

Parliament of the Commonwealth of Australia

Report of the Moving Pictures Inquiry

Report of the House of Representatives Standing Committee on
Environment, Recreation and the Arts

June 1992

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	Mrs M Lyons	Administrative Officer

TERMS OF REFERENCE

On 7 November 1990, the Minister for the Arts, Tourism and Territories asked the Committee to consider undertaking an inquiry based on the following reference:

That the Committee shall inquire into and report on the performance of Australian films in Australian and overseas markets with particular reference to:

- . existing and possible future arrangements for the local and overseas distribution, exhibition, marketing and promotion of Australian films
- . responses from audiences and critics
- . financial returns to exhibitors, distributors and producers
- . international trade in audio-visual product and Australia's balance of payments
- . the employment of Australian creative personnel, and
- . the desirability of Australians having access to a diverse range of quality Australian films for a multi-cultural society.



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PREFACE

The Moving Pictures Inquiry was an eighteen month project in which hundreds of people were involved. In many respects, the contribution which a parliamentary committee can make to government policy arises during the inquiry process itself, as well as from the report of its findings and recommendations. Ideas are raised, debated, discarded or endorsed at hearings and informal discussions and in written submissions. Not all appear in the final report because often they have since been adopted by government or referred to another forum. Similarly, not all of the individuals who raised the ideas, pursued the major issues and were the driving force behind the activities of the inquiry can be identified by reading the text.

In particular I would like to place on record the contribution of the former Chair of the Committee, the Hon. Jeannette McHugh MP. It was in large part Ms McHugh's commitment to the film industry and to the work of the Committee which ensured that the opportunity offered by the Inquiry to identify and investigate issues was realised. Ms McHugh chaired the Committee for most of the Inquiry, resigning less than a month ago upon her appointment to the Ministry.

I would also like to acknowledge formally the contribution of the numerous film makers, distributors, exhibitors, writers, actors, fans, critics, government officials and everyone else who took the time to present their views to the Inquiry and show an interest in the proceedings. The quality of any parliamentary committee report rests largely on the quality of evidence which is received, and on behalf of the Committee I thank all contributors.

In addition, recognition and my thanks must be given to my Committee colleagues who worked with enthusiasm and under great pressure during the Inquiry and especially in the finalisation of the report. Our work was greatly facilitated by the professional service provided by the Parliamentary Reporting Service, the Parliamentary Library, and the printing, transport and other staff of the Department of the House of Representatives. I should mention in particular the high quality of support which the Committee Secretariat always provides and, with regard to the Moving Pictures Inquiry, I thank Lindy Smith for the excellence of the research and the fluency of the report, Grant Harrison for his significant contribution to the launch of the Inquiry and its activities during the first twelve months, and Marlene Lyons for typing the report and for ensuring that the administrative arrangements for the Committee were always well planned.

John Langmore
Committee Chair

ABBREVIATIONS

10BA	Division 10BA of the <i>Income Tax Assessment Act 1936</i>
ABA	Australian Broadcasting Authority
ABC	Australian Broadcasting Corporation
ABS	Australian Bureau of Statistics
ABT	Australian Broadcasting Tribunal
AFI	Australian Film Institute
AFID	Australian Film Institute Distribution
ACOFS	Australian Council of Film Societies
AFC	Australian Film Commission
ASDA	Australian Screen Directors' Association
CAAMA	Central Australian Aboriginal Media Association
DASET	Department of the Arts, Sport, the Environment and Territories
FACTS	Federation of Australian Commercial Television Stations
FFC	Australian Film Finance Corporation
MPDAA	Motion Picture Distributors Association of Australia
NIDA	National Institute of Dramatic Art
P and A	Prints and advertising
SBS	Special Broadcasting Service
SPAA	Screen Production Association of Australia
VIDA	Video Industry Distributors' Association

CHAPTER 1: OVERVIEW OF THE INQUIRY

Over the months of the inquiry the Committee has received over ninety submissions and has seen representatives of a number of industry bodies, government agencies, distributors, exhibitors, television channels, as well as the odd film maker and film critic. Now it will have to come up with recommendations aimed at improving the situation for Australian films and television programs in the market place.¹

The Inquiry

1.1 This report represents the end of the Moving Pictures Inquiry. Like all reports, it contains conclusions and recommendations to which the Committee and everyone who contributed to the Inquiry would like the Government to respond. But the Inquiry produced far more than this report.

1.2 When the Inquiry was announced, in December 1990, a number of people said that it would not make any difference. In some respects they were right. No matter what, Australia's film makers keep producing some outstanding films, some mediocre films and some bad films. No matter what, the popularity of these films can never be guaranteed in advance.

1.3 The Committee launched the Inquiry with a poster which read 'How do you see Australia's films?'. In December 1990, the common wisdom was that Australian audiences did not want to see them. It was also thought that many films produced during the 1980s had not been seen at all. The 10BA production boom and the failings of distributors and exhibitors seemed to be to blame.

1.4 Adding to the malaise and suspicion within the industry was the fact that the Moving Pictures Inquiry was only one of thirteen related reviews which took place in 1990/91. The post 10BA decline in production was hurting the industry, the Australian Film Finance Corporation (FFC) represented a new and largely untested approach to government funding, and other government film agencies at Commonwealth and State level had recently been restructured or were under review. The FFC has since also been reviewed and the results are keenly awaited.

1.5 During the Inquiry, the benefit of additional data and the passage of time allowed the excesses and successes of the previous decade to be seen in perspective. In addition, some post 10BA films began to achieve critical acclaim and audience support: *Spotswood* was a hit at the American Film Market in February 1991; *Proof* and *Holidays on the River Yarra* received official recognition at the Cannes Film Festival in May 1991; and

¹ *Filmnews* Vol 22 No. 1, February 1992.

by the end of June *Death in Brunswick* had earned \$1.5 million in eight weeks. A year later, another Australian film, *Strictly Ballroom*, was attracting critical praise at Cannes.

1.6 The Australian Film Commission (AFC) established a new database for the Inquiry and conducted additional research into the performance of Australian films locally and overseas. Although some of the information it gathered was released beforehand, the complete results of the analysis were not released to the Committee or the public until October 1991, when the AFC presented with its submission a paper titled *Analysis of the Performance of Australian Films since 1980*.

1.7 If we had been given the data earlier, the Committee could have pursued certain issues in more detail. Yet the focus of the Inquiry may then have become an examination by the Committee of the contents of a government document. It was useful and possibly more beneficial to proceed instead as we did, by witnessing and encouraging the exchange of ideas, impressions, anecdotes and opinions within the industry about issues of concern to the industry.

1.8 The Committee received submissions throughout the Inquiry and distributed them widely to encourage debate. In all, 98 were received, some of them confidential. These are listed at Appendix A. Letters inviting submissions were sent to almost 2,000 individuals, companies, industry organisations and government agencies. But in an industry where personal contact is the means by which most business is conducted, many of the people who gave evidence were encouraged to do so through word of mouth information or personal approaches by the Committee.

1.9 The Committee began a series of public hearings in Adelaide on 30 April 1991. The final hearing was held in Sydney on 4 February 1992. Eighty-two people gave formal evidence and they are listed at Appendix B. We also met informally with almost as many people. The full Inquiry program is at Appendix C.

1.10 A highlight for the Committee and a major achievement of the Inquiry was the workshop we convened at the premises of the National Institute of Dramatic Art (NIDA) in Sydney on 1 August 1991. The theme was 'how do you see Australian documentaries?'

1.11 Many of the issues encompassed by the Inquiry are the concern of more than one sector of the industry, but documentary film makers were particularly affected by the post 10BA decline in private investment in films and the downturn in the fortunes of the commercial television networks.

1.12 The workshop was an opportunity for documentary film makers to discuss these and other issues with representatives of government agencies and the television broadcasters. An important outcome was the FFC's negotiation of two accords, with SBS and Channel Seven, whereby the broadcasters have agreed to put up pre-sales for a number of documentaries. John Morris told the Committee:

I am sure many good things came out of that day, but those are at least two of them that I am prepared to go on record about and the documentary industry should be very grateful to this inquiry for holding that day.²

The Findings

1.13 As the Inquiry's terms of reference specified an examination of the performance of Australian films, and comprehensive data was compiled for this purpose, much of this report is a summary of past achievements.

1.14 Theoretically, performance can be assessed in many ways. In practice the options are not as numerous. Critical acclaim is an important indicator, but the Committee's role was not that of a critic. Financial returns are another, but the scant information which is available is anecdotal. Information about the documentary sector is inconsistent and incomplete, largely because details about privately funded documentaries are not available, and because definitions of 'documentary' differ. The popularity and profitability of Australian films released on video has not been comprehensively assessed, and data about the non-theatrical sector is not easily gathered.

1.15 Most of the data provided by the AFC and reproduced in this report shows what is most easily measurable: box office, television ratings, release rates, scale of release and production levels.

1.16 The box office is dominated by films produced in the United States. This reflects the worldwide domination of local film industries by US product, rather than a particular deficiency in Australian films. Nonetheless, the two highest ever grossing films in Australia are *Crocodile Dundee* and *Crocodile Dundee II*.

1.17 About 66% of Australian feature films received a theatrical release in the 1980s. All of them - good, mediocre, and bad - competed at the box office with only the best from overseas. Feature films which have performed well in theatrical release also perform well on television and in video release.

1.18 For documentaries, theatrical release has become very much a means of positioning them for release in other markets. Some are screened in non-mainstream cinemas but most Australians expect to see documentaries on television. In turn, television has become vital to the survival of the documentary sector.

1.19 Since the major distributors and exhibitors ceased presenting them at the cinema, short films are seen primarily by viewers of SBS's *Eat Carpet* program and audiences at selected film festivals and art house theatres. Australian short films are more likely to be seen by people overseas than in Australia.

² Evidence - John Morris (FFC) - Sydney, 4 February 1992, p. 1170.

1.20 The non-theatrical market is significant for shorts and documentaries but it is not lucrative. It is largely dependent on the government financial support given to the film makers, the distributors and the clients.

1.21 The growth of the video industry in the 1980s made a major impact on audiences' attitudes toward films. To see a newly released film at the beginning of the decade was to share an evening's entertainment with a large cinema audience. Now it can mean selecting a video from a store on the way home from work. On the horizon is pay television, which is likely once again to change audience preferences and expectations.

1.22 Pay television offers another 'window' for the exhibition of Australian films and a source of production funding. Worldwide, the introduction of subscription services has greatly increased demand for new programs. Australian films have an international reputation and presence which is impressive for an industry of its size. The competition is fierce and the players keep changing and it is vital that the marketing efforts of Australia film makers and sales agents are well-directed, clearly focussed and appropriately pitched.

1.23 The Commonwealth Government's aim in supporting the film industry is to promote and encourage the further development of Australian culture. The intention of its policies is to ensure that the industry is as self-reliant as possible. The 1980s was an era when film makers received money reasonably easily from disinterested investors, and comprehensive support from government film agencies. They are now required to compete harder for less production funding, which is provided with more strings attached. In addition, they are required to market their films more effectively. Distributors are also having to adapt to the greater expectations which are being placed on them to demonstrate a commitment to support the industry.

1.24 The Committee agrees with the aims and general policies of the Government in this regard. The industry does need to become better attuned to market realities - while not losing its ability to foster diverse and innovative films. After some initial confusion within the government agencies and throughout the industry about their role and direction, the AFC, FFC and Film Australia now seem to be on the right track. Similarly, Australia's film makers by and large are adjusting to the new arrangements. But the transition has not been easy and it is not complete.

1.25 The impetus for further development largely rests with the industry itself. The professionalism, enthusiasm and creativity which has been directed to the way Australian films are made needs to be matched in the way they are marketed. Currently, there are signs that the various sectors of the industry wish to work together more effectively. Government agencies should encourage this process. More broadly, they should be working with the industry to identify and pursue opportunities for growth and consolidation. This will require an ability to anticipate change and may require the adoption of agreed industry strategies.

1.26 The Committee has not made many recommendations. This is not for want of ideas, all of which we considered. In general, the proposals put forward were for the government to duplicate structures or roles within the industry, such as through becoming an exhibitor or sales agent. Alternatively, they were for the government to reduce the

risks of film making, such as through imposing quotas and taxes to guarantee exhibition, or through providing prints and advertising funding to guarantee distribution. But our recommendations reflect a desire to identify what is in the best long term interest of an industry which is aiming to become more self reliant.

1.27 Our main conclusions are:

- . As film reviewer Peter Thompson summed up so well for us, ‘culture is not an option’.
- . A greater number of distributors who can invest in the production of films needs to be fostered, so that producers can become less reliant on finance from overseas.
- . There is a great deal of distrust between all sections of the industry. A certain level is inevitable and possibly desirable but, beyond that, the level of distrust in some quarters is too high and there are unproductive battles and misunderstandings which could have been avoided. Fortunately, the Committee saw significant improvements during the course of the Inquiry and is optimistic that the trend will continue.
- . It is an industry where each new project is unique and there is intense personal involvement. This should be recognised by all key players and government assistance needs to be flexible.
- . The Commonwealth government agencies need to work more closely together. The film agencies liaise well with each other, but there is considerable scope for the links between them and other elements of the Commonwealth bureaucracy to be improved.

The Recommendations

The Committee recommends that:

- (1) **The AFC receive additional annual funding for project development assistance. An additional \$2 million should be provided initially and the total annual amount should be reviewed after two years. (Paragraph 2.28)**
- (2) **The AFC continue to provide financial assistance to cultural distributors and exhibitors. (Paragraph 2.39)**
- (3) **The Government consider co-financing the refurbishment of subsidised cinemas, through special additional allocations to the AFC. (Paragraph 2.45)**

- (4) The Australian Broadcasting Authority investigate the SPAA proposal that a quota points system be introduced which requires each free-to-air commercial television network to broadcast at least 40 hours of first run independent Australian documentary annually by 1994. *(Paragraph 4.36)*
- (5) The AFC undertake research into the potential for the sell-through documentary market to expand through greater links with the television market; the implications for film makers in negotiating with the free to air networks and pay television operators; and the impact on the video rental market for documentaries. *(Paragraph 4.48)*
- (6) The AFC provide greater financial assistance to makers of low budget documentaries and shorts in preparing their films for non-theatrical release for use by schools. *(Paragraph 4.53)*
- (7) The Department of Employment, Education and Training, through its representation on Arts Training Australia, ensure that the evaluation of competency standards for producers takes into account their full range of responsibilities, including their role in marketing. *(Paragraph 6.30)*
- (8) Increased resources be allocated to the AFC for the purpose of improving the ability of the Marketing Branch to better respond to ad hoc requests for information from producers about how to attract private investment. *(Paragraph 6.35)*
- (9) The AFC be provided additional funding to upgrade its overseas marketing activities so that it has a greater capacity to assist in the provision of information and assistance to Australian producers and sales agents and to identify and develop new markets. *(Paragraph 6.69)*
- (10) The AFC be provided funding to engage an additional member of staff to assist the Department of Foreign Affairs and Trade in organisation of film events which it initiates for diplomatic objectives. *(Paragraph 6.84)*
- (11) Australia stand firm, in its international trade negotiations, in not agreeing to any reduction in the Commonwealth Government's discretion to retain or introduce measures to promote Australian culture. *(Paragraph 6.93)*
- (12) The Department of Employment, Education and Training, through its representation on Arts Training Australia, ensure that the evaluation of competency standards for actors take into account their role in publicity and promotion. *(Paragraph 6.119)*
- (13) The FFC continue its practice of helping to develop Australian international sales agents by appointing selected companies to distribute Film Fund Films. *(Paragraph 7.49)*

- (14) Funding for the FFC be maintained for the next 3 years at 1991/92 levels in real terms. *(Paragraph 7.50)*
- (15) The Commonwealth Government encourage initiatives from the film industry to develop industry-wide strategies, provided that all relevant sectors are invited to participate. *(Paragraph 8.13)*
- (16) The Australian Bureau of Statistics give high priority to the collection and analysis of data relating to film production, distribution and exhibition, as specified by the Statistical Advisory Group of the Cultural Ministers' Council. *(Paragraph 8.20)*

CHAPTER 2: THE DEVELOPMENT AND PROMOTION OF AUSTRALIAN CULTURE

I do not know how you inform people about their cultural identities and their stories and the multicultural stories without film. You do not do it on the radio and you do not do it through newspapers. I am talking about every man in all walks of life in all social strata. It is the thing that crosses it all and is available to them.¹

Attitudes to Australian films

2.1 Governments support the film industry for the same reason that they support the other cultural industries; Australians need to be able to tell their stories, share their images, and portray, reflect upon, reinvent, and witness themselves and the society in which they live. As a film unseen is a story untold, the commercial success of Australian films is of primary importance. However, what is popular this week at the box office or video store or on the television does not necessarily represent the complexity and diversity of our culture, nor the many ways in which it can be conveyed through this art form.

2.2 Australia's average cinema attendance per person is one of the highest in the world but, more often than not, films that are popular in Australia are films that were made in the United States. Hollywood sets the style, standard and cultural context for films worldwide except in countries where there are significant language, cultural, or trade barriers.²

2.3 In his monograph *Cut! Protection of Australia's Film and Television Industries* Ross Jones has put forward the view that 'the box office success (or lack thereof) of most Australian movies does not seem to indicate that Australians desire to consume more local culture'.³ In an industry where three of the five most commercially successful films ever released here are Australian, and some of the least successful are Australian as well, we need to look beyond laws of supply and demand.

2.4 By viewing a film, culture is not consumed; it is developed. Films from different eras have reflected and helped to shape the way Australians see themselves. Joan Long pointed out to the Committee that a decade ago 'after years of drought for Australian films there was a hunger, almost a craving, to see our past on the screen'.⁴ Glen Lewis has observed a 'sense of national pride and innocence' and a 'moral search for identity

¹ *Evidence* - Stephen Bisley (NIDA) - Sydney, 26 September 1991, p. 595.

² *Submission* No. 69 - FFC - May 1991, p. 15.

³ Ross Jones, *Cut! Protection of Australia's Film and Television Industries*, The Centre for Independent Studies, 1991, p. 49.

⁴ *Submission* No. 36 - Joan Long - March 1991, p. 11.

and purity' in films of this era.⁵ These films, such as *Gallipoli*, *The Man from Snowy River*, and *Phar Lap* might not suit present day tastes but they probably contributed to the way those tastes have been formed.

2.5 The effect on the commercial success of locally made films by the domination of the market by American product was exacerbated in the late 1980s by the poor image which Australian films developed in the wake of claims about excesses under Division 10BA of the *Income Tax Assessment Act 1936*, and the release of a large number of poor quality movies.

2.6 Division 10BA was introduced in 1981 as a means of attracting private investment in film production and has been described as 'the only sane contribution to [the] advancement of Australian film making over the past three decades'.⁶ Certainly, some of Australia's most commercially successful films were made when the tax benefits were most lucrative. Investors initially were able to write off 150% of capital expenditure in the acquisition of the copyright in qualifying Australian films, and up to 50% of their net earnings from these films were tax exempt. The rates were reduced to 133% : 33% in August 1983; to 120% : 20% in September 1985; and to the current levels of 100% : 0% since June 1988.

2.7 The incentives fostered a boom in production:

Where in the late 1970s some 17-19 feature films per year were completing principal photography with total budgets of about \$15 million, by the mid 1980s some 30-35 feature films were being made annually with total budgets around \$85 million.⁷

2.8 Concerns about the effect of 10BA on the industry were many: films were being rushed into production before the scripts had been sufficiently developed; investors were not interested in the quality of the film, were not prepared to accept even a minimal risk and were demanding pre-sales of up to 80% of the budget to ensure they received their tax write-offs; and the costs to government revenue were very significant, peaking at \$155 million in 1984/85. The FFC submission discusses at length the effect of the production boom and sums up the effect on film quality as follows:

10BA liberated producers from traditional film disciplines: budget scrutiny, script appraisal, analysis of [the] track record of the creative principals and [the] quality of distribution arrangements and imposed an entirely new set of operating rules requiring a working knowledge of the investment market and an ability to manipulate high marginal tax rates, prospectuses and after tax returns.⁸

2.9 Division 10BA is still of crucial importance to the Australian film industry. Projects need to qualify as 'Australian' under the Act, as determined by the Department of the Arts, Sport, the Environment and Territories (DASET), before they can be financed by the FFC. Nonetheless, in terms of its impact on the quality and reputation of Australian films generally, the 10BA production boom is widely remembered as a

⁵ Glen Lewis, *Australian Movies and the American Dream*, Prager, 1987 p. 120.

⁶ Submission No. 12 - Derek Strahan - February 1991, p. 1.

⁷ Submission No. 63 - DASET - April 1991, p. 6.

⁸ Submission No. 69 - FFC - May 1991, p. 1.

disaster. It is likely that, as Alan Finney observed, 'there is only one stigma, and that is about bad movies',⁹ but during the 1980s 'Australian' films became synonymous with 'bad' films. A member of the public told the Committee that 'Australians do want to like Australian films but they can't if they're just not good enough'.¹⁰ Similar views about the standard of Australian films have been attributed to, or expressed by, producers, distributors and exhibitors.¹¹

2.10 John Morris suggested to the Committee that public views have now changed, as all recent releases of Australian films have found a significant audience. However, Andrew Pike, distributor of a recent film *Waiting*, told the Committee that:

I have often joked about the fact that if *Waiting* had been in French with subtitles it would have done a lot better and cost a lot less to launch.¹²

2.11 While the fortunes of individual Australian films at the box office vary, Australians have a desire to know more about the industry and how it reflects their history and culture. Public interest in the National Film and Sound Archive, for example, has grown exponentially¹³ and the events associated with the recent anniversary celebrations of Film Victoria and Film Australia received a warm response. If this interest in films can be encouraged to grow and broaden, by developing the local film culture, so might the audiences for new Australian productions.

Developing an Australian Film Culture

2.12 Any examination of the performance of Australian films at the box office must take into account the film culture within which they were produced and to which they contribute.

2.13 The AFC told the Committee that, by nurturing a local film culture, Australians will become interested in new film experiences which are different from those provided by American cinema. Distributors, exhibitors and broadcasters in turn will be more prepared to support non-mainstream films.¹⁴

2.14 Huzzah Productions has suggested that the failure to foster a local film culture has meant that producers have lost touch with their audiences. The main task, the company maintains, is not so much to foster the popularity of Australian films as to re-establish their credibility.¹⁵

⁹ Evidence - Alan Finney (Village Roadshow) - Melbourne, 23 May 1991, p. 127.

¹⁰ Submission No. 28 - Joan Howe - March 1991, p. 151.

¹¹ For example, see submissions by James Henry (No. 1), Gary Jarjoura (No. 14), Milton/Ulladulla Film Society (No. 16), Crawfords Productions (No. 29), and Brian Trenchard-Smith (No. 30).

¹² Evidence - Andrew Pike (Ronin Films) - Canberra, 11 October 1991, p. 861.

¹³ Evidence - Ray Edmondson (NFSA) - Canberra, 11 October 1991, p. 828.

¹⁴ Submission No. 91 - AFC - October 1991 p. 13.

¹⁵ Submission No. 52 p. 4.

Diversity in Film Production

2.15 All government film agencies contribute in some way to the development and promotion of a film culture as well as supporting the growth of the film industry. A brief overview of their various responsibilities is at Appendix D.

2.16 All Australian films, whatever their source of funding, contribute to and are a part of the Australian film culture. The major source of production funding is the FFC, which was established in July 1988 as a wholly Commonwealth-owned company to invest in feature films, mini-series, telemovies and documentaries which qualify under Division 10BA or are official co-productions. It has a commercial focus which involves ensuring that its investments are matched by appropriate levels of private sector investment, and making the most commercially attractive investments possible in view of the quality and level of market attachments and expected returns.

2.17 Within the context of the commercial focus, the FFC has a degree of flexibility in encouraging diversity of production. Documentaries and low budget features have a lower threshold of private investment or market interest required than is the case with feature films. The FFC has actively assisted in this regard by negotiating documentary accords with television networks and setting up Film Funds to attract private investment. The Committee fully supports the flexible approach which the FFC is developing. It also welcomes the special attention which is given to children's television programs and should point out that some concern was expressed during the Inquiry about the small number of family oriented films being produced.

2.18 As the FFC has recently been reviewed and the findings are to be announced shortly, the Committee does not wish to canvass in this report the many comments it received about the company's investment policies. To do so would also mean moving beyond the terms of reference of the Inquiry. With regard to development of an Australian film culture, however, it is important to record the concerns which film makers have about their films having to attract overseas market interest to raise enough funds to qualify for FFC funding. This is seen as both difficult, because the films also have to meet the 10BA criteria of Australianness, and undesirable because it could compromise that very Australianness. It is indeed anathema to many that there is scope for overseas interests to make creative decisions which could undermine the Australian character of FFC-financed films. As discussed later in the report, the Committee considers it vital that more Australian distributors be established which can offer substantial pre-sales.

2.19 The Commonwealth agency with primary responsibility for developing film culture is the AFC, which assists the production of projects that do not fit within the narrow commercial focus of the FFC. It has a crucial role in providing funding for experimental and innovative films, short films, documentaries and low budget features which do not attract production investment from the market place. These films provide important alternatives to the mainstream and conventional images that Australians have of themselves and their lives. They present new pictures in new ways, broadening and diversifying the film culture as well as developing the skills of the film makers.

2.20 This is not to suggest that the films financed by the AFC do not attract commercial interest after they are made, even if they did not attract private investment in their production. An example which emerged during the Inquiry was *Proof* which won critical acclaim and box office success in 1991.

2.21 Funding for *Proof* was provided by Film Victoria as well as by the AFC. The Committee received nothing but the highest praise throughout the industry for the work of Film Victoria in the development of popular Australian films of high quality and which, without its assistance, probably would never have been made.

2.22 The Committee is convinced of the need for governments to provide a range of film funding options and to use a variety of sets of criteria in making investment decisions in order to encourage diversity and innovation in film making. The general mix being provided at the Commonwealth level, in combination with the activities of State film agencies, is appropriate and should be maintained.

2.23 An issue about which there seems to be unanimous agreement is the need for more attention to be given to project development, and particularly to script development. The main obstacle is a lack of development finance, which is difficult to obtain because little or no return for the outlay can be expected. The following comments of producers, distributors, writers and government agencies give an indication of the problem:

Too great a proportion of money put into Australian films is being spent on casting and locations, and too small an amount on script development, despite the existence of script funding bodies like the Australian Film Commission.¹⁶

... Mr [Myron] Karlin said that Australian actors and directors were of world standard as evidenced by the number working in the United States. He said that if there were areas where assistance could be best directed it was in the area of script writing.¹⁷

Government film support bodies should place a greater emphasis on the development of writers and script literate producers. Funds should also be provided for a lengthy development period prior to the film going into production.¹⁸

We need more of the hardest money to find, namely research and development funding - not just for the writing of the script, but for the increasing cost of packaging the product and shopping for the deal.¹⁹

Unfortunately, there are very few sources of finance in vital areas such as project research, scripting and development. All of these areas are pivotal in determining the success or failure of any project.²⁰

Script development, with the input of distributors, is the key to a successful industry. The scripts that currently go into production invariably need more detailed work.²¹

¹⁶ Submission No. 70 - ABC - May 1991, p. 13.

¹⁷ Submission No. 89 - MPDAA - October 1991, p. 4.

¹⁸ Submission No. 61 - FilmSouth Australia and the South Australian Film Corporation - April 1991, p. 5.

¹⁹ Submission No. 30 - Brian Trenchard-Smith - March 1991, p. 7.

²⁰ Submission No. 77 - ASDA - July 1991, p. 17.

²¹ Submission No. 78 - Greater Union Film Group - July 1991, p. 2.

I have completed several months of full time unpaid work - buying 'expensive' childcare-time for my preschooler - and covering all my research expenses on a very supportive husband's waning salary, in order to develop a treatment for my film which is as potent and powerful as possible before I 'hit' the AFC!²²

The quality of scripts in Australia is deplorable, with general basics being ignored in films that have budgets of several million dollars.²³

... With hack the present order of the day, there's a major hurdle to begin with.²⁴

2.24 The AFC provides investments to cover research, script development, market placement and financing of Australian films. Of the first ten films financed by the FFC Film Funds, eight had development investment from the AFC. Project development funds are provided also by the State film bodies. The combined total of Commonwealth and State funds for development in 1989/90 was about \$5.1 million, of which about \$2.1 million was provided by the AFC. The standard arrangement is for the agency to be reimbursed for the capital cost of development plus interest no later than the first day of principal photography. However, the Committee was told that 'if one script goes into production out of every ten the State agencies fund, they are doing very well'.²⁵ Producers who do not receive government funding or do not have studio backing are not reimbursed the costs of project development until, or unless, the film goes into production.

2.25 To encourage greater attention being given to polishing scripts, the FFC has a script buy-out policy whereby it reimburses other film agencies 250% of their original script development investment. The Committee endorses this initiative. However, concern was expressed that this policy will mean that only conventional or commercially oriented scripts will be funded. The Committee considers it reasonable that, if an agency is to invest further money in a project for which it has already provided development funding, it would be looking to improve its chances of recoupment.

2.26 Film agencies are continually grappling with the dilemma of whether to spread the available funds as thinly as possible to support the maximum number of projects and spread the risk, or to focus on a smaller number but provide more adequate financial assistance to each.

2.27 The Committee would not agree to a reduction in the current number and variety of projects which the AFC supports. Yet the AFC should be able to provide producers with additional development funding where, for example, their projects have already received government assistance to complete the second draft stage and they have been assessed as likely to attract government production funding and/or the interest of the market place.

²² Submission No. 81 - Lynne Renew - July 1991, p. 3.

²³ Submission No. 14 - Gary Jarjoura - February 1991, p. 3.

²⁴ Submission No. 56 - Ben Kidd - April 1991, p. 17.

