

30 June 2003

Film Inquiry Submission No. 57

SUBMISSION TO THE HOUSE OF
REPRESENTATIVES STANDING COMMITTEE
ON COMMUNICATIONS INFORMATION
TECHNOLOGY & THE ARTS
INQUIRY INTO AUSTRALIA'S FILM
AND ELECTRONIC GAMES INDUSTRIES

PREPARED BY: MR. JAMES R. MITCHELL
ALLANBANK INTERNATIONAL
PO BOX 632
WAHROONGA NSW 2076
TELEPHONE: +61 2 9487 4885/0419 266 959
EMAIL: ACIMEDIA@OZEMAIL.COM.AU

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Introduction

The following submission is intended to minimise government interference, render more effective those government support systems that are needed, open up the bureaucratised public sector operations to genuine competition, spread risks with the private sector, increase jobs, expand exports and permit feature film and television program production to grow.

Senator the Hon. Richard Alston, with timely foresight, is to be heartily congratulated for requesting the Committee's first inquiry **"into the future opportunities for Australia's film industry"**.

However before starting it is very important that the Committee is aware that the downturn in film and television production, which began 18 months ago, has deepened.

Ms Pat Rubie, who runs Top Technicians, Australia's largest booking agency for film and television crafts, describes the first six months of this year as "catastrophic." She estimates half of those on her books have found regular work this year, compared with the usual average of two-thirds.

According to the Australian Film Commission, only the seven-hour U.K. kids video "Jeopardy" lensed here in the year ending 30 June, compared with 33 hours of foreign series in the previous year.

The total spend of foreign television productions (the rest were telemovies and one mini-series, "Salem's Lot") was just US\$11.7 million, down from the previous year's US\$17 million.

The current crisis, which is merely the latest in a long , sorry series of crises, starting with the sudden and sharp fall in production in 1912, and

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several years before Hollywood gained primacy in world production and distribution, is a crisis of parochial small-mindedness and mediocre aspirations hiding behind a concept of strengthening Australia's cultural identity (a somewhat arbitrary and subjective bureaucratic solution for economic development in an extremely competitive international business) reinforced by local content rules, an old-fashioned welfare program of import replacement, introduced in 1961.

The **most important figures** in the early production industry, the men with vision, were the **entrepreneurs**.

Their rivalry in exploring the possibilities of film showmanship stimulated a healthy climate of ingenuity and enthusiasm in production as well as exhibition, and the rapid development of the **commercial** uses of film in Australia owed much to them.

What is needed most is a more activist Government approach to encourage those **experienced and talented** men and women (mostly working overseas) whose spirit of defiance and inspiration and Australian confidence will permit our artistic and commercial potential to be fully realised.

The film business is more than glitz and glamour. It is a key economic sector which is emerging at the heart of the new multi-media universe.

Media and entertainment have moved beyond culture to become the driving force of the global economy.

A failure to achieve reform could reduce Australia's relevance and ability to compete with other countries to attract international capital and investment in film and television production and distribution.

America, the springboard of globalisation, was the first country to realise how greatly its exports, and therefore its entire economy, depends upon its trade in intellectual property.

In focusing on creative issues it is important that the Committee start with a couple of basics. First, creativity is not the same as "intelligence."

Creativity involves the ability to synthesise; sifting through data, perceptions and materials to come up with combinations that are *new and useful*. Creativity requires self-assurance and the ability to take risks. Small wonder that the creative ethos marks a strong departure from the conformist ethos of the past. Creative work in fact is often downright *subversive*, since it disrupts existing patterns of thought and life.

Yet creativity is not the province of a few select geniuses who can get away with breaking the mould because superhuman talents. It is a capacity inherent to varying degrees in virtually all people.

