

## **AGSC Submission for the Parliamentary Standing Committee on Communications and the Arts Inquiry into the Creative and Cultural Industries and Institutions**

### **Our Aim for this submission**

The AGSC is deeply concerned about the state of the Australian Screen and Music Industries as a key player in the creative and cultural industries sector, with the impact of Covid-19 upon screen production, music performances, along with the Screen Content Reform changes recently announced.

The Screen Industry generated over \$8 billion directly to the Australian economy in 2017-2018 and an indirect \$7.8 billion in 2017-2018. Through revenue collection via APRA AMCOS, around \$110 million was returned to the Australian economy through royalty payments to screen composers.

In order for our creative and cultural industries to survive and thrive, the AGSC wants to see action taken by the government through:

- legislation that will help stamp out Buyout and re-investment practices that devalue creative intellectual property and impacts negatively on livelihoods and the Australian economy
- regulation of the streaming services and multi-national corporations operating here and mandate investment of some of the huge profits from subscriptions and advertising, back into making Australian screen content
- incentives to use local screen composers, musicians, studios, orchestrators, composing assistants, directors and the like.

### **Who We Are**

The Australian Screen Composers Guild (AGSC), established in 1981, is a screen industry membership organisation dedicated to supporting all established and emerging screen composers in Australia, through the challenges of composing and scoring music for film, television, games and other media. In support of a strong, sustainable and resilient Australian screen music industry the AGSC advocates for the rights of composers to the ownership of copyright and publishing of their work, commensurate compensation for music commissioned.

Screen Composers play a large role in the telling of Australian Screen Stories, bringing them to life creatively with music that underpins the story, helps set the mood, the tone and the intent of a feature film, a television program, a short film, documentary, games or web-series.

The AGSC is committed to working towards a sustainable existence for our diverse and talented member community who are an essential part of screen, music, arts, creative and cultural industries.

### **What We Do and Who We Work With**

As noted in our recent joint submission with APRA AMCOS to the 2020 Screen Content Reform submission<sup>1</sup>, 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. From *Crocodile Dundee* to *The Sapphires*, *Strictly Ballroom* to *Shine*, *Animal Kingdom* to *Australia*, *Red Dog*, *Phar Lap*, *2040* and *The Australian Dream*; and television shows such as *McLeod's Daughters*, *Picnic at Hanging Rock*, *Rake*, *Bluey*, *Wentworth*, *Stateless*, *Home and Away* and so many more.

Screen composers are Heads of Departments and employ and contract musicians, arrangers, orchestrators, sound studios and facilities and more, creating a mini economy within our sector.

We may be small in size but make a very significant contribution to our economy and cultural identity.

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<sup>1</sup> AGSC & APRA AMCOS Submission into the Screen Content Reform Enquiry

Representing these screen composers, the AGSC works with other screen guilds, with APRA AMCOS, (100,000+ membership), the Copyright Council of Australia and with the broader screen sector to provide a creative and cultural framework to bring our stories to the screen and promote a strong Australian cultural identity that contributes to our economic, creative and cultural wellbeing. We collaborate with other key creative including editors, directors, designers and sound teams to create the works that help forge our cultural identity and stimulate the economy.

### **Direct Benefits to the Australian Economy made by Screen Composers**

We are part of the larger Australian copyright industries, employing over 1 million people (8.3% in the Australian workforce) and generating an economic value of \$124 billion, with \$4.8 billion in exports. Currently, copyright in Australia only covers traditional media platforms.<sup>2</sup>

In the 2018/2019 and 2019/2020 financial years, APRA AMCOS revenue for screen music sources such as Television, Video on Demand, and Cinema was valued at around \$110 million, making up approximately 24% of APRA AMCOS total revenue.<sup>3</sup> This revenue was returned to the Australian economy as taxable royalty income to APRA AMCOS members who compose for screen, generating a significant direct national economic benefit.

