



**SUBMISSION to**

**Federal Department of Communications, Information Technology & Arts**

**Inquiry into the Future Opportunities for Australia's Film,  
Animation, Special Effects & Electronic Games Industries**

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## EXECUTIVE SUMMARY

The following are the 12 main recommendations contained in this Submission

- The Screen Development Australia (SDA) national network of screen development centres offers the ideal mechanism for the delivery of future Federal government developmental initiatives in training and production in the independent sector of the screen industries, and should be modelled in this way in future planning for the screen industries nationally.
- QPIX and SDA recommend their integrated training, development and production systems be considered as appropriate models for larger-scale, national, industrial research & development programs.
- QPIX's recommends its accelerated, multiple-project production programs provide a key method for advancing the skills and experience of screen practitioners; for trialling new talent, ideas, and creative production designs; for moving the national debate from a level of struggles over resources to a level of debate over style, form and content; and for building national output to a critical mass beyond which the more exceptional and successful work will begin to appear.
- National development programs should be designed which focus strategically on Producers and Writers and their product in order to most effectively stimulate the industry into a more intensive phase of production in the independent sector. The programs must also be accompanied by a staged system of production funding, from small but useful levels, in stages up to industry standard levels.
- The Federal government should extend its incentive and related support schemes for overseas features to smaller, quicker-turnover product such as "movies-of-the-week".
- The Federal government could consider establishing business centres for the screen industries in key international centres to facilitate the early stages of negotiations between Australian Producers and their foreign counterparts, and the primary international distributors, networks, investors, and agencies.
- Mechanisms could be established to facilitate business discussions between the screen industry Producers and the R&D and Marketing sectors of a wide range of other industries which utilise the modelling and imaging technologies (mining, defence, bio-sciences etc).
- The Federal government should recognise the R&D and production services the re-launched CTV environment can offer both the screen industries and the television networks, and formally validate and facilitate these potentials.
- The Federal government should revisit the resourcing of marketing of Australian films in order to create a system that allows some of these films to be promoted to a more effective level than currently. It is recommended this system be designed from the outset to also service the largely short-form output of the independent sector
- QPIX's Screenskills Laboratories provide a model for the design and operation of more effective screen product development, which should be expanded to a national scale.
- The Federal government, in partnership with the state governments, should consider funding a series of national trial projects designed to uncover new models for content and content delivery in the new media environments, delivered directly into the independent sector through the mechanism of SDA.
- The Federal government must remove all discussions concerning Australia's sovereignty over its own cultural expression and content in its own home territories from any trade negotiations, current or future, and further put the non-negotiable position that Australia retains the absolute right to determine, alter and strengthen its own cultural regulations in the screen industries.

#### **QPIX in Brief**

QPIX Ltd is Queensland's Screen Resource & Development Centre, dedicated to the development of independent screen production and of independent screen production professionals in the State, and to brokering and facilitating production-based partnerships between the independent sector and the State, National and International screen industries. QPIX is funded by the State and Federal governments through the Pacific & Film Television Commission, and the Australian Film Commission, and it also earns its own revenue through hires, training and other services.

QPIX provides a range of subsidised services including equipment & facilities hire, information and advisory services, screenings, specialised professional training, product development Laboratories, and facilitated productions in partnership with, or under agreement with key industry players, including the broadcast networks.

QPIX plans in the longer term to design and deliver training and production programs in regional Queensland, in partnership with local business and government. It further plans to achieve this regional program delivery at the national level collaboratively with the other member centres in Screen Development Australia.

QPIX's Submission to this Inquiry concentrates on drama and documentary production for film and television, and the new interactive and web-based delivery systems.

#### **Screen Development Australia (SDA) in Brief**

QPIX is a founding member of the national industry network Screen Development Australia (SDA). The other members are Media Resource Centre (MRC) Adelaide, Film & Television Institute (FTI) Perth, Open Channel Melbourne, & Metro Screen Sydney. All offer similar services to QPIX.

At this time, three of the SDA centres are Registered Training Organisations, QPIX will achieve that status by September 2003, and by 2005, all five SDA centres will be in a position to offer a network of accredited training programs within the framework of the national training packages in Screen & Broadcast. This VET-level training will be delivered at a high industry standard, and it is planned that it will articulate into tertiary education programs through local and state-based agreements.

The SDA centres, through a Federal government grant, are about to be connected via a centralised national database with e-commerce capacity.

From this infrastructure base, the SDA delivery mechanism is in a position to roll out all future Federal Training requirements in Screen & Broadcast, and targeted production initiatives, and is the logical choice for this process.

