

PROGRAM GUIDELINES –
PRODUCTION FINANCING

NOVEMBER 2010

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SCREEN AUSTRALIA



Australian Government

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PRODUCTION FINANCING

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Screen Australia reserves the right to change its program guidelines from time to time. Please ensure you check the website for the latest version.

See next page for update log.

Update log

20 July 2010

- **Overview:** Inclusion of notional budget allocations for 2010/11.
- **Domestic and International Documentary Programs:** Amendment to assessment process.

30 July 2010

- **Overview:** 'Quarantined marketing budget (QMB)' changed to 'Dedicated marketing budget (DMB)'

23 November 2010

- **General Notes for Applicants:** updates to 'Official co-productions'.
- **Feature Film Production:** updates to 'Investment Committee'; addition of 'Feature Film Consultants'; updates to 'External readers' reports'.

OVERVIEW

Screen Australia aims to invest in a range of audience-engaging and culturally relevant programs including:

- feature films,
- television drama,
- children's television drama, and
- documentaries.

Screen Australia works with the industry to identify quality projects and marketplace attachments are generally required. However, the marketplace by itself is not necessarily the only criterion for determining what to invest in, particularly in the case of feature films.

Applicants for production investment must satisfy the general eligibility requirements set out in Screen Australia's Terms of Trade, including the requirement that projects have significant Australian content.

Indigenous filmmakers may apply to any Screen Australia program in addition to the funding programs of the Indigenous Branch.

Screen Australia does not negatively discriminate on the basis of racial background, sexual preference, culture, language, gender, or physical or intellectual disability.

Notional budget allocations for 2010/11

Screen Australia has in principle allocated a budget of \$60 million for investment in features, TV drama and documentaries in 2010/11. To assist in considering the slate of projects to be financed for the year, this amount has been notionally distributed as follows:

- Features (including low-budget): \$22–\$26 million
- TV drama (adult and children's): \$18–\$20 million
- Documentaries (including development): \$16.5 million

These amounts should be seen as a guide only. A range of factors will influence the ultimate allocation for a financial year, and Screen Australia reserves the right to redistribute funds across program categories or change the overall allocation as the need arises.

GENERAL NOTES FOR APPLICANTS

Application materials

Applications must be made on the relevant application form, and include all supporting material listed on that form.

Budgets

Format: Budgets must be presented in the A-Z Budget format, available from the Screen Australia website (www.screenaustralia.gov.au/a-zbudget). Fees should comply with industry norms. They will be considered in the context of the budget and track record of the personnel.

Budget allowances for marketing and cross-platform elements for all projects:

Screen Australia recognises the need for marketing and multi-platform digital program elements, and for these cross platform elements to be incorporated into a production budget from the outset. For feature films, an amount is set aside in the project's budget as a dedicated marketing budget (DMB), which cannot be used to fund other production activities.

Budget allowance for delivery items:

Producers must budget for sales company deliverables and other delivery items as required.

Allowance must also be made for Screen Australia and NFSA delivery items.

Foreign actors

Screen Australia encourages producers to engage with the Foreign Actor Certification Scheme (FACS) process early if they intend to bring foreign actors into Australia to be a part of any production. Separate to any requirement from Screen Australia, a production must meet the requirements of this scheme, the details of which can be found at http://www.arts.gov.au/film/film_foreign_actors_for_film_or_television.

Terms of Trade

Details of Screen Australia and NFSA delivery items, recoupment and other requirements are available in Screen Australia's Terms of Trade.

Official co-productions

Projects approved as Official Co-productions are eligible for, but not automatically guaranteed of, direct Screen Australia support.

As co-productions have access to more than one domestic market, they must bring a higher level of genuine market attachment to the budget.

As well as satisfying all the normal criteria for Screen Australia production investment, the co-production partners must also secure acceptable offers to distribute or broadcast the project in each co-production territory from appropriate domestic distributors.

The Australian co-producer must also have received a letter of preliminary compliance or provisional approval as a co-production from Screen Australia. See www.screenaustralia.gov.au/coproduction

Theatrical documentary features

Documentary projects must be able to demonstrate a big-screen, visual quality, with clear cinematic potential in the concept.

Where this is not clear, projects will need to provide some compelling footage to suggest a theatrical release is warranted.

Projects will be considered under the Feature Film Production Program guidelines.

Large-format programs

Screen Australia will consider large-format programs on a case-by-case basis under the Feature Film Production Program guidelines.

FEATURE FILM PRODUCTION

Screen Australia's Feature Film Production Program aims to assist the creation of a diverse range of successful Australian films that resonate with audiences. Marketplace attachments are required, but the marketplace by itself is not the only criterion for determining what to invest in.

