



**ASTRA Submission to: Screen Australia's 'Draft Guidelines: Convergent
Television and All Media Funding'**

April 2011

Introduction

ASTRA welcomes the opportunity to comment on the Screen Australia *Draft Guidelines: Convergent Television and All Media Funding* (Draft Funding Guidelines).

About ASTRA

ASTRA is the peak industry body for subscription television in Australia. ASTRA was formed in September 1997 when industry associations representing subscription (multi-channel) television and radio platforms, narrowcasters and program providers came together to represent the new era in competition and consumer choice. ASTRA's membership includes the major subscription television operators, as well as channels that provide programming to these platforms. A dynamic sector that is constantly evolving and growing, subscription television is received nationally by 34% of Australians through their homes and many more through hotels, clubs and other entertainment and business venues.

Comments on the Draft Funding Guidelines

Licence fees and holdbacks

ASTRA welcomes aspects of the Draft Funding Guidelines that bring some flexibility to Screen Australia's decision-making processes, including the removal of the requirement that licence fees comprise a minimum percentage of the overall budget. ASTRA particularly welcomes the decision not to specify maximum holdback periods, recognising the importance of allowing holdback periods to be determined through commercial negotiations between producers and broadcasters.

While these changes represent a welcome first step in creating more flexibility for Screen Australia, ASTRA is disappointed that, overall, Screen Australia has still largely retained a 'one size fits all' approach to television production funding skewed towards the business model of free to air television broadcasters. As ASTRA argued in both its submission to Screen Australia's 2010 Review of Television Funding, and its submission in January 2011 to Screen Australia's draft Funding Blueprint, excessive minimum licence fee requirements do not recognise different models operating in the television broadcasting market. The decision outlined in the Draft Funding Guidelines to increase the minimum licence fee by 10% reinforces this inflexibility. These levels do not recognise the commercial realities of the subscription television industry which specialises in producing quality niche programming rather than programs necessarily created for mass audiences, and where audience numbers are measured cumulatively over a number of targeted viewing alternatives.

Series funding

ASTRA supports the proposal in the Draft Funding Guidelines to provide funding based on screen hours rather than per series, to the extent that this provides greater flexibility in Screen Australia's decision making process.

ASTRA recognises that Screen Australia is required to manage the allocation of limited funds across all its programs, however ASTRA reiterates its position that a series should not necessarily be disqualified from funding merely because a previous season of the series, or up to 26 hours of that series, had received Screen Australia funding. A number of critically acclaimed and important series appeal to a niche audience and may never receive the commercial success of programs that appeal to a more general audience, and may never reach an audience without Screen Australia's assistance, regardless of the number of seasons produced. ASTRA retains of the view that Screen Australia should approach each application for funding of a series that has previously received funding on a case by case basis.

Drama funding programs

A number of original and highly acclaimed drama series have been wholly financed by the subscription television industry in recent years, including *Love My Way*, *Tangle* and *Satisfaction*, as well as the highly anticipated premiere of *Cloudstreet*. Issues relating to the application for Screen Australia funding for *Cloudstreet* have been well canvassed by ASTRA and its members in previous submissions to Screen Australia. While ASTRA acknowledges Screen Australia's support for programs such as *Spirited*, and welcomes the removal of the 30% of budget minimum in relation to licence fees, ASTRA reiterates its position that the Funding Guidelines will severely limit the ability for the subscription television sector to work with Screen Australia to develop and produce new Australian drama and Australian children's drama for television, potentially impacting on the volume of new Australian drama that the subscription television industry can feasibly produce. As mentioned earlier, the approach still remains too free-to-air centric and inflexible, and does not sufficiently take into account developments in the digital economy and the economics of the subscription television production model.

Documentary funding programs

Unlike commercial or national television broadcasters, the wide variety of documentary and lifestyle channels on FOXTEL and AUSTAR means that subscription television broadcasters are able to showcase more documentaries from the small to medium end of the market to satisfy a range of niche and specialised tastes and interests, which can be delivered across a number of platforms (broadcast television, on-demand and online). ASTRA and its members acknowledge the strong working relationship with Screen Australia in relation to documentary production, with Screen Australia providing support for a number of quality documentary features and series. ASTRA therefore expresses its disappointment that Screen Australia has decided to retain an indicative sector split in documentary funding (including a reduction in the proportion available to broadcasters other than the national broadcasters), and has increased minimum licence fee requirements to levels that effectively exclude the subscription television sector from the three major documentary funding programs.

Funding splits

ASTRA was supportive of Screen Australia's proposal in the Blueprint to remove the "40, 40, 20" split in the documentary funding program and introduce further contestability into the funding process such that any broadcaster can secure up to 60% of the total funding pool. ASTRA maintains that such an arrangement would enable far better outcomes for broadcasters and producers, creating more opportunities for productions associated with subscription and free-to-air commercial television broadcasters, and encouraging greater foreign investment in Australian documentary production.

ASTRA is therefore disappointed that Screen Australia is now proposing a pre-determined "50, 40, 10" funding split for its domestic documentary funding programs, with just 10% of the total domestic funding pool available to broadcasters other than the Government-funded national broadcasters. ASTRA notes Screen Australia's explanatory comment that "it was generally felt that full contestability would create too many uncertainties for broadcasters and production companies." ASTRA contends that there is nothing inherent in Screen Australia's obligations to necessitate a pre-determined broadcaster-based funding split, nor should there necessarily be an expectation by national broadcasters that they are to receive annually a certain proportion of Screen Australia documentary funding. ASTRA maintains that all funding proposals for documentaries from all broadcasters (national, commercial and subscription) should be assessed on their merits against Screen Australia's obligations.

Documentary licence fees

The revised funding levels do not provide ASTRA members with any real room to grow the number of Screen Australia funded documentaries on subscription television. The minimum licence fee requirements for the two domestic documentary programs (\$150,000 per broadcast hour for the National Documentary Program and \$135,000 per broadcast hour for the General Documentary Program) are not economically feasible for the subscription television business model, effectively excluding the subscription television sector from these programs. While ASTRA supports the decisions to make funding for the International Documentary Program fully contestable, the minimum licence fee of \$120,000 is again excessively prohibitive for investment by subscription television.

The Draft Funding Guidelines effectively limit participation of the subscription television sector to the Signature Documentary Program and the Documentary Development Program. Although Screen Australia has indicated that this will provide access to the same level of funding that the subscription television industry is currently eligible for, ASTRA is disappointed that the Guidelines do not provide the scope to further develop the relationship between Screen Australia and the subscription television industry.

Documentary funding levels and funding rounds

ASTRA notes that there is only one annual funding round for the Signature Documentary Program. ASTRA recommends that there be two annual funding windows for the Signature program to give broadcasters and producers more flexibility to develop and plan the development of new documentary content.

ASTRA would be happy to discuss further any of the issues raised above. Please contact myself or Simon Curtis, Regulatory and Policy Affairs Manager, on (02) 9776 2684.

Yours sincerely



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