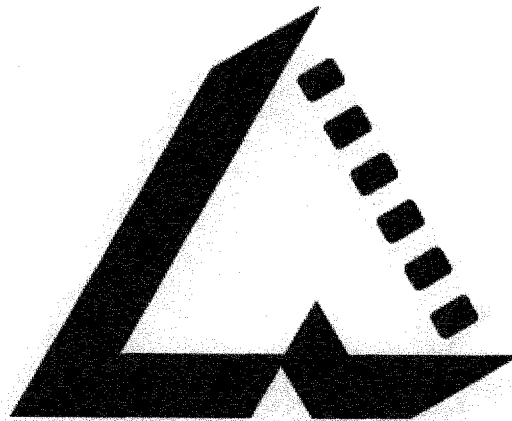


Film Inquiry
Submission No. 82



FILM AUSTRALIA

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

July 2003

ABBREVIATIONS

ABA	Australian Broadcasting Authority
ABC	Australian Broadcasting Corporation
AFC	Australian Film Commission
ASTRA	Australian Subscription Television and Radio Association
BSA	Broadcasting Service Act 1992
CD	Compact Disk
CD-ROM	Compact Disk – Read Only Memory
DVD	Digital Versatile Disk
FFC	Film Finance Corporation Australia (formerly Australian Film Finance Corporation)
HDTV	High Definition Television
SBS	Special Broadcasting Service
SBSi	SBS Independent

TABLE OF CONTENTS

EXECUTIVE SUMMARY.....	4
1. INTRODUCTION.....	6
2. THE AUSTRALIAN INDEPENDENT DOCUMENTARY PRODUCTION SECTOR.....	8
3. TERMS OF REFERENCE.....	12

APPENDIX

1. Film Australia Company Profile
2. Article by George Monbiot, The Guardian, 17 November 2002
3. Film Australia's Submission to the ABA Review of Australian Content on Subscription Television 2003

ENCLOSURES

1. Film Australia Catalogue 2003
2. Selection of recent Film Australia NIP Programs

EXECUTIVE SUMMARY

Film Australia is one of the nation's largest producers of television documentaries and educational programs. Its mission is the creation of an audio-visual record of Australian life.

Documentary is a most important cultural activity, providing information, insight and reflection on subjects and issues that are of national interest and illustrate and interpret aspects of Australian life.

Film Australia is concerned about the current state of the documentary sector in Australia.

Since the late 1980s Australian documentary production has been increasingly outsourced by government institutions, and an independent production community developed. This community or sector is highly talented and skilled, but is under pressure the failures of the market place which is increasingly fragmented, rapidly changing technologies and rising production costs.

Future opportunities through developments in digital technology, include the development of new markets for educational products and materials that can be delivered on multiple platforms.

Documentary makers are ideally positioned to develop and produce these products, combining as they do the necessary creative and administrative skills, experience and capabilities. These skills include the ability to construct and communicate stories and arguments from unedited 'chunks' of digital material, plus the experience and ability to clear and manage the rights in a digital environment.

However, to take advantage of these opportunities, and recognise the cultural imperative of local documentary and educational production, Australia needs a robust documentary production and distribution sector, sustained through appropriate government subsidy and interventions.

Film Australia argues that the critical needs for the documentary sector are the 3Rs – Regulation, Research and Resources.

Moderate and appropriate levels of regulation of free to air and subscription television would create a more robust market to support an appropriate level of local documentary production. Film Australia would argue that without an effective framework of regulation of free to air and subscription television, the Australian documentary sector is disadvantaged.

The documentary sector needs to be supported by appropriate monitoring and reporting of production, distribution and exhibition of documentary across platforms, to inform policy development and sector needs.

The Federal government provides resources to the documentary sector through the film agencies, Film Australia, FFC and the AFC for development and production of

Australian documentary programs. Since 2002, Film Australia has also received funding to allow it to continue its community services including distribution.

Government finance for documentary needs to be maintained in real terms to allow for rising production costs, and sustain a minimum level of documentary production in Australia. Additional resources should be provided to maximise the documentary sector's capacity to fulfil its role in creating records of Australian life and interpreting and explaining our environment.

1. INTRODUCTION

1.1 About the Submission

Film Australia thanks the House of Representatives Standing Committee on Communications, Information Technology and the Arts (the Committee) for the opportunity to lodge a submission to its inquiry into future opportunities for Australia's film, animation, special effects and electronic games industries.

