



SUPPORTING AUSTRALIAN STORIES ON OUR SCREENS — OPTIONS PAPER

**JOINT SUBMISSION
FROM
AUSTRALIAN GUILD OF SCREEN COMPOSERS (AGSC)
APRA AMCOS**

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AUSTRALIAN GUILD OF SCREEN COMPOSERS – ABOUT

The Australian Guild of Screen Composers (AGSC) are a community of professional screen composers who are dedicated to supporting emerging and established Australian screen composers in film, television, gaming or related industries. The AGSC has been established since 1981 and membership over the past 4 decades has included composers of such iconic and uniquely Australian films that include: *Crocodile Dundee*, *Muriel's Wedding*, *Strictly Ballroom*, *Shine*, *Animal Kingdom*, *Australia*, *Red Dog*, *Phar Lap*, *2040* and *The Australian Dream*; and television shows such as *McLeod's Daughters*, *Picnic at Hanging Rock*, *Rake*, *The Secret Life of Us*, *Offspring*, *The Code*, *Bluey*, *Doctor Doctor*, *Wentworth*, *The Gloaming*, *Bloom*, *Underbelly*, *Miss Fisher's Murder Mysteries*, *Stateless*, *Home and Away* and so many more.

Our role is to advocate for, support, and increase recognition of Australian screen composers. We embrace inclusivity and diversity in our industry and welcome the new perspectives and potential it can bring to the art and craft of our practice. The AGSC has an active membership working in all facets of the screen industry, contributing a unique Australian voice to many of our much-loved and viewed screen productions, seen locally and internationally.

The AGSC has partnered with other organisations such as APRA AMCOS, as well as advocated, lobbied and acted to increase opportunities for screen composers. We work alongside our screen compatriots in directing, producing, editing, design, casting, post-production areas such as digital and visual effects and others, to ensure that there is a viable and sustainable screen industry for us all to exist in.

APRA AMCOS – ABOUT

APRA AMCOS has been representing Australian songwriters, composers and publishers since 1926. With over 103,000 members across Australia and New Zealand, our membership includes the very best and brightest of established and emerging musical talent at home and around the globe. We administer rights on their behalf, supporting screen composers, songwriters and publishers in an industry that is a flagship of Australian culture and creativity, generating billions of dollars each year for the Australian economy.

We are affiliated with similar collective management organisations around the world. So when Australian and New Zealand songs and compositions are played overseas, Australian and New Zealand composers and writers get paid. We also help music customers in Australia and New Zealand access music from the rest of the world.

We work in partnership with government to support the development and career paths within Australian music through the cornerstones of live music, digital distribution, local venues, education and the global stage.

APRA AMCOS has successfully initiated and led industry and government co-investment strategies, developing highly regarded capacity building programs, most notably: Aboriginal and Torres Strait Islander Music Office, SongMakers, Live Music Office, SongHubs and Sounds Australia.

INTRODUCTION

The Australian Guild of Screen Composers (AGSC) together with the Australasian Performing Rights Association and Australasian Mechanical Copyright Owners Society Limited (APRA AMCOS) have developed a joint submission to the Australian Government’s consultation on Supporting Australian stories on our screens— the Options Paper devised by Screen Australia and Australian Communications and Media Authority.

Australia has a long and proud history of screen composition. From the earliest days of cinema and the advent of television broadcast in the 1950s to today, Australian screen composers have provided the soundtrack to some of the most iconic and celebrated stories across screens both large and small.

We believe that Australia succeeds best when the screen industry tells our stories, not just through our voice and our images, but with the beating heart of an Australian soundscape. A soundscape that is diverse, global and exceptional.

Whether it’s the beauty, suspense and emotion of a film or television series score, the tune to an advertisement, or the soundtrack that brings to life a documentary or children’s television show, this country has some of the most talented screen composers in the world.

Together with APRA, the AGSC represents over 1500 screen composers who write original scores for the film and television industry, both locally and internationally. Our members also employ and subcontract musicians, orchestrators and arrangers, singers, engineers, production staff and rent or hire recording studios and mixing suites.

For the last 18 years, the AGSC and APRA AMCOS have partnered on the presentation of the Australian Screen Music Awards to celebrate and recognise the talent, success and value of screen composers’ creativity and artistic excellence. Winners of these awards are a roll-call of the best local and international talent, working across genre, platforms and borders.