²⁵ Evidence - John Morris (FFC) - Sydney, 4 February 1992, p. 1160.

2.28 The Committee recommends that:

- (1) **The AFC receive additional annual funding for project development assistance. An additional \$2 million should be provided initially and the total annual amount should be reviewed after two years.**

2.29 Another production funding issue which was raised during the Inquiry but not pursued by the Committee because it is beyond our terms of reference, is the number of films which the industry should be aiming to make each year, and the size of their budgets. Some commentators stressed that Australia should focus on making low budget films, which we do well and on which there is a chance of recouping costs. Others said that a few big budget films should be made each year, to raise the profile of the industry. David Court has suggested that, in an industry driven by distributors, perhaps too many films are produced and expectations about financial returns are too high.²⁶ The Committee expects that this issue will be addressed in the report of the FFC review.

Reflecting and Supporting a Multicultural Australia

2.30 While the most commercially popular Australian films have celebrated the dominant white male culture, it appears that the industry is producing, and the government agencies are supporting, films by and about minority and under represented groups.

2.31 The Committee raised the issue with John Morris of the FFC at a public hearing earlier this year:

Mr Morris - It was part of the recently completed review of the FFC to look at the films that the FFC has supported and look at them from the point of view of what films deal with cultural issues of importance, what films deal with questions and multiculturalism, what films deal with subjects from a woman's point of view and so on and so on. It seems there is a very diverse slate of films being made.

Chair - By women and Aboriginal people and people of different ethnic backgrounds?

Mr Morris - Yes, I believe so.²⁷

2.32 This conclusion is not necessarily shared by the members of these groups. Philip McLaren told the Committee that 'Aboriginals are excluded from the mainstream of the industry' and proposed the establishment of a separate fund to produce and market Aboriginal films because 'how on earth can an unknown Aboriginal film maker compete with the producer of *Greencard* for very limited FFC funds?'.²⁸

2.33 The unknown Aboriginal film maker - or any new film maker who is seeking funds for a low budget or innovative project - should be able to seek assistance from the AFC.

²⁶ Evidence - David Court (*Entertainment Business Review*) - Sydney, 1 August 1991, p. 605.

²⁷ Evidence - John Morris (FFC) - Sydney, 4 February 1992, p. 1165.

²⁸ Submission No. 27 - Philip McLaren - March 1991, p. 2.

While it has a Women's Program, the AFC does not have any specific measures for assisting Aboriginal and ethnic groups. Nor does there seem to be any industry-wide strategy for this purpose. The Committee is therefore very pleased to note that the AFC is currently developing a set of guidelines and policies for Aboriginal access to all of its funding programs. This process is being co-ordinated by an Aboriginal person together with a consultative committee and should be completed by 30 June 1992.

2.34 All Commonwealth government film agencies can point to a range of examples of where they have recently provided assistance to or invested in productions by under represented groups. Moreover, the contributions of the SBS and the ABC in offering opportunities for non-mainstream programs to be made and broadcast are significant. The ABC is now by far the largest employer of Aboriginal people in broadcasting, including the Aboriginal organisations specifically set up for this purpose. In addition, apart from the in-house productions of the Aboriginal Production Unit and the Aboriginal Section of the Documentary Department, the ABC is making more programs through CAAMA and other aboriginal production organisations.²⁹

Cultural Distribution and Exhibition

2.35 In supporting cultural development, the AFC provides assistance to non-commercial distribution and exhibition, publications, festivals, conferences and other activities which help create and broaden audiences for unconventional films. Most major cities have government-funded cultural exhibitors and distributors which generate local knowledge about, and enthusiasm for, low budget features, documentaries, short dramas and experimental films, through curating and presenting film seasons and festivals. The theatres, including the theatres of the Film and Television Institute in Fremantle, the State Film Centre in Melbourne, the Australian Film Institute (AFI) cinemas in Sydney and Hobart, and the Mercury in Adelaide, provide important venues for the screenings of independent and *avant garde* films.

2.36 An indication of how important the cultural exhibitors and distributors are to the industry and the local community was shown when the State Government severely cut back the funding of the State Film Centre in Victoria last year. There was a very negative response from the industry to the suggestion that the Centre's film and video library, as well as its theatre, were to close. A ministerial working party was formed to review the matter. It reaffirmed the need for the facilities to receive government subsidies but the services of the library would no longer be free. The theatre reopened recently, although it needs refurbishment.

2.37 Only a few months earlier, the committee appointed by the Queensland Government to review support for the arts recommended that a State Film Centre be established in Queensland.³⁰ A venue dedicated to the promotion of film culture has still not been identified in Brisbane, but on 21 May 1992 the Queensland Premier announced that, in accordance with another recommendation of the committee, the city will host its first international film festival in August this year.

²⁹ Evidence - Harry Bardwell (ABC) - Sydney, 27 September 1991, p. 763.

³⁰ *Queensland A State for the Arts*, Report of the Arts Committee, February 1991, p. 163.

2.38 The AFC provides assistance, directly or indirectly, to almost all cultural exhibitors and is currently reviewing its policies in this regard. While recognising that the agency may wish to target the funds it provides more accurately, the Committee considers that the support which it provides is vital.

2.39 The Committee recommends that:

- (2) **The AFC continue to provide financial assistance to cultural distributors and exhibitors.**

2.40 The Australian Council of Film Societies pointed out that activities to develop a film culture are ad hoc:

While assistance is given to some film culture organisations who apply for it, there seems to be no co-ordinated policy of developing film awareness and building an audience or encouraging the screening of Australian films.³¹

2.41 In October 1991, a meeting of cultural exhibitors and distributors, film society representatives, festival organisers, the AFC, Film Victoria and the Victorian Ministry for the Arts was held to discuss the development of links to use their combined expertise and resources to best benefit. The participants agreed to form a coalition which would work to address strategic issues facing cultural exhibition and distribution. The Committee welcomes this initiative.

2.42 An area for priority attention identified by the meeting of cultural exhibitors and distributors was the need to have adequate venues. The meeting concluded that:

The physical infrastructure available for cultural exhibition in Australia is inadequate. Currently, public and cultural exhibition venues are sub-standard by comparison with commercial venues and other public arts venues e.g. art galleries, museums, opera houses and State theatres, by way of technical facilities, access and audience comfort. It is not appropriate for this sector to be compromised by a make-do attitude.³²

2.43 The subsidised cultural exhibitors provide opportunities for the theatrical release of films which otherwise would not be seen by Australian cinema audiences. They are particularly important as venues for the screening of short films and documentaries, which are screened occasionally by commercial art house cinemas and never by major exhibitors.

2.44 The Committee welcomed the initiative of the AFC in providing financial assistance in the establishment of the Mercury Cinema in Adelaide last year. It is aware that the Tasmanian Arts Advisory Board has indicated that it would be prepared to co-finance an upgrade of the AFI Cinema in Hobart, and the South Sydney Council, which owns the AFI Cinema in Paddington, is intending to make some improvements to the cinema but is not able to make all the necessary refurbishments. A substantial amount of government funds is directed to the production of the films which the subsidised

³¹ Submission No. 51 - ACOFS - April 1991, pp. 2-3.

³² *Natural Cultural Exhibition Plan*, Report on the Meeting of Cultural Exhibitors and Distributors 21, 22 and 23 October 1991.

cinemas screen. While the major exhibitors have been investing in better facilities for their audiences, the standards of the subsidised cinemas are falling further behind. It appears contradictory on the one hand to encourage a diversity in film making to support skill development and the enrichment of the film culture and on the other hand to risk greater marginalisation of these films by allowing the cinemas in which they are shown to fall below standards which audiences consider to be acceptable.

2.45 The Committee recommends that:

- (3) **The Government consider co-financing the refurbishment of subsidised cinemas, through special additional allocations to the AFC.**

Festivals

2.46 Film festivals and other special screenings provide a means of presenting to the public new and innovative films which might otherwise not be seen. They also offer an opportunity for groups which are disadvantaged or under represented in mainstream cinema to tell their stories. As such, they are an important element in enriching the film culture. Moreover, festival screenings and awards can help new film makers establish a reputation and promote the films for commercial release.

2.47 Film festivals are held in most capitals, and travelling festivals are organised in Victoria and NSW. While the Sydney and Melbourne festivals focus on international material, others, such as the St Kilda Film Festival, are more locally based. The AFC provides financial support to a number of these festivals and the Committee supports this practice.

2.48 The Committee welcomed the initiative of the AFI last year in establishing the Australian Film Festival, a program of events designed to promote greater awareness of Australian film making. These events, offered in seven capital cities, included an archival program of material from the National Film and Sound Archive, a retrospective of films from the Swinburne Film and Television School, a new release from Film Australia, tours of local facilities, and forums, debates and lectures. About 30,000 people attended.

2.49 The AFI is developing the festival as an annual program. It planned to launch it this year with a national media week, which would have provided an ideal opportunity to link a national publicity campaign with an event which contributes to the development of our film culture. The idea has merit and deserves further investigation.

Cinematheques

2.50 A lively and mature film culture is one where audiences are interested in seeing innovative and different films and this includes non-mainstream films from other countries. As noted above, festivals and other special theatrical events can showcase a wide variety of non-mainstream films, but to build an audience over time it is desirable to have a venue which can be identified as one which continuously presents programs of films of these types.

2.51 In the United Kingdom, the venue is the National Film Theatre. In Paris it is the Cinematheque. In the United States it is the New York Museum of Modern Art. They are characterised by a particular style of exhibition aimed at broadening visual culture. Their activities include innovative film screenings, exhibitions, archiving and the development of film libraries and publications through which members of the public build a deeper appreciation of film.

2.52 In Australia, cinematheques are either operating or are proposed in all State capitals. The AFC has provided funds for a part-time employee to undertake the initial establishment phase of a cinematheque in Queensland. It has also provided funding for a project coordinator to develop the proposal that a cinematheque be developed as part of the Museum of Contemporary Art in Sydney. The NSW cinematheque will have close links with the National Film and Sound Archive, which will provide a permanent resource and access to overseas sources of archival material. It is envisaged that:

Programming for the planned Cinematheque will be *imaginative, international and diverse*, presenting the widest possible variety of moving images to the widest possible audiences. Classic film and TV, challenging new film and video work, talks, practical demonstrations and academic seminars will all form part of a rich continually-changing program.³³

2.53 The Committee sees merit in the idea of establishing cinematheques, especially when initiated and supported by the local community, State/Territory government and film industry professionals. A founder of the National Film Theatre of Australia, Barrie Pattison, has suggested that the Theatre be re-established.³⁴ Formed by enthusiasts in the mid 1960s, the National Film Theatre presented cinematheque programs and programs of otherwise unavailable films from overseas in all State capitals over a period of fourteen years. In view of the recent and proposed initiatives within each capital, the Committee considers that a national structure is not necessary, and probably not desirable. If the cinematheques are to be successful, local interest and involvement should be fostered.

³³ Submission No. 74 - Museum of Contemporary Art - June 1991, Attachment.

³⁴ Submission No. 33 - Barrie Pattison - March 1991.

2.54 An indication of the breadth and depth of, and the energy within, a film culture is the quality and status of the criticism. Throughout the inquiry, comments were made to the Committee about the paucity of informed criticism of films. While commentary about film in the mainstream media has increased in volume and broadened in coverage, only a small amount of column space and air time is given to 'articulate discussion of films and film making, informed by a real understanding of the industrial and business context in which the complex cultural product, film, is produced, distributed and exhibited in Australia and overseas'.³⁵ It has been suggested that if more Australians were exposed to film studies courses there would be a greater demand for, and ability to produce, informed criticism.

2.55 During the last decade, the number of film and media study courses offered at tertiary institutions has increased. Most comments made to the Committee about film studies referred to high school education. It was suggested that school curricula should include a range of film study courses 'so that audiences of tomorrow have a greater appreciation of and hunger for Australian cinema'.³⁶ James Henry suggested that, as a part of a program of education in film appreciation, retrospectives of Australian cinema could travel from school to school.³⁷

2.56 A theme common to comments about film studies at all levels of education is that Australian film is not studied as much as it should be.³⁸

2.57 Cathy Robinson of the AFC told the Committee that she thought a lot could be said for more sophisticated and better co-ordinated film appreciation courses and she further suggested that these courses could be better co-ordinated nationally. This is an area of responsibility over which the Commonwealth does not have direct control.³⁹ However, all Education departments are reviewing their curricula in working towards the achievement of national goals for schooling. Among these is a goal 'to develop in students an appreciation and understanding of, and confidence to participate in, the creative arts'. This goal has lower priority in terms of national collaborative curriculum development than the goals which encourage literacy, numeracy and understanding of science and technology. Some States, notably Victoria, have begun to review and improve their arts curricula and other States will follow.

³⁵ *Submission* No. 91 - AFC - October 1991 p. 15.

³⁶ *Submission* No. 61 - FilmSouth Australia and the South Australian Film Corporation - April 1991 p. 8.

³⁷ *Submission* No. 1 - January 1990, p. 4.

³⁸ *Evidence* - Joan Long - Sydney 2 August 1991, p. 383; Tony Knight (NIDA) - Sydney, 26 September 1991, p. 587.

³⁹ *Evidence* - Cathy Robinson (AFC) - Sydney, 4 February 1992, p. 1198.

CHAPTER 3: FEATURE FILMS

The 1980s might be summed up as a period of healthy production output and considerable creative achievement marred by a degree of industrial excess and an arguable failure, with spectacular exceptions, to address adequately the changing nature of audiences.¹

Performance in Local Markets

Theatrical Release

3.1 Until recently, it seemed to be common wisdom that a lot of the films produced when Division 10BA of the Tax Act offered the most attractive incentives to investors, were never seen by a cinema audience. In fact, most have had a theatrical release within Australia.

3.2 Of the 334 drama features which were made in Australia between 1980 and 1990, 66% (219) have been released theatrically. This is higher than the percentage of American features which gain theatrical release in the United States.

3.3 The common wisdom about poor theatrical release rates has not been without foundation, however; the proportion of films which received a public screening declined during the decade. Of the 141 drama features produced over the period 1980-84, 82% have been released theatrically. The figure for the 168 features produced in the period 1985-89 is 60%. At the time when the data was compiled, 15 of the films which had been produced in the second half of the decade, but which had not been released, had either only recently been completed, or had firm theatrical release dates. Their public screening would bring the release figure closer to 70%.²

3.4 As is shown in Figure 3.1, there is no correlation between the number of films produced and the number of films released theatrically.³

3.5 More than twice as many feature films were made in Australia in the 1980s than in the 1970s. The highest level of production was in 1987, when 47 drama features were produced. The next year, when 21 films were produced, saw the lowest level for the decade. This reflected the hiatus between the end of the very lucrative 10BA concessions and the establishment of the FFC.⁴

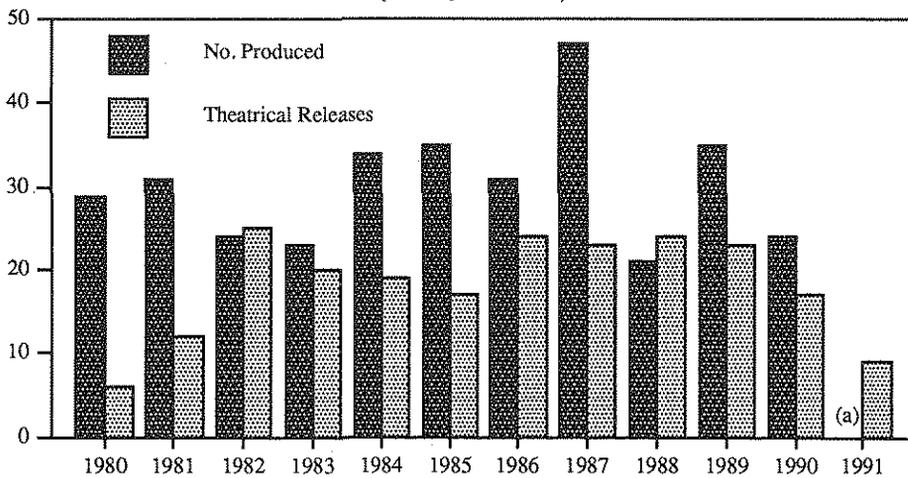
¹ Submission No. 91 - AFC - October 1991, p. 9.

² *Analysis of the Performance of Australian Films since 1980*, October 1991, pp. 8, 71.

³ Data from *Analysis of the Performance of Australian Films since 1980* p. 33. Screening for one week in a cinema, or where it was intended that the film screen for at least a week.

⁴ *Analysis of the Performance of Australian Films since 1980* p. 8.

Figure 3.1: Theatrical Release of Australian Drama Features Produced in 1980–1990 (at 30 June 1991)



(a) As the figure refers only to the 334 drama features produced during the period 1980–1990, none are shown as having been produced in 1991.

3.6 Australian films, including films produced before 1980, feature length documentaries, some packages of short films, and new feature dramas, represented around 9 - 12% of all theatrical releases each year for most of the decade. From 1984, the earliest date for which relevant data is available, films from the United States have numbered between 140 and 170 each year, representing between 50% and 55% of the total for each year. The number of European films released each year grew during the 1980s, and since 1988 they have represented about 25% of all releases each year.⁵

3.7 Compared to other countries, the high ratio of US to indigenous films released is not unusual. This is shown in Table 3.1. The Australian Screen Directors Association provided the figures.⁶

3.8 In assessing the performance of a film, it is necessary to take into account the scale of the release as well as whether or not it had one at all. The number of screens, and the type and location of the theatres used in a film's release, place box office performance figures into context. The AFC has provided data on the scale of theatrical releases of drama features (see Table 3.2) and has concluded that 'most Australian features receiving theatrical release appear to receive one of a scale consistent with reasonable expectations of their commercial performance.'⁷

⁵ *Analysis of the Performance of Australian Films since 1980* p. 9.

⁶ *Submission No. 77 - Australian Screen Directors Association - June 1991*, p. 14.

⁷ The figure for the UK is inflated by off-shore American productions produced in the UK. *Submission No. 91 - AFC - October 1991* p. 7.

**Table 3.1: Share of Releases: Indigenous and US Films Released
in European Community Countries**

Country	Indigenous		US	
	% 1988	% 1989	% 1988	% 1989
France	36.6	33.8	45.9	-
Germany	23.4	16.7	64.4	-
Italy	23.1	21.7	56.0	63.1
Spain	11.1	7.3	64.2	71.4
United Kingdom	18.7	21.0	80.0	78.0
Sweden	9.2	8.5	-	-
Average of EC	23.1	19.7	57.4	33.8

3.9 Generally, the larger a film's budget, the more likely it is to have been given a wide release. The films which received simultaneous national or major metropolitan release during the period 1988-91 were:

- *Father, Struck by Lightning* - Capricorn
- *The Man from Snowy River II, Crocodile Dundee II, Minnamurra, The Big Steal, The Crossing* - Hoyts
- *Evil Angels, Young Einstein, Emerald City, Bloodmoon, Dead Calm, The Delinquents, Blood Oath, Greencard, Flirting* - Roadshow/GUO/Warners
- *The Navigator* - Ronin
- *Rikki and Pete* - United International Pictures

Table 3.2 : Scale of Theatrical Release of Australian Drama Features 1988-91

Distributor	Sim Nat	Sim Major Metro	Prog Nat	Prog Major Metro	Syd/Mel	Other
AFI Distribution			1	2		
Beyond International Group				1		
Capricorn	1	1		3		
Filmpac			2	2	1	
Hoyts	3	2	1	3	6	
Newvision			1	1		
The Other Films				2		
Premium					1	
Roadshow/GUO/Warners	8	1	1		2	
Ronin		1	1	2	1	
Spear			1			
United International Pictures	1					
Urban Eye			1		1	
Producer			1	2	9	3
TOTAL	13	5	10	18	21	3

Sim Nat - Simultaneous National Release - Released simultaneously or virtually simultaneously (up to two weeks later) in at least three major metropolitan (Sydney, Melbourne, Brisbane, Adelaide, Perth, Hobart, Canberra, Darwin) and regional centres.

Sim Major Metro - Simultaneous Major Metropolitan Release - Released simultaneously or virtually simultaneously in at least three major metropolitan centres.

Pro Nat - Progressive National Release - Released in at least three major metropolitan and regional centres, but not in at least three major metropolitan centres simultaneously or virtually simultaneously.

Prog Major Metro - Progressive Major Metropolitan Release - Released in at least three major metropolitan centres but not simultaneously or virtually simultaneously.

Syd/Mel - Sydney/Melbourne Release - Released only in Sydney, only in Melbourne or in Sydney and Melbourne, simultaneously or otherwise.

3.10 While the release strategy should be designed to maximise box office returns and to platform the film for releases in other media, the low budget and limited scale of release of many Australian films means that people in smaller States and regional areas can miss out on the opportunity of seeing them at the cinema.

3.11 During the 1980s, cinema audiences began to decrease in size as video recorders became a common household appliance. Exhibitors responded to the results of market research which said that audiences wanted cinema-going to be more convenient and that they wanted to see only the advertised feature film. Multiplex cinemas were built in the suburbs and session times were reduced in length and increased in frequency.

3.12 By the end of the decade, cinema admissions were growing again. The average cinema attendance per Australian in 1989 was estimated to have almost returned to the 1980 figure of 2.6, having dropped to an average of below 2 in the mid-1980s. Cinema admissions are still growing. They increased last year by 17% to 45.2 million, the highest since the peak year of 1982.⁸

3.13 Cinema admissions fell in many other countries during the 1980s, but they did not recover as well as in Australia. On average, Australians now go to the cinema more often than everyone else except the Indians, Canadians and Americans.⁹ Australia now has the eighth largest cinema exhibition market in the industrialised world, worth \$315 million in 1991.¹⁰

3.14 While cinema admissions in Australia were increasing again in the late 1980s, the box office performance of Australian films was not keeping pace. American movies were drawing the crowds. The box office success of Australian films fluctuated during the decade, starting the decade reasonably well but ending with an even smaller share of returns.

3.15 As shown in Figure 3.2, the share of box office received by Australian films was higher than their share of releases on four occasions: 1980, 1981, 1982 and 1986.¹¹

3.16 In 1982, Australian films achieved a record box office share of 21% and *The Man from Snowy River* became the most popular local film ever released in Australia. At that time, it was second only to *ET*, the most popular American film ever released in Australia. Both of these records were broken by the release of *Crocodile Dundee* in 1986 and *Crocodile Dundee II* in 1988.

⁸ Entertainment Business Review, 10 February 1992.

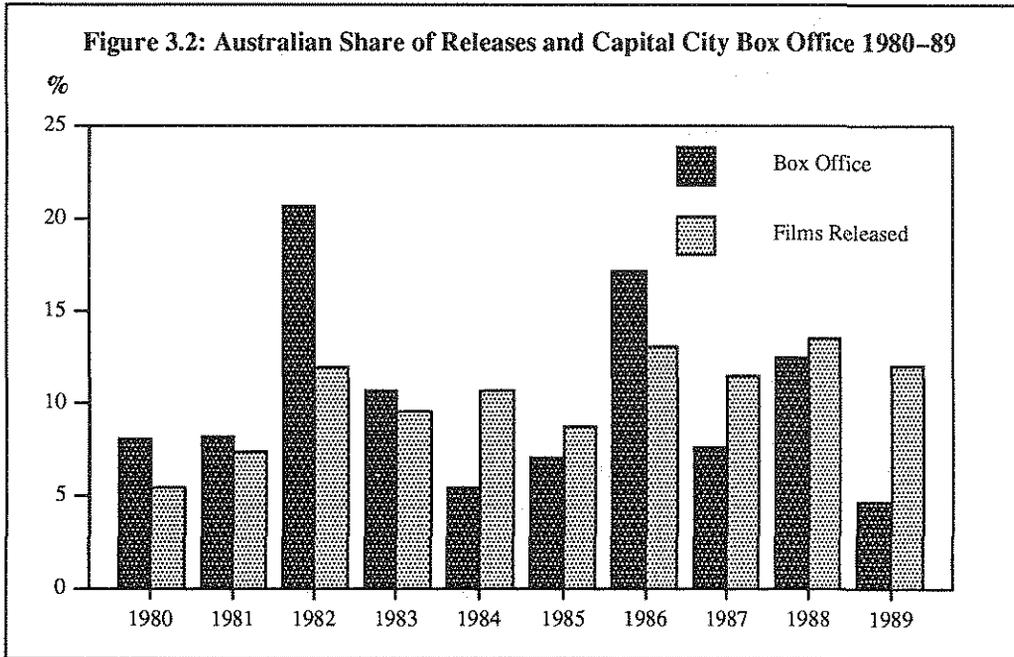
⁹ Analysis of the Performance of Australian Films since 1980, p. 45.

¹⁰ Entertainment Business Review, 10 March 1992.

¹¹ Analysis of the Performance of Australian Films since 1980, p. 11.

3.17 There seems to be a consensus that the primary reason for the worst box office share of the decade, 5% in 1989, was that the film industry was not catering to the increasingly discriminating tastes of cinema audiences. This has been explained as being caused by bad decisions being made, and bad judgement being exercised, within the industry. It must also be remembered, however, that 1989 saw the release of *Young Einstein*, *Dead Calm* and *The Delinquents*, all films which have had significant commercial success. Looking only at box office shares of the industry or only at the box office share of individual films can be misleading.

Figure 3.2: Australian Share of Releases and Capital City Box Office 1980-89



3.18 The majority of box office returns in any year are held by a very small minority of films which are usually Hollywood blockbusters that the Australian industry could not afford to make. To have been counted among that minority is an accomplishment that should not be under rated. In 1990, the top five films in Australia (*Pretty Woman*, *Ghost*, *Look Who's Talking*, *Teenage Mutant Ninja Turtles*, *War of the Roses*) grossed more than \$77 million, or 29% of the box office. The top 20 films took about \$173 million, or 64%. All were American. The remainder of the box office, about \$100 million, was shared among 250 films.¹²

3.19 While characteristics of the local industry and aspects of government policy can be identified as having contributed to the falling share of box office experienced by Australian films, it was not a problem which this country has encountered alone. Most of the major western European film producing countries found their local films' share of the box office steadily fall during the decade: 'from 46.9% to 33.8% in France; from

¹² Analysis of the Performance of Australian Films since 1980, p. 10.

43.5% to 21.7% in Italy; from 18.5% to 7.3% in Spain; and from 25.3% to 17.5% for Western Europe as a whole'.¹³

3.20 Australian films can be blockbusters. Few are likely to be. Those that do not are not necessarily a sign that the industry is failing. The Committee concurs with Anne Britton's observation:

I think there is a tendency to think the Australian industry is doing very badly, where our percentage of box office in Australia has been the lowest it has been for the last decade and we are no longer having any films such as *Crocodile Dundee* and *Mad Max*. I think we have to have realistic expectations of our industry. The fact of life is that a film that breaks even is doing very well. That is not just the case for Australia, that is the case for Hollywood; and that there is no such thing as a film industry which will continue to produce films that break even and do better. ... And yes, good on us when we have a couple of *Crocodile Dunde*s but let us not think that the industry has not performed because we do not produce a *Crocodile Dundee* each year.¹⁴

Television Screenings

3.21 Of the 334 drama features made since 1980, 143 (43%) had been shown on television at least once by 30 June 1991. Of these, 30 were screened in 1990, representing a release rate which was 50% more than in any other year. The trend of releases since 1980 is shown in Figure 3.3.¹⁵

3.22 It was estimated in 1989 that television sales provided more than 50% of producers' net returns. Since then, the networks have severely reduced the prices they are prepared to pay for commercial mainstream films. Films which were able to command prices of \$750,000 are now selling at \$150,000 to \$300,000.¹⁶ The Committee was told that a number of old films, which otherwise probably would not have been sold, were recently purchased at very low prices. In this financial climate, feature film producers have found that the advances being offered by distributors for all Australian rights have dropped.

3.23 In addition, it has become more difficult for producers of television mini-series to secure pre-sales without seeking an international co-production.¹⁷ The price usually being paid for mini-series is \$250,000 to \$400,000 an hour.¹⁸ The price being paid by the commercial networks for top rating American films has fallen from more than \$1 million to between \$100,000 and \$350,000.¹⁹

¹³ *Analysis of the Performance of Australian Films since 1980*, p. 46.

¹⁴ *Evidence* - Anne Britton (Actors' Equity) - Sydney, 8 November 1991, p. 904.

¹⁵ Data from *Analysis of the Performance of Australian Films since 1980*, p. 33.

Prime time (6.30pm to 10.00pm) screenings of Australian films/programs have been monitored by the AFC since mid 1986. Data has also been extracted from the AGB Movie Monitors 1982-1990. This service lists titles first released during ratings periods only.

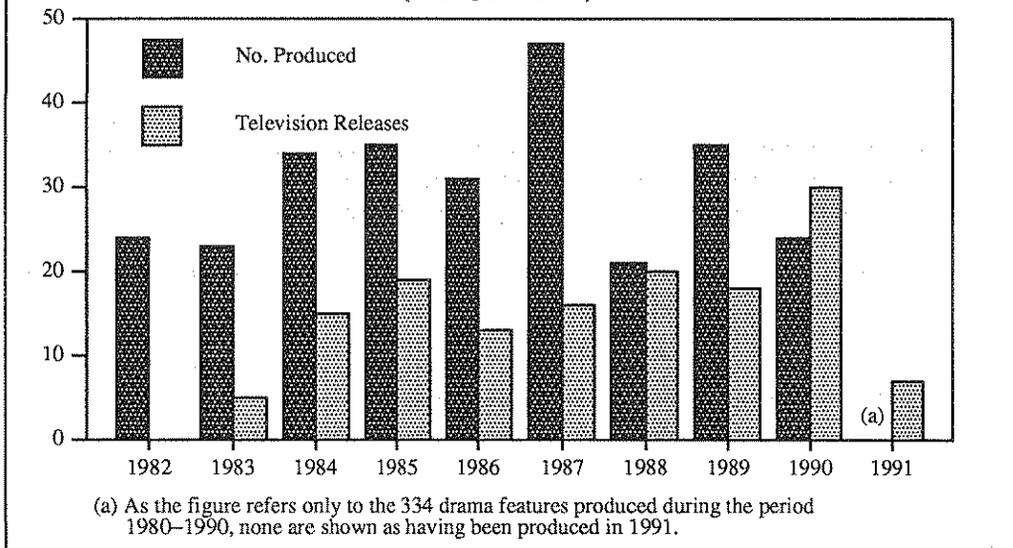
¹⁶ *Submission No. 69* - FFC - May, 1991, p. 18.

