

## **The Australian Film Industry – The need to veer towards the quality curve**

### ***Recommendations***

This submission to the Review of Australian Government Film Funding Support is made by two private citizens. It recommends that future funding and administrative activity by the Federal Government and its film agencies should be directed to ensure the following:

- . there should be a clear recognition that the comparative box office performance of Australian films has been unfairly denigrated by the use of inappropriate comparisons;
- . the focus of assessment criteria to judge success should be shifted from percentage return on investment and market share to *comparative subsidy per consumer* . This shifts the conceptual emphasis from a film as a product to a film as a work with intrinsic cultural value with an enduring outreach across national boundaries;
- . Australia's film agencies need to radically rethink the attention given to the process of scriptwriting, the funding of writer/auteurs and the relationships that exist between writers, producers and directors in the Australian film industry; and

there needs to be a strong, forthright and full commitment on behalf of all funding and investment bodies to ensure that our best film-makers, those whose work has been internationally or locally recognized and rewarded, and our best writers, are working more fruitfully and more often.

### ***Introduction***

The Australian film industry is subject to constant analysis and dissection. More than most arts activities its products are reviewed extensively and discussed liberally in all the media. This attention is not confined to reviews of its products or interviews with those who make or contribute to films. Analysis and dissection frequently extends to such matters as the state of the industry, the role of the many educational and funding institutions, the place of areas which compete for government funding among themselves, tax regimes supporting production and the regulation of the act of viewing films.

This is not unique to Australia. Around the world film and the film industry attracts mass attention and its participants and products are minutely examined at all levels of the media. Film is treated as worthy of consideration by everything from high art to low gossip outlets. Film is thus as well intimately associated with the production of celebrity. Film-makers views are sought not just on film but on 'issues'. Film-makers or contributors are key targets for those seeking to attract publicity. Beyond the activities of production those involved in film-making, most particularly actors, front for everything from refugee children to low grade commercial products. Governments too love the film industry. Virtually every country in the world has been convinced over time that it should

foster a film industry, support it with funding or tax benefits in the hope that there will be national cultural glory at the end of the process.

Governments are also frequent instigators of inquiries into its state. These inquiries are often sponsored by Treasury Departments which deplore public subsidy for 'inefficient industries'. The end of such inquiries into the film industry is usually to be found in the introduction of yet more schemes and bureaucratic programs designed to encourage production, schemes which also seek to improve the 'quality' of that production and seek to have the nation's films better recognized abroad and seen by more people.

For several decades successive Australian Governments have thus supported the production of films. Federal Government funding for film and film-related institutions has increased exponentially from \$15m in 1980/81 to over \$160 million in the current year. If funding had been maintained at 1980/81 real dollar levels in the current year expenditure would be less than \$50 million per annum. The increase has thus been extremely large and there is probably no cultural sector which has experienced such a pronounced increase.<sup>1</sup> Federal (and state) governments have seen this support as a desirable element of the nation's cultural policies and it seems it is now accepted

- . that there must be an Australian film industry;
- . that industry should operate at sufficient level of activity to provide reasonable throughput for the various pieces of production infrastructure and service provision put in place by or with the support of both government and private investors; and
- . the industry should provide certain levels of employment for technicians and artistic personnel many of whom have been expensively trained by stand alone government funded training institutions.

Investment and funding, at all levels of government, has significantly increased over the last three decades. However governments often express only a very general or vague desire for our national identity to be put on the screen or for the nation's stories to be told by Australians themselves and for these stories to be seen by the nation's citizens. Notwithstanding, support comes at all points – for training, for development, for production, for distribution, for exhibition, for overseas sales and marketing and for preservation.

The result of this activity has been significant government and private investment in the film industry. It is universally acknowledged that the industry can only exist providing that Government support continues. The debate is often clouded however by those who actually make films or have some role in the industry who seek for their work to be supported with ever-increasing subsidies,. This is sought no matter how few Australians actually see the industry's products, and no matter how large the financial losses and the tax expenditures that accompany them. As we shall try to show it misses the point and in fact serves the industry badly to conduct discussions on this basis.

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<sup>1</sup> See table on AFC website at [www.afc.gov.au](http://www.afc.gov.au) and calculate according to 1980/81 constant dollars

One recurring element of contemplation of the film industry is that at certain times of each year, funding bodies, production representatives and even Government ministers will express the view that the forthcoming production crop will represent a turning point in the commercial and artistic fortunes of the national cinema. This will often be accompanied by extensive media coverage associated with awards events or overseas festival representation. Sight unseen, journalists will be encouraged to write about optimism and hope and will quote the bureaucrats who have made the decisions to fund the current crop. There will be reports of ‘guarded enthusiasm’, ‘hope on the horizon’ and hopes that ‘new initiatives’ will deliver results. Results in this case being something which ‘actually connects with a much broader audience’.

