

## 'The Power of Australian Film'

Dr Ruth Harley, CEO Screen Australia

Address to 37° South, Melbourne International Film Festival 2013

Thursday 25 July 2013

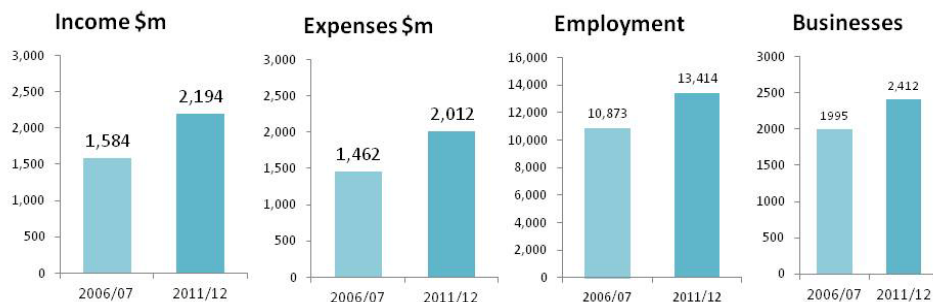
I am very pleased to be here for the fifth year in a row to address the 37° South market. As many of you know, this will be my last as CEO of Screen Australia as my term ends in November. Now then, is an opportunity to reflect and to look forward. I will take you through some of the things I've learned in my time with the agency and some thoughts for the future.

There is much to be proud of in Australian screen production over the last five years.



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### ABS Data: Production businesses



We've seen the successful introduction of the Producer Offset and concurrent increase in overall film and TV production, up 58% to just under \$3 billion according to ABS data released last month.

We've seen an increase in employment in the sector of 23% to 13,414 people.



## THE POWER OF AUSTRALIAN FILM

## Summary of Australian Box Office



We've seen an increase of local box office of 64% compared to the previous five year average.

And we've seen some amazing screen stories. I'd like to share with you now a reel of some of the Screen Australia slate from the past five years, with some familiar faces from our sector describing Australian content matters. The Power of Australian Storytelling clip [CLIP]



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We've also seen, in the last five years a shift in some of the commentary about Australian screen stories. Around the time I started with Screen Australia, this cartoon was published in the *Weekend Australian*.

We've moved on. Last week, the *Weekend Australian* published an article by Harry Windsor asserting that *"the past two years have been among the strongest for Australian cinema in decades."*

However there used to be a perception that the film business was dominated by a small group punishing audiences with a very limited range of content that adhered to strictly quirky and/or dark themes.



Recent research conducted for Screen Australia by Ipsos McKay suggests that audiences do not share this perception of Australian screen content, if they ever did.

The study participants expressed the view that Australian content was becoming far more diverse and sophisticated. Our local film stories are now more diverse than ever, reflecting a more complex and culturally confident nation.



Films like *The Sapphires* and *Mao's Last Dancer* provide a more nuanced view of contemporary Australia.

The research showed Australian storytelling is a highly valued part of our media diet. Next to the Hollywood blockbusters and US television crime shows, Australians want to see their own stories on screen.

Australians have a keen sense of themselves. They're down to earth, honest, grounded in reality and have a distinct sense of humour. They enjoy screen stories featuring fellow Australians and familiar places, enabling them to forge a more intimate connection to content, and they relate strongly to local stories based on real events.

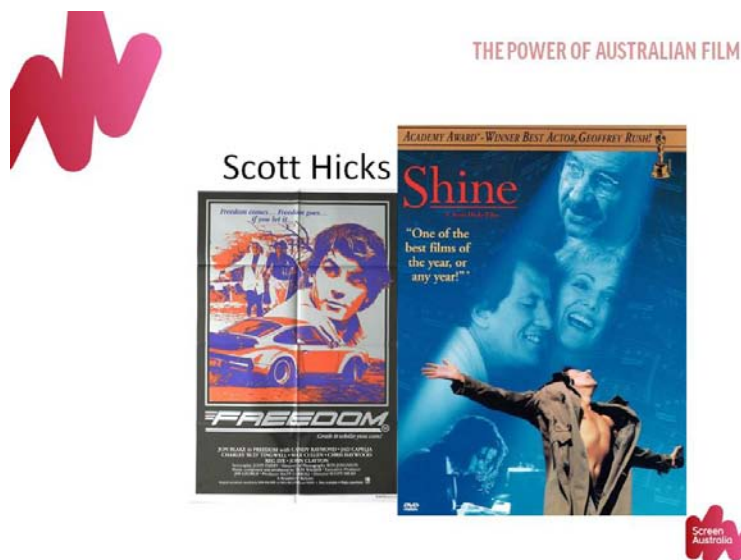
One of the most potent insights to emerge in the research was the role local screen stories played in changing and broadening perspectives, particularly stories about Indigenous Australia.



