RESCUING NATIONAL CINEMA FROM THOSE WHO CLAIM TO LOVE IT.

John Maynard

In November this year, I will deliver writer-director S. Shakthidharan's first feature film, *The Laugh of Lakshmi.*

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Three consecutive films In Competition at Cannes — Vincent Ward's *Vigil* and *The Navigator,* and Jane Campion's first feature, *Sweetie* — remain an unmatched Australian record, though the record interests me less than what it represents. Each of those films was strange, formally demanding, and made without concession to what audiences were supposed to want from this part of the world.

Difficulty is not the enemy of an audience; in the deepest sense, it is the one that trusts them most. I have staked my career on this proposition.

Whether independent cinema can survive streaming, consolidation, and the vanishing theatrical window is a question I am often asked. My answer is that it must — because the independent film is not a luxury of a healthy cultural ecosystem but the thing that keeps it honest. Remove it, and what remains is content: competent, well-resourced, algorithmically plausible, and beside the point. I have spent fifty years making the other kind. Some arguments can only be made by continuing to make them.

Abstract

In 1981–82, private investment accounted for 95% of Australian feature film funding, and Australian films held more than 23% of the domestic box office — a figure never matched since. That was the golden age of 10BA. It wasn't golden because of better gatekeeping. It was golden because tax concessions let filmmakers make films without having to ask permission.

This paper proposes an Independent Cinema Fund, selected by lottery, financed by three levies on parts of the screen industry that currently extract value from Australia without contributing to it: Cinema Exhibition, the Location Offset subsidy, and Streaming Platform content obligations. Together, these levies would generate up to $80 million per year to fund independent Australian films from a pool of eligible projects.

The paper also proposes a national cinema subscription pass — CineAustralia — modelled on a Dutch scheme that has demonstrably increased attendance at independent films without cannibalising it. The argument is not that market forces are insufficient to sustain Australian cinema, though they plainly are. The argument is that cultural policy built on employment multipliers and commercial viability tests is not cultural policy. It is industry policy wearing a borrowed coat.

The Right Question

Cultural policy debates in Australia follow a predictable pattern. They begin with a crisis — declining audiences, inadequate funding, or another major film that didn't get made — and end with a recommendation to review the framework, consult the industry, and develop a strategy.

The strategy is launched, and the framework is adjusted at the margins. The underlying problem reasserts itself.

The cycle repeats because the wrong question is being asked. The question is always: how do we build a more commercially viable Australian film industry? The answer is always some version of greater market alignment, more co-production, more audience-building, and more strategic investment in projects likely to succeed.

Reasonable answers. Wrong question.

The right question is: what kind of country can we imagine? The film a young Australian filmmaker needs to make is not a market opportunity. It is a public story — an account of something true about this country that has not yet been made visible. Cultural policy exists to make that possible, not to measure its GDP contribution or assess its commercial viability, but to ensure it gets made.

The films a society needs are rarely the films the market would have produced. If they were, no special provision would be necessary. The provision is necessary precisely because they are not.

That is the whole argument. The rest is implementation.

1. The Error at the Heart of Australian Cinema Policy

Every few years, Australia rediscovers the same screen industry problem. The films audiences remember — the ones that changed how they see themselves and their country — are no longer being made in meaningful numbers. The funding system that produced them has been redesigned, incrementally and without much debate, into something quite good at subsidising foreign productions and quite poor at financing Australian stories. Reports are written. Strategies launched. And the underlying problem — that Australian cinema has been quietly reclassified as a subset of the content industry — goes unaddressed.

The distinction matters. A content industry produces screen product: hours of watchable material delivered to audiences via whatever platform is currently dominant.

A cinema is something different. *It is a body of work a society produces about itself — the films through which a community examines what it values, what it fears, what it finds funny, and what it cannot bring itself to forgive*.

The distinction is not about quality. It is about purpose and ownership. A content industry can be excellent. By definition, it cannot be an Australian cinema, because its purpose is not to tell Australian stories but to produce content people will pay to watch. These are not the same thing, and pretending they are is how you end up with a funding system that mistakes itself for a culture with the adopted the language of "platform agnostic".

Independent cinema has always been the counter-proposition — that the unseen thing is the necessary thing, that form precedes market, that the singular vision is not a risk to be managed but the reason the enterprise has any meaning at all. A funding body that cannot hold that counter-proposition has not streamlined its processes. It has taken a side.

This conflation has occurred because the dominant vocabulary of Australian screen policy over the past fifteen years has been economic rather than cultural. Funding is justified by jobs, not stories. Screen Australia's annual reports are dominated by industry data: number of productions, hours of content, total production expenditure, and Australians employed. The Location Offset is defended by reference to the economic activity generated in studios and post-production houses. Understandable in budget environments demanding quantifiable returns. Also dangerous, because it steers policy towards settings that are good for the content industry and structurally indifferent to Australian cinema.

