

DRAFT FOR COMMENT

# SCREEN AUSTRALIA PROGRAM GUIDELINES

January to June 2009

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## PRODUCTION FINANCING

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## OVERVIEW

### Screen Australia's production financing programs

Screen Australia aims to invest in a range of audience-engaging and culturally relevant programs including feature films, television drama, children's television drama and documentaries.

In selecting projects in which to invest, Screen Australia will value excellence, audience engagement and Australian cultural content across all platforms. Productions funded must have cultural merit and an awareness of the market, both here and overseas.

We are committed to actively engaging with and involving the industry in the selection process.

In **features**, the assessment of the level of Screen Australia funding will be flexible, taking into account the Producer Offset, market attachment, the commercial, cultural, artistic and critical merit of the project and its ability to reach a wide audience or a specific targeted audience in Australia. All budget ranges are eligible, with special arrangements applying to low-budget films which do not qualify for the Producer Offset.

In **documentary**, Screen Australia will continue to invest in Domestic and International documentaries by Australian documentarians, as well as in low-budget documentaries and significant documentaries of particular cultural relevance.

The National Documentary Program will carry forward the National Interest Program and Making History initiative, creating a comprehensive and strategic slate of documentaries that deal with matters of national interest or illustrate and interpret aspects of Australian life and history. Arrangements have been revised to give greater responsibility for production to industry.

Supplementing the **adult TV drama program** will be a Low-budget Television Drama Program, which seeks to provide further opportunities for producers to make TV programs that step outside the potential limitations of scheduled broadcaster commissioning and Screen Australia market requirements.

Screen Australia's requirements for foreign presales in the category of **children's drama** recognise the excellent reputation Australian producers have built up internationally as suppliers of quality children's programming.

However, Screen Australia acknowledges that this success may act as a barrier for certain intrinsically Australian programs that may not necessarily have the potential to travel. The Distinctively Australian Children's TV Drama Program will support the production of lower budget children's drama projects with no requirement for an international pre-sale.

Screen Australia intends to work with the industry to identify and fund quality programs. Screen Australia will not use the marketplace by itself as the key criterion for determining which projects are necessarily funded and supports the notion of assessment-based funding and investment.

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## FEATURE FILM PRODUCTION

Screen Australia's feature production program aims to support the industry in creating a diverse range of well made, commercially successful Australian films that resonate with audiences.

Assessment of the level of Screen Australia funding will be flexible, taking into account the Producer Offset, market attachment, and the commercial, cultural, artistic and critical merit of the project.

Applicants must be Australian producers with Australian owned, controlled and registered production companies (more details will be available in Screen Australia's Terms of Trade).

### Eligible projects

Feature films funded by Screen Australia must be Australian and as a minimum meet the requirements of the Significant Australian Content test as administered by Screen Australia's Producer Offset and Co-production Branch. Furthermore, films must also have cultural merit, which will be evaluated in the context of the various assessment criteria outlined below.

**Market attachment requirements:** Feature films eligible for the Producer Offset, ie with a Qualifying Australian Production Expenditure (QAPE) of at least \$1 million, need to have a guarantee of theatrical distribution in Australia in order to apply to Screen Australia for production funding. This should take the form of a distribution guarantee, distribution advance or minimum Prints & Advertising commitment from a recognised Australian theatrical distributor.

In addition, these films must have an international sales agent attached.

Feature films with an estimated QAPE of less than \$1 million will not require an Australian distributor or an international sales agent to be attached. However, the project's marketing strategy and potential to reach its target audience will be an important consideration in the assessment process.

### Level of funding

Where a feature film project is eligible for the Producer Offset, Screen Australia will require that the Offset form part of the finance plan and 90% of the value of the Offset be cash-flowed during the production.

For these projects, the value of the Producer Offset plus the Screen Australia investment cannot exceed 75% of the budget of the film. Screen Australia will invest to this maximum level only in exceptional circumstances.

For a feature film which is not able to access the Producer Offset because its Qualifying Australian Production Expenditure (QAPE) is less than \$1 million, Screen Australia may invest more than 75% of the production budget in exceptional circumstances.

Screen Australia expects that some funds will be quarantined in the production budget for marketing and cross platform elements in order to assist the project in reaching as wide an audience as possible.

## Assessment criteria

When assessing feature film projects for production funding, Screen Australia will use the following criteria:

- **Track record**  
A successful track record of the producer, writer and director.
- **The script**  
The script will be assessed according to (i) the strength and distinctiveness of the idea, (ii) the quality of the writing, and (iii) the script's readiness to proceed into production.
- **Creative potential**  
In assessing the creative potential of a project, Screen Australia will consider (i) the track record of the creative team as evidenced by previous work, (ii) the creative team's vision for the film, and (iii) the proposed cast.
- **Audience potential**  
Screen Australia will assess a project's potential to reach its intended audience by considering (i) whether or not there is a clearly identified target audience for the film, (ii) the distribution strategy for Australia, (iii) the international distribution strategy, and (iv) the cross platform strategy.
- **Commercial potential**  
The project's commercial potential will be assessed by considering (i) the financing and distribution arrangements in Australia and internationally, (ii) the budget in relation to projected returns, and (iii) Screen Australia's recoupment position.
- **Budget and financing strategy**  
Screen Australia will assess (i) the viability of the proposed budget in relation to achieving the creative team's stated goals and vision for the project, (ii) the viability of the proposed financing strategy, and (iii) the applicant's technical and managerial capacity to deliver the project.