Creativity is multidimensional and experiential. The psychologist Dean Keith Simonton, a leading scholar in the field, writes, "creativity is favoured by an intellect that has been enriched with diverse experiences and perspectives." Thus, the varied forms of creativity that we typically see as different from one another, - technological creativity (or invention), economic creativity (entrepreneurship), and artistic and cultural creativity, are in fact deeply interrelated. Not only do they share a common thought process, they reinforce each other through cross-fertilisation and mutual stimulation. See **Origins of Genius**, by Dean Keith Simonton, Oxford University Press, 1999.

Stimulating and glamorous as it may sometimes be, creativity is in fact work.

However, creativity flourishes best in a unique kind of social environment: one that is stable enough to allow continuity of effort, yet diverse and broad-minded enough to nourish creativity in all its subversive forms. Simonton (above) found that creativity flourishes in places and times marked by four characteristics: "domain activity, intellectual receptiveness, ethnic diversity, and political openness."

Thus a continued outpouring of creativity cannot and should not be taken for granted.

Sustaining it over long periods is not automatic, but requires constant attention to and investment in both the economic and social forms that feed the creative impulse. All the more reason to inquire into the future of Australia's film industry so that we can better understand the failure of the Australian Film Commission and the Film Finance Corporation to establish a sustainable film and television production sector capable of competing successfully in the international marketplace.

Although creativity is largely driven by intrinsic rewards, Mr David Gonski, in his Review of Commonwealth Assistance to the Film Industry, January 1997, strongly recommended that "if the industry is to grow, to mature and to reach its potential, it will need to attract increased private investment."

Here's the paradox for Australia: worldwide demand for films has never been stronger. Yet our ability to cash in on that demand remains as weak as it was two decades ago. The audience has grown. But much of our film production sector has failed to respond to that demand.

It is now time to reconsider the Commonwealth's support policies to ensure that private sector investment in Australian films and television continues to have a future.

Background

A report by the House Standing Committee on the Environment, Recreation and the Arts (1987-1998) on the **'Moving Picture's Inquiry'** Parliamentary Paper 162/92 which was tabled 25th June 1992 should be referred to as the only report to Parliament since 1972 for background information.

***"For most countries around the world
a successful movie, is a profitable movie."***

"The Big Picture"

BBC/ABC Television, 14th May 2003.

"Very few (Australian) films have returned a profit. But remember, the primary reason for government subsidies is cultural."

Ms Maureen Barron, Chair, Australian Film Commission
Taipei Film Festival, March 2003.

"Australia's key financier the government's Film Finance Corporation has sunk coin into 158 films in 14 years; eight have returned a profit."

"Market Report"

Variety May 5 -11, 2003.

It was however more than a little irritating and frustrating to find that reports such as **"The Moving Image"** do not emphasise the Commonwealth Government's original commitment to supporting the re-establishment of "a local industry producing motion pictures and television programmes **capable of competing successfully in the international marketplace.**"

There also appears to be great confusion in the use of the terminology to describe the activities of the film production sector; for example comparing *cultural* film production with film as a *commercial* enterprise dominated by big integrated international media corporations.

It is important that members of the Committee appreciate that there is a big difference between **distribution-led** films made for entertainment and commercial theatrical release capable of competing successfully in the US\$60 billion world market (estimated to grow to US\$ 93 billion in 2005) and **production-pushed** films made to fulfil national "cultural" objectives.

Also seriously lacking is a commercial focus within the numerous special interest groups. This includes the Australian Film Commission the bureaucracy and the government in their efforts to foster support for both *cultural production* **and** *commercial strategies* to build a sustainable and growing Australian film and television production sector.

"Australian films took only 4.9% or A\$41.8 million of the total A\$844.8 million gross box office for 2002, compared to 7.8% in 2001 and 8.0% in 2000."

"Local market slips (again) for Australian films."
Screen Daily, 30 January 2003.

However, there was nothing particularly Australian about what films Australian cinemagoers wanted to see. I'm therefore not sure what the Committee Chair meant when he said in his press release (15 April 2003) that **"in world terms we punch way above our weight"?**

It was also disappointing to find during background research for this submission that through the many changes in the name of the Committee (the web site only goes back to 1972) the Arts seem to be tacked onto more politically sensitive portfolios such as the Environment, suggesting the Parliament is still not confident or cognisant of the important role the Arts play in Australian society.

