

Korean DigiCon

Seoul, Republic of Korea, 27–28 September 2011

MIPJunior & MIPCOM

Cannes, France, 2–3 & 4–7 October 2011

Report by Sally Browning, Investment Manager

AUSTRALIAN PRODUCERS AT KOREAN DIGICON SUMMIT, 27–28 SEPTEMBER

I travelled to the Republic of Korea on the way to MIPCOM for a two-day seminar in Seoul that brought together Australian and Korean producers working in children's animation at the DigiCon conference.

The first DigiCon conference was arranged two years ago by the ABC and held in Seoul, South Korea, with the aim of advancing relationships between Australian producers and their counterparts in Korea. It was quite successful. It took place again this year in Seoul on 27–28 September. Producers of animation for children's TV had an opportunity to meet and discuss co-productions between Australia and the Republic of Korea in the lead up to the Co-production Treaty being settled (estimated for end of this year as part of the Free Trade Agreement negotiations).

Day one featured information in a seminar form from the Australian delegation – ABC Television and Screen Australia – regarding the production landscape, co-producing opportunities, funding available (federal, state) and an update on the co-production treaty negotiations. A similar presentation came from the Korean side – the Screen Australia equivalent, Korea Creative Content Agency (KOCCA) – as well as presentations from four key Korean broadcasters. This allowed the Korean and Australian producers to go into day two fully informed. At the end of the day each producer had the opportunity to present a four-minute reel to show off their work. The Australian producers in attendance were: Patrick Egerton, Ambience Entertainment; Ron Saunders, Beyond International; Carmel Travers, Essential Media and Entertainment; Jim Ballantine, Flying Bark Productions; James Hackett, Hackett Films; Colin South, Media World Pictures; Gillian Carr, Moody Street Kids; Noel Price, Southern Star Entertainment; Sheldon Lieberman and Adam Moses, Squid; Justine Flynn, Sticky Pictures.

Day two was devoted to one-on-one business meetings between each Korean and Australian producers so they could find common ground. Most of the Australian producers reported back that the meetings were useful.

KOCCA is the major agency for the animation industry in Korea and has a similar brief to Screen Australia. KOCCA comes under the Minister of Culture who has policy and financial responsibility for the creative industries. Five agencies were recently merged into one.

Its mission is to finance, foster talent and to give market support. They also provide loans against productions – total financial support for this is \$2.6 million. Post production fund – 40 per cent of project must be completed to be considered. Korea's main competitor for animation product is China. Its level of export to China is small. KOCCA reports that Korean producers have been involved in many official co-productions with Canada, Germany, France, Spain and the UK.

The Korean Government is obviously supportive of animation as three animation funds currently operate under this agency. As co-production opportunities with Australia develop the agency thinks it could identify more funding from government for these projects.

There are currently 12 Korean broadcasters and soon there will be 14. Several of the broadcasters gave in depth information at this conference.

KBS public broadcaster with one satellite channel and two terrestrial channels

Why should Australia partner with the Republic of Korea?

- Strong in digital technology
- Public broadcasting in Korea is strong including in the ratings
- Animation is universal.

In 2006, they launched multimedia broadcasting. The public broadcaster quota: 1 per cent of all programming must be animation. Of this, 55 per cent must be produced domestically; 60 per cent is the maximum of programs that can come from one particular country. Suggest 4.30–5pm is the best time slot for co-production material.

EBS

Korean Educational Broadcasting System is a terrestrial channel with also four cable channels and a radio station. It covers all ages and all genres. Animation represents around 25 per cent of the entire transmission. Timeslots for kids are 7–10am, 3.20pm to 8pm weekdays and all day on weekends. Main audience is preschool 6–9 years, secondary audience is 9+ years. Acquiring 20–25 series per year.

Have done 11 international co-productions since 2005. Cannot directly co-produce. Australian producers will need to find a Korean animation studio to work with.

SBS

Currently not importing from overseas but previously took acquisitions from Japan, Italy and US. 270 minutes of animation per year (reduced from 360

minutes in 2007). Low market consumption but high production costs. Rely on merchandising.

Tooniverse

Also rely on merchandising. Largest audience share for kids and is the number one rated channel for animation. Main target audience is 4–14 years. 65 per cent allocated to overseas animation. After 8pm, family slot with Japan animation. Key audience:

1. Kids 7–12
2. Preschool
3. Family.

Three to four titles a year are co-productions taking 10–50 per cent of the budget. Comedy, character comedy, boy's own adventure and preschool girls.

As a result of this trip, the ABC has pulled together partners in Malaysia, Korea and Singapore to hold the inaugural Asian Animation Summit in late 2012. Malaysia is the host country with marketing and conference support from Kidscreen who will also assist to bring buyers and broadcasters to the Summit. It is proposed that Screen Australia support a number of Australian producers to attend.

MIPJUNIOR OVERVIEW, 2–3 OCTOBER

MIPJunior is a two-day mini-mart and conference on the weekend prior to MIPCOM. Primarily it is aimed at attracting buyers who are given access to over 1,000 programs to screen privately so it is really focused on finished product. MIPJunior reported this year that France and Canada accounted for eight out of the ten most-requested screenings.

