Development

A study of Australian and international funding and practice in the feature film industry

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1 Introduction

Last year the Australian Film Commission (AFC) and the Australian Film Finance Corporation (FFC) produced a review of the state of the Australian screen production industry entitled *Report on the Film and Television Production Industry* (November 1999). This 'state of the industry' report identified a problem in the resourcing of development as a key issue and recommended that a study be undertaken to establish benchmarks for the funding and practice of development in Australia.

Such a study had been foreshadowed in 1997 in the Review of Commonwealth Support for the Film Industry by Mr David Gonski, and the AFC's proposal to carry out such a study was welcomed by the Minister for the Arts and the Centenary of Federation, the Hon. Peter McGauran. That study is the subject of this report.

1.1 What is development?

The report differentiates between project development and people development.

- Project development – the main focus of this report – encompasses the evolution of projects from idea to screen and, ultimately, international markets. Development creates the architecture of the film, production is the construction stage, building on the work done in development, and marketing presents the film to the world. It is development that most fundamentally distinguishes one film from another, and a good film from a bad one, just as design distinguishes buildings or cars or furniture.
- Practitioner – or professional – development encompasses the growth of a filmmaker's or interactive media producer's career from their first modest, inexpensive production or script to a major feature film, documentary, television or interactive media credit.

The report is concerned with the levels of support provided to development processes in the Australian screen production industry, and with the characteristics of the processes themselves.

1.2 Why focus on feature films?

Project and practitioner development occurs in all areas of screen production. However, this report will concentrate on feature films because they are the primary concern of government film assistance regimes in most countries of the world where they exist and because data for feature films is far more readily available than for other categories of production.

1.3 Identifying the problem

The report has identified some key issues. These form an inter-linked chain of problems which can be described as follows:

1. Inadequate development investment in individual projects effectively leads to fragmentation of the industry by breaking up and unnecessarily extending the development process.

   This weakens production companies and compromises project development, leading to a vicious cycle that undermines the development of the national slate.

2. An under-developed national slate makes production investment decisions even more risky, thus:
   - reducing the capacity of individual projects to carry higher levels of investment in development and production, and consequently
   - encouraging the spread of production investment among too many projects which have either not been fully developed or would not have been selected by a more rigorous system.

3. Lack of development resources also contributes directly to compromise in the choice of projects for pre-buy by sales agents and distributors because it cannot be assumed that strong ideas will be developed far enough to achieve their potential.

4. The fragmentation of the production industry and disruption of development processes inhibits the professional development of screen practitioners, thereby further reinforcing the vicious cycle.

This analysis indicates that the problem is essentially two-fold:

- Inadequate resourcing of the development process.
- Development practices inconsistent with 'world best practice'.

Both these issues must be addressed if the industry is to survive and move forward. The aim, over time, is to bring better outcomes to audiences in the form of quality Australian programs, as well as improved critical performance and audience reach by Australian films locally and internationally.

Underpinning these improvements would be a more stable and professional industry – creative, efficient and productive – and ultimately a better return, both financial and cultural, on the Australian Government's investment in the film industry.

1.4 Methodology

This report explores current development practices both here and overseas, and proposes ways in which Australia might do things better – or differently – to improve the audience reach and critical reception of our films.

2 The project development process

Getting the script right is still at the heart of the development process, and there are different models of the way this is handled which characterise different national industries.

2.1 More than script development

A good script is not the film itself nor is a good script enough by itself to ensure good filmmaking. Many other things come into it, from casting to design and direction. However, getting the script right is still at the heart of the development process, and there are different models of the way this is handled which characterise different national industries.

2.2 Models of project development

Although development processes vary greatly, some typical forms, or models, can be distinguished. These are identified by their geographical prevalence, but the purpose is to gain insights into the ways the development process might vary, rather than to categorically describe national industries.

The 'Hollywood' model

Essentially outcome-oriented and heavily reliant on a strong professional skill base.

In Hollywood, the process of selecting projects to work on tends to begin with a decision by key people to work with each other. This will be followed by the choice of a strong idea for the project, or the acquisition of a promising script or the rights to a good story.

At any point, the studio can decide to give the project the green light. The Hollywood industry is distinguished by its ability to make early green light decisions, which fundamentally change the basis on which development proceeds.

The 'European' model

Essentially a process of persistent refinement, with teams working solidly on drafts until a project is as good as it is likely to get, followed by attempts to obtain production finance.

In this model, the project selection process tends to begin with a strong idea or draft script being brought to a team of collaborators by one of its members, usually a writer or writer/director. The team then embarks on script development working together.

The 'Australian' model

Essentially opportunistic, characterised by incremental steps and the establishment of 'holding positions' until production opportunities arise.

The project selection process in Australia generally focuses on a promising script, with the strength of the idea often less significant than the quality of the writing. In the Australian model the choice of a script precedes assembling a team, and the team will often comprise people who have not worked together before.

In Australia particularly, the role of the funding agencies tends to reinforce the emphasis on initial script quality, as well as diminishing the need for producers to become involved at the beginning or create their own projects.

In a sense, the Australian model can be seen as the consequence of applying inadequate funding to what is essentially the European model.

3 Benchmarking project development: assessing the state of practice in Australia

In the context of this report, 'benchmarking' aims to identify reference points for the Australian film industry and suggest guideposts for policy makers. Benchmarks are not targets.

A range of key indicators has been chosen because, taken together, they provide a succinct description of national industry practice that can be compared with other industries in other countries: how long? what cost? how many? and, who's involved?

3.1 How long does it take to develop a feature film?

This indicator refers to both the total time between conception and production, and the amount of time actually spent on development. Estimated average development times for feature films in various industries are:

	Australia	*Europe/UK*	*Hollywood*
Years	4.8	2.5–3	2.5

The length of time a project remains in development in Australia is markedly longer than is usual elsewhere. This is not time actually committed to the project in development but broken up regularly by the need to obtain finance in order to continue.

Ideally, conditions in Australia should be such that the industry can achieve a benchmark time of three years, and assistance mechanisms should be geared to this timeframe.

3.2 What does development cost? Who carries this cost?

Australian development budgets are both low by international standards and intrinsically under-resourced during the development phase.

Average development budgets (cashflowed during development) for a range of industries are:

	Australia	*Europe*	*UK*	*Canada*	*Hollywood*
US$	56,000	160,000	200,000	28,300	625,000

The funding shortfall in Australia, which averages A$4,000–10,000 per year per project, forces producers to interrupt the development process to support themselves and keep things moving. This both unnecessarily prolongs the process and reduces the producers' capacity to devote time to it.

