

AUSTRALIAN CHILDREN'S TELEVISION FOUNDATION

**SUBMISSION TO THE INQUIRY INTO THE FUTURE OPPORTUNITIES FOR
AUSTRALIA'S FILM, ANIMATION, SPECIAL EFFECTS AND ELECTRONIC
GAMES INDUSTRIES**

June 2003

EXECUTIVE SUMMARY

Social, Cultural and Economic Benefits

There are recognised social, cultural and economic benefits associated with the Australian film and television industry. The development of the industry must continue to be supported and encouraged by government.

Regulation and Subsidizing of Australia Film and Television Industry

The Australia film and television industry's survival relies on retention of regulatory support. The Australian government's ability to regulate and subsidise the Australian cultural industries, in particular the film and television industry, in whatever way it thinks necessary to preserve Australian culture, must not be compromised.

Skill Development and Infrastructure

The development and growth of the Australian film and television industry is dependent upon consistency of local production in addition to foreign production. Policy, funding and regulation mechanisms need to be introduced to promote consistency in the local and foreign production industry.

Studios ought to be made accountable to the local industry so that local producers are able to access new finance and facility opportunities created by increased studio presence.

Creative and quality content is essential for the development and growth of the Australian industry. Greater investment needs to be injected into the script and development stages of local productions.

Links

Links between the film, television, animation and special effects industries must be acknowledged and encouraged so that creative opportunities stemming from new delivery alternatives in a digital environment may be embraced.

Quality new media consumer products ought to be encouraged through development of industry partnerships and new media hubs as well as by encouraging a system of awards recognising quality new media product.

Content regulation must extend to encompass new program delivery platforms, to ensure that the development and programming of local content continues.

Maximising Export Opportunity

Investment in research to determine gaps in the market that producers of new media, film and television may fill is required as changes in delivery format and platform present a unique opportunity for product development across these fields.

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The Australian Children's Television Foundation (the "**ACTF**") welcomes the opportunity to comment on the Federal Government's Inquiry into the Future Opportunities for Australia's film, animation, special effects and electronic games industries (the "**Inquiry**").

The ACTF is a developer and producer of children's television, film and new media. The ACTF's activities spread across the film, animation and special effects industries and its experience and direction in these areas is relevant to the Inquiry. The ACTF occupies a position at the intersection of film, television, new media and education.

The success and eminence of the Australian film and television industry is acknowledged in the Terms of Reference. The current status of the industry illustrates the ability of Australian writers, directors and producers to create and produce vibrant and distinctively Australian works that are appreciated and applauded by both domestic and international audiences.

The industry's success is the clear result of successive governments' support, via policies which incorporate regulation and subsidy.

It must be recognised however that a variety of factors threaten the continued success and growth of the local film and television production industry. To this extent both government regulators and industry practitioners must remain vigilant and respond with appropriate measures to preserve and enhance the Australian industry's position as a distinctive voice in the global film and television arena.

CURRENT INDUSTRY STATUS

Cultural, social and economic benefits

The cultural benefits associated with the development and growth of the Australian film and television industry are well accepted. An active and diverse local film and television production sector helps promote a more inquisitive and imaginative society. Australian images presented on film, television and in new media encourage Australians to identify and consider what it means to be Australian.

Since the 1960s governments have been consistent in their recognition of the role that commercial television plays in the promotion and nurturing of Australia's cultural identity¹. Over 98% of Australian households now have at least one television set, and AC Nielsen figures indicate that in 2000 the average number of hours watched by each person in metropolitan areas was 3 hours and 13 minutes each day². Television is recognised by governments as the most accessible and affordable of all cultural mediums and the importance to Australians of local telemovies, miniseries and children's drama is recognised to the extent that each of these productions

"tell our stories, the stories that Australians want to see, the stories that become part of our sense of who we are as Australians".³

As Australian box office attendance remains steady and Australian's access to film broadens through the DVD, home video and the subscription television markets, investment in Australian film is also recognised as a further investment in the development of Australian identity and self-awareness.

