

Screen and Media

Industry Coverage: Creative Artists, Musicians, Writers and Performers, Newspaper Publishing, Motion Picture and Sound Recording Activities, Motion Picture and Video Distribution, Motion Picture Exhibition, Post-Production Services and Other Motion Picture and Video Activities, Broadcasting, Radio Broadcasting, Television Broadcasting, Internet Publishing and Broadcastings.

Industry Overview

The Screen and Media Industry encompasses Film, Television, Radio, Podcasting, Print Journalism including newspapers and magazines – and online and digital content delivery. The time we live in has been called the “content era” and it is these industries which are at the forefront of content development, vital to the functioning of contemporary business and culture.

As such they are experiencing mixed fortunes, with subscriptions to printed content plummeting in recent years, as consumers increasingly access free online alternatives. In most instances, media Publishers have struggled to monetise digital formats, the fallout of which has led to significant reductions in staffing. Fairfax and Seven West Media were amongst those to cut staff at their print media arm in the last year.

Free-to-air Television is also challenged, in this instance by a flood of alternatives offered by subscription services, in addition to free online options. The ABC was amongst those to announce staff cuts in the last 12 months and Channel Ten is struggling with greatly reduced advertising revenue.

Similarly, the value of paid-for advertising in Radio has dropped as consumers turn to alternative mediums - although as a form that is still popular with Australia’s ubiquitous drivers, Radio has proven more resilient than related sectors.

The Film sector, whilst having access to increased audiences, faces challenges to sustainability in the form of piracy, and the entry of Netflix and other subscription platforms into the mix. Generally, budgets able to be raised are constrained owing to current economic conditions. Even so, the Film industry in WA is growing and strengthening, with productions such as Red Dog raising the profile of WA industry. The sub sector of Animation is also seeing noteworthy growth, and industry is watchful of potential projects which could see new local studios partner with international counterparts. Such a project could require 2-300 animators and would be taking advantage of WA’s time-zone to tag-team with for instance a US studio.

A fledgling industry within the Screen and Media sector is Games Development, which more accurately straddles Screen and Information Communications Technology. Whilst facing challenges, this is the sector which has best addressed the issue of monetising digital content. Globally, the sector is estimated to be valued at US\$96B p.a. with an annual growth rate of 10%. This is nearly twice that of the Music industry and on a par with the Film industry globally, despite being relatively new. At the state level, sales of local content have fallen in line with reduced government investment. The findings of a recent federal inquiry into the Games Development industry advocated strongly for increased support and given the size of the potential market, it is encouraging that interactive gaming in the form of Virtual Reality was acknowledged in WA Labor’s recent Creative Industries policy paper, Creative WA. Labor has committed to introducing an annual festival to attract filmmakers using new technologies such as virtual reality.

Current and future labour market conditions

- WA has a 6.3% share of the Free-to-Air TV Broadcast market in Australia, where revenues have declined at an annualised 2.6% in the past five years. This figure is expected to grow to 3.7% as advertising revenue is diverted to online mediums.

- Pay, or subscription TV, is a \$4B industry in Australia, of which WA has only a 3.4% share. 86% of industry is concentrated in NSW and Vic, with one company, Foxtel, dominating 75% of the market. With barriers to entry high, there is little incentive for WA start-ups to seek to join the space. WA owned Quickflix went into voluntary administration and was purchased by a US owned media company in October 2016.
- Australia's Radio industry is facing decline, albeit at a slower rate than other comparable sectors. As radio remains Australians' preferred medium while driving, increased road traffic has had a buffering effect on the fortunes of Radio in recent years. It also appears that Radio is more resilient in the face of national pressure, with local (West Australian) radio accounting for 7% of the total Australian market. Nonetheless, high fixed operating costs are proving challenging for smaller players and the sector is predicted to decline at an annualised 0.5% in the five years to 2021.
- WA has a 6.5% share of the Magazine Publishing market in Australia. Digital alternatives have driven a sharp decline in the fortunes of this sector, with revenue falling at an annualised 9% in the five years to 2017. This decline is predicted to slow to an annualised 5% in coming years owing to a small but steadily growing market for niche content and high quality printed product.
- Newspaper Publishing is a similar story, with WA holding 6.5% of the national market in this weakening industry. Revenue in the 5 years to 2017 declined at an annualised 8.4% and is projected to decline further in coming years. Whilst most newspapers have developed an online profile, advertising revenue in this space is significantly less than in print, as well as the product generally being offered free to the consumer.
- Better news is found in the Film Production sector where revenue has grown at an annualised 5% in the five years to 2017, and is projected to continue to grow at a more modest 2.3% in the coming five years. Government incentives are vital to this still fledgling industry, and whilst diversifying digital formats are predicted to accelerate demand for Film content broadly, this may not translate to demand for Australian content. WA holds 5.8% of the national market, with nearly half (47.8%) of the market based in NSW. Given potential earnings in this \$2.5B industry, Screenwest and the WA film sector are working to grow this margin. In recent years Western Australian feature films have achieved box office and critical success, and were selected for the industry's most competitive and prestigious festivals including Toronto, Sundance, Berlin, Venice and at the Cannes Directors' Fortnight. Whilst competition from international players is very high, a low concentration of local entities leaves room for expansion.
- Online video game sales have grown at an annualised 18.7% in the five years to 2017 and are projected to continue growing at 10% through to 2021. WA holds 11.2% of the Australian market, in line with our population. This however represents retail sales of all game product, of which the vast majority is international. The size of the domestic industry has been shrinking despite growing sales (WA represents 7% of national industry), indicating a significant missed opportunity at a time when a diversified economy is being sought. A two-pronged approach to any initiatives designed to boost the industry would be welcomed. WA's advantageous time-zone could benefit efforts to encourage large video game companies to establish offices in WA. This in turn should aid in capacity building and development of the local industry.

