

## ***“Why the old system is disintegrating - and the new opportunities are arising”***

Saturday 7 November 2015

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Tasmanian Film Festival

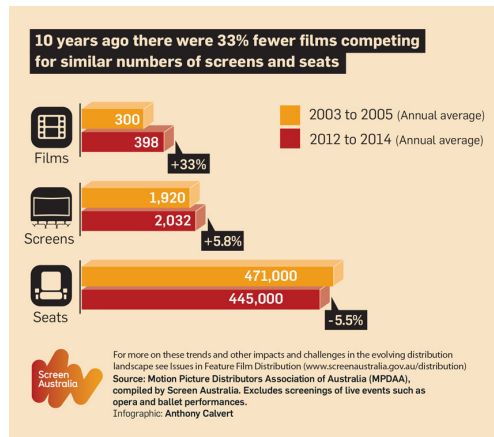
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- Firstly, I would like to begin by acknowledging the traditional custodians of the land on which we meet, and pay my respects to their elders past and present.
  
- Screen Australia is the Federal Government's primary agency for supporting Australian screen production. In partnership with filmmakers, Screen Australia aims to move, inspire, inform and connect audiences with powerful Australian content.
  
- **We do this by:**
  - supporting Australian stories on screen through direct and indirect funding;
  - developing Australian talent: actors, writers, directors, producers and more
  - facilitating industry growth through enterprise funding, market support, targeted initiatives and partnerships; and
  - resourcing the screen industry through quality research, advice and expertise.
  
- We're in the business of telling Australian stories, which are an integral part of our nation's creative expression and cultural identity. The cultural impact and legacy of screen content can endure for decades and has the capacity to shape national conversations and our cultural identity.
  
- We need to ensure we are targeting our investment in unique content that our audiences wouldn't otherwise have access to - particularly stories that matter to Australians, and our national identity.
  
- We mustn't forget that Cinema is at the top of the film value chain. It currently represents the only place to earn blue-sky revenues and, in an era of content inundation, gain substantial audience attention. We mustn't forget that watching a film at the cinema is still our most popular leisure activity - attracting 66% of Australians in 2014.

- This year our success in theatres has been across a diverse slate - we've had children's titles such as *Paper Planes* raking and *Oddball*- proving that family friendly films continue to be a hit with local audiences; we've also seen engaging dramas like *Last Cab to Darwin*; theatrical documentaries like *That Sugar Film*; and blockbusters like *Mad Max: Fury Road*, which had huge success in the domestic market taking \$21.6m with a whopping \$462.4m internationally.
- *The Dressmaker* has also just hit cinema screens, and by all accounts we expect this to be yet another box office smash hit for us this year.
- And if we take stock of what's currently in production - there is a lot to be excited about with *Blue Dog*, *Lion*, *Berlin Syndrome*, *Jasper Jones* and *Breath* all set for release in 2016, indicating that we're likely to be in for yet another big year at the box office.
- Yet while we are enjoying what is our biggest box office year on record - we mustn't forget that the success of these films is largely down to playing to the genres that we know work in Australia. Good-feel family films; culturally relevant dramas, and Hollywood blockbuster-style films. We have many reasons to be proud of Australian film. And especially, those which capture something of our unique national character: our grit, our humour, our independence, our love of country, and our fighting spirit.
- And while Australian's are hungrier than ever for more local content, we've seen some major challenges: the loss of revenue, audience fragmentation, evolving audience expectations, and piracy has become easy and ubiquitous.
- So, the challenges in feature film distribution remain very real - we can't, ignore the issues faced by independent film, world-wide. Screen Australia does have an obligation to ensure the smaller budget films that it provides significant funding to actually do find an audience. While some films have dabbled with online release, resources and strategic partnerships have been lacking. Producers need a sophisticated marketing campaign and the support of an online platform.

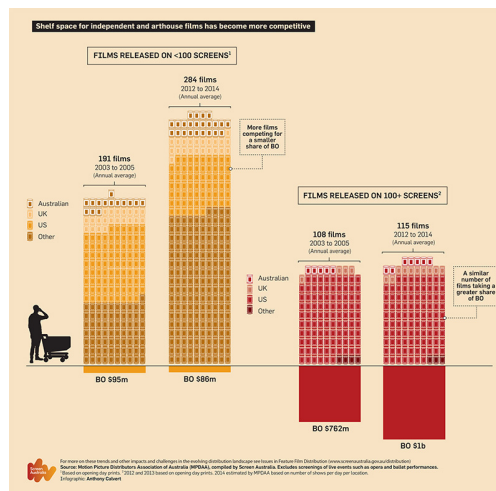
- We do need to remind ourselves that this is not the whole story about audience access to Australian films, and that there are many other ways that Australians engage with feature films downstream.
- It is important to recognise existing models of distribution are still working well for some films, while we are looking at new options in distribution and will be continuing to engage in conversations with industry about creating the best possible opportunities for Australian films.
- Digital disruption is radically rewriting the rules of the feature film business in much the same way that it did with other creative industries such as music and publishing, altering not only established release patterns and revenue models but causing seismic shifts in audience behaviour and expectations.
- While on the one hand the internet has enabled greater audience numbers to watch more feature films than at any time in history, it has also encouraged these audiences to fragment and watch these films across multiple platforms. In perhaps even a greater challenge to existing business models, these trends have also influenced audiences to expect to pay far less, if at all, for content.
- So what is our problem with paying? Is it a perception issue? An access issue? A content issue? A problem with the system?
- The market has not yet determined a clear path forward, so we're still in a stage of experimentation when looking at alternate models to existing business practices.
- For us, having audiences find content online remains a challenge. There is so much information and so much content out there that good things are getting drowned out in the noise.
- **So what is this new environment that we face?**
  - Distribution - multi-channels, VOD, increased multi-screening, reduced 'shelf space' for Australian films (go to infographics) More fragmentation - free-to-air multi-channels = MORE COMPETITION
  - Audience expectations - immediacy, ease of access, choice, affordability