Feature films like *Rabbit Proof Fence* were highlighted in the research as enabling people to have greater awareness and empathy for the challenges faced by Indigenous communities. There is a real hunger from mainstream audiences to gain new insights into Indigenous life. At Screen Australia we're committed to continually developing and investing in a high quality and diverse slate of screen stories that audiences want to engage with.

We understand that compelling storytelling on film, television or online relies on the development across the sector of talent and craft in a range of creative and technical capabilities. High levels of audience engagement tend to rely on scriptwriting, direction, performances, production, music, art direction and post production all fitting together into a seamless experience.

To develop and maintain these skills in Australia we need a successful industry that keeps our film and television practitioners in work, honing their craft and taking risks, exploring new forms of creativity.



In 1982, an Australian feature called *Freedom* was released into Australian theatres. Its budget was low, just above one million, and it didn't do particularly well at the box office – \$157,000. Fast forward roughly a decade and the latest film from the director of *Freedom*, *Scott Hicks*, is released. *Shine* earned over \$10 million at the Australian box office and over \$100 million worldwide...and an Oscar...and six Oscar nominations. And, although Geoffrey

Rush was already a well-established and much respected theatre actor in Australia, *Shine* saw the beginning of a whole new dimension to his career.

Scott Hicks is now one of 29 Australian directors who have earned over \$20 million worldwide.



*Radiance*, released in 1998, grossed a smidge over \$400,000. Costing around \$1.5 million to make, it was directed by Rachel Perkins and shot by Warwick Thornton. Of course, Rachel went on to make *Bran Nue Dae* and Warwick to shoot *The Sapphires*, the two of which generated combined worldwide earnings of over \$27 million.



Kriv Stenders' *The Illustrated Family Doctor* was released in 2005 and made less than \$50,000 domestically. *Red Dog* made over \$20 million in Australia alone. Would any of those films have done as well as they did, or have been made at all, if the filmmakers hadn't cut their teeth previously?

While the focus of those examples is on the box office performance, they also illustrate two other, equally as important, criteria for success: the development of talent and critical acclaim.

We at Screen Australia have a responsibility to current taxpayers, an obligation to ensure that the public money is spent well.

Like success, you can look at the idea of 'spending well' in a number of ways. You'd think there'd be a pretty straightforward, easy definition: to ensure that the best culturally-relevant content makes it to the screen and makes huge amounts of money. Culture and commerce seamlessly connected and delivered. Wouldn't it be wonderful if we could do that, every time? No-one can, of course. In fact, I can't think of a single industry that doesn't have its failures.

But, as well as those current taxpayers, we also have a responsibility to future generations. Film is a permanent record, and long after the dollars have been spent what we chose to fund, remains. In other words, what do we want our legacy to say about us, about Australia?

It's this ongoing balance of commercial, talent and cultural objectives that poses some of our biggest challenges. It always has and, I suspect, always will.



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“too small, too expensive, under-developed, over written, no understanding of genre, too confined by genre, no marquee cast, expensive overseas cast, too urban, too historical, too art-house, too mainstream, too quirky, too many first time directors, too many old timers....”



Back in 2002, Kim Dalton as CEO of the AFC, tabled popular criticisms that we still deal with today:

too small, too expensive, under-developed, over written, no understanding of genre, too confined by genre, no marquee cast, expensive overseas cast, too urban, too historical, too art-house, too mainstream, too quirky, too many first time directors, too many old timers ... and so on.

Sound familiar?



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So, rather than a singular goal that we occasionally hit, it makes sense to diversify our expectations. Box office is an easy, if blunt, stick with which to measure a film's performance. It's a clear and concise measurement; a set of neat black numbers on a crisp white page that may not, in fact, be the answer to the question that was asked: why was this film made? Much more difficult to measure, due to its subjective nature, is the cultural impact of a film. In a way, it's like asking who's more successful, Gina Reinhart or Rolf de Heer. Depends on what you're measuring, doesn't it?

Yet an expectation of a single project satisfying both cultural imperatives and commercial demands persists. That's a pretty heavy burden to bear. I think Meatloaf might advise, two out of three ain't bad.



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If I were Frank Lowy and I was building a new Westfield, I would hope that my electrical contractor had installed a power point or two before trying to wire a shopping mall, but maybe that's just me. Maybe, when it comes to risk of death by electrocution, I'm just risk averse.

The benefit of supporting films like Scott Hicks' *Freedom* goes beyond kick-starting the careers of directors, producers and writers. Australian films provide an informal

apprenticeship, and it's a system that has provided grass-roots training for the hundreds of young men and women that are the backbone of our industry. Our practitioners, from runners to unit managers, from grips to gaffers are known the world over for their work ethic, their ingenuity and their on-set egalitarianism.