It is essential that media representations of Australia are created by Australians drawing on honest experience to reflect our culture. Media representations of Australia developed abroad are more likely to be an artificial construction of our nation and identity. The production and export of Australian content and culture creates and enhances awareness of Australia and Australians, contributing to a wider social and cultural diversity, facilitating an international recognition and understanding of Australians.

Recognition of cultural difference and encouragement of cultural diversity has broad international and social significance. An appreciation and recognition of national and cultural diversity serves to enhance understanding and tolerance nurturing conflict resolution, development and security. At a meeting of Cultural Professional Organisations in Paris in February 2003 the benefits of cultural development and diversity were highlighted in a speech delivered to conference delegates by French President Jacques Chirac. President Chirac stated that development and awareness of culture "*will enable us to set respect of our fellow beings and human dialogue against the adepts of the clash of civilizations, or obsolete ethnic, nationalistic and religious dogmatism...*"⁴ Conference delegates ratified the importance of national cultural development, expression and

¹ Australian Broadcasting Authority, Review of the Australian Content Standard – Issues Paper, November 2001, p. 15

² Australian Broadcasting Authority, Review of the Australian Content Standard – Issues Paper, November 2001, Appendix I

³ Department of Communications, Information Technology and the Arts, "Additional funding for quality Australian TV drama – Fact Sheet" accessed from www.dcita.gov.au on 22/05/03

⁴ Chirac, J "Address by Mr Jacques Chirac President of the Republic to the Personalities gathered in Paris for the Second International Meeting of Professional Cultural Associations" quoted in Richard Harris & Nick Herd "The Australian View from Paris" accessed from www.artshub.com.au on 17/04/03.

exchange, and the right of nations to develop and encourage cultural expression was affirmed.

In addition to the substantial social and cultural benefits highlighted above, the Australian film and television industry provides significant stimulus to the Australian economy. The Terms of Reference has detailed figures which indicate that the Australian film and television industry contributes to the Australian economy through domestic and foreign production. Economic benefits generated through expenditure of domestic and foreign production monies in Australia are complemented by significant employment and business opportunities created for film and television professionals and related businesses. Growth of local industry has enhanced facility expertise, studio space and crew skill development, positioning Australia as an attractive destination for foreign productions. With this in mind it is clear that the industry generates considerable income and employment in Australia whilst fulfilling its cultural aims and objectives.

Regulatory Support

The industry cannot compete against high budget US programs sold to Australian networks at significantly low prices.⁵ Accordingly like most foreign film and television industries, the Australian film and television industry enjoys a public policy of industry assistance that ranges from subsidized training to government funded film and television productions.⁶

The Federal Government has traditionally been and remains the level of government that provides the most substantial funding to the Australian film and television industry. The Film Finance Corporation (“**FFC**”) is the federal government’s primary agency funding screen production and it plays a crucial role investing in a diverse range of feature films, television series, children’s drama and documentaries. Since its establishment in 1988 the FFC has played a crucial role in the development of the local film and television industry financing over 700 features, television dramas and documentaries. Regulatory support is also provided through financial support for the ABC and SBS as well as the recent introduction of a refundable tax offset for film production in Australia. At a state level film bodies such as Film Victoria and the NSW Film and Television Office provides additional funding to complement FFC and Australian Film Commission investment.⁷

Financial assistance is complemented by the Australian Content Standard (“**ACS**”), which directs free to air broadcasters to screen a set minimum of locally produced product. Furthermore Division 2A of the Broadcasting Services Act

⁵ Maher, S. *Internationalization of Australian Film and Television*, Communications Law Centre, December 2001, p. 8

⁶ *Ibid*, p. 15

⁷ Report of the Victorian Film and Television Industry Taskforce, The Film and Television Industry in Victoria, September 2000, p. 25

("BSA") requires that subscription television operators spend 10% of overall expenditure on local content. Regulation of content ensures that broadcasters are involved in the development, finance and promotion of Australian product thereby promoting and enhancing the achievement of wider cultural policy objectives. Such direction is essential for the development of local film and television as it requires local broadcasters to invest in local product rather than opting for less costly US productions, this crucial to the survival of the Australian film and television industry.

There are recognised social, cultural and economic benefits associated with the Australian film and television industry. The development of the industry must continue to be supported and encouraged by government.