The Independent Cinema Fund proposes to build something new alongside the existing system: a dedicated mechanism for independent Australian films, financed not by general revenue but by cross-subsidy from parts of the screen industry that currently benefit without contributing to its renewal. The model is explicitly French. It is not utopian, and it would work.

2. What the Current System Actually Does

The existing system has three main levers. It is worth being specific about what each one does, because vagueness about the mechanics is part of why the system has drifted so far from its stated purposes.

2.1 The Location Offset: A Public Subsidy with No Cultural Obligation

The Location Offset is currently set at 30% of qualifying Australian production expenditure, up from 16.5% in July 2024. Stacked with state incentives, effective public support can reach 40–45% of production spend. There is no annual cap. There is no requirement for the production to tell an Australian story, employ Australian creative talent in critical roles, or have any connection to Australian culture beyond spending money here.

When a $100 million American production spends qualifying Australian expenditure, the public subsidy approaches $40 million. The production usually employs Australian crew and cast in the minor supportive roles and uses Australian studios and locations. When it is finished, it leaves. The story it tells is not Australian. The intellectual property is not Australian. The profit does not remain in Australia. The studios it filled are immediately available for the next foreign production, which also does not tell an Australian story.

The job multiplier is the most contested instrument in cultural economics, with many subsidy systems in the US abandoned after audit because the benefits and jobs are imaginary and short-term.

Support for foreign productions is optics: it serves a political purpose, not a cultural one.

The argument is that describing this as cultural policy distorts everything downstream. The Location Offset is an industrial policy for the studio system. Treating it as part of Australia's cultural investment in cinema obscures the fact that Australia's actual investment in Australian cinema is much smaller than it appears.

2.2 Screen Australia: Defensible Criteria, Structural Bias

Screen Australia's production funding programs are run with genuine care and professionalism. The requirement for confirmed market attachment — distribution pre-sales, broadcaster interest, foreign sales advances — is a defensible way to steward limited public funds. The problem is not that the criteria are wrong. The problem is that they are applied to a pool of applications already shaped by structural forces beyond Screen Australia's control. This is further compounded by often insurmountable barriers to access for most Australians.

First-time filmmakers cannot demonstrate a track record. Filmmakers outside the Sydney–Melbourne corridor cannot easily build the industry relationships that help projects attract market interest. Filmmakers from non-Anglo-Celtic communities cannot easily point to comparable projects as precedents for commercial viability. The system is not individually biased — the people who operate it are trying to make good decisions — but it has a structural centre of gravity that is not where Australian cinema most needs support.

The confirmation bias embedded in market-attachment requirements means the films most likely to be funded are those most similar to films that have already been funded—films that failed because they resembled what had come before. They succeeded because they did not. A system that requires commercial legibility before granting creative permission cannot produce those films. It can only mirror its past and produce its sequels.

3. The Employment Trap

The most damaging feature of current Australian screen policy is not any specific funding decision. It is the conceptual frame within which all funding decisions are made. That frame is employment.

The employment framing is not just insufficient. It is actively dangerous, because it leads directly to the policy settings we have: massive subsidies for footloose international productions that employ Australians in minor roles to tell American stories, and a residual funding apparatus for Australian storytelling that is chronically under-resourced relative to its cultural importance.

To say that Warwick Thornton's importance to Australian culture lies in his use of a crew is like saying the importance of the Great Barrier Reef lies in its support for the diving industry. True, irrelevant, and a category error that corrupts the policy conversation every time it is made. Warwick Thornton is important because he made Samson and Delilah. That matters.

Governments justify screen funding on grounds of job creation, economic multipliers, and industry activity. Understandable as a political matter. Catastrophic as a cultural matter, because it aligns the incentives of the funding system with the production of jobs rather than stories.

The films that changed how Australians see themselves did not do so by employing Australian crew. They did so by giving Australians images of themselves that were true in ways that had not previously been made visible.

When employment is the primary metric, the rational policy response is to subsidise large-scale production, because it employs more people. The Location Offset is the logical endpoint of this logic: poor at creating sustainable employment and completely indifferent to Australian stories.

The alternative is not to abandon employment as a consideration. To be honest, employment in the screen sector is an instrument, not a goal. The goal is an Australian cinema: a body of work that belongs to the communities it comes from, that tells stories those communities need to have told, that gives Australians images of themselves that are true rather than convenient.

Employment follows from that. It cannot substitute for it.