I strongly recommend that a new Standing Committee be established on Innovation, Creativity and the Entertainment.

This will place the Arts into a bigger, less parochial context, to highlight just how strategically important the Arts are to a **knowledge economy** in which success is **not** about technology, government, management or even power; **it is all about self-motivated creative people (scientists, artists, entrepreneurs, venture capitalists) and their dynamic and emergent patterns of relationships.**

I'm confident you have been made aware that the Strategic Council on Intellectual Property, an advisory body to the **Japanese Ministry of Economy, Trade and Industry, has recently released a report calling for more active government support of content businesses, including the film industry.** See Screen Daily, 20th June 2003. A final report, together with a detailed action plan, will be issued on 8th July.

Although I appreciate that the focus of this inquiry will be on "creative and technological" issues and that the Committee is not seeking submissions that raise issues which relate to the Commonwealth's taxation treatment or funding, of the film industry.....one is still tempted to ask **"Where is the money coming from?"**

I would remind the Committee of the critical importance of what Richard Florida, author of "***The Rise of the Creative Class***" (2002), calls the **"social structure of creativity"** needed to support the growing role of creativity in our economy, comprising (1) an extensive venture capital network that accelerates the process of new company formation (entrepreneurship) and commercial innovation, (2) new and more effective models for producing goods and services (technological change and the resources to pay for it) and most important (3) a broad social cultural and geographic milieu conducive to creativity of all sorts. Only in the area of film making equipment supplied by foreign companies such as Deluxe and Panavision is Australia competitive. *(Richard Florida is Professor of Regional Development, Carnegie Mellon University in the US.)*

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As a nation we are slowly coming to recognise that our love affair with sport is cooling due in no small way to **“Australia’s yobbish elite sportsmen inspiring a generation of sore loser and bad sports with young players even taught how to taunt their rivals”**

“Raising a nation of sore losers”

Sunday Telegraph, 18 May 2003.

It is vitally important to now note that **“more Australians attended the Arts that sporting events”**

12th Annual Sweeney Arts Report

Australian Financial Review 15th May 2003.

I strongly suggest an overdue redesign of the Commonwealth’s support policies for the film production sector, now in a marked but masked crisis driven by vested interests.

Because this is the Committee’s first opportunity *“to scrutinise government activity”* I will first challenge the many misconceptions contained in the Information Paper attached to the Terms of Reference, the Chairman’s Media Release and the “Report of the Moving Pictures Inquiry” (1992).

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Overview

Again, because the Committee has no corporate memory of the history of the film production sector in Australia, they will find they are relying on information principally provided by the Australian Film Commission. This is information which may be misleading to those not familiar with the sector; a short overview is now needed.

When was the last time you paid to see an Australian feature film at a commercial theatre/cinema?

I ask this because a recent study by Ms Jane Mills, Associate Senior Research Fellow at the Australian Film, Television and Radio School, found that many people couldn't actually recall when they last saw one, adding: **"When I go out on a date, I want a good time. It's too risky to choose an Australian film."**

"The trouble with local film is local film-makers,"
Sydney Morning Herald, 22nd October 2001.

I respectfully suggest to Senator Richard Alston, and his senior arts adviser that Australia does **not** have a "film *industry*" nor does Australia have a separate animation, special effects, or electronic games "industry", **but rather scattered pockets of small individual enterprises which endeavour to eke out a living from one year (or week) to the next.**

Again, the constant reference to "cultural industries" and "cultural workers" in government reports by public servants reminds me of young cadres yearning for a time when a "worker's collective" would decide which films would be made without any understanding/experience of the dynamics and requirements of an internationally competitive filmed entertainment marketplace.

"Culture" is a consequence of commercial activity not a prerequisite for creating an ideal world in which privileged public officials allocate jobs to the deserving few who are then caught in a "subsidy trap" at the expense of independent economic development.

