

Treasury Laws Amendment (2021 Measures No. 5) Bill 2021

Senate Standing Committee on Environment and Communications Hearing

Friday 20 August 2021 @2.30pm – 3.15pm AEST

OPENING STATEMENT

Introduction

- Thank you for the opportunity to appear today.
- Free TV represents all of Australia's commercial free-to-air television broadcasters in metropolitan, regional and remote licence areas.
- We are the largest investors in the Australian screen production sector. We invest over \$1.5 billion in Australian content every year and have invested over \$7.8 billion over the last 5 years. Australian content represented around 85 per cent of commercial free-to-air networks' total content spend in 2019/20.
- At no cost to the public, our members deliver a diverse range of high-quality Australian programming to all Australians for free.
- Free TV provided a short submission to this inquiry in relation to Schedule 1 to the Bill, which relates to the Australian Screen Production Incentive Reforms. That submission outlines our strong support for the Bill.
- In particular there are two reforms that are of central importance to commercial television broadcasters.

1. Producer offset level

- The proposed increase to the Producer Offset for non-feature films to 30 per cent of a company's total qualifying Australian production expenditure is critical at a time when the costs of producing Australian content are continuing to increase.
 - The screen industry has long called for this reform to align the offset for television productions with feature films.
 - The cost and quality of premium Australian television content is now comparable to film and the same pool of cast and crew often work across both formats.
 - Prior to COVID, consecutive Screen Australia Drama Reports found that the average cost per hour of producing drama was increasing year on year. In 2018/19 the average cost per hour for all titles was up 7% to \$760,000 per hour from the year prior. The cost per hour of drama production doubled over the ten years to 2018/19 and continues to climb with increasing competition in the Australian market.
 - Bringing the offset level for television in line with feature films is therefore urgently needed to encourage investment certainty in the Australian production industry and provide an additional incentive for investment in Australian content.

- A number of television drama projects have already been commissioned and financed on the expectation that the 30% offset will be implemented. Failing to pass these changes will jeopardise these productions.

2. 65-ep cap

Free TV also supports the removal of the 65 commercial hour cap on claiming qualifying Australian production expenditure for a drama series and seasons of a drama series.

- Removing the 65-hour cap will encourage successful drama titles that are popular with audiences to continue.
- 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 FTA television
- This is demonstrated by the fact that it has been very rare for local dramas to continue beyond the 65-hour point.
- Even some of the most successful Australian drama titles such as Offspring (Ten) were made at a heavy loss despite being produced with assistance from the offset for the first few seasons.
- Reaching the 65-hour cap can mean the contribution required from the broadcast partner can almost double.
- There are improvements that could be made to some aspects of the Bill, for example we have expressed concerns regarding the reduction in the PDV offset level from \$500K to \$1 million which will favour big unscripted series over lower cost but still high quality unscripted programming.
- However, the overall impact of the changes in the Bill is positive for the production and broadcast sectors and we support passage of the Bill as soon as possible.
- We welcome any questions.