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### Jennifer Leacey



Jennifer Leacey was third assistant director on *Love Serenade*. If you look at IMDb, you'll see that she's worked on close to twenty Australian films, most recently *The Great Gatsby* as first assistant director. Similarly, Toby Copping, has worked in the camera department on almost thirty films, the majority of them being Hollywood films shooting over here.



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### Lee Smith



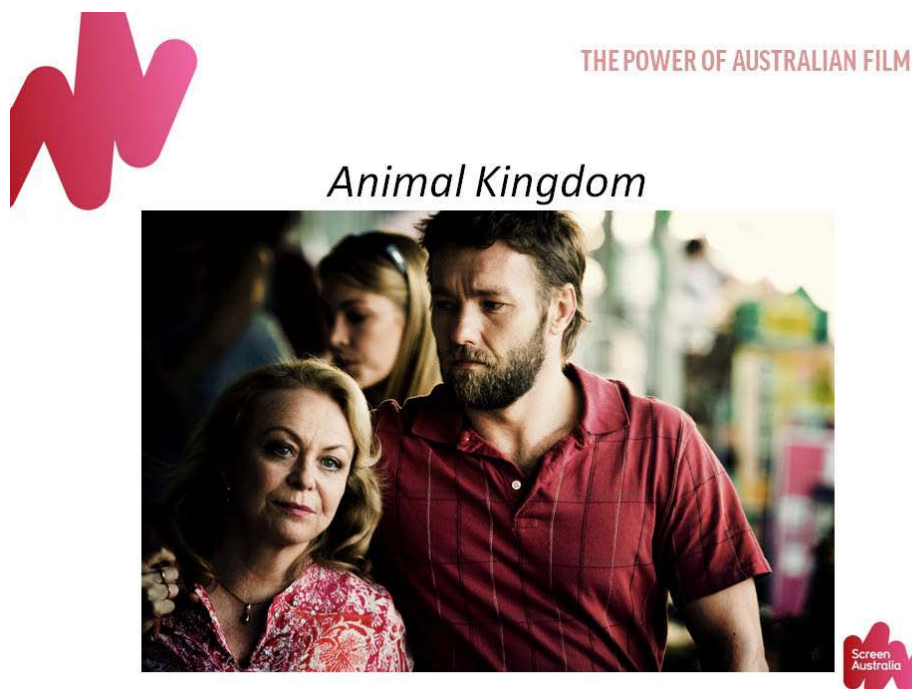
Lee Smith's first feature film as editor was *Dead End Drive-In* back in 1986. Lee has cut Christopher Nolan's last five films including Batman trilogy and *Inception*. His first-assistant across all of these projects was John Lee who began in the industry in the electrics department on *Evil Angels*.





Ivan Sen is becoming one of Australia's most distinctive cinematic voices. His films have screened at Berlin, Sundance, Busan and Cannes. I have no doubt that, in the future, Ivan will be regarded as one of Australia's most significant filmmakers.

Our current crop of directors – Justin Kurzel, Kieran Darcy-Smith, David Michôd, Cate Shortland and Julia Leigh – are highly acclaimed overseas. When Australian films are selected and successful in international A list festivals, they immediately register on talent-trackers radars and the careers of key creatives can take off spectacularly.



Think of *Animal Kingdom*, which won the jury prize at for world cinema Sundance in 2010: Director David Michod's second feature *The Rover* starring Robert Pattinson and Guy Pearce, is currently in production.

Jackie Weaver's career has skyrocketed including 2 Oscar nominations. She has appeared in *The Five Year Engagement*, *Silver Linings Playbook* and *Stoker*. Upcoming projects include *Parkland* and *Haunt*.

Director of Photography Adam Arkapaw has shot award-winning shorts *Bear and Yardbird*, and the Sundance-featured TV Series, *Top of the Lake*.

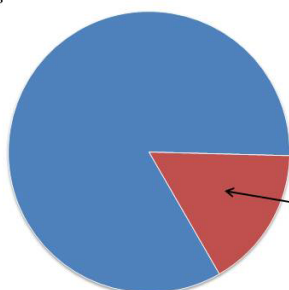
These Australian talents were variously 'emerging' and long established and locally respected – all experienced a tremendous international career boost from the success of that one feature. The Producer Offset creates a fantastic incentive for successful Australian filmmakers to come back and make more films in Australia.



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Features contracted 2008-2012

Films selected for 'A List' festivals  
 50 films  
 \$97m worth of sales  
 84% of total sales  
 (average sale \$1.94m)



Non-festival films  
 31 films  
 \$19m worth of sales  
 16% of total sales



In addition to success for those involved, A-list festivals can translate into major international sales. The 50 Australian films selected for A-list international festivals since 2008 generated \$97 million worth of sales – 84% of total sales for the period.