Again, the Film Finance Corporation's mission to "strengthen Australia's cultural identity" seems almost like an excuse, in a very competitive marketplace, to stay at home and continue delivering small parochial "Australian" films to an ever decreasing audience both here and overseas. Les Murray described Australian identity as an obsession **"which cripples the spiritual energies"**. Donald Horne said that there never had been and never would be **"something called the Australian national identity"**. He believes Australian society is "distinctive but diverse".

"Mate, You're a LEGEND"

The Sydney Morning Herald, 17th May 2003.

The recent campaign to protect Australian television producers (not feature films) from the American aggressor is seriously outdated with the European Film Councils **"calling for a clearer definition of the rationale for government support, arguing that support cannot be confined only to so-called cultural films – as all films are both a commercial venture and a cultural expression,"**

See attached *"European film councils make joint declaration on funding"*

Screen Daily, 18 March 2003.

Also see *"Canada pursues commerce over culture"*

Screen Daily, 28 February 2003.

Leaders of Australia's four top cultural organisations have written to Mr. Howard seeking assurances Australia's cultural agenda will not be watered down during the current free trade negotiations.

"Our unique local content should be vigorously defended," they wrote.

The Weekend Australian
May 24-25, 2003.

In Australia, *animation* is dominated by Disney Entertainment (with 200 employees) and Yoram Gross which is 50% owned by EM-TV of Germany. The *major* special effects companies such as Animal Logic are all experiencing financial difficulties due to a critical downturn in foreign production in Australia.

Electronic games, as they develop, will become first, a major merchandising opportunity and revenue stream for motion pictures, just as television was absorbed into the motion picture industry, and then, as an important and distinct sector of the entertainment economy.

See attached "*Computer fictions*"
Prospect, March 2003.

For example, the company which produced **Enter the Matrix** computer game, production budget US\$ 20 million, said it had sold more than one million copies one week after its launch in the US and Europe, underscoring the game industry's attempt to score hits through tie-ins with Hollywood movies.

See attached "*Infogames reloads for game success*"
Australian Financial Review, 27th May 2003.

The Irish star, actor **Gabriel Byrne** who was in Queensland shooting his latest movie said in an interview last year "**that anyone who talks about an Australian film industry in just *deluded***".

Local film maker **Al Clark**, who was producer on Australian hits **Chopper** and **The Adventures of Pricilla Queen of the Desert**, agrees that the term "film industry" has been abused here. "**Hollywood is an industry, Bollywood is an industry**" he said.

See attached "*Delusion of film industry in Australia*"
Sydney Morning Herald. 2 April 2002.

Mega mergers in Hollywood and the latest Government initiatives in Europe, South Africa and the Asia-Pacific Region, **including Fiji** herald a new era in the film *business*.

See attached "*Fiji opens an LA office in advance of location tax breaks*"
Screen Daily, 7 February 2003.

Within the past two months an Australian company had been negotiating with an American producer currently in pre-production in Fiji for three major motion pictures with total budgets of US\$90 million. The American producer emailed a colleague of mine as recently as 30 April that "Australia would have been our preferred choice but we cannot go past the tax (150%) and location incentives that Fiji offers."

The major Studios; Walt Disney Company, Sony Pictures Entertainment Inc., Metro-Goldwyn Meyer Inc., Paramount Pictures Corporation, Universal Studios Inc., and Warner Bros. and their subsidiaries including Sony Pictures Classics, Fox Searchlight, New Line, Miramax etc.(the Motion Picture Association of America) are becoming 'nation-states' – This is serious global business..... whereas the filmed entertainment business in Australia is disappearing into a cultural ghetto.

The majors were built by native Europeans and have always been highly dependent on European talent and revenues. The United States independent film makers finance their films through pre-sales to Europe,(now becoming more difficult) and many of the leading producers are native Europeans who have relocated to the movie colony Of the 449 new films released in the US in 2002, 229 were by non MPAA members.

Europe has always been the 'hidden' half of the American film equation.