This submission concentrates initially on the current state of the documentary sector of the Australian production industry and the role of Film Australia within the sector. It provides a brief history of the development of the sector, accompanied by a discussion of the effects of the market and the impact of Government policies and interventions. It examines the sector's considerable creative, technological and administrative strengths and how these strengths can best be used to exploit future opportunities.

One important area of opportunity is educational digital content, an area where significant demand is growing. Film Australia submits that the documentary sector is ideally placed to produce, distribute and deliver high quality, accessible educational digital content.

The good health of the documentary sector of the Australian independent production industry is vital to documenting the social and cultural life of Australia. However this sector is not large and the financial or commercial returns are not large. Encouragement in the form of regulation requiring sensible minimum amounts of new Australian documentary on both commercial free-to-air and subscription television would greatly assist. Research is needed to monitor and analyse trends and the effects of regulation and other forms of Government intervention. Resources are needed to support this important sector and to sustain it while it continues to develop and create content to meet audience and market demand.

1.2 About Film Australia

Film Australia is one of the nation's largest producers of television documentaries and educational programs. Though an integral part of the Federal Government's film program, Film Australia is neither a funding agency nor broadcaster.

It is a Federal Government-owned production and distribution company—an integrated business which performs a community service. Its mission is the creation of an audio-visual record of Australian life, through the commissioning, distribution and management of programs which deal with matters of national interest to Australia or illustrate and interpret aspects of Australian life.

Film Australia receives finance from the Federal Government under a contract requiring the company to devise, produce and distribute National Interest Program productions. It acts as the executive producer of such programs, drawing the creative and technical talent needed to produce them from Australia's independent documentary production industry.

Film Australia supports the Australian documentary sector not only by the commissioning of National Interest Program production, but through the provision of services and facilities.

It offers a world-wide distribution service for both National Interest Program and independently produced documentaries, marketing them to broadcasters in Australia and overseas and to schools, universities and community groups throughout Australia.

Film Australia's Library houses a unique collection of titles spanning over 80 years of Australia's history and licenses them, and the valuable archival materials they contain, to the production industry.

The company occupies a purpose-built film and television production facility at Lindfield in Sydney. The site provides screening venues, a sound stage, sound post-production facilities, a film laboratory, production offices, editing and transfer suites used not only by many Film Australia and low-budget independent film and television productions, but by long-term tenants who operate production facilities and service companies from Film Australia's premises.

Enclosed is a selection of recent Film Australia titles produced under the National Interest Program, and the Film Australia Catalogue 2003. The Film Australia Catalogue illustrates the diversity of style and subject matter covered by Film Australia titles. The programs embrace subject areas such as arts, media, environment, science, physical health, mental health, gender, sport, physical education, personal development, indigenous studies, studies of society such as history, business, work, civics, politics, cultural identity, diversity, family, relationships, legal studies, religion, social justice, tourism, war and peace, youth, childhood and ageing.

Film Australia would be pleased to provide any further information the Committee may require in relation to its activities and operation, and its role in the documentary and educational production and distribution sector. If the work of the Committee would be assisted by a tour of the Film Australia site and facilities, a tour will be arranged.

2. THE AUSTRALIAN INDEPENDENT DOCUMENTARY PRODUCTION SECTOR

2.1 Background

Until the late 1980s, most documentaries were produced by large Government producers, such as Film Australia, and the Australian Broadcasting Corporation (ABC). Some were produced with grant monies from the Australian Film Commission's (AFC) Creative Development Fund. Others were produced with finance raised under Division 10BA of the *Income Tax Assessment Act 1936*.

In 1987, the ABC began to systematically commission documentaries from independent filmmakers. Under the Documentary Initiative, the ABC agreed to pre-buy 40 hours of independently produced documentary programming annually.

In 1988, Film Australia was incorporated. From then on, it outsourced all National Interest Program production to independent filmmakers.

By 1989, allowable 10BA deductions were too low to attract significant investment into film and television production. In 1991, the requirements of the National Companies and Securities Commission (now the Australian Securities and Investment Commission) changed and the cost of issuing a prospectus became prohibitively high, especially for low budget forms of production such as documentary.

In 1989, the Australian Film Finance Corporation (the FFC) was established to provide investment funds to independent Australian film and television productions that could demonstrate requisite levels of market interest. However it was not until 1994, when the Special Broadcasting Service (SBS) established a commissioning entity, SBS Independent (SBSi), that there was any systematic commissioning of independent documentary programming by a network other than the ABC.

