

Graeme Mason, CEO, Screen Australia Address to Currency House

Wednesday 18 June 2014

- Thank you lan and thank you to Currency House for inviting me to speak today.
- Before I begin, I would like to pay my respects to the traditional custodians of the land on which we meet, the Gadigal people of the Eora Nation, and their elders past and present.
- Today I bring good news: It's a great time for Australian film and television. As we sit here business is booming, audiences are watching, careers and businesses are developing and the future is bright and full of enormous potential.
- If, however, you were to take your lead from what is often reported or what many of our stakeholders say, you would think the sky is falling, the world is ending and we are wasting our time and efforts. Furthermore, and perhaps most importantly, many of these doomsayers publicly state and advocate that we are wasting cash.
- It is my suggestion that this view is able to flourish as our sector is something of a paradox and somewhat of an orphan – falling between camps.
- Many participants and/or interested parties in the arts see the screen sector and its content as largely the dirty/commercial end of cultural endeavours.
- Yet the business community, and at least some parts of the broader community, see us as fluffy creatives giving no recognition to the fact that each production is like a start-up business, consistently raising cash, hiring staff (often very many highly





skilled people), successfully creating product and taking it out to market, both here and abroad.

- This can leave us without credit from either end rather than, as it deserves, getting plaudits for both.
- No doubt about it, Australia's screen industry is doing great things. The successes
 of this industry I would suggest raise the profile of Australia on the world stage
 like no other form of creative expression, sport or industry.
- There is also one big difference between the screen sector and pure arts practice.
 Our sector makes money and generates loads of it.
- I come off the back of the film market in Cannes where we saw an enormous show of excitement and goodwill for Australian talent. This came through in over \$17 million in international sales for Australian projects, the lion's share for a feature that hasn't even started production yet, SeeSaw Pictures' Lion/The Long Way Home. There was industry excitement for the three Australian features showing: The Rover, These Final Hours and Charlie's Country. The latter was singled out for David Gulpilil's performance, which saw him receive an award for Best Actor.
- Added to this, one of the hottest directors was Justin Kurzel with his retelling of Macbeth. This totally non-Australian production with major movie stars in all roles was offered to him based on his low budget Australian film *Snowtown*. Career and industry development in practice.
- Still in Cannes the world cup of theatrical for those of you more sport inclined,
 particularly at this time in the first three days the red carpet and the world's press
 were clamouring for Nicole Kidman, Cate Blanchett and Russell Crowe. The profile,
 attention, promotion and free advertising these Australian screen talent give to our
 country is beyond any other sector and, simply put, is something Australian tourism
 or trade organisations would kill for.

- Here at home it remains true that the best way to get high impact eyeballs to get
 over a message or commercial product remains on free-to-air TV, where Australianmade programs rule the roost and largely define the broadcaster's image. I will
 touch on it again but the range of our TV output is staggering and is noted here and
 abroad. At the recent Monte Carlo International TV awards two very different shows,
 Top of the Lake and Wentworth, were vying for top honours.
- Now on a different and more sobering note I'm sure many of you have heard that
 the federal budget had an impact on Screen Australia's direct funding. I've sat down
 with our Board to discuss our priorities and we are working through how we will
 manage the reduction in funding. There will be cuts which we are working through
 and will be able to expand on in a few weeks.
- One thing I will reiterate to you now, however, is that Screen Australia's core
 business is, and will remain, to assist in quality Australian content being created and
 brought to your screens, be they cinema, smart TVs or mobile, and we will do our
 utmost to limit the impact of funding challenges on screen.
- It is an evolving ecosystem that we belong to, however it is inspiring to see individuals and businesses rise to the challenge.

1. Current challenges and real opportunities

- There are significant challenges facing our sector. It is difficult to raise the finance for production. There is, for one thing, less direct government funding available (from all jurisdictions here and abroad). Producers are increasingly looking overseas for investment, working in a complex environment with a shrinking market for independent production. Costs are rising.
- Just as, if not even more, importantly, viewer behaviour is changing, reflecting the individual's desire to watch what they want when they want, on the screen they want – and a new generation is disinclined to pay for it.