Quotas and subsidies have herded Australian film making into a cultural ghetto from which it is very difficult to conduct rational debate.

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Please note **"If we lose the fight for local content, we will lose our industry"**

Steve Smith, President, Screen Producers Association, **Variety, 8th May 2003.**

While American film makers thrive on high risk free-market capitalism, Australia's film makers are enmeshed in political straight jackets designed to defend the 'national interest.'

This is a debate the Committee must have, to decide on the right balance between a greater and equalising role for government (classic social democratic theory) weighting policy away from individual entrepreneurial responsibility and towards the provision of government subsidies and protection.

According to Brian Rosen, Chief Executive, Film Finance Corporation of Australia **"70%-80% of our financing is direct government subsidy. We will always need some subsidy but those that don't ask what is wrong with those figures, are living in Disneyland."**

See attached "Australia's FFC Chief outlines new funding model"

Screen Daily, 12 May 2003.

I am seriously concerned that the information provided by the Australian Film Commission does not create any confusion, misunderstandings, or misconceptions about the present state of the film making sector particularly the statement that **"In 2001/2002, 39 feature films and 49 TV drama programs were made in Australia."**

As the Committee will learn, the AFC's definition of a "feature film" is a film 60 minutes long, whereas the accepted international industry definition is; "the principal attraction playing in a movie theatre; **a full length dramatic film** (not documentaries or film shorts) **made for entertainment and commercial theatrical release.**

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Feature-length made-for-television films or tapes are often referred to as TV films, movies-of-the-week or TV specials and may have a longer running time than the typical ninety (90) to one hundred twenty (120) minutes of a feature film.”

See "*Film Finance and Distribution, a Dictionary of Terms*" by John W. Cones
Silman-James Press, Los Angeles, 1992.

The AFC web-site identifies thirty (30) Australian feature films, two (2) co-productions and seven (7) foreign films made in 2001/2002 at www.afc.gov.au/resources.

Of the thirty (30) Australian features produced in 2001/2002 only six (6) were made with budgets greater than A\$6.0 million, which is now considered the absolute minimum for a film seeking commercial international theatrical distribution/release (*most overseas independent films are now made in the US\$ 5-10 million range*).

I have no way of knowing if any of the six Australian films were made primarily for television release. The remaining twenty four (24) low budget films would be more usefully classified as "cultural film productions", i.e. special assistance to young, talented film-makers.

Here is the paradox of our film-making sector: worldwide demand for film has never been stronger. Yet our ability to cash in on that demand remains almost as weak as it was two decades ago. The audience has grown. But much of our film production sector has failed to respond to that growth.

The proactive support of the Federal Government has been vital to bringing about desired structural changes to resurrect the film production sector's viability. The sector's maturity has been recognised around the world for its excitement, energy, courage and artistic integrity.

**The Entertainment/Knowledge *Economy* is now
termed the "Experience Economy"
It builds globally on the origins of intellectual capital.**

It is presently leading the way through and into a massive post 9/11 transition that is affecting everyone around the world. Australia's market share is now under direct threat from an inwardly fixed, myopic sector which does not have the capacity, the trade agreements or the local support to expand.

What other information has the AFC provided/prepared which the Committee will be relying on, and which may be open to different interpretations?

The limitations on the growth and development of the Australian feature film production sector are firstly:

the local market is too small,
the production costs too high for any but the most lucky or imaginative films to provide a satisfactory return in Australia alone, and secondly, the difficulty in developing continuing and lucrative export markets.

Into the foreseeable and quantifiable future, the film production sector will demand continuing Government assistance:

- ◆ to finance project development,
- ◆ to stimulate production investment through the provision of tax incentives,
- ◆ to increase exports
- ◆ to create employment
- ◆ to undertake training and
- ◆ to provide comprehensive information and economic analysis as a prerequisite of better decision-making on investment, production and marketing/distribution.

While acknowledging the importance of the benefits provided by the Commonwealth Government, the present policies need to be modified to strengthen the film production sector's ability to withstand increasing international competition and technical advances that alter competition.