¹⁷ *Evidence* - Roger Hudson (ASDA) - Sydney, 26 September 1991 p. 523.

¹⁸ *Evidence* - John Morris (FFC) - Sydney, 4 February 1992 p. 1178.

¹⁹ *Evidence* - Len Downs (FACTS) - Sydney, 25 November 1991, p. 1074.

**Figure 3.3: Television Release since 1982 of Australian Drama
Features Produced in 1980-1990
(at 30 June 1991)**



3.24 Television networks are required by law to screen a certain amount of Australian material, but the Federation of Australian Commercial Television Stations (FACTS) pointed out to the Committee that the Seven and Ten Networks were comfortably exceeding the quota. It was suggested that the Nine Network would probably produce less drama if not for the quota.²⁰ But the existence of the quota has not meant that Australian feature films command a significant proportion of television time.

3.25 Of the Australian programming which is produced and purchased by the networks, feature films are rarely caught up in the ratings war. During the period 1984-1990, Sydney residents saw a total of 88 screenings of 66 Australian films during prime time. This represented 2.4% of all prime time screenings:

Of the Australian movies screened on Sydney television between 1984 and 1990, seven have made the top ten ratings in any year - *Mad Max*, *Gallipoli*, *Puberty Blues* and *The Pirate Movie* in 1984, *The Man from Snowy River* in 1985 ... and only *The Year My Voice Broke*, the top television movie in 1988, and *The Riddle of the Stinson*, also in 1988, since then.²¹

3.26 Of the 66 films screened, 31 rated 16 or more for the first screening and, in many cases, also in subsequent screenings.

²⁰ Evidence - Len Downs (FACTS) - Sydney, 25 November 1991, p. 1074.

²¹ Analysis of the Performance of Australian Films since 1980, p. 23.

3.27 In 1990, only 5 of the 30 Australian feature films screened for the first time on television were shown during ratings periods. These were *Shame*, *Monkey Grip* and *Harbour Beat* on the Seven Network, and *Emerald City* and *The Man from Snowy River II* on the Ten Network. None of the 19 first release Australian features screened by the Nine Network were shown during ratings periods.²²

3.28 On average, a greater proportion of Australian programs were transmitted during prime time over the period 1982-1990 than during other transmission hours. An average of 56% of prime time on the metropolitan commercial channels was allocated to Australian programming while the average for the ABC was about 61%. However, 16% of prime time programming on the commercial networks was Australian drama, a figure almost double that of the drama shown on the ABC at that time.²³

3.29 The relationship of television networks to the feature film industry will become more complex as a result of the introduction of pay television and its expansion, one year after the issue of the first licence, from four to six channels. The Committee welcomes the requirement that the licensee of a channel devoted primarily to drama programs will be required to spend at least 10% of its program expenditure on new Australian drama.

Video Release

3.30 As at 30 June 1991, the AFC's records indicate that 240, or 72%, of the 334 feature dramas produced in the 1980s had been released on video. According to the Video Industry Distributors' Association (VIDA), the figure is greater than 95%. In either case, more Australian films have been released on video than have been seen at the theatre or on the television. The growth in the release rate last decade was phenomenal between 1982 and 1989, and then dropped off dramatically at the end of the 10BA production boom as shown in Figure 3.4.²⁴

3.31 The higher release figures reflect the decisions of distributors not to release some films theatrically because they consider them unlikely either to generate sufficient returns or to create publicity which will boost subsequent releases. Instead, these films go 'straight to video'. Videos are usually released simultaneously nationally. The scale of the release depends on how many video stores are prepared to stock each title and how many copies each decides to purchase.

3.32 Figure 3.4 also shows the growth of the home video market. The proportion of Australian television homes with video machines doubled each year between 1981 and 1984, reaching 33%. At this time the impact was felt at the box office, where returns fell sharply. By 1991, 72% of television homes had a video machine and owners could rent films from a choice of 2,500 video rental outlets, or purchase them from a choice of 1,000 video sell-through outlets.

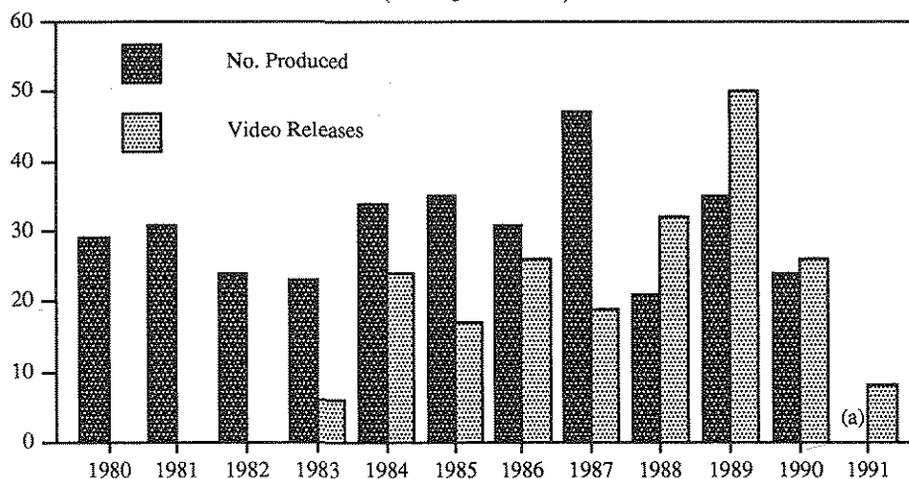
²² *Analysis of the Performance of Australian Films since 1980*, p. 24.

²³ *Analysis of the Performance of Australian Films since 1980*, p. 48.

²⁴ Data from *Analysis of the Performance of Australian Films since 1980*, p. 33. Monitoring of Australian video commenced 1982.

3.33 The growth of the video market raised the expectations of cinema audiences, who found that they had a cheaper and more convenient way of seeing a film if they were not sure that they would enjoy it or if it seemed that viewing it on the big screen would not offer anything that would not also be conveyed on the small screen. The video market has become a major market for B-titles which are never released theatrically, or whose theatrical release is for promotional purposes only, but demand for these films seems to be waning.²⁵ High quality films are now available on video within 3-6 months of their theatrical release. While audiences do overlap, it is estimated that 70% of renters are not cinema-goers.²⁶

Figure 3.4: Video Release of Australian Drama Features Produced in 1980-1990 (at 30 June 1991)



(a) As the figure refers only to the 334 drama features produced during the period 1980-1990, none are shown as having been produced in 1991.

²⁵

Analysis of the Performance of Australian Films since 1980, p. 12.

²⁶

AFC - The Home Video Industry in Australia - January 1992, p. 10.

Performance in Overseas Markets

3.34 Many of the 334 drama features discussed in this chapter have either been released overseas or are expected to have an international release. The information available is incomplete but the AFC has provided details about the performance of Australian films in the United States and the United Kingdom (see Table 3.3).²⁷

**Table 3.3 : UK and US Release of Australian Drama Features
Produced since 1980
(at 30 June 1991)**

Year	Theatrical		Video		Television	
	US	UK	US	UK	US Cable	UK
1982	11	7				
1983	12	9			9	na
1984	9	6			13	na
1985	7	9			14	11
1986	8	10			10	5
1987	13	8			11	3
1988	15	9			11	26
1989	10	8			8	8
1990	4	4			6	8
1991	3	5	3	-	na	10
Date unknown	-	2	107	133	12	-
TOTAL	92	77	110	133	94	71

3.35 The UK television market has been far more important than the figures indicate, but monitoring did not begin until 1986. Over a third of all films produced since 1985 have already been screened on UK television, including during a number of Australian film seasons. All of the figures in Table 3.3 can be expected to increase as the films continue their individual patterns of release in different territories and different media.²⁸

²⁷

Data from *Analysis of the Performance of Australian Films since 1980*, p. 33.

Theatrical - Screening for one week in a cinema, or where it was intended that the film screen for at least a week. **Television: US** - Monitoring began in 1984. Data is extracted from Los Angeles edition of TV Guide. Where specific dates of screening are not known, these have been added in to the total.

²⁸

Analysis of the Performance of Australian Films since 1980, p. 34.

3.36 Statistics provided by the Australian Bureau of Statistics for exports and imports of cinema, television and video royalties in 1989/90 indicate that EC markets, and particularly the United Kingdom, provided more than 40% of Australian export income from this source (\$29 million). The United States provided 30% (\$20 million) and New Zealand contributed 7% (\$5 million). The unspecified markets which contributed the remaining 14% would include Japan, where the release of Australian films has been slowly growing.²⁹ However, drama acquisitions in the Asia/Pacific region are minimal and this market will be a focus of AFC promotional activities over the next two years.³⁰

3.37 As relatively low budget films with relatively unknown creative personnel, Australian films are not seen internationally as contenders for mainstream release or significant box office success. Nonetheless, films from Australia do make a creditable impact internationally:

... when we travel to film festivals, when we go to markets, we find that the presence of Australians and Australian product around the world is way out of proportion to our size and way out of proportion in relation to other countries with much more established film industries.³¹

3.38 During the 1980s, Australian films began to receive national releases in the United States and the films which were blockbusters here found box office success there. Five films earned more than \$US10 million in rentals from theatrical release. In 1986 *Crocodile Dundee* was the second highest grossing film in the United States and went on to dominate the box office for several weeks in Paris, Stockholm and Rome, and to break box office records, and perform well on television and video, in the United Kingdom.³²

3.39 A number of Australian films which did not perform well locally have found critical acclaim and commercial success overseas. Some examples were provided to the Committee by the Screen Production Association of Australia (SPAA):

The Prisoner of St Petersburg, which gained two European awards and a screening in *Un Certain Regard* at Cannes in 1989 and at other major festivals, has not gained a local theatrical release or television sale.

Georgia, which performed poorly at the box office in Australia, has screened at a dozen major international film festivals and has been sold to the United Kingdom, Benelux, Spain and Taiwan.

Kitty and the Bagman and *The Killing of Angel Street* were commercially unsuccessful in Australia but have continued to recoup from overseas.³³

3.40 Apart from commercial releases, Australian films have gained international exposure and critical acclaim through film festivals. In 1990/91 alone, 219 Australian titles were screened at 70 international festivals and they received 29 awards.

²⁹ Cited in *Analysis of the Performance of Australian Films since 1980*, p. 58.

³⁰ *Submission No. 91 - AFC - October 1991*, p. 10.

³¹ *Evidence*- Bob Weis (SPAA) - Sydney, 8 November 1991, p. 913.

³² *Analysis of the Performance of Australian Films since 1980*, p. 35.

³³ *Submission No. 82 - SPAA - July 1991*, pp. 23-24.

3.41 Because of the small size of the local market, Australian film makers often rely on overseas sales to recoup the budgets of their films. However, it is possible that some Australian films have been more commercially successful than even the producers know because of unscrupulous dealings by some international sales agents and distributors:

It is a game overseas and they call it that. If you have not got the money, the business acumen or the experience to know what to do, you are going to get done.³⁴

3.42 As discussed in Chapter 7, there is a need to develop major Australian sales agents and distributors with which feature film makers can negotiate locally about pre-sales and access to international markets. While there are a number of Australian agents successfully operating in niche markets and selling documentaries and short films overseas, until recently feature film makers have had little choice but to negotiate with foreign interests for overseas distribution.

³⁴

Evidence - John Kearney (Crawfords Australia) - Melbourne, 23 May 1991, p. 237.

CHAPTER 4: DOCUMENTARY FILMS

It is my belief that many sectors of our industry are fuelled from the documentary base. If we are talking about documentary, we are not just saying that it is an industry that needs to be cared for and looked after; I think it is what our whole industry is about. It is about the cultural value of Australian product, and it starts and it is nurtured from the documentary area. So I think we ignore that at our peril because the whole system could topple over.¹

Performance in Local Markets

Theatrical Release

4.1 Between 1981/82 and 1988/89 about 600 documentaries were completed under 10BA. How many of these received a theatrical release is not clear. What is clear is that at the beginning of the decade independently produced documentary was most likely to be made for and screened at the cinema, and by the end of the decade it was most likely to be made for and screened on television.

4.2 In the meantime there was a shift in television programming and audience preferences.

4.3 It was rare in the early 1980s for a place to be found in television programming for coverage of the cultural, political and social issues which were the province of a lot of the independently produced documentary at that time. These films received theatrical release but the majority of their audiences saw them at non-theatrical screenings.

4.4 While a number of the theatrical screenings were commercially successful, documentaries rarely attracted the interest of the major distribution and exhibition companies. They relied on the art house sector (especially Ronin Films) and the support of government agencies:

... most theatrical distribution of documentary has always been subsidised by Commonwealth or State governments, either through support to distribution organisations such as AFID and the Sydney Film makers' Co-operative, which went into provisional liquidation in 1985, or through exhibition support to organisations such as the AFI, FTI, Media Resource Centre in Adelaide and the State Film Centre in Melbourne.²

4.5 The Committee has recommended that funding be provided to upgrade the subsidised cinemas as appropriate (see Chapter 2).

¹ *Documentary Workshop* - David Flatman - Sydney, 1 August 1991, p. 63.

² AFC, *Analysis of the Performance of Australian Films Since 1980*, October 1991, p. 27.

4.6 By the mid to late 1980s, documentaries began to find their way onto the television screen more often, particularly on the ABC network. This new opportunity to reach larger audiences, and perhaps the chance to receive greater financial rewards, encouraged documentary film makers to target the television audience. The theatrical release of documentaries which were funded by television pre-sales became used primarily as a means of platforming the films for non-theatrical distribution and television screenings.

4.7 At the same time, the demands of cinema audiences, of whom an increasing proportion were renting films on video, had changed. They were now going to the cinema to see a film only if they felt it was better than waiting to see it on the small screen. Once audiences realised that they would not need to wait long before a documentary shown at the theatre would be screened on television, especially if it had been funded by television pre-sales, most opted to wait.

4.8 Documentaries which are marketed in a way that captures the public's curiosity and which work well on the large screen can still attract cinema audiences. Art house distributors and exhibitors are generally still interested in handling them, but believe that there are fewer suitable films around. This is not surprising, as more of the documentaries being produced are for television audiences. In addition, documentary film production decreased by 71% over the period 1988-90, following a peak year when 100 were produced.³

4.9 The theatrical distribution of documentaries from 1988 until mid 1991 is shown in Table 4.1.⁴ Feature length documentaries shown are those of at least 60 minutes duration.

4.10 As is the case for feature film, there is no certainty that any particular documentary film will be commercially successful in theatrical release.

The distributors have complained quite extensively about film makers' unrealistic expectations of theatrical release. A lot of film makers want their films to be released theatrically because of the prestige value attached to it. Distributors have tried to find ways around this by offering free screenings that film makers can invite people to.⁵

4.11 The Committee was told that the average documentary release costs between \$7,000 and \$8,000 and grosses between \$50,000 and \$70,000. During the course of the Inquiry, however, the documentary *Sacred Sex* grossed about \$750,000 in theatrical release, which is close to record breaking for documentary exhibitions. Release marketing campaigns, which must be all the more professional now that the audience needs greater incentive to attend the cinema, can cost anything from \$2,000 to \$70,000.⁶

³ *Documentary Workshop* - Robyn Watts (Film Australia) - Sydney, 1 August 1991, p. 86.

⁴ *Analysis of the Performance of Australian Films Since 1980*, p. 27.

⁵ *Documentary Workshop* - Robyn Watts (Film Australia) - Sydney, 1 August 1991, p. 91.

⁶ *Documentary Workshop* - Robyn Watts (Film Australia) - Sydney, 1 August 1991, pp. 91, 89.

Table 4.1: Distributors of Australian Documentaries Released Theatrically 1988-91

Distributor	1988	1989	1990	1991 to 30/6/91
AFI Distribution				
- Short	7	3		5
- Feature	1	1		1
Dendy - Short			1	
Film Australia				
- Short	1			
- Feature	1			
Ronin				
- Short	4	3	1	
- Feature	5	2		1
Producer				
- Short	2	2		2
- Feature	1	1	2	1
TOTAL	22	12	4	10
- Short	14	8	2	7
- Feature	8	4	2	3

4.12 Because of the variable commercial success of documentary films and the short theatrical window which they tend to have before being released on television, distributors are having difficulty in persuading exhibitors to pick them up. Andrew Pike, who has been involved in the theatrical distribution of some of the most popular Australian documentaries, such as *First Contact*, *Shark Callers of Kontu*, and *Cane Toads*, said that the reluctance of exhibitors was one of the reasons why Ronin does not handle as much documentary film as it once did.

... it is certainly harder to get cinemas to run these programs. The reason it is harder to get cinemas to run them is that they are not doing as well at the box office. It is a compounding effect. You have a few flops, and cinemas become very reluctant to touch any of them. Even subsidised cinemas like the AFI in Sydney are pretty cautious about these programs. Rod Webb has occasionally said to us that he would prefer to have his screen dark than run a [documentary] film. It is cheaper to close the cinema than to run a mediocre program - a program with mediocre results.⁷

⁷ Evidence - Andrew Pike (Ronin) - Canberra, 11 October 1991, p. 874.

4.13 Andrew Pike maintains that there is a viable theatrical market for certain types of documentaries and Gabrielle Kelly has suggested that audiences are slowly growing and are likely to continue to do so. Pointing to the move of art house drama films into mainstream theatres and the decreasing size of the cinemas within multiplexes, she thinks it feasible that documentary programming might also begin to be handled by the major exhibitors once the audience has been built.⁸

4.14 Others who were less optimistic about commercial interest in documentaries, but would like there to be greater opportunities for cinema audiences to see them, suggested to the Committee that documentary theatres be established in at least Sydney and Melbourne. Documentaries from Australia and overseas would be screened continuously over extended seasons. Both the newsreel theatre and the cinemateque were suggested as models.⁹ The Committee considers that this concept should be investigated further as a possible means of generating public interest in the documentary form but has strong reservations about it being a venue for new releases. A documentary cinema could easily develop a reputation for screening second best titles which were unable to secure a release elsewhere and would further discourage established exhibitors from handling documentary films.

4.15 As long as there are cinema audiences for documentary films, governments must continue to provide support aimed at reaching those audiences. This support should facilitate the development of enthusiasm, expertise and infrastructure within the industry to include Australian documentaries as part of an expanding and more diverse range of films viewed by more Australians. The Committee commends the AFC's exhibition underwriting scheme for encouraging exhibitors to take greater commercial risks than they otherwise would. Under this scheme the AFC offers underwriting of some unconventional programs. If the gross box office does not exceed the exhibitor's house costs, the AFC pays the shortfall. Underwriting has been provided for the documentaries *How the West was Lost* and *Snakes and Ladders*.

4.16 It nonetheless should be accepted that this is a small market. Priority should be given to assisting the exhibition of films which otherwise would not be seen, rather than those which are being released theatrically only as a means of positioning them for release in other media. In the latter cases, the Committee generally would expect the distributor or television network to meet all costs.

Television Screenings

4.17 As audiences now expect to see documentaries on television and are less inclined to go to the cinema to see them, documentary film makers are concerned about ensuring that there is sufficient demand in this market to sustain a viable and creative documentary production sector.

⁸ Submission No. 72 - Gabrielle Kelly (FilmSouth/SAFC) - May 1991, p. 1.

⁹ Evidence - Babette Smith - Sydney, 2 August 1991, p. 350; Joan Long - 2 August 1991, p. 387.

4.18 The Committee shares this concern. Documentary films reflect, analyse and clarify the images and vital issues of our society. They entertain and enlighten. Australia's documentaries are renowned for their excellence and are a fundamental part of our film industry.

4.19 The opening up of the television market to documentary film in the late 1980s has offered film makers bigger audiences than they ever had before.

4.20 The ABC's four prime time documentary strands attract an audience of about one million on average, and up to three times this number for the highest rating programs. Of the 80 hours of documentary screened in these strands during the first eight months of 1991, 34 hours were Australian made, with 18 hours produced by independent film makers.¹⁰

4.21 During the period 10 February 1991 to 15 June 1991, the commercial networks collectively screened 19 hours of first release Australian documentary during prime time in Sydney. These were screened primarily in two regular strands, one each on Channels Nine and Seven. The Channel Nine strand, *Our World*, topped the ratings in its timeslot on most occasions during the period. The Channel Seven strand, *The World Around Us*, rated second on all but one occasion, when it won.

4.22 The ABC has led the way in providing financial commitment and television screening opportunities to Australian documentary films since 1988, when it began its Independent Documentary Initiative. Under the scheme, the network enters into license agreements for 40 hours of independently produced documentaries each year. In contrast, over this period the commercial networks reduced their financial commitment to documentaries and the amount of programming time which documentaries occupied.

4.23 The focus of attention at the workshop on documentary film, which the Committee convened in August last year, was the desire to increase the amount of independently produced documentaries, and particularly social documentary, screened by the commercial networks.

4.24 Debate among workshop participants and the discussions which the Committee subsequently had with representatives of commercial networks kept returning to questions of definition. The view of the networks appeared to be that current affairs and magazine programs, such as *Sixty Minutes* and *Beyond 2000*, meet audience demand for information about social and political issues. As such, they could be considered documentaries, or they could be seen as covering the same ground as that normally covered by 'social documentary'. Otherwise, the documentaries which the commercial networks consider that audiences usually want to watch are adventure, travel and natural history programs.

4.25 Not all film makers agree on what a documentary is, but there seems to be consensus that a 'social documentary' is not only a film about a social or political issue. Certainly it can look at issues, but it can be, and often is, very entertaining.

¹⁰ *Documentary Workshop* - Harry Bardwell (ABC) - Sydney, 1 August 1991, p. 6.

4.26 The only definition that matters in this context is the one used by the Australian Broadcasting Tribunal (ABT) in Television Program Standard (TPS)14:

Social Documentary means a program which is a creative treatment of actuality which deals with a single social issue, subject or theme and which has a minimum duration of half an hour or, in the case of a series, half an hour per episode. It may include the following:

- (a) a series of social documentary programs presented by means of an anchor person or having a common theme; or
- (b) a one-off single issue documentary special transmitted within the format of an established current affairs or information program, where the social documentary occupies the whole program.¹¹

4.27 Under the broadcasting services legislation currently before the Parliament, the ABT's program standards for children's programming and Australian content will remain in force until the Australian Broadcasting Authority (ABA) develops new standards.

4.28 Most of the film makers at the workshop, and the AFC, expressed support for the idea that TPS14 be amended to include a local content quota for documentary. Presently, TPS14 sets a transmission quota for the overall level of content (45% for 1992, rising to 50% in 1993) and a quota each for first run drama, children's drama and diversity programs. 'Social documentary' is included among the diversity programs, together with variety, arts, science and new concept programs, and news and current affairs specials.

4.29 Roger Hudson summed up the view of those who felt that the content standard is not improving the chances that social documentary will be broadcast:

Social documentaries, as we have heard repeatedly today, have a clear cultural resonance for Australia. At the moment under TPS14 this obligation for diversity is not being met. Nearly all of the diverse score is being met out of variety comedy and variety shows. As I said, between 8 and 13 per cent of it is being met out of social documentary. So it leads me to conclusion that ... I feel that you do actually have to regulate. You do need to set a minimum quota for documentaries and it is a matter of regulations.¹²

4.30 Pointing to the way in which Australian content quotas have built television audiences for local drama, workshop participants maintained that demand can be created for social documentaries by ensuring that they are shown regularly on commercial television. Given the opportunity, documentaries could build a substantial and diverse following.

In a demand driven financing system we are not going to survive unless we immediately do something about creating and stimulating demand, otherwise we will be out of business.¹³

¹¹ ABT Television Program Standard 14.

¹² *Documentary Workshop* - Roger Hudson (ASDA) - Sydney, 1 August 1991, p. 70.

¹³ *Documentary Workshop* - Sharon Connolly - Sydney, 1 August 1991, p. 149.

4.31 The following month, September 1991, SPAA sent a submission to the ABT recommending that the Tribunal establish a quota point system which requires each commercial network to broadcast at least 40 hours of first run independent Australian documentary by 1994. The submission pointed out that 'there has been no discernible increase in the number of Australian documentary programs exhibited by the networks' since the current content standard was introduced in January 1990.

4.32 According to the networks, the diversity quota has in fact added significantly to their operating costs. Some stations have been able to meet the requirements from their existing programming but others have had to change their scheduling practices:

It is my understanding that the Ten Network has had to schedule quite an amount of diversity programming to meet the requirement. Because the categories are a bit fuzzy-edged and not all that logical in some respects, some of their programming which comes within the general area of this diversity quota did not in fact comply with the quota. They were obliged to schedule more documentaries, for instance, than they might otherwise have chosen, simply to comply with the quota.¹⁴

4.33 In February 1992, the ABT advised SPAA that it had decided not to amend TPS14 as requested. The only leverage provided by TPS14 to encourage the commercial broadcasters to screen more documentary film is the increased transmission quota, although broadcasters in most cases have been exceeding it comfortably.

4.34 The Committee recognises the need for the documentary sector to seek to expand the television market, and is keen to see the commercial networks screen a greater number and wider range of Australian documentary film. We would have liked to have seen a different response from the ABT. However, the Tribunal stated clearly in its submission to the Moving Pictures Inquiry that it does not see its role as being one of providing protection to the local production industry.¹⁵

4.35 The ABT would be replaced by the Australian Broadcasting Authority upon the passage of the Broadcasting Services Bill. In introducing the Bill to Parliament, the Minister for Transport and Communications said that the Government's aim in setting Australian content regulation for pay television is 'to let the providers of the new services know that they have a role to play in the development of the Australian film and television industry'.¹⁶ This indicates that the ABA will have a wider brief than that of the ABT. While the Committee would not support a downgrading of the cultural ideals pursued by the ABT, it would welcome recognition by the ABA of arguments relating to the link between television and the survival of the industries which sustain, generate and reflect Australian culture.

¹⁴ Evidence - Tony Branigan (FACTS) - Sydney, 25 November 1991, p. 1052.

¹⁵ Submission No. 53 - ABT - April 1991, p. 2.

¹⁶ Senator the Hon. R L Collins, Minister for Transport and Communications, 4 June 1992.

4.36 The Committee recommends that:

- (4) **The Australian Broadcasting Authority investigate the SPAA proposal that a quota points system be introduced which requires each free-to-air commercial television network to broadcast at least 40 hours of first run independent Australian documentary annually by 1994.**

4.37 A promising development for which the documentary workshop was a catalyst was that the FFC subsequently entered accords with SBS and the Seven Network on funding documentaries. These deals are similar to the one which the FFC and the ABC had already negotiated:

The accord with those three broadcasters, is in principle, the same. The broadcaster has to be prepared to put up a pre-sale of a certain sum of money, and that varies from one broadcaster to another and the budget range varies from one broadcaster to another. It is a formula that is well known and published and producers can work to. The FFC needs to have some indication of overseas distribution interest. That can range from an overseas distributor putting up money, a pre-sale, down to the minimum requirement which is an overseas distributor prepared to take the film on and distribute it on best efforts, no money up-front. Obviously what we like is for an overseas agent to say, 'Yes, we will take the film on and we will pay you a certain sum of money', but at the very least we will accept an overseas agent in place.¹⁷

4.38 These three accords guarantee a minimum of 40 hours of televised documentaries produced by independent film makers; 20 hours on the ABC, 10 hours on SBS and 10 hours on Channel Seven. Both the ABC and the SBS have plans to televise other documentaries, bringing the total to about 65.

4.39 John Morris told the Committee in February this year that the same deal had been offered to Channels Nine and Ten. Channel Nine had declined and Channel Ten had not responded.

4.40 The Committee commends the FFC for its initiative in this area and welcomes the commitment being given by the broadcasters. However, securing the televising of 10 hours of documentary film on a commercial network falls far short of SPAA's proposed minimum quota of 120 hours.

4.41 It appears that in the short term the independent documentary sector, and particularly the producers of social documentary film, will gain a greater proportion of commercial television programming time only by pursuing direct negotiations with the networks.

4.42 Negotiation involves compromise, and where this means losing some creative control many film makers will not negotiate. However, those who choose not to may be unlikely to make inroads into the commercial television market:

¹⁷ *Evidence* - John Morris (FFC) - Sydney, 4 February 1992, p. 1170.

'Entertainment' is the name of the game on all three channels. Most programmers feel that most documentaries are simply too 'demanding' for their audiences, who only want 'to relax and be entertained'. Whether or not this assertion is true really needs to be tested by some market research. It is true also, in my view, that film makers wishing to address this audience may need to adapt the style, tone and content of their work while this market is wooed and won.¹⁸

4.43 A clear message from Glen Kinging at the documentary workshop is that producers need to assess the commercial interest in a project, and find out whether some one else is doing something similar, before proceeding with making the film.¹⁹ Jenny Cornish also made an observation that 'sometimes the producers just have not thought about who else cares about the project beyond their immediate family or their best friend or someone.'²⁰ Comments such as these indicate the conflict between the film maker's desire to tell a particular story because the story needs to be told, and the commercial operator's interest in transmitting programs that the maximum number of people are interested in seeing. As the networks have the money, and the ABT did not regulate to provide any more incentive to screen documentaries, the film maker who wants to reach the commercial networks' audiences has to put forward a project which meets the networks' criteria. This might involve more collaboration among producers in, for example, packaging their programs so they can be more cheaply and easily promoted and audiences can be built.

