



Film Inquiry Submission No. ...6.....
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MINISTER FOR COMMUNITY DEVELOPMENT, WOMEN'S INTERESTS,
SENIORS AND YOUTH; DISABILITY SERVICES; CULTURE AND THE ARTS

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The Secretary
House Of Representatives Standing Committee On Communications, Information
Technology And The Arts
Parliament House
CANBERRA ACT 2600

**SUBMISSION TO THE HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON
COMMUNICATIONS, INFORMATION TECHNOLOGY AND THE ARTS INQUIRY
INTO THE FUTURE OF THE AUSTRALIAN FILM, ANIMATION, SPECIAL EFFECTS
AND ELECTRONIC GAMES INDUSTRIES**

This submission addresses specifically the future of the Australian film industry with particular reference to Western Australia. It accompanies a separate submission prepared by the Film and Television Institute (FTI), a screen resource organisation based in Fremantle, Western Australia, which is supported by the Western Australian Government through its agency ScreenWest. The FTI is supported to establish and manage development programs in the areas covered by the Inquiry, particularly animation, special effects and electronic games. The FTI is therefore in the best position to comment on the future of these sectors in Western Australia.

Film and Television

a) Size and scale

The size of the independent film and television production sector in Australia in 2000, according to the Australian Film Commission and the Australian Bureau of Statistics, is

around A\$1.5 billion. This is generated by around 2,000 businesses making drama programs, documentaries, feature films, television commercials, corporate films, game shows, reality television and music videos.

On the face of it, these figures suggest a substantial industry. For comparison, however, the USA invested more than US\$10 billion (A\$15 – 18billion) in feature films alone in the same year, and a multiple of that in all formats combined. Global production of feature films is worth around US\$18 billion, with global production in all formats a multiple of that.

The “cultural” divisions of this industry are, primarily, feature films, television drama, documentary and music video – although this claim might be disputed by makers of other formats. Nonetheless it is these divisions, leaving aside music video, which receive the attention of Government assistance agencies and carry the burden of the cultural argument for production assistance in Australia. Production in these formats currently averages around \$525 million (based on the four years to 2002).

Western Australia’s share of this activity is 2-3 per cent.

Despite the huge disparities of scale and its geographical remoteness, Western Australia has developed a documentary production sector with an international reputation. This is largely based on the consistent work of a handful of companies over the past 10 years.

Western Australia also hosts the only conference in Australia dedicated to television production. This conference also has developed an international reputation and attracts prominent international delegates.

Key point: scale does not determine success in screen production, nor does location. The market is large and provides many opportunities for small companies and new entrants.

b) Economic, social and cultural benefits

The economic, social and cultural benefits of screen production have been well documented elsewhere, especially by the Australian Film Commission. From the Western Australian point of view, the social and cultural benefits particularly are magnified by the sense of remoteness often felt by its inhabitants – a sense of having to work harder than most to be noticed. Film, including television, is the world's most accessible and impactful creative medium. The socially reflective power of local screen production is one of the most important forces available for building and reinforcing social identity. There is a real sense in which a screen industry based only in Sydney and Melbourne cannot replace a local Western Australian industry, any more than a foreign (US) industry can replace a domestic Australian industry.

Key point: economic, social and cultural benefits are provided by local production in regional Australia as much as by a national industry to Australia as a whole.

c) Future opportunities for further growth

The development of advanced digital technologies, online interactivity and broadband do, and will, influence the development of film and television production and distribution. The processes of screen production are already becoming highly digitised. Exhibition is following suit, with the UK leading the way. The publicly funded British Film Council has announced a joint venture to establish a chain of digital cinemas across the UK that will place that country the forefront of digital cinema. Widespread distribution via broadband will follow the spread of digital cinemas. These developments will offer growth opportunities by increasing the options for cinema programming and reducing costs.

Broadband connections are being used in the post-production sector as well to make the post-production process more efficient. Broadband can eliminate the extensive use of couriers to deliver rushes from shooting locations to the post-production suite, and to deliver progress footage to end users. In this way, broadband can enable a Western Australian post-production house to compete for business with any in the region, if not the world.

The potentials for interactivity are widely acknowledge, particularly for television, but the scope and nature of possible services is not yet clear. Whatever form it takes, it represents new business opportunities for program makers.

Key point: the combination of digital technologies and broadband connectivity removes the barrier of distance from businesses in Western Australia and enables them to compete on merit. By bringing Western Australian companies closer to east coast companies the critical mass of the Australian production sector as a whole is effectively increased and its overall competitive position enhanced.

d) Current and likely future infrastructure needs

The most fundamental infrastructure need for the screen production industry in Western Australia is broadband connection (see point c). While broadband connectivity is available, the price is prohibitive. The accompanying FTI submission addresses this issue in greater detail in its discussion of a media hub, and the needs of the post-production sector for broadband connection have been described in detail by the FIBRE group in its submissions to the Advanced Networks Program (ANP) of the Federal Government's Building on IT Strengths (BITS) initiative.

Western Australia also needs production studio facilities. This need will be partly met by the new ABC studio currently being built. However, the studio is relatively small and best suited to some forms of television. A much larger studio space which includes advanced features such as a motion capture facility will eventually be needed if the industry is to

continue to develop its competitive advantages. This also is discussed in the FTI submission.

