

Cannes Film Festival Cannes, France, 15–26 May 2013

Report by:

Ruth Harley, Chief Executive Officer

**Kathleen Drumm, Head of Marketing and Industry
Development**

Ross Matthews, Head of Production Investment

Veronica Gleeson, Senior Development Executive

‘Smart sells. Dumb, not so much.’ So *Variety* magazine’s pre-Cannes May 14 column on the resurgent box office and market value of cleverly made independent films set the tone for the world’s most important film festival and biggest annual film market, which in 2013 attracted more than 30,000 attendees, including 4770 registered members of the media.

Cannes 2013 offered Australia a glittering profile, with *The Great Gatsby* screening in Official Selection on opening night, following its US opening weekend gross of \$US51.1 million. Walking the red carpet were director Baz Luhrmann and co-producer Catherine Martin, along with Leonardo DiCaprio, Carey Mulligan, Toby Maguire and key Australian cast Joel Edgerton, Isla Fisher and Elizabeth Debicki.

Overall there was continued interest and positive feedback on the Australian slate due to the combination of the Offset and the fact that Australian producers are presenting better developed scripts and more sophisticated packages.

Market

Altogether a record 5,364 titles – up from 4,659 in 2012 – were on sale this year. Some 3,340 were market premieres. Of the titles on sale, 60 per cent were completed, 16 per cent were documentaries and 120 were in 3D.

A total of 11,700 professionals from 108 countries registered for Cannes, clocking a 3 per cent increase in the number of participants, with growth from North America and Asia. Seven nations made an appearance for the first time: Albania, Bolivia, Costa Rica, Ethiopia, French Guiana, Ivory Coast and Sri Lanka.

As usual, the activities most represented were production (30 per cent), theatrical distribution (20 per cent) and sales (12 per cent); VOD saw a growth in representation of more than 30 per cent.

The market is heading for an economy where theatrical revenue is up. This is a reflection of contracting ancillary revenues – not the expansion of theatrical revenues – and the fact that monetising of VOD is still a challenge in many territories.

Australia had a visible presence with over 250 attendees and seven Australian films screening in the market: *100 Bloody Acres*; *John Doe*; *The Jungle*; *The Rocket*; *Storm Surfers 3D*; *Red Obsession*; and *Two Mothers (Adoration)*.

There was a wide awareness of Australian product, which continues to attract a high level of interest from most of the major sales agencies.

Festival

There were 10,332 titles submitted to this year's festival (across the Cannes Film Festival, Directors' Fortnight and Critics' Week) from around the world. The festival's top award, the Palme D'Or, went to Abdellatif Kechiche's *Blue is the Warmest Colour*, and the Grand Prix to the Coen Brothers' *Inside Llewyn Davis*.

Australia was fortunate to have *Gatsby* as opening night film, and short film *Tau Seru* chosen for the Critics' Week. Both projects were notable in different ways for their combination of Australian heritage and global outlook.

The Great Gatsby was shot in Sydney, crewed and creatively helmed by Australians, and sold to the world on the strength of both the Luhrmann/Martin vision and a marquee Hollywood cast.

Melbourne director and VCA grad Rodd Rathjen's visually impressive *Tau Seru* (which translates as 'Small Yellow Field') was conceived and post-produced in Australia. The film was shot on location in India, with dialogue in Ladakhi.

Australia was represented by one of its global stars on the prestigious Cannes jury this year. Alongside jury president Stephen Spielberg, director Ang Lee, actor Christoph Waltz and other luminaries, Nicole Kidman was a highly visible presence. World press coverage made it clear that Kidman is regarded as being equal parts Hollywood royalty and Australian actress.

Trends/issues/observations

Depending on who was doing the selling, sales were either "steady like the rain" or "as varied as the wild weather" in Cannes 2013. Whilst there was an absence of big-budget US projects flooding the pre-sales market, as in the last two years, there was still a large amount of product. Industry dailies ran reports of international deals continuing past the opening weekend as far as the next Thursday – a general sign that post-GFC conditions continue to improve overall (with certain notable European exceptions such as Spain and Greece).

The mood was creatively discerning and economically risk-averse; it's fair to say that business can be done with a sufficiently attractive cast, script and director. Many sales agents broadly categorised their interest in Australian work into two categories: low budget elevated genre and higher range dramas with known cast and exciting directors. Mid budget-range dramas without either of the former are difficult to place – buyers aren't drawn to

middle-of-the-road material. Clear theatrical potential and a good hook are essential.