Industry development issues:

- As above, a number of sectors within the Screen and Media industries are in permanent decline, owing to a combination of diversified mediums, reduced perceived value by the consumer and the subsequent drop in value of associated advertising.
- As such, development challenges are viewed in declining industry sectors as insurmountable, and industry instead seeks the point where consolidation is complete and new models can emerge. The high-production-value, specialist magazine publishing sector is a good example of a much smaller but financially secure future-proof industry.
- As with many creative industries, the Film industry in WA faces thin market issues. Achieving capacity and stability is difficult, training is a costly option for prospective industry workers, with little guarantee of a sustainable career path, and efficiencies of scale cannot be accessed. The global financial crisis has added to the challenges faced by industry, with funding sources from government initiatives to investment channels significantly reduced. Despite conditions, the WA Film industry is growing consistently and a recent \$16m WA Regional Film Fund being administered through Screenwest is set to provide

welcome support.

- Similar conditions affect the Animation and Games Development sectors, however the digital-first nature of these industries coupled with the time-zone advantages enjoyed by WA mean the state is not challenged by physical isolation in the same way it can be in other areas. Given the exponential growth of Games and Animation internationally, industry is hopeful they will be viewed as prime candidates for targeted investment and support and confident that WA could be a hub for these sectors.
- The new state government's commitment to promoting Virtual and Augmented Reality technology and related industries should have a positive impact on the Screen, Animation and Games Development industries.

Workforce challenges and issues:

- The challenge to traditional business models brought about by technological advancement has precipitated evolving skill-set requirements in industry.
- Across the Content industries, workers are required to hold a broad set of skills including small business management, writing, editing, web editing and content management, filming and film editing, presenting to camera, data analytics and intellectual property knowledge.
- This allows a worker to deliver content across multiple platforms, as demanded by the consumer, and to analyse what is attracting audiences, in turn raising the value of paid advertising content.
- It also allows them to build an independent freelance career and protect their work at a time when permanent full time roles are disappearing.
- A confounding factor however is that whilst education fees rise, pay for journalists and others in the content industries is falling, making them a less attractive option for students seeking a secure career path. Whilst demand for content is ever growing, what the consumer is willing to pay has declined steeply.
- Any potential effort to significantly grow the Animation and / or Games Development industries in WA will need to be met by timely initiatives to attract students to associated qualifications in order to develop a large enough local workforce in the medium term. It is likely in the shorter term that a mix of local and international expertise would be required.

Current Training Council areas of focus:

- One area in which both Free-to-Air and Subscription TV services are seeing growth is Live or Outside Broadcast, especially with regards to live televised sporting, cultural and tourism events. This area is resistant to digital transformation in that it will always require a physically present film crew and as such, demand remains strong for this workforce. The upcoming opening of the Perth Stadium is predicted to increase demand in this area and recent events have required workers to fly in to address demand. North Metro TAFE has reported strong employment outcomes for graduates of their Advanced Diploma of Screen and Media (Outside Broadcast), and FutureNow is working with industry to examine the potential to develop a traineeship in this qualification.
- FutureNow is working closely with its Screen and Media, Visual Art and Design, and Information Communications Technology Industry Advisory Groups to monitor developments in the significant growth markets of Animation and Games Development. Whilst currently small in WA, these industries have substantial potential to grow into important economic drivers for the state

Attachments:

- [Screenwest Strategic Plan 2016-2021](#)
- [Parliamentary Report on the Video Game Development Industry](#)
- [Labor Creative WA Arts Policy](#)
- [WA Labor Plan for Jobs](#)

References

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