Producers are also required to invest their own resources to achieve a minimum requisite level of development investment necessary to mount a production. This requirement in turn places pressure on them to go into production after several difficult years have passed but before a project is fully developed.

Development of Australian projects is also under-funded in absolute terms. Adopting UK investment levels as a benchmark would entail increasing cashflowed development investment in Australia to an average A$200,000 per produced film.

3.3 What is the size of the national development slate and how much of it is produced?

Australia's national development slate is estimated at around 340 films (active projects which have received some level of financial support in the last three years), while the production slate (considering only films with budgets more than A$1 million) has averaged 20 films per year over the past decade. This gives a ratio of 17 films in the development slate for every one in the production slate.

'Development-to-production' ratios compared with other industries are:

	Australia	*Europe*	*Hollywood*
Ratio	17:1	8:1	7–9:1

This suggests that Australia is investing in a relatively large number of scripts for the size of its production slate.

Further, a comparison of AFC development application statistics with European Script Fund statistics suggests that Australia is likely to be funding the development of significantly more projects than any European country, including the UK. Development selection processes in Australia may be too broad, with the result that investment is spread too thinly.

A development slate of 200 projects would be appropriate to support a production slate of 20 features a year.

3.4 Who manages project development? Who participates in it?

Theoretically, the producer manages the development process, but the patterns of producer involvement in development vary from country to country. The key variables seem to be the extent to which the director is also the writer, which is common in Australia but less so in the UK, and the role of the producer in conceiving and thereby 'owning' the project.

Australia has a significantly higher rate of writer/directors making films (65 per cent) than either the US as a whole (54 per cent), the UK (49 per cent) or Hollywood (27 per cent). Australia also has a higher incidence of multiple role occupancy generally.

There is clear evidence that the stronger industries favour a wider spread of key above-the-line roles than is evident in Australian films. Moreover, a high incidence of writer/directors exacerbates the loss of talent to the Australian industry when such practitioners leave Australia to work overseas.

The other defining characteristic of the players in the development and production environment relates to the fragmentation of the producer community. Australia has a relatively high number of production companies for its population and film output. Australian companies are surviving – if they are in fact surviving – on fewer productions and lower levels of investment than other countries.

4 Practitioner development

Development must take two forms: development of projects and development of practitioners.

Industry practice in this area needs to recognise both new aspiring talent and mature experienced filmmakers, ensuring that neither is lost to the industry prematurely.

4.1 The importance of production experience

Production experience is an indispensable component of a filmmaker's artistic and career development. For example, it is generally not possible to direct a feature film successfully without any experience directing productions on a more manageable scale. However, there is an equally important policy issue at stake: allocating a large proportion of national production capacity and finance to inexperienced filmmakers is not in the interests of the long-term success of the industry.

These issues can be addressed by providing filmmakers with the opportunity to make (that is, write, produce or direct) shorter films on smaller budgets. In doing so they not only learn to handle the production process but they also experience first hand the creative challenge of turning an idea into a film.

4.2 Declining opportunities

Today's filmmakers do not have the range of opportunities to gain experience that were once available in Australia.

- The AFC invests far less today in short drama and documentary production than before the Special Production Fund was almost halved in 1996.
- The role of television in providing production experience has also declined in recent years with the number of hours of local mini-series production more than halved over the past four years.

Historically, the ABC and Film Australia have been the major employers of new filmmakers. In the 1990s both Film Australia and the ABC increasingly became commissioning bodies that outsourced program making, which curtailed their ability to provide on-the-job training.

There has also been a significant decline in local production of higher budget television commercials (TVCs).

In this context of declining opportunities in television, although by no means the only pathway to career progress or skills development, short filmmaking is an important step for many filmmakers.

4.3 The need for both new and experienced filmmakers

Not many of the producers, writers and directors who made a first feature film in Australia in the 30 years since 1970 have been able to follow up that experience with further feature film production opportunities: 67 per cent of producers made only one feature in that time, as did 66 per cent of directors and 75 per cent of writers.

Writers experience the highest turnover of the three groups by a significant margin. They therefore have the least opportunity to build on their experience. It must necessarily follow that writers as a group will be, *over time*, the least accomplished group of above-the-line filmmakers.

A skilled and experienced pool of screenwriters is of great importance in the creation of a strong national development slate. Current industry practices do not encourage the repeat employment of writers. Assistance measures which address this problem are essential to the future strength of the industry.

The emphasis on first timers has contributed to a situation in which it is more difficult now than at any time in the past two decades and possibly longer for filmmakers to build on initial experience with further production opportunities.

5 Funding for development in Australia

This section looks at sources of funds for development, including federal and state government assistance as well as private investment, and makes comparisons with some other countries.

5.1 Why does project development need government assistance?

The critical characteristic of project development in the screen content industries is the high-risk nature of financial support for projects that cannot be consumer-tested in advance. This is why commercial investment is not available for development in Australia: no Australian commercial institution or private firm has the resources to fund film development profitably and very few have the expertise.

Government assistance is essential if Australian independent producers are to engage in program development at any significant level. The absence of government assistance would not only prevent producers developing their projects fully but make it impossible for many of them to stay in business.

5.2 Australia

An analysis of government assistance for development in Australia during the 1990s shows:

- An overall decline in government support for development, which fell by 35 per cent between 1995/96 and 1998/99.
- A particularly dramatic decline in federal funding for development, which has declined by more than 60 per cent over the same period.

Government investment in project development totalled $4.4 million in 1998/99, with an estimated maximum of $3 million going to feature films.

The AFC estimates that the total amount invested by all private companies in feature film development is around $1–1.5 million annually, which brings the total amount available for the development of Australian features in 1998/99 to between $4 million and $4.5 million.

5.3 Other countries

Compared to the UK there are significantly less funds for development in Australia, both from government and non government sources. Moreover, Australian production companies do not enjoy the level of ongoing business activity that sustains the industries in countries where development investment levels are lower.

Among European countries that fund production of short films, the proportion of total government funds dedicated to short film funding is substantially higher than it is in Australia at present. This is particularly marked in the UK.

5.4 How much should Australia invest in development?

Project development

By modelling a development slate of 200 projects, and by applying a total percentage of production expenditure, an overall investment requirement of $13 million per annum for the development slate was estimated. Given that private investment may only total $1 million, this leaves an annual government investment requirement of $12 million.

Practitioner development

Using the UK as a benchmark and deriving another estimate from first principles, an appropriate level of investment in developmental production was estimated at between $6 million and $8 million per annum.