The program is open to films of any budget range, including **low-budget non-Offset projects**, ie films with QAPE below the threshold of \$1 million (see note, page 10), as well as to **Offset-eligible projects**. Where relevant, applications for **large-format projects** or **theatrical documentaries** can be made under this program (see page 5).

The program can also provide **post-production completion funding**.

Application timing

Applications for a Letter of Interest (see below) and for completion funding can be submitted at any time. Generally, Screen Australia intends to provide decisions within three months.

The Board will make decisions on Production Investment at up to four meetings each financial year. Deadlines relevant to each Board meeting are available on the website.

Application process and decision-making

Screen Australia prefers that applications under the Feature Film Production Program go through a two-stage process.

Applicants are urged to first apply for a **Letter of Interest** in order to receive an indication as to whether or not Screen Australia is interested in supporting the project.

Following a successful application for a Letter of Interest, the producer can then secure the project's financial structure and apply for **production investment**.

Projects with complete financial structures do have the option of applying directly for production investment without first applying for a Letter of Interest. However, applicants who take this course of action risk spending significant time and resources only to find that the project is not one which finds investment support.

Investment Committee: All feature films applying to Screen Australia for production support – including those seeking Letters of Interest or completion funding – are considered by a committee of Screen Australia executives and industry specialists (generally Screen Australia's Feature Film Consultants, see below) as required.

Feature Film Consultants: Two specialists, currently Victoria Treole and Matthew Dabner, are employed part-time to participate in the investment decision-making process for feature films. They may also continue to advise on projects after Screen Australia has confirmed its investment.

External readers' reports: Screen Australia also commissions external consultants to write reports for all feature film projects applying for funding. Applicants are advised of the consultants used on a regular basis in order to avoid any serious conflicts of interest. However, the name of the script consultant used on particular projects will remain confidential.

Application for a Letter of Interest

A Letter of Interest is an indication to the producer and the marketplace that, subject to finalisation of an acceptable creative and financial proposal, Screen Australia is interested in supporting the project. However, it is not a commitment from Screen Australia to invest in the project.

Producers are strongly urged to apply for a Letter of Interest for a project as soon as the required market attachments are in place (see below), and the film's creative elements are as strong as possible. The Letter of Interest can be an effective tool to help the producer finalise the project's finance plan in the marketplace.

To be able to apply for a Letter of Interest, the producer must have:

- An acceptable level of proposed Screen Australia investment (see Level of Funding below) and
- The following **market attachments**:
 - An offer to theatrically distribute the project in Australia (including basic commercial terms) from an appropriate domestic distributor;
 - or
 - An offer to be the Rest of World sales agent for the project (including basic commercial terms) from an appropriate sales agent;
 - or
 - Firm letters of interest to acquire the rights to the project from both a domestic distributor and Rest of World sales agent, both of which must be appropriate for the project.

The Investment Committee will consider applications against the investment criteria and decide whether to present projects to the Board for further consideration. Screen Australia will advise applicants of whether or not their project will be presented to the Board, providing a written statement of reasons on request. If the Committee decides not to put a project forward to the Board it cannot be reconsidered for 12 months from the date of consideration.

The Board will then decide whether to grant projects a Letter of Interest, with the following conditions:

- If an application for a Letter of Interest is rejected, the project cannot be reconsidered for 12 months from the date of consideration;
- If a decision is made to offer a Letter of Interest, that letter remains valid for 12 months.

Application for production investment

To be able to apply for production investment the producer must demonstrate that, subject to the approval of Screen Australia funding, the project has a complete finance plan, which must include (but is not limited to):

- An acceptable offer to theatrically distribute the project in Australia (including basic commercial terms) from an appropriate domestic distributor; and
- An acceptable offer to be the Rest of World sales agent for the project (including basic commercial terms) from an appropriate sales agent; and
- An acceptable level of Screen Australia investment (see Level of Funding below).

The Investment Committee will consider applications against the investment criteria and decide whether or not to present projects to the Board for further consideration.

Where the Committee rejects an application for production investment and the project does not have a Letter of Interest, the project cannot be reconsidered for 12 months from the date of consideration.

If the rejected application is for a project which does have a Letter of Interest, it can be reconsidered by the Committee inside the 12-month period if, in the opinion of Screen Australia management, sufficient improvements to the project have occurred. Otherwise, such projects cannot be reconsidered for 12 months.

The Board will decide whether or not to approve projects presented to them by the Committee for production investment, with the following conditions:

- If a project is approved by the Board, applicants will receive a Letter of Offer detailing the level of Screen Australia's commitment and the timeframe of the offer (usually six months), as well as any applicable conditions.
- If a project is not approved by the Board, the project can only be re-submitted if and when, in the opinion of Screen Australia management, circumstances have materially changed.

