Cannes 2009: Market Report

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Ross Matthews

After a day or two of rain the sun returned to the Riviera and the Croissette was, as always, clogged with humanity. It was clear however that although the trades projected total registration at 10,000 (down from 10,400 last year), the buyers and sellers were down in number in the vicinity of 30-35%. The companies supplying flat screens and DVD machinery to the sales companies reported a 35% slump in business - a good indicator - and in the Palais where in the good times you would have to fight your way down the hallways, the booths were disappointingly empty. Rooms in the major hotels were available and there was always a table available in the popular restaurants.

The lead up markets of AFM and Berlin were disastrous according to many sales companies and there was hope that things would pick up at Cannes. According to some companies the word was good - others screamed disaster.

A buoyant US box office was seen as a positive and as is always the case good product attracts buyers albeit slowly and at lower prices.

Variety reported as follows:

“The market’s concentrating around a reduced number of stronger buyers and sellers, companies with strong financial stability and theatrical and DVD operations and especially strong ties to television... Deals were plentiful but not all sales companies found success. The international sales market has contracted dramatically, so sales agents and producers are moving away from a total dependence on presales toward structuring co-financing, ranging from studio coin to co-production, targeted multi-territory deals, local production investment and soft-money solutions. These options reduce exposure to a troubled sales market.”

The deals were tough, pre-sales were increasingly difficult to secure, gap deals with their reliance on loan funds were harder to find and lower in quantity, and prices were down. However there is always a positive to be found - as one substantial sales agent put it, this climate is clearing out the clutter - all those bad hedge fund financed films are disappearing, leaving the brighter lights to shine through.
With equity and bank loans melting away producers are discovering that the bedrock of independent film financing is soft equity. This year's Cannes competition line-up was jam-packed with features that would have been impossible to make without European state subsidies, UKFC, US state subsidies and, last but not least, our own SA equity and offset contributions.

The spotlight then falls on co-production, as producers were well aware of the trend and I was barraged with meeting requests to discuss co-production options. On the streets, in the cafes, and even in the lifts, I was pitched co-production projects. I took part in two co-production panels at the Australian office. The first focussed on the UK/Australia treaty. Panel members included Ruth Harley, Sally Caplan (UKFC), a financier John Groydon and myself. This seminar was packed to the rafters and discussion was robust and productive. The Canada/Australia treaty panel was less well attended but equally productive.

The Australian contingent was as always a substantial one, including a large number of producers from the highly experienced to the new players.

The Australian office was as-always extremely well-managed and handled a large and constant flow of visitors. The A-list festival Directors lunch was a great success with Jane Campion and Abbie Cornish attending and there were three very well targeted and well-attended functions - a welcome Australia drinks function, a sales agent and financier event, and a function for festival directors and co-pro agencies.

**Competition**

Australia's profile was high this year with Jane Campion's *Bright Star* in competition and Warwick Thornton's *Samson & Delilah* in Un Certain Regard. The red carpet screening of both films were extremely successful. Reviews were great, the celebrations were extravagant and there was general agreement that the Camera D'Or was richly deserved.

