



Film Inquiry
Submission No. 20.....

Monday 26th May, 2003

The Secretary
House of Representatives
Standing Committee on Communications, Information Technology and the Arts
Parliament House
Canberra ACT 2600

RE: INQUIRY INTO THE FUTURE OPPORTUNITIES FOR AUSTRALIA'S FILM,
ANIMATION, SPECIAL EFFECTS AND ELECTRONIC GAMES INDUSTRIES

Dear Sir

With reference to the above inquiry Cutting Edge Post would like to tender the following amended submission.

WHO IS CUTTING EDGE POST

Cutting Edge Post is Queensland's largest film and television post production facility employing approximately 90 people full time and the equivalent of over 40 additional fulltime people on a part time basis. We have facilities located in both Brisbane and on the Gold Coast opposite Warner Roadshow studios.

We cover almost all areas of Film and Television post production including telecine and data film transfer, Avid rental and off-line editing facilities, on-line facilities, 2D and 3D visual effects, animation and audio post production.

We are also Australia's largest post producer of reality TV shows with nine large shows completed for Australia, USA, UK and Germany.

Our sales income is roughly derived from Queensland (45%), the rest of Australia (15%) and international (40%) Some of our recent post production credits are:

- Peter Pan, Feature film; Produced by Universal, Sony, Revolution
- Inspector Gadget II, Feature film; Produced by Disney Features
- George of the Jungle 2; Feature Film, Produced by Disney Features
- The Great Raid; Feature film, Miramax
- Scooby Doo, Feature Film; Produced by Warner Brothers
- Blurred, Feature Film; Produced by Pictures in Paradise
- Lost World, TV Series, Seasons 1,2 and 3; Produced by Coote/Hayes
- Beastmaster, TV Series, Seasons 1,2 and 3; Produced by Coote/Hayes
- Big Brother, Reality TV Series, Seasons 1, 2 and 3 for Southern Star Endermol and Channel 10

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ANSWERING THE CATEGORIES

We have not answered all of the categories that the committee has outlined but only the ones we can offer some input.

(C) Future opportunities for further growth of these industries, including through the application of advanced digital technologies, online interactivity and broadband

I believe there is still a lot of potential opportunity for growth in all areas of the film and television production and post production industry. However this will be strongly affected by the government's position on rebates and incentives to attract international work to Australia.

Over the last 10 years I have had over 30 international trips trying to attract work to Australia, in particular to Queensland and Cutting Edge Post. During this period international competition has increased significantly and producers, production companies, studios and networks are finding it harder and harder to produce their productions on the budgets they have been allocated.

As a result almost always the first question we are asked when talking to a prospective producer about filming or producing a production in Australia is "what incentives are available to us?". Often this is the deciding factor of where the productions are made.

Canada was first to offer strong incentives and largely because of these they have been extremely successful in attracting over 80% of the USA "runaway productions" market. Since then other countries have had to follow suit to remain competitive.

Australia has always been regarded as very innovative with technology and Cutting Edge has had a number of Australian and world firsts when it comes to new technologies and processes but it is not technology that attracts the international work - it is the people that drive it. However without the technology you don't initially attract the good people or keep them if you don't continue to upgrade or stay current or ahead of new technologies.

We have proven this along with a number of other companies in Queensland by the fact that we have grown to the size we are and the fact that more than 50% of our work is from outside of our state and most of that from abroad.

However to continue to grow we need to be competitive as a country and without incentives we will find this harder and harder to achieve.

For more than 5 years we have been one of the largest users in Australia of high speed data lines. We were the first in the world to use "telestream" internationally which is now the industry benchmark system for sending encrypted vision and audio (media) around the world as Mpeg2 data files.

We also offer "Picture Pipe Line" which is an opposition system to telestream which is more expensive but uses faster lines and the data travels across a Virtual Private Network (VPN) which gives added speed and security.

However we are continually seeing more and more productions being driven by budget and there are still some productions that cannot afford the high cost of data (broadband) lines.

I believe if the price of data lines came down significantly we could cost effectively have permanent lines available to the USA enabling live communication during the production and post production phases.

A good example of how this would work would be the off-line editing of a production happening in Australia while a live high quality feed was fed into a designated

monitoring room in LA, with two way verbal and visual communication, similar to video conferencing.

This would keep producers and executives in permanent connection with the production in Australia as well as minimising expensive trips out here by those executives.

I have been told the Canadian government has heavily subsidised a commercial area in LA supplying a number of post production companies from Canada with low cost, high quality office space which they have fitted out as edit suites, colorgrading suites and audio mix rooms. These are linked by low cost fibre data lines to the parent company in Canada and the production team in LA can be involved in all the decision making process that are happening in Canada without leaving LA.

