



Australian Government

SCREEN  
AUSTRALIA

**KEYNOTE SPEECH**  
**Melbourne International Film Festival (MIFF)**  
**24 July 2009**

**Dr Ruth Harley, Chief Executive Officer, Screen Australia**

**TITLE: Yes, Minister**

Chair Claire Dobbin and members of the MIFF board, 37 South,  
international sales agents, producers from across Australia and New Zealand  
... GREETINGS.

Screen Australia is one year old. Like all new beginnings we owe a debt of honour to our antecedents. Firstly, I want to recognise our antecedents in this place: The Wurundjeri and Boonerwung peoples whose land and home we're in.

Secondly, I want to acknowledge the legacy and the work of the previous Commonwealth agencies.

To the Australian Film Commission – particularly for their legacies of talent development, Indigenous filmmaking and a goldmine of research, information and statistics.

To the Film Finance Corporation – for its fabulous slate of features and documentaries many of which you will see at this festival.

To Film Australia – for the extraordinary documentation of Australia's history and the mega rich resource that is its library.

Screen Australia starts its life on these strong foundations of: Australia's Indigenous cultures, a flourishing talent base, a substantial historical record, and a major release slate of features and documentaries. Peter Garrett presided over this lectern last year and he used the opportunity to lay out the Government's agenda for the newly formed Screen Australia to be a major influence for change; to build a leadership role within the industry; to balance commercial and cultural objectives. When you run government-funded agencies it's always a good idea to deliver what is wanted. So I have titled this speech "Yes, Minister".

The Minister said, unequivocally, that it was time for a change and Screen Australia's job was to be a major influence for change.

That was why the Government had radically restructured its screen support machinery. It introduced the Producer Offset scheme and created a single federal support agency, Screen Australia.

The Government expected Screen Australia to be very different from the bodies it replaced, and innovative in its approach. Furthermore, it would have less funding with which to do the job. In particular, the Minister suggested a rebalancing of priorities – a reduction in direct production investment, which was to be used to top up culturally significant projects over and above the Offset, and an increase in the funds and emphasis given to development and marketing. As you know, Screen Australia's funding priorities do look different now. So – “Yes, Minister”. If I could show you a slide, you'd see a shift in the allocation of funds.

Production investment has decreased in line with the reduced appropriation in funds and we have increased the allocation to development and marketing because of our commitment to assisting Australian productions in reaching wider audiences. We've also made a 20 per cent reduction in our expenditure on administration down from \$29 million to \$23 million.

It is a truism that all change involves loss and people are always unhappy about loss. There is always a risk that change doesn't work – and that breeds more change. Whenever we make one program a higher priority, at the other end of the seesaw, something else becomes a lower priority.

Over this year we've held extensive consultation about all the programs of our predecessors. Every one of those programs has its strong supporters. So, inevitably there have been some controversies. The argument about relative priorities will continue. But one thing is for sure – if you want a different result, you need to do different things. So we have ceased some programs, changed others and introduced a number of new ones. The next challenge of course, is to evaluate the changes. We must be unafraid of measuring the results or of changing our approach if what we've tried isn't getting us towards our goals. That's one way we can respond to the Minister's second challenge – for Screen Australia to build a leadership role in the industry.

## **TO BUILD A LEADERSHIP ROLE WITHIN THE INDUSTRY**

We're a small agency, in a diverse industry with no shortage of chiefs. However, there are ways in which we believe Screen Australia can play a useful leadership role.

When there are strategic issues needing attention for the industry as a whole, we can focus in that direction. We're doing that. We're building new programs in script and talent development and in marketing. We're putting a priority on talent renewal and on our Indigenous programs.

Over the next three years our Indigenous Department will build on the success of recent years to foster new talent and to support the practising filmmakers working in the industry. And by the way – hasn't it been a

sensational year for them? We're thrilled with the success of *Samson & Delilah*: first the Camera D'Or at Cannes, and then with Australian audiences at the box office. There will be many more successes for this film. The website for *First Australians* was awarded the enormous accolade of being named one of the Top 10 Websites in the world at the recent Interactive Media Awards ceremony in New York.

