

SCREEN: Australia - Proposal

Screen Council Resolved to Entertain and Educate the Nation: Australia

The current debate as to the efficiency of the current system is very healthy. It would be prudent to add the objectives of the systems to the discussion as well - as these can be linked to the current malaise.

Presently the goal of the Australian Film Commission pertains predominantly to maintaining film culture with the stated aims being:

The goal of the AFC is to enrich Australia's national identity by:

- fostering an internationally competitive audiovisual production industry
- making Australia's audiovisual content and culture available to all
- developing and preserving a national collection of sound and moving image.

While the Film Finance Corporation has the following mission statement:

To strengthen cultural identity by:

supporting a highly professional and creative Australian screen production industry;

entertaining and informing Australian audiences with a diversity of screen images;

showcasing Australia's screen production industry to the world.

These two organizations have served the Australian film industry well over the past decades however the industry has still declined. Anecdotal evidence suggests that in the past the AFC concentrated more on culture, while the FFC concentrated on the deals - were there enough other parties at risk in the film.

These practices have been improved since the arrival of Brian Rosen and the evaluation corridor with Brigit Ikin and Tate Brady helping to assess a film's potential to attract an audience. Brian Rosen has stated the opinion that the industry could benefit from fewer large productions - which could afford to attract successful Australian actors and directors back to our shores - being made at the expense of larger numbers of small films.

In my opinion there is a way forward for all parties but it does require a fundamental shift in the thinking and focus of current financing systems. The ideas I will present over the following pages are not new, and not mine, they are a collection of the many discussions I have had and heard at SPAA meetings, ASDA conferences and at individual events.

10BA Financing: Tax relief for Private Investment

Funding a film always requires private finances to be attracted to make up the difference between pre-sales, government finance and production costs. At the moment the system involves an initial evaluation by the DCTIA and then enables producers to offer 100% tax deductibility at the time of production for the funds invested.

To get a film to this stage is an expensive process and is heavily reliant on AFC and state agency funding during the development process. These development funds are limited and highly sought after - often as many as 60 - 100 projects are submitted with funds only available to 2 - 5 projects. The flow on effect is that many projects fall away, while those that continue to be developed privately are done in people's spare time on stretched resources. Even those that get some finance often do not get all that is needed. As such many projects are *under developed*. Unlike many other industries where research and development expenditure is tax deductible at up to 150% - in screen production tax breaks are only available at the time of production. This leads to films that are poorly thought through being rushed into production - and hence the end product is dissatisfying.

The obvious solution to this problem is to change the nature of the tax relief to be skewed more towards development of ideas. This would be best achieved by a 150% allowance for funds committed to script development. Naturally to avoid abuse of the system by those more interested in reducing their tax bill than creating a film there would need to be a system of assessment and approval to raise funds for script development. This could be done from a treatment and story breakdown with intended shooting in Australia and involving Australian practitioners as is the case with production finance. As part of the requirements each project should be asked to return audience projections based on similar productions of the past - these figures are available at a price from various web-sites with some sources being more credible and respected than others. These figures should be included with an overall business plan for the production, projected production cost range and strategy for financing and release. A project should be considered 'developed' when a production ready script is available and cast has been attached for the key roles, along with the financing plan.

The projects that develop successfully should be able to attract the further support they need from executive producers, sales agents, distributors and the private sector as they will be stronger than those currently being rushed into production and will have a clear idea of the ability for the project to succeed in the market place. Certainly some projects will discover in development that they are not viable in the market place and will be scrapped or considerably altered. It is better that this happens when all that is at stake is on paper or perhaps a trailer or pre-visualization of the work.

The ultimate aim of this process is to develop better screen productions - whether Film, Television, straight to DVD or any of the other platforms available at present. With stronger projects audiences should grow - and so should returns - this would naturally attract more investors in the future. If successful productions manage to make sales in the international market place then their returns to Australian investors for export earnings should also be given taxation leniency as this would encourage Australian producers to think about universal appeal.

Universal appeal does not have to stem from big budget block busters or specific genres but does require more thought and development time to ensure true human value, which translates to favourable word of mouth.