### **Position & Industry Analysis**

QPIX operates on the following strategic planning assumptions:

- The screen industries are collectively a high-function generic industry which is able to sustain high financial turnover (a proportion of which is currently distributable nationally), significant employment levels, and significant service industry activity, while delivering some collateral cultural effect for Australia, within the context of the global industries, and an environment of globalising and largely monocultural imperatives and systems.
- It is fragile, depending on low-fraction relationships between the Australian and US dollars, and competitive national systems of financial and logistic benefits and support which target overseas product.
- It has much more potential for future function and performance than is currently articulated through policy, planning or through training and program design at both the State & Federal levels. It is therefore necessary to futurise the current models.
- The fragility inherent in the current screen industry economy can only be offset through the urgent development of the national base industry up to a position of relative strength from which it can provide a contingency program of production that will be sufficient to enable it to service enough of its national pool of technical teams and service providers to keep at least a minimum industry operating in the event of any significant shift in the dollar, or other events which could adversely affect levels of offshore production.
- The most important and most urgent component of that development of the national industry is the development of and support for the originating and entrepreneurial filmmakers and their product.

On an analysis which indicates that the current tertiary and VET-level training and education systems are dedicated to teaching the theoretical, technical, manufacturing, administrative, marketing, and to some extent, performing, aspects of the industry, QPIX places itself in the industry at the content research & development phase, concentrating on training and facilitating the originating and entrepreneurial contributors to the industries, through the development of actual product, and through actual production.

QPIX recommends the State & Federal governments examine the kinds of initiatives and programs currently offered by QPIX and other SDA centres on a small scale, and using them as models, design and provide better resourced development and production opportunities to the more advanced end of the industries.

## TERMS OF REFERENCE

### Size & Scale of Industry Sector Serviced by QPIX.

QPIX services the independent sector of the screen industry in Queensland. This sector accommodates practitioners from the early and emerging career professionals through to independent commercial producers who generate significant deals and product, in investment and funding partnerships between national and international investors, distributors, national television networks, private production companies, and funding agencies.

The exact scale of this sector in terms of numbers of practitioners and size of production budgets in Queensland has not been captured to date, but an attempt will be made in this section to outline some of that scale from the perspective of this operation.

The extent to which QPIX currently services this sector can be viewed through the following draft data from the 18-month period from 1<sup>st</sup> January 2002 through 30<sup>th</sup> June 2003, drawn from QPIX's draft Strategic Plan:

- QPIX directly facilitated the production of 41 films (34 short dramas and 7 documentaries) through access to equipment, facilities, materials, mentoring, and services under contract to QPIX, under the supervision of QPIX's production management system, and under the guidance of Supervising Producers.
- QPIX subsidised those films to the value of around \$140,000 in access to equipment, facilities, and materials (*against market rates*), \$7,800 in access to Supervising Producers and professional editorial and assessment panels, and \$24,500 in cash, making an overall total of \$172,300. (*NOTE: The filmmakers own cash, contra and deferment contributions have not been included in this figure, but will be included in the final version of the QPIX Strategic Plan*).
- The industry providers (KODAK, ATLAB, Camerquip, BEEPS Post Production, and ProCam Digital) subsidised 5 of those 40 films to the value of around \$45,000 in access to equipment, facilities, materials and services.
- QPIX serviced 309 other films (short dramas documentaries, features, music video clips, community videos, and new media product) through its hire service.
- QPIX subsidised those 309 other films to the value of \$263,654 (*against market rates*)

The total financial value to the independent sector of the local industry of QPIX's production facilitation activities during that period was \$480,954.

The production value was the facilitated production of 41 new works, of an average of 10 minutes duration, all of which brought the added values to the practitioners of production experience, screen credit, training, showreels, and networking.

If this approach was adopted and resourced at a national level (and a version of it is currently operating at all five SDA centres), and methodically expanded into all forms and formats of screen production, the growth and professionalisation of the Australian screen industries would be assured. The critical value within the QPIX system is accelerated, multiple production rates.

### **Industry Skills Requirements & Training**

The screen industries are currently enjoying a national training boom. As training itself becomes more established as a commercial proposition for private providers, training in Screen has become one of the more attractive areas because of its in-built value to Marketing Managers as a "celebrity" industry. Universities have been able to draw on those same inherent characteristics.

The quality of the training is another matter, and it remains the case at this time that the same industry resistance to university or VET-training graduates that applies to all industries, also applies to the screen industries. All producers and other industry professionals report that graduates must be retrained.