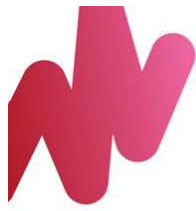


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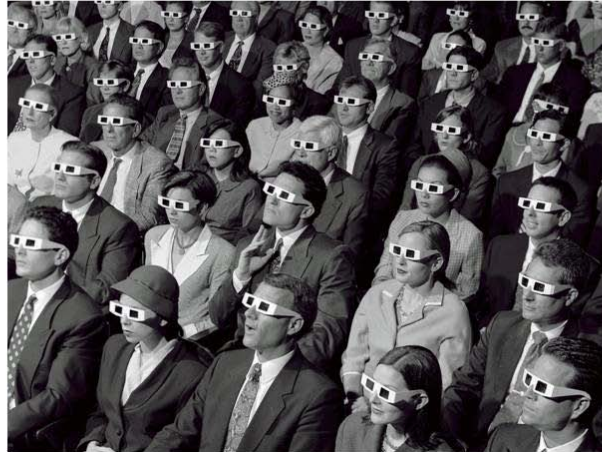
There's been a surge in Australian cinema talent on the world stage. Australian filmmakers are now engaging more than ever in the global marketplace. Examples of international box office success include titles such as *The Sapphires* and *Bait 3D*, critical acclaim, with films

like *The Rocket* and collaborative partnerships such as the German/ Australian co-production *Lore*.



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### Connection with an audience



Of course, the end point and ultimate goal of all of this is a connection with an audience. In the Australian film industry, this can sometimes feel like Sisyphus rolling the boulder up the mountain against the formidable force of Hollywood, competition from all forms of media and short audience attention spans.

Australia has a very strong distribution environment and an active screen culture – however getting locally made content to screen in viable exhibition business models can be a tremendous challenge.

Every year, for the last ten years, nearly half of Australia's annual box office came from people spending their money to see the top 20 films. That is, on average, 46 per cent of the box office earned by 6 per cent of titles each year.



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But here's the thing, 70 per cent of those top twenty films were sequels, prequels, franchises or some other adaptation. Novels: Harry Potter, the Bourne and James Bond films. Comic book: The Avengers, Batman, Spider-Man, X-Men. A Disneyland attraction: Pirates of the Caribbean. A line of toys: Transformers. TV series: Sex and the City, The Simpsons, Get Smart.

PLAY Blockbusters mash-up (1:48)

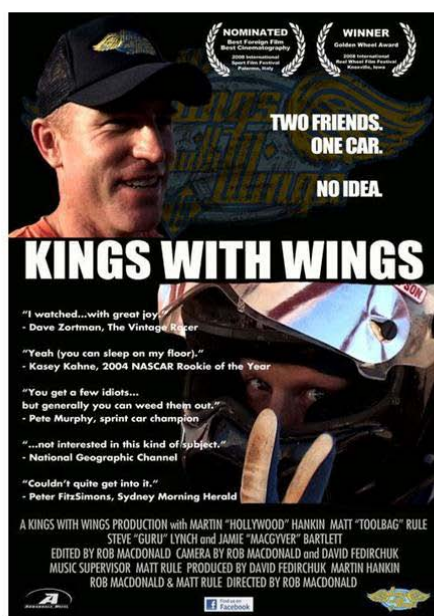
Australian producers cannot compete with the major studios in buying the rights to these tent-pole productions, even if they were available, let alone developing the scripts, and securing marquee cast. Much of the source material of these behemoths has been dominating the world for decades, in some cases, over and over again in myriad forms.

Instead, with much smaller budgets, Australian filmmakers typically gravitate to original, voice-driven stories. We are not able to resource budgets, special effects or a star-system on the scale of Hollywood studios, but we can distinguish our work through its vision, voice and execution – with powerful metaphors at the heart of our stories.

But...our films still have to compete with blockbusters, and the playing field is not necessarily even...



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There's an Australian documentary called *Kings with Wings* about two men who want to enter the world of speedway racing. They quickly learn that they don't have the safety and security of practising out of the audience's eye as the logistics of practice are prohibitively expensive. The only way to practice is to compete. It's the same for Australian films released locally.



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Summary of 2012 Box Office by Country of Origin

	Australia	US	UK	ROW	Total
No. Titles	43	231	63	211	548
Share of titles	7.8%	42.2%	11.5%	38.5%	100.0%
Total box office	\$47.9m	\$892.4m	\$115.3m	\$69.9m	\$1.13bn
Box office share	4.3%	79.3%	10.2%	6.2%	100.0%

