

To: Screen Australia
From: Carolyn Johnson
Re: Request for Feedback
Documentary Funding: Stories that Matter'
Date: 3 April 2014

Thank you for canvassing the views of the documentary community ahead of changes to the funding guidelines; certainly some elements are in need of review. I would like to have provided a more detailed set of observations and analyses but alas I have been short on time so I will focus on your question: How can Screen Australia best support low-budget documentary making? and in particular, address the question of broadcast presales as a trigger for Screen Australia funding.

I strongly support the principle that there should be evidence of a pathway to an audience to trigger funding. But I encourage a review of the definition of those pathways and the eligibility triggers.

As others have no doubt suggested, television broadcast is not the only route to an audience and a broader range of distribution channels should be holistically considered. That said, broadcasters will continue to be one of the significant conduits to audiences for some time.

I am aware of a number of small/medium-budget projects that have fallen over despite having a respectable presale from a broadcaster. This is production that is lost to the industry. In some cases the filmmakers have persevered and the film has been made but it is so heavily subsidised by the filmmakers, both in terms of cash and time, that it contradicts the goal of building sustainable businesses, a goal that should extend beyond the Enterprise scheme to independent producers and directors.

I understand that Screen Australia wishes to keep upward pressure on the broadcasters to provide presales above \$135k/hour. Let's assume for now that this is a reasonable figure for prime-time.

But there is more to television than prime-time.

Presales are being offered for timeslots that attract smaller audiences: ABC Artscape and Compass, minor pay TV channels, ABC2, NITV, and other secondary channels for example. They tend to offer modest amounts - say \$50k-\$100k/hour - which is a respectable offer taking into account the channel's audience and budget, but it is almost impossible to wrap a finance plan around that presale to make the project viable. It is not eligible for PEP. It is not eligible for Screen Australia investment/grants. The Spend:Ask ratio is therefore too low to attract the interest of state agencies, particularly in NSW where the largest number of filmmakers reside. The state agencies find it more useful, politically, to add a few percent to a project that is already viable - cream on top - allowing the agency to claim its contribution has "generated" a large State Spend. But that money doesn't add to actual production. It doesn't spread opportunities around to emerging or mid-career practitioners who the broadcasters are less inclined to entrust with prime-time risk. It doesn't enable the telling of stories that suit a half-hour slot, or a niche audience.

Good projects fall over because \$50k, or even \$130k/hr, or whatever the presale is, is not enough to make a whole film. The disheartened producer joins the crowded queue competing for the few prime-time slots available because those are the only ones that a viable finance plan can be built around. The non-prime-time commissioning editors are left empty-handed without the content they were looking for despite the fact that they were able to offer what was a respectable presale relative to the size of their audience and their department's budget. The audience is left disappointed that additional channels are not providing the promised diversity.

If SA funds can be spread to low/medium-budget documentaries, production overall would rise.

Here are two finance plans for a 1-hour documentary, one with a presale of \$135k and one *just* short. The principle stands if the numbers are adjusted to either series or half-hours.

	Project A		Project B	
presale	135,000		130,000	\$5k below the SA GDP threshold
SA	135,000		0	below \$135k/hr presale threshold
PEP	75,000		0	below \$250k/hr budget threshold
State agency	30,000	12:1 ratio	0	5:1 ratio => too low, likely to be unsuccessful
Prod Co			30,000	Filmmakers' reinvestment of own fees
Budget	375,000		160,000	

To simplify, I have left out other sources available under each scenario such as DAs, sponsorship (if acceptable), philanthropy, private investment and crowd funding - the amounts are typically small, not every project is suited, and they are not related to the size of the presale. My point is to illustrate the effect of the SA presale threshold: it is prime-time \$135k/hour ... or bust.

Under the current regime, there is little point proposing a budget of less than \$375k/hr, although we know it is possible to make some documentaries for less. If you need \$300k-\$350k there is a strong incentive to inflate to \$375k.

A solution could lie in defining a mezzanine level of presale for less-than-prime-time slots, for secondary channels, and for low-audience broadcasters.

Of course there is a risk that a broadcaster will issue a low presale and then decide to screen in prime-time after all. I believe this is a risk worth managing. The current system is broken for the broadcasters and audiences as well as the filmmakers. We need a more equitable system of spreading production around all levels of the market, by spreading Screen Australia support.

Some documentaries genuinely need \$500k-\$600k/hour and we need a way to viably produce those, but under the present system some projects receive more funding than genuinely required while others receive nil, rendering them unviable.

I encourage a review of the simplistic pre-sale threshold as a trigger for Screen Australia involvement.

I would welcome a more holistic view of pathways to an audience including recognition of alternative and emerging forms of distribution, and I would welcome Screen Australia support for production aimed at medium-sized audiences with justifiably medium-sized presales.

Screen Australia's remit is broader than the production of prime-time TV which the funding guidelines should reflect.

It follows that another rule worthy of review is the \$250k/hour threshold at which a low-budget documentary becomes eligible for PEP. What is the purpose of this floor? Why this high?

I'm looking forward to further debate and to reading the revised guidelines. Thanks again for the opportunity to contribute.

Regards,
Carolyn Johnson
Producer

PS - if I had more time I would also address the question of whether documentaries need to spend valuable cash on a completion guarantor or whether there are more effective ways to manage the investors' risk. Might I suggest that someone in SA looks back through the statistics to the instances in which a completion guarantor has been called upon to contribute completion funds to a documentary. Could we devise an alternative, and cheaper, form of supervision and risk management?