4. The Case for Cinema Specifically

A frequent objection to proposals of this kind is that the distinction between cinema and other screen forms has been dissolved by streaming. Why fund theatrical cinema when Australians watch most of their screen content on platforms that deliver it directly to their homes?

The objection misunderstands what cinema is. Cinema is a public act — the only cultural form in which a community of strangers chooses together to give their full attention to a single story. That shared presence is not incidental to cinema's social function. It is constitutive of it. The shift from theatrical cinema to streaming is a change in the social nature of storytelling: streaming is a private transaction between a platform and a subscriber; cinema is a shared event between a filmmaker and a community. It is a practice of collective self-understanding that takes place in public, in the presence of others, on Australian terms.

The streaming platforms do not own those terms and will not try to create them. Their business model depends on acquiring content at the lowest possible cost and retaining the resulting intellectual property. An Australian cinema requires the opposite: filmmakers who own their work, audiences who experience it together, and a funding system accountable to communities rather than quarterly subscriber numbers.

Australia already has a content industry. The question is whether it will also continue to have a national cinema.

5. The Funding Mechanism: Three Levies, One Fund

The Independent Cinema Fund would be financed by three levies on segments of the screen industry that currently extract value from Australian culture without contributing to its renewal. The design is explicitly modelled on the French Centre National du Cinéma (CNC), which has operated successfully for more than seventy years on the same principle: those who profit from culture have an obligation to contribute to its renewal.

Together, the three levies are projected to generate up to $80 million per year — a small fraction of the public money already committed to the screen sector through the Location Offset and Screen Australia's programs.

5.1 The Exhibition Levy

A 5% levy on gross exhibition box office revenue from all screenings in Australia. With the box office projected to exceed $1 billion annually, this yields approximately $50 million. Every cinema ticket — for Hollywood blockbusters and Australian arthouse films alike — contributes to a fund that finances Australian cinema. Exhibitors who programme a minimum threshold of Australian content receive a partial rebate, creating a direct financial incentive to screen Australian films.

This is not a novel mechanism. It is the mechanism that the Centre National du Cinéma in France has used since 1948. The CNC levy on cinema admissions has financed French cinema through the New Wave, through the period when Hollywood's market share in France exceeded 60%, and through the current streaming disruption. The French example demonstrates that this kind of cross-subsidy is not merely a theoretical proposition. It is a practical mechanism with a seventy-year track record and its cultural impact is that a vital and sustained cinema is the heart of France.

5.2 The Cultural Recoupment Charge

An 8% cultural recoupment charge applies to the Location Offset subsidy received by productions with qualifying Australian expenditure above $20 million. This is not a tax on production spending. It is a contribution from public subsidy back to the public cultural purpose the subsidy was nominally intended to serve. Productions that demonstrate genuine Australian cultural content — Australian stories and creative authorship, not merely Australian expenditure — may receive a partial exemption.

The projected annual yield from ten to fifteen qualifying productions is $20–$30 million. The political economy is straightforward: if the Location Offset is a cultural policy instrument — as its defenders claim — then requiring a small fraction of the resulting subsidy to flow to Australian cultural purposes is not an unreasonable condition. If the Location Offset is an industrial policy instrument — as its architecture implies — then the recoupment charge appropriately corrects for the absence of any cultural obligation in the original design.

5.3 The Streaming Obligation Levy

Twenty per cent of each streaming platform's qualified Australian content obligation is directed to the Independent Cinema Fund, which is administered at arm's length from Screen Australia, exhibition, and the platforms. The conditions are non-negotiable: funds go to independent

Australian filmmakers, not to platform-commissioned productions; intellectual property retention is mandatory; platforms cannot direct funds to their own commissions or first-look deals; and productions must have a theatrical or festival release window before any streaming window.

This levy, again similar to the CNC, is the smallest of the three in revenue terms — projected at $5–$10 million per year in the early years, yet structurally the most important. It ensures that streamer money reaches filmmakers who retain control of their work. The existing streaming content obligations have been substantially captured by platform commissioning: platforms count their own commissions against their Australian content obligations and retain the intellectual property. The levy corrects that capture by ring-fencing a portion of the obligation for genuinely independent production.

6. The Demand Side: Selection by Lottery: Why the Evidence Supports It

The most structurally distinctive feature of the Fund — and the one most likely to be resisted by those with a stake in the current system — is that it selects projects by lottery from a pool of eligible applications rather than by panel assessment. The evidence is unambiguous – it works!

6.1 The Bias Problem in Panel Assessment

Expert panels systematically reproduce the existing culture. A 2019 meta-analysis of peer review processes in scientific grant funding found that inter-rater reliability — the degree to which different assessors agreed on the same application — was consistently in the range of 20–40%. The outcome of the panel assessment is substantially determined by which particular assessors happen to review a given application.

