Subscription Media Australia

10 October 2014

Documentary Funding Consultation
Screen Australia

By email to feedback@screenaustralia.gov.au

Dear Sir/Madam

Documentary funding – Round 2 Draft Guidelines

The Australian Subscription Television and Radio Association (ASTRA) welcomes the opportunity to comment on the second draft of proposed new guidelines for documentary funding (the Revised Draft Guidelines) released for comment in September 2014.

ASTRA acknowledges that Screen Australia has refined the guidelines in light of feedback received from industry in July 2014, including by responding to what has been described as divided opinion about the previous draft.

In relation to that previous draft ASTRA had submitted that, overall, Screen Australia had taken some significant steps towards a more open and competitive process for accessing documentary funding, and had recognised the increasing importance of platforms beyond traditional free-to-air (FTA) broadcasters (in particular, the publicly funded national broadcasters) for reaching Australian documentary audiences.

In particular, ASTRA strongly supported:

- focusing Screen Australia decision making on the principles of quality, diversity and innovation;
- discontinuing the notional broadcaster funding split;
- removing the requirement for minimum broadcaster licence fees in relation to the proposed 'Vision and Voice' and 'Meaning and Market' funding programs; and
- the potential for extending the use of grants rather than recoupable investments.

ASTRA voiced a number of concerns, including in relation to minimum licence fee thresholds for the proposed 'Premium Documentary Program' and what appeared to be overly prescriptive funding decision criteria.

The Revised Draft Guidelines have walked away from a less prescriptive funding model and all but removed any notion of competitive access to public funds for content by reinstating the notional broadcaster funding splits which all but guarantee funding for the publicly funded national broadcasters.

In this way it seems Screen Australia is not satisfying its own documentary objectives for ***greater risk-taking and creativity across content and business models***, or ***encouraging diversity of subjects, styles and approaches for Australian content***. Instead, the ABC and SBS will continue to receive a disproportionate share of 85 per cent of the allocation for the Broadcast Program, and broadcasters and/or producers seeking to access this program will continue to be forced to structure their funding models around notional and arbitrary fixed licence fees. These decisions will no doubt continue to crimp the ability of Screen Australian to meet it principal objectives for documentary programs and encourage development of the Australian documentary sector.

The notional funding split

In releasing the Revised Draft Guidelines for comment, Screen Australia's CEO, Graeme Mason, said that the guidelines had been refined to:

> *respond to industry feedback while sharpening our focus in the context of reduced funds. We are pleased that our biggest partners in this area, the ABC and SBS, have expressed indicative support for these guidelines, and we look forward to receiving final comments over the next three weeks from the sector.*[1]

The status of the ABC and SBS as Screen Australia's 'biggest partners' would indeed be entrenched under the Revised Draft Guidelines because they would receive a notional allocation of 45 per cent and 40 per cent respectively of the $9–$10 million dollars annually allocated to the Broadcast Program.

While there would be a modest increase in the allocation to platforms other than the national broadcasters (15 per cent, up from the 10 per cent nominally allocated under Screen Australia's current domestic documentary funding programs), this proposal would continue to see the ABC and SBS receive the vast majority of the largest pool of funds dispensed by Screen Australia for documentaries each year.

ASTRA strongly opposes the reintroduction of notional funding splits. It entrenches existing practises whereby commercial entities, justifying their existence on their return on capital, are excluded from the vast majority of these funds and must compete with each other for the small amounts remaining. On the other hand the ABC and SBS do not have to contend with such risks—they have substantial funding guaranteed. This naturally constrains Australian documentary makers' ability to create new and diverse projects for different audiences. Such producers will make programs which satisfy the limited requirements of ABC and SBS commissioning editors and their respective audiences.

ASTRA questions why the previous sound decision was reversed as no concrete reasons are provided for this policy reversal by Screen Australia.

As ASTRA has previously submitted:

- Direct investment of taxpayer funds into Australian content production—across all funding programs—should be fully contestable so that projects are funded on their merit, not on the identity of the originating broadcaster.
- Organisations that already receive substantial Government support should not receive preferential treatment.
- Even though removing notional allocations may lead to a period of adjustment, and would not offer the national broadcasters the level of certainty to which they have become accustomed, the long-term benefits of a completely open process would more than outweigh any short-term uncertainty.

Full contestability for documentary funding would ultimately benefit viewers because it would drive stronger and more innovative applications from all parties. In this way, giving all

[1] Screen Australia website at http://www.screenaustralia.gov.au/about_us/new_directions/Documentary-funding/round2_draft_guidelines.aspx.

applicants fair access to funding would better achieve Screen Australia's aspirations of supporting quality, diversity, innovation and cultural value in documentary production.

