

**Submission to Screen Australia**

**Documentary Funding: Stories that Matter**

18 July 2014



# Screen Australia's Draft Guidelines for Comment

## *Documentary Programs: Stories that matter*

### Introduction

The Australian Broadcasting Corporation (ABC) welcomes the opportunity to comment on Screen Australia's Draft Guidelines for Comment, Documentary Programs: Stories that Matter (the "Draft Guidelines").

The ABC plays a vital role in contributing to Australia's screen documentary industry. The ABC develops, produces, commissions and broadcasts high-quality and diverse content that might otherwise not be available to the Australian public in keeping with its public broadcasting and Charter responsibilities.

ABC Television, which is accessible to nearly all Australians, maximises cultural returns to its audiences through its diverse and award winning slate of documentary programming and makes a significant investment in the independent documentary production sector. Over the last three years, the ABC has commissioned over 144 documentary projects from approximately 100 production companies.

Many ABC documentaries, produced with Screen Australia support, regularly win major local or international awards. In the last year *Desert War*, *Redesign My Brain*, *Kakadu*, *First Footprints*, *Whitlam: The Power and the Passion* and *Shark Girl* have been recognised in the AACTA, Walkley, New York Film and Television, Screen Directors' Guild, and the Screen Producers' Association awards.

The ABC is strongly supportive of Screen Australia's mission to support, promote and grow Australian storytelling and its commitment to the independent production sector. These goals reflect the ABC's own commitment to bring important and compelling stories about Australia to the widest possible Australian audiences.

For both Screen Australia and the ABC, fulfilling our mission requires finding innovative paths to audiences and responding to the changes currently transforming the industry. For that reason, the ABC supports Screen Australia regularly reviewing its guidelines. However, the ABC believes that in its current form, the Draft Guidelines are likely to have the opposite impact on the industry intended by Screen Australia.

- The removal of the allocations to the ABC and the SBS will create market uncertainty adversely impacting on the ability of small and medium size production companies to manage their businesses.
- Screen Australia's increased involvement in detailed slate management interferes with broadcasters' relationships with producers, increasing uncertainty and workload for both broadcasters and producers. It also fails to recognise the ABC's unrivalled understanding of its audiences and its Charter responsibilities.

- Broadening the acceptable forms of marketplace commitment risks reducing the audience reach and cultural impact of the documentary sector.
- The design of the new programs creates funding gaps, which will prevent worthwhile projects being funded and create perverse incentives to boost budgets and licensing fees.

The ABC is concerned that the Draft Guidelines represent a significant change in the structure of Screen Australia's funding model without demonstrating the need for radical change and without careful modelling of the potential impacts on a fragile industry.

The ABC urges Screen Australia to delay the implementation of these guidelines to allow more time for a detailed study of their impact; for further discussion with the industry; and to consider alternative means to achieve its aims.

### **ABC/SBS allocations**

The new guidelines remove the guaranteed funding allocation to the ABC of 50% and to SBS of 40% of the National Documentary Program and the General Documentary Program.

In 2012/13 these two programs formed 53% of Screen Australia's direct documentary funding. The ABC's allocation therefore represented 27% of direct documentary funding, not including the Producer Offset.

Overall more than half of Screen Australia's direct funding has been fully contestable, providing the organisation with ample flexibility to fund projects that are not compatible with the broadcasters' requirements. None the less, in some years, projects commissioned by the ABC have received significant extra funds under this system. This demonstrates the proven ability of the ABC to commission compelling projects that are consistent with Screen Australia's criteria and to deliver the maximum cultural return for Australian taxpayers.

Compared to the audience reach delivered by the ABC, this proportion of allocated funding is modest. The ABC consistently delivers the largest and most diverse audiences for Australian documentaries. The public broadcasters have proven themselves to be the natural Free-to-Air (FTA) home for documentary programming and FTA broadcasting itself continues to deliver the broadest, most consistent audience reach.

Screen Australia notes that 'across the year broadcasters are likely to attract a similar proportion of Screen Australia's funds as when the allocations were in place'. However, without a firm commitment, the ABC must consider that future funding is at risk. This uncertainty will have negative impacts on both producers and broadcasters. The lack of certainty for broadcasters makes it more difficult to be strategic in delivering diversity and quality to national audiences across a year.

