

Film Inquiry
Submission No. 95.....

Supplementary Submission

PACIFIC VISION Pty Ltd

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

6 September 2003

Pacific Vision Pty Ltd
Lot 69 Dam Road, Wombarra, NSW 2515
Ph: 02 4267 5171
Contact: Tim Brooke-Hunt

ANIMATED CO-PRODUCTIONS UNDER THE
AUSTRALIA-FRANCE MEMORANDUM OF UNDERSTANDING

This supplementary submission describes the problems that Australian producers are currently experiencing with the Australia-France Memorandum (M-o-U), as it is applied to animated productions by France's CNC.

IMPORTANCE OF CO-PRODUCTIONS FOR ANIMATION:

Co-production finance has become increasingly important to Australian animation producers. The European market is central to the financing of much Australian animation. Official co-productions with a European partner enjoy 'European Content' status and qualify for higher European licence fees, particularly in the pre-sales used for financing.

IMPORTANCE OF FRANCE AS A CO-PRODUCTION TERRITORY:

France is of particular importance as a co-production territory. Australia's Treaties with the UK and Germany offer limited opportunities for animated co-productions because there are very few German animation studios of good standing and most UK broadcasters will only pay premium pre-sales to 100% UK productions. By contrast, French broadcasters are supportive of co-productions and (in partnership with the CNC) provide substantial investment.

CURRENT PROBLEMS WITH THE MEMORANDUM:

It is therefore particularly unfortunate that Australia's M-o-U with France currently presents serious problems to Australian producers:

- The CNC takes the view that co-productions with Australia under the Memo of Understanding have lesser status than Treaty co-productions and consequently the CNC will not allow Australian expenditure on M-o-U projects to qualify as 'European'.
- The M-o-U requires an Australian contribution of 40%-80%, but this appears to be over-ridden by the CNC's 'Creative Points' policy, which allows only 33% (7 of 21) creative points to be 'non-European' (including, by the CNC's definition, all Australian elements). The CNC has advised our French co-producers that the creative points rule will apply in deciding whether a M-o-U co-production qualifies as 'European Content' and therefore whether it will qualify for CNC investment.

- Obviously, the benefits of CNC investment and European status are the principal reasons to co-produce with France. If Australian animation producers are unable to access these benefits via French co-productions, we are badly disadvantaged in securing finance for our projects within Europe.

AUSTRALIAN FILM COMMISSION ASSISTANCE:

A group of Australian animation producers has requested the Australian Film Commission to urgently consider the following:

1. In the short term, can the M-o-U with France be made to work better for Australian producers? (For example: the CNC permits third country participation provided the overall points allocation remains two-thirds 'European'. Could the AFC adopt a compatible approach?)
2. In the long term, can the AFC persuade the CNC to change its interpretation of the M-o-U, or (failing that) negotiate full Treaty status for co-productions between France and Australia?

Pacific Vision
Sept 2003