



Film Inquiry  
Submission No. ...5.....

**Submission by the Northern Territory Government to the  
Inquiry into the future opportunities for Australia's film,  
animation, special effects and electronic games industries  
by the House of Representatives Standing Committee on  
Communications, Information Technology and the Arts**

**May 2003**



The Northern Territory Government's comments against the Inquiry terms of reference are as follows:

**(a) the current size and scale of Australia's film, animation, special effects and electronic games industries;**

The film and television production industry is of particular interest to the Northern Territory. In recognition of the industry's size and capacity for growth, the Northern Territory has recently completed wide ranging industry consultation to develop a Film Strategy and the possible establishment of Northern Territory Film Office.

In general terms, the Northern Territory believes a strong film, animation, special effects and electronic games industry in the Territory is important both in supporting a growing industry sector and enhancing the Information and Communication Technology (ICT) infrastructure of the Territory.

The Northern Territory Film, Television and New Media Industries, in comparison with other jurisdictions, are relatively small, though very active. In 1999 it was estimated that these industries had a capital base of more than \$29 million and turnover of more than \$33 million. When excluding broadcasters, turnover was \$14.6 million. Approximately 80 people were employed full time within the sector in the Northern Territory and an estimated 90 people were employed on a casual or subcontractor basis<sup>1</sup>.

These figures are understood to be conservative because they do not necessarily include a number of freelance operators and individual companies working across several sectors.

Formal assistance from the Territory and Commonwealth Governments to the Northern Territory Film, Television and New Media Industries has been limited to individual project sponsorship.

The comparatively small size of the market has meant that the Territory industries are extraordinarily "lean and mean". Despite this, turnover and capital investment has been high. Nevertheless it is acknowledged that the industries will have to become more focused on markets outside the Territory if they are to enjoy further significant growth.

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<sup>1</sup> New Directions in the Northern Territory Film, Television and New Media Industries, Discussion Paper  
December 2002



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**(b) the economic, social and cultural benefits of these industries;**

Although the Northern Territory industries may appear relatively small they provide substantial flow-on benefits to the economy. Film and television production involves disparate groups of suppliers, and around 30% of most typical production budgets can be attributed to wages (with services another significant component).

The industry is labour intensive and a prolific generator of high value jobs. In 1999 ABS assessed that the multiplier effect of investment in film and television production was 2.858, with 20 full-time jobs created for every \$1 million of investment. Current ABS figures indicate the multiplier effect has increased to 3.05 with 37 full-time jobs being created for every \$1 million of investment.

Substantial growth in other states with major increases in the dollar value of exports in film, television and new media sectors indicates an opportunity for growth and development in the Northern Territory.

Beyond the direct economic benefits of these industries are the flow-on effects to tourism from commercials, features and movies and television programs. The Territory's spectacular locations lend themselves to a movie-induced tourism stimulus. These indirect benefits are more dependent on the specific nature of the programs that are produced but they can be substantial.

Around 90% of filming in the Northern Territory by the industry takes place on location. Whilst the benefits to regional locations are episodic, the economic impact can be significant, and many productions involve local community groups<sup>2</sup>.

The need for continued strategic policy support to allow Australian film makers to tell their own stories, preserve our unique and distinctive culture and image internationally is vitally important. Not only is this important for the arts and cultural industries but also serves as a positive expression of the values and aspirations of our society both to ourselves and the rest of the world. It is with this point in mind that the Northern Territory welcomes as entirely appropriate, and in our national interest, the announcement on 26 March 2003 to the National Press Club by the Minister for Trade, the Hon Mark Vaile MP during his Annual Statement, that Australia's negotiations with the United States to develop a Free Trade Agreement would not include concessions on our cultural industry policy.

The Northern Territory Government also supports the Federal Government's position on the value of cultural policy as articulated in the current foreign and trade policy White Paper; 'Advancing the National Interest';

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<sup>2</sup> New Directions in the Northern Territory Film, Television and New Media Industries, Discussion Paper December 2002



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*'The Government strongly believes in the value of promoting Australia's artistic and cultural achievements to international audiences to showcase the talents of our vibrant and diverse society. Aside from its intrinsic value, the promotion of Australian art and culture is a practical policy to advance our national interests by fostering respect for Australia and its accomplishments. The target audiences are those who might affect our interests, such as key government and business decision-makers and those who might want to visit Australia or study here.'*

In this regard, the Northern Territory Government believes that given the changing circumstances in global power relationships, Australia's cultural policies and creative industries act as cultural ambassadors and are key national strategic assets. As such, they are not to be offered up as a bargaining chip in any international trade negotiations.

**(c) future opportunities for further growth of these industries, including through the application of advanced digital technologies, online interactivity and broadband;**

Currently, video, DVD, electronic games and downloadable video are traded via e-commerce with few barriers. The digital revolution has brought significant opportunities for growth in these sectors. However, in order to maintain Australia's position it will be critical that the Federal Government maintains a flexible position towards regulation to take into account advances in technology which can be used as a means to circumvent current measures in place to maintain the viability of these industries.