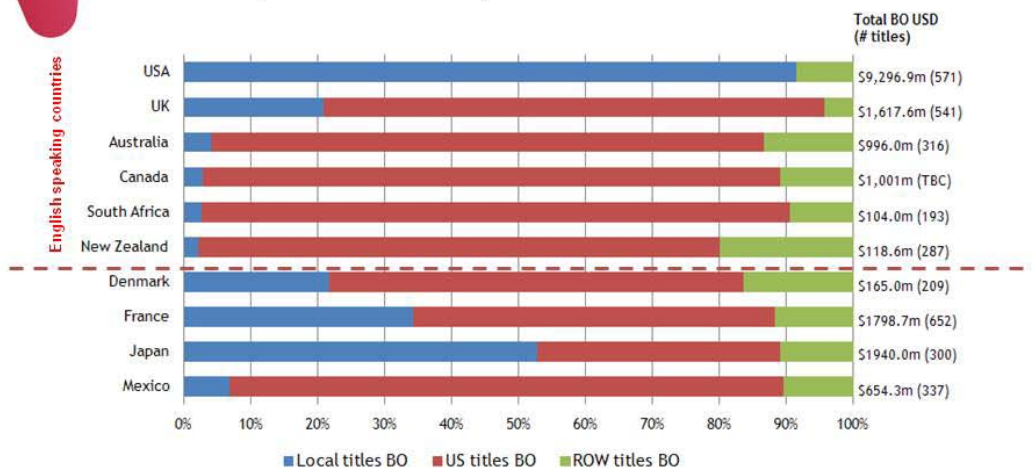


Australian films last year achieved 4.3% of the local box office, not bad when you consider that is out of 7.8% of total shelf space. Of the 422 films released in 2012, only 27 were Australian.



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Local Box Office compared with other territories' local performance, in 2011



Source: Independent Film and Television Alliance (IFTA 2012).  
Notes: Data is restricted to only those titles with a 2011 release or re-release date.

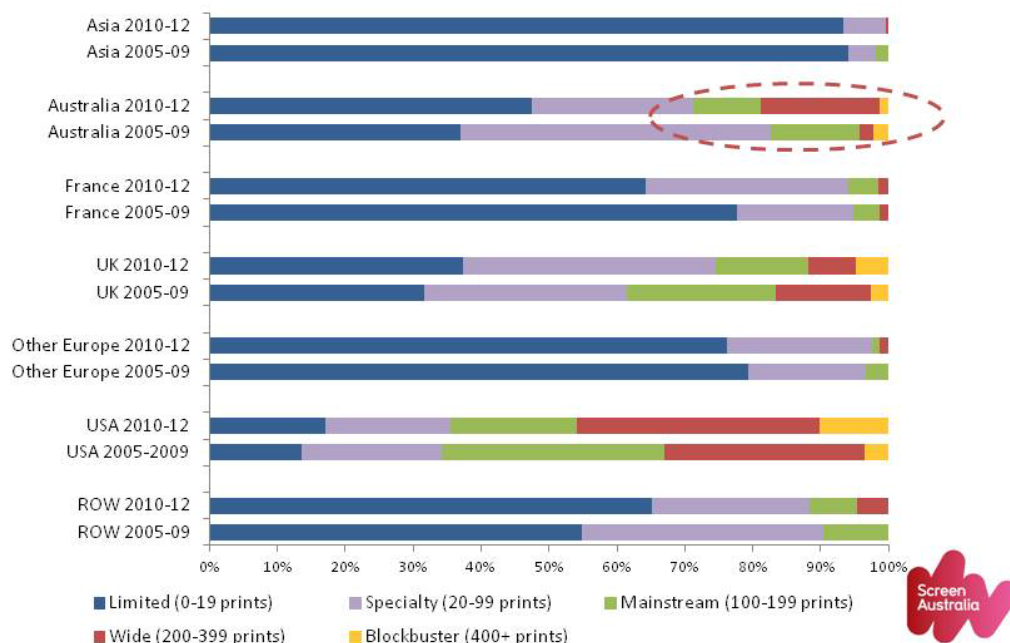


That means the remaining 395 foreign films have been passed through the test-market filter of their own country, and the best of those are curated for an Australian market. For a foreign title, an Australian release means that a degree of success has already been achieved. In English speaking countries internationally, Hollywood dominates.



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Features released in Australia from different regions – release strategies (size of releases)



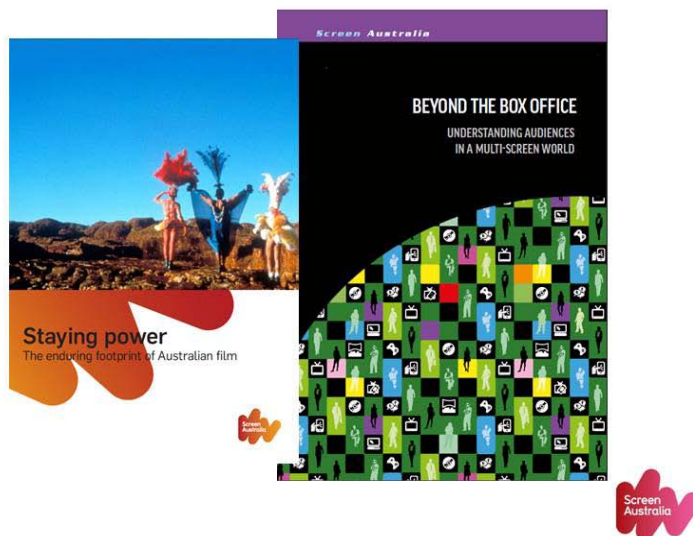
In addition, most Australian screen titles are released on less than 20 screens compared to the 400+ wide release of most Hollywood studio content.