4.44 Certainly, as long as the commercial networks continue their current programming policies, the role of the ABC and SBS in screening a diverse range of documentary programs is vital. With some genuine commitment and more imagination on the part of the commercial networks, the Committee considers that film makers would be able to demonstrate that the perceived obstacles to commercial screenings of social documentary films are not so great after all.

Video Release

4.45 Most of the non-drama Australian films held by the major video distributors are music videos, 'how-to' programs, coverage of special events, programs for sport enthusiasts, and natural history series. The Home Cinema Group, however, has released for rental a number of social documentaries, such as *Cane Toads*, *Frontline*, *First Contact*, *Bodywork* and *Joe Leahy's Neighbours*. Established in May 1989, the Home Cinema Group specialises in Australian films, which comprise almost 50% of the company's catalogue. The percentage has been higher but the company has been releasing less product recently as 'it simply hasn't been selling'.²¹ The video stores which will stock Australian social documentary films for rental are small in number and cater to a distinct niche market, mainly in Sydney and Melbourne. No real growth is expected by the distributors.

¹⁸ Submission No. 72 - Gabrielle Kelly (FilmSouth/SAFC) - May 1991, p. 1.

¹⁹ *Documentary Workshop* - Glen Kinging (7 Network) - Sydney, 1 August 1991, p. 17.

²⁰ *Documentary Workshop* - Jenny Cornish (One World Films) - Sydney, 1 August 1991, p. 54.

²¹ Information provided by VIDA, 14 May 1992.

4.46 The 'sell-through' market may have greater potential for documentaries, especially where their release can be linked to the televising of a program. In the United States, the Public Broadcasting Service has successfully entered this market by displaying toll-free numbers, which audiences can call if they would like to order a copy, when documentaries are being screened. The ABC and SBS have made some progress in this area in Australia, but there appears to be scope for more development by all networks. John Mabey, for example, mentioned at the workshop that sell-through sales of a documentary series which he co-produced increased even after repeat screenings:

We have just had a repeat series of Jack Absalom programs, which are journey films on Australia's social travel, educational entertainment. They finished a couple of weeks ago. There were six programs in that series and that has boosted the sales. ... So every time something goes to air the sales go up.²²

4.47 However, the margins on sell-through are much smaller than they are for rental. Milt Barlow of Roadshow Home Video has been quoted as saying that a title which by-passed rental would have to sell six units in sell-through to equal the returns on one video sold for rental.²³ Nonetheless, the possibility of marketing spin-offs could increasingly form part of the negotiation between broadcasters and film makers concerning the televising of documentaries.

4.48 The Committee recommends that:

- (5) **The AFC undertake research into the potential for the sell-through documentary market to expand through greater links with the television market; the implications for film makers in negotiating with the free to air networks and pay television operators; and the impact on the video rental market for documentaries.**

4.49 As noted above, prior to documentaries being seen primarily as the province of television, the largest audiences for documentary film were the educational institutions, government agencies, and community organisations which would borrow or purchase 16mm prints for non-theatrical screenings. While television now provides the biggest audiences and the biggest returns, the non-theatrical market is still significant.

4.50 Many of the prospective customers for the non-theatrical distribution of documentaries are poorly funded and reliant on government financial support. Most are educational institutions and they are opting for the documentaries which they purchase or borrow to be on videotape rather than 16mm film. Government film libraries are now about the only purchasers of 16mm prints.

4.51 The market is too small to support a viable industry in curriculum specific documentaries, but documentaries which are of an appropriate length and suited to a secondary school course can be expected to sell between 300 and 500 units over about three years. Selling prices vary and have been put under downward pressure by

²² *Documentary Workshop* - John Mabey - Sydney, 1 August 1991, p. 112.

²³ *AFC - The Home Video Industry in Australia* - January 1992, p. 8.

sell-through home video, but average between \$40 and \$100. Jan Dale told the documentary workshop that:

At the AFI, one example of a fairly successful film in this non-theatrical market is *Sex Rules*, which is a student film made by Pip Carmel at the Australian Film Television and Radio School. We have sold about 450 copies of that in Australia, which is quite good. It sold at quite a low price of \$59, so it grossed about \$16,000 over about two years.²⁴

4.52 Jan Dale pointed out that 80% of sales in this market are foreign produced films, primarily because not enough suitable Australian material exists. With some market research and a preparedness to produce a shorter, class-length, version of documentaries made for television, film makers can increase their audiences and make a reasonable amount of additional revenue. The Committee was told that film makers on low budgets have no capacity to re-cut their films for this purpose. There appears to be a need on both sides for assistance.

4.53 The Committee recommends that:

- (6) **The AFC provide greater financial assistance to makers of low budget documentaries and shorts in preparing their films for non-theatrical release for use by schools.**

4.54 An area of the non-theatrical market which is growing is municipal libraries. Through the videos in libraries scheme, which operates in five States, videotapes are loaned to library users. Children's titles are the most popular although documentaries covering a variety of social issues, travel films and how-to materials are commonly stocked. In South Australia alone, where half of the public libraries are included in the scheme, it was estimated that 100,000 videos would be borrowed in 1991.²⁵

4.55 It is possible that increased demand for documentaries might arise from the introduction of educational television. The TV Open Learning Project, a \$2 million pilot project developed by a consortium of five universities in association with the ABC, has received a much greater response to its programs than expected. The project is only in its early stages and will run through 1992 and 1993. More than 3,000 people have signed up for courses and more than 40,000 have made inquiries about it. It has been estimated by consultants engaged by the Department of Employment, Education and Training that, to address perceived demand, by 1996/97 the ABC, the SBS, remote commercial television stations, and perhaps the Sixth High Powered Broadcast Channel, could be broadcasting a combined total of 13.5 hours education material every day. Moreover, the Department considers that this may be a conservative estimate.²⁶

²⁴ *Documentary Workshop* - Jan Dale (AFID) - Sydney, 1 August 1991, p. 100.

²⁵ *Evidence*, Andrew Zielinski (Australian Council of Government Film Libraries) - Adelaide, 30 April 1991, p. 48.

²⁶ Department of Employment, Education and Training submissions to the House of Representatives Standing Committee on Transport, Communications and Infrastructure, May 1992 and June 1992.

4.56 The use of television programming in education has taken on new significance since the introduction of a statutory licence scheme to enable the 'off air' copying of programs for educational use. The passage of the Copyright Amendment Act in May 1989, which established the scheme, has concerned distributors who believe that they will be put out of business. Alternatively, they consider that they will need to have the television rights for the documentaries which they distribute so they can control when the programs are broadcast.²⁷

4.57 Glenys Jolly, of GW Australian Film and Video Marketing Pty Ltd, foresaw in January 1991 a range of further problems, some of which were:

- . Australian producers, as well as distributors, being put out of business.
- . Manufacturers of blank cassettes and poly boxes losing income.
- . Video duplicators seeing a marked downgrade in business.
- . A reduction in licensing fees paid by television stations because only one run of importance would be broadcast;
- . Private sponsors and investors would be discouraged.²⁸

4.58 Later in the year, Glenys Jolly wrote to the Inquiry again to advise that she had sold her company's assets 'due to the downturn in business which I attribute directly to across the board "off air" copying by educational institutions'.

4.59 The Audio-visual Copyright Society Ltd, which collects and distributes the royalties, has completed its calculations of the revenue payable to copyright owners following the first year of operation of the legislation. These calculations, based on surveys and censuses of educational institutions, indicate returns of about \$2-3 million per year. Copyright owners and holders of exclusive licences should benefit from the scheme, although identifying and locating the appropriate recipients for the copying of old films is a slow and complex process. The Committee does not intend taking the issue further as the scheme is new and the available information would be insufficient to allow conclusions to be drawn about the impact of legislation on the industry.

4.60 There is clear evidence, however, of a broader problem concerning the failure of educational institutions to fulfil the requirements of the legislation. The first annual report of the Audio-visual Copyright Society, tabled in the Parliament on 4 June 1992, revealed that they have responded to their obligations in an 'inadequate manner':

The level of understanding of the new procedures does not appear to be very high and few universities appear to have put in place comprehensive procedures and policies to ensure that all copying is reported and that record forms are sufficiently complete for the Society to perform its collection and distribution functions. Another concern is that few universities appear to have allocated adequate budgets for copyright royalties and that

²⁷ *Documentary Workshop* - Jan Dale (AFID) - Sydney, 1 August 1991, p. 100.
²⁸ *Submission No. 8* - Glenys Jolly (GW Australian Film and Video Marketing Pty Ltd) - January 1991.

this, taken together with inadequate procedures to ensure compliance, leads to under-reporting and unfairly low compensation to copyright owners.²⁹

4.61 The Society is considering 'formal steps, including Government action, to ensure that the Scheme is successful'.³⁰ Such measures would be in accordance with the intention of the legislation and would be supported by the Committee.

Overseas Markets

4.62 The average documentary film budget is about \$300,000. The licence fees offered by the ABC for the programs it pre-purchases from independent documentary film makers range from \$55,000 per hour for low budget documentaries to \$70,000 for those with budgets of average size. The Nine and Ten Networks have reduced their pre-sale offers from \$60,000 to between \$15,000 and \$20,000 per hour.³¹

4.63 If documentary film makers are to cover their production expenditure, clearly they need to be able to sell their films overseas. Indeed, FFC guidelines require distribution interest from at least one territory other than Australia as a pre-requisite to investment. Achieving this is far from easy.

4.64 The first difficulty arises from the fact that there is an oversupply of product. Opportunities for theatrical release are slim and, world wide, about 75 hours of programming are produced for each television hour available for documentaries.³² The second difficulty is that documentaries are difficult to pre-sell as the subject matter can easily be seen as parochial, flexible program plans often take the place of detailed scripts and treatments, and the production personnel are rarely well-known.

4.65 Documentary programs which deal with travel, adventure or wildlife are easier than 'social documentary' to sell overseas. The international market is interested in films about international themes, or films which can slot into broadcasting timeslots. International distributors are more willing to take on series than one-off programs.

4.66 The submission from the ABC suggested that the FFC's requirement that overseas distribution interest must be in place is unrealistic:

Even the BBC, which is the world's largest documentary exporter, sells less than half of its documentaries internationally. International revenue from American documentary, with the exception of National Geographic, is negligible.³³

4.67 The Committee agrees that the requirement is unrealistic for some documentaries but not in all, or even most, cases. While the FFC is a major source of funding, the AFC provides an alternative source for commercially risky projects. The Committee supports

²⁹ Audio-visual Copyright Society Ltd, *Report to the Attorney-General under Section 135R, Copyright Act 1968*, Report of Operations for the Year ending 30 June 1991, p. 3.

³⁰ Audio-visual Copyright Society Ltd, *Report to the Attorney-General*, p. 3.

³¹ SPAA submission to ABT, September 1991, p. 5.

³² *Evidence* - John Morris (FFC) - Sydney, 8 November 1991, p. 993.

³³ *Submission* No. 70 - ABC - May 1991, p. 13.

the continuation of alternative sources of funding. The minimum requirement of the FFC is that an overseas agent has to agree to take the film on with the promise to distribute it on best efforts. Moreover, films which are funded as part of the ABC Accord have access to a safety net. If a producer is unable to secure any deal with a sales agent, even one which involves no financial commitment, the ABC is prepared to distribute it through ABC International. John Morris explained that in some cases this has led to better deals for the film maker:

... in some instances the ABC distribution has known about the film because ABC documentary production has decided to offer a pre-sale, ABC distribution has made an offer, a counter-offer has been made by another overseas sales agent and a sum of money has been put up, and in some cases the ABC has then matched or bettered the financial offer. So through the accord we have been able to promote, I think for the first time, as great number of distribution guarantees given towards Australian documentaries.³⁴

4.68 The position of the FFC concerning the funding of documentaries altered significantly during the course of the Inquiry to accommodate the concerns of documentary film makers. This shift was needed and the Committee welcomes it.

4.69 In the United Kingdom, Channel 4 and the BBC have consistently bought Australian documentaries. The Discovery Channel and National Geographic in the United States similarly have been frequent customers. Generally, Australian documentaries have a good reputation internationally:

We produce the quality, we get good pictures, good sound and our technical things are good. Our documentaries sort of fit between the United States documentary, which tends to be high gloss and high glitz, and the United Kingdom documentary are sort of mid-range, therefore, they fit in well with many countries.³⁵

4.70 Indeed, the Committee was told that, despite the strong competition, there is a considerable amount of interest internationally in Australian documentary film and new outlets are becoming available. A number of sales agents have become established for the purpose of taking advantage of these opportunities, such as One World Films, and Film Australia and the ABC are expanding their activities in the international market for documentary film.

³⁴ Evidence - John Morris (FFC) - Sydney, 4 February 1992, p. 1171.

³⁵ Documentary Workshop - Jenny Cornish (One World Films) - Sydney, 1 August 1991, p. 53.

CHAPTER 5: SHORTS

... the making of shorts is an important part of our industry and as exhibitors we do recognise that and appreciate the problem which they have in getting them screened.¹

5.1 Short films disappeared from mainstream cinemas during the 1980s in response to audience surveys which indicated that patrons were interested in seeing only the main feature.

5.2 Some specialist cinemas still occasionally screen short films before the feature:

We at AFID are trying very hard to release short films with features and are having a small degree of success. The Australian short *A Rat in the Building* was recently on as a support with *Meet the Feebles*, *Picture Start* with *Nirvana Street Murder* et cetera. So we are doing a little bit of that but it is quite difficult and often you get no percentage but simply a flat rental, which can be very low.²

5.3 A number of programs of shorts have been released theatrically in recent years but no comprehensive information is available. The AFC has advised that short films receive theatrical release less frequently than documentaries.³ As discussed in Chapter 2, the Committee supports additional funding to upgrade the standard of some of the subsidised cinemas, which in many cases provide the only opportunity for shorts to be screened theatrically.

5.4 The Australian Film, Television and Radio School (AFTRS) has found a high level of interest in the theatrical screenings of the short films made by its students, and screenings of the work of Swinburne (Victorian College of the Arts) students also attract good audiences. However, mainstream distributors and exhibitors have shown no interest in taking on these films.

5.5 While maintaining that audiences clearly resist seeing shorts before a main feature, John McKenzie of the Cinematograph Exhibitors Association told the Committee that he was prepared to assist in ensuring that films are screened:

I went to Swinburne with the offer to use my cinema on a regular basis for screening these shorts, on a free admittance basis. But I was looking for a proviso with them that the producer who makes the film be in attendance at the screening. In other words, I wanted to be able to see that the producer's message is actually getting through to his audience - full feedback using an ordinary public audience. ... But it fell on deaf ears,

¹ Evidence - John McKenzie (Cinematograph Exhibitors Association) - Melbourne, 23 May 1991, p. 111.

² *Documentary Workshop* - Jan Dale (AFID) - Sydney, 1 August 1991, p. 97.

³ Submission No. 91 - AFC - October 1991, p. 7.

they were not interested at all. The Longford cinema does, on a regular basis, screen these films as well to an open audience, and basically for the same reason. Her situation is a far better one than mine for it anyway. But at least there is something being done within the exhibition side of the industry to try to nurture and look after the short makers, because they are our film makers of the future. We do appreciate that.⁴

5.6 The producers of the main feature film can also present an obstacle to the accompanying screening of a short. When financial returns from theatrical release are already slim, feature film producers are very reluctant to split the box office with yet more people.

5.7 The Committee was interested to learn that there is a market trend overseas towards screening shorts again. Apparently, major companies are looking for short films to be packaged with the shorter features which are being produced in the United States and Europe. The Committee would like to see the major Australian distributors follow suit. While the 'interval' no longer exists, cinema audiences are accustomed to watching a collection of advertising and promotional material before the main feature. Perhaps an Australian short which has been publicised along with the main feature could be screened during some of this time. Currently, however, the large commercial distributors show no interest in Australian short films.

5.8 Short films are not seen on the commercial television networks and rarely on the ABC. The AFTRS advised the Committee that the commercial broadcasters have resisted proposals to screen series of short films because of their inconvenient running times and, while the ABC was previewing a number of titles, it had rejected most of the recent award winners.⁵

5.9 The ABC suggested to the Committee that the asking prices were too high. The money available to the ABC to purchase films is less than half that available for production:

In purchasing Australian film we find that we would rather be in a position of being a co-production partner and sharing in the value of the whole product rather than just simply being a conduit at the end of a production run and putting something to air, which is not to say that we have not done it and will not continue to do it. It needs to be limited to a small budget contingent in order for us to make stuff that really does work from the television point of view in our own context.⁶

5.10 However, the SBS regularly screens shorts in its program *Eat Carpet*. In 1990 it screened almost 50 Australian short dramas, animations and experimental films.⁷

⁴ Evidence - John McKenzie (Cinematograph Exhibitors Association) - Melbourne, 23 May 1991, p. 111.

⁵ Submission No. 73 - AFTRS - May 1991, p. 3.

⁶ Evidence - Harry Bardwell (ABC) - Sydney, 27 September 1991, p. 773.

⁷ *Analysis of the Performance of Australian Films Since 1980*, p. 32.

5.11 The AFTRS has found that the short films of its students have sold far better to European television, through Jane Balfour Films, than to Australian television:

In 1989/90 AFTRS productions were sold to television outlets in Holland, Sweden, Spain, France, West Germany, Hungary and the UK. During 1990, Jane Balfour Films has made at least one sale of every AFTRS title in its catalogue and, in many cases, achieved multiple sales.⁸

5.12 The Committee welcomes the development by the AFC of a catalogue of short films which will be made available to program buyers at international markets or to buyers who contact the AFC for information about these films. A need for this assistance was brought to the Committee's attention by the AFTRS and the St Kilda Film and Video Makers Association.⁹

5.13 Some short films have been released on video. The Video Industry Distributors Association does not believe there is a market, although some independents are trying to create one. Ronin released *Oz Animation*, a collection of shorts, theatrically and non-theatrically, and intends to release it on video. Dendy is releasing the Australian short *Night Cries* on video with *Chocolat*, with which it was released theatrically in 1990 and 1991.

5.14 Again, the producer of the feature film can influence the fate of the short film, as explained by Milt Barlow when the Committee asked him why short films or documentaries are not distributed on video with feature films:

Mr Barlow - It has been thought of, but it is difficult from the point of view of producer approval in many cases.

Chair - Is that right? Is that because he or she does not want his or her film to be seen with a short?

Mr Barlow - Correct. So it becomes difficult for producer approval. It then becomes difficult for both producers as to how their film is going to be promoted. It becomes difficult in terms of distribution costs, because you might have another 30 minutes of tape that you have to put on the stock. That more than likely will not command a premium price in the store, so it is costing you more in actual physical manufacturing cost to do that. But, probably more than any other reason, it would be difficult for producer approval. It is not up to us to say that we can put a short feature on the front of the tape. It is up to the producer who produces the main feature on the film.¹⁰

5.15 There is a market for the non-theatrical release of short films, particularly in education where they can easily be used within normal class time. The Committee has recommended in Chapter 4 that the AFC make additional funds available to help film makers gain better access to this market.

⁸ Submission No. 73 - AFTRS - May 1991, p. 4.

⁹ Submission No. 47 - St Kilda Film and Video Makers Association Inc. - March 1991, p. 2.

¹⁰ Evidence - Milt Barlow (VIDA) - Sydney, 25 November 1991, p. 1099.

5.16 Film festivals provide a vital means of showcasing short films, and some sales can follow. The St Kilda Film Festival, which has actively sought to promote Australian shorts, can claim some successes in this regard following the 1991 festival:

... we sent Nicolina Carr's film, *For a Better Life*, to SBS to try to promote the festival, and the SBS people have rung her and said that they are interested in purchasing that film. She is a second-year Swinburne student. That film was not actually accepted by the AFI for distribution, so there were not that many places for it to go, so for that film to come into the festival is terrific.

The people from the Longford Cinema rang us and they support our festival with the provision of a prize. They are interested in a couple of films and it looks as though at least one of those, which is a short 12 minute film made by three students from Prahran College, will receive a screening at the festival. So we think we really are helping those film makers and promoting their work. We are getting beyond the festival. There is some extension, and certainly films are being sold on our opening night, which is a big kind of gala party night. Certainly there is a lot of meeting and talking.¹¹

5.17 The AFC provides funding to help support the St Kilda Festival and other festivals which showcase unconventional programs. The Committee would endorse the continuation of this practice. It also welcomes other initiatives such as the Flickerfest Festivals which aim to establish venues and build audiences for new short films by Australian independent film makers.

¹¹ Evidence - Lisa French (1991 St Kilda Film Festival) - Melbourne, 24 May 1991, p. 283.

CHAPTER 6: MARKETING

There is a great feeling of enthusiasm and satisfaction involved in marketing properly an Australian film. That is why I have a feeling of disappointment when one reads these documents and one feels a sense of competition. We should all be after the same thing - that is, to see good quality Australian films.¹

The Role of Producers

Financial Considerations

6.1 Part of the responsibility for ensuring that a film is marketed to its maximum potential rests with the producer. There are three aspects to this responsibility: the need to sell the project proposal to secure pre-sales or finance; the need to promote the film while in production and prepare materials to service subsequent sales; and the need to generate further sales of the completed film.

6.2 Producers of low budget features are likely to be directly involved in all three aspects. Generally, however, the task of selling the film to unsold territories after completion is assigned to sales agents and distributors. The issues surrounding the role of producers in marketing are broadly the same as for distributors (discussed in the next section): insufficient money and insufficient expertise.

6.3 Expenditure on securing pre-sales and production finance is reimbursed in the production budget. As discussed in Chapter 2, in some circumstances the AFC or a State film agency will provide pre-production financial assistance for this purpose. With all pre-production activities, including project development, producers incur outlays which they cannot guarantee will be met.

6.4 Producers of films in which the AFC or the FFC invests have to include a marketing component in the production budget to provide for basic marketing materials which will be needed in order to sell the completed film (for example, prints, videos, post-production script and stills). The AFC and State film agencies can provide marketing loans to assist privately funded projects or to cover exceptional marketing costs that arise, such as when a film is selected at a major film festival. These practices appear sensible, appropriate and well-directed.

6.5 The Committee was advised that Australian films do not generally have an adequate marketing component built into their budget because marketing expenses are normally recouped from first returns before investors start to receive their returns.

¹ Evidence - Hugh McGowan (Hoyts Distribution) - Sydney, 25 November 1991, p. 1038.

Apparently, investors wanting to begin recouping as soon as possible have tried to keep marketing expenditure low.²

6.6 One area in particular to which it is considered that funds should be directed is test screenings. Test screenings have not been used extensively in Australia, but there seems to be widespread agreement that they produce results which are substantially accurate.

6.7 Test screenings can be either a production tool or a marketing tool. John Morris is a great supporter of them:

It is the opening night and suddenly, although you may have seen the film 150 times beforehand, suddenly you see mistakes and you pick up the vibes from the audience and you think, 'Oh, my gosh; I wish I'd taken that out', or 'I wish I'd remixed that line, I wish I'd cut that line of dialogue', and by then, of course, it is too late. A test screening enables you to have that experience and to make those adjustments before the opening night, before the critics get to it.³

6.8 The FFC suggested test screening two of the films in the first film fund and, having seen how useful they were, made the practice obligatory for the second. Money was also set aside for possible changes which might arise as a result.

6.9 David Court said that a decision as to whether or not a film should be market tested is one which the distributor should make, because it would be part of their armoury of marketing techniques. Tina Kaufman added:

... one of the major things in market testing, particularly in the US, is not only looking at changing a film, but also looking at how to target an audience. Very rarely do they actually make major structural changes to a film. They look more at how they are going to sell it and at how they are going to work out what sort of audience it would appeal to.⁴

6.10 Although most of the discussions during the Inquiry concerned Hollywood practice, where there is far greater latitude within film budgets for test screenings and for subsequent changes to be made to the film, test screenings do not have to represent a major expense. However, changes to the films, based on the screenings, can.

6.11 Test screenings can vary from very formal exercises organised by market research companies to informal screenings for colleagues and peers. The type of test screening organised should reflect the purpose for which it is being held, the potential audience, and the size of the film's budget. The AFC has provided loans for test screenings in the past and is prepared to continue to do so. The Committee endorses this policy.

6.12 For a number of producers who are concerned about the one third of Australian films which are not released theatrically, the main issue is the need to increase the demand among distributors and exhibitors for local product.

² *Submission No. 61 - FilmSouth Australia and SAFC - April 1991, p. 5.*

³ *Evidence - John Morris (FFC) - Sydney, 4 February 1992, p. 1143.*

⁴ *Evidence - Tina Kaufman - 4 February 1992, p. 1216.*

6.13 One suggested way of achieving this is for the government to give producers money for prints and advertising in the hope of enabling them to offer distributors and exhibitors a more attractive deal. At the same time, it is hoped that the additional money would improve the quality of the marketing campaign. However, as discussed later in this chapter, local distributors and exhibitors do not necessarily see additional funding as an incentive to handle a film. The submission from SPAA presented as an example the film *The Prisoner of St Petersburg*, which was screened in *Un Certain Regard* at Cannes and won two European awards:

The Prisoner of St Petersburg received a marketing loan of \$77,800 from the AFC, but has yet to gain a distribution or exhibition deal in Australia. The producers say that one of the main reasons cited for this is that the film is in black and white and that this is extremely difficult to sell to the public. Yet this did not present a barrier to the recent distribution of the classic French film of the thirties, *L'Atalante*.⁵

6.14 Gabrielle Kelly put forward the suggestion that producers should build within their budgets provision for the cost of marketing the completed film. If the major distributors are not interested in a film it can take a long time and a lot of effort for the producers to negotiate with exhibitors for a theatrical release:

... I think there needs to be more room in budgets, certainly in documentary but also in feature budgets and small budgets, for producers to have the wherewithal to keep going. Some of our films can be successful on screen as long as somebody could keep on going with them long enough and stubbornly enough to prevail. Then you may get a knock-back from that very established group of distributors, in which case you can do a bit of forewarning or planning to get a cinema to show it. You only do it by getting the prints under your arm and persuading them. Then you sign. Slowly you find some interest in the film and the film can work ...⁶

6.15 The Committee's discussions with film makers indicate that the priority for most is making the film and they resist having to allocate more funds than is absolutely necessary to non-production items. We would agree that the limited funds available are better directed to improving the quality of the film and the basic marketing materials, to enhance the chance of securing a distribution deal, rather than to providing a post-production marketing fee for the producer.

Knowledge and Skills

6.16 An issue of general concern which was identified during the Inquiry is the need for producers to develop their knowledge and skills in marketing and the distribution process.

6.17 One of the perceived problems is a lack of understanding among producers of the concerns and perspective of distributors. Babette Smith contrasted the passionate commitment needed by producers to make a film to the detached judgements needed to market it.⁷ In this respect, better exposure of producers to the distribution process is

⁵ Submission No. 82 - SPAA - July 1991, p. 13.

⁶ Evidence - Gabrielle Kelly (FilmSouth Australia and SAFC) - Adelaide, 30 April 1991, p. 35.

⁷ Submission No. 6 - Babette Smith - February 1991, p. 15.

desirable. An idea raised during the Inquiry was to organise short term attachments of film makers to distribution companies, and perhaps reciprocal arrangements as well. Hugh McGowan said he would be 'delighted'⁸ and Alan Finney said he has offered this opportunity in the past:

In fact, on many occasions we have actually said to the producer or director of the film, 'Here is a desk. Come and work in our office for the six weeks prior to the opening of a campaign'. Phillip Adams did that, I think, on one occasion. The late Byron Kennedy did that for the original *Mad Max*. That is the way. You involve the film makers and get them into the process and that has two benefits. It solves problems later when they say, 'We did not know you were going to do this. We did not know you were going to call this thing a sex comedy. We thought it was an art film'. So it avoids problems later. But the more the film makers know what the distribution process is about, the better.⁹

6.18 An extension of this idea of increasing the producer's understanding of marketing is attendance at overseas markets:

My own view is that it is horses for courses: you have a marketeer to market and you have a film maker to film make (sic). Equally, in the appropriate circumstances I am very happy to send film makers to markets so that they understand what that process is about in order to inform their function as film makers because it is not necessarily a pleasant experience, but it is a very informing one.¹⁰

6.19 More importantly, film makers need to travel to overseas markets to pre-sell their films and possibly again to sell them to other territories on completion. Maintenance of contacts is vital in these circumstances and the Committee endorses the practice of the AFC and State film agencies in assisting with travel costs where appropriate.

6.20 The Queensland Film Development Office submission suggested that programs of exchanges of professional film makers and students should be put in place to improve links between local and overseas film makers.¹¹ The AFTRS has an active program of building such links. The Committee would endorse the extension of this practice. A particularly commendable contribution is being made by Film Australia. The company's graduate training scheme provides 12 months' film making and marketing experience to five emerging film makers. In its First Time Features initiative, with some financial assistance from Film Victoria, Film Australia offered ten applicants the opportunity to develop their program proposals to treatment stage and in some cases to production.

6.21 Apart from the need to understand the task of marketing and the role of exhibitors and distributors, film makers need detailed information and advice. This is sought especially by the producers of low budget features, documentaries and short films who often have had little experience in the industry and no capacity to engage a distributor or agent.

⁸ *Evidence* - Hugh McGowan (Hoys Distribution) - Sydney, 25 November 1991, p. 1046.

⁹ *Evidence*, Alan Finney (Village Roadshow) - Melbourne, 23 May 1991, p. 141.

¹⁰ *Evidence* - Greg Smith (NSW Film and TV Office) - Sydney, 2 August 1991, p. 406.

¹¹ *Submission No. 58* - Queensland Film Development Office - April 1991, p. 5.