These are obvious measures of success: international awards and audience numbers. Other measurement is a lot harder. Screen Australia can take a leadership role through our work on statistics and research.

What gets measured directs our attention. So our statistics and research team must do more than provide an opportunity to say, "Oh, that's interesting". No, we need to develop usable tools. For example, measures of industry sustainability:

- how much revenue is the industry generating?
- how much investment does it attract from sources other than the government, and
- are we attracting and developing the next generation of passionate, visionary, skilled story tellers and producers?

We must be unafraid to assess our progress in stimulating demand from Australian audiences. There will be good years and bad years. We know that. But what are the trends?

- how much value are audiences getting from Australian content?
- are they watching on big screens in cinemas, on televisions at home or on iPods on the bus, or all of these?
- how many of them are watching Australian films, or Australian television programs? Or Australian content made for new platforms?

Our research and statistics effort will help us – and the industry – keep focused on the right targets.

The third way Screen Australia can play a leadership role is in the way we collaborate with other players in the industry. We're committed to building a network of stronger partnerships with state agencies, and to improving our networks and relationships with guilds, the firms and organisations that make up the screen industry.

We've made efficiency savings through our consolidation into a single agency. There will be opportunities for reducing transaction costs by working collaboratively with other agencies and firms to reduce processing. For example, we've recently concluded a review of our relationships with the screen resource organisations. Working with the State Government agencies,

we've developed a tripartite arrangement that will give those organisations clearer goals and direction. It will make sure they complement other initiatives without adding to their reporting burden. It's a small example of 'joined-up government' but it's an improvement on what was there. We believe it will make those organisations and their programs more effective.

It's a way of working we intend to continue. Another partner – and one who shares our objective of increasing sustainability – is the Australian Film Television and Radio School, and in particular their Centre for Screen Business. We're working with them to finalise our three-year research plan, and we intend to create a joint advisory panel to help us involve the wider industry in our thinking. In our industry, anything we can do to reduce costs and to align the effect of different programs is to be welcomed.

So, to Peter Garrett's second instruction I believe we can respond, "Yes, Minister". That brings me to the third and last of the Minister's challenges.

The Minister's third challenge to Screen Australia was:

### **TO BALANCE COMMERCIAL AND CULTURAL OBJECTIVES**

The Minister identified twin priorities:

- to assist the development of a more sustainable screen industry, and
- to grow domestic audiences.

Those twin priorities of better businesses and bigger audiences have taken centre stage.

Our draft corporate plan begins with a vision that: audiences will demand Australian content that contributes to the cultural fabric of society. And that is delivered to them across a variety of platforms by a flourishing screen production industry. In pursuing that vision, Screen Australia's major goals are:

- to grow demand for Australian content to assist in the development of a more sustainable screen industry,
- to increase the quality, variety and ambition of projects and talent being developed,
- to ensure Indigenous content is central to the wider success of the Australian screen industry,
- to be an authoritative source of information about the industry.

Every one of our programs or activities contributes to those goals – and to meeting the twin challenges of dollars and seats.

## **A MORE SUSTAINABLE INDUSTRY: dollars**

We have three major strategies to help improve sustainability:

- to make the Offset scheme work as well as possible,
- to incentivise private investment in the industry via Enterprise,
- to focus on constantly renewing the talent base.

### **PRODUCER OFFSET SCHEME**

The Producer Offset scheme was developed to improve the industry's sustainability, and to provide a way for more commercial projects to be made without the need for direct investment from a government agency.

Since 1 July last year Screen Australia has issued 45 final certificates for the Producer Offset with another 20 in the pipeline. This will add up to: 16 to feature films, 16 to TV dramas and 33 to documentaries.

The Offset scheme operates under the strict secrecy provisions of the Taxation Act. Our left hand (the Offset team) is actually forbidden from telling our right hand (the stats team) what it's doing. It means we sometimes cop an earful when we ring producers to find out things they think they've already told us. More importantly, it has given us some challenges in being able to say confidently what effect the Offset is having on levels of production. There is some concern among the industry that as a result of the global financial crisis, fewer and fewer films are able to cover the gap, and that they can't be made without direct investment from Screen Australia. It's a story told in a typically gung-ho style by Antony Ginnane in ScreenHub this week.