So if you live in Penrith or Ringwood, as opposed to Paddington or Carlton, you'll at very best get to see one or two Australian film at your local cinema a year. We've improved the release profile of Australian films somewhat over the last five years, but the competition from bigger mainstream films is edging out Australian titles as theatrical becomes more 'eventized' with 3-D, V-Max and other enhancements.

Competition for screens is even tougher for Australian titles with digital technologies facilitating more blanket programming of blockbusters. Additionally, exhibitors such as Dendy and Palace are increasingly showing mainstream, studio backed films, and franchise films like *Harry Potter*, *Avengers*, *Skyfall* and *Twilight*.



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Success is not simply about box office. Research conducted by Screen Australia for the *Beyond the Box Office* report revealed that the downstream performance following box office windows can account for around 90% of total views of a film. However success still breeds success: films with higher box office tend to lead downstream viewings.

*Staying Power, the Enduring Footprint of Australian film*, found that when Australian films really hit a nerve with local audiences, their impact, engagement with audiences and influence on the national culture can endure for decades.

Even Sisyphus got to watch the boulder roll back down the mountain every now and again.

But all this begs a question, why keep heading back up that mountain? We've seen recent debates about the changing distribution landscape that would advocate we find new pathways outside traditional models of distribution and exhibition, bypassing theatrical entirely.

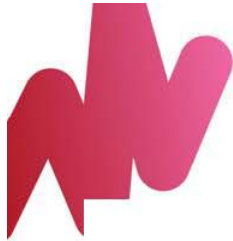


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**2013** = 100 hours of content uploaded every minute

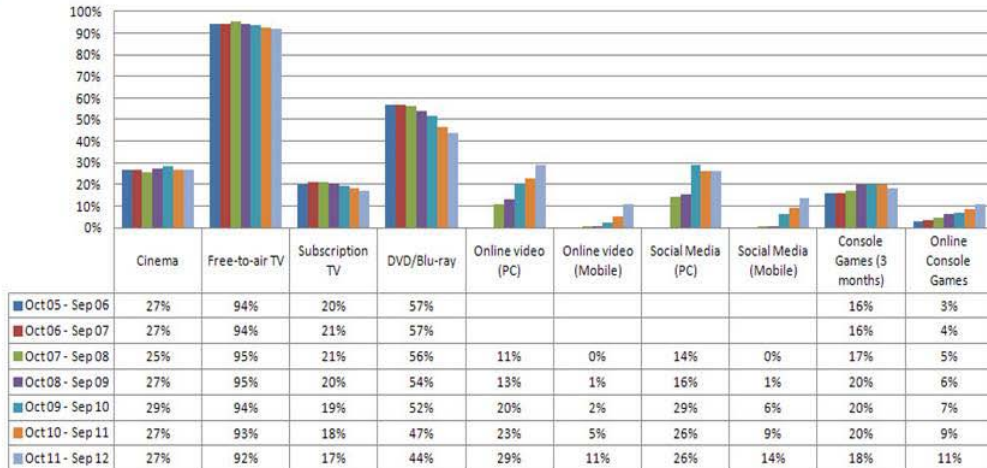


The answer is that it is still the best way to be heard above the noise of the endless amounts of content available online. In May this year, Google announced that every minute, 100 hours worth of content is uploaded onto YouTube. This has doubled since 2011.



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Participation rates for screen media, 2006-2012:



Source: Compiled by Screen Australia from Roy Morgan Single Source.



Recent audience research from Roy Morgan that looked at where Australians spend their screen time, revealed that while new platforms of media consumption such as video downloads onto computers, games consoles or mobile devices were edging up, the traditional forms such as cinema and free to air television were still dominant and relatively unchanged. People aren't leaving old forms of media consumption behind, they are simply adding new ones.



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As the *Beyond the Box Office* research found, success at the cinema was still the best driver of success downstream.

