



Australian Government



RESPONSE TO AUSTRALIA IN THE ASIAN CENTURY ISSUES PAPER SUBMISSION

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www.screenaustralia.gov.au/research

INTRODUCTION

Screen Australia

Screen Australia is the national funding agency for screen production, charged with the development, support and promotion of a highly creative, innovative and commercially sustainable Australian screen sector.

As part of its leadership objectives, Screen Australia plays an important role in providing authoritative strategic analysis. This includes examining factors that influence the production and consumption of Australian content and the role of the Australian screen production sector in delivering the Government's cultural objectives.

THE SCREEN INDUSTRY'S ENGAGEMENT WITH ASIA

Background and context

The Australian screen industry is well positioned to take advantage of economic growth in the Asian region, particularly China, Malaysia, Republic of Korea and Singapore. Australia possesses desirable production and post-production expertise and infrastructure, effective Government support for the industry and emerging networks with Asia. However, the Australian screen industry must actively seek greater engagement with Asian markets to benefit from this growth. Strategic Government support can play a role in facilitating that engagement, and will provide benefits for the screen industry, as well as broader cultural and economic benefits.

Many Asian countries are experiencing a burgeoning middle class, which is driving consumption of screen content. PricewaterhouseCoopers (PwC) has forecast the filmed entertainment market in the Asia-Pacific to grow at 8.9 per cent compound annual growth rate (CAGR) from 2011 to 2015.¹ Ties with Asian markets at the level of institutions, business and individuals can facilitate access to this growing market for screen content. This access has implications for the sustainability of the local screen industry, which is unable to recoup its investments in the domestic market alone.

Greater consumption of Australian screen content in Asia will also familiarise Asian audiences with aspects of Australian culture and society, which brings a range of tangible and intangible benefits.

Additionally, ties with Asian markets, in particular co-production treaties, grant local producers access to private and Government production finance that would be otherwise unobtainable. Importantly, access to these sources of finance reduces the risk for investors. These productions also expand opportunities for audiences to consume and therefore monetise the content created, which has the added and important by-product of generating cultural exchange.

Along with flows of revenue and finance between Australia and Asia, increased integration of Australian and Asian screen industries facilitate greater movement of people between countries such as production crews and cast working on a particular project or, in the longer term, for businesses establishing more permanent operations in Asia. The movement of people between Australia and Asian countries opens up the opportunity for cultural and social exchange beyond the scope of the screen industry.

Progress to date

Producers and broadcasters

The Australian screen industry has developed ties with Asia through a number of institutional, business-to-business and people-to-people connections.

¹ PwC Media and Entertainment Outlook 2011–2015

Some examples include:

- Broadcasters: Both the ABC and SBS participate in the Asia-Pacific Broadcasting Union and have had broadcaster-to-broadcaster arrangements including individual exchanges.
- Australian production in Asia:
 - Co-productions: *33 Postcards* (Australia/China, 2011), *The Dragon Pearl* (Australia/China, 2010), *Bait* (Australia/Singapore, 2012), *Guess How Much I Love You* (Australia/Singapore, 2012), *Gallery of Everyday Things* (Australia/Singapore, forthcoming)
 - Location production: *Wish You Were Here* (2012) filmed in Cambodia, *The Rocket* (forthcoming) filmed in Laos
 - Projects in development: Two local companies, Bearcage Films and Essential Media, are currently in development on separate documentary television series with the Chinese national broadcaster CCTV. There are also several film projects in development from producers including Gary Hamilton (Arclight Films), Emile Sherman (See-Saw Films), Carmelo Musca (CM Film Productions) and Mario Andreacchio (AMPCO Films).
- Asian production in Australia: A number of Indian feature films have been shot in Australia in recent years and Australia is a popular destination for Japanese and Republic of Korea television and advertising productions. Australian post-production facilities are frequently employed by Asian productions.
- Facilities: Australian company Soundfirm established a sound post-production facility in Beijing in 2003 and Hong Kong-based post-production house Centro Digital Pictures has been integrated into Deluxe Australia's post-production, animation and distribution businesses, following its acquisition by Deluxe Australia's parent company, Deluxe Entertainment Services Group.
- Australian film and television productions released in Asian markets: Asian networks have acquired Australian television productions such as children's series *Dance Academy* (2010), which has been broadcast in Republic of Korea, and *Masterchef Australia* (2009–2012), which is popular in India. Queensland-based Gulliver Media has longstanding relationships with Chinese broadcasters and has produced numerous documentaries for the Chinese market. Gulliver Media recently secured a contract with Disney China Network to adapt a children's documentary series about the Great Barrier Reef for Chinese-speaking markets. Four recent Australian films or official co-productions have achieved theatrical releases in China, *Sanctum* (2011), *Happy Feet Two* (2011), *33 Postcards* and *The Dragon Pearl*, which is significant given the restrictions on foreign theatrical releases in China.