I think if we are to cope with the increasingly complex nature of film financing, legislation such as corporate laws, prospectuses, 10BA certification, and the whole bit, then it is up to the bodies which are funding film makers to take some sort of responsibility to ensure that their investments are well serviced in terms of advice, support and accurate information, because without it we will continue to make the same mistakes.¹²

6.22 Problems which emerge from rather simple errors can be significant. The Committee, and everyone who raised the subject with us, was surprised that adequate production stills are not always available. Another oversight which was commonly mentioned was the need to take into account the market when determining the length of a film. Even the audience can be overlooked:

Often a film maker will come in, you will look at a film and you will try to envisage what you could do with that film, who would be the audience. You might ask the film maker, 'Who do you perceive as the audience for this film?', and he has never thought about it.¹³

6.23 Producers who are not fully informed of the operations of the marketplace can also be disadvantaged in their dealings with distributors and agents: 'If a distributor mishandles the film, the producer does not feel confident, informed or powerful enough to initiate leverage in the arrangements, and the film goes down the tube'.¹⁴

6.24 Certainly there has been resistance in the past among producers to giving greater attention to the requirements of marketing. It continues now and probably always will because the film industry is a cultural industry where conflict between the creative and the commercial elements is inherent. Nevertheless, there is a need for knowledge and guidance which is not being met.

6.25 The Committee commends initiatives such as the seminars and conferences which SPAA has organised for producers to learn more about the market place. Alan Finney is still receiving requests for copies of papers from a seminar on exhibition and distribution which Village Roadshow held almost twenty years ago.¹⁵

6.26 The film schools offer some courses in distribution and marketing, and the distribution companies have been keen to assist them in this regard. The AFTRS provides modules in marketing for its student producers and these are offered to professionals. The school also runs short courses from time to time which are relevant; for example, it has been considering a course on test screenings. These courses may not be adequate, or otherwise have not yet made a significant impact, because the Committee was also told that film schools 'make almost no mention of the environment and market in which their graduates will be entering'.¹⁶

¹² Gina Roncoli - *Documentary Workshop* - Sydney, 1 August 1991, p. 129.

¹³ *Evidence* - Jan Dale (AFID) - Melbourne, 24 May, p. 268.

¹⁴ *Evidence* - Gabrielle Kelly (FilmSouth Australia) - Adelaide, 30 April 1991, p. 6.

¹⁵ *Evidence* - Alan Finney (Village Roadshow) - Melbourne, 23 May 1991, p. 141.

¹⁶ *Submission* No. 66 - Brett Houghton - April 1991, p. 2.

6.27 There could be a need, for example, for the AFTRS to add to the relevant options which it already offers a course for independent producers along the lines of a the European Community's *Les Entrepreneurs de l'Audiovisuel Europeene*. Participants in this course receive three separate weeks of intensive tutoring and guidance at workshops on script evaluation and packaging, financing and marketing. They are also brought into contact with buyers and potential partners.

6.28 The Committee is concerned that the approach to informing film makers about the non-production areas of the industry appears ad hoc. Obviously a combination of training, guidance and experience is needed. The combination would differ according to the background, experience and aims of each film maker.

6.29 The first step should be an analysis of producers' non-production training needs in Australia and how well they are being met. The National Arts Industry Training Committee, which operates as Arts Training Australia, is examining the skills and training required in the film and television industry. It is currently identifying national competency standards in each occupational stream, through holding a series of workshops with appropriate industry representatives. These standards will become the benchmark against which available courses can be assessed. Where deficiencies are identified, Arts Training Australia will be able to apply to the Department of Employment, Education and Training for project funding to develop training modules.

6.30 The Committee recommends that:

- (7) The Department of Employment, Education and Training, through its representation on Arts Training Australia, ensure that the evaluation of competency standards for producers takes into account their full range of responsibilities, including their role in marketing.**

6.31 The second step should address the need for guidance and information. The AFC encourages producers to attend industry seminars, conferences and educational courses; to study the material on marketing, distribution and exhibition which it has published; to read trade journals and other widely available publications; and to consult other producers, agents and AFC staff. Marketing advice is given with regard to all films in which the AFC invests and, as time and resources permit, also to those in which it has no involvement.

6.32 Certainly, while it is the responsible Commonwealth agency, the AFC is not the only source of advice. Other film agencies, professional associations, distributors and exhibitors are also available to provide information and guidance. The FFC, for example, encourages film makers to approach it at the earliest stage practicable to discuss their projects.

6.33 Nonetheless, there is clearly a need for more marketing advice than the AFC is at present able to provide. The Committee has formed the impression, not only from comments made about the AFC but from the way in which the AFC describes its own operations, that insufficient resources are available to provide the marketing advice which some producers need. A growing area of responsibility of the Marketing Branch of the

AFC is to provide advice to the Film Development Branch and to monitor projects in which the Special Production Fund has been an investor. Requests for information about pre-sale and financing possibilities, which are increasing in number, are handled in a way which gives preference to projects which government agencies have developed. The approach certainly is a means of protecting government investments, but it leaves little time for independent film makers who are attempting to produce their films without government funding and need advice about how to attract private investment, who the appropriate partners might be and how to put together presentation packages.

6.34 The Committee considered the desirability of establishing a marketing advisory service which could have been either attached to the AFC or to a professional association. Its task would have been to provide information and advice to film makers about all aspects of their marketing responsibilities and about training opportunities. The government would neither fully control nor fully fund it; the balance would be sought from sponsorships. However, the Committee decided that it is preferable to build upon the expertise and facilities which already exist in the AFC rather than to encourage and fund a further proliferation of players.

6.35 The Committee recommends that:

- (8) Increased resources be allocated to the AFC for the purpose of improving the ability of the Marketing Branch to better respond to ad hoc requests for information from producers about how to attract private investment.**

6.36 The Committee does not agree with suggestions that the AFC should take on a marketing, distribution or exhibition role on behalf of film makers who do not have the expertise or inclination to market their films themselves. The motivation and skills required to make a film can be quite different from the motivation and skills required to sell it. The Committee does not expect film makers to be adept at both tasks, although many are. However, it is reasonable to expect them to be cognisant of the markets for their films from the project stage and to take measures, either personally or through an agent, to ensure that those markets are reached. The AFC should be providing support throughout the film making process, including the marketing aspects, but it does not make films and it should not sell them.

The Role of Distributors

Commitment to Australian Films

6.37 A concern frequently raised by producers about the performance of their films is the belief that they were let down by the way in which their films were marketed. If greater enthusiasm, financial commitment or expertise had been shown by the distributor, they argue, perhaps their films would have been more commercially successful.

6.38 The concern expressed is about theatrical release only. This is the most expensive form of release and it affects all subsequent releases, locally and overseas. What the commercial television networks pay for a film, for example, is influenced by its box office success and not by the ratings it receives when it is actually televised.

6.39 The major distributors are seen to be lacking interest and commitment because the promotional campaigns for Australian films are so much smaller than those for American films. This is widely attributed to an unwillingness to spend money on promoting films which, unlike the American films, have no record of critical or commercial success, little advance publicity, and no pre-packaged and tested promotional material.¹⁷

6.40 In response, the major distributors say that it is always possible to find examples of films which have been ignored or underestimated by distributors but this is a result of bad judgement on certain occasions rather than a sign of general disinterest in the Australian film industry. It was suggested that there are far more examples where distributors have enthusiastically backed films but commercial success did not always follow. Finally, the argument was made that bigger marketing budgets do not guarantee bigger profits.¹⁸

6.41 According to Babette Smith, former Marketing Manager for the Hoyts Corporation, 'Australian films are taken up by local distributors and exhibitors with as much enthusiasm and marketing as any overseas product, and often more so' and 'any perception this is not the case is twenty years out of date and arises from ignorance or misunderstanding'.¹⁹ She added that the commitment of the distributor is not revealed by budgets but by the time, thought and planning which the company devotes to the project.

6.42 Joan Long agrees. She told the Committee that she has always found the distributors of her films to be enthusiastic and prepared to consult with her about marketing strategies. But the campaigns have always had small budgets and she frequently found herself fearing that, despite all the hard work on the part of everyone involved, the result would still be shoddy.²⁰

6.43 The Committee concluded that the major distributors work enthusiastically to market the Australian films that they decide to distribute, and some key employees have a particular interest in Australian films. This does not mean that they will take on films which they do not think could be commercially successful. Having decided to take a film on, there is every reason for them to aim to maximise the returns and no reason for them not to.

¹⁷ See, for example: *Submission* No. 1 - James Henry - January 1991, p. 3; *Submission* No. 35 - Paul Cox - March 1991, p. 2; *Submission* No. 38 - NSW Ministry for the Arts - March 1991, p. 1; *Submission* No. 61 - FilmSouth Australia and SAFC - April 1991, p. 4.

¹⁸ *Evidence* - Ian Sands (MPDAA) - Sydney, 8 November 1991, p. 931.

¹⁹ *Submission* No. 6 - Babette Smith - February 1991, p. 2.

²⁰ *Evidence* - Joan Long - Sydney, 2 August 1991, p. 381.

6.44 The issue then becomes one of whether more money should be spent on promoting Australian films to counter the barrage of publicity which accompanies films from America. It appears that if distributors believe a film has broad appeal, they will spend money on a large campaign²¹, but a number of people argue that, as Australian distributors cannot compete with the enormous level of expenditure on American films, they should be given incentives to spend more on all Australian films.

6.45 It has been suggested, for example, that exhibitors and distributors could be given a tax break for their returns on Australian films. One approach, put forward for discussion by Film Victoria, would see a system whereby the more a film earned, the less tax would be payable.²² Another approach was recommended in 1982 by the NSW Government's inquiry into distribution in NSW: a 10% tax on all distributors' gross revenues except for those distributors which handle at least two Australian films per year.

6.46 An even more broadly directed proposal is for prints and advertising costs to be made eligible for 10BA tax deduction. This would mean making the money raised by the producer for prints and advertising prior to production eligible for 100% tax deductions and considered as private investment in the film.²³ Distributors currently are able to write off their prints and advertising expenses under the tax act. The proposal entails having other private investors, who are remote from the business activity, take on the risk which is normally borne by the distribution sector.

6.47 Finally, it was suggested that, as a short term measure, exhibitors and distributors would be given a tax break on profits they make from 10BA films.²⁴

6.48 The Committee recognises the desirability of finding a solution which provides an automatic, simple and consistent form of incentive. However, film making and film marketing are rarely that predictable. Success requires creativity and flexibility and, as the 10BA production boom showed, these characteristics can be impeded by the introduction of general measures such as tax breaks.

6.49 More importantly (since it is to them that the incentives would be directed) the major distributors do not seem to be attracted to the proposal. When the Committee raised the idea at public hearings, they pointed to the need to assess each film individually, identify the market and determine the appropriate marketing strategy.²⁵ Australian films might need to be marketed more effectively, and this might mean that better promotion and publicity campaigns need to be undertaken. But the government cannot make this occur by providing subsidies to distributors who do not need or want them.

21 *Submission* No. 30 - Brian Trenchard-Smith - March 1991, p. 5.

22 *Evidence* - Chris Fitchett (Film Victoria) - Melbourne, 29 August 1991, p. 475.

23 *Submission* No. 80 - Victorian Government - July 1991, p. 3.

24 *Submission* No. 66 - Brett Houghton - April 1991, p. 3.

25 *Evidence* - MPDAA - Sydney, 8 November 1991, p. 955.

Knowledge and Skills

6.50 Apart from considerations about distributors' intellectual and financial commitment to Australian films, there is a belief that major distributors do not have the necessary skills to promote them more effectively:

Australians have only had to market films where a package arrives from its home country with complete details on 'how to market this film' so our marketing skills have never been honed.²⁶

6.51 This may be the case for the distributors which are subsidiaries of the US studios, but Alan Finney told the Committee that Village Roadshow re-campaigns up to 50% of the American films which it distributes because:

there are significant and substantial differences about aspects of Australian culture and upbringing that, in most cases, demand the overseas campaigns to be changed or varied or whatever, and so that is what we do.²⁷

6.52 Criticism about the skills of distributors is not directed only at the majors. It has been suggested that there is generally a lack of marketing expertise throughout the sector.²⁸

6.53 Briann Kearney has proposed that film marketing experts be brought to Australia to raise our standards. Another idea is to send Australians to America to gain first-hand experience of how the Hollywood publicity-machine works.²⁹ The AFC has suggested that more and better training is needed in Australia:

There is currently no formal training mechanism for people aspiring to work, or already working, in marketing, promotion, distribution and exhibition in Australia. This weakness should be addressed by a joint effort between the industry and government agencies. In the first instance this could involve carefully supervised workplace attachments to existing companies.³⁰

6.54 The Committee suggests that it is as important to impart skills about marketing non-Hollywood product as it is to learn about how the Hollywood films maintain their domination of the mainstream, and considers that the idea of workplace attachments has some merit. Film Australia recognised this some years ago when it offered attachments to marketing graduates.

6.55 In a sense, the FFC has been promoting 'on-the-job training' for Australian distributors Beyond International Group and Southern Star through their involvement in distributing Film Fund Films. The Committee accepts that Australian distributors have had relatively little experience in distributing Australian, as opposed to foreign, films and the judgement and knowledge required can be developed in most respects only through practice.

²⁶ *Submission* No. 40 - Briann Kearney - March 1991, p. 2.

²⁷ *Evidence* - Alan Finney (Village Roadshow Corporation) - Melbourne, 23 May 1991, p. 123.

²⁸ *Submission* No. 80 - Victorian Government - July 1991, p. 5.

²⁹ *Evidence* - Tony Knight (NIDA) - Sydney, 26 September 1991, p. 569.

³⁰ *Submission* No. 91 - AFC - October 1991, p. 9.

6.56 The AFTRS has approached companies within the industry which are covered by the Training Guarantee legislation to identify training needs. Little has emerged from the discussions with distributors and exhibitors to date, and no requests have been made for a film marketing course or similar to be provided. While the primary focus of the School has been on film production, the AFTRS would respond favourably to a demand to broaden its focus to other sectors of the industry - given sufficient funds and an identified need for training.

The Role of Exhibitors

6.57 Because of the relatively poor pre-publicity given to Australian films, compared to that given to Hollywood movies, the theatrical release itself is a vital element of the publicity campaign. However, it is not unusual to hear about Australian films attracting public notice through reviews in the local paper or word of mouth only after their short season is over. While bad word of mouth can take only a few days to develop, good word of mouth can take 3-4 weeks or more.

6.58 A topic often raised during the Inquiry was whether there is benefit in encouraging exhibitors to extend the season of some films which are generating only marginal returns, to allow the benefit of good word of mouth publicity to take effect.

6.59 The Committee was told that, for major exhibition chains, primary loyalty is given to the major studios because they are the source of most of their product. However, the final decision about whether to continue or extend a season is based on the box office and whether there is a film to replace it. Smaller independent exhibitors have told the Committee that they have a particular commitment to Australian films, which can mean difficult commercial decisions.

6.60 The Committee recognises the need to occasionally assist independent exhibitors in taking on Australian films and endorses the AFC's practice of underwriting the exhibitor's costs where appropriate to encourage commercially risky films to be released theatrically.

6.61 We do not consider it realistic to attempt to extend this assistance to cases where a film is failing to live up to expectations. The AFC guarantees the house costs only and the exhibitor still faces the possible cost of revenue forgone as a result of not showing another, more commercially successful, film.

Overseas Markets

The Role of the AFC

6.62 It is important that Australian films perform well on overseas markets for a number of reasons. Those most often cited are the boost to foreign exchange revenue, the boost to tourism and the boost to Australia's image. Of fundamental significance, of course, is the boost to the local film industry.

6.63 The AFC has always given the international marketing of Australian films high priority. While at one stage it acted as a sales agent, its policy now is to provide marketing and financing advice and to offer an overseas working base for producers. As noted earlier in the chapter, producers need to attend the international markets to secure sales, maintain contacts and assess market trends.

6.64 In 1990/91, 90 different producers used the facilities provided by the AFC at the major European film and television markets and the American Film Market. Australian based sales agents were also permitted to use them at one television market. The Committee would like to see this practice continue.

6.65 The AFC distributes catalogues to potential buyers and advises producers about deals, agents and any other information they require. Apart from the direct assistance in putting film buyers and sellers together, the AFC aims to create market demand by organising special events and co-ordinating the entry of Australian films to festivals, which number about 70 festivals each year. It also provides marketing loans and funds for legal and audit costs associated with protecting copyright interests in foreign territories.

6.66 The other major form of financial assistance is the Export Markets Development Grant, administered by Austrade. This grant provides reimbursement of some of the marketing expenses arising from the promotion of Australian films overseas. There was some discussion about the scheme during the Inquiry because it had been revised to target larger operators, and some witnesses expressed concern about the eight year limit on claims. However, the consensus seems to be that it is a very useful program.

6.67 Few contributors to the Inquiry commented on the specific services currently provided by the AFC. Some suggested, however, that the AFC be replaced with another government funded body, one which would market films aggressively and enthusiastically. The rationale for a new agency is that it would be 'independent', 'free from entrenched management practices', free from 'bureaucratic constraints' and staffed by 'experienced, non-aligned film and marketing people'.³¹

With all due respect to the AFC, no-one could claim that marketing has been one of its great successes. It has a marketing division which has depended very heavily on the calibre of the person in charge; sometimes that person has been good, and sometimes they have not. Also, I do not think it has the brief to do the sort of thing that I am talking about. It is too limited.³²

6.68 There are two aspects to these concerns. The first is that Australian films need to be marketed more aggressively. The marketing services provided by the AFC are not much different now to what they were many years ago, except they do not include actually selling films. In the face of more sophisticated and aggressive marketing bodies being established overseas such as the MEDIA 85 organisation (which is implementing a strategic approach to the distribution of EC films within Europe and then to the United States and Canada), it probably is timely to upgrade the AFC's marketing efforts. As discussed below, the Committee suggests that better use could be made of the

³¹ *Submission* No. 1 - James Henry - January 1991, p. 4; *Evidence* - Joan Long - Sydney, 2 August 1991, p. 369; *Submission* No. 2 - Thom Stovern - January 1991, p. 2.
³² *Evidence* - Joan Long - Sydney, 2 August 1991, p. 369.

expertise and infrastructure of Austrade and the Department of Foreign Affairs and Trade; but the AFC has considerable contacts and knowledge of its own, and these should be developed directly.

6.69 The Committee recommends that:

- (9) **The AFC be provided additional funding to upgrade its overseas marketing activities so that it has a greater capacity to assist in the provision of information and assistance to Australian producers and sales agents and to identify and develop new markets.**

6.70 The second aspect to these concerns is the idea that the government should perform the role of sales agent. It is the Committee's view that it would be a retrograde step to set up the AFC either in competition with Australian sales agents or in a way which meant the agency interposed between producers and sales agents. Encouraging producers to become more reliant on government assistance is not in the long term interests of the industry, as Cathy Robinson explained:

One of the critical factors, I think, is that if you actually set up a structure which sees an arrangement whereby there is a Government organisation whose responsibility it is to sell Australian films, you have got a kind of de-skilling process going on there. What you are doing is actually taking away an opportunity for producers who, after all, are prepared to take responsibility for financing and managing the film through production with all of the kinds of complex, creative and business management matters and skills that assumes. That simply abandons - not in intellectual or emotional terms, but in engagement and skills development terms - a project to a body without actually having to go out into the world and see who is there, what they do, what they do well, what they do badly, why they do not do certain things, why they do certain other things, what kind of relationships they have got with particular distributors and whether or not those relationships are going to be beneficial to this kind of film or that kind of film. I think that information is absolutely critical for a producer - who is going to be an effective producer - to have.³³

The Role of the Department of Foreign Affairs and Trade

6.71 The AFC remarks in its submission that, so open-ended is the challenge, 'the promotion of Australian cinema throughout the world is a task which could consume millions of dollars and thousands of staff hours'.³⁴ It already does. The resources allocated to this task include not only those of the AFC, but some from the Department of Foreign Affairs and Trade and Austrade as well.

6.72 The submission made by the Department of Foreign Affairs and Trade presented a very confused discussion of its involvement in the 'promotion of Australia's films overseas'. Subsequent discussions with the Committee at a public hearing were informative but did not provide much clarification.

6.73 Essentially, the Department has been pursuing two distinct policy directions which affect the film industry. Staff of the Multilateral Trade Division and the Economic

³³ Evidence - Cathy Robinson (AFC) - Sydney, 8 November 1991, p. 1016.
³⁴ Submission No. 91 - AFC - October 1991, p. 33.

Organisations Branch of the Economic and Trade Development Division have been working on Australia's international treaty obligations, some of which, as discussed below, are very important to the commercial success of Australia's films in overseas markets.

6.74 Staff of the Public Affairs Division, and of the Trade Competitiveness and Development Branch of the Economic and Trade Development Division, have been involved in showing Australia films overseas, assisting producers in negotiating deals, and publicising the film industry generally. It is these activities which the Department sees as essential to its role in promoting Australian films internationally. But the Committee is concerned that the results which are being achieved are not necessarily those for which the Department says it is aiming.

6.75 An important activity undertaken by the Department is to help Australian producers, film makers and staff of government film agencies who travel overseas to conduct business. This can involve arranging receptions, identifying useful contacts and organising meetings. Comments made by film makers during the Inquiry about this assistance were very positive. But commenting on the high level of support he had received while he was in Tokyo, which is recognised as a market of potential growth, Charles Hannah added:

This is a very significant level of assistance and that is very helpful. I think, however, that assistance needs to be, particularly as far as Japan is concerned, within the context of an overall, generic, very clear approach to the market.³⁵

6.76 The Committee suspects that the significance of the business being conducted to the viability of the industry is not necessarily understood. If it were, the support which the Department gives might be better directed. Following discussion with the Assistant Secretary of the Trade Competitiveness and Development Branch about the work which the Tokyo Embassy has been undertaking to support the activities of the Australian film industry there, the Committee asked about the benefits of this support:

Mr Dobie - I have one small technical question. In working this way with regard to specific films, to what extent does your expert advice see this as a leverage on pre-sale promotion and pre-sale advantage within the film industry? If you did use this as a leverage, to what extent would you be able to assess whether this could help make films more available for film festivals overseas?

Mr Lim - I am afraid that is a technicality which I do not think the Department has much expertise on.

Mr Dobie - I would commend to you the thought that you should be looking at the pre-sale situation of film production in Australia, which has been quite evident to this Committee. May I suggest to you that you may look into this as perhaps a way of having the thin edge of the wedge for negotiations on the release of films as part of a pre-sale program.³⁶

³⁵ *Evidence* - Charles Hannah - Sydney, 25 November 1991, p. 1115.

³⁶ *Evidence* - the Hon. Don Dobie, MP/Robert Lim (DFAT) - Canberra, 11 October 1991, p. 846.

6.77 The Committee is aware that the staff in Tokyo probably had a better understanding than Mr Lim of why the film industry is interested in Japan. However, if the Department wants to be effective in the assistance it gives and able to identify priorities in the allocation of its resources, the Central Office might need to be better briefed by DASET or the AFC.

6.78 The activities of the Public Affairs Division, as described to the Committee, seem to confuse the promotion of Australian films with the promotion of Australia and sometimes also with the promotion of the Australian film industry. Again, the Committee has no reason to doubt the professionalism of the staff concerned but is unsure about whether their efforts are being as well directed in the film industry's interests as they might think.

6.79 Until the 1980s, cultural events and mini-film festivals, presented by the AFC in conjunction with the overseas posts of the then Department of Foreign Affairs, provided the main focus of the international promotion of Australian cinema. The AFC has withdrawn its assistance, other than continuing to provide programming advice.

6.80 The Department's Public Affairs Division, either through the Cultural Relations Branch, the Overseas Information Branch or other available staff, continues to organise film festivals, seminars and other events to showcase films. As both the AFC and the Department have pointed out, their priorities differ. The AFC's *Guide to the Use of Film by Department of Foreign Affairs and Trade Overseas Posts* explains the difference quite clearly:

... as the AFC's priority is to assist with activities that maximise the commercial potential of Australian film and television, the AFC must give priority to territories that have the potential to become more remunerative markets for Australian programs. Those priority territories do not coincide in the main with those that DFA&T considers, for political and diplomatic reasons, of priority for film weeks. This is not to say that the AFC does not take initiatives in those territories where the market is developing and a strategic use of resources may assist in popularising Australian programs with audiences and, more importantly, with programs buyers.³⁷

6.81 Film makers have indicated that they also have other priorities, as shown in their reported reluctance to participate in proposed events.

6.82 Nevertheless, in spite of legal difficulties, lack of enthusiasm from the industry and limited resources, the Department considers that 'organising film festivals is something we would like to do a great deal more of'.³⁸ The initiative for these and other activities involving the use of Australian films usually arises from the post, rather than from any particular Department strategy or request from the industry to promote them.

6.83 The Committee discussed with the Department and the AFC a proposal that the AFC be given resources to engage a person to assist in organising overseas festivals initiated by the Department. The AFC's decision to allocate its current resources to

³⁷ AFC, *Guide to the Use of Film by Department of Foreign Affairs and Trade Overseas Posts*, April 1991, p. 19.

³⁸ *Evidence* - Robert Lim (DFAT) - Canberra, 11 October 1991, p. 836.

programs of more immediate relevance, or higher priority, in meeting the industry's needs is understandable and sensible. Nonetheless, the Department of Foreign Affairs and Trade will continue to need AFC assistance if it is to pursue its political and diplomatic objectives effectively. These activities can coincide with industry objectives, and might more successfully do so if the AFC has greater involvement in their planning and organisation.

6.84 The Committee recommends that:

- (10) **The AFC be provided funding to engage an additional member of staff to assist the Department of Foreign Affairs and Trade in the organisation of film events which it initiates for diplomatic objectives.**

The Role of Austrade

6.85 In the period since the Department of Foreign Affairs, Defence and Trade made its submission, Austrade has moved into the same portfolio. Apart from administering the Export Market Development Grants Scheme, which provided \$2.4 million in assistance to film marketing in 1989/90, Austrade is in a position to provide a range of information on international marketing and promotion to Australian film makers and government film agencies. The Committee is aware that, because of the existence of the AFC, Austrade's services have not been required as extensively as they otherwise might have been. However, Austrade's growing involvement in assisting other cultural industries indicates that it might be developing expertise upon which the film industry should be drawing.

6.86 As discussed in more detail in Chapter 8, the Minister for the Arts and Territories is developing a statement of Commonwealth policy on cultural development. The Committee urges the relevant agencies to include a clear and consistent policy towards the international marketing of Australian film, on the basis of which they can pursue consistent and complementary activities.

International Trade Negotiations

6.87 In improving the access of Australian films to overseas markets, two major areas of trade negotiations are particularly significant. One of these is the protection of international copyright. Australia, with other signatories, is aiming to extend membership of the Berne Convention and the Universal Copyright Convention and encourage greater compliance among existing members. This has important implications for film makers who wish to gain access to markets where piracy is prevalent. Where a country, such as Indonesia, is not a signatory, it is unlikely that Australian copyright holders would be able to take legal action against piracy. Similarly, where a country, such as Thailand, is a signatory but does not have adequate copyright laws or otherwise does not enforce them, Australian copyright holders have little chance of successful legal redress.

6.88 Some of the limitations of the existing copyright agreements could be overcome by the successful negotiation of an agreement on trade-related aspects of intellectual property which is being negotiated in the Uruguay Round of the GATT.

6.89 Piracy is an international trade problem which represents a loss in revenue to copyright holders of hundreds of millions of dollars each year. The absence of copyright protection is a significant deterrent to film makers and their agents wishing to enter new markets. The Committee endorses the Government's policy in this regard.

6.90 The second area of trade negotiations is also being addressed in the Uruguay Round of the GATT. It concerns the possibility of more liberalised services trade, which could threaten Australia's restraints on foreign ownership of broadcasters, local content regulations and film development and production subsidies.

6.91 The AFC has advised that the liberalisation of trade in services would not create new markets for Australia:

there is a complementarity in assistance arrangements in different countries which sustains distribution and exhibition channels and audiences for non-mainstream product.³⁹

6.92 The Committee endorses the aims of the Commonwealth Government to ensure that any GATT trade in services agreement does not impede the ability of Australian governments to implement or change cultural policies.

6.93 The Committee recommends that:

- (11) **Australia stand firm, in its international trade negotiations, in not agreeing to any reduction in the Commonwealth Government's discretion to retain or introduce measures to promote Australian culture.**

Co-productions

6.94 Co-productions increasingly have provided a means of securing access to overseas markets and foreign investment. 'Official' co-productions, made according to appropriate treaties or arrangements, also allow film makers from both countries to remain eligible to receive local benefits available to domestic productions.

6.95 Co-production treaties have been negotiated between Australia and the United Kingdom and Canada and are being negotiated with Germany and Italy. Memoranda of understanding exist between the AFC and national film bodies in France and New Zealand. Agreements are foreshadowed for Sweden, Ireland and Israel.

³⁹ Submission No. 91 - AFC - October 1991, p. 46.

6.96 The Committee endorses the action being taken to negotiate further agreements and considers that it should be pursued actively. In view of developments in the European Community towards a co-ordinated approach to the production, distribution and marketing of European films, the AFC should be talking also to the European Film Distribution Office.

6.97 During the Inquiry, the funding of the co-production *Greencard* attracted criticism on the basis that it does not reflect Australian cultural values. This in turn highlighted another issue: while *Greencard* had been assessed as having the necessary qualities of 'Australianness' for the purpose of being certified an official co-production, its screening on television would not attract local drama content points under TPS14.

6.98 Commenting on TPS14 as it affects the televising of a film such as *Greencard*, Sue Brooks told the Committee:

Now we are going to extremes. That certainly would not get classification because there is nothing in it that Australians can identify with. Its perspective is not Australian, there is nothing on the screen that tells you it is an Australian film.⁴⁰

6.99 Concern was expressed that TPS14 discourages co-productions because it represents a barrier to the television market. The ABT conducted an inquiry which found that there was no evidence that this was the case.⁴¹ Both DASET and the AFC subsequently indicated to the Committee that they still supported a broadening of the definitions to include co-productions. As discussed in Chapter 4, the proposed Broadcasting Services legislation allows for the program standards to remain in effect until reviewed by the Australian Broadcasting Authority.