6 Summary and conclusions

6.1 The current funding environment

- The report clearly establishes that overall levels of development investment in feature film in Australia are low, particularly when compared to other significant non-US film industries in Europe and the UK.
- Total development investment by the Australian Government has been declining.
- State government funding has not compensated for the decline in government investment at the national level.

6.2 Consequences of limited development investment

Project development

Low levels of development investment have serious flow-on consequences for the industry. This report has identified structural weaknesses and poor development practices in Australia resulting from the low levels of development support. These can be summarised as:

1. An elongated and fractured development period.
2. Inadequate development budgets.
3. Development funds spread too thinly across too many projects.
4. A limited professional base.

Practitioner development

Today's filmmakers do not have the opportunities to gain experience that once were available in Australia.

- Since 1993/94, AFC investment in practitioner development has dropped from $7.5 million a year to $2.6 million a year, a decrease of almost $5 million.
- The role of television in providing production experience has declined in recent years with a reduction in higher-budget television drama production such as mini-series.
- An analysis of the producer, director and writer credits of the 20 all-time top box office Australian films reveals that these successful practitioners had had a wide range of experience across different types of programs, much of it in television.
- Historically, both Film Australia, the ABC and, to a lesser extent, SBS have been major employers of new filmmakers. In the 1990s these organisations increasingly became commissioning bodies that outsource program making.
- There has been a significant decline in the production of higher-budget Australian television commercials.

6.3 Benchmarks

The following benchmarks should be adopted as a guide to policy formulation and program design and funding, by the AFC and where possible more widely by other film agencies and the industry as a whole.

- The industry should consider a time of three years on average as a benchmark for feature film development.
- Australian development investment should be benchmarked against the UK. An average investment of $200,000 per produced film, cash-flowed during development, should be regarded as a target for the Australian industry.
- The ratio of projects developed to projects produced should be no greater than 10:1. This should be regarded as a target for the Australian industry as a whole.
- Feature film project development investment by government should total $12 million annually.
- At least 50 per cent of feature films made by teams of individual writers, directors and producers should be a benchmark for the Australian industry.
- Production investment in short films should be benchmarked at $6 million.

6.4 The AFC's response

As the primary provider of development investment in Australia, the AFC will consider:

- Higher levels of investment in fewer projects.
- Programs to foster an environment which allows sustained and concentrated development by appropriately resourced and professional teams of writers, directors and producers.
- Programs which support the separate roles of producer, writer and director, and encourage the ongoing development of creative relationships between producers and writers.
- Policies which assist producers to develop long-term business strategies, maintain relationships with key creative personnel and consolidate relationships with sources of finance in Australia and internationally.
- Programs which provide practitioner development opportunities to allow filmmakers to make a number of short films.
- Programs which link development investment to the experience of the practitioners.

1 Introduction

Last year the Australian Film Commission (AFC) and the Australian Film Finance Corporation (FFC) produced a review of the state of the Australian screen production industry entitled *Report on the Film and Television Production Industry* (November 1999). This 'state of the industry' report identified a problem in the resourcing of development as a key issue and recommended that a study be undertaken to establish benchmarks for the funding and practice of development in Australia.

Such a study had been foreshadowed in 1997 in the Review of Commonwealth Support for the Film Industry by Mr David Gonski, and the AFC's proposal to carry out such a study was welcomed by the Minister for the Arts and the Centenary of Federation, the Hon. Peter McGauran. That study is the subject of this report.

1.1 What is development?

Films do not spring fully formed from the camera. A film has three, often overlapping, phases of life: development, production and marketing. Each is important and must be well executed if a film is to be a success with audiences.

The development of a film starts with somebody thinking 'I've got a great idea for a film' and only ends, if the film makes it through to production, with the camera rolling on day one of principal photography. This process can take anywhere from three months to 20 years.

Phase two is production, which begins with the design and planning activities of pre-production and ends with the release print. This process can take anywhere from five or six months to two years or more, as was the case with the Stanley Kubrick film *Eyes Wide Shut*.

The third phase is marketing, which can begin at any time, even during development, but begins intensively following the film's completion and peaks with a film's first commercial cinema release.

Development creates the architecture of the film, production is the construction stage, building on the work done in development, and marketing presents the film to the world. It is development that most fundamentally distinguishes one film from another, and a good film from a bad one, just as design distinguishes buildings or cars or furniture.

When the word 'development' is used in this report, however, its meaning extends beyond the architectural side of the screen content industries to include the professional advancement of its participants. For this reason, the report differentiates between project development and people development.

> Project development – the main focus of this report – encompasses the evolution of projects from idea to screen and, ultimately, international markets.
>
> Practitioner – or professional – development encompasses the growth of a filmmaker's or interactive media producer's career from their first modest, inexpensive production or script to a major feature film, documentary, television or interactive media credit.

Before we move on, however, there is a third kind of development that needs comment. Although beyond the scope of this report, industry development encompasses support of the industrial and cultural environment in which filmmakers live and work. This environment is the creative well-spring of the industry and the means by which it renews itself.

Key mechanisms for industry development include film festivals, conferences, publications and screen resource organisations that allow filmmakers inexpensive access to production facilities and the opportunity to work and talk with other filmmakers. The pay-off is a good participation rate by Australians in the industry, a consequent flow of new talent, an educated audience and a high level of discourse within the community about matters concerning film. These benefits cannot be captured in the financial bottom line of any organisation, but they will contribute fundamentally to its long-term success in the global marketplace because it is a rule of global competition that organisations which achieve global success are created in sophisticated domestic markets.[1]

Development in its broadest sense is critical to the

1 For a discussion of this point see Porter, Michael 1988.

success of the industry and serious problems in this area demand to be treated with urgency. To assert this is to do no more than assert that the screen production industry is like any other modern industry that has to compete in a global marketplace.

But to undertake development of all kinds in any industry requires long-term investment that does not guarantee an easily quantifiable return. It requires patience and deep pockets. This report is concerned with the levels of support provided to development processes in the Australian screen production industry, and with the characteristics of the processes themselves.

1.2 Why focus on feature films?

Project and practitioner development occurs in all areas of screen production. However, because time, information and financial resources will not allow it, this report will not be so comprehensive. Rather, it will concentrate on feature films because:

- They are the primary concern of government film assistance regimes in most countries of the world where they exist.
- Data for feature films is far more readily available than for other categories of production.
- Characteristics of the development process of feature films, and of the production businesses that manage the process, are to be found also in documentary, television drama and interactive media development.
- AFC experience over 25 years indicates that filmmakers experience the same kind of problems working in documentary and television drama as they do in feature films.
- Many filmmakers work across feature films, documentary and television drama, with the same underlying issues affecting their whole business.