QPIX's local experience is that there is some value in all training, but a Federal review of VET-level training in particular will be necessary in the long term if this issue is to be successfully addressed. It would also be useful for the Review team to take seriously the universal proposition coming out of industry that some return at least to the old apprenticeship-style systems be designed and trialed.

QPIX takes the following basic assumptions with its approach to training screen industry practitioners:

- All screen production practitioners have a right to earn a living from the industry, and they therefore have to develop a facility for commercially viable work across as many of the key fields as possible – television commercials, corporate videos, television, new media, and film.
- There are eight kinds of screen production practitioner –administrative, technical, manufacturing, marketing, performing, entrepreneurial, interpretative and originating.
- While the training systems can be improved, the very great majority of training focuses on the first five types, which is one of the reasons our technical and administrative teams and our post-production houses are so highly regarded internationally. QPIX reasons however that the national screen industries will not advance in any significant way until the last three types are established in the landscape, and QPIX therefore has designed the majority of its programs to support and develop the entrepreneurial and the originating filmmakers – principally, producers and writers – with a secondary stream focused on the interpretative work in production – principally directors, DOP's, editors, art directors, composers etc.
- All training must be linked wherever possible to actual rather than simulated production

Under its Screenskills program, QPIX operates Producers Laboratories and Screenwriters Laboratories in this manner, and for this very purpose.

QPIX is also engaged in the process of applying for accreditation as a Registered Training provider. If successful in that bid, this organization will deliver training to the national training packages as is required under the regulations, but the content and delivery are being modelled in such a way as to accommodate our overall analysis of the steps that are necessary for Australia to develop its own successful screen industries.

If this analysis and approach were established and better resourced at the national level, Australia could establish a genuinely sustainable set of screen industries.

In order to create a strong economic base for the operations of our Producers, the Federal government should maintain and expand its current system of tax incentives and other benefits for international productions and co-productions, and extend those benefits to more intensive, high-turnover product such as "movies-of-the-week". While this is not directly important for Australian entrepreneurs and originators, it is critical in keeping the technical and service capacities of the industry functioning so they remain in place to service the work of the new Australian Producers.

### **Future Opportunities for Growth**

Growth opportunities are available within the existing industrial structure by strategically enhancing current support, benefits and incentive schemes for Australian Producers and production companies. Peak organizations such as SPAA will outline these in detail. There are also opportunities available for a more general growth of the industry through exploring new markets, and new product types and formats.

### **Business Development**

Business development concepts for growing the industry nationally include:

- A network of business development/marketing agencies or offices in key strategic market centres (eg. US, UK, Europe, Asia), and exploratory business development/marketing agencies or offices in select new strategic market centres (eg. India, China, Malaysia, Brazil), all of which could be accommodated within the Trade Commission offices, and all of which could be linked to the Australian industry through a refocused brief for AusFilm. These agencies would link Australian producers with local producers and investors through the usual processes available within the Trade Commission brief.
- Enhanced and better resourced research & development programs that will link the producers within the screen industries (film, animation and games in particular) and their associated originating and production systems, with those industries which are increasingly using the imaging and modelling technologies. These industries include defence, mining, medicine (in particular genetic technologies), aerospace, architecture, engineering and many others. At this time, the use of these technologies by the industries above is limited largely to the formulaic opportunities provided for by the software itself. The insertion of originating filmmakers into this process would enhance the quality of the resulting virtual and simulated work, but also the narrative substance of them, thus significantly increasing their effectiveness in predictive, modelling, training, and other industrial environments. It would also open up those industries for employment and contract opportunities for screen practitioners.
- National establishment of the newly- launched Community Television (CTV) operations from the outset as industry partners to the television networks, as their research & development centres. New product, new styles, new formats, new programme durations, and new programming templates can all be trialed on CTV in a highly cost-effective environment that will give rise not only to innovative and entertaining new programs, but new high-profile and high-budget product for the majors, and new formats, complete with preliminary market research and the originating teams.
- A review of all financing systems and processes provided by the State and Federal governments, a rationalisation of those systems and programs to better link schemes and policies and to exploit their differences and complementarities, followed by a higher level of strategically focused business development investment in local Producers and their product..
- Well-resourced and strategic marketing (P&A) assistance for identified pieces of product in key markets, with a mechanism for the provision of advice and guidance in how best to use those marketing resources. The vestigial remains of Federal government marketing support now provided by the AFC are not realistic in a global market where product can receive its entire production budget again for marketing. This service should be extended to all levels of the industry, including the predominantly short-form product issuing from the independent sector