**Meetings**

- Film Sales Corporation - Andrew Herwitz: New York based sales agent selling primarily into the US market.
- Singapore Media Development Authority (MDA) - Dr Tan Chin Nam, Chairman; Cassandra Tay, Director Communication; Dr Christopher Chia, CEO
- FOX - Tony Safford
- Arclight - Gary Hamilton; Ian Gibbons
- Independent - Andrew Orr
- HanWay Films - Jeremy Thomas; Peter Watson
- Bankside Films/ Head Gear Films - Phil Hunt; Hilary Davis
- Rosemary Blight
- The Little Film Co - Robbie Little: Los Angeles based sales agent
- BBC Film - Jane Wright; Isabel Begg; Jamie Laurenson
- E1 - Charlotte Mickie: Taken over the European sales company Maximum
- Movie House - Gary Phillips; Mark Vennis: UK sales company.
• Focus Features - Alison Thompson: A subsidiary of Universal
• Myriad - Kirk D'Amico; Pat Murray
• Graham Begg: Ex business affairs manager for UK sales company ContentFilm.
• Olswangs - Libby Saville
• 120dB - Peter Graham
• Miramax - Peter Lawson
• Icon - Mark Gooder
• UKFC/ DCMS - Wendy Parker
• Pathe - Francois Ivernel; Cameron McCracken
• Goalpost - Tristan Whaley: UK sales company with corporate connection to Rosemary Blight's Australian production entity.
• Prescience - Paul Brett: UK financer
• Standard Chartered Bank - Lee Beasley, Heather Mansfield: Hong Kong bank.
• Salt - Piers Tempest: UK sales company and production entity.
• H2O - Mark Horowitz: LA based sales outfit with some Australian connections.
• Paramount - Matt Brodlie
• Fortissimo - Michael Werner: Still grieving over the tragic loss of co-founder Wouter Barendrecht.
• CNC - Roland Husson: The competent authority for French co-productions.
• Celluloid Dreams - Christian Baute
• EX Entertainment Media Group - Jeff Andrich: Los Angeles based financier.
• Celsius Entertainment - Thierry Wase-Bailey
• Odin's Eye - Michael Favelle: Selling Australian genre films.
• Lightning Entertainment - Richard Guardian
• Ingenious - Nik Bower
• Aramid - Lucinda Englehart: London based provider of offset cashflow and gap finance.
• In Tandem - Billy Hurman; Gary Smith: UK based sales company with occasional Australian connection.

Conclusion

There is a message that came to us loud and clear from the Cannes 2009 experience and it is a view shared by many. The clutter of finance and debt-driven low quality projects is clearing and the stronger projects will be left looking for support from a smaller pool of sales companies. Prices are off by between 40-60% and as a consequence budgets will need to tighten and the demands of the marquee participants will have to reduce. With a tougher market, fewer pre-sales and gap providers reducing their exposure, the soft equity available through co-production will become more attractive to producers and co-production will likely make a more substantial contribution to our slate.
Tait Brady, Head of Marketing

As was widely reported, attendance at Cannes this year was clearly down on recent editions, continuing a trend that has been visible at other markets ever since the GFC kicked in late last year. For the first time in decades, 5-star hotels reported empty room, and there was certainly less glitz, less late night parties at the beach restaurants etc. S.A. had cancelled its large Australian function (20% co-funded by the state agencies and Ausfilm) and was not alone in exercising these cutbacks.

Observations

The number of Australians attending still seemed substantial, with over 220 registered at the Screen Australia office, but after deducting the numerous agency and distributor staff, the figures reflect a modest drop in the number of producers attending. SA travel grants supported only 12 of these producers.

2009 felt like a market still finding its balance, with buyers exercising extreme caution. Deals were done, including presales, but very much focussed on:

a. big budget, cast and/ or director-lead pictures
b. genre films, driven by strong concept (usually not cast dependent)

Note that these two categories exclude the vast majority of Australian projects on offer. As had happened at Sundance and Berlin earlier in the year, the majority of independent English language films, even those well-received by critics and buyers, remained unsold. When the most active buyer for North America is a US cable channel (IFC), you know a market is in trouble.

The Festival

Despite high hopes earlier in the year for greater representation in Cannes, eventually only three Australian features and one short were selected for the Official programme. All were very well received.

Bright Star

Screened in competition to generally positive responses from media and buyers. Most territories were pre sold - at mainly very good numbers – so there was little sales buzz on this title. Oddly, the biggest sales were done two months earlier and went barely remarked upon – US deal to Bob Berney’s still unnamed new company (who have also picked up Nash Edgerton’s The Square).

Samson & Delilah

Despite tremendous pre-buzz and wonderful critical and festival response not to mention the eventual Camera d’Or win (only announced on the last night), fledging French sales agent Elle Driver were unable to secure any sales on Samson & Delilah by festival’s end, another sign of the tightening marketplace. (Latest update is that deals have now been done with nine territories – Israel, the former-Yugoslavia, UK, Benelux, Middle East, France, South Africa, Columbia and Portugal.)
Wake In Fright

The miraculous new restoration of the 1971 classic was screened in the festival’s ‘Cannes Classics’ program, 38 years after its world premiere at Cannes marked the start of the Australian Film renaissance in 1971. Screening to an enthusiastic audience although with little fanfare; the festival couldn’t afford to invite director Ted Kotcheff and no other reps of the film were present including the NFSA who managed the restoration.