The feedback I have had is that this is working extremely well. In order for Australia to remain competitive we need to be able to offer the same.

(D) The current and likely infrastructure needs of these industries, including access to bandwidth

As above I strongly see the need to increase significantly the use of high speed fibre lines.

The world is becoming more global as a result of computers and connectivity. We are seeing people use the internet to send messages to people in the office next door or to someone on the other side of the world with the same ease and speed.

It is this level of flexibility that needs to be available to post production companies in Australia for professional use (sending high quality media) at a cost effective price to anywhere in the world but particularly the USA.

One of the biggest limitations to Australia when competing in LA for the runaway productions is the physical distance to get here, particularly at the moment with the global concerns with travelling.

If we were able to create a communication to the level the internet is being used with high quality vision and audio then this would go a long way to overcoming the concern the Americans have with distance to Australia. The technology is here now to do this but the costs associated with bandwidth is the biggest limitation.

(E) The skills required to facilitate future growth in these industries and the capacity of the education and training system to meet these demands;

Australia has a huge resource of natural talent just waiting to be tapped. This is evidenced by the global success we have had with international awards in many areas over the last few years, as well as the huge amount of young people trying to get a start in the industry.

Cutting Edge has a policy of trying to train as many junior staff as it can (as well as providing work experience for many more) in any given year.

In recent times when we have advertised for junior positions we have always received over 200 applicants of which at least half have the ability to get the job. Unfortunately we do not have the positions to offer them.

If we were able to attract more production to Australia I believe strongly that the post production industry would be more than able to handle the work load.

I have spoken to some American feature producers who have expressed concern about the amount of "A" level crews available in Australia. However I believe there

is more than enough depth in Australia to handle an increase in offshore productions even at the "A" level crew requirement level.

We saw this in Canada when the amount of work from the USA increased significantly almost overnight a number of years ago and there infrastructure was able to handle the work load. If they can do it, we definitely can do it.

(F) The effectiveness of the existing linkages between these industries and the wider cultural and information technology sectors;

There are existing linkages between all of the areas above but more realistically the games industry is considered almost a separate industry to the rest. However often individual artists and technicians can make the transition from one area to the other.

Film, animation and special effects can all be part of the same production and hence work closely together. At Cutting Edge Post we have artists who work some weeks on special effects and other weeks on animation.

(G) How Australia's capabilities in these industries, including in education and training, can be best leveraged to maximise export and investment opportunities;

"The Proof Is in The Pudding". The more production and opportunity we get into Australia the better we can sell ourselves internationally.

Australia has been extremely successful over the last 5 to 10 years in raising its profile to the level of being able to deliver the same level of production and post production as anyone in the world, including the USA.

Films like *Mission Impossible 2*, *Matrix*, and the *Star Wars* prequels and television like *Farscape*, *Beastmaster* and *The Lost World* are all evidence of this.

There are billions of dollars a year of "runaway productions" out of the USA and Australia over the last 10 years has only averaged 6% of that.

Largely by the use of government incentives and low cost data lines I believe it is possible to double and even triple this percentage. There are a lot of large productions that come to Australia but still take millions of dollars of work back to the USA, mainly in post production. If the incentives were more post production based and with the use of low cost data lines I believe a lot of this post production work would stay in Australia.

The flow on effect with this will be more opportunities for young Australians and in turn we will see more training opportunities.

The film and television industry is a passionate and glamour industry. It has been my experience that there are a lot of people out there who would love to work in the industry if they were given the opportunity.

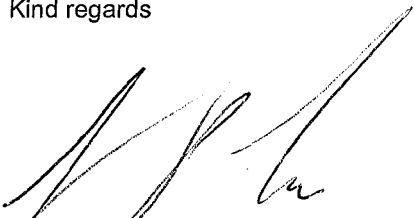
(H) Whether any changes should be made to existing government support programs to ensure they are aligned with the future opportunities and trends in these industries.

Government incentives have become the norm in this industry as there is clear and historical economic data which proves the incentives result in increased economic activity and jobs which make incentives a very worthwhile investment.

The countries that continue to offer incentives are winning the majority of work out of the USA. Canada 80%, UK 6%, and Australia make up well over 90% of the "runaway productions".

Canada has the strongest incentives and as a result has attracted by far the largest percentage of this work. (Their proximity to the USA and the fact they got in first are also strong draw cards) For us to compete we need to increase the incentives to continue to attract and grow our industry. We have the resources, we have the people, we have the ability, all we need is the work.

Kind regards



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