2.2 Regulation and Federal Government Subsidy

In terms of regulation, there were no specific documentary content requirements for free-to-air television channels until 1996, when the Australian Broadcasting Authority (ABA) introduced an Australian content standard requiring commercial television channels to broadcast a minimum of 10 hours of new Australian documentary programming per annum. In time the level increased to 15 hours per annum and since 1999, the level has been set at 20 hours per annum (or less than half an hour a week).

Subscription television began in Australia in 1995. There has never been a regulatory or legislative requirement for a minimum number of hours or a minimum program spend on Australian documentary programming – new or otherwise – on subscription television documentary channels. Subscription television drama channels are required to meet minimum program expenditure requirements. There is no comparable program expenditure requirement for documentary channels.

So, from 1989, the principal Australian mechanism for delivering Government subsidy to film and television production, i.e. the FFC (now called Film Finance Corporation Australia), required market interest. However documentary makers,

unlike their colleagues working in television drama, do not have the benefit of a market created by years of effective Australian content regulation. Further, they had only the two national broadcasters, ABC initially and SBSi subsequently, to show the market interest they were required to demonstrate before they could secure FFC finance.

The FFC Accord arrangements with the ABC and SBS were developed in acknowledgement of the cultural need to produce documentaries for broadcast, despite the absence of a developed Australian market and in view of the special disadvantages which documentary production suffers in the international marketplace. Documentaries – especially social issue, history and arts programs – often tell local stories and/or deal with local issues. Hence most Western countries support a level of domestic production and import only limited amounts of foreign product, thus exacerbating the difficulties which all Australian television producers face in trying to secure international finance. The FFC Accord arrangements became the principal means of ensuring the supply of independently produced documentary programs for broadcast on the ABC and SBS.

However Accord budgets were capped at low levels and so the scope and sometimes production values of documentary programs were consequently restricted. This has meant that Accords have provided few opportunities for experienced filmmakers with more ambitious and expensive projects, including those requiring extensive research, archival material, travel, and associated production costs.

Given the difficulties of securing international finance for documentary projects, which is required to trigger FFC non-Accord investment, and the low budgets and hence limited scope of projects made under Accord arrangements, opportunities for more experienced filmmakers became even more limited.

Simultaneously, opportunities for entry level and new filmmakers to gain experience in supportive organizational environments, such as the ABC and Film Australia, disappeared. AFC and SBSi policies and objectives aimed to address this problem, only further restricted the access of more experienced filmmakers to finance.

Film Australia adopted a policy of outsourcing National Interest Program production to experienced filmmakers, not only to address the above problem, but also to ensure the quality of National Interest Program productions. However its need to reach the broadest possible audience for its National Interest Program productions, together with its need to supplement shrinking National Interest Program resources with broadcast licence fees, meant that Film Australia too was largely dependent on public broadcasters both to produce and to ensure exhibition of its productions.

So subsidy delivered by the Federal agencies supporting production of documentaries, i.e. the FFC and Film Australia which between them provide more than 90 per cent of Federal Government subsidy to documentary production, became dependent on the interest of a “market” which, in the absence of effective regulation, comprises only the public broadcasters.

The short-lived Commercial Television Production Fund (1995-1998) did little to alter this environment, though it did result in production of a few documentary

programs and series. Once its subsidy ceased to be available for productions commissioned by free-to-air commercial networks, they reverted to commissioning little more than the minimum required to meet the Australian Content Standard documentary quota.

2.3 Development of the Small Business Model

From the late 1980s increased outsourcing of production, and changes to government subsidy, encouraged documentary producers to form recognisable corporate entities. The sector which was mostly comprised of individual filmmakers, began to form numerous small production companies, each of which attracted infrastructure costs.

Some of these small businesses attempted to support their overheads by expanding their businesses. Traditionally commissioned programs (or corporates) had provided 'bread and butter' income for documentary makers. However demand for corporates plummeted in the 1990s as government departments (which had previously commissioned many informational and training films) cut their budgets or, with the advent of the Internet, radically changed their communication strategies. State and Federal Government coordination of Government commissioned program-making once ensured that such production was outsourced to the independent sector. However as competition for decreasing resources intensified, commissioning of Government production was deregulated with a consequent diminution of work outsourced to small production companies.

Some companies invested in post-production facilities with a view to hiring out editing and other facilities. However rapid technological change made lower cost equipment readily available to filmmakers, many of whom acquired their own simple desk-top systems. More sophisticated equipment depreciated rapidly and required significant capital to upgrade regularly.

With few opportunities to expand their businesses into corporates production or facilities rental, and only miniscule or non-existent overheads available to them from extremely tight production budgets, documentary producers struggle to support themselves, let alone their small companies and basic infrastructure.