Investment criteria

Screen Australia will take the following into account when considering projects for Letters of Interest, production investment or completion funding:

- The project's **potential to reach its intended audience** according to: (i) whether or not there is a clearly identified target audience for the film; (ii) the marketing and distribution strategy for Australia; (iii) the international distribution strategy; and (iv) the cross platform strategy.
- The **creative team** responsible for the project (producer, director, writer) according to: (i) their track record – past successes, relevant experience and achievements; and (ii) their demonstrated creative, technical and managerial capacity to deliver the project.
- **Creative potential** for the project according to: (i) the strength and distinctiveness of the idea and its cultural merit; (ii) the quality and readiness of the script; (iii) the creative team's vision for the film; and (iv) the proposed cast and heads of department.
- The project's **commercial potential** according to: (i) the financing and distribution arrangements in Australia and internationally; (ii) the budget in relation to projected returns; and (iii) Screen Australia's recoupment position.

- The project's **viability** according to: (i) the appropriateness of the budget size given the stated goals and vision for the project, the experience of the creative team and the level of marketplace attachments; (ii) the viability of the proposed financing structure and production schedule.

Applicants may be interviewed by members of the Committee to assist with consideration of the project.

Other factors, including availability of funds and diversity of slate, may also contribute to Screen Australia's funding decisions.

Level of funding

Screen Australia will not generally invest more than \$3 million in a single feature film, and will not exceed this threshold other than in exceptional circumstances. As of 1 July 2010, the cap will reduce to \$2.5 million. Limits also apply to the level of funding as a proportion of the project's budget; these are set out in Screen Australia's Terms of Trade.

Budget notes

Screen Australia, in consultation with the completion guarantor, where applicable, will examine a producer's schedule and budget to ensure that the production values in the script can be realised. Screen Australia will require access to the quotes and costings that support the budgeted amounts.

Budgets must be presented in the A-Z Budget format, available from the Screen Australia website (www.screenaustralia.gov.au/a-zbudget).

The cost of production, both above and below the line, should reflect the level of recoupment that the project can reasonably expect to earn.

Fees should comply with industry norms. They will be considered in the context of the budget and track record of the personnel.

Screen Australia reserves the right to look at the whole package, including budget and target audience, in determining whether individual above-the-line fees, including cast fees, are appropriate.

Screen Australia will have approval over any variation in budget items that are exclusions under the completion guarantee (eg, music, cast and all above-the-line items).

The budget should include the following:

- Production company overheads to be calculated as five per cent of the total of the company's total film expenditure on the project, or A\$500,000, whichever is the lesser amount.
- Development costs breakdown including any development funds, general development investment (GDI) or producer fellowships from state agencies, Screen Australia or its predecessor agencies, and state agency administration fees (if applicable).
- Publicity during production;
- Foreign currency hedging mechanism to allow for currency fluctuations where applicable;

- The cost of captioning for theatrical release and DVD (Screen Australia requires that feature films it finances be captioned to provide access for the hearing impaired);
- Allowance for Screen Australia and NFSA delivery items;
- Marketing and promotional materials comprising the ‘dedicated marketing budget’ (DMB). This includes (but is not limited to) budgeted amounts for:
 - trailer
 - poster key art;
 - EPK/DVD materials;
 - cross-platform elements;
 - the cost of a test screening.
- Any other applicable delivery items

If producers have any questions when preparing a budget, they should contact Screen Australia's Sydney or Melbourne offices.

Low-budget feature films

For feature films which could, in the opinion of Screen Australia, reasonably be produced with a total production budget under \$1.5 million, Screen Australia may exercise flexibility in the application of the above guidelines, particularly where they refer to market components.

Post-production completion funding

Projects seeking post-production funding must apply using the Production Investment application form and are considered in the same way as applications for production investment.

TELEVISION DRAMA

Screen Australia supports the development of a creative and highly skilled Australian production industry supplying culturally relevant Australian content in a competitive commercial context.

The Television Drama Program assists in the production of high-quality adult drama, providing a diverse range of high-quality Australian programs to audiences both here and overseas.

Application timing

Screen Australia intends to allocate TV drama funds across the financial year in three tranches. Check the Screen Australia website for deadlines.

Eligible projects

Screen Australia will finance the following categories of adult drama under this program:

- mini-series up to 13 hours in length;
- single telemovies (including telemovie pilots);
- telemovie packages of up to three telemovies;
- animated mini-series of up to 13 episodes, each not less than a half hour in length.

Subsequent series or telemovie packages will only be financed where the percentage and quantum investment by Screen Australia is substantially lower than for the previous program.