But here's OUR best estimate: in aggregate, the Offset scheme has delivered somewhere between \$60 and \$70 million of production support in each of the last two years. In 2007–08 and 2008–09, we believe some 34 feature films and 55 television projects went into production using Offset assistance, without any direct investment from Screen Australia. That sounds like a lot, but we also know the scheme is being used by productions of very different sizes including a number of microbudget films.

We've seen an unprecedented increase in the number of quality feature proposals for production investment. There were 20 last month and another 14 this month. However, our ability to provide top-up funding is limited. Screen Australia's funding was \$102.9 million in 2008–09. It will be \$93.5 million for 2009–10 and it will be reduced the year after to \$89.4 million. This year there is about \$60 million for production reducing to \$55 million next year.

It's a cut over two years of just over 13 per cent, so how much that cut is made up for by production using the Offset scheme is something we'll continue to look at very carefully. It is imperative that the Offset works well.

Inevitably there have been teething problems. We've worked very closely with the industry to fix them. Over the last four months we've had success with the problem of the timing of acquittals. It's done. Special-purpose companies with a final certificate for the Producer Offset can voluntarily wind up, trigger the assessment of a final tax return, and receive the Offset. It's not perfect but it'll work for a lot of producers and financiers.

There's an alternative solution for integrated TV production companies. Once they're certified for the Offset, with the Australian Tax Office's approval, they can vary their ongoing tax instalments in anticipation of receiving the Offset at the end of the financial year.

We share the industry's concern about the difficulty of sourcing loans to cashflow the Offset. There are lenders in the private and public sector who are willing to lend against the Offset for larger loan amounts – \$1 million and more.

However, there are still problems for lower-budget projects like documentaries. Now that we have a way to solve the acquittal problem we have a much better chance of attracting lenders to solve the other problems. Conversations with lenders give us hope. I can't say more right now. But I am optimistic.

## **THE ENTERPRISE PROGRAM**

A competitive industry means more than a tough contest over slices of a shrinking subsidy pie. It means finding ways to grow revenues and attracting investment from private sources. We're not alone in putting a priority on helping the industry to develop more sustainable enterprises. The recent review of the Victorian Screen Industry echoed the Minister's call here last year for creativity and innovation in business, as well as on the screen.

Our Enterprise Program is designed to help companies do exactly that, and we've allocated \$3 million in this financial year 2009–10. The Enterprise team received 137 Expressions of Interest requesting over \$44 million for the first year of funding and a total of \$129 million over three years. Earlier this week we finalised the short list for that program.

We've looked particularly for proposals that focus on the need to find new revenue and new investors. We're looking for companies that know that while it might be good for one company if it wins a bigger share of subsidy, it doesn't improve the sustainability of the industry as a whole.

We've given priority to the applications we've judged most likely to lead to a significant step in the direction of sustainability, as well as to companies with outstanding feature development practice and strong slates.

## TALENT RENEWAL

The third leg of the sustainability triffecta is talent renewal – Offset, business development and ensuring the next generations of entrepreneurs and creators are coming up the ranks. We're announcing today four new development initiatives.

The Springboard Short Film Program, The Short Film Completion Fund, The Screen Australia/Film Four Producer Internship Program, and the Script Factory Foundation Development Training Initiative. Four new programs aimed at supporting Australian film practitioners to create outstanding Australian content that engages audiences.

You can find more details about them in our press release and Martha Coleman, our Head of Development, is also here at the festival and will be delighted to talk to you about them.

So we have another credit on the plus side of the Minister's "TO DO" ledger.

But just in case you think this is too, too sycophantic, the Minister in his speech last year referred to the "underwhelming" state of Australian feature films. And I think here we can say, 12 months later, a resounding "No, Minister". The state of Australian feature films this year is pretty terrific.

It's a tough business and it's foolhardy to look at the share of domestic box office half way through a year, but let's do it anyway. We're tracking much better than we were at this time last year, when we were looking at a share of less than 1 per cent. So far this year, the domestic share is close to 5 per cent. It does include \$10 million from Baz Luhrmann's *Australia*, but there is also *Mary & Max* at \$1.3 million, *My Year Without Sex* and *Disgrace* at around \$1 million each and *Samson & Delilah* nudging \$3 million. The question of course is, how do we build on this success and keep the audience charts moving upwards? How do we meet that critical challenge from the Minister's list – to grow domestic demand for Australian screen content?

