

Australian Broadcasting Corporation

submission to

Screen Australia's

Funding Australian Content on 'Small Screens':

A Draft Blueprint

January 2011



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

Introduction

The ABC welcomes the opportunity to comment on Screen Australia's (SA's) *Funding Australian Content on the 'Small Screens': A Draft Blueprint* ("the Blueprint").

The ABC plays an important part in contributing to Australia's screen content industries and in developing, commissioning and broadcasting television and online content that is informative, educational, diverse and high quality and which helps to reflect Australian culture and society. As a public broadcaster, the ABC is able to focus on producing content that might not otherwise be viable for commercial operators.

The Corporation recognises and welcomes the effort SA has put into developing and consulting on its draft Blueprint. The resources and funding available to SA are diminishing over time and the ABC appreciates that SA must allocate its scarce resources while also evolving to keep pace with changes in technology and broadcasting and production business models.

The ABC believes that in addressing the issue of scarcity of funding that SA should remain focused on developing and fostering small screen content that delivers a cultural return to audiences and taxpayers.

Of particular concern to the Corporation are the changes proposed in the Blueprint pertaining to documentary funding and production, as well as to series funding. The ABC has a long history of producing high-quality documentaries on a range of culturally and socially significant subjects. The ABC believes that the changes proposed by SA will have a detrimental impact on the number of documentaries that will be produced by the ABC and will contribute to uncertainty in the production industry.

It is critically important that in developing its vision and finalising its approach to funding Australian content on small screens, SA accounts for the impacts that changes to funding approaches will have on the ability of the public broadcasters to produce and deliver high-quality programming of national significance to the widest possible audience.

Screen Australia's Role

The ABC supports the principles outlined in the Blueprint defining SA's role and the objectives. In particular the ABC supports an SA focus on the ongoing creation of premium television content of national significance. While the development of innovative content for new platforms is important and timely, it is also important that SA's funding allocations continue to reflect the impact and reach of television as a medium for the distribution of Australian content.

Free-to-air television in particular, which is accessible to virtually all Australians, maximises cultural returns to its audience and provides significant support to the independent production sector. Television functions as the engine room of Australia's screen industry.

By comparison, while feature films can deliver significant and iconic film events to Australian audiences and can launch international directing and acting careers, they do not deliver the level of cultural return that investment in television does. The ABC believes SA could work more closely with broadcasters and producers to ensure a stronger television audience-oriented focus and better audience outcomes are realised through feature film production.

Furthermore, the ABC believes it is important for SA to publicly define its strategic direction with regard to the public broadcasting sector. The ABC and SA are both public organisations with clear mandates to deliver on certain Australian screen-content outcomes. The public broadcasters together with SA have a common interest in ensuring that Australian audiences have access to high-quality, innovative and culturally-significant Australian-made television.

The ABC would welcome the opportunity to work with SA and the SBS on developing a shared set of goals and priorities for SA and the public broadcasting sector.

Project Assessment

As outlined in the ABC's submission to the Review, the introduction of formal project assessment criteria by SA will replicate and may undermine the well-established commissioning procedures of broadcasters. Introducing a second level of assessment will also increase uncertainty for producers who have already been through a development process with broadcasters.

While the ABC acknowledges that SA must have some way of prioritising projects where demand outstrips available funding, the ABC does not support the introduction of assessment criteria for documentaries (see below).

The imposition of such assessment criteria for high-end drama is also concerning inasmuch as it means that decisions about the editorial value of projects may move from producers and broadcasters to SA. It is the former who possess channel strategies and an intimate understanding of audience tastes. For this reason, assessment criteria for drama should only be applied where demand exceeds available funding. Further, such assessment criteria should be transparent and should be limited to only assessing the national and cultural significance of the proposal.

If SA is to become more involved in a strategic sense in setting an overall direction for drama projects it supports, then a clear articulation of that strategic direction will be essential to reduce uncertainty for broadcasters and producers.

Documentary Programs

As set out in its submission to the Review, the ABC believes that up-front notional allocations of funds to broadcasters on the basis of the split currently employed (i.e. 40/40/20) will provide broadcasters and producers with business and planning certainty. Such an "envelope" approach will also allow broadcasters to plan production slates. Formalising the 40/40/20 split and setting dollar allocations could also address SA's concerns with over-subscription.