1.3 Identifying the problem

The report has identified some key issues. These form an inter-linked chain of problems – or one large multifaceted problem – which can be described as follows:

1. Inadequate development investment in individual projects effectively leads to fragmentation of the industry by breaking up and unnecessarily extending the development process.

   This weakens production companies and compromises project development, leading to a vicious cycle that undermines the development of the national slate.

2. An under-developed national slate makes production investment decisions even more risky, thus:

   - Reducing the capacity of individual projects to carry higher levels of investment in development and production, and consequently
   - encouraging the spread of production investment among too many projects which have either not been fully developed or would not have been selected by a more rigorous system.

3. Lack of development resources also contributes directly to compromise in the choice of projects for pre-buy by sales agents and distributors because it cannot be assumed that strong ideas will be developed far enough to achieve their potential.

4. The fragmentation of the production industry and disruption of development processes inhibits the professional development of screen practitioners, thereby further reinforcing the vicious cycle.

This analysis indicates that there are two main facets to the problem:

- Inadequate resourcing of the development process.
- Development practices inconsistent with 'world best practice'.

Both these issues must be addressed if the industry is to survive and move forward. The aim, over time, is to bring better outcomes to audiences in the form of quality Australian programs, as well as improved critical performance and audience reach by Australian films locally and internationally.

Underpinning these improvements would be a more stable and professional industry – creative, efficient and productive – and ultimately a better return, both financial and cultural, on the Australian Government's investment in the film industry.

1.4 Methodology

This report explores current development practices both here and overseas, and proposes ways in which Australia might do things better – or differently – to improve the audience reach and critical reception of our films.

The research has involved drawing together data from a large range of local and international sources, including the AFC's own databases, as well as a literature review and interviews with practitioners and key industry players in Europe, the USA and Australia.

The report looks first at project development, examining various models of the development process and exploring why it needs financial assistance. Specific key indicators of development practice and performance are then analysed. The aim is to compare the Australian situation to industries in other countries in order to come up with benchmarks against which the Australian industry can assess its practice, and film assistance programs can be measured to ensure their effectiveness.

Practitioner development is also discussed. The opportunities available for filmmakers to gain experience and develop their careers in Australia are considered. The attrition rate of individuals occupying key creative roles in feature productions is examined, as is the effect of individuals occupying more than one of the key roles. The rate of role overlap is compared with that in other countries. The role of short films in providing production experience is also examined and compared with other countries.

The report concludes with an examination of sources of funding for development, including the importance of government assistance.

The AFC is committed to ongoing research in this area. The aim is to build on the extensive network of information sources established for this report, and continue to monitor trends in development funding and practice both in Australia and internationally.

In this report, the phrase 'world best practice' refers to practices adopted by the world's most successful companies and industries. Use of such a phrase is not intended to imply that these practices are perfect, or even that those who employ them see them as adequate, but it will reflect the fact that they have been associated with substantially higher levels of success than the Australian industry has enjoyed in recent times. In the case of Hollywood, development practices – and indeed almost all aspects of the business of Hollywood – are currently the subject of heated debate, just as they have been for years. This does not detract from the undeniable success of the Hollywood production industry and our need to understand the elements of that success.

2 The project development process

2.1 More than 'script development'

Project development includes many things: discussion about ideas, the purchase of an option on a book or play or other pre-existing work, research, workshopping, writing, rewriting, polishing, story-boarding, casting, scheduling, budgeting, location scouting, recruiting key crew, and financing.

While this report uses the term to encompass all of these activities, 'development' is often taken to mean only script development – the writing process. Such a limited interpretation should be avoided as it can seriously derail a full consideration of the processes of project development.

It is worth teasing this out a bit. It might at first seem as though in any film project the script must be central – the primary artefact – and so, in a sense, it is. But strictly speaking, the script is a product of the development process for a film and as such should not be seen as either the starting point or the end point of filmmaking. A good script is essential for a good film, but it is not the film itself nor is a good script enough by itself to ensure good filmmaking. Many other things come into it, from casting to design and direction.

The danger of a narrow view applies even more tellingly to script craft. The craft evident in a script is only part of its merits, along with the originality and strength of the ideas it employs and the inherent appeal of its characters and story. It is possible to have a finely crafted script that nobody is interested in filming and no audience wishes to see.

The danger is that script craft – which should be at the service of good content – can become an end in itself, the key basis for development financing decisions, and ultimately an unsatisfactory basis for production decisions. This is why script alone – and particularly script craft alone – should not be the basis for choosing projects for further development and eventual production.

It should be stressed that this is not an argument for downgrading the importance of craft. On the contrary, good script craft is fundamental to good filmmaking and essential for any film industry. But it is nonetheless essential that concern for craft skills does not distort the development process.

Having said that, getting the script right is still at the heart of the development process, and there are different models of the way this is handled which characterise different national industries.

2.2 Models of project development

Although development processes vary greatly, some typical forms, or models, can be distinguished. These are identified in the following discussion by their geographical prevalence, but the purpose is to gain insights into the ways the development process might vary, rather than to categorically describe national industries. Individuals and teams in every country have work styles and preferences that differ markedly from the model.

The 'Hollywood' model

Essentially outcome-oriented and heavily reliant on a strong professional skill base.

In Hollywood, the process of selecting projects to work on – as distinct from the subsequent work of developing them to the point of being ready for production – tends to begin with a decision by key people to work with each other. This will be followed by the choice of a strong idea for the project, or the acquisition of a promising script or the rights to a good story. These key people might be in any role. For example, a producer and director might decide to work together and jointly decide to create a project for a particular actor to star in.

This initial exercise – acquiring the rights to a book or story, accepting a pitch or acquiring a spec script – will involve a payment of hugely variable scale depending on the desirability of the property, but it will only mark the beginning of the development process.

Once the property has been acquired, a writer will be hired to write a first draft – unless, of course, the writer was part of the initial decision-making team. In the case of a pitch, this might begin with a modest investment of US$15,000–25,000 for the originating writer to flesh it out. If the source is a spec script then the originating writer may be paid out and the script handed over to an established writer. Similarly, an established writer will usually be hired to write a draft from a book or other story source.