Some however are wont to take a curmudgeonly or querulous view of the industry’s products and prospects. Some use any current lack of quality to call into question why the industry should be supported at all. On a number of recent occasions the film industry and its government support have become occasional targets for the warriors of the right in their ceaseless desire to reduce taxes and government expenditure and end subsidized manufacture of anything.<sup>2</sup> One warrior has seemingly suggested that subsidy to film should be put in question because the wrong people get it.<sup>3</sup> The diagnosis of the cultural warriors seems devastatingly simple. It’s subsidy itself which is the problem. Of course, without subsidy there would be no Australian film industry. The view is that subsidy rarely produces anything of note and is some sort of cultural trap.<sup>4</sup>

***The performance of Australian films at the box office should be placed in proper perspective***

Since the early seventies the outlay of public funds in Australia both directly and indirectly *on a per capita basis* has been amongst the highest in the world. Yet the return on investment and the impact of Australian films overseas and with domestic audiences in the last five years are at their lowest points in more than three decades.

Aggregate gross box office for 110 features produced between 2000-04, at 17% of production costs, is so low that the addition of marketing and distribution outlays will have resulted in aggregate net returns to the producers from domestic theatrical rentals of zero leaving returns from overseas, television and DVD sales the impossible task of bridging much of the gap. The producer of perhaps the most successful film critically and commercially in the last five years, *Lantana*, reports only a 10% return to the investors - less than the cumulative interest on a fixed deposit with a bank. Since 1988 the FFC has recouped less than 20% of more than one billion dollars of public funds invested in film

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<sup>2</sup> Michael Duffy in the Sydney Morning Herald writes “ Film puzzlingly has been an almost complete commercial and artistic failure...(it) has become an evolutionary dead-end...maybe the time has come to stop making films here and put the audience out of its agony”. SMH, 27/08/05

<sup>3</sup> “I think the problem is partly something that’s common in much of the arts now, but especially obvious in the more subsidized areas, such as feature films or theatre or visual arts. Too many film-makers start young, and have no experience of work except in their industry. Too often they’re based in the city (...). And too often they never move out of their circles of friends and like-minded people. They simply don’t know people who don’t live as they do, or think as they do. That ends up making them insulated from their society, their country and its stories.” Sophie Masson, Quadrant, September 2005 (underlining added)

<sup>4</sup> The diagnosis also conveniently ignores the fact that *every* nation subsidises film production in some way.

production after administrative costs have been taken into account while the actual and prospective returns on investments made since 2002 would seem to be significantly lower than the seventeen year average.

It is on this kind of analysis that much of the current anxiety about the future of the film industry rests when it is more indicative of how far we have been sucked in to accepting Hollywood based criteria by which to measure success or failure. The case for public investment in Australian film has always rested on cultural criteria. This is not to say that box office returns and market share are irrelevant but they need to be placed in perspective. Four million dollars taken by *Japanese Story* in limited (quasi-arthouse) release has a different meaning from seven million dollars taken in the widespread mainstream multiplex release of *Ned Kelly* with its production budget four or five times that of *Japanese Story* and a marketing budget to match.

Over the past thirty years or more, on average, Australian features have held their own at the Australian box office (taking average gross box office per film as the guide) with all but mainstream Hollywood features. In the best years they have done better than that. In the worst years the culture vultures descend to pick at the bones of carcasses denied transfusions from the film-going public. It is just misplaced to say, as Lynden Barber<sup>5</sup> did on at least one occasion, for example, that “Australian titles attracted a *pitiful* (our italics) 4 per cent of domestic box office returns” (he was referring to 1998). Similar statements have been repeated with some frequency by commentators who have not bothered to properly analyse the facts. *Basically, Australian features hold their own with and often do better than comparable features from overseas.* Rather than continually harping on a total market share of 3-5% it would be more to the point to emphasise that Australian features regularly capture around one-third of the local box office dollar taken by *all films from non-American sources.*

A much more appropriate benchmark at the local box office would seem to be features from the UK, not overall per film averages which are dominated by mainstream Hollywood features. Excluding US/UK co-productions made or backed by the Major Hollywood Studios (such as the most recent Bond opus *Die Another Day*, and the *Harry Potter* films) in four years 2001-2004 (which includes the rock bottom year for Australian film of 2004) the market share and average per film gross of Australian and British films at the local box office is quite similar. In comparing market share of locally produced films in their respective domestic markets in three of the four years Australian produced films would seem to have performed better than Canadian films in Canada and are more or less on a par with British films in the UK (again if US/UK co-production and major studio investments are excluded). While this is perhaps too short a period on which to draw definitive conclusions it does suggest that Australian films are not quite the box office poison with local audiences that they have been cracked up to be at least in comparison with English speaking territories other than the US.<sup>6</sup>

