

24 June 2010

Director
Australian Film Industry Section Film and Creative Industries Branch
Department of the Environment, Water, Heritage and the Arts
GPO Box 787
CANBERRA ACT 2601

Dear Sir or Madam

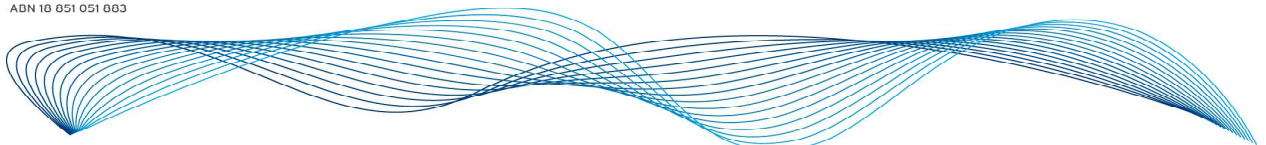
ASTRA is writing to provide additional comment to the Department of Environment, Water, Heritage and the Arts 2010 Review of the Australian Independent Production Sector.

The need to provide additional commentary has come about as ASTRA has concerns with the proposal made by the Australian Broadcasting Corporation (ABC) in relation to the mechanism for the delivery of direct television funding currently provided by Screen Australia.

The ABC has suggested in its submission that the Producer Offset for television should be increased to 40 per cent, in line with feature films. Additionally, the ABC proposes that if the Government increases the Producer Offset to 40 per cent, then it would be appropriate to develop a different mechanism for the delivery of Screen Australia's existing direct funding. Specifically, the ABC has suggested that this funding should be provided as a direct allocation to the national broadcasters.

ASTRA is supportive of additional Government funding being made available for film and television production. However, ASTRA disagrees with the suggestion that the funding which is currently available on a contestable basis for all market participants should be automatically directed to national broadcasters. Contestability of funds ensures a competitive environment which results in better services and lower costs. The benefits of making services contestable when done properly are improved efficiency (and a better deal for tax payers), better quality services and increased incentives for the provision of innovative services.

In addition, the Prime Minister the Hon Kevin Rudd MP, has supported the idea of contestability in the provision of public services. In an address to the heads of commonwealth agencies and members of the senior executive service in April 2008 Mr Rudd said,



“Service delivery should be contestable, and decisions about the mix of public and private sectors should be based on the available evidence on how to deliver services efficiently and effectively.”¹

The ABC states that the Government could focus its direct funding to *‘television programs with more distinctly cultural, heritage or national identity objectives and themes’*. ASTRA submits that this is not the sole remit of the national broadcasters.

Subscription television broadcasters, as with commercial television broadcasters, have a history of working with Screen Australia and other Government bodies to develop quality Australian programming.

Examples of subscription television programs produced through co-productions with Screen Australia include *Slide* and *Spirited*. As outlined in our recent submission, the subscription television (STV) industry would be interested in working on more co-productions with Screen Australia but there are disincentives for STV to do so within the current Screen Australia funding system.

Direct funding to the ABC will not ensure that Australian programming will be of better quality than what is able to be produced through other market participants. Rather, it is likely to reduce the diversity of Australian stories being told.

At the time *Tangle* was released it was reported that:

“ It is a drama that couldn't be shown on free-to-air television, with its current preference for plot-driven action dramas, preferably with a cast in uniform: Rush on Ten, Rescue: Special Ops and Sea Patrol on Nine and City Homicide on Seven....Foxtel has carved out a niche for itself in the field of sophisticated storytelling, leaving the ABC in its wake.....none of the networks were interested in the series.”²

In May 2009, the ABC was provided with an additional appropriation of \$137m over three years to fund more Australian drama and to start up a new dedicated children's channel. Prior to this, the ABC's Australian drama commitment had been irregular. For example, in 2007/08, only 7.6% of drama programming broadcast on ABC1 was Australian drama³. It is clear that the ABC was making choices to re-direct funding away from Australian drama to launch, for example, its ABC 2 service.

The current proposal is in keeping with recent actions of the national broadcasters, in particular the ABC, to directly compete with commercial broadcasters. It draws into question the role of the national broadcaster as we move into a digital era. The proposal is contrary to the concept of a digital economy, where Australian content will be delivered across a multitude of platforms.


¹ The Hon. Kevin Rudd MP, 'Address to Heads of Agencies and members of Senior Executive Service', 30 April 2008, <http://www.apsc.gov.au/media/rudd300408.htm>

² 'Complex plot proves too tangled for Free TV', the Australian, 31 August 2009, <http://www.theaustralian.com.au/business/media/complex-plot-proves-too-tangled-for-free-tv/story-e6frg996-1225767735683>

³ Hours of various types of programming and proportion of Australian content by the Australian Broadcasting Corporation (ABC), <http://www.screenaustralia.gov.au/gtp/wftvpbroadabcontent.html>

The goal of providing direct funding from Governments to assist the television production industry should be to provide the best Australian television programming for Australians. There should not be an assumption that one participant in the market is better equipped to meet the objective of telling great Australian stories for Australians.

Yours sincerely

A handwritten signature in black ink that reads "Petra Buchanan". The signature is written in a cursive, flowing style.

Petra Buchanan
Chief Executive Officer
ASTRA