Then the serious writing begins. A middle-ranking established writer will be paid US$200,000–300,000 for a first draft.[2] This will take eight or nine months and involve:

1. An initial meeting to brief the writer.
2. A first pass at the script by the writer.
3. Another script meeting, which will provide feedback from the producer on the first pass and discussion of problems.
4. A revision by the writer incorporating the producer's notes.
5. A polish, resulting in the 'first draft'.

During this process, the writer will probably be working very largely alone. The producer will not be closely involved other than to provide the initial briefing and feedback and notes on the first pass. The producer will rely on the writer to have the requisite craft skills to deliver according to his or her brief without supervision. Script editors are not used, although script 'doctors' may be called in towards the end of the entire development process, that is, after several drafts, if problems prove particularly stubborn.

This process will be repeated two or three times over two or three years before proceeding to production, with payments from the studio linked to each draft.[3]

As the script takes shape, cast will be attached and other aspects of the production decided. Cast is particularly important, because without key cast attached the project will stall. That is why increasingly a lead actor will be part of the initial decision-making team. It is this connection that has brought casting agents into the inner circle of Hollywood powerbrokers.

At any point – rarely before the first draft has been written but occasionally as early as concept stage – the studio can decide to give the project the green light. The Hollywood industry is distinguished by its ability to make early green light decisions, which fundamentally change the basis on which development proceeds.

The studios' reasoning is that if they have the resources, they can manage the risk involved in green-lighting a project very early and do not need to develop it significantly first. If they can carry this risk, they save the cost of developing projects that ultimately go nowhere (or rather, there is a sense that if the original idea and creative team are strong enough, they can develop any project to the point where it will recoup their investment once released).

As well as deep pockets, the necessary resources for such an approach include a very good nose for a project and a very highly skilled pool of writers and directors capable of delivering on almost any project brief. In a very real way, Hollywood is investing on the basis of elements – director, idea, cast – that it can sell to its audience. This enables it to invest as soon as these elements are in place. Development then becomes a way of ensuring that audience expectations are met, that the audience is not let down and the value of the elements compromised.

(A perverse corollary is that 'development' can tend to be seen negatively in Hollywood, because being 'in development' frequently means there has not yet been a commitment to produce the project, and the longer this situation pertains, the weaker the prospects for getting a green light in the end. Some US companies would prefer not to engage in development, in this sense, at all, and all try to minimise it.)

Early green-lighting is not feasible for production companies in other countries, nor even for most US production companies, either because they are not financially strong enough to manage the change in risk profile that it entails or because they do not have access to a sufficiently large and

2 Top writers will get up to US$700,000, or even more. (Source: interview.)

3 William Goldman adds to this schedule the 'For Your Eyes Only' draft, which precedes the one he gives the producer. He gives this draft to a couple of key associates who read his work. He also calls the work up to the point of incorporating the producer's notes 'selling versions', and what follows 'shooting versions'.

skilled pool of expertise. Unlike the studios and affiliates, these independent companies are not integrated distribution companies in the business of marketing 'elements' but are, in fact, in the business of producing films as an end in itself.

Most of these companies use the development process to manage the risk of going into production on the wrong film. They do this by developing a project extensively before committing to produce it, and by developing several projects to at least some useful level before selecting the most promising ones.

Another view is that Hollywood is able to adopt a different project selection process because the studios start with a stronger pool of projects to choose from. In other words, even before development begins, the line-up of projects is large and contains a greater number of promising concepts, spec scripts and book options than any other industry has to work with.

The 'European' model

Essentially a process of persistent refinement, with teams working solidly on drafts until a project is as good as it is likely to get, followed by attempts to obtain production finance.

Until very recently, development was still a widely underrated sector in the European film industry. This has changed dramatically over the last years and much thought is going into examining the process in Europe and creating appropriate mechanisms to assist it.

As one might expect, there is more variation of practice across Europe than in Hollywood or Australia. The model described here is taken from projects in the wealthier industries of the UK, continental Europe and Scandinavia.

In this model, the project selection process tends to begin with a strong idea or draft script being brought to a team of collaborators by one of its members, usually a writer or writer/director. The team then embarks on script development working together.

Source material is as varied as it is in Hollywood, but there has been a recent trend towards projects based on literary or historical works.

Each draft is a substantial rewrite that produces another numbered version of the script. They can take anything from a fortnight to three months to produce, depending on the writer, and beyond first draft the work will frequently involve a team that includes the producer and director.

The process is likely to be more or less continuous, producing a number of revised drafts over a period of two and a half to three years before going into production. The number of drafts can be quite large – up to 15 or more – although it is frequently much smaller, and the process is best characterised as one of continuous revision rather than distinct successive bouts of work.

Casting and other key decisions are likely to be left until the end of the development process and an assessment can be made about the likelihood of production.

The organisation of the European model around teams is a relatively recent trend, and is partly the result of deliberate encouragement by funding mechanisms such as the MEDIA program. These initiatives have in turn been influenced by criticism of the central role of writer/directors (auteurs) in the European film industry since the French New Wave of the 1960s. The tradition of the auteur, however, is still strong, and is one of the issues facing the Australian industry as well (this is discussed further in section 3.4, pp 28-30).

As in Australia, the European process is organised around small production companies who are not in a position to give any project the production green light on their own. They are therefore forced to develop projects to maximise the chance that a production financing partner will be found. This means that these production companies must bear – with the aid of government assistance in various forms – the financial risk of developing some projects that will not be produced. Production commitment may come early or late in the process, depending on the relationships and reputations involved, but often before development is completed.

The 'Australian' model

Essentially opportunistic, characterised by incremental steps and the establishment of 'holding positions' until production opportunities arise.

The project selection process in Australia generally focuses on a promising script, with the strength of the idea often less significant than the quality of the writing. As mentioned in the introduction to this section, there are dangers in this tendency to rely too much on script craft as an indicator of a project's potential. A well-crafted script should not be seen as an end in itself.

Under the Australian model the choice of a script precedes assembling a team, and the team will often comprise people who have not worked together before.

Scripts are frequently taken to a relatively advanced stage of conceptual resolution by the writer or writer/director before producers and directors become involved. Directors – where they are not writer/directors – are rarely involved in the early stage of development, and it is common for producers to pick up a project only after it has reached at least second draft stage.

Development proceeds in an incremental fashion, usually involving a draft-by-draft process of evaluation and further commitment on the part of both producers and funding agencies. Drafts represent substantial rewrites. If funded by a support agency, they are usually subject to a three-month delivery timetable, with assessment preceding further investment.

The average development period is 4.8 years, but the process is often halting, interrupted by the need to earn a living doing other work.