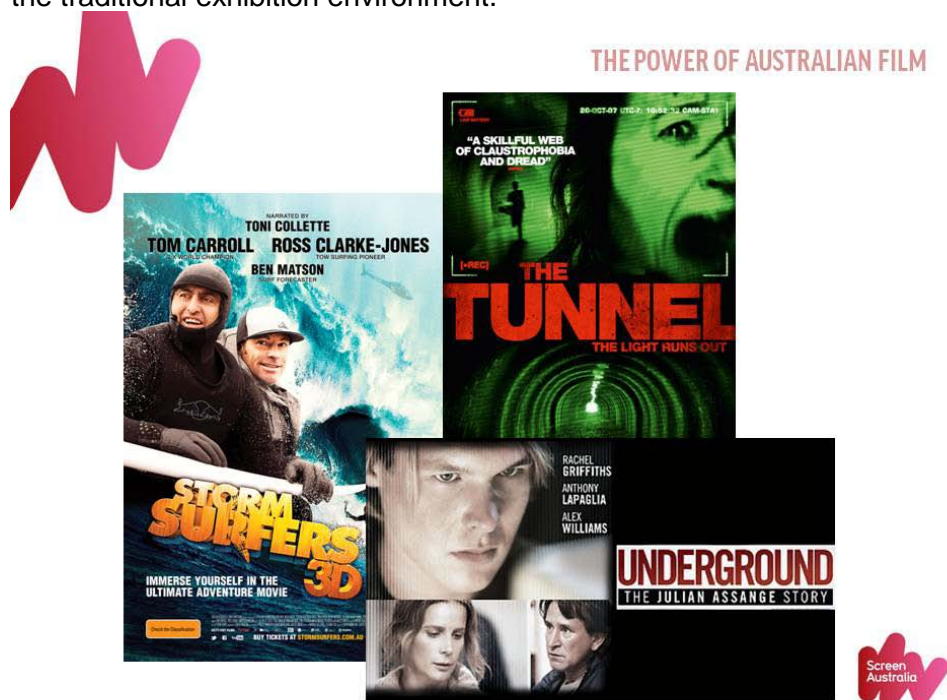


This was further supported by the *Staying Power* research report. The Ipsos research referenced earlier tells us that buzz around a film really matters and a lot of that is generated around cinema release.

Screen Australia works with distributors to maximize this buzz. Distributors are uniquely placed with many skills and resources to enhance awareness of their films and succeed in translating this awareness into interest. Screen Australia also offers P&A targeted to supporting niche or mainstream projects with commercial appeal, and this support extends beyond theatrical release.

But there are different forms of cinema.

Not every title benefits from competing for shelf-space, or a spot on the marquee hoarding in the traditional exhibition environment.



We are seeing new experiments around forms of four-walling and event cinema. Robert Connelly's 'Cinema plus' model, pioneered with *Underground* and *The Tunnel*, which builds events around screenings, Q&As and DVD releases; as well similar models applied in the distribution of titles like *Storm Surfers 3D*.

These types of models treat theatrical release as marketing for the main game downstream. Arguably these titles were never going to achieve massive mainstream engagement, so rather than target mainstream against all the noise through conventional forms of P&A, they are far more successfully promoted through social media and bespoke campaigns. Such an approach treats and film project as a brand and builds that brand through highly connected niche marketing.

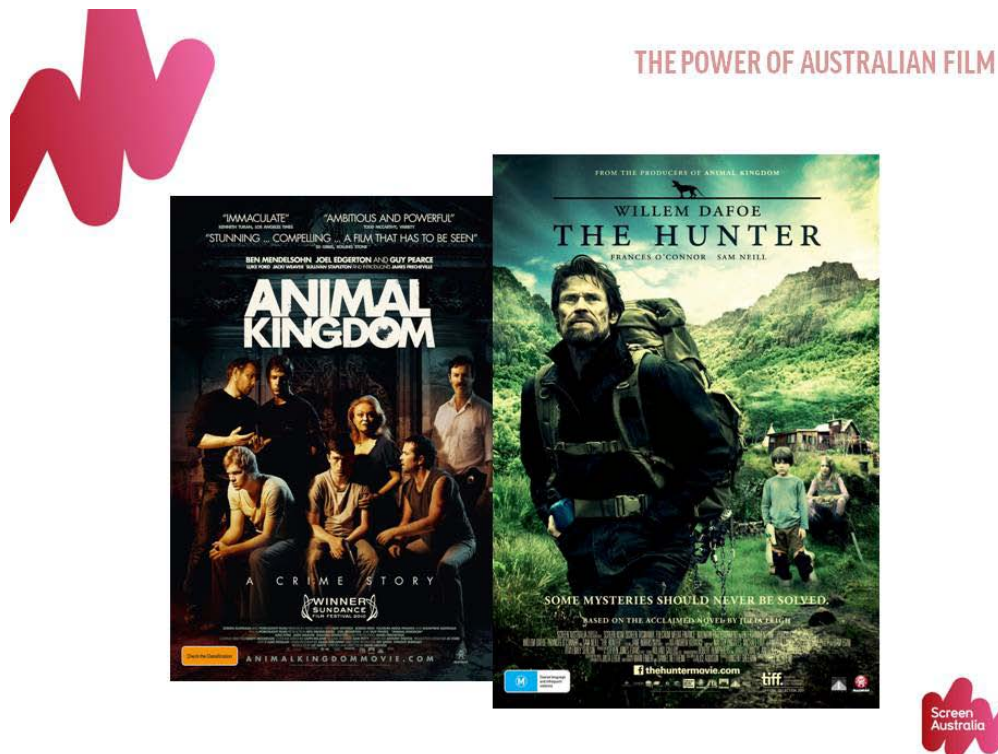
Screen Australia has been supporting new pathways to audience through our innovative programs, investing \$2.4 million into specialist distribution that has benefitted 129 Australian films over the last five years through alternative distributors.