Western Australia currently lacks a film processing laboratory. The use of a laboratory on the east coast imposes additional costs on Western Australian productions. The move to digital technologies promises to reduce or even eliminate this disadvantage.

Key point: some infrastructure deficits have the potential to be addressed by restructuring the price of services, such as broadband connectivity.

e) Skills required for future growth and the capacity of the education and training system to meet these demands

There is a great deal of enthusiasm from potential new entrants to the industry and a variety of courses at tertiary level to cater for that demand. However, a development gap appears at the next level when graduates attempt to gain experience in production and subsequent employment in the industry. It is extremely difficult to gain experience without assistance from screen agencies in obtaining attachments to productions, and without finance for calling card productions that develop and showcase skills.

Despite the availability of cheap digital cameras and editing software and the explosion in no-budget filmmaking, today's filmmakers do not have the range of opportunities to gain

experience at a professional level that were once available in Australia. Historically, the ABC and Film Australia have been the major employers of new filmmakers. In the 1990s both organisations increasingly became commissioning bodies that outsourced program making, which curtailed their ability to provide on-the-job training. They still provide opportunities for independent filmmakers to supply programming, but a substantial institutional framework for lengthy apprenticeship is unavailable.

The FTI submission addresses education and training in more detail.

Key point: despite a large number of aspiring student filmmakers and tertiary courses, skill shortages in some areas exist caused by gaps in the professional development paths available to new practitioners.

f) Effectiveness of the existing linkages between these industries and the wider cultural and information technology sectors

Links between filmmakers and the wider cultural and information technology sectors are not strong. Filmmaking has a strong craft tradition that encourages filmmakers to think of their profession as unique and different. This can be seen in the guild structure of industrial organisation and associated employment practices. While there are practitioners whose work crosses boundaries, particularly between filmmaking and other cultural

practices, these are not generally seen as having much relevance for the mainstream industry.

On the IT side, the screen production industry is a client industry of the IT sector except at the highest organisational levels where global corporations embrace both technology and content. While future developments in interactive media may call for new types of content for new technological applications, interactive technologies have not yet become a major driver of film and television production.

Linkages between these sectors are perhaps more promising in the area of electronic gaming; for example in the development of simulation technologies. The FTI submission comments in more detail on this area.

Key point: linkages between film and television production and the wider cultural and information technology sectors, beyond simple client relationships and fringe arts practice, are still relatively un-developed at this stage.

g) How Australia's capabilities, including in education and training, can be best leveraged to maximise export and investment opportunities

Australia's export opportunities in film and television production derive from past successes and are based on continuing competitive advantage. This competitive

advantage is created by efficient production processes, the skill and resourcefulness of practitioners, relatively flexible work practices, high technological capability in certain areas, good facilities and infrastructure, and a generally pleasant physical and social environment that facilitates production.

It is promoted indirectly by association with high profile individual filmmakers and stars, and assisted by an under-valued local currency. These advantages combine to attract a significant share of footloose production that will locate wherever it is economically advantageous to do so, and outweigh the costs imposed by Australia's distance from the major markets of Europe, particularly the UK, and North America.

The best way to ensure continued success in the export of production services is to maintain and improve competitive advantage with judicious investment in the local production industry which builds competencies and infrastructure, and in the minimisation of barriers created by distance. The latter requires investment in broadband connectivity and associated technologies and their availability to the production sector at prices the industry can afford.

Key point: continued success in generating exports of production services depends on the maintenance of competitive advantage, particularly the combination of high quality personnel with flexible, cost effective production processes.

h) Whether any changes should be made to existing Government support programs to ensure they are aligned with the future opportunities and trends in these industries.

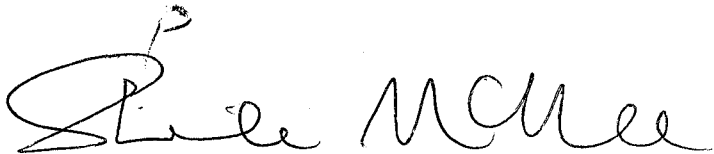
The general restriction common to Federal Government assistance that prevents or limits investment of assistance funds in capital items should be relaxed. The distinction between capital and other investment is not as useful as it may have been in the past or may still be in other sectors. The ability to expend assistance on capital items would allow and even encourage screen practitioners to stay in touch with new technological developments.

There is a need to distinguish funds for initiatives in new technology areas from current film assistance programs in the event that existing film agencies are expected to provide assistance in new areas. The core constituencies of existing agencies tend to be filmmakers operating in traditional film and television production businesses. There is a sense in which the agencies are felt to 'belong' to these filmmakers, often to the frustration of practitioners who work in crossover areas or new ways of filmmaking.

Because the film assistance agencies are historically tied to traditional filmmaking, it is difficult for them to allocate their scarce resources to new technologies and processes that may underpin the major business opportunities for the sector in the future.

Key point: film assistance should not be used to protect the production industry from forces that may keep them competitive in a changing future environment. For this reason they need to be allowed to be flexible in their assistance programs.

Yours sincerely

A handwritten signature in black ink, reading "Sheila McHale". The signature is written in a cursive style with a large initial "S" and "M".

Sheila McHale MLA

MINISTER FOR CULTURE AND THE ARTS

28 MAY 2008