An "envelope" approach could be adopted for the existing NDP, International and Domestic funds while retaining the distinctive nature of the "doors". It would involve setting clear objectives at the start of each funding cycle and assessment criteria against those objectives. Broadcasters would be

notionally allocated an upfront amount against which they would undertake to deliver a set number of documentaries meeting the fund criteria. Failure to deliver would result in re-allocations of the funding split in the following funding cycle.

The concept outlined above is similar to the British Columbia Slate Development Fund. The aim of that fund is to provide recipients with flexibility and the ability to develop targeted and coherent portfolios. This approach also encourages investment in slates instead of one off productions and would support SA's Enterprise Development Strategy by enabling producers to plan a slate.

The proposal to introduce a 60% cap may well create incentives for broadcasters to over-subscribe each round in the hope of gaining the maximum allocation. If this occurs it would increase the uncertainty for producers and the assessment workload on SA.

History Fund

The footnote on page 23 of the Blueprint indicates that SA proposes to finish the Making History Initiative after June 2011 and roll those funds into the NDP.

The Making History initiative came about as a result of a concerted campaign by Film Australia and the ABC to ensure that high quality Australian history programming could be made for Australian audiences, without reliance on international partners.

The Making History initiative was established in 2005 and extended in 2007 and has been a great success. It has provided an extraordinary level of support that has enabled filmmakers to produce specifically Australian programs of the highest standard, such as the *Constructing Australia* series, *The Prime Minister is Missing* and *Kokoda*. Central to its importance is the focus on core Australian stories which are vital to the growth of our sense of shared Australian identity, and often at odds with the interests of International broadcasters.

The ABC has committed to Australian history programming at unprecedented levels over the last five years. Both the quality and quantity of history programming has increased since the introduction of the Making History Initiative and Australian audiences have responded in large numbers, for example *Constructing Australia: The Bridge* reached an audience of 1.7 million and *The Prime Minister is Missing* reached almost 1.8 million.

With over seventy hours of prime-time history programming, the ABC's commitment to the genre in general is evidenced both by investment and airtime. ABC's financial commitment during this time has been over \$8 million, but importantly this has triggered more than \$50 million from government and the domestic and international marketplace.

The success of the Making History Initiative in terms of hours, budgets, audiences, support for and professional development of production companies and the creation of an archive of outstanding, high-quality documentaries about our history is evident, as illustrated by examples set out above. It has also delivered certainty for producers and a curated body of work that has been available to all Australians. It is unlikely that programs of this type and quality will be able to be made, certainly not in these numbers, should this program be scrapped.

The ABC believes that the Making History Initiative should be continued and that SA and ABC draft a new Heads of Agreement to partner for the production of another slate of history documentaries.

Convergent Television

The ABC understands SA's intention is to encourage accessibility to content it funds by requiring that it be available on platforms other than a broadcast platform. The Corporation shares this goal and endeavours to make its content available on as many platforms as possible for free. Online distribution provides audiences with another avenue through which to engage and for the development of interactive applications.

The ABC has long been a leader in developing multiplatform and online distribution channels, as well as new applications of its content. The Corporation will continue to pursue innovative content propositions and to make its content available via as many platforms as possible. It notes that most long-form content that is today consumed online is content that is initially generated for and funded out of television production. More importantly, it must be acknowledged that there is a cost associated with distributing content via second or third platforms both in terms of development and rights acquisitions.

Licence fees

The ABC supports the proposed one off increase in licence fees. It believes in paying a fair rate for content and believes this is reflected in the deals the ABC brokers with independent producers. The ABC also supports standardised licence fees. Arguments that some broadcasters should pay less because they reach smaller audiences do not reflect the reality of cost attribution in production.

The ABC also supports an annual review of licence fees. However, the ABC is concerned about SA's proposal to automatically and annually increase licence fees using the CPI as a rate setting mechanism. First, it is unclear how the basket of retail goods and services that comprise the CPI for metropolitan household spend equates to costs in the television production sector. Secondly, it should be noted that ABC Operational funding is not subject to a CPI adjustment. Accordingly, in the absence of increased funding, the levels of commissioned content from the ABC can be expected to reduce over time as licence fees rise.