2.4 Current Situation

In summary, the documentary sector of the Australian independent production industry is in crisis. This is due to ongoing market failure and the impact on the sector of changes in government policies and interventions on the sector, including those of increased outsourcing, inadequate regulation in relation to commercial free-to-air channels and non-existent regulation in relation to subscription television documentary channels.

However the cultural imperatives for delivering new Australian documentaries to Australian audiences have not diminished. They are as strong as they ever were. Australians want to hear and see Australian stories told in Australian voices. Australians want an Australian perspective when analysing information and events. Documentary is a genre par excellence for recording Australian life and reflecting the nation to itself.

Australian documentary makers enjoy international reputations for their creative and technological excellence. They are innovative people with skills and expertise not only to keep the best traditions of story telling alive, but also to set their sights on new directions. A small number of documentaries has already been produced for online environments. Some traditional linear documentaries have been accompanied by online sites or DVDs. Some have been designed for multi-platform release from inception.

One promising new direction is the development of educational digital content, for which a growing demand is becoming apparent. Development of educational digital content represents an opportunity to capitalise on the skills and expertise of the documentary sector of the Australian independent production industry. Supported by sensible regulation, research and reasonable levels of resources, opportunities such as this can and should be successfully exploited.

The submission will return to these themes of regulation, research and resources as it examines the individual Terms of Reference.

3. TERMS OF REFERENCE

This submission primarily refers to documentary production in Australia.

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

The inquiry Information Paper defined "film industry" as encompassing not only the production of feature films, intended initially for release in cinemas, but also film projects such as documentaries, and those intended for television broadcast, such as drama series, mini-series, television feature films and animated productions, as well as special effects. Most documentaries are broadcast on television in half hour or one hour time slots, as one off programs or series. However a small number of documentaries are feature length (90 minutes) and achieve cinema release.

Statistics about documentary production and exhibition in Australia are limited and fragmented due to the limited regulation of documentary on television services. The ABA and AFC both collect data, as do the commercial television networks and the subscription industry group ASTRA. Film Australia and the FFC also have data on documentaries produced or funded by the government bodies. The ABC has recently changed its reporting structure so that documentary is no longer reported on as a separate category, but is reported on through genre and subject headings.

Therefore there is a limit to what reliable and comparable data is available to assess the size of the documentary sector in Australia.

Government Subsidy

Development funding for documentaries is provided via the AFC, Film Australia and state agencies. Film Australia and the FFC provide the majority of funding for documentary production with smaller amounts also contributed by the state agencies and the AFC.

In 2001-02 the Federal government contributed the following subsidy directly to Australian documentary sector for development and production through the Commonwealth Film Program.

- Film Australia (National Interest Program) \$6.9 million
- FFC \$7.2 million
- AFC \$1.7 million
- Total Direct Investment \$15.8 million

These figures exclude financial contributions made by the national public broadcasters, ABC and SBS, and finance raised and claimed under Division 10BA.

Volume of production

The AFC publishes information about the size and scale of the Australian independent documentary sector. The following figures were collected over the 10 years 1990-1991 to 1999-2000 inclusive.¹

- An average of 139 titles worth \$37 million was produced each year of the ten years, with an average budget per production of \$266,000.
- Over half the independently produced documentaries had budgets of less than \$200,000. Only three per cent of independently produced documentaries had budgets of over \$1 million.
- The number of documentaries peaked in 1996-97 at 161, then fell over the following two years, though production budgets rose, reflecting an upward trend in cost per hour for both series and single titles.

The AFC also provides information on in-house documentary production, i.e. documentary production by the national and commercial free-to-air networks.

- In the same ten year period, an average of 39 titles annually was produced in-house; ranging from 50 titles in 1991-92 to 22 titles in 1994-95.
- In the five years from 1995-96 to 1999-2000 inclusive, 195 (annual average of 39) in-house documentaries were made, valued at \$48 million or an average of \$244,000 per title.

The figures demonstrate that the majority of documentary production in Australia is outsourced to the independent production sector. Most of the independent production in Australia is supported in one form or another by government subsidy.² However, although production costs have continued to rise, the amount of government subsidy through programs such as Film Australia's National Interest Program has failed to keep pace with even annual CPI increases. This has placed considerable pressure on the NIP and on independent documentary makers.

Exhibition and Distribution

The Australian documentary sector would be greatly supported by the collection and analysis of reliable data on the amount of documentary broadcast on free to air and subscription television services and the program spend on Australian documentary programming.