The level of Screen Australia's funding commitment will be determined by taking into account the project's rating on all of the above criteria and the amount of funds that are available in Screen Australia's budget at the time.

When evaluating individual projects, the desirability of having a range of genre and content within the annual production slate may also be taken into account.

## Assessment process

All feature films applying to Screen Australia for production funding – including those seeking completion funding – will be assessed by a combination of Screen Australia executives and industry specialists as required. Assessments will be made available to applicants.

## Application materials

Applications must be made on Screen Australia's Production Investment Application form, and include all supporting material listed on that form.

## Budget notes

Screen Australia, in consultation with the completion guarantor, will examine a producer's schedule and budget to ensure that the production values in the script can be realised.

Budgets must be presented in the A-Z Budget format, available from the Screen Australia website ([www.screenaustralia.gov.au/a-zbudget](http://www.screenaustralia.gov.au/a-zbudget)). Fees should comply with industry norms. They will be considered in the context of the budget and track record of the personnel.

The cost of production, both above and below the line, should reflect the level of recoupment that the project can reasonably expect to earn.

Screen Australia reserves the right to look at the whole package, including budget and target audience, in determining whether individual above-the-line fees, including cast fees, are appropriate.

Screen Australia will have approval over any variation in budget items that are exclusions under the completion guarantee (eg. music, cast and all above-the-line items).

The budget should include production company overheads to be calculated as five per cent of the total of the company's total film expenditure on the Project, or A\$500,000, whichever is the lesser amount.

The budget should include a complete breakdown of development costs, including any development funds, general development investment (GDI) or producer fellowships from state agencies, Screen Australia or its predecessor agencies, and state agency administration fees.

Delivery items must be included to cover the standard requirements of all sales agents and distributors in place at the time of contracting. This includes (but is not limited to) budgeted amounts for:

- trailer
- poster key art
- EPK/DVD materials
- cross-platform elements
- the cost of a test screening.

The budget amounts for the above items will be assessed on a case by case basis.

Additional items including publicity during production are also to be budgeted.

If the budget contains foreign currency items, a hedging mechanism to allow for currency fluctuations must be included in the budget.

It is a requirement that feature films financed by Screen Australia (a Federal Government Agency) be captioned to provide access for the hearing impaired, for cinemas and DVD. The cost of captioning must be included in the film's budget.

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If producers have any questions when preparing a budget, they should contact a staff of the Production Investment Branch in Screen Australia's Sydney or Melbourne offices.

### **Application timing**

**Feature films eligible for the Producer Offset** will be considered at any time, and will be batched in time for the relevant Screen Australia board meeting.

**Feature films *not* eligible for the Producer Offset** will be considered in two rounds, in July and February each financial year.

### **Terms of trade**

Details of Screen Australia delivery items, recoupment and other requirements will be available in Screen Australia's Terms of Trade.

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## Feature co-productions

Projects approved as Official Co-productions by Screen Australia's Producer Offset and Co-production Branch are eligible for support. However, Screen Australia will exercise its discretion in the financing of co-productions, having regard to:

- the overall level of Australian content;
- the participation of Australians in key creative roles, especially cast, writer and director;
- whether the project has been originated in Australia;
- where it is to be shot;
- the number of co-productions financed in a particular year's slate.

**Market attachment requirements:** As co-productions have access to more than one domestic market, they must bring a higher level of genuine market attachment to the budget. Market advances/guarantees for co-productions must include:

- a theatrical distributor in each co-production territory
- a theatrical distributor in one other major territory
- an international sales agent or distributor.

Other than the aspects outlined above, co-productions are assessed in the same way as Australian features.

## Theatrical documentary features

Documentary projects must be able to demonstrate a big-screen, visual quality, with clear cinematic potential in the concept. Where this is not clear, projects will need to provide some compelling footage to suggest a theatrical release is warranted.

## Large-format programs

Screen Australia will consider large-format programs on a case-by-case basis. Producers should consult Screen Australia as to the appropriate investment criteria. Screen Australia requires that the project has a guaranteed theatrical release in Australia as well as in a number of international venues, on terms acceptable to Screen Australia.

## DOCUMENTARY PRODUCTION

Screen Australia's investment in documentaries aims to encourage the presentation of Australian culture and an Australian viewpoint on international culture to Australian and international audiences.

Screen Australia invests in both one-off documentaries and series with an Australian free-to-air or pay television presale, except in the case of the Special Documentary Program.

It does not invest in other actuality programs, such as reality television, infotainment, current affairs, cooking, 'how to' or sports programs.

[Note: For the purposes of these funding guidelines, Screen Australia will apply its definition of 'documentary' from the guidelines compiled by the Australian Communications and Media Authority (ACMA). These guidelines are available on the ACMA website.]