A Kid's Jury of 18 pupils from an international school in Nice voted for their favourite children's programming in a range of categories (from trailers and sales reels). Australian producer Kirsty Fuller from 1440 Productions won the 11–14-year-old category with her trailer for the sci-fi western *Dig Deep Creek*. Generally this is the toughest age group to create content for as the audience are crossing into adult viewing realms for shows such as *The Simpsons*, *CSI* and *South Park*.

The market had a focus on the 6–9 age group – this younger audience are still accessible because they haven't completely been taken over by games yet and are too young for the cross over into adult live action. Short-format comedies targeting kids 6–11 were popular. Animation, whilst more expensive than live action, is holding its ground. The good news though is that European territories are opening up to dubbing live-action series (rather than subtitling) which presents great possibilities for Australian producers of children's content to reach those younger audiences who have a less favourable response to subtitling. The trend for live-action is also hitting Asia. More than half of Japanese web NHK's slate is dedicated to live-action – around 25.5 hours – compared with 19 hours of animation. Nickelodeon has traditionally focused on animation but now it is very active in live action, and like Cartoon Network, there is a concentration on comedy mixed with adventure.

A session on Books to TV revealed that publishers are still wary about how producers might grow a brand first from an app then into a tv show and then a book. TV production companies are increasingly keen to do this citing the same mobile-originated IP as their inspiration: *Angry Birds*. That franchise's 350 million downloads is extraordinary – not to mention its booming sales of plush toys and a promise to turn it into a TV series and/or films – and producers are wondering if they can repeat this success.

There was a distinct focus at MIPJunior on branding and merchandising. Virtual worlds Moshi Monsters and Club Penguin were also highlighted for their popularity among children – and for their expansion into other forms of entertainment and merchandising.

MIPCOM OVERVIEW, 4–7 OCTOBER

Despite stock markets waning in the outside world, inside the Palais the feeling was buoyant amongst buyers and sellers alike. All the big US studios were present, as were such newcomers as Miramax and a healthy contingent from Russia (the MIPCOM focus for this year) where the ad market is apparently a booming €3.5 billion (US\$4.6 billion) a year.

How to explain such optimism in the face of the economy? Last year broadcasters were signalling that rather than be threatened by the rise in popularity of other platforms, they could benefit from it. This view was summed up by Disney Media Networks Co-Chair and Disney/ABC Television Group President Anne Sweeney in her MIPCOM keynote address: *"The lines between content and technology are blurring. Digital technology didn't disrupt our business, it transformed it. Digital didn't weaken the power of television, it unleashed it."* And that resolutely upbeat mood was reinforced this year with news that TV viewing is up virtually everywhere, partly because people stay in more during tough times. Importantly, broadcasters need to think how to cater for two viewing generations – older audiences who have set viewing routines and the post-1980 generation who find it difficult to watch an entire one- or two-hour show.

The global television audience will grow to 3.7 billion people this year and television viewing will increase by a staggering 140 billion hours in 2011. Some of this is driven by the rise of social media and some by the fact that broadcasters began commissioning again when a minor economic recovery kicked in around 18 months ago. In other words, the content pipeline has begun to flow again. TV series now account for between 50–60 per cent of Netflix viewing figures.

VOD is booming and the demand for content is high, particularly in markets such as Russia. The difficulties in separating out complex rights for this seems to be diminishing and not such an issue for distributors. But to keep it in perspective, VOD, like traditional TV, needs advertisers and subscribers. Should debt-laden economies slow down still further, a collapse in ad spending is likely to follow. In terms of DVD, Australia is considered one of the most buoyant markets for this platform in the world.

In my meetings with distributors this year there was an air of slight desperation from them to find the best Australian drama and requests for advice from SA on which projects/companies to track. With Matchbox's alliance and output deal with NBC Universal, in place, companies such as Portman and DCD Rights are concerned that potentially good drama could pass them by. It has become a regular annual event that the key distributors

working in the Australian arena pay a visit to this territory to build their relationships with producers and projects: this year DCD Rights, All3Media and Portman will have been here with ICM and Target considering trips in early 2012.

MIPCOM meetings

Sharin Kassim Ali & Joachim Ng, MDA – Singapore

The Singapore Media Development Authority unveiled its change from equity investment to a grant system with a restructure that broadly reflects some of Screen Australia's programs.

New divisions include Development, Production, Marketing, Talent and Enterprise. All content will flow through these areas – television, film, animation, music, traditional publishing, ebooks, emags, games and interactive media.

MDA believes that if it holds any IP in content it will restrict the production companies from being able to fully exploit the content. There is no cap on the amount to be given in production grants, it will be based on the Singapore spend (up to 40 per cent of Singapore spend) and 50 per cent of the grant will be available up front. MDA is introducing a scheme whereby 10 per cent of the total Singapore spend will be advanced to the producer as a bonus for their next project but they must start their next project within 12 months for this ongoing bonus to remain in effect.

A key focus is the talent development strand which will concentrate on upskilling freelance technicians and not just developing key creatives.

