



Australian Government

SCREEN
AUSTRALIA

Television Funding – A Review of Screen Australia’s Role and Objectives

18 June 2010

Preamble

Under its establishing act, Screen Australia is tasked with supporting or engaging in the development, production, promotion and distribution of Australian programs. When performing this function Screen Australia must:

- 1) Ensure the development of a diverse range of Australian programs that deal with matters of national interest or importance to Australians or that illustrate or interpret aspects of Australia or the life and activities of Australian people; and
- 2) Place an emphasis on
 - a) documentaries;
 - b) programs of interest or relevance to children; and
 - c) programs with a high level of artistic and cultural merit.

Screen Australia also has the task of supporting and promoting the development of a highly creative, innovative and commercially sustainable Australian screen production industry.

In introducing the Screen Australia Bill in its Second Reading Speech, the Minister for the Environment, Heritage and the Arts identified that the new agency would have a ‘strong emphasis on ensuing cultural benefit and artistic merit’ and that in performing its functions:

“Screen Australia will have a continuing responsibility for the development of areas of particular public interest and cultural merit, such as documentaries and children’s programs. The Government’s expectation is that the agency will continue to emphasise programs of real national significance in all fields. In particular it is expected that the National Interest Program undertaken by Film Australia will continue, and even be broadened beyond documentaries where appropriate.”

In the speech, it was also identified that:

“Because the Producer Offset can be the primary vehicle of Government support for many productions, Screen Australia will be able to invest more funding in activities not directly associated with production. These include individual and project development activities, and those activities which provide the wider Australian community, including regional Australians, with access to Australian audiovisual product.”

Background

Screen Australia inherited many practices, programs and processes of the former screen agencies (Film Australia, Australian Film Commission and the Film Finance Corporation Australia). Many programs and the requirements of these programs have been developed to meet the objectives of the new agency. Others, predominantly around TV Drama, have remained largely the same.

Current programs are reflected in Screen Australia's Program Guidelines and Terms of Trade (http://screenaustralia.gov.au/industry_support/GW_Overview.asp)

These programs include the funding of:

- Television Drama (including Low-Budget Drama);
- Children's Television Drama; and
- Documentary Production including the five main areas of documentary funding:
 1. The National Documentary Program;
 2. The Domestic Documentary Program;
 3. The International Documentary Program;
 4. The Special Documentary Program; and
 5. Special Documentary Initiatives

In 2009/10 Screen Australia allocated a budget of \$60 million for investment in features, TV drama and documentaries. This followed a reduction to Screen Australia's appropriation of \$9.2m. To assist in assessing the slate of projects to be financed for the year, this amount has been notionally distributed as follows:

- Features (including low-budget): \$24–\$28 million
- TV drama (adult and children's): \$18–\$20 million
- Documentaries (including development): \$16.5 million

In 2010/11 Screen Australia has again notionally allocated a budget of around \$60 million for production investment, with around \$35 million going to television production.

Additionally, television drama and documentary production funding is provided for Indigenous filmmakers through Screen Australia's Indigenous Unit. The Program Guidelines for Indigenous Programs is located here:

http://screenaustralia.gov.au/industry_support/Indigenous-Programs.asp

Television production funding is provided by Screen Australia to independent producers who create television content targeted for particular Commercial, National or Subscription Television audiences. This provides competitive opportunities for content to be produced and distributed across a variety of television services to a broad range of audiences accessing these services.

Screen Australia will undertake a review of its funding of television production in order to ensure Screen Australia's function of supporting Australian programming and the broader television production industry is being delivered in an optimum way.

The Context of Current Government Funding Policies

There are a number of Government policies that affect the funding of television content.

The Producer Offset

The Producer Offset is a refundable tax offset provided under Division 376 of the *Income Tax Assessment Act 1997* (ITAA97) available to producers of television content which receive a refundable tax offset equal to 20% for drama or documentary content (non-feature films) of the determined 'qualifying Australian production expenditure' (**QAPE**) in its tax return for the financial year in which the television content is completed. To receive certification, the content must have 'significant Australian content', be an eligible format and meet or exceed the relevant QAPE threshold.

The policy intent of the Producer Offset, which received bi-partisan support, was outlined by the then Minister for the Arts and Sport, Senator the Hon George Brandis SC at its announcement as follows:

The Producer's Rebate will help the film and television industry to become more competitive and responsive to audiences, and will be a major incentive for projects with significant commercial potential,

...

The Rebate provides a substantial opportunity for producers to retain significant equity in their productions and build stable and sustainable production companies, both important for the long term growth of the film industry.

Comments made publicly by both the then Government and the then Opposition highlighted the following key aims for the Producer Offset:

- Increased production
- Increased equity for filmmakers
- Creation of sustainable business, and
- Increased private investment.

Screen Australia's role as an investor in projects which receive the Producer Offset has been, from the outset, aimed at 'supplementing' or 'topping up' the Producer Offset, as it was assumed that many projects would be able to achieve production through utilisation of the marketplace in addition to the Producer Offset. As the Minister outlined in his second reading speech on the Bill:

The degree to which Screen Australia should provide investment funding to projects which also receive the producer offset also needs close attention. It is important that the agency respond to this new incentive in a way which ensures better cultural outcomes and does not result in the agency simply replacing funding which should be provided by the marketplace.

He also stated:

[Screen Australia] will operate alongside the producer offset, and its functions and operations must be seen in that light.

Television Broadcasting Regulation

Australian content is regulated through the mechanism of a broadcast licence held by Commercial and Subscription Television Broadcasters. For Commercial Broadcasters, these licences require obligations to be met regarding the broadcast of a variety of Australian content. For Subscription Television Broadcasters, these licences require obligations to be met regarding expenditure upon new Australian drama.

Separately the National Broadcasters produce and broadcast Australian content.

Government Reviews, Announcements and Initiatives

Related government reviews, announcements and initiatives affect the environment in which television is being developed and produced. These include:

- The development of the NBN.
- The provision to the ABC of additional funding for television drama and the creation of ABC3.
- The provision to SBS of additional funding for Australian content.
- The Australia US free trade agreement.
- The reduction of the Commercial Free to Air licence fee.
- The recent report from the Department of Broadband, Communications and the Digital Economy Government concerning 'Content and Access: The future of program standards and captioning requirements on digital television multi-channels'.
- The current reviews by the Department of Broadband, Communications and the Digital Economy of:
 - o Access to Electronic Media for the Hearing and Vision Impaired
 - o Sport on Television: a review examining the regulatory environment surrounding the acquisition and screening of sport on television in Australia.
- The current review by the Department of Environment, Water, Heritage and the Arts of 'Government Investment into the Indigenous Broadcasting and Media Sector'.

The television industry's response to these policy settings, evolving content distribution technologies, convergence and audience viewing patterns are important considerations.

Terms of Reference

The terms of reference for the Review are to:

1. Confirm the objectives and role of Screen Australia with regard to television funding, taking into account levels of investment and the role the agency has in developing and producing innovative and nationally significant television programming;
2. Review Screen Australia's funding eligibility requirements, including minimum licence fees, hold back provisions and market place attachments, and determine whether these levels and requirements remain appropriate; and
3. Evaluate the funding allocation for NDP projects including the provision of program funding for particular television broadcasters or channels.

Timing

Screen Australia will consult with all interested parties during July and August.

Written submissions should be addressed to tvreview@screenaustralia.gov.au by close of business on **Friday 30 July 2010**.

It is anticipated that the outcomes of the review will be released in November 2010, with new program guidelines taking effect from 1 July 2011.