Subsequent series will only be financed where the percentage and quantum investment by Screen Australia is substantially lower than for the previous program.

Applicants must be Australian producers with Australian owned, controlled and registered production companies (more details will be available in Screen Australia's Terms of Trade).

Government-funded organisations with a brief to produce documentaries are not eligible applicants (eg. ABC, SBS). Where a production company is wholly owned by a government-funded organisation, the wholly-owned subsidiary will be treated under the guidelines as if it were the parent company/organisation.

Screen Australia finances documentaries through :

- the National Documentary Program (incorporating the National Interest Program and the Australian Making History Initiative)
- the Domestic and International Documentary Programs, comprising
  - Domestic (requiring a local television presale only);
  - International (requiring a local television presale as well as international presales/guarantees);
- the Special Documentary Program.

### Theatrical documentary features

Screen Australia will consider financing documentaries designed for theatrical release on a case-by-case basis. These projects should come through the feature film assessment process and will be assessed according to the criteria set down in the Feature Film section of these guidelines (see page 7).

## The National Documentary Program (incorporating the National Interest Program and the Australian Making History Initiative)

The National Documentary Program (NDP) aims to provide a comprehensive and strategic slate of projects across a period of time, involving a diversity of practitioners, styles, formats and budgets. Documentaries will encompass a broad range of themes of national significance.

The program allows producers and audiences to benefit from documentary material that is both culturally distinctive and renders a significant contribution to the national story.

The parameters of the National Documentary Program are distinctive. Projects will be documentaries of record, a heritage collection – not just available for 50 minutes of broadcast but for 50 years and beyond. They will be programs with a sense of cultural ambition and a budget scale that separates them from other Screen Australia domestic documentary investments.

Screen Australia will retain appropriate rights of approval including all contractual arrangements, licence fees, distributors arrangements as well as non-exclusive rights for NDP product to be retained in a living collection and used for online learning as appropriate.

### Eligible projects

The National Documentary Program will be broadly framed around the following individual schemes and content areas:

- **National Interest Program:**
  - art and culture
  - contemporary and social issues, including social history
  - science and the environment
- **Making History Initiative** with the Australian Broadcasting Corporation
  - national history and identity

Screen Australia Board and management, consulting experts as necessary, will ensure the continuing relevance of areas of core content and will ensure that the NDP delivers against the broad framework.

To apply for production funding under the NDP, applicants are required to have a broadcast presale.

The program includes funding for both project development and production financing.

### NDP operation

Screen Australia will have meaningful consultation with the producer during the development, production and marketing of programs. This is to ensure that the themes or core content remain in keeping with what was envisaged when Screen Australia committed to the project.

Funding and production processes for NDP projects will operate as follows:

- Screen Australia ensures that programs are made in accordance with the contract.
- Producers arrange for the financing of their programs and are the point of contact with broadcasters and sales agents.
- Distribution (sales of the programs both domestically and internationally), as well as marketing and promotion of the completed programs are a matter for producers, subject to the consent of Screen Australia. However, Screen Australia staff may provide promotions and marketing support for the overall National Documentary Program, and support during the initial release of each project produced.

### **NDP development support**

Funding will be available for the development of potential NDP projects. Projects applying for development funding will not require broadcaster interest although it is desirable.

#### **Assessment criteria**

Projects will be assessed against National Documentary Program criteria including:

- applicability to core content areas, and diversity of projects and content within the NDF and Screen Australia documentary slate,
- creative style and vision,
- capacity of the creative team including track record,
- proposed budget level and financing strategy, and
- archival value.

#### **Assessment process**

Applications will be assessed by Screen Australia executives according to the above criteria, and assessments will be made available to applicants.

Projects will be selected by Screen Australia for development funding in consultation with the relevant broadcasters (where applicable) and producers.

#### **Application materials**

Applications must be made on Screen Australia's National Documentary Program Development Funding Application form, and include all supporting material listed on that form.

#### **Application timing**

Applications can be received at any time. Applications for 'time-critical' shooting need to be clearly marked, and will be fast-tracked.

#### **Recoupment**

Where Screen Australia subsequently invests in the production, its investment in the development phase will be added to the production financing amount and the total investment will be recouped in accordance with the terms of trade for production financing.

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## **NDP Production Financing**

To apply for production funding under the NDP, applicants are required to have a broadcast presale.

Prior to drawdown, Screen Australia will have appropriate rights of approval of:

- the production financing plan
- key production personnel (eg producer, director)
- production schedule
- the budget
- marketing rights

### **Level of funding**

Where a National Documentary Program project is eligible for the Producer Offset, Screen Australia will require that the Offset form part of the finance plan and 90% of the value of the Offset be cash-flowed during the production.

For these projects, the value of the Producer Offset plus the Screen Australia investment cannot exceed 75% of the budget of the film.

For a project which is not able to access the Producer Offset Screen Australia may invest in excess of 75% of the production budget, but will generally require the licence fee of the Broadcaster to form part of the finance plan.

### **Assessment criteria**

Projects are assessed against National Documentary Program criteria including:

- applicability to core content areas, and diversity of projects and content within the NDF and Screen Australia documentary slate,
- creative style and vision,
- capacity of the creative team including successful track record
- budget and financing strategy, including broadcaster and licensing arrangements, and
- archival value.