Promotion and Publicity Proposals

6.100 During the inquiry, a number of ideas were proposed as a means of increasing the profile and status of all films produced by the Australian film industry. Of these, three in particular seem to have widespread currency: a national publicity campaign; the greater use of actors in promoting films; and improvements to the AFI Awards.

National Publicity Campaign

6.101 A number of people raised with the Committee the concept of a major national publicity campaign to raise public awareness of and interest in the film industry. Joan Long, for example, suggested that a publicity unit, perhaps funded by a tax on foreign films entering the country, could be established for this purpose.⁴² David Donaldson told the Committee that a prominent member of the industry could be appointed as a kind of ambassador of film to lead a one-year campaign to promote

⁴⁰ Evidence - Sue Brooks (ABT) - Sydney, 26 September 1991, p. 646.

⁴¹ ABT - *Film and Television Coproductions : A Report to the Minister* - July 1991.

⁴² Submission No. 36 - Joan Long - March 1991, p. 3.

Australian films to Australians,⁴³ while it was also suggested that a campaign, along similar lines to the 'Last Film Search' campaign, be conducted.⁴⁴

6.102 These proposals have in common a desire to look beyond the promotion of individual films because 'the odd flash in the pan does not work to the long term result'.⁴⁵ But a general campaign would need to rely on new releases, or films in production, to provide a focus; having generated interest among potential audiences, they need to know what to do about it. The proposals also share a desire to overcome the poor image which Australian films developed in the 1980s.

6.103 The reputation which Australian films have is built on the reputation of individual films. While opinions vary as to why and to what extent the reputation has diminished, there is consensus that, in broad terms, Australian films declined in quality and lost touch with their audiences during the 1980s. Audiences responded accordingly.

6.104 Improvements in the reputation of Australian films similarly depend on the popularity of individual titles. The Committee would not want it to be otherwise. A national campaign which created and reinforced a link among all Australian films would send a message that they are all of the same quality. One poorly performing film at the box office would become even more likely to tarnish the image of all of the others. We should be trying to encourage a more sophisticated outlook among the general public.

6.105 If the campaign were national, the target audience would be broad and the films promoted would need to be mainstream features. These films are the ones most likely to be promoted by the major distributors. The films which would be more reliant on government sponsored publicity are low budget features, theatrically released documentaries and short films. However, the audiences for these films are specialised and need to be carefully targeted.

6.106 As a general principle, the Committee considers it most important that a marketing strategy be designed for each film individually. The barrage of publicity material which flows so freely into Australia from the United States may appear to be the product of a single Hollywood media machine but it is the result of many individual campaigns. The channels which are used, aside from imported programs and magazines, are available to Australian films.

6.107 Apart from volume, which will always be greater because far more American than Australian films are released here each year, the difference appears to be that Hollywood is more adept at promoting feature films which are in production.

6.108 Brian Witte suggested that an Australian media machine should promote all of our films during production. The Committee certainly agrees that more can be done to publicise feature films in advance of release. The trade press is very good at this but it needs to be extended. *The Movie Show* has actively sought to publicise Australian films,

⁴³ *Submission No. 59 - David Donaldson - April 1991, p. 1.*

⁴⁴ *Submission No. 61 - FilmSouth Australia and the South Australian Film Corporation - April 1991 p. 7.*

⁴⁵ *Submission No. 36 - Joan Long - March 1991, p. 3.*

but in some cases does not receive promotional material even after a film is released. In April this year David Stratton reviewed *Hurricane Smith* on the program but lamented that he had no stills, no trailer and not even a poster to show.

6.109 The responsibility for promotion and publicity for films which are in production rests with the producer. It is not only a matter of having sufficient money; it is often a matter of attitude. As one witness observed: 'Working as a unit publicist on an Australian film can be a most uncomfortable experience'.⁴⁶ Audiences are becoming more sophisticated, and the way in which films are publicised must become more sophisticated as well. This requires each producer to develop, for each film, a carefully planned marketing strategy, including promotional activity, from the outset.

Promotion of Actors

6.110 In a proposal similar to the major publicity campaign, Babette Smith has suggested that a central press agency should be established to maximise the profile of Australian film personnel and actors in film television and theatre. The aim would be to build up a core of stars who remain in the public eye over time:

There is a long gap between publicity for a lot of actors here so that maintaining an interest in them is almost impossible because it waxes and wanes between jobs and there can be a long gap between jobs.⁴⁷

6.111 The idea of establishing our own star system was supported in a number of submissions to the Inquiry. Thom Stovern said this is 'an area in which Australia has been negligent and inept for years'.⁴⁸ According to Barbara Campbell, we should 'promote the stars of the films as stars ... and the sales will come'.⁴⁹ Actors Equity has taken Barbara Campbell's point further by suggesting that an enhanced profile for Australian performers would benefit the distribution and exhibition of Australian films overseas as well as locally.⁵⁰

6.112 Australia has stars but not much of a star system outside the promotion activities of the television networks. To create a star system means to create celebrities who need exposure. In Hollywood, the star system is not a system any more: US film stars now rely on aggressive promotion by their agents to keep them on the celebrity circuit and improve their chances of being offered good acting roles. Australia probably would need to develop far more publicity opportunities, in the press and on television, to maintain continuous exposure for its most popular actors when they are between roles. The presence of a central press agency to handle the publicity of Australian actors would not overcome this problem.

⁴⁶ Evidence - Babette Smith - Sydney, 2 August 1991, p. 341.

⁴⁷ Evidence - Babette Smith - Sydney, 2 August 1991, p. 339.

⁴⁸ Submission No. 2 - Thom Stovern - January 1991, p. 2.

⁴⁹ Submission No. 31 - Barbara Campbell - March 1991, p. 3.

⁵⁰ Submission No. 83 - Actors Equity - August 1991, p. 9.

6.113 Actors Equity's main aim is to improve the opportunities for Australian performers to be given more roles. The focus of the organisation's attention has been the increasing number of foreign actors being cast in lead roles in Australian films. One idea, proposed by Chris Haywood, is to promote Australian actors internationally and thereby encourage foreign investors not to require foreign marquee names.

6.114 According to the AFC, stars guarantee audiences recognition but not commercial success:

Poor casting, even with star performers, can be as destructive to a film and its performance as poor writing or poor camera work. Neither do stars provide a vehicle for publicity which can be systematically generated separately from the films in which they star in any way which has a substantial effect on the performance of those films.⁵¹

6.115 The Committee considers that government assistance to the marketing of Australian films should be directed to each film. Actors can and do contribute greatly to the profile of the film and should be used wherever possible and appropriate; but whether or not they are used depends on the marketing decisions of the producer and the distributor, if appointed. Where there is no distributor, the AFC should be prepared to consider requests from the producer for marketing assistance which includes the involvement of actors in promotion activities.

6.116 It is in the interests of both the commercial success of the film and the career of the actor if performers are able to make the most of publicity opportunities. Anne Britton suggested to the Committee that:

Industry personnel in all areas, from Australian distributors to Australian producers to Australian performers, lack publicity skills which are taken for granted in America. There are a whole range of reasons why that happens and obviously the limited dollar available for publicity explains that to a great extent. Having said that, I do not think it is enough that we leave it there; I think that it would be a very useful exercise for some of the training institutions to think about how, with the available funds that we have, we may well be able to improve those publicity and promotional skills.⁵²

6.117 A similar observation was made by Babette Smith, who suggested that a publicity component should be included wherever film is taught, including at NIDA and the film schools. Not only would the training offered impart skills, it would overcome a reported dislike among actors of the process of publicity and promotion.

6.118 The Committee accepts that there might be a need for better training opportunities in publicity and promotion, and considers that the training needs for producers will be encompassed by recommendation No. 7. Arts Training Australia should also be cognisant of the need for broader training to be offered to actors.

⁵¹ Submission No. 91 - AFC - October 1991, p. 38.

⁵² Evidence - Anne Britton (Actors Equity) - Sydney, 8 November 1991, p. 900.

6.119 The Committee recommends that:

- (12) **The Department of Employment, Education and Training, through its representation on Arts Training Australia, ensure that the evaluation of competency standards for actors take into account their role in publicity and promotion.**

AFI Awards

6.120 The AFI Awards is the only regular event which promotes the industry and publicises a number of individual films. Perhaps as an indication of their significance, the Awards were mentioned frequently throughout the Inquiry. Criticisms were directed at the event, the films shown, and the way in which the nominations and prizes are used in marketing strategies.

6.121 Comments about the Awards were often comments about the films in competition:

After watching the Australian Film Awards on TV one finds one thinks - what a lot of bru ha ha about mediocrity.⁵³

Insufficient numbers of films at recent AFI Award screenings have had broad audience appeal. Fewer films should be made for the undergraduate film society audience represented by the AFI.⁵⁴

The film awards, intensively manned, staged in each capital, even where AFI membership is in single figures, screen the year's product to an audience which usually responds with derisive laughter.⁵⁵

6.122 While it is hardly fair to hold the AFI responsible for the quality of the films which are eligible for competition, perceptions that the films have broad audience appeal would lead to greater support for the Awards from corporate sponsors and other commercial interests. This in turn could make the Awards event a more effective promotional tool.

6.123 In particular, the publicity potential of the Awards is seen by many to be best realised through the televising of the Awards presentation ceremony.

If Australians grow to understand Australian films through the Awards Night, the box office sales will increase and so will the commercial interest. This will increase the demand for high quality Australian films and attract a better calibre of film production thus advancing our unique culture.⁵⁶

⁵³ Submission No. 28 - Joan Howe - March 1991, p. 1.

⁵⁴ Submission No. 30 - Brian Trenchard-Smith - March 1991, p. 5.

⁵⁵ Submission No. 33 - Barrie Pattison - March 1991, p. 5.

⁵⁶ Submission No. 86 - John Hipwell - September 1991, p. 1.

6.124 Wary of the low ratings which the Awards have had in the past, and not interested in promoting 'other people's products' the networks have not been keen to televise the screenings. However, the Committee was told by FACTS that this attitude towards the Awards could change:

Chair - Comparing it with your showing of the Academy Awards, you have not got any control there but you are certainly going to make a mint when you get onto television the films that have done well at the Academy Awards.

Mr Branigan - They are much more commercial.

Chair - ... we are trying to find ways to make sure that the Australian film too is more commercial.

Mr Branigan - We are very quick to spot a commercial opening. There is no doubt that if we get a run of Australian movies which have real appeal to a broad audience, you will see a very quick heightening of interest.

Chair - Fierce competition between the channels to purchase them?

Mr Branigan - Indeed, including the ABC, I should think, possibly even ... SBS.⁵⁷

6.125 The Committee does agree with the networks, and the view is held widely throughout the industry, that unless the films are of a high quality the ceremony will not be seen as good entertainment. However, we are not convinced that the television networks, and particularly the commercial networks, could not have done more in the past to promote Australian films, and to support the Awards, without risk to their ratings. The Academy Awards are always telecast, even though the popularity of the nominated films can vary from year to year, yet it appears that, once again, none of the commercial networks are prepared to screen this year's AFI Awards ceremony.

6.126 The Committee shares the hope of the AFI that, having increased the categories of films which are eligible for awards to include certain television programs, the appeal of the Awards ceremony to audiences and television interests might also improve. The Committee is pleased that corporate sponsorship of the Awards is growing. In due course it would be desirable to see the financial support currently given to the Awards by the Commonwealth and State governments redirected to other activities within the film industry.

6.127 For some commentators, this should happen now. Barrie Pattison has proposed that the Awards be privatised.⁵⁸ Jim Henry considers that the ceremony should be upgraded, with more money and professionalism invested, and that the AFI should be overhauled to become an organisation along the lines of the US Academy of Motion Picture Arts and Sciences.⁵⁹

⁵⁷ *Evidence* - Tony Branigan (FACTS) - Sydney, 25 November 1991, p. 1057.

⁵⁸ *Submission* No. 33 - Barrie Pattison - March 1991, p. 8.

⁵⁹ *Submission* No. 1 - James Henry - January 1991, p. 2.

6.128 Certainly, the Awards are not an entity separate from the Institute. They were created by the AFI and constitute only a part of its activities, even though they seem to attract the largest share of public attention. Moreover, the Awards are more than the ceremony.

6.129 The Award judging screenings provide an opportunity for cinema audiences to see films which will not be released theatrically or whose theatrical release might be confined to the major capitals. This is of vital importance to the building of audiences for Australian film and the development of a film culture. As noted in Chapter 2, last year the AFI began an annual festival of Australian cinema which offers a variety of public events in conjunction with the Award judging screenings.

Once the nominations for the AFI Awards are announced, some 20 feature films and 20 short films and documentaries - the best of the year's production - are toured for screenings by AFI members to Brisbane, Sydney, Canberra, Melbourne, Hobart, Adelaide and Perth, where over a very intense two week period members of the film community and interested cinema goers are able to see, discuss and review what is going on in Australian film.⁶⁰

6.130 This activity provides an appropriate counterbalance to the commercially-oriented publicity event offered by the Award ceremony. The Committee supports the continued administration of the Awards and associated events by the AFI.

6.131 Another issue which was raised in relation to the Awards is timing. Several commentators suggested that the timing of the Awards encourages distributors to release Australian films during periods of poor cinema attendance:

With the Oscars, eligible films have to have been released in cinemas; with the AFI Awards, they do not. As a result of that, many distributors of Australian films who believe that their films are going to have a chance at getting nominations or prizes in the AFI Awards, hold up the release of their films until the time of the Awards.

Unfortunately, the time of the Awards is October October, as I am sure the people from Greater Union could tell you, is traditionally the worst time of the year to release any films at all. It really is the dead time, for all kinds of reasons, exams coming up - there are all sorts of reasons why traditionally October is the worst month. So the AFI's Awards timing could not be worse. It means, first of all, that there is a glut of Australian films on the market in October. Instead of spreading them through the year, you get a concentration of one time of the year, at what is in fact the worst time of the year.⁶¹

6.132 The Queensland Film Development Office submission called for a rescheduling of the Awards so that they are completed by mid-year. It pointed out that the releases are bunched immediately before Christmas.⁶² The NIDA submission expressed similar reservations.⁶³

⁶⁰ Evidence - Vicki Molloy (AFI) - Melbourne, 25 May 1991, p. 250.

⁶¹ Evidence, David Stratton - Sydney, 27 September 1991, p. 733.

⁶² Submission No. 58 - Queensland Film Development Office - April 1991, p. 2.

⁶³ Submission No. 42 - NIDA - March 1991, p. 5.

6.133 The AFI Awards are used by distributors as a means of promoting Australian films, but the effect this can have on release schedules varies. The Committee was told that minor awards do not have a significant impact on the marketing strategy:

Chair - Do you see any relevance in the AFI Awards to promoting an Australian film, and any importance in the timing, then, of release?

Mr McGowan - I think it depends on what award you get. If you end up with Best Film at the AFI's, yes, it is helpful. The others I do not hold out much hope for, quite frankly. But in answer to your questions, if, for instance, *Spotswood* had scooped the pool, then we would have had to sit down and rethink our plans - very swiftly.

Chair - In relation to timing, in particular?

Mr McGowan - Yes.⁶⁴

6.134 According to the AFI, the films that are released at a time to coincide with the AFI Awards benefit sufficiently often to justify a continuation of the practice of holding the ceremony in October:

Malcolm went through the roof after it won its Best Film award. It had already had a few successful months but was beginning to lag at the box office. The awards come up and it got a shot in the arm which carried it through for a few months more. The identical thing happened with *The Big Steal*.

The same thing happened with the film *Bliss* some years ago. It had opened in a couple of little venues in Sydney and Melbourne. It won the Best Film award, was moved into a major commercial venue and went on for a very successful commercial season. Concerning the film *Careful He Might Hear You*, the producer would attest to the fact that that film benefited enormously at the box office at the time of the awards. The film *The Year My Voice Broke* was made as a very low budget film with a chance of box office success, a chance of some theatrical release. It won Best Film at the AFI Awards and went on to be the biggest grossing Australian film for that year, again, released September-October.

So, I do not think we have done any major disservice to films that are released to coincide with the Awards, but it is certainly something we are aware of.⁶⁵

6.135 The AFI considers that the timing of the Awards is the best possible in order to avoid the March-April glut of American Academy Award contenders, the winter slump in box office generally, and the summer season of popular entertainment and children's movies. There is no ideal release time which suits all films and neither is there an ideal time for the presentation of the AFI Awards.

⁶⁴ *Evidence* - Hugh McGowan (Hoyts Distribution) - Sydney, 25 November 1991, p. 1029.

⁶⁵ *Evidence* - Vicki Molloy (AFI) - Melbourne, 24 May 1991, p. 261.

CHAPTER 7: DISTRIBUTION AND EXHIBITION

I think it is a very competitive industry. Even though we are sitting together, Michel, Ian and I are absolute competitors. It is very competitive. If another PROOF came along, you would find Ian, Michel and me bidding strongly for that film. In the case of BLINKY BILL, the three of us put bids in for the film. Obviously, there is no guarantee of absolute success; but if it has got that hope, we would be bidding for the film.¹

Theatrical Distribution

The Majors

7.1 Film distribution in Australia is dominated by three major groupings of organisations which control Australian rights to the output of the major US studios.

Roadshow Distributors is owned by Village Theatres and the Greater Union Organisation and is part of the Roadshow Group, which has video and television distribution rights. Unlike the other two groupings, Roadshow Distributors has no ownership ties to US production studios and distributes only in Australia. The company operates through two labels: Roadshow Film Distributors and Greater Union Distributors. Roadshow Film Distributors distributes product on behalf of Warners and Disney and their related companies. Greater Union Distributors concentrates largely on independent product, mainly from the US and Europe, and Australian product, including films in which Village Roadshow Pictures and its affiliate, Roadshow Coote and Carroll, have invested.

Hoyts Fox Columbia Tri-Star is a joint venture between Hoyts Distribution and Fox Columbia Tri-Star Films. The distribution arrangements, costs and revenue of the two organisations remain specific to each company. Hoyts Distribution acts as an independent distributor. It is a wholly owned subsidiary of Hoyts Entertainment, a publicly listed division of the Hoyts Corporation. Hoyts Distribution has no guaranteed supply of product and actively seeks Australian distribution rights for independently produced films. Fox Columbia Tri-Star Films distributes films which have been produced by the Twentieth Century Fox, Columbia, Tri-Star and Orion film studios. It normally uses release strategies designed in the US.

United International Pictures is a joint venture formed by the Paramount, Universal, and MGM/Pathé film studios. It acts as the local agent for films which have been made or acquired by these US studios and by United Artists.

¹ Evidence - Scott Neeson (MPDAA) - Sydney, 8 November 1991, p. 950.

7.2 The aggregate share of box office controlled by the three groupings has been reasonably stable over time, representing 95% or more of box office revenue. However, the individual market share of each varies according to the number of films they release and their commercial success. None dominates the market.²

7.3 The subsidiaries of the US majors assume far less financial risk in their Australian activities than that carried by Roadshow Distributors and Hoyts Distribution because they are part of a worldwide distribution and marketing network. They also handle fewer Australian films. During the period 1981-1991, the member companies of the Motion Pictures Distributors Association of Australia (MPDAA)³ distributed a total of nineteen Australian films.⁴ The Association considers that its main contribution has been to create the infrastructure for an Australian film industry to exist at all.

7.4 Roadshow Distributors has consistently distributed about three titles per year since 1988. It has distributed, or plans to distribute, mainly through the Greater Union label, the following FFC-backed projects: *Blinky Bill*; *Blood Oath*; *Death in Brunswick*; *The Delinquents*; *Greencard*; *Magic Riddle*; *Turtle Beach*; *Round the Bend*; *Sweet Talker*; and *Until the End of the World*.

7.5 Hoyts Distribution was the major distributor of Australian titles in 1988 and 1989. The company is distributing the five films in the FFC's first Film Fund: *Garbo*; *Deadly*; *Spotswood*; *The Girl Who Came Late*; and *The Last Days of Chez Nous*. It also distributed the FFC-backed films *Black Robe*; *The Crossing*; *The Big Steal*; and *Wendy Cracked a Walnut*.

Other Distributors

7.6 The other theatrical distributors in Australia tend to distribute films which appeal to more specialised audiences and which have been made on small budgets by independent producers. These films tend not to be sought by the majors because the potential box office returns are considered to be too small. Unlike the majors, these specialist distributors also handle documentary features and some short films. The companies include: AFID, Beyond Films, Capricorn Pictures, Dendy Films, The Other Films, Palace Entertainment, Premium Films, Ronin Films, Sharmill Films, and Urban Eye Film Releasing.

7.7 Capricorn Pictures distributed the FFC-backed films *Father* and *Struck by Lightning* and is to distribute *Redheads*. Ronin Films distributed *Waiting* and has the rights to *Strictly Ballroom*. Beyond Films will distribute the five films in the FFC's second Film Fund: *Came Back to Show You I Could Fly*; *The Great Pretender*; *Hammers Over the Anvil*; *The Nostradamus Kid*; and *Shotgun Wedding*. It has also distributed *A Woman's Tale* and has the rights to *Secrets*, *Fatal Bond* and *Stranger*.

² Prices Surveillance Authority, *Inquiry into Cinema Admission Prices*, Report No. 38, 24 October 1991.

³ Fox Columbia Tri-Star, United International Pictures, Buena Vista International, Warner Bros. (Aust), and Orion Pictures International.

⁴ *Submission* No. 64 - MPDAA - April 1991, p. 3.

Theatrical Exhibition

The Majors

7.8 The three major exhibitors are: The Hoyts Corporation, The Greater Union Organisation and The Village Roadshow Corporation. In 1990, they had a combined market share of 75.7% of box office revenue. The next largest companies were Birch, Carroll and Coyle (9.7%) and Wallis Theatres (4.2%). The Greater Union Organisation owns one third of the Village Roadshow Corporation, 99% of Birch Carroll and Coyle, and has a minority interest in Wallis Theatres.⁵

The Hoyts Corporation was the market leader in 1990. It operated 121 screens and took a 33.6% share of box office revenue.

The Village Roadshow Corporation operates, through subsidiaries, 100 screens and had a box office share in 1990 of 22.3%. In 1987 Village Roadshow entered into an agreement with Greater Union and Warner Bros to develop a national chain of multiplexes in Australia.

The Greater Union Organisation, wholly owned by the public company Amalgamated Holdings, operates 81 screens and had a 1990 box office share of 19.8%. Its interests in Village Roadshow, Birch Carroll and Coyle (70 screens) and Wallis Theatres (15 screens) indicate that its market dominance is significant.

7.9 There have been long-term stable alignments between the major exhibitors and particular American integrated production/distribution companies. These links are shown in Table 7.1.⁶ According to the Prices Surveillance Authority, however, the links appear to be weakening slightly because of the growth in the number of multiplexes. The multiplexes have both the capacity to show more films and the popularity to attract large audiences. Distributors are tending to take the opportunity of reaching these audiences even if it means using exhibitors with which they are not aligned. This tends to occur most often in the suburbs or in the country where a multiplex is the only venue in a particular region. However, it is happening in city multiplexes as well.

Other Exhibitors

7.10 Of box office revenue in 1990, 10.4% was shared by the exhibitors which are not operated by or franchised to the major cinema chains. These exhibitors operate about half of all cinema screens. Most of the independents are owner-operated cinemas in the suburbs of major cities and in provincial towns. The majority show mainstream films which are supplied by the major distributors.

⁵ *Inquiry into Cinema Admission Prices*, p. 25.

⁶ *Inquiry into Cinema Admission Prices*, p. 32.

Table 7.1: Exhibitor/Distributor Links

Distribution Company		Exhibitor
United International Pictures (UIP)	Paramount	Greater Union
	Universal	Greater Union
	MGM	Greater Union
	United Artists	Hoyts
Hoyts Fox Columbia Tri-Star	Twentieth Century Fox	Hoyts
	Columbia	Hoyts
	Tri-Star	Hoyts
	Orion	Hoyts
	Hoyts Distribution	Hoyts
Roadshow Distributors	Warner Brothers	Village
	Walt Disney	Greater Union
	Touchstone	Greater Union
	Greater Union	Greater Union

7.11 The few independent exhibitors which specialise in non-mainstream films are located in or near the capitals of the eastern States. A number have established distribution companies to supply films. The specialist exhibitors, and the distributors with which they are linked through common ownership, are:

- Valhalla, Glebe (The Other Films)
- Longford, South Yarra (Sharmill Films, Ronin Films)
- Dendy, Sydney (Dendy Films)
- Kino Twin, Melbourne (Dendy Films, Newvision Film Distributors)
- Metro, Brisbane (Dendy Films)
- Brighton Bay Cinema, Melbourne (Ronin Films, Premium Films)
- Academy Twin, Sydney (Ronin Films, Premium Films)
- Walker Street, North Sydney (Ronin Films)
- Boulevard Twin, Canberra (Ronin Films)
- Cameo Triple, Melbourne (Palace Entertainment)
- AFI Cinema, Paddington (AFID)
- State Cinema, Hobart (AFID)

7.12 Again, the links are becoming more flexible; for example, last year Roadshow Distributors released *Proof* at the Dendy and Stanmore cinemas in Sydney and the Longford and Kino in Melbourne.

Quotas

7.13 Pointing to the success of Australian drama quotas on television, and the widespread use of quotas overseas, some commentators have urged the introduction of similar standards for theatrical exhibition.⁷

7.14 The proposal seems to have perennial appeal because it is reasonable to want to secure, in the face of the domination of our culture and our film industry by overseas interests, a corner of the theatrical market for the ideas, images, and stories of Australians. But the debate about exhibition quotas has been aired many times and the conclusion always reached is that they do not achieve the desired results.

7.15 This has been proven by the experiments with quotas in NSW and Victoria earlier this century which failed to have any long term impact and ultimately fell into abeyance. There are many reasons why quotas did not succeed in the past and why they would not succeed today. These have been canvassed in a number of submissions, including those from SPAA, ASDA, Actors Equity, the Cinematograph Exhibitors' Association, the AFC and the MPDAA.

7.16 Australian films already receive a high level of theatrical release. Those which are released are supported by the distributors and exhibitors only because they are expected to receive commercial success and critical acclaim. Yet merely being released assures them of neither.

Cross-Ownership Implications

7.17 There is a widely held belief within the industry, especially among producers, that the concentrated oligopolistic structures of the distribution and exhibition sectors, and the links between them, unfairly limit the chances of Australian films being released and prevent the investors in films that are released from receiving their fair share of financial returns. SPAA expanded on this view in its submission:

Though they are nominally separated, the relationship between distribution and exhibition is in practice an incestuous one under which the distribution arm of the organisation negotiates deals with the exhibition arm for both overseas and Australian product.⁸

7.18 Problems which producers have identified and which they consider are a result of the current structure of the industry include blind and block booking, inconsistent hire rates and rejection rights.⁹

⁷ *Submission* No. 61 - FilmSouth and SAFC - April 1991, p. 8; *Submission* No. 84 - Open Channel/Melbourne Film Festival Public Forum - April 1991, p. 1.

⁸ *Submission* No. 82 - SPAA - July 1991, p. 12.

⁹ *Submission* No. 82 - SPAA - July 1991, pp. 31-32.

7.19 The concern is not confined to producers. In May 1991, the United Independent Exhibitors, a group of about 60 independent mainstream exhibitors in NSW, Victoria and Queensland, took legal action against Village Roadshow, which was later widened to include Hoyts and United International Pictures. The group claimed it was being pushed out of the mainstream market and that distributors were engaging in unfair trade practices by releasing various big budget films to them on a 'no share' basis. This meant that, for a specified period, they were able to screen major releases only if they wholly devoted one theatre to the film. Later that year, the Group decided to discontinue the legal action.

7.20 John McKenzie outlined for the Committee the frustration which can arise from being an independent mainstream exhibitor. He used as an example his attempt to screen *The Big Steal*.

I pursued it very strongly and was able to get a release date to coincide with the Australian release date for my theatre. But on the Tuesday prior to the film's opening on the Thursday, I was rung and told, 'I am sorry, the print is no longer available to you'.

Firstly, that destroys my cinema's credibility. I had bookings on the film. We had a lot of people who had already booked groups to come in and see the film over what we felt would be the season of the movie. From inquiries I made, we found that one of the Village theatres originally was not going to run the film but there had been a change in plan and it had decided yes, it would. Therefore, the print was made available to it rather than to me.

As much as that is a commercial annoyance to myself, you have to take the distributor's point of view in so far as he was protecting the producer and in so far as he was placing the film in a situation that would have taken a lot more money than I would.¹⁰

7.21 SPAA pointed out to the Committee that the returns to investors from the Australian box office are among the lowest in the world. An analysis of the box office revenues of 42 countries over the period 1983-1989 found that only Mexico and Israel had a lower average film rental as a percentage of box office revenue than Australia. In Australia, the 1990/91 box office revenue was generally allocated as follows: 37% film rental, 33% overheads; 25% wages; and 6% advertising.¹¹

7.22 The rental is usually split between the distributor and exhibitor 80/20 or 90/10. However, distributors also have an agreed minimum which varies from 50-55% of total box office revenue, reducing to 25% over time as the film plays longer. Of the money returned to the distributor, the distributor deducts the costs of prints and advertising and any advances and splits the remainder with the producer. Allegations have been made that, on occasion, producers have restricted the number of prints made to ensure they receive greater returns.

¹⁰ Evidence - John McKenzie (Cinematograph Exhibitors Association) - Melbourne, 23 May 1991, p. 205.

¹¹ *Inquiry into Cinema Admission Prices*, p. 42.