Other films

With very few English language films breaking out of the market in Cannes it was another reminder of how unfortunate it was that other Australian contenders – BALIBO, BLESSED, VAN DIEMANS LAND, MY YEAR WITHOUT SEX, LAST RIDE, MAO’S LAST DANCER etc didn’t make the “cut”. Most sales agents chose, probably wisely, to not launch new films via the market, instead holding them for an International launch at a major festival later in the year (Venice, Toronto etc.)

Only MY YEAR WITHOUT SEX, CHARLIE AND BOOTS, TWO FISTS ONE HEART and COFFIN ROCK were screened in the Cannes Market to international buyers and Festival programmers. Of these, MYWS attracted a roll call of virtually all major art house buyers and Festival programmers across its two market screenings. While some Festival invites have followed, according to sales agent The Works, buyer response was not strong.

COFFIN ROCK, TWO FISTS ONE HEART and CHARLIE AND BOOTS both screened to small audiences at their market screenings, another sign of the changes in the market place. Where ten years ago buyers would have been queuing to get into these screenings, the last three or four years have seen numbers plummet, making it debateable as to whether these expensive market screenings are worth doing at all any more. Sales agents report distributors spending more time on meetings and less time in screenings of unknown films, preferring to receive a DVD preview copy after the festival.

Several other Australian films made independently of the agencies also booked market screenings in Cannes, either directly or via their sales agents, fuelled by the myth of Cannes past, certainly not the current market environment. These producers invariably come away disappointed and disillusioned with no sales at all for their films but a hefty expenses bill. While the SA Marketing department attempts to counsel these producers against taking this route to the marketplace, most take little regard of our advice, having made the film outside the system and not being aware of the agency’s experience in these areas.

One more positive experience was that of independent director/producer Steven Kassidrios who made the $80,000 violent thriller THE HORSEMAN in Brisbane last year. Having secured a US agent (UTA) on the back of good Australian industry buzz around the film, he signed with small LA based sales agent MEDIA 8 in time for them to take the film to Cannes, where they signed seven modest sales, that will assist Kassidrios to complete and deliver the film.

Very few sales of any significance were announced for the Australian films by sales agents during or immediately after Cannes, making THE HORSEMAN deals all the more impressive.
Bavaria Film had by invitation-only screenings of its newly acquired Australian feature VAN DIEMANS LAND – independently made and completed with $160k from Screen Australia. It and MY YEAR WITHOUT SEX then went on to premiere at the Edinburgh Film Festival in mid-June.

**Function/Events**

The Screen Australia Marketing Department organised six functions for the industry during Cannes, all taking place in the Cannes apartment. This apartment, leased by the former Australian Film Commission since the late 80s, is well known by Cannes regulars. The annual Australia function was cancelled, replaced with smaller more focused events, in addition to the traditional ‘Welcoming Australian’ drinks held on the arrival day of Thursday 14 May.

1. **Networking with international sales agents, distributors and financiers**

Sat 16 May - Key international industry/ market meet and network, one of four co-hosted agency events with FTO, Film Vic, SAFC and Ausfilm.

2. **Networking with international support industry/ celebrate Australian line-up**

Mon 18 May - Networking function which concentrates on representatives from film festivals, co-production markets, workshops and film agencies; also to celebrate the Australian line-up.

3. **UK/ Aust Co-pro/ Offset Forum**

Held in the Screen Australia apartment and arranged by the Marketing Department in conjunction with the UKFC, with particular emphasis on further expanding the workings of the Producer Offset. Panel members included; Ruth Harley, Ross Matthews, UKFC John Woodward (CEO) and Sally Kaplan (Premiere Fund Manager) This session was particularly well attended, with audience overflowing out onto the balcony.

4. **Australia/ Canada Co-pro/ Offset Forum**

Driven by similar aims as the UK session, and the sense that opportunities to work with Canadian Producers are under-explored. Canadians have access to a range of funds, (mainly) speak English, have very similar agency funding systems and a fair degree of cultural currency. Panel members included: Ruth Harley, Ross Matthews and Telefilm Canada’s Bridgitte Moneau.