Combined with Screen Australia's desire to take more responsibility for commissioning decisions, including those made by the broadcasters, series projects involving multiple producers could be particularly affected. It is an unacceptable risk for both broadcasters and producers to develop complex series projects without certainty that the concept can be implemented in its entirety.

As the Screen Producers' Association noted "...the notional split provides the broadcasters with stability around their commissioning processes and in turn this does benefit production companies. Screen Producers Australia would warn against damaging business confidence by increasing uncertainty in the market"<sup>1</sup>

The allocation of funds to the public broadcasters has existed for many years and is a cornerstone in the architecture of the independent documentary sector. We are not aware of any industry modelling that has been conducted to assess the impact of these proposed changes to allocations in certain programs but would welcome the opportunity to discuss such modelling.

## **Marketplace commitment**

Screen Australia is proposing to significantly broaden the definition of marketplace attachment for the largest program, Meaning and Market. This proposed fund largely replaces the former National Documentary and General Documentary Programs. These funds currently are focussed clearly on delivering a wide range of culturally relevant documentaries to Australian audiences, principally through the allocations to public broadcasters.

While the ABC recognises, and strongly supports, Screen Australia's desire to explore new pathways to markets and audiences, we believe that only Australian broadcasters and theatrical distributors have demonstrated that they can ensure the audience reach and cultural return that must be a necessary requirement of this important fund.

In particular, we are concerned that international presales, foundation and crowd-sourced funding and international festival commitments do not guarantee an Australian audience, let alone any significant or certain audiences.

If the ABC and SBS allocations were being retained, then, despite broadening the definition of marketplace commitment, documentaries funded by the two larger programs could be confident of reaching the widest possible audience. However without the allocations, this proposed change could seriously lessen the cultural return of Screen Australia's investment and compound the uncertainty created by abolishing the broadcaster allocations.

Screen Australia's own analysis demonstrates that FTA television, and the ABC in particular, continues to be the main content viewing platform for documentaries. The five most viewed documentaries funded by Screen Australia were all screened on the ABC.<sup>2</sup>

Screen Australia itself recognises that the 'challenge for Screen Australia in implementing a more platform-neutral approach is that a clear route to audience would always need to be demonstrated, and with business models for alternative platforms such as VOD still evolving, the mechanisms for demonstrating marketplace commitment are unclear.'

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<sup>1</sup> [http://www.screenaustralia.gov.au/getmedia/8c25763a-8073-4ecd-9f3c-e9efc866ad48/DocSubmission\\_SPA\\_20140404.pdf](http://www.screenaustralia.gov.au/getmedia/8c25763a-8073-4ecd-9f3c-e9efc866ad48/DocSubmission_SPA_20140404.pdf)

<sup>2</sup> [http://www.screenaustralia.gov.au/getmedia/727a52f3-c9fc-4540-8c62-8a8805874e46/ScreenAustralia\\_Documentary\\_Discussion\\_Paper.pdf](http://www.screenaustralia.gov.au/getmedia/727a52f3-c9fc-4540-8c62-8a8805874e46/ScreenAustralia_Documentary_Discussion_Paper.pdf) P10

Further, Screen Australia recognises that there is a need for platform-specific marketing strategies to ensure content on alternative platforms finds an audience and that 'expertise in this area, such as through digital agencies, is still in early stages in this country'.

Screen Australia should support innovative documentary production with an eye to future viewing behaviour. The ABC has itself demonstrated that it is leading innovator in online and mobile distribution through iview and other online platforms. 'Vision and Voice', an evolution on the previous Signature Documentary Program, is the appropriate program to stimulate innovation and experimentation outside the broadcast environment. 'Vision and Voice' has no traditional marketplace attachment requirement and its funding is, arguably, more than adequate to incubate new modes of funding and production.

Funding through the 'Meaning and Market' should continue to require a secured, broadcast marketplace attachment to ensure significant Screen Australia investments are seen by the widest possible audience and deliver the greatest cultural return to Screen Australia.

### **Funding approval and slate management**

The Draft Guidelines propose that Screen Australia shall make funding decisions based on judging the 'creative strength of the project' and the 'diversity of the slate'. The ABC recognises that Screen Australia has a responsibility to ensure it funds a diverse range of nationally important documentaries, as required by the Screen Australia Act<sup>3</sup>.

