

Firelight Productions

**Submission to
Screen Australia's**

***Funding Australian Content on 'Small Screens': A Draft Blueprint
A review of Screen Australia's role and objectives in television funding***

February 2011

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Firelight's submission to Screen Australia's Funding Australian Content on 'Small Screens': A Draft Blueprint

Introduction

Firelight Productions welcomes the opportunity to comment on Screen Australia's review document '*Funding Australian Content on 'Small Screens': A Draft Blueprint*'. Firelight sees this review as an opportunity to forge the way forward in innovative, convergent broadcasting, digital and all-media programming. This is a time when the changing nature of consumption and audience behaviour can drive changes in the ways that all-media content is conceived, created, funded and distributed.

Even in 2007, statistics showed that digital delivery is on course to become the foremost method of media management and consumption (Geoffrey Long 2007: 142). A 2010 comScore *Video Metrix* Report found that 81 percent of Australia's Internet population viewed video online in July 2010. The report also found that:

In Australia, 10.7 million unique video viewers watched an average of 90.8 videos per viewer during the month. Google Sites also attracted the largest video audience with 8.5 million viewers during the month (64 videos per viewer), followed by Microsoft Sites with 3.3 million viewers (9.0 videos per viewer) and Facebook.com with 2.7 million viewers (4.7 videos per viewer).

http://www.comscore.com/Press_Events/Press_Releases/2010/9/4_Out_of_5_Internet_Users_in_Australia_Viewed_Online_Video_in_July

All-media storytelling provides an opportunity to engage audiences across a number of traditional and new media platforms. If audience numbers can drive channel choice, then as Guy Gadney with *The Project Factory*, claims 'it makes sense to be on all these platforms in different ways because that's where the audience lies' (*Adnews* 30 July, 2010:9). Funding allocations to all-media projects are yet to match these statistics.

We must be forward thinking in regard to channel and platform definitions. 'Broadcaster' can be defined – 'to transmit programs or signals intended to be received by the public through radio, television, or *similar means*'. (<http://legal-dictionary.thefreedictionary.com/Broadcasting>). Today, a 'broadcaster' is no longer only defined by the parameters of a television network or radio station. YouTube may well be the largest broadcaster in the world with an average of 2 billion videos viewed each day (http://www.youtube.com/t/fact_sheet). Screen Australia's review of its role and objectives for funding content on small screens must take into account the small screens of computers, PDAs and mobile phones in addition to television. This is an exciting opportunity for Australia to lead the way in funding structures, procedures and processes, fostering a flexible, innovative approach to creative, engaging and lucrative content.

Setting minimum terms that benefit the independent sector are critical to building this segment of the industry and reflect Screen Australia's intents to ensure that production companies are able to earn backend profits from properties. Screen Australia's role here is vital. As the definition of 'broadcaster' expands, as audiences consume media across an increasing number of platforms and devices, Screen Australia has the opportunity to drive, support and facilitate creative content, rather than television networks dictating content through 'strands'. As audience consumption and behaviour changes, industry, content creators and funding bodies must respond in order to support a vibrant, creative, Australian screen industry.

Convergent television – definition of ‘television broadcaster’

The definition of a ‘broadcaster’ will need to be determined. There are moves being made by funding bodies to include ISPs and digital distributors in categories alongside networks for the purposes of funding digital initiatives (ScreenWest Digital Fund).

IPTV channels should qualify as ‘broadcasters’ if they meet the same minimum license fees and terms of trade that are set for the licensed STA and FTA channels. This will open up the way for YouTube, YuuZoo, blipTV etc. to come into the marketplace as broadcasters who can access the TV funds. The issue of access by the public to this content, being that it will only be available via the Internet, can be resolved by ensuring that the exclusive holdback is limited to one year. Further, the NBN combined with existing broadband will mean that 90% of Australians will be able to access the content.

Licence Fees

In practical terms it will be very difficult to insist that an additional fee is paid for NZ for Pay TV as most channels automatically simulcast to NZ. Whilst it is a good idea, it may be hard to implement in practical terms.

By reducing holdbacks for FTA, DTO, IPTV etc this may compensate for a license fee similar to what a FTA would pay.

Hold backs

The proposed holdback periods are reasonable for certain media such as Pay TV verses FTA. However, they are not appropriate holdbacks for non-theatrical rights, transportation rights (DVD, BluRay, DTO, IPTV etc.). Many broadcasters insist on catch up TV rights which impact dramatically on income from other media which in turn impacts on the producer and investors including SA. These rights are becoming increasingly valuable and there are reasonable ways of including the broadcaster in the recoupment of these rights if they are willing to pay above the standard license fees.

The other issue that arises with holdbacks (beyond that of audience access to programs) is many networks may only screen a program once, after which they are effectively preventing the property from deriving income from other media.

