

# SCREEN AUSTRALIA

## Draft Statement of Intent

### 1. Background

This draft Statement of Intent (SOI) for 2008/09 responds to the Statement of Expectations 2008/09 from the Minister for the Environment, Heritage and the Arts.. SOIs are formal commitments by Screen Australia to meet the expectations of Government.

Screen Australia commenced operations on 1 July 2008 and will deliver the programs of its three predecessor organisations – the Australian Film Commission, the Film Finance Corporation and Film Australia – until a revised program structure can be introduced following industry consultation.

The *Screen Australia Act 2008* outlines the following functions:

- Support and promote the development of a highly creative, innovative and commercially sustainable Australian screen production industry; and
- Support or engage in the development, production, promotion and distribution of Australian programs and the provision of access to Australian programs and other programs; and
- Support and promote the development of screen culture in Australia

This draft sets out preliminary thinking within Screen Australia on the shape of programs to give effect to its functions. It sets out a new direction for Screen Australia in an environment considerably changed by the introduction of the Producer Offset and the amalgamation of the three screen agencies largely responsible for funding development, production and marketing of screen content.

This draft SOI presents broad principles only. Screen Australia proposes to consult widely with various stakeholders including industry organisations, practitioners and State Agencies to develop the detailed programs.

### 2. Underlying Principles

#### *a. Producer Offset*

The introduction of the Producer Offset scheme is a substantial change to production funding arrangements and opens up new possibilities and challenges, not the least for Screen Australia. Screen Australia has a major role in ensuring the effective administration of the offset.

It must also ensure that its other policies and programs reinforce and complement the Producer Offset. To this end the Agency will be providing greater support to areas not directly addressed by the Producer Offset, such as the development, marketing

and distribution stages, whilst encouraging greater self reliance at the production stage.

*b. Enterprise and Professional Development*

Without an audience there will be no viable industry. It is generally acknowledged that additional resources must be allocated to helping develop a more sustainable Australian screen industry that can produce compelling and creative product. Screen Australia will meet this challenge by transferring more resources back into the sector to assist it to grow, to plan ahead and to nurture and develop professional talent. Our approach will include an enterprise development scheme to build a stronger production sector, a program to enable the industry to assist new talent, and an enhanced focus on script development.

*c. National Interest Programming*

Screen Australia is committed to ensuring documentary projects continue to be commissioned in the public interest. With regard to the National Interest Program, Screen Australia is considering whether it should move from an executive producer model to a commissioning editor model with the industry taking greater responsibility for production.

*d. Marketing and Distribution*

Screen Australia recognises the need to instil the awareness of audience and market place from the earliest stages of product development. It also recognises that considerable work needs to be done in re-establishing 'brand Australia' in both the domestic market and international arena in order to return audience confidence and goodwill.

*e. Reward Achievement*

Screen Australia will put in place arrangements that recognise and reward track record and achievement.

*f. More Industry and External Involvement*

Screen Australia will look to greater industry and external involvement in decision-making and program delivery. Screen Australia will out-source activities where appropriate.

*f. Co-operation with Other Agencies*

Screen Australia will work closely with stakeholders and other agencies including, as appropriate, the Australian Film Television and Radio School, to ensure that the programs of all relevant organisations work to the overall objective of growing the Australian film, television and digital media industry and avoiding wasteful duplication. A major focus will be to work better with State funding agencies.

### **3. Revised Program Structure**

#### ***Enterprise and Professional Development***

The Agency's broad developmental programs will focus on:

- building larger and stronger enterprises;
- providing new opportunities for emerging professionals;
- giving greater support for script and other aspects of project development;
- continuing to support the development and growth of the Indigenous screen content sector; and
- embedding digital and new media considerations in all aspects of the Agency's work.

The Producer Offset scheme provides major new opportunities for producers both to finance and to retain equity in productions. Screen Australia needs to reinforce this principle with programs that aim to grow larger, better resourced production houses able to undertake a portfolio of audience focussed projects over time. In this way screen businesses would be in a stronger position to present projects to the market place and more capable of developing Australian professional talent.

Consideration is being given to an enterprise development scheme where applicants can secure funding, substantially greater than previously available to screen business ventures. Funding would be available over a three-year period to build screen businesses, to produce a portfolio of projects, to develop and obtain business and marketing expertise and to provide training and mentoring opportunities for professional talent. The scheme would be available to Australian businesses with an appropriate track record and would encourage alliances between Australian production houses and seek to grow businesses to critical mass. Applicants would be assessed on the strength of their business plan, track record, an ongoing program of productions, awareness of audience and the marketplace, new media linkages and support for industry generally.

Screen Australia is also looking at introducing a program that would provide funds to production houses to produce slates of short productions using emerging talent.

In recognition that not all writers, producers and directors will want to or be able to work within the scope of the enterprise investment scheme, Screen Australia would also provide for project by project development assistance. Such targeted funding would be concentrated on script and other aspects of development in all genres. It could include a focus on matched funding with interested parties such as producers, investors and distributors.

In developing the various in house support programs, Screen Australia will consult with State Government agencies to ensure alignment of development activities.

The Indigenous Branch of the previous AFC has excelled in identifying, developing and producing projects of enormous merit and creativity. Screen Australia believes this branch should be firmly embedded in the new organisation and should work across the entire agency to ensure a strong focus on this most critical and unique

aspect of Australian screen culture. It is envisaged that the previous Film Finance Corporation Indigenous film initiative would be transferred into Screen Australia's Indigenous branch.

Screen Australia believes that all screen projects would benefit from the development of cross media platforms and that a new media focus should be embedded across the entire organisation from development to marketing and distribution. In this context all Agency programs would take into consideration relevant new media focus and how such a focus can benefit the end user. This would be in addition to some discretionary funding for projects to ensure the agency is able to respond to innovative and time critical proposals.