5. **Major Film Festival Luncheon**

Utilising the sunny balcony of the Screen Australia apartment, the Marketing Department hosted a lunch for reps of the major film festivals to meet Australian filmmakers with films in Cannes.

Screen Australia: Ruth Harley, Martha Coleman, Sally Riley, Tait Brady, Australian ambassador and wife

Guests: Jan Chapman, Jane Campion, Abbie Cornish, Ameil Courtin-Wilson, Sally Hussey
Berlin: Thomas Hailer (Program Manager), Weiland Speck (Director-Panorama), Mary Anne Redpath

Cannes: Frederick Boyer (Directors Fortnight Programmer; to be Director in 2010), Christian Juene (Un certain regard programmer)

Toronto: Noah Cowan (CEO)

Pusan: Mr Kim Dong-Ho (Director), Mr Jay Jeon (Fest Director/ Programmer)

Sundance: John Cooper (new Fest Director), Trevor Groth (programmer)

Venice: Marie Pierre Duhamel (selection committee), Paolo Bertolini (selection committee)

MEETINGS

Major Film Festivals

- San Sebastian, Mikael Olaciregui - Festival Director
- Venice Marie-Pierre Duhamel – Festival programmer
- Toronto, Cameron Bailey –Festival director
- Sundance, Trevor Groth – Festival Programmer
- SXSW Janet Pierson – festival Director
- Directors Fortnight (Cannes) , Frederick Boyer – Director for 2010
- Berlin Dieter Koslick – Festival Director
- MaryAnne Redpath – Programmer
- Tribeca, David Kuock, Genna– Programmers
- Locarno, Chicca Bergonzi – Programmer
- London-Australian Film Festival Robert Rider – Programmer, Barbican, Centre
- Power To The Pixel, London , Liz Rosenthal – cross media festival /org
- Karlovy Vary, Julietta Sichel – Programmer
- Mannheim, Michael Koetz – Festival Director
- St Tropez AntipodesBernard Bories – Festival Director
- LA Film FestivalRebecca Yeldham – Festival Director

Co Pro Workshop/ Labs

- Strategic Partners, Halifax, Jan Miller, Lindsay McCrae
- Cinemat/Rotterdam Lab , Marit van den Elshout,
- Jacobine van der Vloed
- TorinoFilmLab, Savina Nerotti
- ACE Sophie Bourdon
- Tribeca AllAcessDavid Kwok
- IFF, Toronto, Jan Nathanson

Sales Agents

- Arclight, Gary Hamilton, Ian Gibbons
- Fortissimo, Chris Patton, Michael Werner
- K9 Bill Stephens
Martha Coleman, Head of Development

My goal for this market was to re-establish my UK and US links in my role as head of development at Screen Australia, to introduce UK producers to the notion of co-development with Australian producers (rather than just co-financing), and to gather information about professional development practices used elsewhere in the world.

From my time in the UK I observe that there are many similarities between our two industries and we share many of the same challenges: English speaking, independent, competing with Hollywood for audience attention, balancing a tension between cultural expression and commercial reality. I see our own industry as like the UK of ten years ago: very little development culture, producers developing films with little regard for audience, the terms “genre” and “commercial” eliciting a snobbery revealing a lack of craft
knowledge and business understanding. And while Australia is not the UK, there is always something to learn from what has gone before.

I stopped in London for two days prior to Cannes where I met with:

**Lucy Sher**, whose Script Factory program has been one factor in the growing sophistication in development practice in the UK over the past ten years. As a result of this meeting we are bringing Lucy out in October 2009 to begin what will be an annual run of condensed Script Factory script analysis and development training courses in order to build a skill base over the next five years;

**Emily Anderton** from the UKFC New Cinema Fund to discuss their experiences with short film funding;

**Sue Swift**, the literary scout for Kudos Films and Television, who admitted that many resources are spent scouting books but very few are actually optioned and even fewer are made into films, but, like theatre, they still need to be covered (book scouts are used a lot in the UK and the US, because once a book is published the option has already gone);

**Andy Paterson**, producer working with Australian Jonathan Teplitsky on Jonathan's next film The Burning Man; and finally,

**Shefali Ghosh**, from Working Title

In Cannes ten days of back-to-back meetings began with:

**Marilyn Milgrom** from NZFC to discuss ways we can encourage a cross cultural exchange between Australia and New Zealand, concluding that one way was to open the door on our various programs to include spaces for our Tran-Tasman colleagues and for NZFC to reciprocate. We are including four NZ participants in our Script Factory course in October 09.