The Australian screen industry generated a total direct economic output of \$8 Billion, generating \$3.3 Billion in GVA, and 24,771 Jobs in 2017-18. This is a 13% increase since 2012-13. This was due to an increase in Production, Broadcast and Home Entertainment including the introduction of streaming 'SVOD' platforms.<sup>4</sup>

The Australian screen industry generated a total indirect economic output of \$7.2 Billion, generating \$3 Billion in GVA, and 30,047 Jobs in 2017-18.<sup>5</sup>

In November 2019, the expected growth across the screen sector was predicted to increase 10% by July 2022<sup>6</sup> as there was an assurance of Australian content that would be seen on commercial broadcasters and subscription television through local content regulation. Revision of this growth has been necessary due to Covid-19 and to the recently announced screen content reforms that will change quotas, and have failed to regulate streaming services.

The sale and licensing of Australian screen content to the rest of the world also provides a significant economic return. For example, total export earnings from scripted narrative content alone (feature films, TV dramas and documentaries) were at least \$252 million in 2014/15.<sup>7</sup>

Additionally, APRA AMCOS have recognized the Australian music industry as having the potential to become a net exporter of music and become as a world leader in this area, and screen music forms part of this proposed export, providing a huge economic benefit.<sup>8</sup>

### **Threats to these Economic Benefits**

Recent announcements from the Department of Communications and the federal government on content regulation and incentives will have a dramatic flow-on effect to the economic and cultural output and job situation by July 2022 and will potentially put the livelihoods of screen composers and others in the industry at great risk.

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<sup>2</sup> PwC Report into the Economic Contribution of Australia's Copyright Industries

<sup>3</sup> APRA AMCOS figure from the Year in Reviews 2019 and 2020

<sup>4</sup> Study on the Economic Contribution of the Motion Picture and Television Industry in Australia, 13 November 2019

<sup>5</sup> *ibid*

<sup>6</sup> Study on the Economic Contribution of the Motion Picture and Television Industry in Australia, 13 November 2019

<sup>7</sup> Screen Currency Valuing our Screen Industry, Screen Australia, 2016

<sup>8</sup> APRA AMCOS Submission to the Enquiry 2020

International streaming services continue to increase their share of viewing audiences and revenue generated through subscriptions to these platforms.

Lack of a decision to regulate these services immediately puts jobs, key creative output and economic returns at risk.

Changes to broadcast content quotas and sub-quotas that discourage investment in and screening of Australian scripted content, documentary and children's programs.

The continued use of non-Australian screen composers leads to national economic loss of revenue and intellectual property.

Economic benefits are also threatened by Buyout practices, where creators lose all copyright and royalties for their creations in unfair deals, as well as by unfavourable re-investment practices where screen composers and other post-production personnel are asked to re-invest fees back into productions with the unlikely result of receiving any return on their investment and possibly be taxed on the full fee rather than actual fee received.

Employment and use of non-Australian screen composers on taxpayer funded screen production that re-direct income streams and intellectual property ownership away from Australian economy also pose an economic threat.

### **Indirect Benefits to the Australian Economy made by Screen Composers**

The indirect economic benefits include tourism generated through the telling of Australian stories on screens domestically and internationally is one such indirect benefit. The recognition of our screen composers such as recent Emmy winner Antonio Gambale promotes Australian screen talent internationally, bringing productions and spend to the economy, particularly since Covid-19 impacted on production across the world, making Australia a target for bringing them here and utilizing our crews, locations, services and facilities.

### **The non-economic benefits that enhance community, social wellbeing and promoting Australia's national identity**

Strong and clear evidence exists that proves a positive impacts of artistic, creative and cultural activity seven key areas including innovation, health and wellbeing, education and learning, international engagement and culture.<sup>9</sup>

Involvement with arts and culture, from active production through to passive consumption, has been found to increase feelings of wellbeing, belonging and happiness; help individuals process trauma and overcome conflicts with others; and help develop intellectual and social skills, as well as building social and cultural capital in urban, regional and remote areas.<sup>10</sup>

According to the Screen Australia report from 2016<sup>11</sup>, a cultural product (such as a film, television program, soundtrack etc.) can have direct social or economic benefits – **Instrumental Value** – that help define the Australian identity and launch careers, exemplified by those of Peter Weir, Baz Luhrmann and Catherine Martin, Jackie Weaver etc.

A cultural product can also have indirect benefits which include **institutional value**, which enables the gaining of trust and esteem of the public – iconic films such as *Gallipoli*, *The Dish*, *The Australian Dream* exemplify this, by establishing respect for things such as our ANZAC heritage, our role in world affairs or pressing issues such as reconciliation.