The license periods used to be five years, then they were raised to seven years, and now we are being presented with fifteen year licenses. This is clearly unreasonable. Many broadcasters make back their investment on the first screening, with every repeat delivering profit. Hence, five years should be the maximum.

Project Assessment

Critical assessment of documentaries is highly problematic. The reality is SA investment managers are unlikely to support highly commercial projects.

There are two issues here that are not tied. The issue of subjective assessment of genre and quality, verses market place eligibility and a network’s ability to finance a successful drama series once it is in its second season. Generally, if a series has been successful, a commercial network will be able to make a profit from the first run of the second series. Potentially, limiting support to

two series seems reasonable, particularly with the PO. Alternatively, a decreasing direct investment scale could be applied to subsequent series. The latter could be more user friendly for public broadcasters.

The prospect of SA introducing project assessment is very worrying. It is effectively putting a second set of gatekeepers between the producer and the finance. The reality is SA investment managers will always favour ABC and SBS style projects. This locks out a large portion of the independent sector who are working with the commercial networks, pay TV and new IPTV channels.

Drama Licence Fees

Blueprint Question: Does the proposal to raise licence fees in conjunction with removing requirements relating to the proportion of production budget provide sufficient flexibility?

This is a really good idea and opens the way for a much wider slate of projects. In some cases, the minimum license fee may be too high at 400K per hour. Certain genres do not need a budget of 700k per hour, e.g. comedy and drama.

Signature Documentary Program

It is critical that this fund remain in place. The phrase 'while a broadcaster or channel pre-sale is desirable' should be removed. If this is left in, the fund will naturally skew to projects with market place attachment, thus negating the funds purpose. This is the only set of funds remaining that reflect the important and highly successful funds that the AFC had for developing documentary filmmakers' careers and skills. This includes directors, producers and below the line crew.

With regards to the issue of low acquisition fees for these programs, most of these ventures would not have attracted a presale either because the project does not fit a particular strand with the network, the filmmaker is under 30 years of age, or it is too controversial in its subject matter.

Signature Documentaries must be totally free from the need to have market place attachment.

Documentary Development

Early development is duplicating what the State agencies are doing. Significant development funding is required for large scale projects. If the production company does not have Enterprise funding, it needs to be able to access larger amounts of funds, e.g. up to 30k. If the production company is experienced, and has a track record, they should be able to demonstrate that there is market place interest both domestically and internationally.

With regard to professional development, this needs to be more clearly defined. If it is just a retirement fund for aging filmmakers then it is not appropriate. It would be better to spend this money on low budget documentaries for emerging filmmakers either directly or through the Screen Development Australia organisations such as Metro Screen.

Funding Spilts

Why five times per year? Why not six? An increased number of rounds properly reflects the need for a variety of documentary programs and the need to shoot within a particular time frame. It also provides an avenue for more topical programs to be commissioned quickly, and for those programs to get to air within a reasonable time frame.

With regard to allocation, a single broadcaster being able to access up to 60% of one batch is highly problematic. It will be inevitable that the ABC will have the budget and the power to soak up 60% of any one batch every time.

Firelight proposes the following allocation per funding batch;
ABC 20% minimum, up to 30%
SBS 20% minimum, up to 30%
Others up to 60%, with a maximum of 20% to any one broadcaster.

All-Media

The proposal to introduce this fund is fantastic. It is bold, exciting and a potentially highly rewarding decision that Screen Australia can make. Globally, it will be the most significant fund available and will ensure that we are the number one producer of all-media content.

It is important to ensure the fund isn't appropriated by the networks to supplement existing funding for drama (especially low budget drama) only to under deliver on the all-media elements of the project. Accords and minimum KPI's should be in place to ensure against 'token' all media components included in project pitches to in order to comply with eligibility guidelines.

Having a percentage minimum as a market attachment may prove problematic. A large component of the cost for an online/mobile platform is marketing, which requires the use of either human resources or the platform's advertising inventory. Hence, what is 'allowed' under the guidelines in terms of presale or investment on the part of the platform must be highly flexible.

It is too restrictive to preclude equity. This would mean that many new distribution networks may be excluded. The new 'broadcaster' comes in many forms, including companies and corporations who are moving into the content space, e.g. Mercedes, Quiksilver, Audi, RedBull Media House etc. Successful examples of this funding approach are *Storm Surfers*, *Rocket Compulsion* and *Scorched*.

It is totally impractical to have minimum license fees for this program. Content might be delivered in any length, form, over interactive applications, with overlapping narrative, interactivity etc. There is no one length, specific form or format that could be used as a guideline. Further, any restriction placed on the form, format or delivery of story in the all-media space will restrict the opportunity for innovation and development of storytelling.

Also see previous comments on holdbacks.