Before Screen Australia will invest in a subsequent mini-series or telemovie, the first mini-series or telemovie must have been launched at a major television market and secured acceptable international sales.

Screen Australia expects key creatives (producer, writer, director, director of photography, editor) to be sourced from the freelance market and not from the staff of a free-to-air or pay television channel. In addition, Screen Australia will not finance drama where the project has been developed by a broadcaster and sub-contracted at a later stage to a producer.

Marketplace attachments

Screen Australia encourages producers to pre-sell their television projects in as many territories as possible.

(a) General

Screen Australia requires a local presale for Australian free-to-air or pay television rights for all drama programs. In regards to the presale:

- the floor price licence fee (see below) may not include an equity component for the broadcaster;
- Screen Australia will not agree to the inclusion of pay television or exclusive satellite rights as part of the domestic free-to-air television licence fee;

- Screen Australia will not agree to the inclusion of New Zealand as part of the floor price licence fee.

In addition to the local presale, Screen Australia will require a sales agent for ROW to be attached on all projects financed under this program.

(b) Mini-series

Screen Australia will expect a local free-to-air or pay television presale of not less than 30% of the budget, with a floor price of not less than \$400,000 per hour. It will also expect a percentage of the budget, to be agreed upon, by way of a substantial presale/advance against ROW, and/or equity investment.

In the case of longer mini-series – nine to 13 hours – Screen Australia will only invest where the production budget is a minimum of \$800,000 per hour. The terms for any sequels or spin-offs are detailed in terms of trade.

(c) Telemovies

One-off telemovies (including pilots) and telemovie packages

Screen Australia will expect a local free-to-air or pay television presale of not less than 35% of the budget, with a floor price of \$400,000 per hour, or part thereof. It will also expect a percentage of the budget, to be agreed upon, by way of a substantial presale/advance against ROW, and/or equity investment.

Screen Australia will only invest in a pilot if satisfied that the script is written as a self-contained story capable of being marketed as a 'stand alone'. The terms on which Screen Australia will participate in revenue from any sequel or spin-off series are detailed in terms of trade.

(d) Higher-budget productions

Where the budget of a mini-series or telemovie exceeds \$2 million per hour, the minimum percentage licence fee required by Screen Australia from the domestic free-to-air or pay TV network will be negotiated on a case-by-case basis. However, the required licence fee will generally be at least \$600,000 per hour.

(e) Animation

The terms and conditions for investing in animated programs will be the same as for live action television dramas (see above).

Investment decisions and level of funding

Screen Australia will not generally invest more than \$2.5 million in a TV drama project, and will not exceed this threshold other than in exceptional circumstances. Limits also apply to the level of direct funding as a proportion of the project's budget; these limits are set out in Screen Australia's Terms of Trade.

Screen Australia welcomes an entrepreneurial approach by producers, and will consider a diversity of financing streams including equity investment and distribution guarantees.

Further, in order to maximise production levels and diversity of slate, Screen Australia encourages producers to secure as much non-Screen Australia finance as possible.

When considering applications for a particular tranche of funding, Screen Australia will therefore prioritise projects which have the lowest contribution from Screen Australia as a proportion of the budget.

If there are insufficient funds to meet demand from eligible projects with the same level of Screen Australia contribution, Screen Australia will take the following additional considerations into account:

- i. strength of the marketplace (ie level of co-finance excluding Screen Australia and the state agencies);
- ii. recoupment potential;
- iii. level of subordination of Screen Australia investment;
- iv. successful track record and capacity of the creative team;
- v. readiness of script (applicants must submit a completed script signed off by the network, subject to revisions and polishes; mini-series of eight hours or more should submit at least four episodes of completed scripts);
- vi. diversity of slate (ie. diversity of genre and format).

Screen Australia will advise applicants of the success or otherwise of their application, providing a written statement of reasons on request.

LOW-BUDGET DRAMA

The Low-budget Drama Program aims to provide the opportunity for producers to create distinctive drama series for television and/or digital distribution.

Application timing

There is only one funding round per financial year. Applicants should refer to the Screen Australia website for details.

Eligible projects

Projects must have a letter of interest or commitment from at least one of:

- a free-to-air television broadcaster;
- a pay television broadcaster; or
- a recognised and appropriate entity which will communicate the series to the public (eg. a mobile phone company or social networking site).

Projects can be a drama series of any genre and can also be aimed at any audience, including adult, youth, family and mainstream.

Screen Australia does not fund the production of television light entertainment, community television or educational programs. Low-budget feature films or short films are not eligible for funding under this program.

Screen Australia expects key creatives (producer, writer, director, director of photography, editor) to be sourced from the freelance market and not from the staff of a free-to-air or pay television channel. In addition, Screen Australia will not finance drama where the project has been developed by a broadcaster and sub-contracted at a later stage to a producer.