### **Assessment process**

Applications for NDP production funding will be assessed according to the above criteria by Screen Australia's executives and one external industry assessor with broadcast expertise. Assessments will be made available to applicants.

### **Application materials**

Applications must be made on Screen Australia's National Documentary Program Application form, and include all supporting material listed on that form.

### **Application timing**

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Applications will be considered in 4–5 tranches over the financial year.

**Terms of Trade**

Details of delivery items, recoupment and other requirements will be available in Screen Australia's Terms of Trade.

[Note that special terms apply to the NDP, including retention by Screen Australia of rights to archive the program and provide access to library material for educational purposes and future productions by Australian filmmakers.]

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## Domestic and International Documentary Programs

### Domestic program

Under this program, Screen Australia provides investment in Australian documentaries to match a domestic broadcaster's licence fee. Where a producer brings third-party finance to a project it can be used to enhance the budget, but the percentage contributions of the broadcaster and Screen Australia must remain equal.

There is no cap on the number of projects per broadcaster. Screen Australia's investment cap per project is:

- \$200,000 (inclusive of Producer Offset) for a one-off program
- \$500,000 (inclusive of Producer Offset) for a series

Screen Australia will only invest more than the above in a one-off program or a series in exceptional circumstances.

Projects are funded following discussions between Screen Australia, the broadcasters and producers.

Because projects financed through the domestic program often deal with specifically Australian stories and issues, no international marketplace attachments are required to trigger Screen Australia funding. Producers are encouraged to develop and present to Screen Australia, at rough cut, a marketing strategy for international sales.

Screen Australia retains discretion in terms of the overall diversity of the annual slate in regard to:

- balance of experienced and emerging practitioners
- balance between one-off programs and series
- diversity of subject matter

Screen Australia may be prepared to consider, on a case-by-case basis, an additional investment to allow producers to approach international broadcasters with the aim of securing a rough cut sale.

### International program

Screen Australia will invest up to 50 per cent of the budget (including the producer offset) in projects which meet the following co-financing requirements:

- a pre-sale of at least \$110,000 per hour from a domestic network
- an international sales agent
- an international territory pre-sale and/or an advance from an international sales agent, with a combined value of at least 10 per cent of the budget

Where projects have a more substantial international marketplace attachment Screen Australia may agree to some reduction in the domestic broadcaster licence fee, but consequentially would expect to invest less.

Where there are insufficient funds to meet demand from eligible projects, Screen Australia will use the following selection criteria:

- strength of marketplace (ie. major territory; percentage level of advance)
- percentage and quantum of non-Screen Australia finance
- balance between one-off programs and series.

### **General considerations**

**Enhancement:** Where a documentary producer indicates that there is a possibility for an enhancement (eg, feature-length version for television or extension into series), Screen Australia requires that an increase to the domestic licence fee be negotiated with the broadcaster and approved by Screen Australia prior to Screen Australia increasing its investment.

#### **Budget allowances for marketing and cross-platform elements:**

Screen Australia recognises the need for marketing and multi-platform digital program elements, and for these cross platform elements to be incorporated into a production budget from the outset. To this end Screen Australia will earmark an amount in each production budget of the agency financing for marketing and cross platform elements.

Marketing allowances (to be approved by Screen Australia) for incorporation into the production budget are:

- up to \$10,000 for Domestic Program documentaries
- up to \$15,000 for International Program projects.

### **Application materials**

Applications must be made on Screen Australia's Production Investment: Documentary Application form, and include all supporting material listed on that form.

### **Application timing**

Applications will be considered in four tranches across the financial year.

### **Australian Teachers of Media (ATOM)**

Screen Australia requires the producer to supply ATOM with:

- three DVDs or VHS tapes of the finished film for the possible production by ATOM of a study guide booklet;
- a press kit and post-production script (to be emailed to [damned@netspace.net.au](mailto:damned@netspace.net.au)).

Screen Australia will cover the cost of the study guide through Screen Australia funds or interest on production funds. Study guides must be completed before the first Australian broadcast – Screen Australia will not pay for study guides where the program has already been broadcast.

### **Terms of trade**

Details of delivery items, recoupment and other requirements will be available in Screen Australia's Terms of Trade.

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## Special Documentary Program

Screen Australia intends to apply part of its annual documentary funds for the production of documentaries with no requirement for market attachments.

### Eligible projects

The aim of the scheme is to provide the opportunity for filmmakers to make more innovative and exciting programs by stepping outside the potential limitations of broadcaster commissioning and Screen Australia market requirements.

The program can also provide for lower budget productions for:

- post-production completion with a broadcaster pre sale and
- provisional approval for projects which then raise the balance of the production budget before being provided with Screen Australia cashflow.

Screen Australia will use its discretion as to whether a project needs to apply to the Producer Offset and Co-production Branch for a Provisional Certificate. Screen Australia will need to be satisfied that projects do have Significant Australian Content before considering investment.

### Level of funding

The allocation for each project is expected to be \$150,000 but, at the discretion of Screen Australia may be up to \$250,000. Priority will be given to those projects which could be successfully completed within the available \$150,000–\$250,000 budget.