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For vital background information on the changing international marketplace see attached speech by Sir Alan Parker, Chairman, UK Film Council, **“Building a Sustainable UK Film Industry”, 5th November, 2002.**

The present difficulties for the feature film sector have a number of basic causes:

- ◆ Producers, aspiring writers, directors, filmmakers, government officials and others are conveniently forgetting that the original Federal Government commitment was on the proviso **“that the film industry be firmly established on the basis of short-term help from the Government leading to an independent self-financing industry.”**

“A History of the Australian Film Industry with Emphasis Upon The Recent Revival” (1979)

Prepared by the Education and Welfare Group, Legislative Research Service
The Parliament of Australia.

- ◆ Again, the Federal Government was concerned to:
“encourage the production and distribution of Australian films of high quality. I should perhaps say, Mr Speaker, that when I refer to films of high quality I do not confine my meaning to films of technical excellence or those with an artistic content which would win a festival award, but be commercially successful. The (Australian Film Development) Corporation will seek to encourage the production of films which are box office successes and which have those excellences of production and presentation which justify the description of high quality.”

Prime Minister John Gorton, House of Representatives, 5th March 1970.

- ◆ The Tariff Board Report, *“Motion Picture Films and Television Programmes”* on 30 June 1973 stated that:
“The local market is too small and the costs of production too high to provide a satisfactory return on the funds expended in producing films in Australia and so far no satisfactory continuing export markets have been found.”

- ◆ In their controversial report "*Towards a More Effective Commission -the AFC in the 1980's*," Peat Marwick Mitchell Services, 1979, stated that:
"Australian films now compete on equal terms with foreign products rather than having a preferred position in the minds of the cinema going public."

and that:

"The economics of the cinema exhibition industry are attuned closely to audience volumes. High break-even levels for modern cinema complexes make cinema chains reliant on high grossing films and willing to terminate, quickly, those films which cannot cover house costs."

- ◆ **It is within this competitive market sensitive environment that Australian films must compete.**

Ibid.

- ◆ There has been a failure by the Australian Film Commission to implement the first recommendation by Peat Marwick Mitchell **"to encourage the continued growth, maturing and self-sufficiency of the Australian Film industry by orientating its towards participation in the "global market."**

Ibid.

- ◆ There is a **"lack of statistical information on the value of the income (profit) generated by the film industry."**

"The Structure and Operation of the Film Industry in Australia"

Kirsten Schou

Australian Film and Television School, 1982.

- ◆ There has been a failure by the industry to become more business-like, more realistic and more responsive to the market-place.
- ◆ In this business, film-makers have to understand that it is a commercial enterprise; it is not "*show-show*" it is called "*show-business*".

"The Big Picture" Peter Guber, Mandalay Films

BBC/ABC Television, 14th May 2003.

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- ◆ What has been termed the "ABC mentality", i.e. a bureaucratic approach to fostering film production has left a negative legacy in the current dynamics of the industry which has to compete successfully in the international market-place if it is to survive and grow.
- ◆ It is time to grasp the nettle, that the economic reality of producing feature films in Australia with average budgets over A\$5 million is that it is inherently a high risk activity better left to private interests.
- ◆ The Tariff Board, in recommending the establishment of the Australian Film Commission, sought to realise its objectives by minimising restraints and maximising the opportunities for what might be termed '*free enterprise in cultural and artistic endeavour*' within a context of commercial freedom provided by genuine competition.
- ◆ The Board also rejected the notion of restrictions of various kinds to overcome the problem of producing films which have a 'reasonable chance of being successful' because '**restrictions almost invariably seem to distort both artistic endeavour and commercial practices**'.
- ◆ Again the Board suggested 'that the use of restrictions in a field of endeavour involving so many *important subjective factors* is both arbitrary and difficult to implement because of the problem of defining what should and should not be done and, the dangers inherent in giving administrators the power to decide.' Compare the current role of the Department of Communications, Information Technology and the Arts in qualifying eligible Australian films for taxation purposes.