Australian producers continue to gain access to prestigious sales companies and to more senior executives within those companies. Projects are regarded as well-developed, relative to three years ago, and there is serious tracking of emerging talent. Producers are seen to pitch and present their projects very well.

Producer Sue Maslin's *The Dressmaker* was announced in Cannes, with Kate Winslet signed on and Judy Davis in a supporting role. There was a great deal of interest in the project.

Powered by tremendous North American interest, David Michôd's highly anticipated second feature *The Rover* attracted a distribution offer from NY-based A24.

The announcement of Simon Pegg's attachment to *Kill Me Three Times* elicited strong interest from buyers.

Son of A Gun, *Wolf Creek 2* and *The Railway Man* attracted good sales interest and *The Rocket* secured a North American release through US distributor Kino Lorber. Ivan Sen's *Mystery Road* scored a US deal with indie distributor Well Go.

Country snapshot – Brazil

The Brazilian industry is experiencing growth.

1. There is tremendous government support in place, including the recent requirement that all international cable TV channels must now contain Brazilian independent content in their line up, including three hours per week in prime time. Twenty-five million people in Brazil have access to cable TV. There is a tax on cinema admissions as well as across DVD and cable subscriptions.
2. Every telephone line incurs a tax, on the basis that the line could be a transporter of AV content. There are 220 million mobile phones in Brazil, each contributing \$1 per year.
3. The combined monies make up a recoupable fund, which is administered by Ancine, which retains an equity position. The money is mostly directed to film, with a growing number of TV projects.
4. The average production budget for a Brazilian film is \$4 million (high by Latin American standards). When funding features, Ancine provides some money to the producer and some to the Brazilian distributor, who becomes attached to the project as an associate producer. Ancine believes this brings the two parties together on earlier discussions about marketing and positioning. Ancine said the new system has resulted in better projects with clearer artistic merit and commercial potential.
5. Ancine has initiated awards for the best box office releases of local films – the prize money going towards the development of new projects. They provide a similar annual award to Brazilian films which have received the highest level of international festival acclaim.
6. Australian access to Brazilian funds is possible through tripartite arrangements with official co-pro countries.

Screen Australia at Cannes

Maximising the opportunities presented by Cannes is crucial to maintaining a prominent profile for Australia's film and production community. Screen Australia put together a schedule of meetings, events, business activities and promotional materials, in support of Australia at Cannes.

Objectives:

1. to position Australia as an expert, friendly partner for international collaborations
2. to enable business opportunities for Australian producers, including with their peers from selected territories around the world
3. to create opportunities for Australian producers to engage with key international industry execs across distribution, sales, finance, development and acquisitions
4. to secure information about market trends and developments across key territories
5. to celebrate and support the films screening in Official Selection
6. to provide promotional support to films screening in the Cannes market
7. to profile the diverse range of Australian producers at Cannes as well as their slate of upcoming Australian projects
8. to provide on-the-spot advice, introductions and practical support to the Australian filmmaking community at Cannes
9. to provide an opportunity for significant international film festivals to focus on Australian cinema, particularly upcoming projects
10. to secure sales information on the status of Australian films in the marketplace and to explore the latest sales strategies for Australia's major titles
11. to pitch new projects, ensuring that sales agents and buyers have the latest information on new titles coming through.

Website

A fully interactive website, australiaatcannes.com, was launched by Screen Australia in advance of the market. It featured more than 223 pages, with information about new and upcoming titles; links to trailers; producers' home pages; Australian distributors; a screening schedule for all Australian titles; a guide to doing business with Australia; and a news feed from Cannes. For the first time we also created a mobile-optimised version of the site. The website was well received by the Australian and international industries, with many positive comments on the content and design. There were 25,169 page views of the website between 1–30 May, from 2,593 visits. This represents an increase of 7,791 page views on our Cannes 2012 figure. The most popular feature of the site was 'Australian producers', with 7,325 views of this area.

Business activity*Office*

For the first time in nearly 30 years, Australia had a new Cannes office, which was located opposite the Palais Theatre. General feedback from both producers and business clients was positive regarding the convenience of location. A reduced space meant that there was limited opportunity for entertaining, but the facilities provided proved excellent for business. It was agreed that some refinements next year to ensure less noise in the space would be wise. Also, a larger space for key networking events should be explored.

Meetings

Screen Australia met with a range of sales agents, acquisitions executives, film festivals, partner organisations and producers throughout the festival (see Appendix A).