### ***Production Financing***

It is proposed that all projects requiring production finance be grouped under one production financing group. These projects would include all eligible screen content formats as well as the traditional categories of feature films, documentaries (including those commissioned through the national interest program), TV drama and children's programs.

In order to satisfy audience expectations and maximise the commercial and cultural value of programs, it is envisaged that Screen Australia will support the funding of relevant marketing, cross-platform and new media elements of programs during production financing to enable producers to sell content to a wider number of potential buyers.

Revised arrangements need also to reflect the Minister's Statement of Expectations (SOE) that all top up funding for projects must take into account cultural merit and that top up funding for projects using the Producer Offset must not exceed 75% of the total production budget, including the Producer Offset.

### ***Feature Films***

With the introduction of the Producer Offset it is necessary to introduce new arrangements and criteria for financing feature films. To meet the Minister's expectations it is proposed that all feature film projects be assessed through one criteria based door.

Guidelines for assessment of the level of any Agency funding should 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. It is likely that the level of top up will vary significantly between projects based on individual assessment. Detailed guidelines will be developed in consultation with industry.

In addition, Screen Australia will consider up to 100% funding for low budget productions that do not access the Producer Offset.

Screen Australia considers that greater emphasis needs to be given to marketing and exploiting various distribution platforms during the production of films. Additional money spent on these aspects during the production phase is likely to lead to significant improvement in the marketing and distribution of Australian projects. To this end consideration is being given to earmarking a percentage of Agency financing for marketing and cross platform elements.

Screen Australia is also looking at the feasibility of increasing industry input into funding assessment and will be consulting with industry on options.

### *Documentaries*

Screen Australia is giving consideration to revising the management of the existing National Interest Program and History Initiative from an executive production to commissioning editor model with a higher level of responsibility being transferred to the production industry. Consideration is also being given to the development of advisory editorial committees consisting of major stakeholders, and relevant cultural experts, complemented by input from Screen Australia, to identify relevant themes that could be reflected in the eventual program output.

While Screen Australia would remain open to individual proposals from producers, it may also supplement the commissioning process by introducing tendering for relevant sections of the NIP and History collections.

Screen Australia will be seeking industry input on this issue.

Screen Australia is not currently considering changes to alter the existing arrangements that apply to domestic documentary and international documentary, special and low budget documentary arrangements.

### *Adult TV and Children's Television*

Screen Australia considers that arrangements are working well in both these areas and is not proposing to dramatically alter existing arrangements.

## **4. Marketing and Distribution**

Screen Australia recognises the importance of marketing and distribution to both support a viable Australian industry and to maximise the opportunities for audiences to see Australian screen content.

Most importantly, the marketing programs need to work in conjunction with new Enterprise and Project Development programs to instill the awareness of “audience” and “the marketplace” into projects from the earliest stages of development.

Screen Australia recognises that considerable work needs to be done in re-establishing “Brand Australia” within both the domestic market and the international arena, in order to return audience confidence and goodwill.

Screen Australia will develop a suite of programs to increase the visibility and marketability of Australian screen productions both locally and internationally. This could take many forms, including:

- greater support to festivals and events which highlight our productions for the international market;
- greater international sales and distribution support to Australian productions;
- incentives for local distributors and producers to better market and promote their productions within Australia;
- Screen Australia providing a greatly enhanced web portal for access, content and information about Australian film, TV and new media production and history and in so doing support and promote the development of screen culture in Australia;
- programs that encourage wider access to and availability of Australian productions for all Australian audiences;
- aligning content and budgets with appropriate release strategies (e.g. exploiting direct to online or dvd releases); and
- providing P&A funding, especially where it might allow a project to crossover from niche to mainstream.

Screen Australia is looking to work with producers, distributors and exhibitors in realising new media opportunities for marketing and distribution, to meet the change in audience expectations and the requirement to produce elements that satisfy those audience expectations.

## **5. Rewarding Achievement**

Screen Australia considers that a track record of success and achievement needs to be recognised and rewarded through Agency programs. Audience considerations need to be at the forefront of industry considerations. Screen Australia is giving consideration to introducing a bonus for small to medium budget feature films that achieve a measure of success at the box office. This bonus would be provided to the producer for investment in further projects.

It is proposed that only Australian films with budgets in the low to medium range would be eligible for any such success bonus and that relevant hurdles be considered that relate to audience reach. Further consideration of this matter, including an application to short productions, will be undertaken in consultation with the industry.

## **6. Administering the Producer Offset and the Co-production Program**

Screen Australia has a range of responsibilities relating to the administration of the Producer Offset and co-production program. It will work closely with DEWHA and, where relevant, the ATO in discharging these responsibilities.

In addition during the year Screen Australia will be monitoring the use of the offset and consulting with industry on issues arising.

## **7. Working with Others**

Screen Australia is committed to working closely with State funding agencies to achieve the best outcome for the industry. The objective is to complement rather than duplicate the work being done by the respective agencies, taking into account the various skill sets of federal versus state funding agencies. Screen Australia will be consulting with all State agencies to better integrate programs. It will also work closely with other organisations and industry to achieve the best outcomes possible. Other relevant organisations include AFTRS, NFSA, ACMI, AFI and Ausfilm.

## **8. Costs of Administration**

Screen Australia will have a clear focus and an overriding commitment to provide relevant programs efficiently. It will also target quality in all aspects of the industry's operations.

Overall, Screen Australia expects to achieve significant administrative savings from the amalgamation of the three agencies and through the possible introduction of new programs as outlined above. These savings will be returned to the industry through increased expenditure on Agency programs. Screen Australia will, over time, seek to bench mark its level of administration costs and overheads against comparable international agencies.

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