Of course, a long-standing form of this kind of experience of cinema is through local festivals.

We are interested to explore the opportunity for screenings at capital city Australian festivals, perhaps in partnership, to create new distribution opportunities for art house Australian films. A few niche titles each year may not be suited for commercial distribution but would have great appeal for festival audiences and could work well in some form of festival circuit.

We may also observe and explore new day and date release approaches being trialled in other markets via Curzon in the UK and IFB and Magnolia in the US. The US models are vertically integrated platforms with cinema circuits, distribution arms and VoD platforms, DVD labels and television.



An investor in two Australian films, the highly successful *Animal Kingdom* referred to previously and *The Hunter*, also a great film but one that did much less business, told me that he made 3 times as much on his revenue share on *The Hunter* than he did for *Animal Kingdom* because *The Hunter* had a day and date release with VoD in the US, while *Animal Kingdom* relied on a conventional theatrical release.

So far, no one in Australia is proposing to establish a vertically integrated model that would make day and date workable.



Of course we don't yet have a video on demand service like Hulu or a Netflix with significant critical mass in Australia. However, there are a number of video on demand services operating in Australia and their share of the home entertainment market is growing. In 2012 digital sales of movies and television reached \$128 million, up 36 per cent on the previous year. Apple's iTunes dominates the market but other VOD platforms include Telstra's Bigpond Movies, Google Play Store, Xbox Video and Quickflix.

These services are likely to increase as Australian bandwidth infrastructure improves. Whatever happens politically over the next few months in relation to broadband policy, we are likely to see a far greater shift towards video on demand services facilitated in the next few years.

Screen Australia is developing new platforms through social media and new technology players to create new opportunities for audiences to access Australian film.



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Our audiences are already demanding immediacy and convenience in the form of DIY day and date. PWC’s recent Media and Entertainment Outlook report revealed that Australia has the highest level of piracy – particularly in music – in the world.

PWC’s Sydney Executive Director Megan Brownlow stated plainly in presenting the findings that piracy happens when business models are not agile enough. Piracy may well drive the closing up of day and date release windows.

We need to actively consider new business models and to find new pathways to audiences. This is not a zero-sum game. We know that in order to cut through and capture fragile audience attention and even more elusive willingness to pay, we need a combination of approaches.



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New opportunities exist in the form of Screen Australia’s multiplatform drama funding, which requires no marketplace attachment and can be developed for any platform – encouraging risky and edgy storytelling. Multiplatform funding, thanks to a recent boost in Government appropriations, now accounts for \$4-5 million each year. For early career filmmakers as well

as established filmmakers looking to innovate in form, this funding creates a new way to support their productions.



Amidst all this change we have to support and celebrate Australian feature film, because we know how important it is for contemporary engagement with Australian culture and its legacies.

Local screen stories help us shape our sense of who we are, and influence how Australia is seen in the world. They furnish our collective imagination.



Stephen Soderbergh recently made a passionate defence of cinema at the San Francisco Film Festival, against the hum of noise, information and sources surrounding us where reactions and effects and collapsing into one meaningless mass of information that, he says: “is having an effect on all of us, on our culture, and I think it’s having an effect on movies. How they’re made, how they’re sold, how they perform”.

Soderbergh says that cinema needs to be preserved in the midst of the movie business and makes the following distinction: a movie is something you see, and cinema is something

that's made", adding "Cinema is a specificity of vision. It's an approach in which everything matters. It's the polar opposite of generic or arbitrary and the result is as unique as a signature or a fingerprint. It isn't made by a committee, and it isn't made by a company, and it isn't made by the audience. It means that if this filmmaker didn't do it, it either wouldn't exist at all, or it wouldn't exist in anything like this form."



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We have to find ways of supporting the craft that underpins our local filmmaking – the creatives leaping onto the speedway to try to get that connection with an audience. This connection must be developed alongside workable business models that maintain a model for resourcing filmmakers and the industry more broadly. Somehow, someone along the line has to pay for the content.

Screen Australia will continue to make the case for a strong local industry and will continue to do our best to support the local sector to reach audiences.

This is because, beyond the economic benefits that can flow out of this sector, it is vital that we continue to capture and inspire the hearts and minds of Australians, generating identities, shifting perspectives and resonating long after the credits roll.

### 37° SOUTH

The Power of  
Australian Film

Ruth Harley

CEO, Screen Australia

