of a new studio opening in nearby Cairns in 2023.

The show has been well received by audiences worldwide, with its availability on Netflix bolstering the reach and popularity of a story based in a small, Australian town: the show reportedly became a 'top 10' show on Netflix in 53 countries.

Content For Teens is Popular With Audiences, But Often Overlooked

An ongoing debate surrounds the **definition and inclusion of content produced for older teenagers and young adults**. Historically, Australia has offered a wide selection of programming developed for teenagers and young adults in addition to the regulated 'P' and 'C' programming. However, this teen content is not currently counted in children's content figures.

Shows like *Slide* (2011), *Blue Water High* (2005 – 2008) and the original series of *Heartbreak High* (1994 – 1999) offered teenagers more complex narratives than are typically broadcast as 'C' programming. They equipped teen audiences with a range of relatable stories featuring issues common to Australian teenagers as they navigate the path to adulthood.

In line with current content definitions, **content for older teen audiences falls within the broader pool of scripted drama, rather than children's content**. In 2016, the ABC's children's channel ABC ME lowered their target age demographic from 15 to 12 years, focusing on a core audience age bracket of 8-12 years old.

The difficulty attracting teen audiences in a changing media landscape and aligning the content with appropriate timeslots and advertising windows led to this becoming a **declining genre** with a small audience in Australia.

"There was no timeslot for it, but there also wasn't an appetite ... The advertising revenue that they used to generate content, they couldn't get that from teenage shows." – Carly Heaton, Executive Producer of *Heartbreak High* (2022)

However, there has been a **resurgence of teen content in Australia over the past five years**.

Surviving Summer garnered over 20 million hours globally in the first two weeks of its release on Netflix, reaching the top 10 shows list in more than 42 countries, including Australia, USA, Brazil and Canada. A second season was greenlit and went into production in Victoria in early 2023.

This content is a vital part of the children's landscape. These programs are well received by audiences both in Australia and globally and make an important contribution to the social welfare of teen Australians.

Australian Teen and Young Adult Content

More Than This, a television drama written by teenagers which premiered on Paramount+ in 2022.

Soundtrack to our Teenage Zombie Apocalypse, a 2022 coming-of-age teen comedy for the ABC.

Surviving Summer, a multi-season series for Netflix about a rebellious American teen who is sent to live with family in Australia.

Deadlock, a 2018 teen drama for the ABC.

Robbie Hood, a 2019 SBS comedy following a teen and his friends in an Aboriginal community in Central Australia.

Bump, a teen pregnancy comedy from Stan which has a spin off series scheduled to premiere in 2023.

Heartbreak High Is A Teen Drama for the Streaming Age

Heartbreak High 2022 was produced by Fremantle Australia and NewBe. The show is a reboot of the original series, *Heartbreak High* released in 1994.

The 2022 reboot is different from the original in many ways: the reboot features a new generation, is glossier, swankier, and with a seemingly more dramatic, bold edge. All these changes seem to find their roots in the reboot having been produced as a Netflix original; the reboot was made with the intention of taking an Australian classic and making it an attractive streaming option for young, streaming audiences worldwide.

Although the 2022 reboot has received some criticism that it is homogenised due to having been made for streaming audiences, other reviews disagree. They admire the way the show addresses themes central to the lives of young adults today, i.e. sexual health, consent, and interpersonal relationships in a hyper digital age. It has also received positive feedback for the space it creates for diverse and inclusive

talent and voices, and its discussions on race, identity and gender – all important themes for young audiences of today. The distinctive Australian humour and snark is also felt to remain intact, despite the show's efforts at making itself relatable to US audiences through the depiction of school cultures that may be “un-Australian” such as the lack of school uniforms and the use of American pop culture references.

Backed by Netflix, *Heartbreak High* has also been able to reach far beyond Australian shores: according to reports in December 2022, the show racked up more than 42.6 million hours of viewing time within its first three weeks of being launched on Netflix. It was also on Netflix's top 10 list of English titles in 43 countries. It also became popular across social media, including massive popularity on social media platform, TikTok, which as of October 2022, had reached 300 million views.

Heartbreak High is an example of a streamer funded teen drama that is being pushed to centre stage by young audiences both in

Australia and worldwide.