Licence fees

In its earlier submission ASTRA supported removal of the requirement for minimum broadcaster licence fees for the proposed 'Vision and Voice' and 'Meaning and Market' funding programs, and expressed disappointment that minimum licence fee thresholds would continue to apply to the proposed 'Premium Documentary Program' (it was noted that the proposed $200,000 minimum licence fee for that program did not reflect the licence fees paid for documentaries in the market).

As such, it is disappointing that under the Revised Draft Guidelines minimum licence fees of between $100,000 and $180,000 per hour would apply in relation to funding under the Broadcast Program and that Screen Australia will not otherwise permit broadcasters to contribute additional funding to such productions.

ASTRA reiterates its view that arbitrarily enforced licence fees limit the capacity of a broadcaster to create attractive finance models for productions. Without an ability to recoup such fees outside its own exploitation (which is very limited anyway in the context of documentaries), or to invest additional funds itself, it is seemingly unattractive for broadcasters to invest in such programs. Flexibility in relation to licence fees should be extended across all funding programs to allow the market to determine the value of documentaries and explore more creative pathways for documentary funding. Lifting minimum licence fee requirements would promote flexibility in how productions are funded, thereby enabling broadcasters to maximise their investment and generate greater returns to reinvest back into content.

Like the notional broadcaster allocations, it is difficult to understand Screen Australia's reasons for fixed licence fees where no concrete reasoning is provided. ASTRA notes that Screen Australia acknowledged in its Revised Guidelines that broadcasters have commissioning expertise and are cognisant of their audience. In a similar vein, it is ASTRA members' experience that they are in ideal position to structure production finance so to extract the best value for investment in programs and, more importantly, provide producers the opportunity to seek returns from their work. Creating strong partnerships between broadcasters and producers is the key for ongoing trust and success. The inflexible nature of the fixed licensing regime stymies the ability for those partnerships to develop over the longer term.

For example, in documentaries commissioned by Foxtel this year where Screen Australia funding was not sought, Foxtel in many cases contributed the majority of, if not all, funds. In some cases an amount equal to the Producer Offset was cash-flowed by the producer to the program budget. In other cases, Foxtel did not insist on that requirement given the quality of program delivered by the producer. There were no arbitrary breakdowns between licence fees and equity. All revenue shares outside exploitation on Foxtel's subscription television platform were to be shared equally despite the disproportionate contribution by Foxtel.

Similarly, copyright interests were shared based on each party's contribution to the development of the programs (often in the producer's favour). Such variability in production finance structuring is not available under Screen Australia's proposed conditions for the Broadcast Program. The restrictions may suit FTA broadcasters who are only interested in the premiere, linear broadcast of a documentary, and not the repeated and variable viewing over longer periods conducive to subscription television audiences.

Positive developments

Further to these issues it is acknowledged that the Revised Draft Guidelines do include a number of positive developments.

- **Grants**: ASTRA strongly supports extended use of grants rather than recoupable investments because the grants process is more streamlined. It is acknowledged as a positive feature of the proposed Producer Program that funding will be via grants for allocations of $500,000 or less.

- **Funding criteria**: ASTRA recognises that, compared with the detailed funding criteria previously proposed, the Revised Draft Guidelines contain simpler criteria which are focused on the relevance of proposals to Screen Australia's funding principles, the appropriateness of the amount requested and the track record and capacity of the creative team. ASTRA acknowledges Screen Australia's efforts to better focus the criteria to avoid confusing overlap with broadcaster decision making.

- **Foreign formats**: while supporting prioritisation of Australian documentary formats, ASTRA has argued that projects should not be automatically excluded because they are based on foreign formats. Rather, foreign formats should be assessed on a case-by-case basis because they can be readily adapted to reflect Australian culture.

  It is therefore pleasing that foreign formats would be eligible under the Revised Draft Guidelines. Whereas Screen Australia proposes to assess such applications taking into account the originality of the format, ASTRA submits that a better test would be the originality of the application of that format to the local context (as the format itself will necessarily be based on an overseas production, and therefore not be 'original').

- **Producer Equity Program (PEP) funding**: ASTRA welcomes confirmation in the Revised Draft Guidelines that PEP funding will be allowed in conjunction with other Screen Australia documentary production funding.

- **Red tape reduction**: ASTRA supports streamlined application processes and therefore welcomes Screen Australia's attempts to lighten the burden on producers by proposing to conduct assessments for the Producer Program in two stages and asking only for a minimum of materials in the first stage. Simplified application processes are encouraged across all funding programs.

- **Consultation**: ASTRA acknowledges Screen Australia's intention to manage its slate in collaboration with producers and broadcasters, including by consulting with them about upcoming priorities. ASTRA encourages full consultation by Screen Australia with its members in the subscription media sector.

Should you wish discuss any of these submissions please contact me.

Yours sincerely

Andrew Maiden
CEO