While there are numerous examples of collaborations between Australian and Asian entities these are, for the most part, undertaken on a project-by-project basis and not as part of a coordinated and sustained approach to developing ties with Asian countries.

Government screen agencies

The activities of producers and broadcasters has been complemented and driven by the work of federal and state screen agencies, which have remained active in facilitating ties with Asian countries over a number of years.

For example, the Australian Film Commission, a predecessor agency to Screen Australia, had close contacts with particular festivals and markets including the Busan International Film Festival and the Hong Kong–Asia Film Financing Forum, and the Film Finance Corporation invested in official and unofficial co-productions such as *Children of the Silk Road* (Australia/China/Germany, 2008).

On a state level, ScreenWest and Singapore’s Media Development Authority’s (MDA) *Cross-Media Development Initiative* has funded Singaporean and Western Australian production companies to co-develop visual narrative concepts for emerging new media channels. In addition, ScreenWest, along with Screen NSW, has partnered with the Asia Australia Media Executive Leadership Program to promote regional ties.

Since its inception in 2008, Screen Australia’s engagement with Asia has grown across the agency’s key functions (which include administering the Producer Offset, development and production funding, strategy and research, and marketing). In its exchange with Asia, Screen Australia is building on networks forged by its predecessor agencies and by the broader Australian screen industry.

Screen Australia initiatives

Screen Australia has sought to deepen existing ties and facilitate new connections with Asian partners through a variety of programs. In 2010, Screen Australia commenced a three-year strategy for a coordinated approach to increased industry engagement with the Asian market.

Screen Australia has focused, in particular, on increasing engagement with China and Singapore, both of which have co-production treaties with Australia, as well as India, Republic of Korea and Malaysia.

Key elements include:

- Increasing awareness of production incentives, with a focus on co-production opportunities
- Exploring investment partners
- Building on existing marketing activities and developing new relationships with important festivals and markets in the region.

The strategy has already yielded significant outcomes for the screen production industry, with high impact events in 2012 including the second Australia-China Film Industry Forum held in Beijing in April and the inaugural Asian Animation Summit to be held in Kuala Lumpur in December.

THE AUSTRALIA-CHINA FILM INDUSTRY FORUMS (ACFIF)

The inaugural ACFIF was held during the year of cultural exchange with China (*Imagine Australia*) in 2010. An initiative of the Australian Embassy in Beijing, Screen Australia worked closely with the Embassy, state and federal agencies and key Australian and Chinese industry guilds and organisations, to stage two days of networking, information sessions and business meetings, for a delegation of 25 Australian producers. Outcomes from the forum included the establishment of tangible partnerships resulting in documentary and feature co-productions. It was at this forum that the Australia-China Screen Alliance chaired by Mario Andreacchio was also announced.

The second ACFIF was held in April 2012 again in Beijing. The Australian delegation, headed by Dr Ruth Harley, CEO of Screen Australia, included internationally acclaimed Oscar®-winning producers Emile Sherman (*The King's Speech*) and Doug Mitchell (*Happy Feet*) and forum presenters Mr Miao Xiaotian, Vice-President, Beijing Film Production Corporation, China Film Co-production Corporation Limited, and Ms Ellen Eliasoph, President and CEO China, Village Roadshow Entertainment Group Asia. The forum continues to be a successful example of inter-governmental and industry collaboration providing valuable opportunities to Australian producers to pitch co-production projects as well as develop relationships with potential co-producing partners.

Government-to-government engagement has greater cultural significance in Asia and strengthening ties with Asian Government agencies is a vital factor in assisting private enterprise to expand into new markets. As such, implementing Screen Australia's Asian engagement strategy has involved close collaboration with Asian Government agencies, such as Singapore's MDA, Korean Creative Content Agency, Malaysia's Multimedia Development Corporation and National Film Development Corporation Malaysia and China's State Administration of Radio, Film and Television, China Film Co-production Corporation and Shanghai Film Group.

