

Film Inquiry Submission No. 93.....
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A SECOND SUPPLEMENTARY SUBMISSION

TO THE HOUSE OF REPRESENTATIVES STANDING
COMMITTEE ON COMMUNICATIONS,
INFORMATION TECHNOLOGY AND THE ARTS
INQUIRY INTO THE FUTURE OPPORTUNITIES FOR
AUSTRALIA'S FILM, ANIMATION, SPECIAL
EFFECTS AND ELECTRONIC GAMES INDUSTRIES

SYDNEY, SEPTEMBER 2003.

In 1981, Tom Haydon, visionary documentary film-maker and writer/director of "The Last Tasmanian" and I, as National Director of the Film and Television Production Association, the industry's employer organisation, had many meetings with Members and Senators in the lead up to the introduction, by the Treasurer, John Howard, legislation providing new taxation incentives for private investors in Australian films.

Senator David Hamer (Victoria), who was also Chairman of the Australian Film Institute, in his speech supporting the new legislative incentives, envisaged Australia as a major film producing nation of English-speaking films, "for films are of universal appeal," in the belief that a nation that has a clear sense of its destiny has no difficulty with its identity.

He saw individual filmmakers telling Australians and the world, not so much about who Australians are, but about who they wanted to be. To him, Australia was an idea, and to picture it, demanded an effort of the imagination, achieved by an act of will.

Sadly, the excesses of the 1980's and a change of government in 1983 with its nostalgia for "strengthening Australia's unique cultural identity" while pushing ahead with radical economic reform, has herded filmmakers into a parochial cultural ghetto from which the only form of escape was to move off-shore in search of new opportunities, which is where our most experienced and talented filmmakers, technicians and craftspeople work.

After 20 years, and the failure to capture the ongoing transformation of the international filmed entertainment industry brought about by globalisation during the past seven years, has left the Australian film sector vulnerable to increasing domestic and international competition, declining private investment and subject to increasingly adverse comment in the financial press, confirming the investment community's negative assessment of film as a profitable investment opportunity.

(See locally, *'Why Aussie films are failing'* Australian Financial Review, 23-24 August, 2003; *'Have Aussie film-makers lost the plot'* The Daily Telegraph, 22 August 2003; *'Simple Simon's guide to film funds'* Australian Financial Review, 1 August 2003 and internationally, *'No Upside Down Under'* Variety, 25 August 2003.)

The above has been covered in more detail in my submissions.

The recent appointments of Tony Buckley and Paul Oneile to the Board of the Film Finance Corporation to support the new Chief Executive, Brian Rosen, who is also willing to be accountable for his funding decisions, (*'A balloon about to pop'* Sydney Morning Herald, 16th August 2003), is a welcomed step towards a more sustainable film production sector.

From my perspective, there are two policy options open to the Commonwealth as far as the future of Australia's film "industry" (sic) is concerned, although in reality there is only one, and that is; faced with a small finite domestic market:

- accept the 'small' cultural production option, supplemented by employment for technicians and craftspeople on big-budget (over \$15 million) off-shore runaway productions, or
- accept the 'global' industry concept that survival of an Australian film production sector, is dependent on its ability to produce feature films (intellectual capital) which are also capable of being sold overseas.

After reading the submissions to the current inquiry I strongly recommend the Committee work towards the 'global' industry concept; developing practical policies which can be implemented immediately to encourage the growth, maturing and self-sufficiency of the Australian film production sector. This will require a shift in attitude.

In view of the decline of national sovereignty as an absolute concept and the Australian Government's shift to a more "hard power" interventionist approach in East Timor, the Middle East and now the Pacific, and the well founded concerns about China's free trade area negotiations with ASEAN countries, the present inquiry provides that rare opportunity for the Committee and the film sector to think big about China and the countries in the ASIAN time zone. (See attached, 'The Asians are coming,' The Guardian, 23rd August 2002) and consider how to respond.