### **Creative Development**

Creative development of originating concepts for growing the industry nationally include:

- Intensive, laboratory-style environments in which new product can be conceived and developed together with key professional guidance and support from producers, directors, actors, designers, composers and so on. QPIX is about to enter its fourth year of running such Laboratories (titled Screenskills), and the model could be applied at both the State and National levels, in partnerships between government, industry, distributors, and the networks. The same system can be applied to work being generated for the imaging and modelling technologies market (see above) but in those cases, the Laboratories would require the involvement of the specialist professionals in each client field. The same system can also be applied to the generation of product for television, and QPIX has run one such Television Laboratory.
- Producer-driven suites of production, established under production partnerships with networks and distributors, custom-designed around programme slot, theme, genre, style etc., linked with government investment and project-based production funding schemes, and structured for development in the Laboratory environments above
- Well-resourced internship, residencies and mentoring schemes for writers, producers and directors to work with the leading practitioners in national and world cinema and television.

### **New Technologies, including Broadband**

The screen industry at this time does not have a clear view of the future for content in the digital environment as it may develop in areas such as digital exhibition, interactive television, web cinema, web "television", mobile phone movies and so on, nor how these delivery potentials may impact on content and overall product design. It is therefore an area where the Federal and state governments could profitably invest some research & development funds.

Broadband is enabling web-based broadcast of the moving image to work effectively for the first time, and many new product types could flow from this delivery system, but the economic models for revenue from operations in that environment are not clear at this time. This also requires a rigorous financial study, and Federal and state assistance would be crucial in developing the overarching business models.

The creative possibilities of this environment are exciting and challenging, and can be trialed experimentally at little cost. QPIX and the other SDA organizations operating in the independent sector of the industry are running early-stage projects in this area in order to investigate the potentials.

The product of these projects can be trialed in the CTV environment, and designed for that environment. The same benefits of this path for product development and broadcast as outlined above under "Business Development" would also apply to the new media area. The Federal and State governments in partnership could fund product development projects for this new landscape, and audience research to enable detailed assessment of the outcomes.



### **Economic, Social & Cultural Benefits of the Industry in Australia**

The economic value of the industry to Australia has been mapped in many documents, and it is significant. The social and cultural benefits are less quantifiable, but run far deeper in the national psyche than any financial model can describe. This area is one that has been the subject of countless papers and debates, but one remarkable view comes to us from Australian filmmaker George Miller, who identifies film as the most recent manifestation of the Dreaming. Film in this cosmology cannot have benefits one way or another – instead it is a social and cultural imperative operating at the level of instinct.

From a more standard perspective, film has become integrated into society and all of its cultural expressions in such a profound way that it stands closer to sport than the arts in the cultural canon. As noted in the Inquiry documents, with box office for Australian for 1999-2000 standing at \$1,046M, and income from all other related product at \$1,142M, this is clearly a highly lucrative medium, certainly for the distributor/exhibitors. With attendances standing at 79.4M over the same period, this is also clearly a highly popular medium.

At this time however, the product is almost universally from the US and created within that culture. It is clear from a commercial point of view that Australian production businesses should be supported fully by the Federal government in clawing back some of this revenue.

QPIX regards it as self-evident that from both the cultural and smart marketing points of view, it is good business and culturally appropriate for Australian screen industry practitioners to be supported and protected by their government in the making of work which issues from, and is embedded in, the multiplicity of cultures that make up Australia, and the more indefinable cultural whole that is only now beginning to emerge. Though it will take time, good work will come of it. Works that are force-moulded into US or other models will for the most part remain hollow replicas of the work of that extraordinary culture, and inaccurate representations of our own. It is also true that a wholly market-driven society will follow an inevitable chain of logic which will cause that society to finally divest itself of itself to such a degree that it will only be able to reflect the cultural and societal values of the culture of the dominant market player. Work that spontaneously emerges from any culture will variously seem to reflect that culture, oppose that culture, celebrate, denigrate, and seek to change that culture, but from that mix will come the great, landmark works, the new paradigms, and the new market pathways.

The Federal government must therefore take a non-negotiable position on Australia's right over its own cultural expression and its right to dominance over its own culture in any current or future trade talks with any other nation. Australia's creative output will only mature culturally, and the industry will only mature economically, if the Australian screen industry is enabled, within the safety of its own shores, to produce universal work based in the local experience, speaking with a local voice.