As in Europe, there is a focus on scripts, and projects are developed by small production companies – often by individual producers working with writers or writer/directors in teams of two. These small companies use whatever resources are available, including their own, to take development as far as they can to maximise the chance of production finance. In Australia, production finance is rarely committed before a project is fully developed.

Comparisons

Key areas of difference between these models – how long the process takes, the ratio of projects developed to projects produced, the amount invested in development and how the process is managed – are explored in detail in section 3, *Benchmarking the development process*, pp 17-31.

However, a comparison here is instructive in understanding the role development plays in getting a project through the various stages of 'selection' to production and release.

In Hollywood, the project 'wastage' rate – the number of projects that never make it to the screen – is a product of aggressive selection. There is no sense in which a wastage rate represents failure or inefficiency despite the understandable desire to minimise it, and no sense in which the quality of script, by the simple fact of its being well crafted, compels attention, because a large pool of high-quality writers ensures that initial script quality is not a primary consideration. A mediocre script based on a great idea can almost always be brought up to scratch if the studio wants to go with it. Moreover, because of the studios' ability to commit to production earlier in the development process, development investment is heavily weighted in favour of 'go' projects.

In Europe, and even more so in Australia, inherent script quality is more likely to be important in the initial selection of a project by a producer, and a high-quality script represents an opportunity that compels serious consideration.

The corollary of that – in Australia at least – is a reliance on the writer who originated the script and relatively little scope to call on the expertise of other writers to improve it – a situation exacerbated by the prevalence of writer/directors in the Australian industry. Australian producers are most of all in the position of working with what they have, rather than creating what they want. That is, they are more likely to become facilitators of other people's projects rather than creators of their own projects.

In a sense, the Australian model can be seen as the consequence of applying inadequate funding to what is essentially the European model. The increased focus on script quality as a deciding factor for producers becoming involved in a project; the tendency for producers to pick up semi-developed projects rather than originate their own; the increased likelihood that team members will not have worked together before; the longer development times – these can all be seen as consequences of a lack of resources.

The link between lack of resources and the emphasis on initial script quality may need some explaining. If resources are tight, those selecting projects (development agencies initially; then producers and investors) may be reassured by a more 'finished' product just because it seems to be more accomplished and more advanced in its stage of execution. Producers, in particular, see advantages in terms of the amount of further development work that might be needed and the likelihood that potential investors in the production will be impressed. In this way, an over-emphasis on craft, especially at the expense of exciting ideas, may be encouraged by a lack of development resources and contribute to poor investment decisions.

In Australia particularly, the role of the funding agencies tends to reinforce the emphasis on initial script quality, as well as diminishing the need for producers to become involved at the beginning, or create their own projects. In part this is simply because the script is the one solid item the agency has to base its decisions on, so the script, quite sensibly, takes centre stage. But it also reflects the agencies' role in helping writers get a script to the point where producers take notice. In this way the agencies become part of the selection process – in a sense creating the development slate from which the producers choose – and enable producers to stand back from it to some degree.

Conclusions

Development needs to be conceived of more broadly than the development of a script. It needs to be team-based, and it needs to emphasise strong ideas.

Production decisions need to be made as early as possible, and development be allowed to continue after the decision has been made. There also needs to be a corresponding willingness on the part of producers or development teams to 'murder their darlings' early, or, in the case of a funding agency, to question further investment in a promising script that is having difficulty attracting investment interest.

3 Benchmarking project development: assessing the state of practice in Australia

A range of key indicators have been chosen because, taken together, they provide a succinct description of national industry practice that can be compared with other industries in other countries. The salient indicators are:

1. How long?
   How long does it take to develop a feature film?
2. What cost?
   What does development cost? Who carries this cost?
3. How many?
   What is the size of the national development slate and how much of it is produced?
4. Who's involved?
   Who manages project development? Who participates in it?

A comparison of these dimensions of the Australian project development process with available data from other comparable industries can be used to benchmark Australian practice and investment levels.

What do we mean by 'benchmarking'?

In the context of this report, 'benchmarking' aims to identify reference points for the Australian film industry and suggest guideposts for policy makers.

The benchmarks proposed are not intended as goals, or standards to be met. Rather, they will provide points of reference, and a basis for understanding current circumstances, setting funding levels, and planning programs and new initiatives in the quest to make the Australian film industry more competitive.

They will serve as the foundations and starting points for the arguments and recommendations put forward in this report, not as the recommendations themselves.

3.1 How long?

How long does it take to develop a feature film?

This indicator refers to both the total time between conception and production, and the amount of time actually spent on development.

Australia

How long is a piece of string? Instances vary enormously. Table 1 shows some Australian examples.

Table 1: Examples of development times for a selection of Australian feature films

Title (year completed)	Years to develop
Picnic at Hanging Rock (1975)	1.5
Two Hands (1998)	3
Bootmen (1999)	3
Praise (1998)	4
Soft Fruit (1998)	4
The Piano (1992)	6
Lilian's Story (1995)	7
The Boys (1998)	7
Babe (1994)	8
Feeling Sexy (1999)	8
The Wog Boy (1999)	8
Kiss or Kill (1996)	10
Romper Stomper (1991)	11
Shine (1995)	11

Source: Australian Film Commission

For many of these films, time in development did not represent continuous activity. It was broken by setbacks and the need to find paid employment. For example, John Brousek (*The Wog Boy*) and Marian Macgowan (*Lilian's Story*, *Two Hands*) estimated that they spent about two months per year actually working directly on their projects while the balance was spent working to pay the bills. Other producers have agreed that this experience is common and widespread.

A survey of completed feature films[4] that first came to the AFC as either a treatment or first draft reveals an average period between the first application for funding to the AFC and buyout of development funds of 4.8 years.

4 Random sample from the AFC's film development database.

Europe/UK

Available examples of European films show development times shorter than those of most Australian films. Estimates from EMDA (the European Media Development Agency) indicate 2.5 to 3 years as average, making Europe more or less comparable to the US. Available examples tend to confirm short development times.

The UK film *Trainspotting* had a very short development process.[5] Producer Andrew Macdonald was handed the book during the editing of *Shallow Grave* in late 1993. He passed it to writer John Hodge in early 1994 and the film began shooting in May 1995 – a mere 18 months after Macdonald first read the book.

This is comparable to *Picnic at Hanging Rock*, but other examples confirm the shorter, more intense periods of development evident in Europe. *Farinelli*, *Rob Roy*, *Breaking the Waves* and *The Name of the Rose* – a very complex international co-production – each spent only about three years in development, and the work undertaken in that time tended to be more concentrated than is typical for Australian projects.