I joined Ruth for lunch with the much loved and respected **Katriel Schory** from Israeli Film. Katriel’s personal approach to the nurturing of creative talent was inspiring and the results speak for themselves: in five years Israeli audiences seeing Israeli films has grown from half a percent to 14%.

Back at the SA office I met with **Jonathan Olsberg**, UK producer **Samantha Thomas**, with director **Lawrence Dunmore**, to discuss the project she is co-producing with Australian Miranda Culley. As they were planning to come in for financing soon I also introduced them to Ross Matthews;

I joined Ruth and Ross to meet **Tony Safford** (Fox Acquisitions);

Dinner with **Jenny Borgars**, head of production at Optimum Releasing, a UK based distribution company whose new production arm, a partnership with Pathe, is definitely one to watch.

The Australian Welcome drinks were a good way for me to meet many of the Australians who had emerged during my time abroad as well as to update myself on the activities of those I already knew.

Breakfast with **Gary Hamilton** from Arclight followed by a slate meeting where Gary revealed 3D **Bait** (surely a no-brainer) was garnering huge interest, which tallies with reports that high concept entertainment was what the buyers were looking for;
**Tom Salmon and Carola Ash** from Future Films;

**Hilary Davis and Stephen** from Bankside talked about the slow trade but were very buoyed up by the interest in *Bran Nue Dae*;

Joined Tait at a meeting with **Jan Miller** from the Atlantic Film Festival to talk about Strategic Partners, an international co-production market which they are keen for Australian producers to attend;

**Chris Clark**, ex senior development exec at Working Title UK, now with his producing partner in LA;

**Celine Haddad**, ex Pathe head of development now producing, looking for Australian producing partners;

With Ruth and Ross we met **Jane Wright** from BBC Films and her development team where Jane wept as she pitched *Oranges and Sunshine*, the co-production about UK kids “stolen” and sent to Australia for a “better” life, where they were systematically abused.

The premiere of *Bright Star* was moving and pride-enducing as Jane, Jan, the actors and some of their team were embraced by a 14-minute standing ovation. It was a wonderful night.

Ross and I hosted a table at the Producers Network breakfast;

The late morning premiere of *Samson & Delilah* was another successful event and it was with great pride we watched Warwick, Kath and the cast accept an eight minute standing ovation. After the screening they were swamped by autograph seekers... they are on their way.

With Ruth I met **Robin Gutch and Alex Marshall** from Warp Films. This is a UK production company I am very interested in as they understand how to tell specific stories in a universal and cinematic way for the right budget (*This is England; Dead Man’s Shoes; London To Brighton*). Warp has opened an Australian production company in Melbourne and I feel they are well worth supporting in whatever way is appropriate. We talked about their approach to finding and nurturing talent and they convinced me of their genuine commitment to their Melbourne based operation. They have just lured the brilliant Peter Carlton from Film4 to head up their European production company.

Again with Ruth I met **Alison Thompson** from Focus Features. The message I got was that their interest would be generated by evidence of creatively strong films that travel internationally, which is fair enough.

The evening Screen Australia event for Sales Agents and Distributors was very well attended and considered to be a success by all.

Breakfast with Melbourne based developer **Claire Dobbin** whose insight into international workshops will be useful as we assess their value over the next 12 months.

The festival directors lunch was intimate and genuinely bonding.

With Ruth I met **Katherine Butler and Peter Carlton** from Film4 in their beautiful, zen, office garden. Ruth’s reminiscences with Katherine inspired what has now become the Screen Australia Film 4 Producer Internship program, to be announced at MIFF. We talked about their approach to...
development, which is always talent focussed. They look for strong voices and then train up their development skills. This discussion helped inform my next discussion about short films, with Jonathan Rawlinson. Film 4 has projects with Jane Campion (*Lucky* by Alice Seabold) and Cate Shortland (*If the Spirit Moves You* written by Abi Morgan).