PRESERVATION AND GROWTH OF THE INDUSTRY

Funding and Regulation

The ACTF, like most independent Australian producers, relies on a variety of sources to finance its productions. Generally the ACTF budgets are made up of equity investment from the FFC and ACTF (by necessity), plus non-equity investment in the form of a domestic presale, an international presale and international distribution advance.

Despite experiencing a steady rise in production budgets over the past 20 years the ACTF has observed a shrinking of available production funds. The Australian film and television industry has experienced both a reduction in domestic licence fees as well as a downturn in the international presale market. This has in turn lead to increased competition between producers seeking production finance, particularly within a specific genre such as children's film and television. In the ACTF's case this has also led to an increased need to make deficit equity investments in its own programs. This shrinking of the available pool of production finance threatens the survival of independent practitioners and the quality of Australian product. It is crucial that the government continue to implement initiatives that provide financial assistance to the Australian film and television industry.

Government funding and regulation assisting the Australian film and television industry is an essential aspect of Australia's wider policy on cultural development. The degree to which the Australian government may maintain its right to protect and assist the film and television industries is currently being debated in negotiations surrounding the proposed Free Trade Agreement between the USA and Australia. The cultural, social and economic benefits associated with the industry dictate that Australian governments now and in the future ought to be free to implement mechanisms for cultural development and progress.

The right to protect local content must be preserved in respect of all delivery platforms. The right to regulate and subsidise industries that promote and develop culture must not be compromised under the Free Trade Agreement or similar international agreements.

The Australia film and television industry's survival relies on retention of regulatory support. The Australian government's ability to regulate and subsidise the Australian cultural industries, in particular the film and television industry, in whatever way it thinks necessary to preserve Australian culture, must not be compromised.

Skill Development and Infrastructure Needs

Growth in the local film, television and new media industries depends upon the development of highly skilled production and postproduction personnel. Whilst educational institutions such as the Australian Film Television & Radio School offer tuition in a diverse range of film and television-related vocations, professional experience working on productions is an essential aspect of training and skill development. The growth and development of a pool of local expert and skilled industry professionals therefore depends upon a consistency of production offering employment opportunities to industry professionals.

Over the last 20 years the ACTF has been able to maintain a relatively consistent level of production employing a variety of creative personnel, cast, crew and postproduction practitioners operating in the children's film and television genre. The availability of such positions has however fluctuated throughout any given year depending upon the stage of development and/or production. The ACTF has observed that key creatives working on ACTF productions spread their work across a number of different producers in order to maintain consistent employment.

Consistency of production requires a good mix of foreign and local production. New opportunities created through foreign production have been offset by limited growth in the Australian production industry, with production of local drama and film decreasing between the 2000/2001 and 2001/2002 financial years.⁸ Australian technical and post production workers are finding it increasingly difficult to maintain employment in Australia and are heading to the United States where they are assured consistency of employment and excellent rates. In an environment where industry education is partially subsidized the loss of these skilled employees to the industry is unfortunate.

Lack of consistency of production is also affecting Australia's postproduction houses, which have traditionally relied on a combination of overseas and local production for steady and secured cash flow. These facilities are presently being

⁸ Australian Film Commission, Fast Facts, accessed at www.afc.gov.au/GTP/fastoverview.html on 28/05/03

forced to accept lower fees due to a decrease in production budgets and a lull in local production. Reduced fees and less business opportunities limit the ability of these companies and professionals to upgrade skills, expertise and equipment. This cycle compromises the reputation of the industry as a whole, and the degree to which Australia can offer creative, skilled and well-trained professionals to foreign production houses.

The development and growth of the Australian film and television industry is dependent upon consistency of local production in addition to foreign production. Policy, funding and regulation mechanisms need to be introduced to promote consistency in the local and foreign production industry.

The success and growth of the Australian film and television industry is dependent upon an adequate infrastructure to accommodate and support local industry. The availability of studio space is recognised as an essential element of development and growth. In recent years the Australian film and television industry has seen the development of new studio complexes such as Fox Studios in Sydney, Warner Roadshow Movieworld on the Gold Coast, as well as the Melbourne Docklands and Sydney Serenity Cove projects currently in development. In particular the Fox Studios complex in Sydney has developed as an industry hub housing a diverse range of industry businesses including digital effects and postproduction houses, film processing, equipment hire, casting consultants and composers. The development of such a “hub” and the increase in studio space has enhanced the reputation of Australia as a favorable film production location stimulating income and employment for industry businesses and professionals. With this in mind the increase of studios has brought significant benefit to the industry.