¹ AFC Get the Picture Online

² Film Australia averages 20 titles per year, FFC average 35 titles per year.

National Public Broadcasters

The ABC and the SBS are the major exhibitors of Australian documentary. However, there have been changes in the reporting methods that impact on the data available from these organizations.

For example, in 2000-01 the ABC broadcast 60 hours of first release Australian documentary. However the ABC no longer reports on documentary as a single genre, but rather includes it in other subject genres, such as natural history and environment. Therefore the ABC Annual Report for 2001-02 reports the broadcast of 40 hours of first release Australian documentary indicating, at first glance, a possible drop in the amount of Australian documentary broadcast.³

It would therefore be useful for the sector to report consistently on documentary content broadcast on the national broadcasters.

Commercial Broadcasters

The ABA collects data on the number of hours of documentary broadcast on free to air commercial broadcasters under the Australian Content Standard.

The ABA introduced a documentary sub-quota to the Standard in 1996 requiring commercial television channels to broadcast a minimum of 10 hours of new Australian documentary programming per annum and since 1999, the level has been set at 20 hours per annum (or less than half an hour a week).

The Australian Content Standard was reviewed in 2001-02. The Final Draft Standard released in November 2002 reconsidered earlier proposals to increase the documentary sub-quota to 26 hours per annum, but in the end, the ABA determined to maintain it at 20 hours per annum.

However, the data made available by the commercial broadcasters for the Review was revealed to be inconsistent in many areas, and the Report recommended that the ABA review both its definition of documentary, and its internal systems for checking compliance.⁴ The ABA has yet to announce the outcome of this review.

However on checking, the final compliance figures for broadcast of first release Australian documentary on the commercial networks for 2001 were as follows:

Network Seven	25 hours (revised down from 26)
Network Nine	21 hours (revised down from 26)
Network Ten	20 hours (revised down from 24)

³ ABC Annual Report 2001-02

⁴ ABA – Australian Content Standard – Final Draft Standard

The Review also highlighted a significant drop in production expenditure on documentary by the commercial free to air networks since the introduction of the quota.

Year	Value of production
1996-97	\$6.814 million
1997-98	\$6.255
1998-99	\$6.452
1999-00	\$6.199
2000-01	\$3.399

The down turn in expenditure by the commercial broadcasters indicates yet more pressure on the Australian documentary sector, and the inadequacies of the current regulatory framework to guarantee a consistent level of quality documentary for Australian audiences.

Subscription Television

No reliable statistics are available on the amount of Australian documentary on subscription television in Australia.

The ABA, at the direction of the Minister for Communications, Information Technology and the Arts, recently undertook a Review of Australian Content on Subscription Television. In its Discussion Paper, the ABA drew attention to the need to obtain information on the amount, range and nature of Australian content broadcast on subscription television, including documentary programming as this genre is recognised to be of particular cultural importance.⁵

The Australian Subscription Television and Radio Association (ASTRA) surveyed its members to provide statistical information for the review. However that data is not publicly available.⁶

In 1997, there was one documentary channel on Pay TV. Now there are four full-time documentary channels (Discovery Channel, National Geographic, The History Channel and Odyssey) plus other channels devoting part of their schedules to documentary, including Ovation, Lifestyle and Animal Planet. Documentary channels (Discovery Channel, National Geographic and The History Channel) are amongst the most popular Pay TV channels, rating consistently in the Top 10 and Top 20 subscription services.

Submissions to the ABA Review of Australian Content on Subscription Television by AFC, FFC and Film Australia provide some more details on the amount of Australian documentary on Pay TV and the extremely low licence fees paid. Film Australia's Submission is attached.

⁵ ABA Issue Paper – Review of Australian Content on Subscription Television 2002

⁶ ASTRA Submission to Review of Australian Content on Subscription Television 2003

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

Economic Benefits

The documentary sector produces economically, efficiently and to world creative and technological standards. However economic returns are limited, in part by the necessarily parochial nature of the output (which in some cases inhibits its international appeal) and in part by the nature of the domestic and international markets.

The major broadcasters of Australian documentaries are the national broadcasters. Film Australia is largely reliant on the ABC with which it has an output agreement, and on established relationships with the SBS, to deliver its National Interest Program titles to Australian audiences. Current scheduling policies of commercial free-to-air television broadcasters tend to exclude social documentary of the kind for which Film Australia is renowned, in favour of other forms of factual programming, such as Reality TV and infotainment, and hosted natural history series and travel and adventure series.