The UK is consistent with other European industries on this indicator.

Hollywood

The routine expectation for a studio or affiliate film is around two and a half years in development. Examples can be found of much more rapid development processes – the Mel Gibson film *Payback*, for example, was in pre-production a mere three months after Gibson and director Brian Helgeland decided to adapt Richard Stark's book *The Hunter*. This was probably too soon: it didn't have a third act and needed emergency rewriting during pre-production. *The Perfect Storm* took longer but was still quite rapid at 18 months and four drafts.

Other projects have taken many years to get to the screen, but development is generally quite a tight, driven process in Hollywood, with projects usually reaching the screen between three and five years after conception. Projects that take longer often miss their opportunity as studio perceptions of market interest shift and studio personnel also change.

Is there a 'right' development time?

Table 2 compares development times for Australia, Europe and Hollywood.

It is difficult to draw strong conclusions from these comparisons alone. The sheer passage of time between conception and production does not appear to have any direct or obvious relationship to a film's success. However, long development times are caused at least in part by their being interrupted and do not necessarily imply that more development work was carried out.

Table 2. Estimated average development times for feature films in various industries

Australia*	4.8 years
Europe/UK	2.5–3 years
Hollywood	2.5 years

Source: Australian Film Commission

* Average period between the first application for funding to the AFC and buyout of development funds, for a random sample of completed feature films that first came to the AFC as either a treatment or first draft.

Moreover, shorter development times, particularly in Hollywood, are characterised by intensity and concentration. Possible benefits of this are momentum and sustained enthusiasm through the development process, which may be positively correlated with the ultimate success of the film.

Extended, interrupted development times, on the other hand, can tend to blunt the team's creative edge – to the ultimate detriment of the project.

How many drafts?

When does rewriting do more harm than good? Some filmmakers assert that a script can be killed by over-writing demanded by funding agencies determined to eradicate minor craft faults. Others comment that the quality of successful Hollywood films is the result of an almost limitless capacity to rewrite.

5 For this and following comments in this section about European films see Finney, Angus. 1996. *A New Dose of Reality: The State of European Cinema*. London: Cassell.

It is difficult to answer this question with any rigour, largely because it is almost impossible to obtain data where the treatment of what constitutes a draft is uniform. However, a cursory examination of the number of drafts attributed to a range of US, European and Australian films indicates no obvious correlation between the number of drafts and the success of the film. As with any creative enterprise, when a project has reached fruition is probably a matter of judgment best left to the creators.

One observation should perhaps be reiterated: compared to European or Australian films, Hollywood films seem to go through, on average, fewer drafts in a shorter period before they get a green light. While they may be rewritten after receiving the green light, this writing takes place in an entirely different context from any pre-green light development.

Conclusions

The length of time a project remains in development in Australia is markedly longer than is usual elsewhere. This is not time actually committed to the project in development but broken up regularly by the need to obtain finance in order to continue.

While the time taken is on average longer in Australia than elsewhere, the amount of time directly committed to developing a project may be less than elsewhere.

The time for development of a feature film in Australia should be comparable with practice in the rest of the world. Conditions should be such that the industry can achieve a benchmark time of three years, and assistance mechanisms should be geared to this timeframe.

3.2 What cost?

What does development cost? Who carries this cost?

This section looks at the cost of development from the point of view of feature film projects that have made it all the way to production. Although many projects are developed part of the way, most are abandoned before reaching production because in some way they do not match the expectations of the people developing them or of those in a position to finance production.

The cost of development considered here, then, is the cost of developing a *produced* film – the cost included in the film's production budget. The overall cost of developing a national slate, which includes all the abandoned projects, is an extension of this analysis and is considered in section 5, pp 38-43.

Unless otherwise attributed, figures in this section are AFC estimates based on interviews.

Relationship to production cost

The cost of development is obviously a key issue and has been the subject of much hand-wringing in the non-US film industries for several years – and more recently, even in the studio system. The focus of discussion has usually been the percentage of production investment spent on development in different industries. However, this is not a helpful comparison for at least two reasons.

First, it is not clear how the percentage is calculated for any particular industry. For example, a figure of 7–10 per cent has been quoted for the US on a number of occasions. Such a result can be derived by using the total development budgets of the studios, including all they write off against projects that aren't produced, on the one hand, and their production investment on the other. This is not an entirely useless piece of information, but it needs to be seen in the context of the whole slate, which is how we apply it in section 5.

The problem is that this percentage has often been quoted as if it applied to each individual film. The average Hollywood studio film had a negative cost – that is, a production cost – of US$73.9 million in 1999. If the 7–10 per cent figure applied to individual films then the average Hollywood development budget would be US$7 million – which is not supported by the evidence.

But an even better reason for avoiding this measure is simply the disparity between Hollywood and Australian budgets. The average Australian film financed by the Film Finance Corporation has a budget of US$2.8 million. With such a disparity, a fixed percentage of negative cost would not provide a useful benchmark.

Of far greater significance is the sheer quantum of development investment, or even more specifically, what the development budget actually buys –

its purchasing power – and who is carrying the cost.

For US$500,000 spent over two and half years on developing a script, a US studio buys the full-time services of an accomplished credited writer, being paid at the level of a successful lawyer or doctor, of whom it can demand work in accordance with a brief. If the writer does not deliver, he or she is removed from the project and someone else takes over. These fees are paid in the expectation that the film will be made, but they represent real cash – not just the promise of a fee when production begins.

An Australian producer, however, spends a mere US$18,000 on the services of a writer who may or may not have any feature film credits, working in bursts whenever funding is available over a period of years in the hope that production finance will one day be found.

In both cases, if the film goes into production the writer will collect further fees. But the issue here is the funding of the development process *when it is actually taking place* – because writers and directors and producers have to live and meet expenses, and production is never certain until it actually begins.

The contrast between the richest film industry in the world and the Australian industry is stark, and it is not measured as a proportion of negative cost.

Australia

Average development budget (amount spent during development phase): $93,406 (US$56,000)

Table 3 summarises some aspects of development funding, based on a survey of 40 Australian feature films financed by the FFC between 1996 and 2000.[6] These films represent the mainstream of Australian filmmaking. Although there are always films made for higher and lower budgets without FFC investment, most features are made with FFC finance, reflecting the FFC's role as the principal provider of government production support. If there is a typical Australian feature film it is an FFC film. The table also provides a breakdown showing the differing patterns for films with and without some form of private investment in development.