There is however some concern from within the local industry that new studios in Melbourne will house commercial broadcaster’s in-house productions, therefore limiting the degree to which the studios encourage ‘new’ productions that serve to generate new work and employment for local crew and post production houses. Further is a concern that Australian producers will not have sufficient access to studios when required. Certainly the influx of foreign production into new studios is to be encouraged. However, it is crucial that local producers are given access to studio space where needed, as well as well as being presented with the opportunity to benefit from the new pool of potential production finance and facilities that these may studios offer.

Studios ought to be made accountable to the local industry so that local producers are able to access new finance and facility opportunities created by increased studio presence.

While consistency of production and skill development is necessary for growth in production development of creative, fresh and innovative content is of paramount importance.

Development programs funded by bodies such as the Australian Film Commission, state film bodies and the ACTF are crucial to the development and growth of creative skill and talent in Australia. Attachment programs offered by state film bodies encourage a collaborative and mentoring approach to script writing, facilitating the cross-pollination of skills and experience fostering the development of new talent in Australia. Investment at development and script stages of production is essential to ensure that Australian product is at a high level when entering a competitive international exhibition and distribution market.

Whilst development funding is available, Australia appears relatively under-resourced in this area in comparison to overseas film industries. A survey of feature films backed by the FFC in the years 1997-1999 showed that an average of only 1.4% of the total budgets was spent on development. This compared with an average of 2% on development in the UK, 5% in Canada and 10% in the USA.⁹ Furthermore some Australian producers have noted that one of the major benefits of foreign investors is their attitude towards the cost of development. When searching for investment, foreign investors do not expect a fully developed project but rather accept development expenditures as part of the cost.¹⁰

Creative and quality content is essential for the development and growth of the Australian industry. Greater investment needs to be injected into the script and development stages of local productions.

Links between industry

The Terms of Reference acknowledge the inevitable link between the film, television and new media industries. As technology advances and entertainment media embrace new technology, the line between these industries is blurred and an interrelated set of opportunities for delivering locally devised creative content to audiences is created.¹¹ Whereas once these industries could be easily identified and distinguished a move toward digital platforms, interactivity and webcasting leads to necessary cross over. It is essential that government policy and objectives reflect these new relationships and encourage links between each of these once distinct sectors.

Encouragement and recognition of potential cross-pollination by practitioners working in the film, television, animation, special effects and electronic games industries is required. The current ACTF television production, **Noah & Saskia**,

⁹ Australian Film Commission & Australian Film Finance Corporation Limited, *Report on the Film and Television Production Industry*, 5 November 1999 p. 8

¹⁰ Maher S, *Op.cit.*,p.26

¹¹ Victorian Film and Television Task Force, *Op.cit.*,p. 79

contains an animation component which has presented a group of multi media designers, previously employed by the ACTF to work on its new media product **Kahootz**, with the opportunity to work on this production. The cross over of new media employees working at the ACTF into the special effects and animation area illustrates the way in which the available pool of work for practitioners may be increased and practical skill development encouraged.

Furthermore **Kahootz** is actually being used to create special effects and animation for **Noah & Saskia**. Consequently those new media professionals who built **Kahootz** are now using the product to develop special effects and animation within the context of film and television production. Such experience is invaluable as it encourages multi-skilling and expertise that in turn enhances the domestic and international reputation and capability of Australians working in these inter-related fields. As production houses, animators and new media producers are encouraged to acquire skills to adapt to a diverse range of technology, the development of new, high quality creative product is possible. It is anticipated that the experience gained by the ACTF in the development and production of **Kahootz** will equip the ACTF to move forward and respond quickly and flexibly to new developments in film and television in a digital environment.

Links between the film, television, animation and special effects industries must be acknowledged and encouraged so that creative opportunities stemming from new delivery alternatives in a digital environment may be embraced.