7.23 A lot of time was spent during the Inquiry on discussion of how much of the box office takings are actually returned to the investors and the producer. The transaction which raised most suspicion is the deal between a major distributor and a major exhibitor with which it is linked corporately. It was suggested by producers that the Committee gather this information from distributors. The distributors told the Committee that the producers have it and it is up to the producers to provide it or otherwise agree to its release.

7.24 The Prices Surveillance Authority did collect and analyse such data during its inquiry into cinema admission prices last year. It found no evidence that any distributor favoured any particular exhibitor even when they had a corporate relationship. The house expenses for any one cinema were in most cases identical across distributors. Variations which did occur were 'extremely minor' and did not appear to favour the vertically linked firms. Moreover, the Authority heard no complaints of block booking.¹²

7.25 The submission from SPAA, which pre-dated the report of the Prices Surveillance Authority, discussed at length the implications of the structural links and possible courses of action which the government could take. Among the options canvassed was divestiture, which had been recommended by the 1972 Tariff Board Inquiry into the Film and Television Industry. SPAA saw this option as neither desirable nor realistic and recommended that the matter be investigated by the Trade Practices Commission.

7.26 The 1972 Tariff Board Inquiry produced what has been described as 'the most thorough description and analysis of the structure of the Australian film industry ever undertaken'¹³ It recommended measures to reduce the level of concentration in the industry by breaking up the major exhibition chains and severing the links with distributors. It also called for the government to directly intervene in film distribution. These recommendations were not implemented, but the threat that they might have been cited as the reason for subsequent changes in the distribution and exhibition sectors.¹⁴

7.27 As noted above, according to the Prices Surveillance Authority, a major reason for recent changes would appear to be the development of multiplexes:

The increasing importance of multiplexes, where the exhibitor plays all films from all distributors, leads to the condition where an eight cinema complex operated by Hoyts will be showing all the same films as an eight cinema complex operated by Village.¹⁵

7.28 The Prices Surveillance Authority intends to monitor the industry and would support further investigation by the Trade Practices Commission should anti-competitive behaviour occur in the distribution and exhibition sectors.¹⁶ The Committee endorses this approach.

¹² *Inquiry into Cinema Admission Prices*, pp. 80, 86.

¹³ S Dermody, E Jacka, *The Screening of Australia: Anatomy of a Film Industry*, AFC 1987, p. 56.

¹⁴ *The Screening of Australia*, p. 111.

¹⁵ *Inquiry into Cinema Admission Prices*, p. 64.

¹⁶ *Inquiry into Cinema Admission Prices*, p. 100.

7.29 Suspicion about whether the major distributors and exhibitors operate in a way which benefits Australians will probably always exist simply because Australia is part of a worldwide system established by, and largely operated on behalf of, the major American studios. Countries to which American cultural products are exported are being put under pressure to reduce any measures which protect local product. Myron Karlin, the President of the Motion Picture Exporters Association of America, said at a film industry conference in 1988: 'The pleasure of working in Australia is the environment in which we and you can all work with practically no restraints at all'. However, when the Committee met with Mr Karlin, he told us that it is in the interest of the American industry for there to be strong local industries in the countries to which it exports because it develops among the population an interest in films. We would certainly welcome some more obvious signs of support in the form of, for example, sponsorships of cultural activities, assistance in training in marketing and distribution, or investment in Australian films.

The Implications for Government Financial Support

7.30 The structures of the distribution and exhibition sectors restrict the options for producers regardless of whether or not unfair trade practices are occurring. Australia is a small market dominated by a few players, none of whose survival depends on the local industry. Yet the aspirations of most film makers depend more than ever on securing the support of the distribution and exhibition sectors.

7.31 While most producers of low budget films are able to seek grants or investments from the AFC or State film agencies to cover their production budgets, all other film makers are under increasing pressure to show in advance that a market exists for their film and that investors will receive some return on their contribution. Since the FFC was established, the primary source of government support has been provided on the condition that producers and distributors work together.

7.32 The Committee did not seek to become involved in debate about production funding. It is not the purpose of the inquiry and it is an area which has been under almost continuous scrutiny since the industry was established. Nonetheless, because government support is now based on developing a distribution-led industry, the Committee considers that it must address the link between production and distribution.

7.33 Essentially, the FFC requires certain levels of distribution commitments or market attachments to be in place before it can invest in a film. Projects need to achieve at least 40% private sector participation. This requirement can either be increased if the film has a large budget or reduced if it falls within one of a number of specified categories which include, among others, certain documentaries and low budget features.

7.34 In effect, the private sector participation is mostly in the form of pre-sales and distribution agreements with distributors in Australia and overseas. Two main areas of concern were expressed: inappropriate creative control by distributors and inadequate financial returns to investors and producers.

7.35 Worldwide, the most common means of raising finance outside the major studio systems is through pre-sales. They became a popular means of financing films in Australia during the 10BA production boom because they could guarantee the investors a level of return which compared favourably with other forms of investment. However, under the FFC system, the pre-sale partners are distributors whose investments are at risk and which therefore have an active interest in the film's production, marketing and distribution.

7.36 Concern about distributors exercising inappropriate creative control is directed primarily at overseas interests. Actors Equity in particular has been lobbying strongly about the employment of foreign actors in lead roles for marketing rather than artistic reasons. But film makers have also approached the Committee with similar criticisms.

7.37 For documentary film makers, the requirement to secure distribution interest from at least one territory other than Australia has caused significant dilemmas particularly for makers of social issue documentaries. As discussed in Chapter 4, in their case it is usually overseas broadcasters which are influencing the creative elements of their films.

7.38 The Committee endorses the initiative of the FFC in setting up its Film Funds. They provide a means whereby packages of Australian films can be produced without the need for pre-sales and without the chance of inappropriate creative judgements being exercised by overseas interests. However, there is a great deal of controversy within the industry, expressed by Actors Equity, the Australian Writers Guild, ASDA and SPAA, about the creative control which the 1992 Film Fund's distributor has been given. This is not an issue for the Committee to pursue, but we do wonder how the FFC could justify the existence of the Film Funds if market place discipline were not imposed in some way.

7.39 The Committee also received evidence that the involvement of distributors in creative decisions can improve the chances of commercial success. The extent of the involvement of television executives in the creative development of television programs is well known. It is generally seen as a key reason for the success of television mini-series in the 1980s when cinema audiences were becoming disenchanted with Australian feature films. David Court told the Committee that:

I think there is no question that when distributors get very closely involved in the making as well as the distribution and marketing of films there is a fairly high correlation of success with that kind of involvement, for example, with *Young Einstein*. So it would obviously be desirable that if your strategy was to have 10 successful films a year then all of them in fact would be substantially driven by the distributors' involvement.¹⁷

7.40 While certainly there are people within the industry who would want to take issue with David Court and (as the Committee was frequently reminded throughout the Inquiry) there are no formulas for success, it is reasonable that those whose money is at risk should protect their investment. We include the FFC in this observation.

¹⁷ Evidence - David Court (Entertainment Business Review) - 26 September 1991, p. 607.

7.41 The arguments about the effect of pre-sales on financial returns were summed up by Joan Long: 'If you get an overseas pre-sale, that more or less kills making any further money. But at least you get to make the movie.'¹⁸

7.42 Overseas pre-sales, like any pre-sales, encourage producers to look for their financial returns from within their production budgets rather than from the distribution and exhibition of their films. By pre-selling a film, producers negotiate a guaranteed level of revenue in advance of a film being made. This provides revenue even though the film may not be commercially successful, but if the film is very successful the producer is likely to receive less profits than would be the case had the film been sold after completion. Either way, the producer who has pre-sold a film often considers his or her fees within the production budget to be the only foreseeable source of income from the film.

Essentially, you are asking someone to put money up-front, and they are going to be essentially conservative and your bargaining position is, in a sense, reduced, weakened slightly by your requirement for up-front cash. You are in a stronger position to negotiate better distribution terms if you do not require up-front advances - which can, of course, blow up in your face if the film turns out not to work at all and you have got nothing. But if the film does work and you have been able to extract better distribution terms then obviously it is in your interest not to pre-sell the film in that sense of obtaining an advance.¹⁹

7.43 But dealing with overseas distributors and sales agents has led on many occasions to film makers losing money through dishonesty or mishap.

It is the internationals we are taking about. You see some incredible things, like pictures that have made enormous amounts at the box office and they are still in the negative position. You see things like I have seen in contracts that the recoupment of expenses will come against your returns, but then if you read the fine print you will find your expenses are defined as 110 per cent of the expense. So you do not just recoup 100 per cent, you must add a little 10 per cent on, and that is a little extra. Creative accounting it is called.

One of the problems that the Australian film industry has with pre-sales is that in most cases they are with an American company. If there is any form of default in that pre-sale and such companies do not honour their commitment - in most cases it is default in not paying the agreed amount, for whatever reason; you can be cynical and take the view that a lot of American distributors do, that the contract is merely a beginning point for further discussions - you are at a terrible disadvantage.²⁰

There are some pretty astute international negotiators out there and, from our point of view, you have to recognise that we have an Australian industry which is coming home so excited that it has a deal.²¹

¹⁸ Evidence - Joan Long - Sydney, 2 August 1991, p. 386.

¹⁹ Evidence - David Court (Entertainment Business Review) - Sydney, 26 September 1991, p. 623.

²⁰ Evidence - William Marshall (Illumination films) - Melbourne, 23 May 1991, pp. 169, 157.

²¹ Evidence - Greg Smith (NSW Film and TV Office) - Sydney, 2 August 1991, p. 403.

7.44 It is clearly in the industry's interest to see the establishment of more Australian-based international sales agents and distributors. While film makers need to keep up their international contacts directly, Australian companies which both rely on and foster the growth of the Australian industry through securing the attention of the international markets can help overcome the cultural and financial problems mentioned above.

7.45 In this respect, the Committee endorses the approach taken by the FFC in helping to develop Australian based international sales agents and distributors through the Film Funds. Beyond Films, which was given the opportunity to develop expertise and contacts through being the international sales agent for the first Film Fund and the distributor of the second in all territories, is now recognised internationally as a mini major and is investing in local film production. Similar hopes are held for the success of the Southern Star Group, which has been appointed to handle the third film fund. How many more can operate at this level in Australia is not clear but it is unlikely to be a high number.

Using the argument that you need a certain critical mass to be able to operate, I am sure the market is big enough for two. I think there is an economic theory that says two is the minimum number needed to provide some sort of competition. I do not know whether the market can handle three or four, but we will keep trying and the market may well grow. I am unable to answer that. At the moment we have helped to establish one and it is working very well. We are in the process of establishing another one. Once we have got two, it may well be that we go on to try to establish a third. That is in the future. We have not got the second one fully established yet.²²

7.46 In future years, it might not be necessary or appropriate to use the Film Fund as a means of developing local distributors. The Committee would like to see the emergence of more production houses which are able to perform a similar role in packaging films and organising output arrangements with distributors. In the short term, however, the FFC's funds are projected to decrease at a time when the industry is mid-stride between the post 10BA slump in production and the development of both a commercially smart production sector and the infrastructure to distribute Australian films internationally.

7.47 The Committee hopes that the FFC review finds that now is not the right time to withdraw financial support. Any further reductions in allocations to the FFC at this time might force the FFC to restrict its resources only to areas where clear market attachment has been established by the producers. This would jeopardise the continuation of the Film Fund and the support it can give to the establishment of new major distributors in the market.

7.48 Maintaining FFC funding at current levels should still achieve the government's aim of encouraging better business practices within the industry. The FFC expects the number of funding applications it receives to grow and the competition will keep up the pressure on distributors and producers to develop high quality and commercially sound projects.

²² Evidence - John Morris (FFC) - Sydney, 4 February 1992, p. 1149.

7.49 The Committee recommends that:

- (13) The FFC continue its practice of helping to develop Australian international sales agents by appointing selected companies to distribute Film Fund Films.

7.50 The Committee also recommends that:

- (14) Funding for the FFC be maintained for the next 3 years at 1991/92 levels in real terms.

7.51 It is not only the need for the Australian film industry to be able to operate more effectively in the international market which justifies the support being given to developing distributors in Australia. There is a concern among film makers that there are not enough distributors in the local market which can invest in their films:

There are only a few distributors or exhibitors who invest in the production of Australian films, and only one that currently does so to any significant degree. This high concentration of financial power causes some film makers to believe that exhibitors/distributors are able to exert undue influence on the production of their films.²³

7.52 The Committee was told that there should be a greater number and range of distributors which are able to support a diversity of types of films. Suggestions were made that the government should fund distribution structures or back more individual distributors.

7.53 At least some of these comments arise from a belief that the FFC's investment requirements preclude the involvement of smaller distributors.²⁴ It was also maintained that the communication between the FFC and smaller distributors is poor.²⁵

7.54 The FFC has accepted that it needs to improve its communications with the industry generally, and during the course of the Inquiry it appointed a public relations officer and began a regular newsletter. However, John Morris was able to point to a number of examples of where the FFC has interpreted its charter as widely as possible to assist smaller distributors. One example is the support given to *Strictly Ballroom*:

There was no other market attachment from anywhere in the world against that film, which had a considerable budget. It was the sort of film that we hoped - and now that we have seen it we were right - would eventually be commercial, but it is the sort of film with which it would be extremely difficult to get any sort of pre-sale from overseas. It is an extraordinary film, it is a very Australian film, it has got no promotable names in it. In order to support that film - and we thought it deserved supporting - we were prepared to allow our private sector participation level to go down about as low as it can without offending our Commonwealth contract, and we needed a certain limited amount. I think the only private sector participation that they were able to come up with from the marketplace was through an Australian distributor. So we ... [required] ... a certain level

²³ Submission No. 77 - ASDA - June 1991, p. 9.

²⁴ Evidence - Roger Hudson (ASDA) - Sydney, 26 September 1991, p. 527.

²⁵ Evidence - Andrew Pike - Canberra, 11 October 1991, p. 867.

[of P&A expenditure]: first, so we could justly say that there was a minimum investment from the marketplace and also because we do not think \$100,000 to \$120,000 spent on P&A is an excessive amount to launch an Australian film.²⁶

7.55 The AFC provides assistance to the distribution of individual films through assisting producers to deal on a professional basis with distributors. In most cases this means providing sufficient funds to ensure that adequate marketing materials are produced. The requirement to provide separate marketing loans has decreased significantly since all films funded by the AFC and FFC have been required to include a marketing component.

7.56 Otherwise the AFC provides substantial assistance to AFID, which received a grant of \$430,000 in 1991, representing almost half of its income. The assistance is of particular importance for the distribution of specialised titles, especially documentaries and short films. AFID distributes to all markets and is a key player in non-theatrical distribution.

7.57 Some of the smaller distributors have been actively pursuing the development of projects. Andrew Pike told the Committee that Ronin Films is becoming involved in developing and executive producing films because he has had difficulty in finding Australian films that are appropriate to his end of the market:

A lot of producers, film bureaucrats and administrators often think of that end of the market as being for difficult and unreleasable films, films that are complex and cannot be dealt with easily. We are continually offered a lot of films that really are unsuitable for release anywhere in the market. So although there are a lot of titles offered to us, we are only picking up a very small proportion of what is offered. We have found that the best solution is to actually seek out people who we would like to work with in developing projects.²⁷

7.58 A difficulty which Andrew Pike has been experiencing, and which has prevented his distributing more Australian films, is the reluctance of banks in recent years to provide short term bridging finance. For the government to provide assistance in this regard would mean effectively providing a loan for prints and advertising.

7.59 Another idea which was discussed by witnesses at public hearings and has some currency is the suggestion that the government could directly top up the prints and advertising budgets of Australian films by a certain percentage of those budgets.²⁸ The merit of this approach is that it links the assistance provided to a financial commitment by the distributor.

Where you have a distributor who, for example, decides he wants to take on a film and you have an assistance mechanism whereby someone says, 'We will help you out. Here is some money.', that will do a few things.

²⁶ Evidence - John Morris (FFC) - Sydney, 4 February 1992, p. 1159.

²⁷ Evidence - Andrew Pike - Canberra, 11 October 1991, p. 857.

²⁸ Evidence - Greg Smith (NSW Film and TV Office) - Sydney, 2 August 1991, p. 399; David Court (Entertainment Business Review - Sydney, 26 September 1991, p. 612; Paul Oneile (Greater Union Organisation) - Sydney, 27 September 1991, p. 701.

Firstly, it might lead to a better campaign and a better response. Secondly, as a result, that will platform a film better and you will do better in the ancillary markets in video, television and so forth. Thirdly, you may be able to negotiate a reduction in the distributor's commission as a result because, if the distributor is not taking the degree of risk because it is not just his or its money, you may be able to negotiate a reduction in the commission, which in turn frees up more money to assist the exhibition and the marketing program.

Fourthly, because of your particular interest, you are able to acquire all the necessary data and information so that, fifthly, at least in the domestic area, you can ensure that the data that is then fed back to the producer and to the investors is accurate.²⁹

7.60 As mentioned in Chapter 6, however, the major distributors are not seeking prints and advertising loans. The Committee raised the idea with Andrew Pike, but he was sceptical that the amount likely to be provided as a top-up would be of much assistance.³⁰

7.61 Producers have called for the government to provide prints and advertising funds to help them secure better financial returns from distributors. Almost universally, distributors seek rights to all markets so that they can spread the risk. Few films recover the cost of their theatrical release, so distributors look to subsequent television or home video sales to cover any costs or fees still owing. The negotiating position of the producer depends on the strength of the product, the reputation of the producer and the ability to bring other elements to the deal. As Bob Weis explained to the Committee, 'if a producer can raise P and A separately, he can do a very different kind of deal, not involving cross-collateralisation'.

7.62 According to Joan Long, investors in her films have received far less, if any, returns from those that were cross-collateralised. However, the Prices Surveillance Authority suggested that cross-collateralisation is desirable:

There is an advantage in distributors obtaining complete distribution rights, for theatrical, video and television release. Where these rights are separated between outlets and distributors, inefficiencies and inequalities arise. Whilst the video and television distributors benefit from the publicity of the initial theatrical release, the theatrical distributor is limited to recoupment from theatrical release only.³¹

7.63 Cross-collateralisation, like pre-sales, is a widespread feature of the industry which represents a price that producers pay in return for having the distributors carry a proportion of the risk. When the government provides the funding for prints and advertising, it takes on this proportion of the risk.

²⁹ Evidence - Greg Smith (NSW Film and TV Office) - Sydney, 2 August 1991, p. 402.

³⁰ Evidence - Andrew Pike (Ronin Films) - Canberra, 11 October 1991, p. 876.

³¹ *Inquiry into Cinema Admission Prices*, p. 12.

7.64 The FFC provides funds for prints and advertising. The usefulness and appropriateness of it so doing varies. Eight out of ten films do not return sufficient money to cover the cost of prints and advertising. Where the government is called in to assist, the risk is probably higher and certainly too high for the private sector to consider taking. It is therefore necessary to be selective about the reasons for giving what could be a sizeable grant. The average prints and advertising costs for Roadshow Distributors in 1990, for example, was \$255,000. The Committee does not believe that either reducing the risk carried by distributors, or increasing the returns to producers, provides sufficient justification for the government to provide funding of this magnitude.

7.65 It has also been suggested that providing prints and advertising funds will encourage distributors to put more money into promoting Australian films. However, the Committee notes the comments of John Morris in this regard:

It seems to me that there is no evidence to suggest that any Australian film has suffered in its distribution because of inadequate P and A funds. In our observation, distributors are more than prepared to put up an adequate sum of money for the P and A funds.³²

7.66 The Committee can see justification for the government providing prints and advertising funding to help overcome general barriers to distribution, such as the conservatism of US distributors and the insular nature of American audiences. The FFC has found that offering prints and advertising loans has ensured that some films, which otherwise would have not been released theatrically in that market, were released in the United States.³³ The Committee endorses the continued use of government funds, as appropriate, to facilitate access to overseas markets.

7.67 Among the many suggestions made to the Committee about how to improve the commercial performance of Australian films was the suggestion that the government become a distributor and exhibitor. The Committee can see the appeal of working around the existing structures of distribution and exhibition but is strongly of the view that government policies should not undermine the establishment of a sound industry infrastructure. This means working with and improving the existing infrastructure.

Television

7.68 Amidst the fallout from the spending excesses of the three commercial networks in the late 1980s was a significant decline in the financial returns to film makers and distributors from television. As discussed in Chapter 5, the impact on the documentary sector has been severe. Three years ago it was estimated that television provided notionally about 20% of consumer spending on movie entertainment, around 30% of distributors' rentals and more than 50% of producers' net returns.³⁴ Now the figures are estimated to be 17%, 12% and 23% respectively.³⁵

³² Evidence - John Morris (FFC) - Sydney, 4 February 1992, p. 1133.

³³ Evidence - John Morris (FFC) - Sydney, 8 November 1991, p. 975.

³⁴ *Analysis of the Performance of Australian Film since 1980*, p. 56.

³⁵ *The Home Video Industry in Australia*, AFC, January 1992, p. 11.

7.69 In spite of this decline, the financial returns from television did not create much discussion during the Inquiry, except among documentary film makers. Perhaps one reason is that the financial negotiations are simpler:

If you are selling to television, it is a matter of simply: 'There is a black and white contract - honour that'. There is a fixed fee, fixed licence, fixed period of time.³⁶

7.70 There is no chance for producers to capitalise directly on films which achieve high ratings, although it may help them to negotiate better deals in the future. Similarly, the broadcaster receives no direct financial benefit unless the high ratings were expected and the sponsorship packages were priced accordingly. Television revenues from overseas sales are also reasonably predictable.

7.71 As discussed in Chapter 3, Australian feature films shown at prime time on commercial television are greatly outnumbered by foreign films. Increasingly, the networks are linking their licence fees to box office performance which, given the domination by American films at the cinema as well, has not been good news for Australian producers. There have been some interesting developments in recent times concerning direct involvement of television stations in film production. For example, the ABC invested in *Waiting* and *Wendy Cracked a Walnut* and the Ten Network is investing in six feature films. In addition, the Nine Network has built up a 10% stake in Village Roadshow, which might lead to closer links between film production, and television programming.

7.72 The most significant issue which has taken the attention of the film and television industries has been the development of new Broadcasting Services legislation and the associated debate over the introduction of pay television. The impact of pay television on the film industry depends largely on how the new service is structured, who owns it, and the nature of the local content requirements which apply. Throughout the Inquiry, and during the drafting of this report, the public discussion of these matters has been a scene of confusion and controversy.

7.73 As the *Broadcasting Services Bill* has been introduced to Parliament, the Committee's report will not be presented in time to influence the government's policy. However, the witnesses who presented views to the Committee were also actively involved during the period of public consultation associated with the drafting of the legislation.

7.74 The Committee would be concerned if the requirement that licensees of predominantly drama channels annually spend 10% of their program expenditure on Australian drama became an incentive to produce cheap, low quality programs.

I think there is a real danger in people making an argument about pay television being a cash cow for the production industry, because I think that at least in the early years it is absolutely not going to have that effect. In fact, there is a real danger that material will be produced and financed in a way which actually devalues the product itself, both in terms of quality and its resale value.³⁷

³⁶ Evidence - John Kearney (Crawfords) - Melbourne, 23 May 1991, p. 237.

³⁷ Evidence - Cathy Robinson (AFC) - Sydney, 4 February 1992, p. 1229.

7.75 The introduction of pay television is only the latest in an almost continuous stream of 'windows' which are being created through new developments in communications technology. Films potentially have much longer lives as they are progressively exploited in different markets. An article in *Entertainment Business Review* in October 1991 discussed the possibilities:

Laser video discs, direct broadcast satellite, pay per view and technologies yet to be invented may bring extra value to libraries in the 1990s just as cable TV and video did in the 1980s.³⁸

7.76 Certainly this has implications for the film industry and for government film funding agencies which own copyright. Jeremy Bean told the Committee that there has recently been a worldwide re-evaluation of titles in libraries 'to the point where you can get some quite surprising results'.³⁹

7.77 Decisions need to be made, for example, about how the government agencies' film libraries are to be managed in the long term and, if they are to be exploited to take advantage of new windows, whether the distribution structures will be privately or publicly funded. The Committee considers that the AFC should monitor developments overseas and initiate discussions among government agencies and within the industry with a view to formulating a long term strategy.

Video Distribution

Home Video

7.78 There are five major rental video distributors in Australia:

- . Fox Video, owned by Twentieth Century Fox
- . Warner Home Video, owned by Time-Warner
- . Roadshow Home Video, owned by Roadshow Distributors
- . CIC Video, jointly owned by Paramount, Universal and MGM/Pathé, the partners in United International Pictures
- . RCA-Columbia Pictures-Hoyts Video, jointly owned by RCA Records, Columbia Pictures and Hoyts Entertainment.

7.79 The AFC has commissioned two reports on home video, one in 1989 and the other in 1991. According to the more recent report, the five major video distributors share 90% of the \$180-200 million estimated to have been generated by home video rentals at the wholesale level in 1990/91. The remaining 10% was shared by about 80

³⁸ *Entertainment Business Review*, 7 October 1991.

³⁹ *Evidence - Jeremy Bean (Entertainment Business Review) - Sydney*, 26 September 1991, p. 609.

independent distributors.⁴⁰ All of the major distributors except Roadshow Home Video are foreign controlled and have no particular interest in distributing Australian films or supporting the Australian film industry.

7.80 The rental turnover achieved by the video stores is estimated to have been \$840 million; more than four times greater than the amount generated by the major distributors. This represents 186 million video rental transactions.⁴¹

7.81 While less than 300 films are released theatrically each year, there are more than 1,500 video releases annually, or about 120-150 per month. The average store buys 57 new titles a month and these can be expected to have a peak period of popularity of 3-6 weeks.⁴²

7.82 As is the case with regard to the theatrical release of film, the films of the major US studios dominate the home video market. While releasing about 120-150 titles per year, or less than 10% of new releases, their films generate 85% of rental turnover. Art house movies, into which category Australian titles are often placed, compete with B-titles, martial arts movies, R-rated sex films, low grade thrillers and horror movies for 15% of rental turnover.⁴³ Art house films generally are handled by a small number of specialist stores which cater to a niche market. Among their clientele, Australian art house films can be very popular. Occasionally a film will 'break out' to sell 800-1,000 rental units but as a rule it is difficult to extend distribution more widely than these 50-100 outlets.

7.83 Sell-through information and data about sales to video libraries is available from the distributors, but information about how many times individual films have been hired is not aggregated. However, the exposure given to a film during its theatrical release, and its box office success, generally determine its popularity on video. In the annual Australian Video Awards, for which readers of the VIDA publication *Video* are invited to vote, the only Australian films which appeared under any of the 10 categories in 1991 were those listed under 'Most Popular Australian' film. The winner was *The Big Steal*.

7.84 The attitude of the video distributors towards Australian films is the same as that expressed by the theatrical distributors: the country of origin is irrelevant.

I know the attitude of our company is, whether it be an Australian film, a Polish film, a film that sits No. 6 in our release schedule or No. 1, that I have a responsibility to my board and shareholders to ensure that we sell as many video cassettes as we possibly can to video retailers. Their job, of course, is to rent as many as they can to recoup their money. But certainly it is my job, my sales people's job and our marketing department's job, to make sure they can sell as many cassettes as we possibly can every month, whether it be an American movie, an Australian movie or an Irish movie.⁴⁴

⁴⁰ *The Home Video Industry in Australia*, p. 3.

⁴¹ *The Home Video Industry in Australia*, p. 6.

⁴² *The Home Video Industry in Australia*, p. 4.

⁴³ *The Home Video Industry in Australia*, p. 8.

⁴⁴ *Evidence* - Milt Barlow (VIDA) - Sydney, 25 November 1991, p. 1082.

7.85 The attitude of retailers, however, is reportedly negative. This in turn has been said to be borne of consumer resistance to renting Australian titles because the public sees them as inferior.⁴⁵

7.86 In *Taking Care of Business* Jennifer Stott suggested that the establishment of the Home Cinema Group, with the active involvement of Ronin films, could provide independent Australian producers with greater access to the home video market.⁴⁶ It was a tall order.

7.87 The Committee explored the idea of promoting locally produced films as Australian, perhaps by displaying them on a special rack in video stores. This was once a reasonably widespread practice and still occurs in some cases. Given the poor image which Australian films appear to have among retailers and clients, expansion of this practice is neither feasible nor desirable. Moreover, the Home Cinema Group has pursued with limited success far more sophisticated strategies, recognising that it is not possible to change the views of the audiences without first changing those of the retailers.

7.88 The home video industry report found that, for Australian films, video is 'a distinctly ancillary market, offering modest domestic advances of \$50,000 - \$100,000 or 1-2% of the production cost of a typical Australian film'. This equates to a release of 4,000 - 5,000 rental units. Video represents about 64% of estimated consumer spending on films and 50% of the returns to producers.⁴⁷

7.89 Compared to the video rental sector, the sell-through market operates through different outlets, utilises different marketing strategies, different price structures and, except for Roadshow Home Video, different distributors: Festival, Rainbow, Virgin and Network Entertainment are the other major companies in this sector.

7.90 Sell-through video has not grown in Australia as fast as it has in other countries. It currently represents about 10% of video retail revenue, but this is expected to double or even treble during the next few years. A well-promoted A-Grade theatrical release sells between 10,000 and 20,000 copies in Australia and will remain on sale for as long as it is popular. With probably the best sell-through result for an Australian film, *The Man from Snowy River* sold more than 95,000 copies in Australia. *Robbery Under Arms* has sold about 40,000 copies.⁴⁸ *Blood Oath*, which had disappointing box office results, sold 10,000 sell-through video copies.⁴⁹ Again, however, the US titles dominate. *Fantasia*, for example, has sold 270,000 units and *Teenage Mutant Ninja Turtles* has sold 225,000.

⁴⁵ *The Home Video Industry in Australia*, p. 11.

⁴⁶ J Stott - *Taking Care of Business: Marketing and Distribution*, AFTRS/AFC, 1989, pp. 36-37.

