



20 March 2012

Ruth Harley
CEO
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Email: ruth.harley@screenaustralia.gov.au

Dear Ruth

SPAA welcomes the opportunity to comment on the revised draft Production Investment Guidelines for Feature Film. Please note that because of the time constraints placed on industry organizations, the following response has been developed without broad consultation with the membership. We reserve the right to make further submissions before the 6th of April.

We respond here to the headline aims as outlined in the Screen Australia summary issued on the 6th of March 2012.

Letters of Interest

SPAA is confused as to the intention of these letters when they do not appear to carry any real authority when it comes to a firm commitment to SA funding. How will the letter attract equivalent or superior commitments without at least a percentage of the financial ask being a firm commitment. SPAA would like to see a "Letter" which offers a firm commitment of up to \$1 million of the potential SA commitment and taken from a pool of say \$10 million of annual funds with the balance of the project ask being regarded as "Interest" and assessed relative to the size of the total call on SA funds at the relevant Board meeting. If the finance plan is complete other than for the SA "Interest" component, and the "Interest" element is not forthcoming from SA then the project is rejected and allowed to resubmit when the balance has been found from another source or in another round of SA funding.

This should allow the market to take full advantage of Screen Australia's leverage and close deals much earlier. It does require a more dynamic management approach to SA's production investment portfolio but risk profiles can be developed based on the FCC's experience in this area.

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Board Processes

Notwithstanding the SA Board meeting on a more frequent basis, SPAA also feels that the CEO's <\$1 million delegation for production investment decisions could be used more dynamically in the above circumstances, especially where timing is a critical factor for the project. SPAA also submits that SA should consider forms of investment other than straight equity. Included here would be DGs.

Merged Development and Production Investment

If this leads to a faster turn around in applications and clearer lines of communication it is welcomed. The process does appear to be over-layered but we take the view that if this leads to an improved understanding of the linkages between development and investment it must be a good thing. However, SPAA is concerned that checks must be put in place to guard against inherent bias in favour of SA developed projects over externally developed projects and substantially funded projects.

External Consultants

SPAA's particular concern is with the external Feature Film Consultant. First, what are the qualifications of this external assessor? A script editor is not an appropriate person - we believe it needs to be someone who understands the market and can assess a project, including script, but also including all the elements you list as relevant to the selection process.

In SPAA's view, consistency is key in the committee being able to compare projects against each other. In effect, SA is not assessing what is a great project or not, but trying to determine what projects are creatively (and in terms of audience etc) ABOVE a certain line, such that you would reasonably expect there to be about 12 films per year hitting that mark. I.e. We would assume it's key for the committee and the Consultant to be across all the projects so that they have a real feel for how strong the projects across the board are, and that would be key in determining what projects are strong enough.

The previous process, where there were 2 consistent assessors, worked very well as they were across all projects. And the more projects they saw the better they became at knowing what should be approved. This takes a bit of time and experience across the full slate. You can't just come in blindly and 'assess' a project from the relevant other factors.

If the external Consultant is not one consistent person, we think this is problematic, as they won't be able to meaningfully get a sense of how a submitted project sits within the overall application standard. It really means they become someone to add thoughts to the committee, but the committee comprised of SA staff then becomes the key group to approve projects.

Previously, the 2 consultants were chosen specifically for this purpose, and they then reported to a committee comprising of Head of Development, Head of Investment and CEO (to my

knowledge). This seemed like a good balance as the 2 consultants provided some **diversity** of opinion (which is essential in this creative industry), but were overseen by the top SA staff who have great but differing skills and experience in assessing all the criteria.

SPAA reserves its position in relation to other matters in the draft guidelines.

Yours faithfully

A handwritten signature in blue ink, appearing to read "Geoff Brown". The signature is fluid and cursive, with the first name "Geoff" and the last name "Brown" clearly distinguishable.

Geoff Brown
Executive Director