The "industry" has now reached an exceptionally crucial point.

We are at a crossroad.

The decisions which the Federal Government will make over the next several months could well condemn the Australian film production sector to remain in an era of **parochialism** while experienced and talented actors, directors and technicians drift overseas in search of new challenges and employment, a process which has already begun and threatens to become a stampede. This is the current trend and the continuing fear.

The alternative is to quickly establish *guidelines* to enable Australia to become a healthy vigorous and commercially viable part of the "international film industry".

If the *Australian film business* is to realise its artistic and commercial potential, **it must be able to do so in co-operation with the rest of the world without being restricted by vested interests groups** who have over the past few years come to dominate the film production sector and are now stifling its economic development and growth.

Britain must achieve a "**creative duality.**"

Steve Morrison, Ex- CEO Granada,
pending CEO, Chrysalis Organisation, UK.

To support our artistic and creative talent, we require a true industry, one which will feed, clothe, nurture and transform our creative and business enterprises. For example, during the Moving Pictures Inquiry, the funding of the co-production of Peter Weir's *Green Card* (1990) attracted criticism on the basis that it does not reflect Australian cultural values (p.68). **Peter Weir, *Picnic at Hanging Rock* (1975), *Gallipoli* (1981), *The Year of Living Dangerously* (1982) has not made another film since in Australia.**

As the global economic community continues to develop beyond traditional geographic boundaries expanding film markets and mediums are broadening the potential of motion pictures to produce significant revenue streams. Technological developments in movie production, distribution and presentation have brought the industry to the verge of dramatic revolution.

Not since the beginning of cinema at the turn of the 20th Century has there been such an overwhelming sense of new and developing opportunities in the global film industry.

There is a wave of optimism that is hard to ignore and very sadly reflected through Australian eyes.

How does the Australian film business measure our success?

Critical?

Financial?

Artistic?

“You are not making a film for yourself in a dark screening room somewhere. You are making a film for a commercial audience. If that is not your intention, you should be in another business; you maybe should be a poet or something.”

“The Big Picture” Peter Guber, Mandalay Films
BBC/ABC Television, 14th May 2003.

A commercial audience is also a satisfied audience; one which believes a night out is worth the cost.

“When I go out on a date, I want a good time. It’s too risky to choose an Australian film.”

See attached *“The trouble with local films Is local film-makers,”*
Sydney Morning Herald, 22nd October 2001.

“America dominates a medium once a point of strength for France. Why has the continent slipped? Mostly, it neglected the audience.”

See attached *“Cinema: Ticket for One”*
Forbes Global, April 28, 2003.

With the talent which has now developed in Australia, the Australian industry could in due course become a strong part of this mainstream international industry, with Australian films achieving international distribution for an international audience and market share.

Otherwise, our finest films will tend to find their way into art cinemas for special interest audiences. In the US, they generally view our films in the 'foreign film' art houses.

I expect the Committee to recommend a long overdue and much needed assessment of the role of the Australian Film Commission and the Government's 'whole of industry' policy objectives in addressing the huge problems facing the industry, not the least being the high failure rate of Australian feature films.

The Information and Entertainment Revolution is indeed *Multi* - media.... it is interconnected and vertically integrated in every respect through content/IP, production, distribution and marketing.

As a first step, it is recommended that a major review of all Federal Government policies and Commonwealth legislation, covering the motion picture and television program production sector ensuring that the "whole of industry" Government policies are coordinated, free of duplication and wastefulness.