### Assessment criteria

When assessing projects for production funding, Screen Australia will use the following criteria:

- **Track record**  
The successful track record of the creative team (producer, director and writer)
- **The script/treatment**  
The script, treatment and projects materials will be assessed according to (i) the strength and distinctiveness of the idea, (ii) the quality of the writing, and (iii) the script or treatment's readiness to proceed into production.
- **Creative potential**  
In assessing the creative potential of a project, Screen Australia will consider (i) the track record of the creative team as evidenced by previous work, (ii) the creative team's vision for the film, and (iii) the proposed cast.
- **Audience potential**  
Screen Australia will assess a project's potential to reach its intended audience by considering (i) whether or not there is a clearly identified target audience for the film, (ii) the distribution strategy for Australia,

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(iii) the international distribution strategy, and (iv) the cross platform strategy.

- **Budget and financing strategy**

Screen Australia will assess (i) the viability of the proposed budget in relation to achieving the creative team's stated goals and vision for the project, (ii) the viability of the proposed financing strategy, and (iii) the applicant's technical and managerial capacity to deliver the project.

The level of Screen Australia's funding commitment will be determined by taking into account the project's rating on all of above criteria and the amount of funds that are available in Screen Australia's budget at the time.

When evaluating individual projects, the desirability of having a range of genre and content within the annual production slate may also be taken into account.

### **Assessment process**

Projects will be assessed by Screen Australia executives including an industry assessor with television broadcasting experience (and specialist consultants when required) according to the criteria above. Assessments will be made available to applicants.

### **Application materials**

Applications should be made using the Special Documentary Program application form, which is available on Screen Australia's website ([www.screenaustralia.gov.au](http://www.screenaustralia.gov.au)).

### **Budget allowances for marketing and cross-platform elements**

Screen Australia recognises the need for marketing and multi-platform digital program elements, and for these cross platform elements to be incorporated into a production budget from the outset. To this end Screen Australia will earmark an amount in each production budget of the Agency financing for marketing and cross platform elements.

### **Application timing**

Projects will be considered in two rounds. Application closing dates will be available on the Screen Australia website.

### **Terms of trade**

Details of delivery items, recoupment and other requirements will be available in Screen Australia's Terms of Trade.

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## Documentary co-productions

Projects approved as Official Co-productions by Screen Australia's Producer Offset and Co-production Branch are eligible for Screen Australia support.

However, Screen Australia will exercise its discretion in the financing of co-productions and will have regard to:

- the overall level of Australian content;
- the participation of Australians in key creative roles, especially cast, writer and director;
- whether the project has been originated in Australia;
- where it is to be shot;
- the number of co-productions financed in a particular year's slate.

As well as satisfying all the normal criteria for Screen Australia production investment, the co-production partners must also secure a presale or distribution in their own territory.

## TELEVISION DRAMA

Screen Australia supports the development of a creative and highly skilled Australian production industry supplying culturally relevant Australian content in a competitive commercial context.

The Television Drama Program assists in the production of high-quality adult drama, providing a rich and diverse range of high-quality Australian programs to audiences both here and overseas.

Applicants must be Australian producers with Australian owned, controlled and registered production companies (more details will be available in Screen Australia's Terms of Trade).

### Eligible projects

Projects funded by Screen Australia must be Australian and as a minimum meet the requirements of the Significant Australian Content test as administered by the Producer Offset and Co-production Branch of Screen Australia.

Screen Australia will finance the following categories of adult drama:

- mini-series up to 13 hours in length;
- single telemovies (including telemovie pilots);
- telemovie packages of up to three telemovies;
- animated mini-series of up to 13 episodes, each not less than a half hour in length.
- projects under the Low-budget Television Drama Program

Subsequent series or telemovie packages will only be financed where the percentage and quantum investment by Screen Australia is substantially lower than for the previous program.

Before Screen Australia will invest in a subsequent mini-series or telemovie, the first mini-series or telemovie must have been launched at a major television market and secured acceptable international sales.

Screen Australia expects key creatives (producer, writer, director, director of photography, editor) to be sourced from the freelance market and not from the staff of a free-to-air or pay television channel. In addition, Screen Australia will not finance drama where the project has been developed by a broadcaster and sub-contracted at a later stage to a producer.

### Level of funding

Screen Australia welcomes an entrepreneurial approach by producers to financing and will consider a diversity of financing streams including equity investment and distribution guarantees. In order to maximise production levels and diversity of slate, Screen Australia encourages producers to secure as much non-Screen Australia finance as possible.

For adult mini-series and telemovies, Screen Australia will generally invest no more than 40 per cent of the budget – including the producer offset – except in the case of the Low-budget Television Drama Program.

Screen Australia has the discretionary power to invest a greater percentage in certain cases and will take into account the creative and commercial track record of the team attached to a project, cultural relevance to Australian audiences and availability of funds.

### **Marketplace attachments**

Screen Australia encourages producers to pre-sell their television projects in as many territories as possible.

