

## **Submission to Screen Australia Documentary Revision 2019**

**Name:**

**Job Title:**

**Company:** ABC

**IMDB/Screen Guide Link:**

**File Attached:**

**What feedback, if any, do you have regarding the proposed changes to the Development Program?**

Development

ABC notes the increase of up to \$700k allocated to funding documentary development, and the 3-stage approach. This is a significant increase to development funding available by comparison with the proposed adjustments to production funding. The stated rationale is to provide more Screen Australia development funding per project, which could be as high as \$45k up from \$30k. As development funding is generally recouped when a project is commissioned, there needs to be consideration of the total production budget for the content and other sources contributing development funding. Development cost needs to be a reasonable percentage of the expected total production budget and not contribute to budget increase.

Recommendation: development funding should be capped as a percentage of total production budget

Consideration of pathway to audience and how the production budget can be financed should be required as key criteria for General and Advanced Development as well as assessment of the "development plan and the strength of marketplace interest and/or matched funding" to ensure development funding is focused on content most likely to convert to a commission or funded production. Strength of marketplace interest should be evidence based such as requiring a Letter of Interest or confirmed development funding provided by the marketplace. What constitutes "significant marketplace interest" needs to be further explained.

For General Development, 20% is intended for low budget productions. Does this refer to a total budget of \$500k? Is this assessing low budget on a per hour basis. I.e. capped at \$500k per hour or total budget? Also at least 10% is intended for original formats. Does this exclude series that are original but not intended to be Formats?

Will the Development Program support time critical funding for urgent production costs?

Recommendation: the assessment of development funding requires evidence of pathway to audience, market place and viability of financing as key criteria for General and Advanced Development funding supporting high conversion rates of development into production. What constitutes "significant marketplace interest" needs to be further explained.

Initiatives

ABC is pleased to see funding allocated to Initiatives which has traditionally been an opportunity for the ABC to work with and commission content ideas from emerging practitioners for low budget half-hour and short form projects. This has resulted in network producer and director credits contributing to career development and exposure of new creative talent. Several of the interviewees in the Making Documentary in Australia series had their first ABC titles commissioned through Initiatives such as Opening Shot.

Our concern is that the funding allocated for Initiatives, as a commitment to low budget projects and nurturing emerging practitioners (\$400-600k) is disproportionately low within the Development Program given that Initiatives reflect an actual connection to production content, marketplace opportunity and Australian audiences. This is especially compounded by changes proposed to PEP which would only apply to Initiatives "in exceptional circumstances". For example, the funding models

for Initiatives cited such as Art Bites (generally 6 x 5 mins with total budgets around \$125k financed by ABC + Screen Australia + state agency with PEP as final 25%), or other half hour projects with a similar budget level, are not viable within the proposed guideline changes as PEP is not available. To finance the same model at \$125k more funding per project is required from these sources to achieve budget. If the funding is split 3 ways, (ABC + Screen Australia + state agency), then \$400-600 is supporting 9-14 projects annually.

Or is the program primarily aimed at lower cost models or shorter duration content than this, such as for online platforms?

Recommendation: that more funding is allocated to Initiatives to have greater impact in supporting emerging documentary creatives and innovative low budget storytelling, and for the Screen Australia contribution to Initiatives to also offset removal of PEP as a funding facility for Initiatives.

### **What feedback, if any, do you have regarding the proposed changes to the Producer Program?**

ABC notes that this fund has been increased to \$4.4m- \$4.9m, and funding allocations have been identified within the Producer program for International Projects, low budget projects and Other Projects.

ABC supports Screen Australia's efforts to incentivise producers for projects that secure international financing by quarantining 20% of the fund or up to about \$1m for those projects. Noting that these projects tend to meet Producer Offset thresholds and have solid financing models.

Our primary concern is that only a minimum of 10% of the fund, or up to \$490k, will be allocated to low budget projects with budgets up to \$500k. Noting that a duration is not specified against budget level to determine what is low budget, we assume this means \$500k per hour. Based on current Screen Australia investment levels in ABC projects, this would only support 3 to 4 hours of low budget documentary content (on grant only basis). This does not demonstrate a significant commitment to low budget production, combined with proposals for Initiatives. And whereas previously, filmmakers could combine SA funding with PEP under this model they now have a 20% shortfall and long form projects are competing with online projects for this small pool of money.

ABC strategically develops and commissions single documentaries reflecting Australian stories and voices, especially as the primary commissioner of Arts content in Australia. Over the last 3 financial years 30 of 70 projects commissioned by ABC with Screen Australia funding were singles. Many singles are naturally an hour in duration. These stories are often achieved for sub \$500k budgets, may not have enough international appeal to raise international finance, are not artificially stretched to feature duration to trigger 40% offset, or stretched in budget to trigger the producer offset. These projects resonate strongly with Australian audiences on ABC platforms. These projects no longer have the support of PEP.