Representation On and Off Screen is Improving, But Has a Way to Go

In general, it is difficult to get an accurate sense of the full extent of diversity, equity and inclusion (DEI) on and off screen in Australia. **Baseline data is lacking**, and we rely on a lot of anecdotal information.

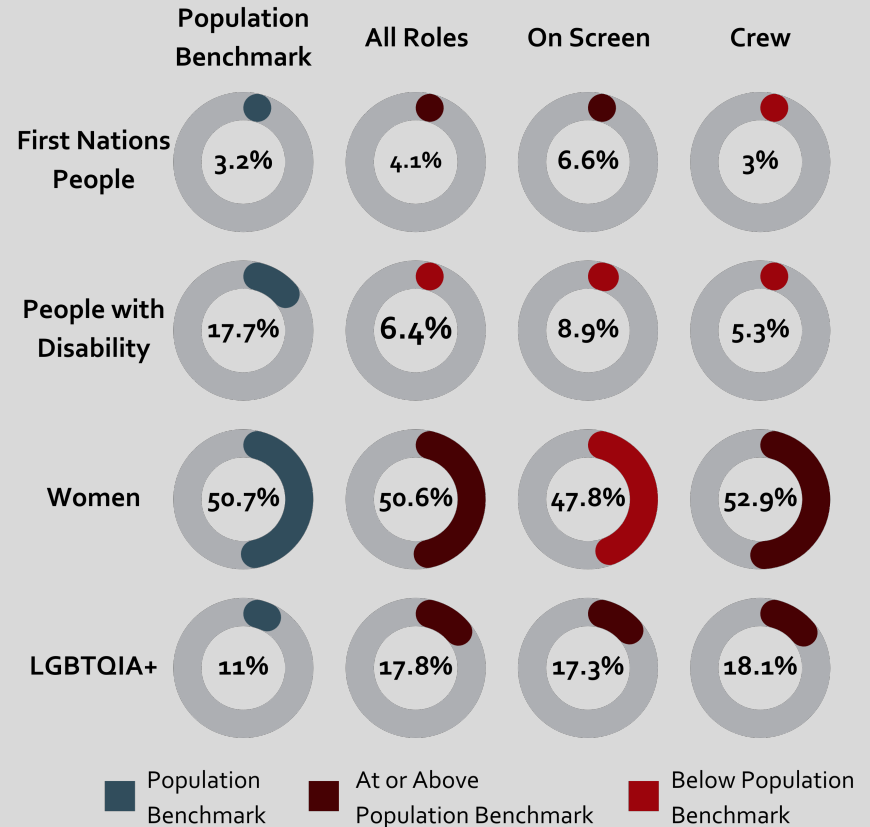
In general, both industry consultations and limited data reveal that there is still **significant work to do to achieve genuine diversity, equity, and inclusion** in the Australian screen sectors; women, indigenous and First Nations people, and people with disabilities, seem to be particularly underrepresented.

According to the the recent **2022 Screen Diversity and Inclusion Network *Everyone Counts* report**, representation of LGBTQIA+ and women are generally at or above the population benchmark, with the exception of women represented on screen.

When benchmarked against the population, representation of First Nations people on screen is strong, however crew still falls below the population benchmark. **Representation of people with disabilities falls significantly below** the population benchmark in all categories. This is an area that needs considerable work

SVOD providers have contributed to the increase of diversity and inclusion on screen in Australia by creating authentically Australian content across all genres including sport, documentary, children’s and drama. Further, these providers prioritise DEI and are actively seeking out new talent behind (and in front of) the camera. Netflix’s First Nations scholarships with AFTRS are a strong example of an SVOD supporting the training and development of Aboriginal and Torres Strait Islanders students.

Figure Seven – Percentage of Diversity in Film and TV Roles Against Population Benchmark



Source: Screen Diversity and Inclusion Network (2022)

High Quality Australian Scripted Content Centres the Lives of Australian Women, With DEI at its Heart



Prime Video's *Class of '07* is a post-apocalyptic comedy centred on female friendship. The storyline features the misadventures of the class of 2007 of an all-girls catholic school in Australia, who, after meeting at their 10-year high school reunion, are stranded in their old school after being hit by an apocalyptic tidal wave. Due to this, they are now required to not only survive the apocalypse, but also navigate their friendships with each other.