#### **(a) General**

Screen Australia requires a local presale for Australian free-to-air or pay television rights for all drama programs. In regards to the presale:

- the floor price licence fee (see below) may not include an
- equity component for the broadcaster;

Screen Australia will not agree to the inclusion of pay television or exclusive satellite rights as part of the domestic free-to-air television licence fee;

Screen Australia will not agree to the inclusion of New Zealand as part of the floor price licence fee.

In addition to the local presale, Screen Australia will require a sales agent for ROW to be attached on all projects with the exception of the Low-budget TV Drama Program.

#### **(b) Mini-series**

Screen Australia will expect a local free-to-air or pay television presale of not less than 30 per cent of the budget, with a floor price of not less than \$400,000 per hour. It will also expect a percentage of the budget, to be agreed upon, by way of a substantial presale/advance against ROW, and/or equity investment.

In the case of longer mini-series – nine to 13 hours – Screen Australia will only invest where the production budget is a minimum of \$800,000 per hour. (Note that the minimum domestic licence fee of \$400,000 per hour and the Screen Australia investment cap of \$4 million per project still apply.) The terms for any sequels or spin-offs are detailed in terms of trade.

#### **(c) Telemovies**

##### *One-off telemovies (including pilots) and telemovie packages*

Screen Australia will expect a local free-to-air or pay television presale of not less than 35 per cent of the budget, with a floor price of \$400,000 per hour, or part thereof. It will also expect a percentage of the budget, to be agreed upon, by way of a substantial presale/advance against ROW, and/or equity investment.

Screen Australia will only invest in a pilot if satisfied that the script is written as a self-contained story capable of being marketed as a 'stand alone'. The terms on which Screen Australia will participate in revenue from any sequel or spin-off series are detailed in terms of trade

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**(d) Higher-budget productions**

Where the budget of a mini-series or telemovie exceeds \$2 million per hour, the minimum percentage licence fee required by Screen Australia from the domestic free-to-air or pay TV network will be negotiated on a case-by-case basis. However, the required licence fee will generally be at least \$600,000 per hour.

**(e) Animation**

The terms and conditions for investing in animated programs will be the same as for live action television dramas (see above).

**Assessment process**

Screen Australia will consider applications in two groups.

- Projects seeking 35 per cent of budget (including the producer offset) or less will be considered first.
- If those projects do not use all available funds, then projects seeking up to 40 per cent of budget (including the producer offset) will be considered as a second group.

Where there are insufficient funds to meet demand from eligible projects, the Screen Australia board will make its selection with regard to the following:

- i. strength of marketplace (ie. level of co-finance excluding Screen Australia and state agencies);
- ii. recoupment potential;
- iii. level of subordination of Screen Australia investment;
- iv. successful track record of the creative team;
- v. readiness of script (applicants must submit a completed script signed off by the network, subject to revisions and polishes; miniseries of eight hours or more should submit at least four episodes of completed scripts);
- vi. diversity of slate (ie. diversity of genre and format).

Consideration will be given to Screen Australia's overall brief of achieving a diverse slate of quality programs, including a mix of experienced and emerging personnel and a range of budgets.

**Application materials**

Applications must be made on Screen Australia's Production Investment Application form, and include all supporting material listed on that form.

**Budget allowances for marketing and cross-platform elements**

Screen Australia recognises the need for marketing and multi-platform digital program elements, and for these cross platform elements to be incorporated into a production budget from the outset. To this end Screen Australia will earmark an amount in each production budget of the agency financing for marketing and cross platform elements.

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### **Application timing**

Screen Australia intends to allocate TV drama funds across the financial year in three tranches: in August, December, March. The application deadline for the March 2009 tranche will be available on the Screen Australia website.

### **Terms of trade**

Details of delivery items, recoupment and other requirements will be available in Screen Australia's Terms of Trade.

## **Co-production TV Drama**

Projects approved as Official Co-productions by Screen Australia's Producer Offset and Co-production Branch are eligible for Screen Australia support.

However, Screen Australia will exercise its discretion in the financing of co-productions and will have regard to:

- the overall level of Australian content;
- the participation of Australians in key creative roles, especially cast, writer and director;
- whether the project has been originated in Australia;
- where it is to be shot;
- the number of co-productions financed in a particular year's slate.

As well as satisfying all the normal criteria for Screen Australia production investment, the co-production partners must also secure a presale or distribution in their own territory.

## Low-budget Television Drama Program

The aim of the Low-budget Television Drama Program is to provide the opportunity for producers to create distinctive television drama projects that step outside the potential limitations of scheduled broadcaster commissioning and Screen Australia market requirements.

Applicants can apply for investment in:

- A short TV drama series which may be 4–8 x half-hour episodes or 2–4 x one-hour episodes.
- Series with shorter episode lengths will only be considered if a local free to air or pay broadcaster has provided a pre sale.

Projects can be any genre or style and can also be aimed at any audience, including adult, youth, family and mainstream. Screen Australia invests in short television series primarily to assist in the production of programs that challenge TV conventions in all genres.

Applicants are encouraged to consider the potential for multi-platform/ interactive delivery for their project and this should be part of the production budget

Screen Australia is not able to fund the production of television light entertainment, community television or educational programs.