The Producer Program is not specified as a features fund, however 70% or approximately \$3m is allocated for Other Projects. Many of these projects are likely to be feature documentaries that trigger 40% Producer Offset or will meet 20% Producer Offset thresholds, have potential to leverage strong distribution and international funding, and consequently have solid financing models. This allocation is disproportionately high compared with funding allocated for low budget documentary. Noting that with the expanded definition of "Commissioning Platform" for the Commissioned Program increasing competition for funding from that source, ABC will need support for single documentaries from the Producer Program to maintain our commitment to single documentaries. The ABC is very proud of the success of feature documentaries such as *Mystify* and *The Australian Dream*, however the majority of features will not achieve Australian audiences via theatrical means equivalent to audiences on ABC platforms.

Recommendation: that within the Producer Program the funding allocated to low budget documentaries is increased from 10% (or up from \$490k) to allow more than 3-4 hours of content to be supported as a commitment to low budget production. To make an impact, this proportion should be 40%.

The funding model for low budget single hour documentaries is under strain due to recent changes to PEP which is no longer available for Producer Program funded projects resulting in a finance gap of up to \$100k. PEP was originally set up as a facility to support low budget projects and was effective in supporting projects that were below the \$500k Producer Offset threshold but still received a grant. To address the gap issue, Screen Australia needs to increase its investment contribution to each project to offset the impact of the absence of PEP in the finance plan. Without this, the burden of covering the gap falls to the producer to find additional funding or trim the budget, or to the broadcaster to pay above license fee for low budget content. If the expectation is to transfer the gap to the broadcaster, in the climate of ABC budget cuts, this will reduce the number of single hour documentaries developed editorially with us that the ABC can support.

Recommendation: that the Screen Australia contribution per project is increased to offset the absence of PEP as a key cornerstone to low budget finance models

### **What feedback, if any, do you have regarding the proposed changes to the Commissioned Program?**

ABC notes that the Commissioned Program will “support documentaries with strong cultural value for Australians ... and offers a compelling vision, subject analysis and clear enduring cultural value beyond its initial release”.

Significant changes are proposed which may affect the proportion of funding available for ABC commissions:

- No increase to Commissioned Program Funding

ABC notes that no funding increase is proposed for this Program as opposed to other Programs. The structure of the funding programs clearly signals that this is the primary fund for broadcaster supported commissions. Broadcast remains the strongest market for connecting Australian documentary content to Australian audience across our various linear and online platforms. ABC invests in documentary to build a destination and create an audience experience that builds viewing habits. Together with further changes discussed below, this fund will become more competitive, which is a good outcome for the documentary sector and screen business. This should be acknowledged with an increase of funding in this Program.

Recommendation: Commissioned Program funding should be increased acknowledging the commissioned route is the strongest path to Australian audience via broadcasters that can create national conversations and achieve impact and reach.

- Expanded definition of a Commissioning Platform to include streaming services that may be global platforms

The documentary sector has been underpinned by investment from the public broadcasters. Over the last two financial years ABC has commissioned nearly 100 hours of content per year with independent producers in addition to the internal slate. In 1819 only 25% of this was funded with contribution from Screen Australia, this percentage has reduced from previous years. Expanding access to the fund to SVODs creating more competition for funding will reduce ABC's percentage of projects commissioned with Screen Australia funding. Diverting funds away from the ABC at a time of budget cuts is likely to seriously erode the volume of documentary production overall and will certainly impact ABC commissioning. If the volume of hours reduces, it becomes even more difficult to build a consistent audience destination and experience, and we do not want a decline in audiences for important Australian documentary content.

Recommendation: Broadening the definition of Commissioning Platform to include SVOD should be subject to:

- A maximum allocation to SVOD of 10% of the fund;
- An increase in the overall size of the fund by an equivalent amount;
- Reinstatement of a quota of 80% for public broadcasters to maintain the production of, and audience engagement in, important public interest documentary programming.

We would like to understand how Screen Australia will determine the streaming platform's "ability and intent to deliver the project to a significant Australian audience" given that SVOD platforms are notoriously unwilling to publish audience figures, and subscription levels do not equate to audience numbers for individual titles or genre. As the national broadcaster, ABC is transparent about audience performance, many of the top programs published in Screen Australia's resources are ABC programs, the top 3 documentary series over the last 3 years commissioned with Screen Australia funding include War on Waste Series 1 and 2, and David Stratton's Stories of Australian Cinema, each achieving 1.6m to 1.14m complete audience. War on Waste achieved significant levels of audience reach and impact: 68% of those who watched an episode claimed to have made changes based on what they saw in the show. In terms of social engagement, documentary is in the top 3 most engaged with content on ABC's main TV+iview Facebook account with 1 million followers. In the last 12 months on the tv iview page alone documentary accounts for approximately 57% or 75 million views the page generated. Documentary accounts for approximately 54% or 20 million engagements on posts from the page.