The series was created, written, directed by Australian Kacie Anning and was led by an all-female Australian ensemble cast. The series' storyline has made headlines for an authentic portrayal of female friendships. These friendships – which now unfold against the backdrop of the apocalypse – see decades old disputes resurface, forcing the characters to reckon with and address the complications of their female friendships, all while struggling to survive the apocalypse.

According to the show's director, given that disaster movies have traditionally been the domain of the masculine, *Class of '07*, in contrast, aims to take a refreshingly female view of the apocalypse. As Kacie Anning notes, *"In this world, Mother Nature is a passive aggressive antagonist, setting the scene for a survival comedy that becomes Lord of the Flies in cocktail dresses."*

The show was produced by Universal International Studios', Matchbox Pictures and Prime Video in association with Screen NSW. The show was filmed in multiple locations across New South Wales, including Sydney. At the time of production, the show

was the fourth scripted Australian Amazon original to be produced by Prime Video. Notably, its launch on Prime Video took the show beyond Australian shores to more than 240 territories worldwide.

Reviews of the show have commended it for contributing a unique and original concept to the existing Australian scripted production landscape. Other reviews have acknowledged the diversity of the show's cast, and its success in centring the lives of women – particularly, key, complex themes that don't typically find space in mainstream television, such as student-teacher power dynamics in school, mental health and trauma, among other things.

This, in combination with production bandwidth and resources of major Australian production stakeholders and Prime Video, has contributed to a much-acclaimed script, a stellar cast, and a high-quality visual experience that centres on the lives and relationships of Australian women.

Growth of First Nations Content in Australia and Globally

Indigenous and First Nations content has grown in volume since the 1970's. Initially this was **due to broadcasters and the highly active Indigenous department of Screen Australia** formed over 30 years ago.

Research points to this **growth continuing** as DEI becomes more of a focal point. Global streamers partnering with local broadcasters and producers, and responding to audience needs for more diversity of content and stories has helped drive this growth

In Australia the public service broadcasters, particularly **SBS and NITV are delivering** strong First Nations Content. Some globally successful examples of broadcasters partnering with streamers include *Maverix*, a series set in Alice Springs with a diverse cast, and *Sweet Country* (2017).

Sweet Country won the Special Jury Prize award at the 2017 Venice Film Festival and the Platform Prize at the 2017 Toronto Film Festival. With Prime Video as global distributor for the film, this enabled bringing authentic Australian stories to a global market.

Screen Australia's Blacklist paints a picture of ongoing growth in Indigenous filmmaking – from a very low base, with a larger growth in shorts and documentaries.

Growth Metrics for First Nations Content in Australia

According to data from Screen Australia (2020):

- 32 features have been made since 1970 with an Indigenous Australian as director, producer, writer or DOP. Twenty-five of these films were produced since 2000, compared to five in the '90s, two in the '80s, and none in the '70s
- 48 Indigenous filmmakers have held key creative roles on 67 TV drama programs since 1980. Of these 67 titles, 61 were made since 2000, compared to six in the '90s and none in the '80s
- 130 Indigenous filmmakers taking key roles on 458 documentaries since 2000, compared to 26 filmmakers on 24 titles in the 1980s
- 227 Indigenous filmmakers credited on 595 shorts produced since 1990. 355 of these titles have been made in this decade alone, due primarily to the NITV anthology documentary series *Our Stories* commissioned annually since 2013.

Bringing First Nations Educational Animated Stories to Australian's and Global Audiences in New Partnership Between Netflix and First Nations Australian Broadcaster NITV

Eddie's Lil' Homies is a collaboration between NITV and Netflix. It is an animated series which is currently in production and has had major production investment from the Australian Children's Television Foundation (ACTF), with production support from Coles (Australian supermarket), and financial assistance from the South Australian Film Corporation (SAFC).

Production started early 2023 and will take place in the Australian states of South Australia and Victoria driven by Passion Pictures Australia, and the animation is due to air in 2024 with 10, 12 minutes episodes.

Although impact and success of the series has not yet been seen, the ideas were very quickly supported by major producers, and deals followed; and social media and media coverage has been extensive and global.