The industry is covered by the following legislation:

- Administrative Appeals Tribunal Act
- Conciliation and Arbitration Act
- Copyright Act
- Customs Act

- Trade Practices Act
- Companies Act
- Industries Assistance Commission Act
- Broadcasting and Television Act
- Australian Council Act
- Australian Bicentennial Authority Act
- Australian Film and Television School Act
- Australian Film Commission Act
- National Library Act
- Export Expansion Grants Act
- Export Market Development Grants Act
- Income Tax Assessment Act
- Income Tax (Film Royalties) Act
- Sales Tax Acts

Plus various departmental policies covering:

- Education and film/media studies
- Immigration and the importation of overseas creative and technical personnel
- Statistical information (or rather the lack of) and the Bureau of Statistics
- All forms of protection
- Film Censorship Board
- Film Board of Review
- Intellectual Property - Attorney-General's Department
- Australian Broadcasting Corporation
- Australian Broadcasting Tribunal
- Special Broadcasting Service
- Australian National Commission for UNESCO
- Film Festivals & Foreign Affairs/Trade Consulates
- Film Australia
- National Film and Sound Archive
- Austrade

Recommendations

I recommend that the following be given serious consideration:

1. That the Auditor-General be requested to conduct an audit of the Australian Film Commission (AFC) and report to Parliament on reasons for the Commission's failure to implement the Commonwealth Government's policy to establish a sustainable film production sector; and to:
 - ◆ evaluate the effectiveness of the procedures and policies of the AFC; assess present trends within the international filmed entertainment industry and their implications for the future roles of the AFC;
 - ◆ develop recommendations for the *future development of the Australian film production sector* and the roles of the AFC;
 - ◆ determine if the AFC is implementing policy in accordance with the aims and objectives of the Australian Film Commission Act.
2. That the Productivity Commission undertake the major review of assistance to the production of motion picture films and television programmes recommended by the Tariff Board Report on "Motion Picture Films and Television Programmes" in 1973.
3. That the Committee maintain a continuing brief including regular consultations with the film community on the needs and requirements of a creatively *viable and prosperous* Australian motion picture and television production/distribution sector over the next 10 years, with special reference to:
 - ◆ The scale of production in the light of markets at home and abroad bearing in mind future technological developments.

- ◆ The associated financial needs and resources.
 - ◆ The organizational implications of conclusions, including the relationship of the film sector with its sources of finance and the relations between the sector and Government.
 - ◆ The fundamental social impact caused by the growing role of creativity in our economy.
4. That an assessment of the role and operation and financing of the Australian Film, Radio and Television School be undertaken to ensure that it is responsive to the needs of the sector over the next decade. See attached information on the **Media Business School in Spain for a European market**. There are, as far as I know, no equivalent courses in Australia which may go some way to explaining Australia's lack of commercial success in an international business willing to pay for quality films.
 5. That the Committee continue to reinforce the role of the Australian Broadcasting Corporation as our central "cultural" institution by encouraging creative competition in talent and ideas by foreshadowing further amendments to the Broadcasting and Television Act requiring the Corporation to further increase the use of independent (outside) companies in the production of television programmes and feature films, and to increase the purchase of quality, independently produced Australian feature films, television series and documentaries.
 6. That the Committee recommend that the Commonwealth Government require **all** film and video-tape/digital production sponsored by Government departments and agencies to be co-ordinated through a re-structured Film Australia and contracted out to independent film production and service companies.

7. That the Australian Film Commission initiate and finalise *co-production agreements* with **India, China, North Korea, Japan, ASEAN** and **Fiji** as soon as possible.
8. That any recommendation regarding any re-assessment of the tax concessions for the film and television production sector ensures that the investment incentives are linked to the ultimate commercial viability of an internationally orientated industry.
9. That the Australian Film Commission introduce an annual analysis of all feature films made in Australia since 1969 showing the year of production; budget; gauge 16mm or 35mm; length; release date; returns to investors and a projected return on investment and a percentage breakdown of both Federal and State Government funds invested in each film.

The opportunity still exists for us to provide popular Australian film culture on an international basis, but we have to take steps immediately if we are to avoid coming to an artistic and commercial dead-end in the very near future.

The Australian commercial "outward looking" business sector and the creative cultural arts sector need to work in concert with the one aim...to create a viable thriving innovative country. They are not separate entities. If we support each other we all will succeed and grow as one.