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<sup>9</sup> Transformative Insights to Culture and Creativity, Insight Report 2, A New Approach, November 2019

<sup>10</sup> *ibid.*

<sup>11</sup> Screen Currency Valuing our Screen Industry, Screen Australia 2016

Thirdly, the **Intrinsic Value** of a cultural product brings value to individuals in a society by giving them a way to engage with ideas and aesthetic value. Harder to define, intrinsic value and benefit can be gauged by things such as the look and tone of a film, including iconic imagery and music. Music that is created by Screen Composers, whose creativity and skill gives value to that cultural product and provides an indirect economic benefit.

Our screen culture enhances our national identity, promotes tourism both domestically and internationally (once borders re-open), promotes our unique and precious indigenous culture as the oldest living culture in the world, promotes our rich and diverse migrant heritage and allows for the communication of Australian culture and values to the world in a positive way. It can positively affect mental health, enhance wellbeing and general health and engagement in creative and cultural activities can help build skills and needed for a innovative and economically-diversified economy.

Creative and culturally rich communities need to be supported in order to provide the non-economic benefits that can flow to economic benefits if the above occurs. While current support for the screen industry has been announced to increase by some \$53 million in this financial year, stronger measures are needed to ensure sustainability beyond the re-starting of production through the \$50m insurance support and the \$3m development funds for new projects. Screen composers wait many months for the end product to reach them to add their contribution, without other work.

We want to see a revision of the proposed screen content reform changes announced that will include:

- Continued financial support to get the screen industry back at work;
- Inclusion of Australian screen composers as key creative and Heads of Department, for the Significant Australian Test (SAC) when funding production of screen content through producer and other offsets;
- Elimination of buyout practices that erode retention and dilution of intellectual property;
- Regulation of Streaming Services to ensure financial investment into new local screen content and maintenance of screen quotas or other measures that ensure this local content is broadcast across all platforms, keeping Australian stories on screen.

### **The impact of COVID-19 on the creative and cultural industries;**

2020 has seen a very different story with the Covid-19 pandemic impacting very strongly on the screen industry as well as music and broader arts sectors. Films and television programs stopped being made, the live music scene ground to a halt, live performances ceased, doors closed and work dried up for many AGSC members and the broader screen composer community.

In a survey conducted by the AGSC in the first half of 2020<sup>12</sup>, following the onset of the pandemic, 20.7% reported losing ALL work as a result of Covid-19, with almost half (46.5%) reporting loss of SOME work and 32.7% reporting SUSPENSION of work. Over a third of respondents 36.21% indicated non-eligibility for government support or income stimulus package at the time of surveying.

As the Covid-19 period continued, the situation for some screen composers improved, while for others, compounded with unfavourable industry practices such as buyouts and work-for-hire agreements, situations grew worse. For many screen composers working as sole traders or self-employed contractors, some 67.25% of those who responded to the survey, though that it would be 6+ months before they would resume regular work. As Covid-19 dragged on, this timeframe increased for many. Screen composers are multi-talented people, often combining screen composition with live performance, teaching and educational roles, art music composition, orchestral arranging and scoring and composing in other areas of the arts.

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<sup>12</sup> AGSC Covid-19 Survey, conducted April 2020

We would like to see continued government support for all arts and screen creative where there is a need, that acknowledges the difficulties these multi-tasking composers experience when forced to supplement their main income stream with other jobs and forms of income that can cause great stress and challenges in already difficult circumstances.

Alongside many of our screen guild colleagues, the AGSC would also like to see the health and wellbeing of the creative and cultural industries taken into account when determining policy and reform. Our industries often work in isolation, against difficult deadlines and without any real employment and supported infrastructure that takes its toll heavily and silently. Funding to these industries should always allow for sufficient management and support of creative and cultural workers wellbeing and mental health.

### **The best mechanism for ensuring cooperation and delivery of policy between layers of government**

The AGSC supports mechanisms for ensuring this that are comprehensive and cohesive, that allow for flexibility and nimbleness and the need to pivot when necessary in the face of adversity such as the Covid-19 situation, where the dramatic and almost instant shutdown of the screen industry put many lives, jobs and livelihoods at great risk and demanded fast and appropriate responses to the crisis across different departments and layers of government.