The screen industry is going through a global wave of major change. With a renaissance in production and consumption of content greater than ever before there are unique challenges for markets of our size and scope. This means that screen composers are now working across multiple platforms and multiple parts of the industry.

In the 18/19 financial year, APRA AMCOS revenue for screen music sources such as Television, Video on Demand, and Cinema was valued at over \$110 million, making up approximately 24% of APRA AMCOS total revenue.

AGSC and APRA AMCOS have grave concerns about a number of current market conditions and the threat they pose to the ongoing vitality of the sector.

Australian scripted production, including drama and children’s television is integral to the telling of our stories. The AGSC is concerned about a potential decline in the volume of scripted content, an important avenue for storytelling, that is being produced by free-to-air television stations along with a dearth of locally produced content available on SVODs. If this decline occurs, our screen industry and the thousands of businesses and workers that support the screen economy will cease to exist unless a serious framework of investment and policy is implemented by the Australian Government.

With the rise of streaming services (SVODs) and multi-national platforms, commercial free-to-air television is competing for market share and advertising spend like never before, affecting the creation of scripted content. Without government support, the Option Paper declares that no

children's programs will be produced locally and drama will be reduced by 90% unless mandates are applied to quotas.¹ Any suspension of quota obligations does not assist this problem.

There is currently no mandate for SVODs to ensure locally made content in Australia is produced and broadcast. This is unsustainable. SVODs are exempt from broadcast licenses and those that are multinational companies have limited tax obligations in this territory.

In 2019 US media and entertainment companies spent US\$120 billion on original content including movies and TV shows². Of that, close to US\$30 billion was spent by dedicated SVODs. Australia has a competitive advantage in attracting this investment if supported by a robust investment and policy framework.

If Australia wants to continue telling local stories domestically and to the world, while sustaining and growing a creative workforce that attracts investment, it is imperative and urgent that the government makes the necessary policy and investment changes to ensure the screen industry reaches its full potential.

As a country with more than 60,000 years of the longest living continuous culture on earth, vibrant migrant communities and placed within the Asia-Pacific rim, we are uniquely positioned to foster one of the great screen industry sectors.

RESPONSE TO THE FOUR MODELS PRESENTED IN THE OPTIONS PAPER

The AGSC and APRA AMCOS support the Australian Screen Industry Guilds proposal of **MODEL 3: SIGNIFICANT** as the preferred model to base future regulation, investment and strategies around.

It will provide a level of certainty to the screen industry sector and allow for a more even playing field amongst the free-to-air television and SVODs.

The AGSC and APRA AMCOS endorses the Australian Screen Industry Guilds and other screen organisations proposal that all broadcasters and SVODs must be regulated and that ACMA should have sufficient powers to enforce these regulations. We support the notion that new Australian scripted content - such as drama, documentary and children's content be further supported and regulated to ensure sustainability within these genres. This will ensure a platform neutral approach, that benefits our local industry and our audiences, is adopted.

FURTHER RECOMMENDATIONS OF MODEL 3 FROM THE AGSC

1. SVODs contribution to local content

The AGSC believes that SVODs should contribute 10% of income derived in Australia to make, promote and broadcast Australian made content. The AGSC recommends that a percentage model is superior to a quota model as it would incentivise SVODs to concentrate on producing quality productions over simply volume. The AGSC recommends that if this percentage is not allocated to specific shows, then these funds should be pooled into a newly developed 'Australian production fund' which is then distributed to make local productions of drama, children's programs and documentary.

¹ PricewaterhouseCoopers economic study *How Do Local Content Requirements Impact Australian Productions*

² Variety, [Entertainment Companies Spend \\$121 Billion on Original Content in 2019](#)

2. Big Technology Platforms contribution to Australian screen content

The AGSC recommends that audio-visual platforms, such as YouTube and Facebook, which derive advertising revenue in this territory, contribute 1% of that revenue to an Australian content fund. This system would be commensurate with similar proposals currently being mandated by the ACCC in order to compensate media companies for news services.

3. Reinstatement of quotas for free-to-air television with regulation and allocated funding for National Broadcasters

The AGSC is sympathetic to the free-to-air television pressures that they were faced with during the height of the COVID-19 pandemic. Considering the gradual resumption to regular commercial activity together with the catastrophic downturn of the screen industry, it is imperative the suspension of quotas for free-to-air television is revoked by the Minister. The AGSC also advocates for dedicated funding for public broadcasters to make drama, documentary, children's programs and First Nations screen content.

