



Australian Government

SCREEN  
AUSTRALIA

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## REVISED GUIDELINES AND TERMS OF TRADE: DRAFT RELEASED FOR COMMENT

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Introduced in December 2008, Screen Australia's program guidelines and terms of trade provide the framework for the agency's engagement with the Australian screen industry.

A year later, we have reviewed these documents, taking into account ongoing industry feedback, as well as our commitment to continuous improvement in our operational processes.

A revised draft is now available for industry comment at [www.screenaustralia.gov.au/programs09](http://www.screenaustralia.gov.au/programs09).

Key changes are outlined on the following pages.

Over the next five weeks Screen Australia will be consulting with stakeholders including industry guilds and state and territory film agencies, so please contact your appropriate representative body to make sure they are aware of your views. Feedback can also be sent direct to the email address below.

Comments are invited until Tuesday 22 December 2009; send to [programs@screenaustralia.gov.au](mailto:programs@screenaustralia.gov.au) or by mail to Screen Australia, GPO Box 3984, Sydney NSW 2001; or fax +61 2 9357 3737.

It is envisaged that final documents will be issued early in 2010.

## Terms of Trade

Screen Australia's terms of trade have been re-written to enhance simplicity and consistency, reflecting the core terms on which the organisation will transact business across all its programs. The main substantive changes are set out below.

- (Clause 1.2) The definition of an eligible company has been simplified and clarified.
- (Clause 1.4) **Fees**  
Screen Australia is proposing to introduce fees for Producer Offset provisional certification. Administering the Offset is an expensive procedure for Screen Australia, for which it was not funded. Now that the industry has become more accustomed to the Offset processes, Screen Australia believes it is reasonable for the industry to make a contribution to its administration. The fee structure has been considered in the context of a project's budget range with particular sensitivity to those projects with budgets under the \$1 million mark. Fees for production financing applications and administration remain unchanged.
- (Clause 4) **Producer Offset and limits on investment**  
The limits on Screen Australia's investment as a proportion of project budget have been simplified. It is proposed that total Federal Government support (the Offset and Screen Australia investment) will generally not exceed 65% in the case of feature films; 40% in the case of television drama and 45% in the case of children's television.
- (Clause 5.3) **Equity investment and the producer's position**  
Screen Australia's current approach to the producer's equity, recoupment and profit positions has been clarified and a new approach is proposed to take effect from 2010/11.  
Under this new approach, there would be no minimum recoupment entitlement for producers, but they would continue to receive the recoupment position associated with the Offset and any other equity they contribute. Once all equity investment is repaid, the producer's profit share would be 50%, as currently. However, all equity investors – including the producer in relation to both the Producer Offset equity and any other producer equity investment – would share the remaining 50% *pro rata, pari passu*.  
Screen Australia believes this is an appropriate adjustment, balanced by other entitlements such as the return of Screenrights revenue, reversion of recoupment after seven years and provision for a producer margin.
- (Clause 6) **Copyright:**  
In relation to copyright, the Terms of Trade require a flat 1% interest in relevant projects. This amends and simplifies a variety of different policies across the organisation.
- (Clause 7) **Reversion**  
Screen Australia will continue its policy of reverting its entitlement to gross receipts in favour of the producer, seven years after first delivery for all production investments approved by Screen Australia after 1 January 2009 (including under the Innovation and Indigenous programs).  
The approach to reversion for FFC and Screen Australia titles approved before 1 January 2009 is currently being reviewed, with a decision expected before the end of 2009. There will be no change to current practice for AFC titles.

## Guidelines

Screen Australia's suite of guidelines have been reviewed to better reflect program operation, retaining a strong commitment to the agency's key objectives of supporting creative storytelling, audience engagement and building sustainable businesses.

### Production financing

- The feature film guidelines have been amended to clearly reflect the two-stage (Letter of Interest and Application for Production Investment) process.
- In the context of Screen Australia's reduced appropriation, the guidelines propose a cap on investment in a single feature project of \$2.5m, other than in exceptional circumstances.
- Low-budget, non-Offset feature projects can continue to apply at any time subject to the same marketplace attachments as Offset-eligible projects. However, there will be no dedicated round for low-budget projects without an Australian distributor or international sales agent attached.
- The low-budget drama program now invites producers to not only create distinctive drama series for television but also for digital platforms such as mobile phones or the web.

### Marketing

- The guidelines for Screen Australia's Marketing Programs remain largely unchanged since their introduction in July 2009. However, a general review of these programs is currently underway to provide new management with an overview of the history of the programs, consider where streamlining may be applied to simplify the process, and inform a strategic direction going forward. Any amendments will be incorporated into the Marketing Guidelines for the 2010/2011 financial year.

### Development

- There is very little change in the guidelines for development programs, with new Talent Escalator programs introduced in August/September including targeted initiatives, industry internships, and short film programs. These programs will continue to evolve during the year, with new initiatives introduced as needs and opportunities arise.
- In single-project feature development, we have introduced a provision enabling pre-approval of up to three tranches of funding, providing greater flexibility for producers with a proven, significant track record.
- Guidelines for the Enterprise Program are being further reviewed in the light of the recent round of funding approvals and will be separately issued for comment before the end of 2009.
- New and emerging filmmakers will continue to be supported through programs such as Raw Nerve in conjunction with government screen agencies and screen development organisations in each state and territory.

### Indigenous

- No changes have been made to Screen Australia's Indigenous programs except to bring them into line with the proposed terms of trade in relation to Screen Australia's copyright.