Screen Australia has placed a priority on the audience in our development, production investment and marketing programs. Last week we made an announcement about our marketing programs. From inception through development, production and distribution, whenever we do provide support, we'll expect to see audience focus at every step. Within production budgets, we'll expect to see funds allocated specifically to provide marketing materials.

Our number one research priority is to provide information valuable to people making commercial decisions in our industry. We intend to provide information, as well as opportunities for skills development, to help producers and distributors make better marketing decisions. We will continue to build international connections through a program of travel grants and by managing Australia's presence at key international markets.

Our production investment division, like the rest of the organisation will be looking for a focus on audiences. Multiple audiences. Different demographics. Different tastes. Different genres. Different platforms. The most exciting part of being at MIFF tonight is being part of the audience at the world premiere of a remarkable film, *Balibo*. I would like to thank MIFF for its commitment to Australian features, shorts and documentaries in the festival line-up. Screen Australia has partnered with MIFF on a number of these – such as *Balibo*.

*BALIBO* is a fantastic film about youth, foolhardy courage, resilience and ultimately triumph as East Timor regains its sovereignty. It is a gripping story about young people bearing witness at a moment in history – and a reminder of the power of history. There are wrongs to be righted and part of the potency of the film is that this has not happened – the wounds are still open – and part of the potency of the film is that it's just plain brilliant. My congratulations to John Maynard, Robert Connelly and the team.

*BLESSED* is a beautiful, emotional and uplifting film with outstanding performances by three great Australian actors – Deborra-Lee Furness, Frances O'Connor and Miranda Otto. I haven't seen it yet, but I am really looking forward to it.

*INDONESIA CALLING* brings a forgotten story to the screen by John Hughes and Uri Mizrahi in their usual passionate, committed and inimitable style. This extraordinary story of perseverance and determination revisits the making of Joris Ivens film and gives fresh insights into our relationship with our northern neighbour and our emerging film culture.

*INTANGIBLE ASSET NUMBER 82* is a road-movie, come "philosophical encounter". It is a showcase of fascinating musicians feted in their homeland Korea, but rarely heard outside. All of that is about to change! This is a moving tribute to the universal language of music, the shaman on his drums – only days before his death – has to be seen to be believed.

There's a lot of talent on show, and some great films. Each individual success helps the industry as a whole. There is good cause for optimism.

I was hoping to finish tonight by showing you the trailer for *Mao's Last Dancer* to remind you there's more to look forward to even after this festival. I loved this film. "Big ups" to Jane Scott, Bruce Beresford and Jan Sardi and I wish Troy Lum and Joel Pearlman and Roadshow a following wind with their ambitious release plans.

There are great achievements to celebrate:

- a huge Australian release slate this year
- an unprecedented number of Australian features and documentaries in the Toronto Film Festival, including Jan Chapman and Jane Campion's *BRIGHT STAR*, Camera D'Or winner *SAMSON AND DELILAH*, Rachel Ward and Bryan Brown's *BEAUTIFUL KATE*, and



the Spierig Brothers and Chris Brown's *DAYBREAKERS* – which is about to be released on 2000 screens in the US.

We are only at the beginning of the Screen Australia story. We didn't know when it began that the financial world would be turned upside down. That the rules would change in ways we hadn't guessed. And we don't know how the story ends.

We do know we've responded to the challenges we were set:

- to change – to try new approaches
- to find a leadership role – to work together with the rest of the industry, and
- to balance commercial and cultural objectives – to help find dollars and fill seats.

It's a big challenge. The lead times are long and there's a lot to be done. But we knew that. That's how this business always is.

I want to finish where the festival finishes – with *Bran Nue Dae*. Hats off to Robyn Kershaw, Graeme Isaac and Rachel Perkins. It is an exuberant, contemporary, culturally flamboyant tour de force. Those guys really, really ROCK.

Thank you, all. Have a great night.