- Piracy is blamed for reduction in revenue and creates real problems all the way
 along the value chain of screen content. There is more competition for eyeballs as
 larger production companies seek to diversify, and the barriers to entry are dropped
 as it becomes easier for anyone to make content.
- This proliferation of content providers (the legal ones) is wonderful for viewers'
 choice but it is creating real issues for funding of the ever-increasing costs of
 production and marketing, as no single distributor is getting the benefit of viewers.
- Despite all these issues, production in Australia hasn't dropped. Producers and distributors are taking steps to deliver content to audiences in innovative ways.
- The Producer Offset, alongside the Location and the Post, Visual and Digital Effects
 Offsets, have been invaluable incentives for production. Screen Australia research
 shows that in the six years since the offsets were introduced, average annual
 production expenditure has increased significantly for feature films (by 82.5%),
 television drama (by 46%) and documentaries (by 81%), despite decreased funding
 available from Screen Australia.
- Over \$1 billion has been provided through the offsets with the key difference to other industries being that the spend happens first. The rebate is only provided after all expenditure is tallied up.
- Offsets are, however, purely financial triggers as a rebate on dollars spent they
 do not target areas of market failure: cultural, quality and innovative content.
- This is where Screen Australia really comes in and we have a crucial role in each of these areas. Although our funding makes up only 10%, on average, of total budgets, direct Screen Australia funding underpins around 50% of production in Australia across film, TV drama, kids TV and documentary. We ensure that these programs have cultural value and an enduring legacy for Australian cultural identity, that they are ambitious and take risks, and that they have the capacity to resonate with audiences.

Our funding is finite and we can't fund everything we wish to. A good funding
decision, in our view, sees an excellent film, TV or multimedia project being made;
standout talent, be they before or behind the camera, being recognised; and this
leading to more projects getting off the ground. Some projects may make less return
on investment but have a strong creative vision and deliver invaluable cultural
benefit. Screen Australia steps in to assist those high-quality, culturally-significant or
career-defining projects go ahead.

2. The crossroads of arts and business

- As previously stated the Australian screen industry straddles two worlds. On the
 one hand, people say, it belongs to the arts. So much of what we do is part of our
 nation's creative expression and cultural identity. Our social histories, our past lives,
 our humour, our idiosyncrasies, our stories, are brought to life on screen.
- This is why the Government, through Screen Australia, supports the screen sector.
 Screen content is a vital component of the cultural industries. Screen stories are as much a part of our artistic make-up as visual artists, writers, musicians and thespians. In fact, filmmakers draw on a bit of all of these.
- The aim of this entire endeavour, from the scripting to art direction, from composition to the catering trucks, is to reach an audience, to move them emotionally, and to communicate an idea. If any of the creative elements aren't working together, or working well, that moment of magic can be lost. We need a thriving industry with big ambitions to keep honing these craft skills and giving our talent the greatest possible canvas and palette to work with.
- As mentioned but something I wish to repeat, there is a big difference between the screen sector and pure arts practice. Our sector is big business.
- The screen industry contributes \$6.1 billion to the economy. It employs 41,000 people. When we come to town the spillover benefits and spillover effects are monumental although this again is often forgotten by our detractors. Films and television programs are made with an eye to the commercial gains.