### **Avenues for increasing access and opportunities for Australia's creative and cultural industries through innovation and the digital environment**

The AGSC would like to see a number of measures put in place to improve the existing situation and support avenues that will increase access and opportunities through innovation and the digital environment, where our members and colleagues work. By creating a sustainable screen industry, we can develop the skills needed for Australia to improve our standing for economic and future indicators and innovation inputs and outputs.<sup>13</sup>

- Immediate regulation on streamers to be implemented by January 2021. A figure of 5-7% of Australian derived revenue from Netflix, Amazon Prime, Disney+, Apple TV+ and any new streaming platforms that enter our market per year, to go back into new Australian drama (scripted content), documentaries and children's programs.
- Requiring giant Technology Platforms such as Youtube and Facebook, to make a financial contribution of at least 1% of local advertising revenue in this territory, to be invested in an Australian screen content fund for content creation.
- Reinstatement of quotas for free-to-air television with regulation and allocated funding for National Broadcasters and adjustment of the 250 points system to retain sub-quotas for drama, documentary and children's programs.
- Harmonisation of the Producer Offset to 40% that includes a 10% cultural uplift where key Australian creative and crew are used, including screen composers.
- Keeping the QAPE threshold for documentary films at a sustainable level of \$500,000.
- Stamping out of 'buyout deals' and other unfavourable practices, through legislation that applies to public funded content and industry guidelines banning the practice to allow for screen composers and other key creative to retain their intellectual property rights for all their creative work and associated royalties.
- Ruling out of re-investment deal practices that do not give equity in a production and creates unsustainable conditions for screen composers and others.
- An increase in direct funding to the ABC and SBS, specifically tied to new local scripted content.

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<sup>13</sup> Transformative Insights to Culture and Creativity, Insight Report 2, A New Approach, November 2019

In addition, we support the recommendations made by our colleagues Australian Guild of Directors (ADG)<sup>14</sup> in their submission to this enquiry:

- Immediate regulation on streamers to be implemented by January 2021. A figure of 5-7% of Australian derived revenue from Netflix, Amazon Prime, Disney+, Apple TV+ and any new streaming platforms that enter our market per year, to go back into new Australian drama (scripted content), documentaries and children's programs.
- Change in Copyright Legislation to cover all service providers to ensure retention of IP/copyright for content creators so they can be rewarded for the exploitation of their creative work across any platform.
- Screen Australia to revise their direct funding programs in order to fill the gaps from the Producer Offset changes that will prevent lower budget productions from being made and utilise the new funds to ensure there are viable pathways for content, crew and key creatives.
- Mandatory Australian director attachments required on all International Productions benefiting from the location incentives and offsets.

We also support and align to a number of the recommendations made by APRA AMCOS in their submission to this enquiry<sup>15</sup>, including these:

- Develop a strategy for the investment in research to help inform best practice and policies to better support and sustainably grow the creative and cultural industries with the skills needed for future success;
- Foster more people from diverse backgrounds engaged with the screen composition through community facilities and targeted mentorship programs;
- The creation of a Federal Minister for Creative and Cultural Industries with a standalone ministry attached to the Department of Prime Minister & Cabinet to coordinate policy development across government
- As new art forms emerge and delivery systems for music change, we must ensure creators, including composers, songwriters and publishers have a copyright and regulatory framework in place to ensure there is fair payment for their work and their content
- Greater collaboration between the music industry and other local creative industries including the screen sector, interactive games industry, online content creators, special events and festivals
- Renewed commitments to the support, promotion and development of Australian music across broadcast and platform channels
- Funding structures and screen industry incentives at both the Federal and State level to better support local music talent with eligibility criteria that stipulates the engagement of local screen composers and musicians

We believe that Australia succeeds and benefits economically, creatively and culturally 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 and that is made possible by creating and maintaining a sustainable and viable sector underpinned by fair practices, regulation of service providers for support of Australian content and open and transparent communication between the various layers of government to ensure accountability and recognition of the important role that our creative and cultural industries and institutions play in a modern Australia.

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<sup>14</sup> ADG Submission to the Inquiry into Creative and Cultural Industries and Institutions, October 2020

<sup>15</sup> APRA AMCOS Submission to the Inquiry into Creative and Cultural Industries and Institutions, October 2020