This program aims to support innovation, experimentation and breaking conventions and we encourage new talent to apply.

Level of funding

Screen Australia will expect its investment to be augmented by an appropriate commitment from the broadcaster and any distributor or other investors.

The maximum level of funding for any one project is \$400,000. Screen Australia will expect to invest less than this amount for series with a small number of episodes or episodes of short duration.

Investment decisions

Applications will be considered by a combination of Screen Australia executives and industry specialists as required. Screen Australia will advise applicants of the success or otherwise of their application, providing a written statement of reasons on request.

Screen Australia will take the following into account when considering low-budget drama projects for production financing:

- The *creative team* responsible for the project (producer, director, writer) according to (i) track record – past successes, relevant experience and achievements (ii) their demonstrated creative, technical and managerial capacity to deliver the project
- The *script*, according to the strength and distinctiveness of the idea, the quality of the writing, and (the script's readiness to proceed into production.
- The *creative potential* of a project, according to (i) the creative team's vision for the project (ii) the proposed cast.
- The project's *potential to reach its intended audience* according to (i) whether or not there is a clearly identified target audience for the film, (ii) the distribution strategy for Australia, and (iii) the cross platform strategy.
- *Project viability – budget and financing strategy*, according to (i) the viability of the proposed budget in relation to achieving the creative team's stated goals and vision for the project, (ii) the viability of the proposed financing strategy (iii) the quality of the marketplace attachment.

The level of Screen Australia's funding commitment will be determined taking into account the above considerations and the amount of funds available in Screen Australia's budget at the time.

CHILDREN'S TELEVISION DRAMA

This program aims to provide high-end entertaining television production and new cross-platform viewing opportunities to Australian children while affirming their sense of self and community as Australians.

Screen Australia's requirements for foreign presales in the category of children's drama recognise the excellent reputation Australian producers have built up internationally as suppliers of quality children's programming.

However, Screen Australia also acknowledges that this success may act as a barrier for certain intrinsically Australian programs that may not necessarily have the potential to travel. Screen Australia intends to apply part of the children's drama funds each financial year to support the production of children's drama projects with no requirement for an international presale.

Application timing

No further funds are available for the 2009/10 financial year.

Children's drama funds for 2010/11 (excluding projects seeking funding without an international presale) will be allocated in tranches. See the Screen Australia website for deadlines.

Projects seeking funding without an international presale (ie as distinctive programming with a specific focus on Australian audiences) will be considered in a single round. The closing date for applications for the 2010/11 financial year will be available on the Screen Australia website.

Eligible projects

Screen Australia will invest in:

- mini-series of 13 half-hours or 26 half-hours;
- animated mini-series of up to 26 episodes, each not less than one quarter commercial television hour;
- telemovies.

Subsequent series or telemovie packages will only be financed where the percentage and quantum investment by Screen Australia is substantially lower than for the previous program. Projects must be eligible for a 'C' classification under the Government's 'C' Drama guidelines in order to apply to Screen Australia. A 'C' classification will not be required from applicants whose projects in this category are licensed to the Australian public broadcasters – ABC and SBS.

Before Screen Australia will invest in a subsequent mini-series or telemovie, the first mini-series or telemovie must have been launched at a major television market and secured acceptable international sales.

Screen Australia expects key creatives (producer, writer, director, director of photography, editor) to be sourced from the freelance market and not

from the staff of a free-to-air or pay television channel. In addition, Screen Australia will not finance drama where the project has been developed by a broadcaster and sub-contracted at a later stage to a producer.

Marketplace attachments

For **mini-series**, Screen Australia will expect a presale from a broadcaster for free-to-air or pay television Australian rights of not less than \$95,000 per half-hour. Pay TV or exclusive satellite rights cannot be included as part of the domestic free-to-air television licence fee.

Screen Australia will also require a presale in a major overseas territory, or at least two substantial presales in other territories. The budget will determine the level of other presales or guarantees required.

The level of marketplace attachment required for a **telemovie** will be considered on a case-by-case basis.

Screen Australia will require a sales agent for rest of world (ROW) to be attached on all projects.

Additionally, as noted above, Screen Australia intends each year to give producers the creative freedom to make programs without having to cater for the tastes and standards of several international territories at the same time. The intention is to encourage **distinctive programming with a specific focus on Australian audiences**.

Screen Australia will apply part of the children's drama funds for 2010/11 to support the production of children's drama projects with the same requirement of an Australian presale as described above, but no requirement for an international presale.