I met Jonathan Rawlinson, a producer who works with Simon Van Der Borg (UK based script editor/ developer) on professional development workshops in the UK. We talked about what has and hasn’t worked and how we could work together in the future. This discussion inspired the idea of a feature-based shorts-development program for writer, director, producer teams for Screen Australia. This has now developed into the Screen Australia Springboard Shorts Program, which Jonathan and Simon will run in November 2009.

Jean-Baptiste Babin from Back Up Films met me to discuss Australian directors.

Drinks that evening with a bunch of UK producers most of whom are trying to get their projects to “fit” into an Australian co-production model.

UK/ Australia co-production event at Screen Australia. This was standing room only and backed up our experience that UK is eyeing Australia heavily for co-production opportunities. At every opportunity I encouraged UK producers to think about partnering with Australian producers during development, rather than during finance only, as that would allow SA to support the development and the SA component would form part of the QAPE. UK producers were very interested in this. I think our Australian producers have a lot to gain from working creatively with UK producers to encourage a broad outlook.

Lunch at the UKFC New Cinema Fund event. Talked with Mark Herbert from Warp Pictures, Tanya Segatchian, head of development at UKFC, to discuss co-developing a project owned by UK producer Charles Steele, and Emma Clarke and Lenny Crooks from New Cinema Fund.

Meeting with Jane Campion and her producer Christopher Gill, and the Pathe finance team, at Pathe offices to discuss unusual financing path for their project *Runaway*, which we have supported for development along with Pathe. Jane explained her process will be one of workshopping with actors from the short story, so the working document will be a skeleton document but there will not be a traditional script (like Mike Leigh’s method).

Tristan Whalley from Goalpast, along with Ruth and Ross. Tristram clearly loves working with Australians and is very admiring of Rosemary Blight. Richard Harris and Cheryl Bart from SAFC. Then the famous BBC Films party was crowded but everyone was there from the UK, so a handy networking event.

Screen Australia event for Festivals, Labs and Agencies. Again, well-attended and proof that the focus of these smaller events makes them more effective networking and information gathering opportunities.

Breakfast with Robyn Slovo, producer at Company Pictures. Robyn produced Phil Noyce’s *Catch a Fire*. Piers Tempest, UK producer, went through his slate which included a couple of Australian set thrillers. He is working with David Lightfoot. Mia Bays from Film London.
Australia/Canada co-production event at Screen Australia was not as well attended as the UK one which I think is because it’s not as natural a fit as co-production with the UK. Also observed Canada is clearly more TV focussed.

**Barnaby Thompson and James Spring**, producers of *St Trinians* and *Easy Virtue* through their Ealing Studios company, quizzed about Australian producers. Barnaby is prolific and has good cast and finance connections. Their profile at Cannes on the Croissette is always excellent.

Breakfast with **Matt Brodlie** from Paramount, Ruth and Ross, where we discussed *Tomorrow When The War Began*.

**Tom Quinn** from Magnolia.

**Charles Steel**, UK producer with the right to Tim Winton’s *Breathe*.

With Tait, we met **Sophie Bourdan** from ACE. They have just opened this European Producers network to non-Europeans and Sophie was keen to attract Australians.

**Andy Paterson and Chris Brown** to discuss an Australia/ UK co-production.

Follow up with **Marilyn Milgrom**, NZFC to discuss bringing out the Script Factory to Australia and New Zealand.

With Tait, **Savina Nerrott** from Torino Film Lab. This scriptwriting workshop impressed me for its focus on craft.

**Conclusion:**

This Cannes was all business - no circus stories to return with, which is unusual - but it was very productive. By the time I left Cannes I had re-established old ties and established new ones and had introduced a dozen or more UK producers to Australian producers. I had a clearer, inspired vision for three initiatives which I think are perfectly placed to assist the professional development of our film community. With further development with my team these have become: Screen Australia Springboard Shorts Program; Screen Australia/ Film4 Producer Internship Program; and Screen Australia Script Factory Developer Training Program.

And it reaffirmed what I already knew: there is no question the days of indulgence are over and Australian filmmakers must be more aware of where their own films sit on the international platform, and approach the business of their films accordingly.