I believe we need a vision of an "industry" that is a strong and confident player in an increasingly competitive world. An industry that evolves, and reflects the new realities of today's global market. We can never be the biggest film industry in the world, but we should be right up near the top of the league, not permanently hovering in the relegation zone.

1. This means reinventing Australia as both a regional and global financial and production hub, a film/entertainment hub which is a natural destination for international investment. A film/entertainment hub which is a natural supplier of intellectual capital, skills and services to the regional and global film market.

A film/entertainment hub that consistently creates English-speaking films that attract worldwide distribution and large audiences, while still using subsidy to support 'cultural' production and new talent.

Always keeping in mind of course, Sir Humphrey's quote from 'Yes Minister', "Bernard, subsidy is for artculture. It is not to be given to what people want, it is for what people don't want but ought to have."

Film is the key driver of the creative industries i.e. full-length dramatic films made for entertainment and commercial theatrical release, **not** TV movies, movies-of-the-week or TV specials.

The same creative industries that in America are already worth half a trillion dollars annually.

2. As Australia works on its own free trade agreement with the United States, it has crucial political and economic interests in demonstrating its commitment to the Region as a whole. After all, 60% of our annual migrant intake comes from China and Hong Kong, South East Asia and South Asia and the area's growth prospects are still stronger than anywhere else in the world.
3. We must begin to view the world beyond Australia. As Peter Chan, a celebrated film director from Hong Kong said in a recent interview, *'The Pan Asian Production Sphere'* Harvard Asia Quarterly, Summer, 2002, "in terms of film, Asia can really be seen as a single domestic market, and the domestic market is critical for any film industry."

"In Hong Kong the market is only 6 million, which is too small to support even independent films. But if we add the population of Korea, which has 40 million; Thailand, which has 60 million; Japan, which has 150 million; Taiwan, which has 20 million; and Singapore, which has 3 million; the total population is around 300 million, which is even bigger than the US domestic market. Hollywood films are successful because they have a strong established English-speaking domestic and international market, and they can produce a large volume of films. If Asian films have a larger domestic market, we can do exactly the same thing."

4. We need to revise the definition of an 'Australian film' under Division 10B and 10BA of the Income Tax Assessment Act 1936, modelled on much earlier British legislation, finding ways to recast/reconceptualise it to reflect the fact that actual production employing Australians, increasingly can and will take place in countries with a lower cost base than ours.

5. We have to stop worrying about the nationality of money. We need to encourage investment into our industry from anywhere in the world – without tearing up the roots of 'cultural' film production.
6. We need to encourage the greatest Australian involvement in international film production, by creating strategic alliances, focusing on trade (and "soft power" arising from the attractiveness of Australia's culture, political ideals and policies) and more importantly investment, especially with film agencies and production companies in the Region who are already playing host to big-budget productions and are hungry for more, at the same time ensuring that Australian talent – the most flexible film workforce in the world – work on these films, with a corresponding increase in the mobility and work opportunities for all film-makers, technicians and craftspeople in the Region.
7. We need to strengthen our traditional links with the American and European industries at every level.
8. Finally, it is important that we recognise the costs of change and adopt the appropriate policy responses by insisting first, that the Australian Film Commission be accountable for its funding decisions and secondly as its core function, encourage theatrical feature film producers move from production-push values to market and distribution-led values, from a domestic to an international orientation, even if this means a reduction in the number of films produced, although I believe it would have the opposite effect.

Second that the Australian Film Radio and Television School, as a major initiative, introduce as a matter of urgency intensive courses for Executive Producers on the international film industry including regular regional and international seminars and conferences.

Our future is about stories that move us, characters we can barrack for, ideas that transform the cultural landscape, special effects that take us to a world we've never seen before, situations and dialogue that make us laugh, and ideas that are so universal, they forever change the way we live.

The Chairman and Committee must now decide whether they are going to be imprisoned by the past or liberated by their quest for solutions.

James Mitchell