SA's proposal for this fund is brave and will pave the way for the potential for large scale, ambitious and successful projects to be produced that will have the funds available to find the audience.

It is critical that no funding be made available for the development of tools or proprietary CMS. Ideas should utilize the existing tools, applications and CMS available. Huge amounts of money are required to develop original tools, CMS etc. The fund should be focused on innovative and experimental ideas that explore story in a totally new way.

An analogy might be funding a team who are making a film and them wanting to spend half the budget on building a new editing software program to cut the film when perfectly good ones already exist.

The Names of the All-Media Funds

Ignition is the most overused name for a program and it is already being used by one of the State agencies for feature film development.

The name *Sandpit Program* is not acceptable. It is derisive.

The original name of *Innovation* should be kept rather than 'Digital Sandpit'. This term 'sandpit' is rather offensive. Are not the feature film writers and directors in the biggest sandpit of all?

The programs should be named **All-Media** and **Innovation**.

Recommendations for All-Media Fund

Screen Australia has the opportunity to lead, rather than follow with this fund. It would be preferable that the objectives of the fund are defined and as such, lead the industry and likely commercial partners and broadcasters. Firelight proposes the following -

- 1) A 'First In' fund (similar to ScreenWest), where four all-media drama projects are selected that receive up to \$30,000 development. Those projects then have to find co-financing and distribution partners who will match fund the production of the projects. Screen Australia will then select the strongest two projects that will receive up to \$300,000 (see ScreenWest link in conclusion).
- 2) A 'First In' fund for documentary projects with the above criteria (but potentially with lower amounts of investment).
- 3) An 'Accord' fund with SBS and ABC for up to 6 projects at \$100,000 per project from Screen Australia, with funding matched by ABC and SBS.
- 4) An 'Adaptation' fund for the all-media wrap around for large scale TV drama and feature films of up to \$500,000 per project. This fund will then leverage the Producers Offset, the funds of which must go to the production of the all-media aspects of the project.

For example:

Theatrical Feature/TV Budget	... \$6,000,000
All-Media Budget\$400,000
Offset against All-Media (@35%)\$140,000
Sub-total All-Media\$540,000

The 'Adaptation' fund must not be used for purely marketing the film or TV series during the release phase and must produce original content across at least three other platforms; e.g. mobile, online, print. Projects that explore pre-release and post-release content distribution should be encouraged.

Conclusion

In order for there to be a vibrant screen industry, especially a solid and growing small screen industry in Australia, there must be opportunities for experienced, and emerging content creators and producers alike to access funding support. Funding programs and models must be flexible, creative and brave. There must be careful consideration of licence fees, holdbacks, pre-sales and marketplace attachments.

Lead times and project/program brand building should be factored in at the planning stages, so that Screen Australia's funding investments are maximised when program profiles are built across platforms ahead of first run releases. It is disappointing as well as wasteful when limited available funding dollars are swallowed up by programs that have insufficient promotion and end up buried on networks.

Collaborative accords and programs between Screen Australia, networks and content producers should be in place to foster the development of digital and all-media projects, extensions and adaptations. Funding batches should reflect growth areas and opportunities, following solid analysis of audience consumption metrics.

Developing the capacity for 'First In' funding for drama and documentary (match funded by co-financing and distribution partners) with appreciating investment scales for selected strong projects, allows for creative, but considered program funding. For more information see –

ScreenWest Digital Production First In Fund Guidelines

<http://www.screenwest.com.au/go/screenwest-funding-program/digital-production-first-in-fund>

NSW Digital Media Initiative Guidelines

http://www.business.nsw.gov.au/_data/assets/pdf_file/0003/7176/Guidelines_Digital_Media_Initiative_20101209.pdf)

As Emily Doig points out, 'The internet is television's largest competitor with many people saying they would go without television before going without the internet, people turn to the internet to be entertained. (<http://socialmediadaily.com.au/social-media-shakes-australian-tv/>). And who would go without their mobile phone these days?

Screen Australia's Head of Marketing, Kathleen Drumm, has said of the Screen Australian collaboration, *YouTube Map My Summer*,

"Screen Australia aims to grow and expand audiences for Australian content. Working with local distributors, we are able to complement their Australian release strategies by providing a new platform designed to communicate directly with audiences," (Feb 1, 2011, http://www.screenaustralia.gov.au/news_and_events/2011/mr_110201_mapmysummer.asp)

Screen Australia's *Funding Australian Content on 'Small Screens': A Draft Blueprint*, and industry consultation is an opportunity to ensure that funding programs match this aim 'to grow and expand audiences for Australian content'. It is also a chance to prompt collaborations between content creators, networks, broadcasters (including IPTV and online broadcasters), and distributors to produce quality, Australian content that can be accessed on any number of small screens.