Direct Government Financing: Film

Naturally there will always be a need for some government financing especially to help practitioners at the start of their career. Writers need to get their scripts to a point where they are attractive to producers and directors. The current range of programs such as Aurora and SPARK are proving very good at assisting developing and should be encouraged further. Again these resources are limited and often are only available to projects already considerably further down the track than merely an idea or treatment.

To assist the government in raising funds the industry itself should bare some responsibility and in turn the rewards. Producers of successful films should be offered finance for their successive efforts, likewise producers whose films fail at the box office should be asked to justify their future requests. A system whereby projects prepare their funding applications on *either* commercial *or* cultural grounds should compete separately for funding. Even this shift in process would force film makers off the fence - to understand why they are doing what they are doing - and discourage film makers not genuine about their commitment to the craft. This would create a distinct environment where success could be measured for the commercial films and rewarded with re-investment and an on going return flow to the government as the principle investor.

Cultural film makers would be able to draw on the funds returned by successful commercial films, or funds set aside annually for the aim of enriching our understanding of our heritage and film culture. Film makers with success in this area (as measured by festival selection and awards - such as Rolf de Heer) should be encouraged and supported as much as commercial film makers. Often smart distributors can make positive returns on these films as the films are made within a budget that suits the likely returns - and marketing costs are kept low and more specific to the audience that the film maker is trying to reach.

Short films should also still be encouraged as part of the screen culture and as a testing ground for practitioners to further their careers. Some of these short films could be made from research and development funds raised as part of preparation for a feature as lifted above in the 10BA section - though only if in line with a potential feature - which would ease the direct burden on the government.

All of the above is in line with the current first objectives of both the AFC and FFC but with the addition of the aspect of healthy competition and the drive for success that breeds also opening up the possibility of there being a return path to strengthen the government funds and reducing the dependency.

This could be overseen by one agency reducing the administrative costs involved with the current system. Staff could be recruited from the current pool however it should be staffed by people who are overwhelmingly enthusiastic about the future of Australian film, rather than cynical about it's past. People currently involved in distribution and exhibition could be considered for their knowledge of a films life after it has been produced.

Presentation of the Industry:

At the American Film Market in November 2005 the Australian film industry was noticeable in its virtual absence - Sabina Eisele from the AFC marketing division and Deborah Zipser from the FFC were there intermittently. There were several independent producers and the sales agency Arclight / Darclight. This event is the largest market in North America and second only to Cannes. Cannes is important because it is a festival as well as a market - a showcase for both the cultural and commercial aspects of film. These are far from the only film events on the global calendar - and there should be representation at others, though with the proliferation of film festivals it would be important to list perhaps the 10 most important ones. Interestingly this year's Sydney Film Festival saw a growth in attendance and Melbourne International Film Festival is on track for growth too, The success of SPAA Mart - held in Queensland in conjunction with the SPAA conference has the potential to become a strong market - though the shift to November puts it at odds with the AFM. The AFM attracts over 100 registered participants to a 10 day event - and millions of dollars being spent.

At both of these events it would be advisable to have a strong presence representing bodies such as the AFC and FFC (or a merged version) AUS film and the state agencies to try to attract production to Australia. This cannot be handled by any one agency as the fracturing into states and regions would divided the attention and compound the costs. One clear presence with a staff of 4-8 could handle everything and represent Australian productions as well. Marketing under one unified banner helped the Australian Wine industry to achieve the strong growth in that sector - above and beyond their expectations. Australian film should do the same. The recent formation of the Australian Screen Council proves that industry bodies are willing to work together towards the common aim of advancing screen culture. If the Government were able to draw together its resources under one banner the growth could be enormous - with benefits for all Australians.

Financing for Television:

I am sadly unaware of the current situation and therefore unable to offer any improvements. I will say that more television drama events such as *Jessica* and the like do seem to attract strong audience numbers and should be encouraged.

Here I defer to those in the Television industry such as Marcus Gillezeau and Nick Murray for their suggestions.