Moreover, as a result of consultation between Asian screen institutions and Screen Australia, a number of the agencies have implemented programs and processes similar to Screen Australia's, in particular the Enterprise Program, which will assist in strengthening relationships.

Screen Australia's Partnership with the Department of Foreign Affairs

Following the successful Embassy Roadshow (2001–2011) program partnership between Screen Australia and the Department of Foreign Affairs (DFAT), the two organisations have initiated a renewed and more direct relationship aimed at enhancing the Australian presence in key foreign regions and markets.²

The Australia International Cultural Council (AICC), Australia's key cultural diplomacy body, institutes an annual Country Focus Program to deepen ties with specific countries.³ Screen Australia and DFAT have leveraged the increased diplomatic engagement with countries of focus, as set by the AICC, to ensure a

² The Embassy Roadshow program presented the best of Australian cinema to international audiences through a travelling program of Australian feature and short films. The Embassy Roadshow program was funded by the Australia International Cultural Council.

³ Australia International Cultural Council, Focus Country Programs <http://www.dfat.gov.au/aicc/focus.html>

stronger screen presence with solid outcomes for our industry. Recent countries of focus have included Republic of Korea (2011) and China (2010).

The current country of focus is India. Initiatives to facilitate greater ties with the Indian screen industry include jointly supporting travel for six producers to attend Federation of Indian Chambers of Commerce and Industry (FICCI) Frames Convention in Mumbai, 14–16 March 2012. Supporting an Australian delegation to the FICCI Frames Convention enabled producers to explore co-production opportunities and to promote new projects. Screen Australia and DFAT are currently working towards a major Australian promotion in India in late 2012/early 2013 which will provide new platforms for closer engagement between Australia and India, in particular through film.

OPPORTUNITIES FOR GROWTH

There are a number of measures that will assist the Australian screen industry to fully realise the potential of its position in relation to Asian markets.

Co-productions

Advancing co-production agreement negotiations in particular with India, Republic of Korea and Malaysia will have an immediate impact on the local screen industry's ability to realise partnerships with these markets. Co-productions are mutually beneficial for Australian producers and Asian co-production partners for a number of reasons but primarily centred upon opportunities to obtain production finance and audiences for content.

Production finance

Co-production treaties enable projects to acquire national status in partner countries as well as to direct investment by Government agencies as well as indirect investment such as tax incentives. For example, Australia/Singapore co-production *Bait* has benefitted from MDA investment as well as Screen Australia funding.

Co-productions also aid access to private investment in partner countries and this diversification of sources of funding reduces the risk for investors. Finalising co-production treaties will give local producers broader access to production finance, at minimal cost to the Australian Government.

Increased access to production finance is crucial for Australian production companies that have outgrown the scale of the domestic market, necessitating further expansion into international markets. This is the case for a number of companies producing children's animated content, for example.

Audiences

Co-productions have significant financial and cultural advantages in terms of access to audiences in partner countries.

Co-production treaties allow projects to benefit from Government regulation designed to promote domestic screen content such as local content quotas. This is especially significant in China given the restrictions on the theatrical distribution of foreign feature films. These restrictions do not apply to co-productions, allowing access to a lucrative theatrical exhibition market.

Furthermore, co-productions are likely to attract investment from broadcasters and/or distributors from both partner countries, providing avenues for co-productions to be accessed by Asian audiences. Co-productions can also capitalise on relationships that producers from both countries may have with sales agents or individual territories to reach audiences beyond the region.

INDUSTRY ENGAGEMENT AND EDUCATION

It is imperative that the Australian film industry has the resources, skills and knowledge to build upon and expand networks with Asia into the future.

The momentum generated by recent Screen Australia initiatives and industry collaborations should be maintained by continued Australian presence and involvement in key Asian festivals and markets and continued facilitation of industry delegations to Australia.

At present funding such engagement requires the diversion of resources from other essential programs.

Screen Australia has taken a lead in encouraging engagement with Asian markets but there remains an acute need to educate the screen industry about key Asian markets. This will require a coordinated approach between Screen Australia and other industry stakeholders such as state screen agencies, key industry guilds, screen resource centres and educational institutions, both in Australia and in Asia.

In the longer term, Screen Australia believes that bilateral or multilateral initiatives will be essential to the growth of the local screen industry.. This could be facilitated, for example, by a program that supports Australian screen businesses to form international alliances or joint ventures with businesses or broadcasters in emerging markets in the Asian region.