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<sup>5</sup> Lynden Barber was until recently the director of the Sydney Film Festival and prior to that reported on film industry matters and reviewed films for *The Australian*

<sup>6</sup> The Issues Paper released by the Department in our view implicitly and quite simplistically sides with those who believe that Australian film has performed poorly

Based on AFC's published figures, in the period 1984-2005 *all* released Oz produced features have accumulated around twice the average gross return per feature at the Australian box office of features *from all sources other than the US*. It may be time to permanently lay to rest the myth that Australian audiences are allergic to home grown feature films. This is not to say that home audiences have a *preference* for Australian features *per se*. Only to say that Australian features not only have to deliver in competition with those from all other sources but to a substantial degree they have done so during the past three decades or so, the recent low point in 2004 notwithstanding.

***The need for new criteria to be invoked***

In promoting the case for Australian film such as the average cost in government subsidy for each bum on a seat matched against the per seat subsidy for other performing arts, there is a need to re-examine the criteria. To take federal funding through the FFC as an example, in 17 years since 1988 more than one billion dollars in government funds have been invested in film production or an average of sixty million dollars per annum. During this time Australian films have averaged a 5 per cent share in gross domestic box office which amounts to an annual average attendance to Australian films of around four million per annum or an average subsidy of \$15 per ticket less \$3 recouped by the FFC from its investments. Viewer numbers should be at the very least doubled once the audience for videos, DVDs, broadcast and pay tv is taken into account, reducing the per viewer subsidy to somewhere between \$3-6. Even after taking into account Commonwealth funding of the AFC and the AFTRS and state funding through their respective film offices it seems likely that the per viewer subsidy, Commonwealth and State, for film production and culture, even at the current low point in market share for Oz films, would compare more than favorably with that for theatre, opera, ballet, dance and orchestral music.

Proper comparative analysis to test this assumption remains to be done and even if disproved the underlying case for viewing public investment in film production as *cultural capital* comparable to that in the other arts remains. This is not to suggest, however, that public funds could not be more productively utilised.

Suggesting that the focus of assessment criteria should be shifted from percentage return on investment and market share to **comparative subsidy per consumer** is also to shift the conceptual emphasis from a film as a product to a film as a work with intrinsic cultural value and an enduring outreach across national boundaries. The recent gloom surrounding the industry suggests the extent to which it has allowed itself to be caught between the devil of Hollywood and the deep blue sea of cultural acceptance. As the most popular of the arts its mission statement is easily compromised.

Regrettably the various institutions charged with supporting Australian film have rarely presented any effective defence. They have not successfully or even otherwise engaged with a media commentariat that has sucked us too far into analysis only in terms of return on capital for films given limited release. Greater emphasis should be placed on *cultural* as distinct from *financial* capital. Commercial criteria have been applied to film

production to a degree not applied to the other performing arts – a measure of how far we have gone in accepting both Hollywood’s criteria and the arguments of those who despise subsidy per se and those who despise it being given for such purposes as the production of films which question the values of Australian society.

Even modestly performing feature films reach a much wider cross section of the Australian public (in cinemas on TV and DVD) for a lower dollar investment per consumer than opera, theatre, ballet or orchestral music.

While on a film by film basis Australian films have not fared too badly in the local market over a 30 year period, the majority of what we would currently regard as quality films are now presented to the public in release patterns that uneasily between art house and mainstream in a way that *Picnic at Hanging Rock*, *Breaker Morant* and *My Brilliant Career* were not. These release patterns seem to lock our films into an audience share of around 3-5% irrespective of their critical and attendant word of mouth receptions. A release no wider than 60-80 screens makes it near impossible for a film to take more than \$4m.- more likely 1.5-3m. In recent times only *Hating Alison Ashley*, *Wolf Creek* and *Footy Legends* have had wider releases. *Little Fish* seems to be a case in point. It grossed nearly \$4m maintaining a strong per screen average but never going much wider than for its first week.

#### ***Where to now?***

The only point in Government supporting a film industry in Australia should be to enable film-makers to aspire to make high quality films that are screened widely in Australia and are well received by international audiences. That might seem simple particularly as the film industry broadly defined produces huge amounts of material for all sorts of purposes other than prestige seeking theatrically released films. That seems to me to be a good reason for the Government to devote very significant financial support to an industry though most Governments have been circumspect in their public support for the industry and rarely demand straight out that we reach high standards of excellence. But reaching such standards seems to be the intention of most or all of those who have the task of allocating Government funding for Australian feature film production.