The episodes will screen simultaneously across both Netflix and NITV marking the

first co-production deal between the two companies. NITV have worked with the ACTF on *Barrumbi Kids*, a First Nations children's adventure series based in the Australian state of the Northern Territory streaming on national broadcasting channel SBS, and *Thalu* a First Nations children's adventures series on the Australian Broadcasting Corporation (ABC) channel.

The series is inspired by the popular book series of the same name by former Australian Football League star Eddie Betts a Wirangu/Kokatha/Guburn man. When Eddie Betts entered the Australian Football League (AFL) at 17 years of age, he was unable to read or write and knew the challenges and disadvantage this can cause young people. The original books were written to motivate and inspire literacy and learning, as well as spreading kindness and understanding, acceptance and equality. They were also designed to start

conversations about First Nations cultures and to combat racism and bias. The books include the medium of rapping designed to make reading fun and memorable. The series will follow eight-year-old Eddie and his two best friends, Lottie and Tal, as they navigate the complex and often fantastical waters of childhood.

Que Minh Luu, Netflix's director of content in ANZ, said: "We're thrilled to be partnering with ACTF and NITV for the first time on this charming and fantastical look into the wonder of childhood. As we deepen our local investment we continue to focus on stories and ideas that make Australian audiences feel seen, heard and understood."

Production Arrangements Vary and Don't Have a One-Size-Fits-All Structure

Much of the information on production arrangements is confidential, and therefore it is **impossible to present any quantitative information**.

Qualitative research shows that a **variety of deals** are being executed and the nature of deals is constantly evolving. There is, therefore, no 'one size fits all' deal structure.

That said, deals can broadly be categorised under the following three categories - the **studio / buy-out model**, the **co-production model** and the **licensing model**.

Notably, some co-production deals can take the form of a license, particularly where critical funding for the project is generated through license fees that are paid upfront, without which funding the project may not have been commissioned.

The arrival of the SVOD providers in Australia has introduced several new advantages. Notably, since there are now **more players and funding options** in the market, there are more opportunities for a competitive 'bid' situation for producers.

There tend to be **several factors affecting the nature or terms of a negotiation**. These factors can be general, i.e., typical to any business, and/or specific to the sector and the Australian market.

Examples of specific factors affecting the nature of transaction and deal terms can range from the credibility/experience and overall negotiating power of the producer to talent availability within the market which might put pressure on greenlighting, among other factors.

Australia is currently seeing a shift towards the co-production and licensing models. This is due to a number of factors, not limited to but including constant adjustments in the supply/demand relationships in the market.

Production Arrangement Categories

Deals can broadly be categorised as:

Studio/Buy-out model where the streamer takes responsibility for 100% of the funding and allows a margin of 10-20% for the producer and above the line (ATL) talent. Streamer owns and controls all rights in perpetuity.

Co-production model where streamer shares ownership and control of rights with the producer and other funders. The number of partners and percentage available varies greatly in such deals. Additional available funding (e.g., soft/public money) helps support the producer in negotiating for equity/rights with the streamers.

Licensing model where producer owns all rights, and the streamer licenses these rights for a certain term. This is typically seen as being valuable for producers, particularly in relation to resale/ancillary rights after reversion of rights at the expiry of the license term. However, given that the party that retains ownership of rights assumes an equivalent amount of risk of the project (subject to applicable statute), this model also generally means that producers take on most of the risk of the project

Global Streamers are Co-producing Underrepresented Australian Stories in Varying Genres

Kick Like Tayla (2022) is a Prime Video, Banijay, Screentime Australia and Australian Football League documentary production.

It is based on the life of AFLW (Australian Football League Women) and boxing champion Tayla Harris, who experienced great success as an athlete, comprehensively chronicling the public and personal challenges this sporting star has faced in her remarkable career. The documentary builds on the success of Prime Video Original AFL series *Making Their Mark* (2021) which was a global success.

The documentary delivers a real-life Australian story, showcasing a successful female athlete competing in a uniquely Australian sport (AFL) to a national and global audience — in a content landscape in which women are underrepresented on-screen in Australia, especially in areas such as sport. It therefore addresses DEI topics of gender discrimination generally, and gender equality on-screen in Australia and globally.

Global streamers are increasingly supporting typically Australian stories, in formats which are becoming increasingly popular such as documentary film, alongside a wider trend in creating and acquiring sports content. This model brings relevant real-life culturally relevant Australian stories to Australia and the world.