The panel system is already partly a lottery, but one whose odds are tilted by access, familiarity, and institutional relationships.

This is not a problem unique to arts funding. It is a general feature of expert judgement about uncertain outcomes. What makes it particularly acute in cultural funding is that the films most likely to challenge the existing culture — the films a society most needs — are precisely the films least likely to be legible to panels whose composition has been shaped by that culture. A panel of experienced Australian film industry professionals will, on average, find Australian films that resemble successful Australian films more comprehensible than those that do not. This is not individual bias. It is structural bias that well-intentioned individuals cannot overcome by trying harder.

6.2 The Evidence for Lottery Selection

The Health Research Council of New Zealand has used a partial lottery since 2012 for grants where applications have met a quality threshold. The result is a measurably more diverse funded portfolio, with no evidence of reduced outcome quality and significant reductions in administrative burden for both applicants and assessors.[4] The Wellcome Trust and the Swiss National Science Foundation have run similar experiments, with consistent findings. A transparent lottery among eligible applications is fairer than a panel that pretends to objectivity it cannot achieve.

6.3 How Eligibility Works

Eligibility assessment is an administrative function, not a creative judgment. A small secretariat assesses whether applications meet the following criteria: the project is a feature film, creative documentary, or short documentary; the budget is within the specified ceiling; the filmmaker and producer are Australian residents; intellectual property is retained by the Australian producer; and the application includes a completed script or treatment, a production plan, and a finance plan that includes the Producer Offset. Each film has a grant of $800,000.

If those criteria are met, the project enters the ballot. There is no requirement for confirmed distribution, foreign sales agent, or prior production credits. The lottery selects from the eligible pool.The secretariat administers. It does not decide.

7. Supply Side : Cine Australia: Building the Audience

7.1 Supply-side funding is necessary but insufficient. A film that is made but not seen is a policy failure of a different kind. The paper proposes a national cinema subscription pass — CineAustralia — modelled on the Dutch scheme founded in Amsterdam in 2009.

For a flat monthly fee matching a streamer subscription of $25 — with a concessional tier at $15 for students, pension cardholders, and regional subscribers — CineAustralia would provide unlimited cinema admission at participating venues for Australian, New Zealand, and foreign-language films, as well as all accredited national festival programmes. Participating cinemas receive a per-admission payment from the scheme for each card swipe, calibrated to ensure exhibitors or festivals are not financially worse off than under standard ticketing.

> *The Dutch evidence is direct: Cineville subscribers attend roughly four times as many independent films per year as non-subscribers. They do not substitute — they add. The pass creates a habit of cinema attendance.*

For exhibitors, the scheme addresses the scheduling risk that is currently the most significant structural barrier to Australian films building an audience: the tendency to pull films from screens before word of mouth can build. When a CineAustralia card generates a per-admission payment regardless of ticket price, the incentive to hold an Australian film through a slow opening weekend is significantly improved.

The scheme would be seeded with $10 million and an ongoing annual contribution of $5–$8 million from the exhibition levy, and is designed to achieve financial self-sufficiency within five years, as the Dutch model did.

7.2 A distribution grant of $250,000 will be available to completed lottery films that have a plan to be released in cinemas.

8. The Obvious Objection

The objection that will be raised by those with a stake in the current system is that the levies are taxes on an already-stressed screen industry. Exhibition has not fully recovered from the pandemic. Production companies operate on thin margins, and streaming platforms are under pressure from a contracting advertising market.

These are real constraints, and they are not dismissed here. But the objection conflates the interests of the industry with those of Australian cinema, and they are not the same. The screen industry in Australia is doing reasonably well by its own metrics: production expenditure is high, studio occupancy is strong, and employment is recovering. Australian cinema — the body of work Australians produce about themselves — is in a structurally weak position that none of those metrics captures.

The more substantive objection is that the Fund operates within the system it criticises: the blockbuster subsidy levy is drawn from the Location Offset; the exhibition levy from the commercial cinema whose dominance makes independent Australian cinema hard to see; and the streamer levy from platforms whose business model is to acquire creative work at the lowest possible cost. There is something uncomfortable about making something genuinely independent from the proceeds of commercial dependence.

The Independent Cinema Fund asks three things of the existing system: that blockbuster exhibition contribute a small fraction of its revenue to the culture from which it draws its audiences; that blockbuster production return a small portion of its public subsidy to the public purposes for which that subsidy was intended; and that platform content obligations actually reach the independent filmmakers whose work gives Australian cinema its distinctiveness

These are small asks. They do not disturb the political economy of Australian screen policy. They create a protected space within it.

John Maynard 24 May, 2026