- It is, however, incredibly difficult to finance a high-end television or feature film and then see it through to completion on time and within budget, often in multiple locations, with a total cast and crew reaching up to 2,000 on big productions.
- Producers have to be incredibly agile business people, managing a project from the chrysalis of an idea to a major-scale production, and the advertising and distribution to a wider audience over many years. To put this into perspective, on average it takes three-plus years and eight drafts to develop a project, and that's before shooting begins. It is then another 12 to 18 months before the project hits a screen of any description.
- But as I said, too often the business community tends to see us still as fluffy
 creatives, too caught up in 'making art' to be commercially savvy let alone business
 focused. We need to better present ourselves to this end of town and clearly show
 the business acumen our sector has, and the benefits and upsides that are
 possible.
- I'm here today to tell you we are both: artists and entrepreneurs, and that one does not exclude the other.
- Screen Australia's role is to help bridge that apparent divide and support the best Australian screen artists to bring their stories into the world as good business.
- Australian storytelling is unique and it is my and my colleagues' job to ensure that
 the most creative, innovative, diverse and high quality content makes its way to
 screens so that audiences, including you, can share in it.
- This involves supporting projects through their life cycle, providing distribution and marketing advice to a number of projects each year. Our support for screen events, such as film festivals, workshops and master classes, helps foster a shared screen culture for Australians. We provide development support for producers that require assistance to build their ideas so that they are market ready.

- Our Enterprise Program provides business development support for individual screen businesses to build their capacities, whether through industry placements, innovative initiatives or operational support. I'm telling you about these programs to demonstrate that it's not only money for screen production that goes out our doors.
- Again, deliberately repeating myself to beat the message home, Australian screen content is also a highly effective offshore promotional tool for Australian skills, talent, culture and values. Our Cate and Nicole, surnames are not necessary here, have done wonders in drawing attention to Australia. We are building links across the world, promoting our capabilities through our screen stories. As Ms Blanchett said recently on one of her international red carpet interviews, our sector is an amazingly strong soft-diplomacy tool.
- Our co-production program encourages collaboration and partnerships, enabling
 Australian producers to learn from their international counterparts and vice-versa,
 and bring in international finance. Our working relationships are not just with the
 English-speaking markets like the UK and Canada but also China, Singapore,
 Germany and France. We are currently reviewing the co-production guidelines to
 encourage more production and expand the reach of our stories, talent and
 companies.

3. Global ambitions and local dividends

- This brings me to the state of the sector today and its successes in the domestic
 and international arena. The Australian screen industry is punching above its weight
 and being feted on the world stage, and deserves greater recognition than it often
 receives at home.
- We've had a great year at Cannes, as I mentioned. At Sundance and the Berlinale, first-time director Sophie Hyde received worldwide acclaim for her feature 52 Tuesdays. Jennifer Kent was a resounding success at Sundance for her feature The Babadook. Cate Blanchett received the Oscar for Best Actress, one of many Australian actors that enjoy a prominent role on the world stage. Australian crews have an excellent reputation for quality and hard work, recently reaffirmed by studio

executives after shooting Angelina Jolie's recent feature biopic *Unbroken* here. Catherine Martin and Beverley Dunn won Oscars for costume and production design on *The Great Gatsby*. Australian post-production and visual effects companies are world class, seen by Animal Logic's role in creating *Lego*, which took the world by storm, and Rising Sun Pictures' share in the Oscar for *Gravity*.

- This extraordinary talent is equally present in the world of television. Australian formats have sold very well overseas as have our programs.
 - Secrets and Lies, Hoodlum's interactive television production was bought by the ABC Network in the US and production is already under way on the new series.
 - Fremantle Media's prison drama Wentworth, broadcast on Foxtel, is a major hit in the UK and has been remade by Germany and the Netherlands.
 - A US version of Essential Media's Rake was commissioned by Fox and has already been shown on US television.
 - High-end drama Top of the Lake has sold into territories around the world and won multiple international awards.
- Audiences are going wild for Australian drama. In 2013, 92 of the top 100 watched shows were Australian. Love Child, a drama on Network Nine, just finished its 10-week run with an average of 2.1 million viewers per episode (broadcast and online combined). On a Sunday night in February, three Australian dramas premiered: INXS, Rake and Schapelle, and reached a combined audience of five million in Australia.
- We continue to see this love of new stories with innovative multiplatform projects, such as #7 Days Later, which won an International Digital Emmy® Award at MIPTV in Cannes earlier this year. This win reinforced the strength of Australia's success in this evolving new platform. #7 Days Later is the fourth project in five years involving an Australian company to take home a Digital Emmy® Award.