Holdbacks

As noted in the Blueprint and discussed in the ABC submission to the initial SA Review, broadcasters have a right to protect their brands and investments in programs and holdbacks are a legitimate way of doing this. The ABC supports the SA proposal that additional holdback periods should be paid for with additional fees. The ABC already pays a premium, particularly for children's drama, to compensate producers for any "forgone" fees and to avoid any perception that the ABC is misusing its market position.

The ABC also supports the holdback periods being consistent with its arrangement with SPAA.

Series Funding

Where a production is successful, the ABC would wish to commission a second and third series; being able to build on a successful idea or formula is a clear strategic objective for any broadcaster or producer. However, in the case of the public broadcasters, higher ratings will have no impact on the ability of the broadcaster to fund future series. Advertising revenue is, of course, not generated out of ABC programming.

Ultimately, if SA will not fund a second or third series of a production, as proposed in the Blueprint, then it is unlikely that production will go ahead. For example, it is unlikely that the ABC would be able to commission a second or third series of *Rake* without SA support.

Foreign Formats

The ABC has not adopted foreign formats, mainly for those reasons outlined in the Blueprint.

Drama Programs

The ABC supports the SA proposed changes to restrictions on the type and length of drama projects eligible and the inclusion of other types of children's drama.

Children's Drama

Current SA policies discriminate against series with episodes of less than half-an-hour by limiting the number of episodes that qualify for the Offset and for SA funding. The ABC considers it would be more appropriate if the restriction were to apply to the number of hours being funded, rather than the number of episodes.

Current SA policies also discriminate against children's series produced in episodes of less than 12 minutes. This particularly impacts upon animation for the pre-school audience, much of which is produced in episodes of less than 10 minutes. It would be more appropriate if series produced in episodes of at least three minutes were to qualify.

All Media

The ABC supports the introduction of the All Media fund, supporting creative storytelling across all platforms. The Corporation has been a pioneering developer within Australia of interactive content that is primarily or exclusively intended for computer, tablet or mobile phone screens. Projects of this kind include the award-winning history project *Gallipoli: The First Day* and the recent online "participatory drama" *Bluebird AR*.

The Corporation believes the proposed Digital Sandpit Program will provide media organisations and the production sector opportunities to produce innovative online content of this kind.

The ABC notes, however, that the proposed Ignition Program, which gives preference to "content that does not use television as its primary vehicle for distribution", effectively supplants the funding of series previously financed through the Low Budget Drama Fund Program. That program provided producers and broadcasters with an opportunity to develop riskier content—in particular narrative comedy—which had a lower budget, showcased new talent and innovative ideas and concepts. Examples of ABC productions funded out of this program include: *Librarians* Series 1, *LAID* Series 1 and the currently in production *Twentysomething*. Productions with other broadcasters have also

taken advantage of the program. As licence fees offered for low budget drama are considerably lower than those required under the Convergent Television program, these types of productions will not qualify for support under that program.

Low budget narrative comedy and drama in a half hour format can generate significant amounts of innovative material for other platforms and applications. If the Ignition Program retains the flexibility to fund low budget television content, then there will be significant potential benefits for online initiatives as well as supporting emerging television talent.

Conclusion

The ABC recognises the need for SA to review its programs to ensure funds are allocated efficiently and effectively and that they are allocated in a way that encourages innovation and keeps pace with changes in technology and business models. The ABC supports many of the measures proposed by SA, including its decision to take small steps into the development of content for emerging screen-based platforms. SA's Blueprint must acknowledge the central role played by television in reaching Australian audiences and providing them with high quality content.

The ABC is, however, concerned that the proposals put forward in the Blueprint for documentary support will not resolve the problems they are designed to address while at the same time creating uncertainty for broadcasters and producers.

The proposed introduction of production level assessment across the whole documentary slate will create further uncertainty, predominately for producers.

Finally the "winding up" of the Making History Initiative will be to the detriment of history documentary making, will remove one important mechanism for encouraging the development and sustainability of documentary film makers and will reduce the ABC's contribution to high-quality history documentary production. This program is one that has delivered significantly positive outcomes against the goals set by Government and Film Australia. Returning the Making History Initiative funding to the NDP "pool" in order to increase the base available for all broadcasters will be at the cost of a scheme that has delivered for audiences and producers.