#### ***Objective assessments of quality and support for those who succeed***

More importantly from the perspective of judging the relative quality of our production, there has been a significant fall in the international acceptance of our ‘best’ work. Over the last decade there have been no more than a handful of films accepted for the competitions conducted by the three A-list European film festivals in Berlin, Cannes and Venice. By comparison, many more films from other countries in the region (Thailand, Korea, Taiwan especially) are annually accepted for places in the elite competitions. The films from those countries outshine Australia’s best despite far more taxpayer’s money being spent by Australia on film production.

One explanation offered, particularly by producers’ representatives, is that Australian film production has contracted and is now so small that there is very little hope for any significant number of fine films to be made. South Korea for instance produces over sixty

feature films a year, its industry takes over 50% of the national box office and there at least half a dozen directors currently working whose films are regularly accepted for those international competitions mentioned above.<sup>7</sup>

Producers' organizations point to the fact that only fifteen films were made in 2004 and about twenty made in 2005 and appear to claim that such small numbers are insufficient to produce a range of well-regarded, high quality films. This is specious. Those investing in production, including the government funding institutions, surely would have done so in all cases in the expectation that each and every one of their investments would eventually be worthy of praise, would attract an audience and even that some might compete in the highest level international competitions.

Historically, the annual production of a small number of films has not entirely undermined any quality outcomes. In 1978 twelve films were produced including *The Chant of Jimmie Blacksmith* and *Newsfront*. In 1979 21 films were produced including *Mad Max* and *My Brilliant Career*. In 1980 fifteen films were produced including *Breaker Morant*, *Palm Beach*, *Stir* and *The Club*. Quantity does not give any guarantee of an exponential growth in high quality, internationally renowned films.

### ***Mechanisms for nurturing talent***

The question of nurturing talent is also a valid one. AFC data showed that in the second half of the nineties more than half the feature films produced were directed by first time directors. There appears to be no more up-to-date figures but one wonders what the AFC did, if anything, in response to its own analysis. This probably reflects industry obsession with new and emerging talent possibly also reflecting underlying unease about the state of the industry. Has there been any systematic analysis made of for instance the correlation between 'artistic' success (selection of films for festival awards and award nominations, critical reception and so on) and opportunity?

When there is discussion as to why so few Australian films reach any significant quality standards the usual answer seems to be that more work needs to be devoted to getting better scripts into production. Government institutional resources which support development seem to be determinedly focused on this element of production. This overlooks the fact that ultimately films are made by producers and directors. The emphasis on scriptwriting above all may in fact be harming our film-making.<sup>8</sup> Unless our

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<sup>7</sup> The work of these directors is largely unknown in Australia but recent films by Jang-Sun-woo, Hur Jin-ho, Im Sang-soo, Hong Sang-soo, Bong Joon-ho and Lee Chang-dong are held in such high regard that most attract international finance, primarily from European producers and distributors.

<sup>8</sup> Getting scripts 'right' seems to be the near be all and end all of 'thinking by those who fund' development' and that this has taken us down perilously dull roads maybe even the evolutionary dead end Michael Duffy refers to. In a recent report on AFC sponsored national screenings of imported low budget independent film-making Hamish Ford noted "The Indivision production program clearly emphasizes (quality scriptwriting) including a very US-style approach to workshopping, drafting, and input from multiple writers over a long period. This attempt at renovation ultimately reinforces the old idea of film 'content' as literary, with cinematic form merely the successful communication of this material. Even if we do come to see an improvement in narrative and character elements, the result will likely be determinedly narrative-centred, conventional films featuring a continuation of aesthetically uninteresting form. Australian films would hence remain stuck in a middle space – too slow and superficially 'arty' to satisfy Hollywood

best producers and directors are making films we will continue to have, as the economists and the warriors of the right tell us, sub-optimal outcomes.