However, the ABC has both practical and philosophical objections to this initiative, in as much as it will affect the ABC's commissioning process and its relationships with independent producers.

If Screen Australia were to assume the direct curatorial role that is being suggested in the draft guidelines, the ABC feels that it would be inconsistent with the ways in which Screen Australia is expected to support the industry as outlined in Section 6 (2) of the 2008 Act: to provide financial assistance, guarantees, services, facilities, programs, equipment and to sponsor and commission programs or other activities<sup>4</sup>.

The ABC understands the intention of the Act is that Screen Australia's role is to be the provider of key commercial support to the Australian screen production industry. It was never envisaged that it would return to Film Australia's curatorial role, an approach that was rejected by the overwhelming majority of Australian production companies.

Creativity is fundamentally subjective, while diversity is difficult to define outside the context of a broadcaster's entire output.

For producers this will result in having to please two masters on grounds that are subjective and beyond their control. Such a system risks generating extra costs and further uncertainty for broadcasters and producers.

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<sup>3</sup> <http://www.comlaw.gov.au/Details/C2008A00012>

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It also raises the possibility that the ABC will be put in the unacceptable position of negotiating outcomes with Screen Australia that directly affect individual producers, without those producers being present.

In practical terms, delivering the desired creative outcome is determined throughout the production process through to the end of post-production. It is unrealistic and impracticable for Screen Australia to be involved to that extent.

Creating another approval hurdle, in addition to those that are already managed by the ABC is more likely to impede creativity and risk-taking than to encourage it, and will certainly slow the already laboured process of financing documentaries in Australia.

In the current system the ABC can commission strategically taking into account the shape of its full slate of documentary projects, including those not involving Screen Australia. This allows it to ensure that it screens a diversity of important Australian stories and supports a wide range of producers.

Currently, for instance, the ABC can curate series of themed documentaries commissioned from different, independent producers. This is only possible if both the ABC and the producers have certainty that having been approved by the ABC, they will receive Screen Australia funding. There is a considerable risk that under the proposed scheme such series will have to be produced by a single production company, reducing diversity and advantaging larger more established producers in relation to smaller production companies.

It is also important to recognise that the ABC has an unparalleled understanding of its audiences' needs and preferences based on years of corporate experience and research. It is unrealistic to expect Screen Australia to be able to devote the resources required to be able to replicate this knowledge. In the current fiscal environment it would also be a wasteful duplication of the ABC's role as a public broadcaster.

As an alternative, the ABC suggests that Screen Australia consider allocating ABC and SBS funding from revised Meaning and Market and Premium Documentary programs in return for clear expectations across a number of key objective and measurable outcomes. Those outcomes could include genre and production company diversity, audience reach and quality/appreciation as measured by research for instance.

Screen Australia could conduct annual reviews to assess whether the allocated funds are achieving their desired outcomes and potentially adapt its allocation and success measures in consultation with ABC and SBS to improve results. Such a system would allow Screen Australia to ensure the broadcasters are meeting Screen Australia's expectations without interfering in the creative relationship between producers and broadcasters at the commissioning stage of projects.

The ABC is best placed to plan its productions slate and to understand the needs of its audiences. The current system, in which the ABC can control its own slate with the certainty provided the allocations from NDP and the GDP, ensures the ABC delivers diversity, creativity and quality in its documentary output. An extra layer of oversight during the commissioning process is unlikely to improve creativity or diversity.

## **Design of new programs**

The ABC is extremely concerned that the structure of the proposed new programs will create gaps, making some documentaries disproportionately difficult to fund and in turn creating harmful, if unintended consequences of artificially inflating budgets and licence fees.

This will result inevitably in fewer productions and less diversity of content.

Meaning and Market largely continues the role currently performed by the National and General Documentary programs (NDP & GDP) funding the bulk of quality broadcast documentaries, although with slightly less money.

The structure of the program may result in an effective gap for documentaries requiring Screen Australia with budgets over \$250,000 for singles (\$600,000 for series) but smaller than is envisaged for the Premium Documentary Program, for which the minimum production budget is \$1million. This is traditionally an area where the ABC has commissioned actively among a wide range of producers.

The draft guidelines propose to prevent programs that receive funding from Meaning and Market, as well as the other direct funding programs, from receiving grants under the Producer Equity Program (PEP).

This would make many previously approved Screen Australia/ABC investments no longer viable where the total budget and QAPE component does not meet the minimum threshold to qualify for the Producer Offset.

