



**FROM REEL TO UNREAL:
FUTURE OPPORTUNITIES FOR THE FILM, ANIMATION, SPECIAL
EFFECTS AND ELECTRONIC GAMES INDUSTRIES**

CHAIR'S TABLING STATEMENT – 21 JUNE 2004

Mr Speaker, on behalf of the Standing Committee on Communications, Information Technology and the Arts, I am pleased to present this report on the film, animation, special effects and electronic games industries.

In presenting the report, I would like to cover three of the report's main themes, namely:

- the need for Australian films to generate more audience appeal
- the benefits of developing and exploiting intellectual property, rather than relying on fee-for-service work
- some of these industries' future opportunities.

I will address these issues in turn.

One of the key themes during the inquiry was whether these industries should be pursuing cultural or business goals. Generally, the newer industries were more likely to have a business focus. Examples include digital production, electronic games and the Queensland film industry.

Apart from the economic benefits of a business focus, the Committee recognised that, the more people who view a film, the greater will be its cultural benefits, both within and outside Australia. It may seem unusual to some, but a pro-business approach will have cultural benefits.

Unfortunately, despite our 90s blockbusters such as *Strictly Ballroom*, *Shine* and *Babe*, Australian cinema recently has not captured the public's imagination. In 2003, there were no Australian films in the box office top 20.

The Committee, therefore, decided that there needs to be a greater focus in the film industry on audience appeal. One recommendation in the report is to improve script development. The Committee would also like to make the film agencies more accountable for the audience figures on projects to which they have given assistance.

Another theme of the report is that Australian firms can do more to exploit intellectual property.

The number one export in the US at the moment is copyright. Their film industry readily produces films in low cost countries like Australia and Canada, but retains the benefits of the intellectual property. Film production may be exciting and grab headlines, but the profits lie in distribution.

Our games industry, on the other hand, does great work in designing original games, but often sells its intellectual property to international publishers in return for development funding. The end result is that the lion's share of the returns on the intellectual property stays with the publisher.

To address this problem, the Committee's recommendations to the Government include:

- implementing an intellectual property strategy
- extending the film industry's tax breaks to the game industry

The report identifies a number of key opportunities. For example, in film, witnesses advised the Committee that co-productions are the source of greatest growth. The Committee has recommended the Australian Film Commission negotiate more co-production treaties with other nations.

Cross platform content is another promising area. For example, films can be spun off into games to make greater use of the same intellectual property. The Committee has recommended that the film agencies incorporate cross-platform content into their funding criteria. Further, the Government should promote meetings between the film and games industries to promote these spin-offs.

Finally, more and more production in these industries will be digitally based. This will accelerate the convergence of these industries as any one image or piece of sound will be easily used in different platforms. The Committee has recommended the establishment of a digital media incubator to harness these opportunities.

The Australian Government has already demonstrated its support for these industries. The 2004 Budget included an announcement that the 12.5 per cent refundable tax offset for film production will be extended to high budget television series.

I am hopeful that the Australian Government will continue this trend and implement the Committee's 42 recommendations.

I would like to thank the many individuals and organisations who helped make the inquiry a success, especially the people who gave their time to make a submission, attend a hearing or host the Committee on a visit of inspection.

I would also like to thank the members of the Committee, including the previous Chair, the Hon Christopher Pyne MP, (Member for Sturt), for their advice, comments and counsel during the inquiry.

The inquiry was conducted and concluded with input from all members that was constructive, committed, and in a spirit of goodwill.

I commend the report to the House.

Bob Baldwin MP
Chairman

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