⁴⁷ *The Home Video Industry in Australia*, p. 11.

⁴⁸ Evidence - Gordon Adam (VIDA) - Sydney 25 November 1991, p. 1084.

⁴⁹ Evidence - Milt Barlow (VIDA) - Sydney, 25 November 1991, p. 1085.

7.91 The growth in video rental of feature films has by and large plateaued and is expected to be undermined to some extent by the introduction of pay television. The home video industry report concluded that the sell-through market has the 'best outlook', although videotapes will be replaced by videodiscs.⁵⁰

7.92 Video distributors are unsure about the likely impact of pay television on home video. It is certainly expected that Australians will embrace the new technology just as they did video recorders.

7.93 Overseas experience does not provide much insight. New York, for example, has a multitude of free, pay, and cable television options but is also a strong market for home video rental and sell-through. However, introduction of the pay and cable television in the US preceded the introduction of video. In the UK, home video rental declined significantly, but sell-through rose, after the introduction of pay television. But an important factor in this case may be that the video libraries in the UK are not as well appointed, the service is not as good and there is less copy depth. The general feeling seems to be that the video sector in Australia will be affected by a slump as the take-up of pay television services rises, but after a period this effect will ease.

Institutional Video and Film

7.94 The non-theatrical market is one which the major video distribution companies do not target specifically. Ronin Films is one of the few specialised distributors which operate in this area, as Andrew Pike explained to the Committee:

We operate as distributors in the ... non-theatrical market - by non-theatrical, I am using a fairly dated trade term; we prefer to use the terms institutional video or educational video - and sell feature films and documentaries to educational institutions, government departments, community groups and so on. We see this as a quite separate video market from the home video and sell-through video markets. But not many distributors, in Australia anyway, identify educational videos as a separate video market. Film Australia, for example, is lumped in with sell-through video and is not separated out. But we see it as a viable market for small business activity.⁵¹

7.95 Otherwise, this sector is dominated by government funded organisations. AFID, the major distributor of Australian independent and student films, offers a substantial non-theatrical distribution service for education, government and community organisations. All titles are available for sale or rental on video, and some are provided on 16mm or 35mm film.

7.96 Another government funded company which is involved in non-theatrical distribution is Film Australia. While Hoyts Polygram Video and the Home Cinema Group have handled Film Australia's video sales and rentals respectively, the company has been directly developing its non-theatrical distribution links with the education and business markets.

⁵⁰ *The Home Video Industry in Australia*, p. 12.

⁵¹ *Evidence* - Andrew Pike (Ronin Films) - Canberra, 11 October 1991, p. 855.

7.97 In addition, the Australian Council of Government Film Libraries, which comprises eleven Australian libraries and one New Zealand library, is looking to improve its film and video lending services and, by so doing, help to create public interest in and public access to their large holdings. Their main client is the education sector and their collections include many Australian shorts and documentaries on 16mm film. It is estimated that two million people, mainly students and teachers, view their films each year. They are now aiming to target educational institutions more effectively by packaging and publicising these films more aggressively, accompanied by film study notes:

We believe that sitting on enormous quantities of films and videos and saying, as we have for years, that these are some of the greatest works Australians have produced no longer connects us to the public. We now spend our time looking at connections between what we have and what the public deserves.⁵²

7.98 The focus of the Council's strategy is to encourage the use of Australian films in Australian studies courses, rather than primarily only in media studies courses. This requires funds to identify where the courses and the films can be linked. This would be a national exercise. Support is needed, both in terms of supporting the concept and providing the necessary funds, from the State Education Departments.

7.99 Certainly, it would be desirable to link the video and film collections held in public libraries more closely to the needs of the library users. However, the Committee is keen that any initiative does not undermine activities which are already taking place in the industry. AFID, for example, in collaboration with the Australian Teachers of Media and other consultants, is very much involved in developing educational materials to distribute with Australian films, thereby generating financial returns for film makers. The Committee would not like to see the government film libraries duplicate or undercut this service.

7.100 As videos offer ease of use and are much cheaper to acquire, the market for 16mm copies of film is diminishing. The National Library, for example, recorded a decline in loans of film and video during 1990/91, and a growing demand for video rather than 16mm format. However, 16mm film accounted for 74% of the 19,320 loans that year. Film study clients tend to borrow 16mm films; clients who are seeking educational and informational documentary material tend to prefer video. Of the new titles acquired in 1990/91, 80% were on video.⁵³

7.101 The main users of the 16mm films are film societies. The submission from the Australian Council of Film Societies pointed out that this market, although diminishing, can provide some returns to film makers and can provide a means of taking films which have not been released outside major centres to new audiences.⁵⁴

⁵² *Evidence* - Andrew Zielinski (Australian Council of Government Film Libraries) - Adelaide, 30 April, 1991, p. 48.

⁵³ National Library of Australia, *31st Annual Report 1990-91*, National Library of Australia, 1991 p. 15.

⁵⁴ *Submission* No. 51 - ACOFS - April 1991, p. 2.

CHAPTER 8: DEVELOPMENT OF STRATEGIES

The AFC has become a lean, mean machine, perhaps, but it is less in touch with its film maker base, which means that there are no longer committees and round table discussions where policies come up from below, find a voice and are then, as it were, given political support with the AFC having a bit of a voice for us. We have not substituted our own organisations to the degree that we need to, so I do not think we can pin everything on the AFC or ask the AFC to do everything for us.¹

An Industry Strategy?

8.1 The Australian film industry has to look forward and move forward. It needs to grow. It needs direction and priorities, but not at the expense of diversity and innovation.

8.2 Bob Weis told the Committee that the industry is looking for a strategy for the medium and long term stability of the industry:

The industry is beset by structural changes that have happened over the last 22 years of Government intervention and we feel that the industry and Government need to sit down and work out a stable strategy. We believe that the background of that is that there has been wide-ranging agreement that there ought to be an industry, that there are good reasons for having an industry and those reasons are basically cultural.²

8.3 The Committee endorses this idea and considers that it would be widely supported within the industry. The issues of contention are how a strategy would be developed, who would develop it, and what it would embrace.

8.4 Martha Ansara suggested at the Documentary Workshop that the industry needs a public body to work through, such as the AFC once was, but it also needs to develop its own capacity to organise itself and lobby government about policy issues. Jock Given seemed to agree. He pointed out that the AFC's role has changed and it needs to focus on those problems for which its intervention would be most useful and necessary. He said it is the responsibility of the industry to identify these problems:

If it actually turns out that it is not a big enough issue for the film making community to be prepared to make a fuss about it, then I am actually not sure that it is the AFC's job to simply pick up every issue one by one and make the public case for it.³

¹ *Documentary Workshop* - Martha Ansara - Sydney, 1 August 1991, p. 42.

² *Evidence* - Bob Weis (SPAA) - Sydney, 8 November 1991, p. 905.

³ *Documentary Workshop* - Jock Given (AFC) - Sydney, 1 August 1991, p. 45.

8.5 There are people within or associated with the industry who would rather decrease than increase the role of the AFC in policy-making. Indeed, some would see the agency abolished.⁴ However, it is possible to hold this sentiment while also desiring more forward planning. A film maker who was very critical of government employees said in a confidential submission that there is a need for a long term plan which covers such matters as how many films of which types are made each year, and the role of the training institutions in producing graduates with the necessary skills, in the required numbers.

8.6 For others, it is also a matter of better communication and co-operation being needed among government agencies. This has led to calls for the establishment of a Ministry of Cultural Affairs, which combines the arts with the relevant communications and industry development areas of government.

8.7 Distributors have suggested that closer liaison should exist between the creative and commercial communities and the MPDAA has called for the establishment of a film industry council 'to co-ordinate the advice given to Government and provide the information base for all sectors of the industry'.⁵ A similar organisation, the Film Industry Standing Committee, formerly existed to present a single industry voice.

8.8 The Committee considers that the initiative for developing a strategy and identifying the means by which this occurs should come from the industry. We would not support any proposal that merely handed the task to new or existing government agencies or amounted to further reviews of their structure and function.

8.9 The Committee is not convinced that a single industry strategy can be developed. Certainly, various sectors are interrelated and a single issue can have many different and widespread implications throughout the industry. But not all sectors interact on all issues and nor do they treat them with equal priority or with common goals in mind. As Barrett Hodsdon observed:

we should focus on the plurality of film making that has been encouraged in Australia over the past 20 years, not simply because of the vaguely democratic aura, but because it represents different paths and destinations of film activity that do not all conform to the usual commercial criteria.⁶

8.10 Even if it is not possible to develop a single strategy for the industry because of the diversity of interests, it might at least be possible to identify some strategies to achieve some common goals and to pool resources to pursue them. The development of a national cultural exhibition plan by a meeting in October last year of cultural exhibitors and distributors is an indication of the strategic planning and co-operation which the Committee believes is required. Another area which the Committee was told needs strategic planning is the marketing of intellectual and technical services.⁷

⁴ *Submission* Nos. 33 and 97 - Barrie Pattison - March 1991, March 1992.

⁵ *Submission* No. 89 - MPDAA - October 1991, p. 3.

⁶ *Submission* No. 85 - Barrett Hodsdon - September 1991, p. 2.

⁷ *Submission* No. 49 - Producers and Directors Guild of Australia - April 1991, p. 2.

The need for greater strategic planning, 'to level out some of the inherent instability in the industry', was suggested also by DASET.⁸

8.11 An example of industry-wide co-operation which is enjoying success at present is the approach being taken by the music industry to improve its ability to gain access to overseas markets. To help overcome such problems as a lack of co-ordination, bad communications and poor infrastructure, the industry set up Export Music Australia, in conjunction with the Commonwealth Government, as a non-profit company primarily to promote the industry, provide an export inquiry service, encourage information exchange and conduct market research. A similar idea is being pursued for the export of visual arts.

8.12 The Committee is not suggesting that the film industry should copy the ideas of the music industry or any other industry. Nevertheless, we would like to see the film industry build on the enthusiasm which already exists within it to work together to improve the industry's viability. The Commonwealth Government should assist in this process.

8.13 The Committee recommends that:

- (15) **The Commonwealth Government encourage initiatives from the film industry to develop industry-wide strategies, provided that all relevant sectors are invited to participate.**

8.14 The role of the AFC in advising the government about the range of programs which support the film industry and its contribution to our culture should continue. This is particularly important for individual film makers or sectors within the industry that can be overlooked or otherwise not involved in the agenda being pursued by the major associations.

8.15 With regard to concerns expressed about the need to improve the co-ordination among government agencies, the Committee notes that Cathy Robinson has acknowledged the problem:

I am absolutely convinced of the need for more effective co-ordination between the vast majority of organisations that work not only in ... this portfolio ... but also in other portfolios like transport and communications.⁹

8.16 In April this year, the Minister for the Arts and Territories issued a discussion paper, *The Role of the Commonwealth in Australia's Cultural Development*, for public comment. The aim is to produce a statement of Commonwealth cultural policy. While the paper focuses on the Arts, Sport, the Environment and Territories portfolio, including the five agencies within it which support the film industry (the AFC, the FFC, the AFTRS, the National Film and Sound Archive and Film Australia), the intention is to produce a policy statement that covers all relevant areas of government.

⁸ Evidence - Ron Brent (DASET) - Canberra, 11 October 1991, p. 795.

⁹ Evidence - Cathy Robinson (AFC) - Sydney, 8 November 1991, p. 1009.

8.17 It is imperative that all of the government agencies which contribute to the support of the film industry be actively involved in formulating that part of the cultural policy which concerns film. The discussion paper has been prepared without wide consultation, so the DASET Film Branch needs to ensure that comments are received from all key individuals and organisations, including other government agencies. The development of the policy provides an ideal opportunity to ensure that the government agencies which affect the film industry are aware that they make an impact, know what that impact is, and work toward achieving similar or complementary goals for the industry. In view of the need for the industry to develop strategies, the Department of Industry, Technology and Commerce should be included in this consultation process.

Research

8.18 Throughout the inquiry the Committee was told of the need either for more information about the industry to be made available, or for more research and analysis to be undertaken. There appear to be two aspects to the issue. The first is the need for comprehensive data on the basis of which general trends can be identified and government policies and developments within the industry can be assessed.

8.19 This need has been widely recognised for some time and has been pursued by the Statistical Advisory Group of the Cultural Ministers' Council. The aim of the Group has been to encourage and assist the ABS to collect more useful data, which can give greater insight into industry employment, investment and capital, exports and imports, economy-wide trends and industry trends. The Committee considers it a matter of high priority that the ABS gather new data so that the industry and government agencies are able to develop a better strategic view of expected industry developments. The Committee welcomes the fact that the ABS plans to survey the production, distribution, exhibition and video sectors in the next few years.

8.20 The Committee recommends that:

- (16) **The Australian Bureau of Statistics give high priority to the collection and analysis of data relating to film production, distribution and exhibition, as specified by the Statistical Advisory Group of the Cultural Ministers' Council.**

8.21 A lot of data is held by government film agencies, including commercially sensitive information which needs to be aggregated and otherwise sanitised before release. The AFC has a major role in this area and is able to draw together, analyse and comment upon information which has been published, provided voluntarily in confidence, or gathered through the AFC's involvement in film production. This is a more specialised and detailed service than that which the ABS can provide. The AFC publications *Get the Picture* (1988) and *Analysis of the Performance of Australian Films since 1980* provide very useful statistical overviews of the industry. But the information is still incomplete. Data which would provide a better understanding of the fate of films which are released overseas, for example, is not readily available.

8.22 The second aspect of the need for more research and analysis is the desire within the industry to have better data as a basis for conducting market research and negotiating financial transactions. ASDA pointed out that:

For instance, producers, with little access to hard industry marketing information are at a disadvantage in their relationships with distributors. Yet distributors are able to impose conditions on the basis of their particular views of commercial viability.¹⁰

8.23 SPAA raised with the Committee the need to have a better idea of financial returns. The MPDAA, which publishes box office figures, pointed out that it is up to the producers to release the information, as it is provided to them by the distributors. However, where independently distributed films are released in independent cinemas, which is often the case with Australian films, the information is not always made available to the MPDAA or to the film agencies.

8.24 The MPDAA has suggested that one of the tasks of the proposed film industry council would be to collect data. The Committee does not have a view about this; it would be up to the industry to decide. But the need for confidentiality is paramount and the task of ensuring full coverage may be extremely difficult. The AFC's attempt in the 1980s to establish a film industry database, although supported in principle by the industry, foundered because of a poor response to the survey.¹¹

8.25 In an attempt to provide an improved insight into the commercial success of Australian films and at the same time give an indication of the wider picture, the AFC has recently decided to assist the development of a computer model of the financial performance of 30 Australian films. The Committee welcomes this initiative.

8.26 The information provided through better research will be most valuable if it provides a sound base from which to look forward and a means whereby the industry sectors can overcome misplaced or otherwise unproductive distrust of each other and work more effectively together.

John Langmore
Committee Chair

24 June 1992

¹⁰ *Submission No. 77 - ASDA - June 1991, p. 9.*

¹¹ *Submission No. 91 - AFC - October 1991, p. 49.*

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- 5 Mr Dougal MacDonald
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Australian Council of Government Film Libraries

Mr Andrew Zielinski, Chair

South Australian Department for the Arts and Cultural Heritage

Ms Gabrielle Kelly, Chair of FilmSouth Australia

Ms Janet Worth, Acting Managing Director,
South Australian Film Corporation

Mr Mark Patterson, Senior Project Officer, Film

Mr David Donaldson, private citizen

Melbourne, Thursday 23 May 1991

Cinematograph Exhibitors Association

Mr John McKenzie, Chief Executive Officer

Crawfords Australia

Mr John Kearney, Financial Resources Manager

Ms Susan Wood, Publicity Director

Illumination Films

Mr Paul Cox

Mr William Thomas

St Kilda Film and Video Makers Association

Mr Matthew Lovering, President

Mr Alasdair Inglis, Vice-President

Mr Bruno Doring, committee member

Village Roadshow Corporation

Mr Alan Finney

Melbourne, Friday 24 May 1991

Australian Film Institute

Ms Vicki Molloy, Executive Director

Ms Sandra Sdraulig, Distribution Manager

Mr Richard Zimmerman, Development Manager

Ms Jan Dale, General Manager, AFID

St Kilda Film Festival

Ms Lisa French, 1991 Director

Mr Lee Holmes, Recreation Services, City of St Kilda

Sydney, Friday 2 August 1991

Museum of Contemporary Art

Mr Leon Paroissien, Director

Mr David Watson, Project Coordinator, Cinemateque

New South Wales Film and Television Office

Mr Greg Smith, Director

Ossca Film Group

Mr Oscar Scherl, Managing Director

Mrs Joan Long, Independent Producer

Ms Babette Smith, private citizen

Melbourne, Thursday 29 August 1991

Film Victoria

Ms Jennifer Hooks, Director
Ms Penny Robins, Manager, Documentaries
Mr Christopher Fitchett, Project Manager

M.C. Stuart and Associates Pty Ltd

Mr Max Stuart, Managing Director

Mr Keith Connolly, private citizen

Mr John Cumming, independent film maker

Sydney, Thursday 26 September 1991

Australian Broadcasting Tribunal

Ms Sue Brooks, Member
Mr Nick Herd, Assistant Director, Programs

Australian Screen Directors Association

Mr Roger Hudson, President

Entertainment Business Review

Mr Jeremy Bean, Publisher
Mr David Court, Editor

National Institute of Dramatic Art

Mr Stephen Bisley, Tutor
Mr Tony Knight, Head of Acting
Ms Miranda Otto, graduate
Mr Steven Vidler, graduate

Mr Ross Jones, Senior Lecturer in Economics, Sydney University of Technology

Sydney, Friday 27 September 1991

Australian Broadcasting Corporation

Mr Harry Bardwell, Executive Producer, Television Documentaries
Mr Michael Shrimpton, Controller, Production and Development, Television

Greater Union Organisation

Mr Paul Oneile, Managing Director
Mr John Politzer, Group Manager, Film Buying Programming and Marketing
Mr John Smith, Chief General Manager, Cinema Division

Producers and Directors Guild of Australia

Mr David Hall, President

Mr David Stratton, Film Reviewer

Mr Peter Thompson, Film Reviewer

Canberra, Friday 11 October 1991

Department of Foreign Affairs and Trade

Ms Lorraine Barker, Acting Director, OECD and Financial Institutions Section,
Economic Organisations Branch
Mr Terrence Brandsdon, Director of Production, Overseas Information Branch
Mr Robert Lim, Assistant Secretary, Trade Competitiveness and
Development Branch
Ms Meg McDonald, Director of Services, Multilateral Trade Division.
Mr Leslie Rowe, Assistant Secretary, Cultural Relations Branch

Department of the Arts, Sport, the Environment, and Territories

Mr Graham Dempster, First Assistant Secretary, Arts, Film and
Cultural Heritage Division
Mr Ron Brent, Assistant Secretary, Film Branch
Mr Frank Maloney, Manager, Film Development Section

National Film and Sound Archive

Mr Graham Gilmour, Director
Mr Ray Edmondson, Deputy Director

Ronin Films

Mr Andrew Pike, Executive Director

Sydney, Friday 8 November 1991

Actors Equity of Australia

Ms Anne Britton, Federal Secretary
Ms Susan Cowden, Imported Artists Administrator

Australian Film Commission

Ms Cathy Robinson, Chief Executive
Mr Jock Given, Policy Advisor
Ms Jennifer Stott, Marketing Coordinator

Australian Film Finance Corporation

Mr John Morris, Chief Executive
Ms Catriona Hughes, Investment Manager

Motion Picture Distributors Association of Australia

Mr Ian Sands, Chair
Mr Scott Neeson, Deputy Chair
Mr Robin Almond, Secretary
Mr Peter Sekules, Consultant

Screen Production Association of Australia

Mr Bob Weis, President
Mr Michael Gordon-Smith, Executive Director

United International Pictures

Mr Michel Bouskila, Managing Director

Sydney, Monday November 25 1991

Federation of Australian Commercial Television Stations

Mr Tony Branigan, General Manager
Mr Leonard Downs, member

Hoyts Distribution Pty Ltd

Mr Hugh McGowan, General Manager

Pacific Link Communications Pty Ltd

Mr Charles Hannah, Chief Executive

Video Industry Distributors Association

Mr Gordon Adam, Executive Committee Member
Mr Milt Barlow, Executive Committee Member

Sydney, Tuesday 4 February 1992

Australian Film Commission

Ms Cathy Robinson, Chief Executive
Mr Jock Given, Policy Advisor
Ms Jennifer Stott, Marketing Coordinator

Australian Film Finance Corporation

Mr John Morris, Chief Executive
Ms Catriona Hughes, Investment Manager

**PROGRAM OF PUBLIC HEARINGS,
INSPECTIONS AND INFORMAL DISCUSSIONS**

Thursday 20 December 1990

Informal Discussions - Canberra

Ms Joanna Simpson (SPAA)

Thursday 6 December 1990

Informal Discussions - Canberra

Ms Cathy Robinson, Ms Victoria Treole,
Mr Jock Given (Australian Film Commission)

Mr Frank Maloney (DASET)

Friday 25 January 1991

Informal Discussions - Sydney

Mr Philip Gerlach, Mr Gary Hamilton
(Beyond International Group)

Mr Jim McElroy, Ms Joanna Simpson, Ms Sandra Gross
and other representatives of SPAA

Friday 15 March 1991

Informal Discussions - Sydney

Ms Cathy Robinson, Ms Sue Murray, Mr Jock Given
(Australian Film Commission)
Mr Michael Borglund (Beyond International Group)
Mr Frank Cox (Newvision Film Distributors)
Mr Rod Puskar (Reid and Puskar)
Mr Jonathan Shteinman (Stamen Films)
Mr Graeme Tubbenhauer (Dendy Films)

Mr Timothy White (Meridian Films)

Monday 29 April - Tuesday 30 April 1991

Informal Discussions - Adelaide

Mr Damien Parer, Mr Tony Morphet, Mr Ron Stigwood,
Mr Jim Fitzpatrick, Ms Anna Wheatley, Mr Skip Watkins,
Mr Scott Burgess, Ms Justine Clarke, Mr Cameron Daddo,
Mr John Ewart, Mr Phil Morris
(mini-series *Tracks of Glory*)

Public Hearing - Adelaide

Thursday 9 May 1991

Informal Discussions - Canberra

Mr Mark Gailey, Mr Ian Sands, Mr Peter Sekules
(MPDAA)

Friday 10 May 1991

Informal Discussions - Sydney

Mr Bruce Moir, Ms Robyn Watts, Mr Chris Oliver,
Mr Ron Saunders, Mr Bruce Willick, Ms Francesca Muir,
Ms Susie Gates, Ms Lesna Thomas, Ms Helen Thwaites
and other staff (Film Australia)

Thursday 23 May - Friday 24 May 1991

Public Hearing - Melbourne

Informal Discussions - Melbourne

Mr Bill Landeryou MLC, Mr Gerald Ashman MLC,
Mr David Cunningham MP, Mr Demetri Dollis MP
(Public Bodies Review Committee of the
Victorian Parliament)

Tuesday 23 July 1991

Informal Discussions - Sydney

Mr Myron Karlin, Mr Ian Sands, Mr Peter Wilkinson,
Mr Robin Almond, Mr Peter Sekules
(Motion Picture Distributors Association of Australia)

Professor Allan Fels, Mr Ross Jones
(Prices Surveillance Authority)

Thursday 1 August 1991

*Documentary
Workshop* - Sydney

Among the Workshop participants were:

Ms Martha Ansara (Jequerity)
Mr Harry Bardwell (Broadcasting Corporation)
Mr Ron Brent (DASET)
Mr Lynne Broad (Lumiere Productions)
Mr Kenyon Castle (Kenyon Castle Productions)
Mr Graham Chase (Chase Film Productions)
Ms Sharon Connolly (Yarra Bank Films)
Ms Gillian Coote (Tony & Gillian Coote Pty Ltd)
Ms Jenny Cornish (One world Films)
Ms Jan Dale (AFI Distribution)
Mr Will Davies (Look Film Productions)
Mr John Davis (Davis Film & Video)
Mr Dick Dennison (Orana Films)
Ms Digby Duncan
Mr David Flatman (David Flatman Productions)
Mr Jock Given (Australian Film Commission)
Mr Geoff Grist (The Sound Department)
Mr Mark Hamlyn (Australian Broadcasting Corporation)
Mr Nick Herd (Australian Broadcasting Corporation)
Mr Roger Hudson
(Australian Screen Directors Association)
Mr Graeme Isaac
Mr Glen Kinging (The Australian Television Network)
Mr Ned Lander (City Pictures)
Mr John Mabey (Sorena Productions)
Ms Pat Manser (Australian Broadcasting Tribunal)
Ms Marena Manzoufas (ABC-International)
Mr Frank Morgan
Ms Barbara Mariotti (SBS - TV)
Mr John Morris (Australian Film Finance Corporation)
Ms Trisha Nolan (Film Finance Corporation)

Ms Victoria Pendavingh (Honore International)
Ms Sonja Poorun (Juniper Films)
Ms Lois Randall (Vida Media Productions)
Ms Lynne Renew
Ms Penny Robbins (Film Victoria)
Ms Gina Roncoli (Vida Media Productions)
Mr Peter Sainsbury (Australian Film Commission)
Ms Joanna Simpson
(Screen Production Association of Australia)
Ms Judy Hamilton (Queensland Film Development Office)
Mr Greg Smith (NSW Film and Television Office)
Ms Wendy Stahel (Special Broadcasting Service)
Ms Jennifer Stott (Australian Film Commission)
Mr Albie Thoms (Albie Thoms Productions)
Mr Nick Torrens (Nick Torrens Film Productions)
Ms Victoria Treole (Australian Film Commission)
Mr Andrew Vial (Andrew Vial Film Productions)
Ms Mary Jane St Vincent Welch
(Nick Torrens Film Productions)
Ms Robyn Watts (Film Australia)
Mr Peter Welch (Co-Productions Australia)
Mr Roger Whittaker (Roger Whittaker Films)
Mr Andrew Zielinski
(Australian Council of Government Film Libraries)
Mr Tom Zubrycki (Jotz Productions)

Friday 2 August 1991

Informal Discussions - Sydney

Mr Mike Wilcox (Wilcox Films)

Public Hearing - Sydney

Thursday 15 August - Friday 16 August 1991

Informal Discussions - Surfers Paradise

Mr Richard Stewart, Ms Judy Hamilton,
Mr Gary Ellis, Ms Anne Demy-Geroe
(Queensland Film Development Office)

Inspection - Coomera

Warner Roadshow Movie World Studios

Mr Michael Lake

Thursday 29 August - Friday 30 August 1991

Public Hearing - Melbourne

Informal Discussions - Melbourne

Mr Alan Finney, Mr Ian Sands, Ms Kathryn Hamilton,
Ms Linda Feenane (Village Roadshow)

Thursday 26 September - Friday 27 September 1991

Public Hearings - Sydney

Friday 11 October 1991

Public Hearing - Canberra

Friday 8 November 1991

Public Hearing - Sydney

Monday 25 November 1991

Public Hearing - Sydney

Tuesday 4 February 1992

Public Hearing - Sydney

1. The first part of the document is a list of names and titles.

2. The second part is a list of dates.

3. The third part is a list of locations.

4. The fourth part is a list of events.

5. The fifth part is a list of people.

6. The sixth part is a list of organizations.

7. The seventh part is a list of activities.

8. The eighth part is a list of results.

9. The ninth part is a list of conclusions.

10. The tenth part is a list of recommendations.

11. The eleventh part is a list of references.

12. The twelfth part is a list of appendices.

13. The thirteenth part is a list of footnotes.

OVERVIEW OF FILM AND TELEVISION ORGANISATIONS¹

A range of Commonwealth and State agencies provide assistance to film, television and video activity in Australia. Their primary activities are summarised in the table. Some agencies undertake activities in addition to those noted, which are incidental to their primary activities.

Film Australia Pty Ltd, the Australian Children's Television Foundation, the South Australian Film Corporation, the Australian Film Television and Radio School (through its students), the Australian Broadcasting Corporation and the Special Broadcasting Service produce films or television programs themselves and all these organisations except the ACTF manage production facilities. The AFC and the FFC at Commonwealth level and the State agencies, with the exception of the New South Wales Film and Television Office, provide assistance to production, with the AFC, at Commonwealth level, and all State agencies providing development assistance. The FFC, with an appropriation of \$68 million in 1991/92 is by far the major production assistance agency.

Film Australia, the National Film and Sound Archive, the ABC and the SBS have distribution operations, with the AFC providing assistance to distribution activities, including the provision of financial support to the distribution company, AFI Distribution. The ABC and the SBS are television 'exhibitors' and the AFI, with cinemas in Sydney and Hobart, is a theatrical exhibitor. The AFC and State agencies assist organisations involved in specialised theatrical exhibition, including commercial exhibitors and film festivals, and provide assistance to cultural activities and organisations such as the Australian Film Institute.

The AFC is the primary source of marketing support and advice and of information and research about the industry. Some State agencies provide forms of marketing assistance and the AFI maintains a significant library and research and information service. The AFTRS is the national film and television training institution. The NFSA is the primary agency undertaking preservation and archival activity, although other organisations which produce films or assist their production maintain their own archives or libraries.

¹ From *Submission No. 91 to the Inquiry by the AFC*, pp. 11-13.

Regulatory activities are undertaken in television by the Australian Broadcasting Tribunal, with certification of projects as eligible for FFC and the remaining Division 10BA tax benefits undertaken by the Commonwealth Department of the Arts, Sport, the Environment, and Territories (' Australian films ') and the AFC (official coproductions). The Office of Film and Literature Classification classifies Australian and foreign films and videos for domestic release.

DASET co-ordinates the activities of the various Commonwealth film agencies and, together with the AFC, provides policy advice to Government. State agencies provide similar advice to their Governments