Recommendation: Broadening the definition of Commissioning Platform to include SVOD should be subject to SVOD commissioning platforms publishing accurate, verified audience data about any program receiving public funding.

- Increased Pre-sale Licence Fees

The proposed pre-sale license fees represent a 9% increase for Commissioned Program projects. This increase is challenging for ABC, but this could be absorbed if the Guidelines remove the reference to 'catch up' and acknowledge that both FTA and pay broadcast Commissioning Platforms need to secure rights across both their broadcast and online services to respond to changing audience behaviour. Will the guidelines require SVOD to separate ANZ rights from ROW in respect of the license fee?

Recommendation: Pre-sale license fees should include the online platform associated with any Commissioning Platform beyond 'catch up' in line with current industry practice across FTA and Pay TV.

### **What feedback, if any, do you have regarding the introduction of the Completion Fund?**

ABC accepts the rationale for changing the PEP guidelines given that previously the other documentary funding programs were reduced by having to offset an overage in PEP for projects that Screen Australia has indicated did "not align with Screen Australia's goals related to quality, culture and innovation". The ABC agrees that a qualitative assessment could remove this problem.

The new Completion Fund guidelines don't appear to specify the stage in the production lifecycle a producer can apply to the fund, however in the podcast it is indicated that an application can be submitted at any time in post-production.

The proposed change to make PEP solely a completion fund is vehemently opposed by the ABC. It is not in the producer's interest as it exposes them to unnecessary financial risk, and it is entirely out of step with the commissioning process for Commissioning Platforms to manage their risk of cash flowing projects through production.

Screen Australia indicates that around 70% of current applications for PEP seek post-production or completion funding. The ABC has commissioned only 1 project in 3 years that meets the specified criteria.

ABC does occasionally come to a project late as a post- production presale. Our preference is to be editorially involved in all our commissions from the start of production and to manage ABC's requirements of a balanced and diverse slate. We have commissioned several projects that have PEP only included as Screen Australia contribution from the start of production under the revised PEP guidelines.

Viable financing is a key factor assessed in our development and commissioning process, and it is concerning that even within the Completion Fund guidelines proposed there is no certainty and that if

the project meets all required criteria that “Screen Australia may fund at a different level than that applied for”. It will not be possible for producers to secure a loan to cover the likelihood of completion funds if the completion funding may be approved at a different level or not at all. As with any funding program, this fund may be expended in the year, and it is unreasonably risky for producers and funding partners to know they cannot be funded at the start of the production, then commence production and discover there is no funding available to apply for to complete the production. A negative result of the proposed policy could be that producers are forced to defer fees to manage the financial uncertainty associated with this approach.

Also it is unclear how productions can demonstrate a clear pathway to market in this proposed model where financing is insecure. Commissioning Platforms will not commit funds to productions that are not financed.

Combined with the Producer program limitation, this proposal will have a significant impact on ABC’s ability to commission low budget (up to \$500k) documentaries.

Recommendation: The Program returns to a low budget funding mechanism that can be assessed up-front and included in finance plans from the start of production to provide financial certainty for producers. This mechanism would also then be available for those projects that evolve differently and only require funds to complete.

### **Do you have any further feedback?**

The ABC is a public broadcaster of international renown and a much-loved part of Australian society and its cultural fabric. It delivers high-quality, distinctive content for all Australians, and through its content tells the nation’s stories and help Australians understand their place in the world, connecting communities and touching the lives of millions of Australians every day. The ABC reaches 68% of Australians each week, and its video content is available across four TV channels and a variety of streaming and other digital platforms, including iview.

The ABC makes a vital contribution to society by creating engaging and iconic documentaries that explore what it means to be Australian. It brings Australians together through coverage of national events and elections and supports democracy through civic journalism that helps to keep industries and institutions accountable. The ABC discovers and celebrates Australian culture, music and the arts, shares the wonders of science, and explores the culture and experiences of Indigenous Australians.

The ABC’s purpose has lost none of its relevance, in spite of profound and radical change in the media environment. It continues to serve as a foundation for Australian media and remains one of the country’s largest and most important cultural institutions. It remains a voice for the Australian people, that helps us to understand and navigate the world.