Screen Australia expects key creatives (producer, writer, director, director of photography, editor) to be sourced from the freelance market and not from the staff of a free-to-air or pay television channel. In addition, Screen Australia will not finance drama where the project has been developed by a broadcaster and sub-contracted at a later stage to a producer.

### Level of funding

Screen Australia will invest up to \$100,000 per one-hour episode or \$50,000 per half-hour episode, up to a maximum of \$400,000.

It is a requirement that Screen Australia's investment will be augmented by a commitment from a broadcaster and other investors. Screen Australia will expect a local free-to-air or pay television presale to be part of the financing plan.

### Assessment criteria

When assessing projects the following criteria will be considered:

#### *The script*

The script will be assessed according to the strength and distinctiveness of the idea, the quality of the writing, and (the script's readiness to proceed into production.

#### *Creative potential*

In assessing the creative potential of a project, Screen Australia will consider the track record of the creative team as evidenced by previous work and the creative team's vision for the film.

### *Audience potential*

Screen Australia will assess a project's potential to reach its intended audience by considering (i) whether or not there is a clearly identified target audience for the film, (ii) the distribution strategy for Australia, and (iii) the cross platform strategy.

### *Budget and financing strategy*

Screen Australia will assess (i) the viability of the proposed budget in relation to achieving the creative team's stated goals and vision for the project, (ii) the viability of the proposed financing strategy, and (iii) the applicant's technical and managerial capacity to deliver the project..

The level of Screen Australia's funding commitment will be determined by taking into account the project's rating on all of above criteria and the amount of funds that are available in Screen Australia's budget at the time.

When evaluating individual projects, the desirability of having a range of genre and content within the annual production slate may also be taken into account.

## **Assessment process**

Projects will be assessed according to the criteria above by Screen Australia assessors including an industry assessor with television broadcasting experience. Assessments will be made available to applicants.

## **Application materials**

Applications must be made on Screen Australia's Production Investment Application form, and include all supporting material listed on that form.

## **Budget allowances for marketing and cross-platform elements**

Screen Australia recognises the need for marketing and multi-platform digital program elements, and for these cross platform elements to be incorporated into a production budget from the outset. To this end Screen Australia will earmark an amount in each production budget of the agency financing for marketing and cross platform elements.

## **Application timing**

Projects will be selected in two rounds during the financial year.

## **Terms of trade**

Details of delivery items, recoupment and other requirements will be available in Screen Australia's Terms of Trade.

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## CHILDREN'S TELEVISION

For Screen Australia, children's television represents one of the most successful genres of production. However, ongoing Screen Australia support is crucial – in providing high end and entertaining television production and new cross platform viewing opportunities to Australian children while affirming their sense of self and community as Australians.

### Eligible projects

Projects must be Australian and as a minimum meet the requirements of the Significant Australian Content test as administered by Screen Australia's Producer Offset and Co-production Branch.

Screen Australia will invest in:

- mini-series of 13 half-hours or 26 half-hours;
- animated mini-series of up to 26 episodes, each not less than one quarter commercial television hour;
- telemovies.

Subsequent series or telemovie packages will only be financed where the percentage and quantum investment by Screen Australia is substantially lower than for the previous program. Projects must be eligible for a "C" classification under the Government's "C" Drama guidelines in order to apply to Screen Australia.

Before Screen Australia will invest in a subsequent mini-series or telemovie, the first mini-series or telemovie must have been launched at a major television market and secured acceptable international sales.

Screen Australia expects key creatives (producer, writer, director, director of photography, editor) to be sourced from the freelance market and not from the staff of a free-to-air or pay television channel. In addition, Screen Australia will not finance drama where the project has been developed by a broadcaster and sub-contracted at a later stage to a producer.

### Level of funding

Screen Australia welcomes an entrepreneurial approach by producers to financing and will consider a diversity of financing streams, including equity investment and distribution guarantees. In order to maximise production levels and diversity of slate, Screen Australia encourages producers to secure as much non-Screen Australia finance as possible.

In the case of equity investment, Screen Australia will generally not invest more than 43 per cent of the budget (including the producer offset) for any children's drama miniseries.

For 26 half-hours it will generally not invest more than \$4.5 million (including the producer offset), or for 13 half-hours more than \$2.25 million (including the producer offset). The level of Screen Australia investment in a telemovie will be considered on a case-by-case basis.

## **Assessment process**

Screen Australia will consider applications in two groups. Projects seeking 38 per cent of budget or less (including the producer offset) will be considered first. If those projects do not use all available funds, then projects seeking up to 43 per cent of budget (including the producer offset) will be considered as a second group.

The Screen Australia board will also have regard to the following:

- i. strength of marketplace - (ie. level of co-finance excluding Screen Australia and state agencies);
- ii. recoupment potential;
- iii. level of subordination of Screen Australia investment;
- iv. track record of the creative team;
- v. readiness of script (applicants must submit scripts for the first three episodes of a mini-series, or a completed script for a telemovie, signed off by the network, subject to revisions and polishes).

Consideration will also be given to Screen Australia's overall brief of achieving a diverse slate of quality programs, including a mix of experienced and emerging personnel and a range of budgets.