Infographic 1



- The Australian theatrical exhibition market is incredibly competitive;
- The number of films and alternative content titles such as opera or theatre competing released in cinemas each year has grown steadily over the past decade;
- Ten years ago an average of 300 films were released into Australian cinemas each year - now there are around 400 films released into cinemas;
- At the same time, the number of cinema screens has increased slightly and there has been a small decline in overall seating capacity, due to introduction of higher priced premium seating options such as Gold Class.

Infographic 2



- The growth in the number of films in the market has been largely driven by an increase in the number of independent films released each year;
  - Independent films are typically released on less than 100 screens, and most Australian films fall into this category;
  - Films released on more than 100 screens take the lion's share of the box office each year;
  - Despite the increase in the number of films released on less than 100 screens each year, their box office share has actually decreased;
  - This means that the intense competition for screens and audiences is primarily impacting smaller films, while Hollywood blockbusters continue to enjoy a large box office haul
- **How Screen Australia is responding:**
    - Supporting innovation and risk
    - Supporting terms of trade
    - Providing information and analysis
- So, while we already know that Australians love Australian stories, with more than 95 per cent watching it across various platforms and just under half watching it online, how do we tap into these new audiences looking for content on alternate platforms, such as Video On Demand?
  - With these platforms multiplying, audience expectations for watching what they want, when and where they want is high. Already in 2015 we have seen the proliferation of new VOD services such as Netflix, Stan, and Presto, which present opportunities for the new and established services, as well as content producers, to target potential VOD consumers and grow existing audiences. It also should be noted that in August, Screen Queensland partnered with Stan to develop and finance a feature film, in recognition of the changing distribution models.
  - Our recent *Online and On Demand* report found that there were strong trends towards Australian content, interest in science and environmental documentaries, and huge opportunities to grow niche genres such as sci-fi and horror. What we have are new audience opportunities that are being missed by traditional forms of entertainment, both at the cinema, and at home.

- Off the back of our *Issues in Feature Film Distribution* paper, we are working at facilitating discussion and supporting new initiatives with industry. We need to learn from successes, and from failures, in order to make good decisions and provide the best possible opportunity for films in this changed marketplace. We want to ensure that our local films continue to resonate with audiences and to create a cultural legacy for future generations. The challenge is to consider the audience from the outset in devising distribution strategies that compel and capture attention in a far more challenging market.
- We are supporting new ways of thinking about content, particularly through our multiplatform program, where we are seeing some extraordinarily creative and risky approaches to storytelling, which audiences are responding to, in astounding numbers.
- For example, The Katering show, had huge success with its close-to-the bone satire about our obsessions with food, with over 4 million views.
- *Sourcing new talent from YouTube - Noirhouse*

*Noirhouse* started life online before being commissioned for a second series by iView. *Noirhouse* is a high concept comedy series about three film noir archetypes - a hard-boiled detective, a sultry femme-fatale, and a sentimental Russian thug - who share a house in present day suburbia. The series creators are emerging practitioners from Tasmania. iView acquired the first series following its release on YouTube. *Noirhouse* series one attracted a greater number of views on iView than on YouTube, due to its being promoted across the ABC network - highlighting the importance of discoverability and visibility for Australian content on online platforms. Following an exclusive window on iView, *Noirhouse* series 1 & 2 are now available to watch on YouTube and the *Noirhouse* website. Talent from *Noirhouse* are now involved in the production of other ABC TV series.

- Finding ways to continue to create compelling, high-quality content while maintaining accessibility and affordability for the consumer, is vital.
- Another example of different approaches to engaging with audiences was shown through the well-received feature documentary, *That Sugar Film*, which

highlighted the harmful effects of excessive sugar consumption. The documentary was released in March and grossed \$1.7 million to become the highest grossing Australian documentary at the local box office.

- The producers sought to combine traditional film marketing with other audience outreach approaches. They collaborated with cinema on demand platform FanForce, which enabled anyone to request a screening of a participating film at a cinema.
- The film's distributors also released a 'community screening kit' for individuals, community groups, health practitioners and not-for-profits to help them host their own screenings.
- That Sugar Film also benefited from exposure to potential promotion partners as one of seven issues-based documentaries presented at the inaugural Good Pitch Australia. Good Pitch brings to together documentary filmmakers with foundations, NGOs, campaigners, philanthropists and brands to forge coalitions and campaigns.
- Trialling different methods of distribution and collaboration, as shown through *That Sugar Film*, represents an exciting future for our local industry.
- We are keen to develop the capacity of the local screen industry to connect with audiences through innovative online marketing campaigns.
- We believe there is real opportunity for our sector to promote our stories more actively and creatively and to partner with advertisers through traditional and non-traditional platforms.
- Being strong players in a highly competitive industry means that we need to be flexible, resilient and open to new stories and methods of storytelling. I am proud to be part of an industry that is built upon creativity and innovation.