Investment decisions and level of funding

Screen Australia will not generally invest more than \$3 million for 26 half hours or \$1.5 million for 13 half hours in a children's TV drama project, and will not exceed these thresholds other than in exceptional circumstances. Limits also apply to the level of direct funding as a proportion of the project's budget; these limits are set out in Screen Australia's Terms of Trade.

Screen Australia welcomes an entrepreneurial approach by producers, and will consider a diversity of financing streams including equity investment and distribution guarantees.

Further, in order to maximise production levels and diversity of slate, Screen Australia encourages producers to secure as much non-Screen Australia finance as possible.

Projects with an international presale

When considering applications from projects with an international presale, Screen Australia will prioritise those which have the lowest contribution from Screen Australia as a proportion of the budget.

If there are insufficient funds to meet demand from eligible projects with the same level of Screen Australia contribution, Screen Australia will take the following additional considerations into account:

- i. strength of the marketplace (ie level of co-finance excluding Screen Australia and the state agencies);
- ii. recoupment potential;
- iii. level of subordination of Screen Australia investment;
- iv. track record and capacity of the creative team;
- v. readiness of script (applicants must submit scripts for the first three episodes of a mini-series, or a completed script for a telemovie, signed off by the network, subject to revisions and polishes).

Projects without an international presale

In this case, applications will be considered by a combination of Screen Australia executives and industry specialists as required, taking the following into account:

- The *creative team* responsible for the project (producer, director, writer) according to (i) track record – their past successes, relevant experience and achievements (ii) their demonstrated creative, technical and managerial capacity to deliver the project
- The *script*, according to (i) the strength and distinctiveness of the idea, (ii) the quality of the writing, and (iii) the script's readiness to proceed into production.
- The *creative potential* of a project, according to (i) the creative team's vision for the project, and (ii) the proposed cast.
- *Audience potential* – the project's potential to reach its intended audience – according to (i) whether or not there is a clearly identified Australian audience for the film, (ii) the distribution strategy for Australia, and (iii) the cross platform strategy.
Screen Australia expects that funds be quarantined in the production budget for marketing and cross platform elements in order to assist the project in reaching as wide an audience as possible.
- The project's *commercial potential* according to (i) the financing and distribution arrangements in Australia, (ii) the budget in relation to projected returns, and (iii) Screen Australia's recoupment position.
- *Project viability – budget and financing strategy* – according to (i) the viability of the proposed budget in relation to achieving the creative team's stated goals and vision for the project, (ii) the viability of the proposed financing structure and production schedule.

The level of Screen Australia's funding commitment will be determined taking into account the above criteria and the amount of funds available in Screen Australia's budget at the time.

Screen Australia will advise applicants of the success or otherwise of their application, providing a written statement of reasons on request.

DOCUMENTARY PRODUCTION

Screen Australia's investment in documentaries aims to encourage the presentation of Australian culture, and an Australian viewpoint on international culture, to Australian and international audiences.

Screen Australia invests in both one-off documentaries and series with an Australian free-to-air or subscription television licence fee, except in the case of the Special Documentary Program.

It does not invest in programs such as reality television, infotainment, current affairs, cooking, 'how to' or sports programs.

[Note: For the purposes of these funding guidelines, Screen Australia will have regard to the guidelines compiled by the Australian Communications and Media Authority (ACMA). These guidelines are available on the ACMA website.]

Subsequent series will only be financed where the percentage and quantum investment by Screen Australia is substantially lower than for any previous series.

Applicants and projects must meet the general eligibility requirements set out in Screen Australia's Terms of Trade, as well as the specific requirements of these guidelines.

Application materials

Applications must be made on the relevant application form, and include all supporting material listed on that form.

Budgets

Format: Budgets must be presented in the A-Z Budget format, available from the Screen Australia website (www.screenaustralia.gov.au/a-zbudget). Fees should comply with industry norms. They will be considered in the context of the budget and track record of the personnel.

Budget allowances for marketing and cross-platform elements:

Screen Australia recognises the need for marketing and multi-platform digital program elements, and for these cross platform elements to be incorporated into a production budget from the outset. To this end Screen Australia will earmark an amount in each production budget of the agency financing for marketing and cross platform elements.

Budget allowance for delivery items:

Allowance must be made for Screen Australia and NFSA delivery items, as well as for sales company deliverables and other delivery items as required.

Study guides:

Screen Australia requires the producer to supply an approved study guide publisher with:

- three DVDs of the finished project;
- a press kit; and
- a post-production script

The cost of the study guide must be included in the production finance budget as a line item of \$2500. If the publisher decides not to create a study guide, the \$2500 can be applied to marketing expenses.

The producer must seek Screen Australia's approval of the choice of publisher (ATOM is pre-approved).

Terms of Trade

Details of delivery items, recoupment and other requirements are available in Screen Australia's Terms of Trade.