## **Marketplace attachments**

For mini-series, Screen Australia will expect a presale from a broadcaster for free-to-air or pay television Australian rights of not less than \$95,000 per half-hour. Pay TV or exclusive satellite rights cannot be included as part of the domestic free-to-air television licence fee.

Screen Australia will also require a presale in a major overseas territory, or at least two substantial pre-sales in other territories. The budget will determine the level of other presales or guarantees required.

The level of marketplace attachment required for a telemovie will be considered on a case-by-case basis.

Screen Australia will require a sales agent for rest of world (ROW) to be attached on all projects.

## **Application materials**

Applications must be made on Screen Australia's Production Investment Application form, and include all supporting material listed on that form.

## **Budget allowances for marketing and cross-platform elements**

Screen Australia recognises the need for marketing and multi-platform digital program elements, and for these cross platform elements to be incorporated into a production budget from the outset. To this end Screen Australia will earmark an amount in each production budget of the agency financing for marketing and cross platform elements.

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### **Application timing**

Children's drama funds (excluding the Distinctively Australian Children's Drama Program) will be allocated in two tranches: in August and December.

### **Terms of trade**

Details of delivery items, recoupment and other requirements will be available in Screen Australia's Terms of Trade.

## **Co-production children's TV**

Projects approved as Official Co-productions by Screen Australia's Producer Offset and Co-production Branch are eligible for Screen Australia support.

However, Screen Australia will exercise its discretion in the financing of co-productions and will have regard to:

- the overall level of Australian content;
- the participation of Australians in key creative roles, especially cast, writer and director;
- whether the project has been originated in Australia;
- where it is to be shot;
- the number of co-productions financed in a particular year's slate.

As well as satisfying all the normal criteria for Screen Australia production investment, the co-production partners must also secure a presale or distribution in their own territory.

## Distinctively Australian Children's Drama Program

Screen Australia's requirements for foreign presales in the category of children's drama recognises the excellent reputation Australian producers have built up internationally as suppliers of quality children's programming.

However, Screen Australia acknowledges that this success may act as a barrier for certain intrinsically Australian programs that may not necessarily have the potential to travel. Screen Australia intends to apply part of the children's drama funds for the financial year to support the production of a lower-budget children's drama project with no requirement for an international pre-sale.

### Eligible projects

Eligible projects will include 13 x half-hour live action miniseries, 26 x 15-minute animated mini-series and children's telemovies. The purpose of the fund is to give producers the creative freedom to make programs without having to cater for the tastes and standards of several international territories at the same time. The intention is to encourage distinctive programming with a specific focus on Australian audiences.

The following conditions will apply:

- Projects must have a domestic free-to-air television pre-sale of not less than \$90,000 per half hour;
- Program budgets should be no higher than \$250,000 per half hour;

Screen Australia expects key creatives (producer, writer, director, director of photography, editor) to be sourced from the freelance market and not from the staff of a free-to-air or pay television channel. In addition, Screen Australia will not finance drama where the project has been developed by a broadcaster and sub-contracted at a later stage to a producer.

### Assessment criteria

When assessing the projects the following criteria will be considered:

#### *Track record*

The successful track record of the producer, director and writer.

#### *The script*

The script will be assessed according to (i) the strength and distinctiveness of the idea, (ii) the quality of the writing, and (iii) the script's readiness to proceed into production.

#### *Creative potential*

In assessing the creative potential of a project, Screen Australia will consider (i) the track record of the creative team as evidenced by previous work, (ii) the creative team's vision for the film, and (iii) the proposed cast.

#### *Audience potential*

Screen Australia will assess a project's potential to reach its intended audience by considering (i) whether or not there is a clearly identified target

audience for the film, (ii) the distribution strategy for Australia, (iii) the international distribution strategy, and (iv) the cross platform strategy. Screen Australia expects that funds be quarantined in the production budget for marketing and cross platform elements in order to assist the project in reaching as wide an audience as possible.

#### *Commercial potential*

The project's commercial potential will be assessed by considering (i) the financing and distribution arrangements in Australia, (ii) the budget in relation to projected returns, and (iii) Screen Australia's recoupment position.

#### *Budget and financing strategy*

Screen Australia will assess (i) the viability of the proposed budget in relation to achieving the creative team's stated goals and vision for the project, (ii) the viability of the proposed financing strategy, and (iii) the applicant's technical and managerial capacity to deliver the project.

The level of Screen Australia's funding commitment will be determined by taking into account the project's rating on all of above criteria and the amount of funds that are available in Screen Australia's budget at the time.

When evaluating individual projects, the desirability of having a range of genre and content within the annual production slate may also be taken into account.

### **Assessment process**

Projects will be assessed against the above criteria by Screen Australia executives plus an industry assessor with television broadcasting experience. Assessments will be made available to applicants.

### **Application materials**

Applications must be made on Screen Australia's Production Investment Application form, and include all supporting material listed on that form.

### **Application timing**

Projects will be assessed in October 2009. The closing date for applications will be available on the Screen Australia website.

### **Terms of trade**

Details of delivery items, recoupment and other requirements will be available in Screen Australia's Terms of Trade.

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