For the projects in this gap range previously funded under the GDP, ID and NDP, the maximum total budget will have been under the \$500,000 threshold, but the average is about \$400,000 per hour.

Over the last three financial years the ABC has commissioned 47 documentary projects with budgets of less than \$500,000 per hour which received PEP funding. None of these documentaries could have been funded under the proposed guidelines.

In practice, to fund these projects in the future would require a significantly higher license fee and/or considerable broadcaster equity to top up funding. There is very little potential for extra equity from producers who already receive limited returns from their budgets at this level. While budgets have not been finalised for this year; in the current environment the ABC's funding of documentaries is more likely to be reduced than increased.

The inevitable consequence of restricting PEP funding will be fewer ABC commissioned documentaries in this important category of quality, made for broadcast, documentaries.

The concentration of funds in the Premium program with a minimum \$1million budget is also concerning. In the last three years, the ABC has commissioned only one documentary with a budget in excess of \$1million.

If, as we expect, producers will be incentivised to boost moderate budget documentaries over \$500,000 making Meaning and Market very competitive, the intense competition in this fund will encourage producers in some circumstances to inflate budgets beyond \$1million.

The inevitable effect of this will be that the ABC commissions fewer documentaries, delivering less content diversity and supporting fewer independent producers.

The ABC is concerned that there is no rationale outlined for a potentially large increase of the allocation in the Vision and Voice program to \$4million. While, as noted above, the ABC is very supportive of projects that are innovative and explore new paths to market, we do not believe there is evidence that there is a significant shortfall currently in this area or that compelling projects are not being funded.

The ABC suggests that the existing budget of the Signature Documentary Program of approximately \$2million is adequate for Vision and Voice. The focus of activity and funding should remain the middle of the budget range, represented by Meaning and Market.

Additionally, ABC questions whether the additional \$1m in development funding is required in a landscape of limited funds. While this proposal will increase Screen Australia's role in determining its production slate, there is no evidence presented that this is a priority for producers. The ABC's experience suggests that the greatest need among producers is not for early stage development but rather for maximising later stage funding.

### **Diversity and audience goals**

Although it is prudent to frequently review the processes for application of taxpayer funds, Screen Australia has acknowledged that it needs to consider how it can best support a wide range of content reflecting the principles of quality, diversity and innovation, while reaching the widest possible audiences.

There is little or no evidence that these objectives are failing under the current guidelines or that significant or innovative projects are failing to be produced. The current guidelines allow for Screen Australia to fund nationally important projects that do not fit in the public broadcasters' slates through the Premium Documentary Fund.

Screen Australia itself has provided evidence that the current guidelines reached a wide range of documentary producers – 256 producers over 300 documentaries between 2008/9 and 2012/13

As noted above, the ABC has worked with approximately 100 production companies, commissioning more than 144 documentary projects with Screen Australia support. The ABC has a demonstrated track record in delivering a diversity of content and has commissioned across a range of topics, genres and budgets.



## **Conclusion**

In the ABC's view, the proposed guidelines will result in fewer documentaries being viewed by fewer people.

Implementation of the Draft Guidelines should be delayed to allow time for comprehensive and careful modelling of the impact of the proposed changes and for more consultation with key industry stakeholders. In our view, they are significant changes that will result in unintended negative outcomes that will affect the whole documentary sector, including both producers and the broadcasters.

There is a serious risk that these changes will force the public broadcasters to increase acquisitions at the expense of commissioning documentaries from independent Australian producers. Licensing fees are likely to be squeezed lower at the bottom end and inflated at the top end.

The impact will be to weaken smaller independent producers and concentrate production in fewer companies. This would be inconsistent with Screen Australia's stated intention to support a diverse and creative industry, leverage taxpayer funding of documentaries and deliver the greatest possible cultural return for its investments.

The ABC suggests consideration of alternative means for Screen Australia to ensure that broadcaster allocations deliver the outcomes of diversity, quality and creativity that both the ABC and Screen Australia desire.

The ABC believes that any future arrangement should include a significant predictable allocation to the public broadcasters to ensure stability and diversity in the industry. It is important that the balance of funding should be weighted towards the Meaning and Market fund which is best equipped to support culturally significant, quality documentaries that will be enjoyed by the widest possible Australian audience.