In order to maintain growth in these industries the Northern Territory expresses strong support for the position of the Department of Foreign Affairs and Trade, in its submission to the Senate Foreign Affairs, Defence and Trade Committee Inquiry into the General Agreement on Trade in Services and the Australia/US Free Trade Agreement, 11 April 2003:

*'The Government has made it clear many times that cultural policy objectives will be taken into account in trade negotiations. A high priority is placed on these objectives, and Australia has taken a strong stand in WTO negotiations on their legitimacy, setting out, to the broad support of the membership, the value the Australian Government places on the freedom to have in place measures to pursue these objectives through policy interventions, and to adapt these measures as circumstances change.'*

The Northern Territory believes that to secure future growth of these industries the Federal Government will need to remain vigilant and firm on its cultural and policy objectives, and as stated above, reserve the right to maintain current policies and take and adapt appropriate measures should the circumstances dictate.



The Australian film and television industry is among the most efficient in the world. It appears certain that our film and television industries will not survive if they are forced to compete on the 'level playing field' with the US. Under a fully open system, the television and film sector, with obligations to their shareholders will have no choice but to purchase US product that has already paid for itself on the US domestic market and sold to them at well below the cost of production. For example, a US TV series costing AUD \$1.7M per hour to produce with costs fully recouped and financed out of its domestic market, can be sold to an Australian broadcaster for \$300,000 - \$100,000 per hour<sup>3</sup>.

Other areas that have the potential to impact on the opportunities for future growth of these industries, which the Northern Territory considers as important for particular mention are;

- The provision of policy interventions to ensure that e-commerce is not used as a way to circumvent or subvert Australia's current cultural policy objectives. The Northern Territory believes that audiovisual products should not be treated differently should they be traded via e-commerce.
- That current Australian Content Standard for Advertising is maintained and that Australia retains its flexibility to regulate in this area. The Northern Territory strongly supports the view expressed by the Australian Film Commission<sup>4</sup> that there is a high degree of dependency on commercial advertising production by the film and TV sector to maintain continuity of work. Furthermore, the Standard is an important and transparent measure that helps underpin the creative infrastructure of the audiovisual sector.
- The US Trade Representative is seeking 'appropriate provisions to ensure that Australia will facilitate the temporary entry of US business personnel into its territories.' The Federal Government must ensure that in all negotiations, it reserves the right to enact measures should Australia's film, animation, special effects and electronic games industries be adversely affected.

**(d) the current and likely future infrastructure needs of these industries, including access to bandwidth;**

Demand for increasing bandwidth is growing across all sectors as the Internet becomes more content rich.

The improvement in the speed and reliability of systems will be critical in the area of regional development in the Northern Territory, especially in remote

<sup>3</sup> Australian Film Commission; <http://www.afc.gov.au/news/summary/tradesub.html>

<sup>4</sup> Australian Film Commission, submission to the Department of Foreign Affairs and Trade on the Proposed Free Trade Agreement Between the United States and Australia. January 2003.



communities. This will benefit the delivery of Government services, particularly local government, health and education. The regional development of sustainable e-commerce and tourism opportunities will hinge on the reliability of infrastructure and access to bandwidth.

With the digital revolution has come the ability for large-scale projects to be decentralised. It no longer requires artistic or creative personnel to be fully or continuously co-located. For example, the Australian company, Animal Logic edits Hollywood movies from their studios in Sydney. The key point for Government in creating the seedbed for opportunity and growth in these industries will be to facilitate equity in access to bandwidth across Australia.

The Northern Territory Government will also continue to upgrade and develop IT capabilities across its agencies concomitant with its policy to implement the Northern Territory's eGovernment Masterplan. The eGovernment Masterplan resulted from the Economic Development Strategy and aims to ensure:

- the range of state of the art online government services and transactions available online are progressively increased until the majority of government services are online; and
- the Government demonstrates a leadership role in eGovernments and promotes the take-up of online services and e-commerce opportunities by local business.

E-commerce demand in the Northern Territory Indigenous Arts sector is growing. This is being supported through Networking the Nation funding to the two Indigenous arts Regional Resource Bodies; Association of Northern Kimberley and Arnhemland Aboriginal Artists (ANKAAA) and DESART.

The support includes rolling out IT resources to remote community Art Centres. It is expected that as e-commerce and Internet presence develops in Indigenous communities to market art and cultural product, demand will grow for more audiovisual streamed content. However the growth of this particular sector will require further development of reliable broadband access.

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

The Northern Territory does not any have comprehensive training facility in the film and television industry such as that offered by the Australian Film, Television and Radio School. Industry trends and economies of scale indicate that the development and funding of a fully independent large scale Northern Territory film and television training institution is not a priority, however there is a high need for advanced level training in the industry which is only available interstate. There needs to be further resourcing of flexible learning options for high level professional development.



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

There are currently no strong linkages of this nature evident in the Northern Territory.

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

The Northern Territory believes that the system of strategic support and policy objectives to sustain and grow our creative industries must be maintained – at least as a minimum. Australia cannot continue to produce world class directors, cinematographers, technicians, artists, actors and productions without appropriate Federal policy measures and fiscal subvention. These measures by the Federal Government create the necessary environment for continued development of Australia's world class talent and creative exports.

**(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.**

As articulated previously in this document, the Northern Territory supports strong cultural and policy objectives and Australia's right to take measures to maintain the continued growth, identity and integrity of Australia's film sector – especially in international trade negotiations.

The Federal Government must ensure that the long-term support for our national programs is maintained. Properly resourced institutions such as the Australian Film Commission, the Film Finance Corporation, Film Australia Ltd and training institutions including the Australian Film Television and Radio School and the National Institute of the Dramatic Arts will be critical in ensuring the viability and growth of these industries and their ability to seize opportunities as they arise.