Tim Morley, Content West, distributors – UK

Backed by the considerable coffers of Content Media, Content West handles short form content, documentary and digital programming. They have good contacts with the BBC and are keen for opportunities to co-produce with Australia – either as an official co-production or in a co-financing arrangement.

Brad Sherman and Peter Sussman, Aver Media – Canada

Aver's core business is cashflowing productions – Offset, tax credits, DGs and gap. They have \$1 billion in financing and see themselves as a very flexible lender (not so flexible if you default as one Australian producer has found out). At the moment Aver have only cashflowed the Producer Offset for three Australian productions and they are actively looking to increase their presence here and to move into the packaging space. Co-owner Peter Sussman was the founder of Alliance Atlantis and so has a long history of distribution experience, content creation and making a lot of money.

H. E Kamaruddin Siaraf, Naguib Razak & Adam Ham – Malaysia

I met with the Secretary General of the Ministry of Information, Communications and Culture (and his entourage of eight) to specifically give an update on the progress of the Malaysia-Australia co-production treaty (which has stalled on their side). He assured me that he had given a directive to his legal department that the treaty had to be in place in the first quarter of 2012. We also discussed the expansion of the Malaysian post production industry which is trying to attract international companies such as Animal

Logic to set up satellite companies there. Malaysia will host the inaugural Asian Animation Summit being coordinated by the ABC in 2012.

Pilar Perez and Steve Ayton, DCD Rights – UK

DCD have earned a reputation for snapping up the cream of Australian drama including *The Slap* (which they sold to the BBC), *The Straits*, *Rake* (they have first and second series though yet to recoup their initial DG). They have just come on board for *Devil's Dust*, a telemovie at this board meeting, and are closely tracking Ewan Burnett's *Murder in a Hansom Cab*, and Amanda Higgs' *Time of Our Lives*.

Jeremy Fox and Anke Stoll, Portman – UK

Portman are very sad that Sea Patrol has ended. Jeremy described the series as the perfect international seller. It just recently sold to Spain, Germany and Italy and in the UK it was with Hallmark and now NBC. He reported that Netflix and Hulu have started to pay good levels of royalties for television series and that Netflix are paying license fees up front in some cases. Portman are the distributors for the low budget comedy series *Laid* which now has a deal with NBC for a US pilot (see below). In terms of selling *Laid*, he is waiting until he has the next series delivered so he can sell as a 12-part series. A number of smaller territories have already pre-bought – Scandinavia and Iceland.

Pippa Lambert, ICM (International Creative Management) – US, UK

Pippa Lambert was instrumental in assisting Porchlight to negotiate the deal to sell the format rights for *Laid* into the US with NBC. Pippa is based in ICM's London office and her jurisdiction for television rights includes Australia. She will be visiting Sydney and Melbourne in March 2012 to talk to producers about thinking of the format possibilities at the time of financing their drama projects. She only deals with TV. ICM has a good relationship with a number of major television distributors (eg Portman, DCD) and will work with them to leverage deals into the US.

Niki Page, Fremantle Media – UK, Australia

Niki is the Acquisitions Manager for Non-Scripted Programming and will work with producers to assist them putting together presales at financing stage. She is particularly interested in high end factual series and factual entertainment.

Maartje Horcnher, All3Media – UK

All3Media are actively seeking Australian content. Currently their only Australian drama series is *Phryne Fisher* which they adore and which they were talking up at MIPCOM prior to its official launch at the April market. Long running series work best for them – Maartje reports that both France and Germany are only taking series of 20 episodes or more now. Their other long running Australian series *Bondi Rescue* has been taken back by the PC Cordell Jigsaw. *Bondi Rescue* was a big winner for the distributor and Maartje said they were looking to replace it in their catalogue. All3Media hosted a successful networking dinner for Australian and UK producers at MIPCOM this year.

Danny Tipping, Head of Production, and Mike Shanks, COO, Parthenon – UK

Parthenon are both a production company and an active distributor. They have just moved into factual 3D and have a post-heavy natural history series with a high proportion of CGI for which they are looking for an Australian production partner to do an official co-production. I put them in touch with a number of Australian producers at MIPCOM including Screentime, Essential Entertainment, Matchbox, Freehand, Animal Logic and forwarded details for Rising Sun and Fuel.

Iain Pelling, Arrow Mediav – UK

Formerly the MD of Darlow Smithson (*Touching the Void*, *Seconds From Disaster*, etc), Iain is now running the new Arrow Media outfit and looking for co-production opportunities with Australian producers. I briefed him on PCs in Australia, Screen Australia co-production and Producer Offset information.

Jim Howell, Park Entertainment – UK

I met with Jim to specifically talk about the Screen Australia series *K-9*. Producer Richard Stewart was in attendance. There has been some tension between the producers and Park Entertainment primarily about the lack of international sales for the series however they are still keen to work together on a second series. Jim has agreed that in the event the second series is a go, Park Entertainment will step back and a new distributor will be put in place and they will act only as EPs.

I also met with a range of Australian producers on an ad-hoc basis regarding specific projects and deals.