Funding provided as a grant: Note that for all documentary projects approved after 1 March 2010, Screen Australia funding of \$200,000 or under will be provided as a grant, rather than recoupable investment, and will not have to be repaid unless the terms of the grant agreement are breached. Screen Australia's contribution will be agreed upfront and not varied other than in exceptional circumstances.

'Screen Australia funding' in this case means production finance through the National Documentary Program, Domestic & International Documentary programs, the Special Documentary Program, Indigenous Department documentary programs and other initiatives such as jtv docs. If a project has received development funding from Screen Australia or its predecessor agencies, the development funds will be added to the production funds for the purpose of determining whether the \$200,000 grant threshold has been reached. Support provided through Screen Australia's marketing programs is not included.

Screen Australia will hold 1% copyright in all documentary projects where its investment is greater than \$100,000.

Theatrical documentary features

Screen Australia will consider financing documentaries designed for theatrical release on a case-by-case basis.

These projects will be considered according to the criteria set down in the Feature Film section of these guidelines.

Documentary co-productions

Projects approved as Official Co-productions are eligible for Screen Australia support.

As well as satisfying all the normal criteria for Screen Australia production investment, the co-production partners must also secure a broadcast licence fee or distribution arrangement in their own territory.

Special initiatives

Special documentary initiatives are offered from time to time. Check the website for details: www.screenaustralia.gov.au/documentary

The National Documentary Program

The National Documentary Program (NDP) aims to provide a comprehensive and strategic slate of projects across a period of time, involving a diversity of practitioners, styles, formats and budgets.

These documentaries encompass a broad range of themes of national significance. Projects are documentaries of record, a heritage collection – not just available for 50 minutes of broadcast but for 50 years and beyond. They will be programs with a sense of cultural ambition and a budget scale that separates them from other Screen Australia domestic documentary investments.

Screen Australia does not require exclusive rights to projects produced under the NDP, but retains appropriate rights of approval, including approval of contractual arrangements, licence fees, distributors arrangements as well as non-exclusive rights for NDP product to be retained in a living collection and used for online learning as appropriate.

Application timing

Applications can be made at any time.

Eligible projects

The National Documentary Program is broadly framed around four content areas, which may vary from time to time:

- art and culture
- contemporary and social issues, including social history
- science and the environment
- national history and identity (including the Making History initiative with the Australian Broadcasting Corporation)

Screen Australia management, consulting experts as necessary, ensures the continuing relevance of areas of core content and ensures that the NDP delivers against the broad framework.

To apply for production funding under the NDP, applicants are required to have a broadcast presale. Standalone interactive projects such as websites are considered on a case-by-case basis.

Investment decisions

Applications are considered by Screen Australia executives, with industry specialists consulted as required. Screen Australia will advise applicants of the success or otherwise of their application, providing a written statement of reasons on request.

Screen Australia will take the following considerations into account when deciding whether to invest in projects under this program:

- applicability to NDP core content areas, and diversity of projects and content within the NDP and Screen Australia documentary slate,
- capacity of the creative team including successful track record,
- budget and financing strategy, including broadcaster and licensing arrangements, and
- value to the heritage collection.

Level of funding

There is no cap on the maximum amount that Screen Australia can invest in a one-off program or series under the NDP.

However, limits apply to the level of direct funding as a proportion of the project's budget; these limits are set out in Screen Australia's Terms of Trade.

Screen Australia may invest in excess of these limits in projects whose budgets are below the eligibility threshold for the Producer Offset.

Note that for all documentary projects approved after 1 March 2010, Screen Australia funding of \$200,000 or under will be provided as a grant, rather than recoupable investment. See page 20.

NDP operation

Screen Australia has meaningful consultation with the producer during the development and production of programs to ensure that the themes or core content remain in keeping with what was envisaged when Screen Australia committed to the project.

Funding and production processes for NDP projects operate as follows:

- Screen Australia ensures that programs are made in accordance with the Production Investment Agreement.
- Producers arrange for the financing of their programs and are the point of contact with broadcasters, sales agents, third party investors and co-producers.
- Distribution (sales of the programs both domestically and internationally), as well as marketing and promotion of the completed programs, are a matter for producers, subject to the consent of Screen Australia.

Terms of trade

Note that special terms apply to the NDP, including retention by Screen Australia of non exclusive rights in the program, out takes and other materials for use as library material for educational purposes and future productions by Australian filmmakers.

Domestic and International Documentary Programs

Application timing

Applications for these programs will be considered in tranches across the financial year. Refer to the Screen Australia website for deadlines.

Domestic program

Under this program, Screen Australia provides investment in Australian documentaries to match a domestic broadcaster's licence fee. Where a producer brings third-party finance to a project it can be used to enhance the budget, but the percentage contributions of the broadcaster and Screen Australia must remain equal.