Pay TV channels generally tend to be scheduled by overseas parent channels that have shown little or intermittent interest in Australian documentary content. Exhibition opportunities on Pay TV exist for only a few 'back catalogue' titles which are acquired for very low licence fees once they have been broadcast on Australian free-to-air channels.

Sales of National Interest Program titles and other independently produced documentary titles distributed by Film Australia Sales to overseas free-to-air and subscription broadcasters require sustained marketing effort, which is not inexpensive. The territories that respond best to Film Australia programs are Sweden, the Netherlands, Denmark, Finland, Canada, Israel, China and France. Licence fees range from US\$500 - \$1500. Film Australia Sales competes in an increasingly fragmented market for social documentaries.

Fragmentation of the television market has divided the free-to-air audience, with consequent changes in commissioning and programming policies of both national and commercial networks. The effect is reduced exhibition and distribution opportunities for 'social' documentary. Given this constriction and the ongoing need to exhibit the record of Australian life, Film Australia is actively exploring alternative delivery platforms.

However, while digital television channels, DVD, broadband and other on-line services and formats present new ways of reaching target audiences, none has yet developed markets and revenue models that equal the audiences of free-to-air broadcasters, nor the licence fees paid by free-to-air broadcasters.

Social and Cultural Benefits

Economic imperatives cannot be divorced from social, cultural and creative imperatives.

... as we move into the Information Society, audiovisual is becoming arguably the most important industry in the world. There are cultural and commercial imperatives that oblige us to act. And there is a creative imperative too. It cannot be in the interests of the long-term health of our popular cultures to have a global movie business, devoid of any diversity in terms of styles, genres, stars.⁷

Audio-visual media such as film and television provide powerful platforms for shared experience and understanding. New media extend that experience and understanding to wider groups of people. These are important bases from which national cohesion develops.

This was recognised by the Government at the announcement following the 1996 Gonski Review and 1997 Scoping Study that it would retain Film Australia as a fully integrated production studio.

It is during times of national reflection, such as the Centenary of Federation, that we will appreciate more than ever the role film plays in capturing key moments in a nation's life. Our ability to critically analyse our history is enhanced by the preservation of the work of previous generations of film and television creators.

Clearly the National Film and Sound Archive and Film Australia will be key players as we celebrate the turn of the century and, in particular, the documentary will prove to be an ideal vehicle for telling our myriad stories.

But the reality is that the social documentary is the least commercially viable but one of the most culturally relevant film genres. Ongoing market failure and lack of Government support would mean programs such as *Rats in the Ranks* and *The Year of the Dogs* would not have been made.

The Government wants as many Australians as possible to enjoy the insights, reflections and often unique perspectives the documentary provides. To this end, the Government will continue Film Australia's National Interest Program at current levels of \$6.4 million per annum from 1999-00 to 2002-03.

Film Australia is the jewel in the documentary crown, not only through the management of the National Interest Program, but also through the marketing and distribution undertaken on behalf of other producers, its archives – Australia's 'photo album' of more than 80 years of filmmaking – and the management of its Lindfield site.⁸

The Government continues to and support Film Australia and the National Interest Program, including through the Film Industry Package:

⁷ Sir David Puttnam, SPAA Conference, Melbourne, November 1995

⁸ Senator the Hon Richard Alston, Keynote address to the SPAA Annual Conference, Melbourne, 15 November 1997

Film Australia will receive an additional \$2.7 million a year to continue providing access to its archival resources and affordable facilities for the documentary sector. In addition, the Government has committed to a further five year contract with Film Australia from 2003-04 for the National Interest Program.⁹

And to recognise that documentaries:

... present us with real stories and images of Australian people, our problems and successes, our triumphs and tragedies, and our ordinary lives¹⁰

However, social documentary, the type of documentary that is only possible to produce in Australia with Government subsidy, allows us to reflect and consider a diversity of subjects in depth and with intelligence. In the environment of globalisation, the need for strong independent documentary continues in Australia and overseas.

The following excerpt is from an article published in *The Guardian* following the bombings in Bali. The full article appears at Attachment A.

One of the great ironies of globalisation is that the closer we are brought together, the less we come to know about each other. As our lives become entwined with those of people living in the most distant places on earth, our broadcast media - through which most people in rich countries receive most of their information - are treating the rest of the world as if it is no more than a playground for people like ourselves. Our understanding diminishes correspondingly, until all we know of foreigners is that, for no reason that we can discern, they suddenly attack us.

