

**SUBMISSION TO THE  
INQUIRY INTO FUTURE OPPORTUNITIES FOR AUSTRALIA'S  
FILM ETC. INDUSTRIES**

by **SUE MILLIKEN**

Film Inquiry
Submission No. 31.....

I am an independent film producer of 25 years' standing. I am based in Sydney. My credits as producer include the feature films "The Odd Angry Shot", "The Fringe Dwellers", "Black Robe", "Sirens", "Dating The Enemy", "Paradise Road"; the TV series "Farscape" and the mini series "My Brother Jack". I have represented the completion guarantor Film Finances, Inc. in Australia for twenty four years. I was on the council of the Screen Producers' Association (SPAA) for ten years, and on the Film and Literature Board of Review for five years. I was Chairman of the Australian Film Commission for three and a half years and I am currently on the board of Screen West. I have won awards from the Australian Film Institute and the Canadian Film Institute. I am a holder of the AFI's Raymond Longford Award and the Centenary Medal for service to the Australian Film Industry.

I wish to address the following terms of reference of the inquiry, and my comments are restricted to my field of experience, which is film and television drama production:

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

Currently, the film and television production industry is smaller than it could be, due to a downturn in funding both national and international, which includes a lack of offshore production coming to Australia probably due to the weak economy of the US and the fear of international terrorism.

The industry's capacity would be at least one and a half times its current scale, based on present infrastructure.

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

(ii) Economic:

The film and television production industry is labour intensive, and therefore a good employer. Budgets of film and television production get turned over quickly and pumped back into the economy. The industry is a good earner of foreign exchange, both in export earnings and in attracting "offshore" production which brings with it millions of dollars of foreign currency. For instance, "Farscape", the TV series which I produced, cost \$A50M per series, of which \$A35M was spent in Australia and was totally financed offshore.

(iii) Social:

The film industry is an excellent on the job trainer. It takes young people off the street, and provides them with jobs where they acquire skills and where they find creative and financial satisfaction and which, subject to the continuing viability of the audio visual industries, provides long-term careers.

## (iv) Cultural:

Not to put too fine a point on it, the revival of the film industry established Australia on the world stage. Before the rebirth of the film industry, Australia was a backwater which few people in the world had heard of and where nobody wanted to go. At the same time, Australia's culture was in the doldrums. The film and television industries – underpinned by television quotas and bipartisan government subsidy - have reinvigorated Australian culture, created pride in ourselves and reflected our own culture back to us. The cultural benefits are incalculable.

**c) future opportunities for further growth in these industries...**

Broadly speaking, the future opportunities for the industry generally are limitless. Australians are highly educated, energetic and adaptable. They are ideally placed to make use of developing technology in the audio visual area for the benefit of Australia's domestic and export activities. In my experience, when the work opportunities are there, Australians will quickly adapt to be able to capitalise on these opportunities.

**d) the current and likely future infrastructure needs....**

The Australian film and television production industry is quite well set up with infrastructure, particularly on the east coast. Studios, production equipment, digital effects houses, editing facilities and sound post production facilities are state of the art, and indeed superior to many of the older, more conservative national industries.

One of the problems which I see is the need to keep work moving through the infrastructure, so that it can *remain* state of the art. All technologies now in sound, editing and visual effects change so rapidly that post production houses need constantly to update expensive technology. When there is a downturn in production, not only do these organisations have problems staying in business, they have difficulty being able to afford to keep up with developing technologies.

One of the biggest problems currently is that offshore productions which shoot in Australia generally take the footage back to the US for post production. With the shortage of Australian feature film production funds, Australian films are increasingly being financed through co-productions with other countries, which requires expenditure in those countries and this generally ends up being post production, thus robbing Australian facilities of work.

**e) ... the capacities of the education and training systems ...**

Australia has two of the best training institutions in the world for film and television, being the Australian Film, Television and Radio School, and the National Institute of Dramatic Art. In addition to these, there is the VCA in Melbourne, and WAPA in Perth, both consistently turning out fantastically talented young people. Instead of worrying about the standard of our training institutions, we should be deeply

concerned about future work opportunities for graduates of these institutions. (As an example, there is little point in injecting \$20 million into NIDA when films and television productions which employ its students can not be financed).

**h) whether any changes should be made to existing government support programmes...**

There has been subtle attrition to support for development and production in film and television by the Federal Government over the past seven years, although on the face of it this may not appear to be so. The Government recently slightly increased funding to the FFC and the AFC, and introduced the 12% refundable tax offset for offshore production. However, prior to increasing the funding to the FFC and the AFC, the Government decreased funding, so levels are possibly back to where they were seven years ago, but the needs of the industry have changed.

The low budget "comedy" feature films of which there has been a plethora over the past few years, generally do well at the box office in Australia but do not export. Australian films need to step up into a new league, of more complex, interesting stories and greater production values. This means some films with bigger budgets. But bigger budgets also mean half as many films on the available FFC resources.

High quality television drama - the one-off telemovies and mini series - have largely disappeared from our screens. Partly this has been caused by other countries relying more and more heavily on their own domestic product with less interest in buying foreign production, and partly because of the shortage of available funds at the FFC and the ABC.

As mentioned in (d) above, an unexpected result of the new 12% refundable tax offset is that foreign companies are able to manipulate expenditure to qualify by just shooting in Australia, and in some cases they are able to import infrastructure such as cameras and editing equipment, and then take the film back to their home base for post production, meaning that Australian post production facilities such as editing, sound and visual effects do not participate in the benefits of having these films supported by the Government. The one medium which is more amenable to post production in Australia - TV series - was excluded from eligibility for the offset and despite intensive lobbying, the Government shows no inclination to amend the legislation to rectify this.

It is worth noting that Fiji, a small, isolated country with no film infrastructure, is already attracting production which could be manufactured in Australia by simply introducing a 15% refundable tax offset.

The following is what is needed to get the Australian drama production industry back on its feet:

- An increase of \$20M p.a. to the FFC specifically for investment in feature films;
- An injection of \$10M p.a. to the ABC specifically for drama production;

- Amendments to the refundable tax offset to include:
  - (i) TV series with budgets of a minimum of \$1M per episode;
  - (ii) eligibility for feature films with budgets of \$10M provided they are wholly manufactured in Australia;
  - (iii) closing the loophole in the legislation which allows infrastructure to be imported into Australia and looking at further incentives for doing post production in Australia.
  
- Talking up the industry at home and abroad by the Prime Minister. Psychologically this is very important for the aspirations, self esteem and confidence of Australia's cultural industries.



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