- The buzz around directors David Michôd and Justin Kurzel has seen them being swamped by scripts since their break-out films Animal Kingdom and Snowtown. Cinematographer Adam Arkapaw worked with David Michôd on Animal Kingdom, Top of the Lake and other Australian features before the high quality US series True Detective. These are just a few examples of many. Their success demonstrates how Australian talent, when given a springboard to gain international exposure, can be in demand.
- It is testament to the strength of the Australian screen sector that we have seen
 high profile Australian practitioners, such as Nicole, Cate and Russell, return to take
 a role in Australian productions. Screen Australia and our predecessor agencies
 supported the early projects that got them started, leading to major international
 careers, after which key talent continue to return to Australia when the opportunity
 arises.
 - o For example, Nicole Kidman plays the lead in *Strangerland*, currently in post-production, having recently starred in the co-production *the Railway Man*.
 - Russell Crowe has completed directing and starring in *The Water Diviner*, in exclusive negotiations with Weinstein Co after they saw a teaser in Cannes, and due for release later this year.
 - Acclaimed Director of Photography, John Seale, known for his work on *Harry Potter*, worked on *Fury Road*, currently in post-production.
 - Rachel Griffiths, for years a prominent actress in US television drama, due in part to the success of *Muriel's Wedding*, is now appearing in local drama *House Husbands*.
- There is a lot to be proud of and I think the disparate parts of the Australian screen sector need to come together and recognise that the sector is in good shape. The sky isn't falling.

- Yes, we're a small population and so will never achieve the astronomical box office returns you hear of in the US.
- Yes, it will always be difficult to finance production as film, television drama, documentaries and online content are inherently risky for investors.
- Yes, these are challenging times for production companies that have built their business model around traditional distribution mechanisms.
- But we're all working together with the common aim of creating great content that
 resonates with audiences across Australia, and internationally, and I think we need
 to recognise that we do this well.
- So, what comes next?
- Screen Australia will continue to support the Australian screen industry by enabling the most opportunities for the talented individuals and businesses active in the sector.
- Screen Australia will not stray from its cultural remit to support a diverse, innovative
 and creative slate of high quality content, but we will continue to seek the greatest
 possible audience for Australian stories, and the greatest possible returns for rights
 holders in a commercial environment. Screen content is an art form that needs to
 succeed in both the heartstrings and the back pocket.
- We want our film and television makers to test the boundaries of storytelling,
 making audiences laugh, cry, wince with empathy, gasp in amazement and think in
 new ways about the world around them. We want to ensure that Australian stories
 continue to shift, inform and inspire conversations in cinema queues and loungerooms from Leichhardt to London, Shepparton to Shanghai.
- Screen content generates discussion, be it over the water cooler, through tweets or mash-ups. Audiences invest themselves emotionally in stories, lamenting the loss of beloved characters or feeling uplifted by inspirational personas. Powerful stories provide us with common points of reference from which to connect with each other

about moving, challenging or difficult issues. The strength of the story and the craft to bring it to life enable the viewer to participate in global conversations.

- Screen Australia will continue to develop those stories and back those storytellers to cover the gap where market support stops.
- We will work to broaden audience understanding of Australian drama and documentary as being the products of Australian creative vision. Our immediate eye is on feeding the appetite of domestic viewers but with the knowledge that engaging content speaks to global audiences and a great story has universal reach.
- We will continue to nurture producers, directors, writers and actors to ensure ongoing generational renewal and reinvention in the Australian screen industries.
- Making screen stories is an art and a business. It can succeed at both.
- Screen Australia will continue to support agile screen businesses to back the talent
 of our creatives in the generation of powerful stories that can outlast us all in
 realising a creative vision and in shaping our cultural consciousness.
- When all the cogs and wheels of development, financing, production, completion, post-production, distribution, marketing and exhibition, broadcast or download have taken place, the aim is the same – to connect with an audience. When that happens, the dividends are immeasurable.
- Thank you