Last year, according to the media pressure group 3WE, the coverage of "hard" issues in the poor world on British television fell to the lowest level it had recorded in 12 years of monitoring.....In the entire year, only four programmes about the politics of the poor world were broadcast on the five main channels, three of them on BBC2. "The international documentary," the report concludes "is virtually dead."

Television executives claim that programmes about the politics of distant parts of the world attract small audiences. ... But the smaller numbers who watch serious foreign documentaries will engage with them passionately. John Pilger's film about East Timor attracted three million viewers, of whom an extraordinary half a million called the switchboard afterwards, to register their shock and anger at what they had seen. It would be fair to say that the programme helped to change the course of history.¹¹

⁹ Senator the Hon. Richard Alston and the Hon. Peter McGauran MP, "Government delivers film industry package", 4 September 2001

¹⁰ Funding boost of \$2.7 million for Film Australia – September 2001

¹¹ George Monbiot. *The Guardian*, Tuesday October 22, 2002

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

Future growth in the documentary sector of the independent production industry depends primarily on producing more documentaries and delivering them to wider audiences. Currently the widest audience is via domestic free-to-air broadcasters, especially the national broadcasters, followed by smaller domestic Pay TV audiences and finally international free-to-air and subscription audiences. Digital channels have not yet developed in line with Government expectations and the ABC has recently closed its two digital channels.

Regulation

Australian Pay TV documentary channels remain unregulated, broadcast limited amounts of Australian programming, commission negligible amounts and pay licence fees that represent a small fraction of the cost of production. As Pay TV audience share and market penetration increases, subscription services should at last begin to fulfil the objectives of the *Broadcasting Services Act 1992* (the BSA), i.e. to promote the role of broadcasting services in developing and reflecting a sense of Australian identity, character and cultural diversity.

Film Australia advocates the introduction of a minimum expenditure requirement for Pay TV documentary channels, similar to that which applies to Pay TV drama channels, i.e. that no less than 20% of documentary channel program expenditure should be spent on Australian documentary programs, with at least half of that 20% devoted to new Australian documentaries ("new" meaning not broadcast on any form of television in Australia or New Zealand at the time the expenditure is incurred).¹²

Meaningful regulation of both free-to-air and subscription broadcasters, consistently implemented and monitored, would contribute positively to growth in the size and scale of the documentary sector of Australia's film and television production industry.

Educational Content for Digital Platforms

Digital technologies and new platforms require new content, in greater quantities, organised in ways to suit interactive purposes. One content area where demand is clearly increasing - domestically and internationally - is educational content for life-long learning as well as for formal primary, secondary and tertiary education.

One way of satisfying that demand is to extract additional educational use from the nation's intellectual capital (such as the Australian documentary record held by Film Australia) by repackaging or reorganising it into educationally appropriate 'chunks' in a range of formats for delivery on a range of platforms. The documentary sector,

¹² Film Australia Submission on Pay TV – attached

working with educators, is ideally suited to do this work. Not only does it have the necessary creative capacities and information-packaging skills to do the work well, but also engagement in this work has the additional benefit of helping to sustain the sector.

Film Australia has established an Educational Production Initiative to facilitate greater educational access to the copyright materials managed by its Library and/or created under the National Interest Program. New and established documentary makers will be able to take advantage of the opportunities generated by the initiative to develop skills and gain experience in the production of educational programming for delivery via diverse platforms.

Costs and Revenues

New content is produced digitally, but existing content may and older content will need to be digitised to be used in these ways. In the 2001 Film Industry Package, Film Australia received additional resources for transfer and digitisation of its archive of heritage audio-visual materials.

Without this level of subsidy, resources for digital conversion would need to be built into business plans and revenue models, along with other costs associated with creation and publication of digital educational content.

The online and e-Learning educational media sector is currently driven by the supply side, often supported by Government initiatives. So while new formats and new delivery mechanisms present new ways of reaching target audiences, none has yet developed markets and revenue models that equal the audiences of free-to-air broadcasters, nor the licence fees broadcasters pay. Targeted support for increased schools' broadband access would help stimulate audience/user demand for content, although attracting revenue remains difficult.

One revenue possibility relates to the rise of the home educational consumer, i.e. adults who acquire one range of educational resources for their computer-centric children and another range of home education materials for themselves. In the USA, demand currently outstrips supply, so there is potential for both growth and revenue.

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

Generally speaking, documentary makers do not require large bandwidth to produce their programs. Their main interest, as discussed above, is to ensure that educational institutions have adequate access to bandwidth so that staff and students can access the new media products and digital content that the documentary sector is well positioned to produce.