Piecing Together Accurate and Comprehensive Data Cannot be Done Successfully in the Current Format

Screen production data in Australia is collated via a wide-ranging collection of reports, typically published on an annual basis.

This Study draws on a **number of these data sources**, including:

- **Program Expenditure Information (PEI)** – ACMA reporting from the commercial broadcasters;
- **Commercial television compliance** with Australian content requirements – ACMA reporting from the commercial broadcasters;
- **New Eligible Drama Expenditure (NEDE) Compliance reports** – ACMA reporting from subscription TV licensees and channel providers;
- Spending by **SVOD providers** – ACMA reporting from Stan, Prime Video, Netflix, Disney, and since 2021/22 Paramount+;
- The **Screen Australia Drama Report**;
- Screen Australia's **documentary fact finder** – data on documentary production in Australia collected via survey.

In addition, SPI also reviewed recent annual reports from public broadcasters, commercial broadcasters and SVODs where they were available, economic impact reports or studies, Government consultation papers, and, where relevant, reports in trade publications.

The project involved engaging with this wide selection of data sources to **attempt to piece together a complete picture** of production in Australia, encompassing drama, children's, documentary, light entertainment and other genres as relevant.

However, piecing together accurate and comprehensive data **cannot be done successfully with the current availability of information.**

While data is typically published across all sources on an annual basis, the **publication dates for this data differ** by data source. Therefore, while 2021/22 data on spending from the SVOD providers was available, the latest published data for the commercial broadcasters PEI reporting is 2020/21.

Furthermore, data sources use **different definitions** to categorise where spend falls. Screen Australia's Drama Report apportions spend at the start of production. The PEI reports expenditure by the commercial free-to-air broadcasters on screened programs during the year and includes amortisation costs for programs purchased in previous years and programs purchased after completion.

For **subscription TV**, the ACMA reports annual expenditure by drama channels on 'eligible Australian drama', including licence fees, production expenses and limited pre-production costs. **Expenditure on features** may be apportioned across financial years. Data on spend by SVOD providers reports expenditure in a given year, including on acquisitions of older content.

There have also been **changes to the data collection methods or definitions in recent years**. The current points system the commercial broadcasters report to the ACMA has only been in effect since the COVID-19 pandemic. This complicates analysis across years.

The **Spending by SVOD reporting has only been in effect since 2019/20**. It originally included reporting from Stan, Prime Video, Netflix and Disney+. As of 2021/22 it also includes Paramount+. It does not, however, include Binge.

The public **reporting of this data has also evolved** in the three years it has been available. This complicates comparisons to other data sources, as well as comparisons year-on-year.

Screen Australia's Drama Report classifies titles into datasets **according to first release platform**. As such, content that is co-produced or commissioned across platforms is **only attributed to whoever had first-release rights**, rather than who commissioned the title or what spend was invested by a given company.

Finally, there are **no mandatory requirements for public broadcasters** to report their Australian content information to the ACMA or other sources. While ABC and SBS/NITV drama and children's investment is captured in the Screen Australia Drama Report, their spend on documentaries, light entertainment and other genres is not reported consistently or in line with other data sources.

Since 2020/21 the ABC has reported on their content investment

within an appendix in their annual report. This allocates a budget investment amount **but does not identify the number of titles** produced within each genre.

SBS, on the other hand, includes a detailed list of first-release titles as an appendix in its annual report. However, **they do not publish a comparable content investment** amount.

Ultimately, while detailed analysis could be performed on **each segment** of Australia's production landscape, the variances in how data is reported means that **comparing across these segments** in a like-for-like manner to get a full sense of the sector's health and activity is **not possible**.

Where possible, SPI has aligned data from the various sources to get as close to a comparison as is possible. But as the data currently stands, it is **not possible** to accurately compare production levels, production spend or other factors across public broadcasters, commercial broadcasters, subscription TV and SVOD providers.

The media landscape in Australia has evolved and changed dramatically over the past decade, and if there is to be a level playing field, it is important that the **approach to collecting and reporting data evolve** with it in the interests of all stakeholders

The consequence of this is that policymaking at this time is impeded by a lack of comparable data across the sector.