4. Harmonisation of the Producer Offset

The AGSC endorses the Australian Screen Industry Guild's proposal to harmonise the Producer Offset along with the Post, Digital and Visual Effects (PDV) Offset and Location Offset to 30% and that there should be a "cultural uplift" incentive of an additional 10% applied if key Australian crew, including composers, are being utilised. This would bring Australia into line with territories such as New Zealand that has a 40% offset for both film and TV. In recent years, many big Australian films receiving the offsets have not used Australian screen composers (the likes of *Mad Max IV*, *Breath*, *The Great Gatsby*, *Mary Magdalen*, *Lion*, *The King* and many more). Inclusion of a cultural uplift 10% bonus offset would assist greatly in utilising Australian screen personnel on these productions..

Currently Australian screen composers are able to retain authorship of the Intellectual Property (IP) of their creative work and associated royalties, which ensure their livelihood. Unfortunately, this retention of IP is being eroded by large international productions making films and TV shows in Australia by insisting composers agree to "buyout deals" and other nefarious practices to strip the authorship and rights from the composers. This consequently reduces significant revenue to the Australian economy, as royalty income of the screen composer is no longer part of the Australian tax process (refer to earlier point of \$110 million income paid to Australian composers by APRA for screen in the 2018/2019 year).

Consequently, we recommend the introduction of sector-agreed Terms and Conditions for receipt of the offset, that ensures there is ongoing support for, and inclusion of, Australian key creatives and Heads of Department and the retention of IP and authorship alongside screen composers rights.

5. The Post Production Spend Threshold

The AGSC further recommends that the Qualifying Australian Production Expenditure (QAPE) threshold for the Post Production Offset (currently \$500,000) be reduced or removed. This would allow overseas productions to more readily employ Australian composers and post-production services, without only being applicable to large budget films. The AGSC would like the new legislation to consider a weighted or points-based system to further define post into the categories of visual and digital effects, editing, sound and music. This would attract international as well as local productions to use Australian based talent across the Post Production sector rather than simply utilising large Digital and Visual Post Production Houses.

6. Reinvestment Deals

At present, contractors such as composers are often coerced into re-investing a percentage of their fee so the production qualifies for the various tax offsets/rebates from expenditure. In many cases, composers have been asked to reinvest up to 70% of their fee. This means composers may not only lose 70% of their fee, they are also liable for the pay of musicians, arrangers, engineers and for studio costs out of the remaining 30% whilst being taxed at 100% of the original fee which they may never receive in full.

This fee does not have equity in the production and only gets repaid to the composer in the event all equity holders such as funding bodies, producers and investors are repaid and after distributor's costs along with promotional costs are taken into account. This is an entirely unsustainable and objectionable practice that exploits our members and others in the industry. The AGSC wishes to establish agreed industry standards that rule out this practice.

7. Incentives for Australian Film Exhibition.

The AGSC proposes that film exhibitors and cinemas be allocated a form of rebate or tax offset to screen Australian films in order to help attract Australian audiences to the box office and to consider making the purchase of tickets to an Australian film tax deductible. This would help make locally produced films more readily accessible to audiences.

SUMMARY

The screen industry has been deeply affected by the COVID-19 pandemic. The supposed suspension of quotas for free-to-air television and the freezing of funding for the ABC and SBS have further stymied an already fragile industry. The screen sector needs support through a comprehensive and robust policy and funding framework. With a relatively small population Australia does not have the advantage of recouping costs associated with making a production from domestic sales alone. Our industry requires appropriate levels of incentives to attract overseas investment along with rebates to make it sustainable to make locally produced content.

The AGSC and APRA AMCOS recommend the Australian Government adopt **MODEL 3: SIGNIFICANT**.

This is together with the AGSC's recommendations on the harmonisation of the Producer Offset to a potential 40%, the reduction or removal of a threshold for the Post Production Offset and curtailing the mechanism of unsustainable reinvestment deals.

Critically, it is imperative that free-to-air television along with SVODs are mandated to make, promote and screen Australian content and that multi-national platforms are encouraged to contribute a percentage of their advertising revenue to help sustain the very entertainment that they derive their advertising income from.

Together with the right funding models and mechanisms in place, Australia can secure our talent base locally and attract sustainable investment so we can foster our culture and promote our stories and values to the world. The Australian Government needs to commit to a framework that ensures our industry moves beyond the status quo into an era that allows substantial and sustainable growth within our sector that makes all Australians proud.

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