There is no cap on the number of projects per broadcaster.

Screen Australia's investment will not exceed:

- \$200,000 for a one-off program
- \$500,000 for a series

There are also limits on the level of funding as a proportion of the project's budget; these limits are set out in Screen Australia's Terms of Trade.

Screen Australia will only invest more than the above in a one-off program or a series in exceptional circumstances.

Because projects financed through the domestic program often deal with specifically Australian stories and issues, no international marketplace attachments are required to trigger Screen Australia funding. Producers are encouraged to develop a marketing strategy for international sales.

The program can also provide post-production completion funding with a domestic broadcaster licence fee.

International program

Screen Australia will invest in projects which meet the following co-financing requirements:

- a licence fee of at least \$110,000 per hour from a domestic network
- an international sales agent
- an international territory presale and/or an advance from an international sales agent, with a combined value of at least 10% of the budget.

Where projects have a more substantial international marketplace attachment Screen Australia may agree to some reduction in the domestic broadcaster licence fee, but consequently would expect to invest less.

As for the Domestic program, the limits on the level of funding as a proportion of the project's budget are set out in Screen Australia's Terms of Trade.

The program can also provide post-production completion funding.

Assessment

Where there are insufficient funds to meet demand from eligible projects, Screen Australia will take the following considerations into account:

- strength of marketplace (ie. major territory; percentage level of advance);
- percentage and quantum of non-Screen Australia finance;
- balance between one-off programs and series; and
- diversity of slate.

In addition, starting with the November 2010 tranche, funds for the Domestic and International programs will be pooled. Preference will be given to International documentaries, but Screen Australia will assess all projects on their merits, taking into account:

- strength of proposal;
- production readiness, with all elements of production and finance plan in place;
- diversity of practitioners and broadcasters.

General considerations

Enhancement: Where a documentary producer indicates that there is a possibility for an enhancement (eg, feature-length version for television or extension into series), Screen Australia requires that an increase to the domestic licence fee be negotiated with the broadcaster and approved by Screen Australia prior to Screen Australia increasing its investment.

Budget notes: Marketing allowances (to be approved by Screen Australia) for incorporation into the production budget are:

- up to \$10,000 for Domestic Program documentaries
- up to \$15,000 for International Program projects.

Special Documentary Program

Screen Australia intends to apply part of its annual documentary funds for the production of documentaries with no requirement for market attachments.

The program can also provide post-production funds.

Application timing

Projects will be considered in one tranche. The application closing date is available on the Screen Australia website.

Eligibility

The Special Documentary Fund was established to allow filmmakers to make projects that sit outside the remit of the broadcasters. Projects that are bold in form and/or content, with a strong creative vision, are encouraged to apply. They can be local stories or international stories with Australian authorship.

A producer can apply with multiple projects, but each project must have a different director.

Investment decisions

Applications will be considered by a combination of Screen Australia executives and industry specialists as required. Screen Australia will advise applicants of the success or otherwise of their application, providing a written statement of reasons on request.

Screen Australia will take the following considerations into account when deciding whether to invest in projects under this program:

- The *creative team* responsible for the project (producer, director, writer) according to (i) track record – past successes, relevant experience and achievements (ii) their demonstrated creative, technical and managerial capacity to deliver the project
- The *script, treatment and project materials* according to (i) the strength and distinctiveness of the idea, (ii) the quality of the writing, and (iii) the script or treatment's readiness to proceed into production.
- The *creative potential* of a project according to (i) the creative team's vision for the film, and (ii) the proposed participants.
- *Audience potential* – the project's potential to reach its intended audience – according to (i) whether or not there is a clearly identified target audience for the film, (ii) the distribution strategy for Australia, (iii) where relevant, the international distribution strategy, and (iv) the cross platform strategy.
- *Project viability – budget and financing strategy* – according to (i) the viability of the proposed budget in relation to achieving the creative team's stated goals and vision for the project, (ii) the viability of the proposed financing structure and production schedule.

The level of Screen Australia's funding commitment will be determined taking into account the above considerations and the amount of funds available in Screen Australia's budget at the time.

Level of funding

The allocation for each project is expected to be in the vicinity of \$150,000 but, at the discretion of Screen Australia, may be up to \$300,000. Priority will be given to those projects which could be successfully completed within the available \$150,000–\$300,000 budget.

Where a project's budget reaches the eligibility threshold for the Producer Offset, arrangements with the producer will be negotiated on a case by case basis.

Note that for all documentary projects approved after 1 March 2010, Screen Australia funding of \$200,000 or under will be provided as a grant, rather than recoupable investment. See page 20.