Networking functions

Screen Australia's office hosted business events over a series of nights, including a networking function for Australian producers with 200 key international acquisitions executives, financiers, sales agents and distributors. We put on 'happy hour' drinks over three nights, so that Australian producers could socialise with other guests.

Brunch

Screen Australia's Cannes team co-ordinated arrangements for a ScreenWest brunch, which was hosted by ScreenWest board members Aidan O'Bryan and Sue Taylor.

Media

We assisted Australian media at Cannes, responding to opportunities as they arose and supporting them practically as required.

Cannes producer initiatives*Market pitching*

Working on the assumption that you can always sharpen your skills, eight experienced Australian producers received one-on-one pitch training with renowned Hollywood script consultant Michael Hague in advance of the market. These same producers received travel support through Screen Australia's market program.

First timers program

A significant initiative was Screen Australia's first-timers induction program for Australians new to the market, held in collaboration with Initialize Films. Sixteen pre-market podcasts were posted, featuring interviews with sellers, distributors and international producers. At Cannes there were three morning sessions with the group, with intimate presentations from leading industry players. A series of international experts provided an insider's guide to financing and selling feature films. Six Australian producers participated alongside 15 internationals.

Session for ACT delegation

Monica Penders from Screen ACT brought a delegation of eight producers to Cannes. We organised an induction session with Ian Davies, to provide them with an overview of market trends and major territories. Guest speakers included David Garrett (formerly with Summit).

NZ Film roundtable

This comprised a closed session for selected Australian and NZ producers, with a facilitated discussion about respective markets: the types of films and stories that work; funding available; budget levels that projects are being made for; audience share for domestic films; and challenges facing domestic producers. NZFC CEO Graeme Mason introduced NZ, while Screen Oz's Kathleen Drumm introduced the Australian marketplace. The producer of *The Lord of the Rings* and EP of *The Great Gatsby*, Barrie Osborne, participated in this session, sharing his optimistic views on business between the two countries.

South Africa co-pro matchmaking event

Companies from Australia and South Africa with suitable co-pro projects were matched up during a facilitated event. Reps of both regional and national South African film agencies were on hand to discuss packages and tax benefits available to South African co-productions, as were Screen Oz reps Ross Matthews and Veronica Gleeson. Despite the treaty being in place since 2010, there is yet to be an official co-production completed. Consensus was that co-productions work least well as a shrewd manoeuvring for cash benefits out of two territories, and best when undertaken as a holistic, story-based endeavour between well-aligned producers.

Conclusion

Clarity and calibre were the dominant currency at Cannes 2013. Be they low budget dark horses or marquee cast dramas with visionary directors at the higher dollar range, the market appetite for multi-territory, audience-aware projects of stellar artistic calibre at the right price is healthy.

Sales agents continue to track Australian projects and emerging talent with close interest – consecutive years of success at A-list festivals have engendered a sense that Australia has 'something in the water' that is once again producing strong independent filmmakers. Sellers reported that films that were selling are those with a clear sense of what they are and a well-delineated audience. There seems to be a demand for cheaply produced elevated genre, and blue chip films at the \$8–15million mark. Providing the market with affordable and smartly conceived genre product made for under \$2 million, however, is an ongoing challenge. A key message was that projects deemed 'in-betweeners' continue to struggle. And while buyers say they're prepared to make way for the extraordinary exception that proves the rule, it is difficult to sell independent titles without substantial cast or proven directorial talent.

Appendix A

Screen Australia held a broad range of meetings in Cannes with financiers, sales agents, acquisitions executives, film festivals, partner organisations and producers, including:

1. **Protagonist** Mike Goodridge
2. **Embankment** Hugh Grumbar, Tim Haslam
3. **Arclight** Gary Hamilton, Mike Gabrawy, Ying Ye
4. **Content Films** Jamie Carmichael
5. **Shoreline** Ruben Guthrie,
6. **Lava Bear** David Linde
7. **Highpoint** Piers Nightingale
8. **Level K** Tine Klint
9. **Myriad Pictures** Kirk d'Amico
10. **Strategy PR** Cynthia Schwartz
11. **Lionsgate** Melissa Martinez
12. **Goalpost** Tristan Whalley
13. **Fox Searchlight** Tony Safford, Rebecca Yearey
14. **Porchlight** Liz Watts, Vincent Sheehan
15. **Parabolix** Larry Malkin, Tania Chambers
16. **Sony** Joe Matukewicz
17. **Silver Reel** Ian Hutchinson
18. **Macleay William** Greg Sitch, Nina Stevenson
19. **Cinecoup** Brad Pelman
20. **Bankside** Hilary Davis
21. **Film Finances** Anni Browning
22. **Allotria** Jodea Bloomfield
23. **Ingenious** Charles Auty, Avni Thacker, Nicolas Sandler
24. **Red Bull** Berend Dreier
25. **Hanway Films** Matt Baker, Phillipa Tsang
26. **Warp** Alex Marshall, Robin Gutch
27. **O'Melveny & Myers LLP** Libby Saville, Sarah Caughey
28. **Distrify** Andy Green, Peter Gerard, David Wilkinson, Richard Thompson
29. **Eone** Charlotte Mickie, Sally Caplan, Christina Kubacki
30. **FilmNation** Allison Silver
31. **Focus Features** Alison Thompson
32. **Premiere Pictures** Jason Garrett
33. **Zombie Lesbian Musical** Rebecca Thomson
34. **Paramita** Aaron Wilem
35. **Arsam** Ilann Gerard
36. **Solution Ent Group** Lisa Wilson
37. **Memento** Tanja Meissner

38. **Altitude Film Sales** Mike Runagall
39. **Ealing Metro** Natalie Brenner
40. **Intandem** Billy Hurman
41. **Cargo** Mark Lindsay
42. **Lightning** Richard Guardian, Tony Ginnane
43. **Aver** Jenna Seguin
44. **TF1** Gregory Chambet
45. **Celluloid Dreams** Hengameh Panahi
46. **ACE** Ronan Girre
47. **Film Agency for Wales** Pauline Burt
48. **Pursuit** Anne Gately, Paul Mercier
49. **MDA** Yeo Chun Cheng, Dillon Tan
50. **Go Patterson** Mark Patterson
51. **Arrow Entertainment** Steve Arroyave
52. **Gaumont** Philippe Carcassonne
53. **Fortissimo Films** Michael Werner
54. **Goldcrest Films** Courtney Noble
55. **Tohokushinsha** Kinuyo Taira, Ricky Hashimoto
56. **The Works** Julia Short, Bea Neumann, Laurence Gornall
57. **Umbrella** Mark Holdom
58. **Kojo** Kent Smith
59. **Rezo** Laurent Danielou
60. **General Film Corp** Matthew Metcalfe
61. **Railway Man** Chris Brown, Andy Paterson
62. **Disquiet** Adele Ibbotson
63. **Toronto Film Festival** Jane Schoettle
64. **Venice Film Festival** Paolo Bertolin
65. **Directors' Fortnight** Benjamin Illos,
66. **Sundance Film Festival** John Cooper, Trevor Groth
67. **Rome Film Festival** Marco Muller
68. **Berlin Film Festival** Maryanne Redpath
69. **Clermont Ferrand Film Festival** Roger Gonin, Anne Parent
70. **Mumbai Film Festival** Anu Rangachar
71. **Hof Film Festival** Heinz Badewitz
72. **BFI London Film Festival** Clare Stewart
73. **Telefilm Canada** Sheila de la Varende
74. **Ancine** Eduardo Valente
75. **British Film Institute** Isobel Davis, Lizzie Francke
76. **IFP** Joana Vincente
77. **Film Four** Katherine Butler, Sam Lavender, Tracey Josephs, Sue Bruce-Smith
78. **European Film Promotion** Jo Muhlberger, Renate Rose

79. **TIFF** Christoph Straub
80. **Cinemart** Nienke Poelsma
81. **NFDC Malaysia** Datuk MD Afendi B Datuk Hamdan (Chairman)
82. **SIMF Management** Chan Pui Yin, Lee Keen Whye
83. **NZFC** Graeme Mason, Jasmin McSweeney
84. **Kino Lorber** Richard Lober, Gary Palmucci
85. **UTA** Bec Smith, Richard Klubeck
86. **German Films** Mariette Rissenbeek
87. **Berlinale** Virginie Franz
88. **Singapore Film Festival** Marc Piton
89. **Unijapan** Atsuko Ohno
90. **Beijing Film Market** Claudia Jiang
91. **KOFIC** Young-gu Kim
92. **Rotterdam International Film Festival** Inge de Leeuw
93. **EFM Co-production market** Sonja Heinen
94. **Geneva International Film Festival** Sophie Mulphin