As links within the industries strengthen, a focus on relevant and quality content existing and encouraged in the film and television industry must extend into the area of new media. Initiatives such as the "Creative Nation" program in the mid 90's and current funding offered by film bodies such as Film Victoria and the AFC provide funding for the development of new media artistic works. The degree to which these funds contribute to the development of quality content in new media consumer products impacting on wider society is limited. This is arguably partially due to the fact that the media in which these products are being developed are still evolving and so have no stable niche in society. Further it is possible that projects have been technology rather than content driven in the past and developed in isolation from wider society with questionable application to it.

Initiatives tying funding of new media projects to the development of partnerships between the new media and other market sectors to create innovative hubs may alleviate this problem. New media production tied to a variety of markets will facilitate a transfer of knowledge and expertise, whilst increasing the likelihood that new media products will both create and maintain a new niche market.

For example film and television is well recognised as an effective educational tool, with productions created specifically for the educational market in line with

school curricula and key learning areas. The ACTF views the development of quality educational new media as an extension of use of audiovisual media in the education sector and a direction for the future. Mechanisms need to be introduced to encourage the production of quality new media, through partnerships with education bodies and new media enterprises. Such initiatives will be likely to encourage the development of new media products that are responsive to and able to enhance primary and secondary school curricula as has been the case with the development of film and television products for this market.

Furthermore the ACTF encourages a system of awards for quality new media. Formal recognition of quality new media products ought to provide not only incentive and a culture of healthy competition but defacto seals of approval for award-winning new media content encouraging their adoption by society.

Quality new media consumer products ought to be encouraged through development of industry partnerships and new media hubs as well as by encouraging a system of awards recognising quality new media product.

As varied new media becomes a source of information and entertainment, development of Australian content is crucial to ensure these alternative platforms for entertainment and information do not escape measures currently in place to achieve cultural awareness and national promotional objectives. As the film, television and new media industries begin to integrate and become more closely linked, mechanisms need to be introduced to ensure that the cultural objectives behind content regulation are achieved in this new environment. The ACS and BSA currently regulate Australian programming on free to air and subscription television respectively. As access to programming stretches into a variety of new media, measures may be necessary to ensure protection and promotion of local content, in particular local children's content across each of these new platforms. With this in mind it is essential that governments commit to continual assessment of the impact and uptake of new delivery platforms to ensure that content regulation encompasses new delivery mechanisms where necessary, so that the cultural and social objectives behind the ASC and BSA are achieved.

Content regulation must extend to encompass new program delivery platforms, to ensure that the development and programming of local content continues.

Maximising Export Opportunity

It is accepted that the success of the Australian film, television and new media industry depends upon the ability of producers of film, television and new media to compete in the international arena. The reputation of the Australian industry to produce high quality content is essential to the export of film, television and new media product. High-end production values together with the development of

fresh creative content are key elements to Australia's export success. The ACTF experience has been that Australian product at the higher end is in demand and it is such products that international buyers associate with Australia. The experience in the children's film and television sector has consistently been that when there is a shift to programs with lower budget and production values they fail overseas. With this in mind it is essential that policy reflect the recognition of the need to maintain high end product as well as invest in development at the script and early production stages.

Furthermore industry practitioners need to consider potential niches in which Australia can place itself as a world leader. While inquiries such as this allow for industry practitioner's experience and opinion to surface, creating an industry dialogue and valuable exchange of knowledge, the ACTF recommends further research to enable Australian industry to respond to gaps in the market. For example the ACTF has received a positive reception to **Kahootz** both in Australia and overseas. Production of educational new media in the United States appears to be less developed than in other areas of the world which may present an opportunity for Australian new media producers.

Investment in research to determine gaps in the market that producers of new media, film and television may fill is required, as changes in delivery format and platform present a unique opportunity for product development across these fields.

Conclusion

The ACTF applauds the House of Representatives Standing Committee on Communications, Information Technology and the Arts (the "**Committee**") in its conduct of the Inquiry. Further the ACTF would like to extend an invitation to the Committee to visit or contact the ACTF should the Committee have any questions regarding the activities of the ACTF in the film, television, animation, special effects and new media industries.

**ACTF
June 2003**