There important relationships between producers and directors and the question of on-going writer-director collaboration that was an important creative force in the Hollywood studios is never apparently contemplated and little attention is paid to it in the DCITA Discussion Paper.<sup>9</sup> In rebuttal of claims for the pre-eminence of the script it has famously been stated “if it’s all in the script why make the movie?” Few have the equal talent to write *and* direct. Directors can write ‘treatments’ but need writers to write screenplays (writing dialogue, developing characterisation and structure) which are usually further changed on the set through rewrites (usually with writers) and improvisation. Local attempts to deify the writer as auteur are essentially specious. What seems to be needed is not more scriptwriters writing and rewriting under the aegis of committees of bureaucrats or producers or even in elite workshops, but writers working with directors and producers or writers working on treatments by directors – a striving for synthesis not endless diagnosis. “If it’s all in the script why make the movie?”<sup>10</sup>

One thing that seems to be missing, something which may even have disappeared for most or more of the last decade is a commitment to ensuring that our best film-makers and our best writers are working more fruitfully and more often. There are many reasons why film-makers do not work often enough<sup>11</sup> but the fact remains that there are a significant number of our best, including numbers who actually achieved some international recognition and success work far too infrequently. There are some extreme cases. Ray Lawrence made *Bliss*, which won the AFI award for Best Picture and then *Lantana*, which also won the Best Picture award. They were made almost two decades apart and it was a further five years before the current *Jindabyne*. More recent cases include that of Ivan Sen who has not made a feature film since his award-winning *Beneath Clouds* and Shirley Barrett, who made two highly regarded feature films *Love Serenade* (1996), which won the Camera D’Or at Cannes and the critically well-regarded but less successful *Walk The Talk* (2000) but has not made a film since. Other film-makers whose one feature film was the subject of international attention, and yet have not made another feature in over a decade since include John Ruane, Laurie McInnes, Leo Berkeley and Scott Murray.

### ***What might be done***

It is well-known that a large percentage of directors who make one feature film never get to make a second. The percentage in Australia is probably at very little variance with

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inclined viewers, and too conceptually unambitious and stylistically conservative to cut much weight as international art cinema.” Reel Time, April/May, 06

<sup>9</sup> Departmental officials may be unaware of this dynamic of film-making but one wonders why other film institutions have paid it such little apparent heed.

<sup>10</sup> Nicholas Ray director of *Rebel Without a Cause*, *Bigger Than Life* and a half dozen other masterpieces

<sup>11</sup> No doubt any accusation of lack of institutional support for particular film-makers will be met by rebuttal and reference to any amount of notes relating to disinterest on the film-maker’s part, aborted projects, unsatisfactory scripts, personal arrogance, lack of distributor support and a myriad of other reasons that go to make up why films don’t get made. It will not be the fault of any Australian funding or production agency

experience anywhere else in the world. But those who have made a good start to their careers should have more done for them if that is what it takes to ensure that they get further opportunities to practice their art and craft. It is a truism that better films are made by film-makers who work frequently, particularly if they do so under the guidance of sympathetic producers.<sup>12</sup> Such directors have been adjudged to have talent and the should be encouraged. The quality of our production is unlikely to undergo significant improvement until we better address the needs of those who have demonstrated their ability.<sup>13</sup>

Federally and in each state there are funding bodies with responsibility for the development of productions. In a perfect world our best film-makers should be funded or attract investment. Those involved in administering these arrangements should be ensuring that particular attention should especially be given to those who have made the leap into production (even by means of self or privately financed work shot in cheap formats) and been well-received. This reception can be assessed quite objectively. A person who has a film accepted into an international competition or wins a major AFI award should be given some preferred treatment in pursuit of their projects. Nurturing and mentoring processes for directors to work with writers and producers need to be developed, both formally by the institutions and informally within the industry itself, to ensure that those of likely talent do not lack opportunity, do not lose their enthusiasm or do not simply wander off to America most likely to do mediocre or even hack work for American television.<sup>14</sup>

If funding is tilted towards such people it seems possible that our smarter, our more thoughtful and our more adventurous producers will have far more incentive to seek out our best young film-makers, encourage them and eventually enable them to make more films, more frequently. They will be mentors as well as producers and they should have a greater chance of their companies and projects being supported from the limited funds available. To do so will have involved conscious decisions to veer towards higher quality film-making

Geoff Gardner  
11 August 2006

Bruce Hodsdon

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<sup>12</sup> Although historically the engagement of leading authors in writing for the screen has had a chequered history, some consideration might also be given as to whether our most highly regarded writers, those who win awards for their novels and plays in particular, also do not appear to be the subject of much institutional encouragement and support. A large part of the scriptwriting fraternity seems to be drawn from people largely working for a living in the darker reaches of commercial long form television.

<sup>13</sup> Working in television is not an acceptable substitute for making feature films. Quite the opposite in fact.

<sup>14</sup> Australia spends large sums of money to train its film-makers. That money should not be spent effectively to support the American film and television industry. Film-makers who leave to take up an opportunity to direct a film of some quality and merit may be justified. If our industry is in such a state that others simply leave to become journeymen or women directors finding work on American cop shows or in meretricious action features then the provision of expensive training from the nation's limited resources, has been wasted.