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

It is documentary practitioners who have the skills necessary to succeed in the new media environment. The abilities to research and shape stories and arguments and to navigate through complex assemblies of information, ideas and material are essential to the filmmaker working in, say, compilation documentaries. Similarly the skills involved in negotiation and clearing of rights to licensed materials necessary for the creation and delivery of much multimedia content are well honed in documentary filmmakers. However digital rights management is an area of growing concern.

Film Australia further contends that combining the compositional and narrative skills of experienced documentary makers with the adventurousness and design flair of newer media-savvy documentary makers and animators is one positive way to meet the challenges and take up the opportunities afforded by digital content generation and aggregation. The transfer of skills inherent in this approach can only benefit the sector and audiences/users through the content it produces.

With regard to the capacity of the education and training system to meet the growth needs of the documentary sector, the Australian Film Television and Radio School takes care of entry level and some advanced level education and training for documentary makers. The AFC supports professional development and project development, and the FFC supports production that is market driven. Film Australia provides opportunities for experienced filmmakers to produce national interest projects aimed at reflecting Australian concerns and perspectives and to producing material designed for educational markets.

However, the documentary sector does require more supported professional development opportunities for emerging filmmakers, within a studio infrastructure. There is also at present, only very limited opportunities for more experienced documentary makers to transfer and develop their skills in digital media. Additional resources would allow the film agencies to address these gaps.

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

Film Australia proposes that the capabilities of the Australian documentary sector can best be leveraged through a sensible and sustained application of the '3Rs' – Regulation, Research and Resources.

Regulation

For Australia to have a robust documentary sector in the future, appropriate levels of local content regulation are required, as it is recognised that documentary production and distribution, particularly social documentary, occurs in an environment of national and international market failure.

Consider the example of Australian drama series produced initially for domestic television broadcast. Long running series such as *Neighbours* and *Home and Away* developed as a direct result of stimulus in the form of an Australian drama quota imposed by the ABA's long established Australian Content Standard for commercial television stations. Not only did it develop a domestic market for the series, but also it created a strong and healthy production industry, which could then export product overseas. Stimulate the demand side and the domestic industry responds and grows. Exports grow on the strength of the domestic industry.

Similar regulation, though at a very low level now of half an hour a week for forty weeks of the year, has existed in relation to Australian documentary programs only since 1996. The regulation has not been around long enough and it would appear the level is not high enough to stimulate the domestic market and sustain the documentary production sector, let alone form the basis for a vibrant documentary export industry.

There is a program expenditure requirement for the drama channels of subscription television services. No such requirement exists for documentary subscription channels. Film Australia has argued repeatedly, as has the rest of the industry, that an Australian content requirement should be determined for the now well-established documentary subscription channels. The industry is awaiting the outcome of two inquiries into this matter and hopes for a positive decision for the reasons explained above.

The crux of the argument is that if the documentary sector, including that part which generates educational digital content, enjoyed the kind of regulatory support that the drama sector enjoys, it too could develop its domestic and export potential.

Research

Regulation is a major issue, but it needs to be supported by research. The extent of research on the documentary sector is neither reliable nor comprehensive, as the ABA discovered during its Australian content on commercial television review. Even less is known about documentary on subscription television. A concerted research effort needs to be undertaken so that the development of policy and regulation and/or legislation is based on the best possible information base. This will require a degree of openness on the part of the broadcast and subscription industries. (Federal agencies such as the AFC, FFC and Film Australia are 'open books' due to their accountability and reporting requirements. State agencies are similarly accountable.) Reliable industry information is vitally important and the publication of any information this Committee may obtain would greatly assist informed debate and decision-making.

Resources

The third component is resources. Agencies, including Film Australia, have been funded to carry out their core activities. The kind of issues the Committee is addressing via the Terms of Reference extend beyond core activities to focus on the research, development and exploitation of opportunities. To be in a position to carry out research, development and exploitation work, more resources are needed. Film

Australia asks the Committee to consider the issue of resources as it does not seem possible to proceed positively in the adequate financial support of the sector.

(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

The desirability of sensible regulation, the need for research and the difficulties of undertaking new activities in the absence of adequate resources have been explored under the relevant Terms of Reference above. But in summary –

- **Regulation** is required to create and build the domestic industry which can then exploit export potential
- **Research** is needed to ensure compliance with regulation and to inform development of policy and decision-making
- **Resources** are needed to allow agencies and the industry to move beyond core activities and to embrace digital content opportunities.

These are forward looking recommendations derived from Film Australia's examination of the issues raised by the Terms of Reference.