The survey reveals an average *total* development budget[7] (including deferred costs of the development process, such as the balance of writer's fees) for these films of $139,808, or around US$84,000.

Table 3: Aspects of development funding for FFC-funded feature films

	Average per film (A$)		
	All films	Films without private development investment*	Films with private development investment
Average total development budget	$139,808	$139,972	$139,463
Development budget spent during development phase	$93,406	$83,815	$113,653
Third-party development funding	$55,262	$37,256 (all from gov't)	$93,275 (all private, or gov't & private)
Producer's cash contribution (funding shortfall)	$38,145	$46,560	$20,379

Compiled by the AFC from FFC data

* Based on a sub-sample of 19 films which had no private development investment. From the original sample of 40 films, the four with incomplete information were discarded. Of the remaining 36, all films with private investment were discarded, leaving a sample of 23 films, and a further four were trimmed from the sample, two each from top and bottom, on the basis of a ranking of the percentage of the budget represented by cash development costs.

6 Ten of these were removed from the sample because they were either outliers on the basis of a ranking of the percentage of the budget represented by cash development costs (6) or there was reason to believe the data were incomplete (4), leaving a sample size of 30.

7 Defined as those items typically listed in sections A1 and A2 of the production budget less interest costs and premiums payable to government agencies.

Of this amount, the average writer's fee is A$79,234, with $30,178 (US$18,000) paid during development – a mere $6,287 per year, based on the average development time for Australian films of 4.8 years. The balance is usually paid on commencement of principal photography, but $6,287 per year is what the writer is getting while he or she is doing the work and, as mentioned previously, it may well end there if production does not proceed.

At such a low level of remuneration, nobody is going to do this to make a living – which has a selection effect on those willing to do it: only those motivated by non-financial reasons will participate. Often these are the young driven to make personal statements rather than mature writers at the height of their powers. (This is discussed further in section 4 *Practitioner development,* pp 32-37.)

Apart from the balance of the writer's fee payable when principal photography begins, the producer will have to find ways of paying other development costs during the development process. This means the average Australian producer faces costs during development of $93,406. It is this figure – equivalent to US$56,000 – which is directly comparable with what is understood by the term 'development budget' in Europe and the US.

On average, of this amount $55,262 is provided by third parties (government agencies and/or private investors), and $38,145 somehow or other by the producer. With an average 4.8 years in development, the cost to Australian producers of developing a single feature film production is $7,947 per year out-of-pocket.

In fact it is likely that these figures understate the burden collectively borne by Australian producers. Production budgets are subject to the constraints of financial reality experienced by both the commercial Australian industry and government agencies. In this context, under pressure to keep budgets down, it is the producer's sunk costs that are most likely to give way first, leading to an even greater cash contribution from the producer to make up the shortfall.

This is borne out by another (1997) survey of 26 FFC-financed features which showed producer fees (including fees earned from other roles the producer filled on the project) in the range of $50,000 to $175,000, with an average of $87,269. This fee amounts to $18,181 per year in development, or $1,515 a month. Such an income cannot provide the basis for a viable business.

The significance of private development investment

Further, as table 3 above shows, the average figures for 'all films' may mislead because whether there is private investment in development or not has a significant effect on aspects such as writer's fees and the burden on the producer.

Although the average development budget for the films with no private investment was comparable with that of the whole sample, the writer's fee on these films was lower. Also, the costs faced by the producer during development were lower.

A possible reason for this is suggested by a third disparity: the cash that the producer needs to find is much higher. In other words, there is more financial pressure on the producer where the development finance comes only from government and this may lead to attempts by the producer to keep costs down across the board, including writer fees, and to write off a higher proportion of his or her own costs.

Based on an average development period of 4.8 years, the $46,560 shortfall which the producer has to find equates to $9,700 per year. This is a significant financial burden that requires other sources of income to manage, and it is the need to find other work to finance this shortfall that extends the development process. To look at it another way, a shortfall of $46,560 is not, on average, manageable in a shorter time than 4.8 years because a shorter time would entail proportionately greater annual costs.

For films with private development investment, however, the producer does not need to find as much: $20,379 in total, or $4,245 per year – less than half the shortfall on films with only government development support.

It would therefore appear that government assistance covers far less than half the real cash costs of development for the average Australian film. It is also reasonable to conclude that where private investment in development does occur, it better reflects the real costs involved than does government investment. There is clearly an economic advantage for producers in accessing private development investment. The fact that they do not do so more often strongly suggests it is simply not available for the projects they wish to develop.

Private sources of development finance in Australia include sales agents and distributors, major production companies, recording companies and pay television companies. The AFC estimates that such companies, including Australian offices of foreign companies, have invested an average of $300,000–350,000 per year in films that have gone into production.

Sources of funding for the development slate are discussed in section 5, pp 38-43.

Continental Europe

Average development budget (amount spent during development phase) for key European industries: US$160,000.

Development budgets vary across continental Europe, from around US$160,000 in France and Germany to as low as US$5,000 in smaller countries such as Greece and Portugal, where average production budgets fall below US$300,000.[8] These figures represent actual financed costs prior to the start of pre-production and do not include deferred fees paid out of production budgets.

In some countries, substantial development investment comes from government sources. France, Germany and Scandinavia all have significant public support schemes and, as a result, producers in these countries tend to spend more on development than elsewhere. The French subsidy system typically provides up to US$70,000 per project, the German system up to US$100,000, Scandinavia up to US$50,000. In addition, the pan-European MEDIA funding program will invest up to around US$60,000 per project. This can be combined with any other source and usually is. (See Appendix 2, pp 48-56 for more information about the MEDIA program.)

In addition to any government investment or subsidy, development investment from broadcasters is common in Europe, unlike in Australia. Investments of up to US$500,000 in US$20 million productions are not unheard of, although on average, a 'normal' investment in development of a feature film by a larger broadcaster would be in the US$50,000–100,000 range.

Finally, domestic distributors may also contribute some level of development investment, but usually only late in the development process. This may change, however. As more and more companies become vertically integrated – this is happening particularly in Germany – there is a tendency for them to become involved earlier in the process.

While all these sources may play a part, producers tend to begin building up their development finance with public money, thus avoiding issues of creative control, and to move only at a later stage, if necessary, to commercial money.

These sources combine to finance the development budgets identified above – that is, the actual costs prior to the start of pre-production, not including deferred fees paid out of production budgets. However, a closer look at the way costs are carried during development reveals significant differences between the European and Australian industries.

While producers in Europe, as in Australia, tend to defer their fees and carry their own personal and business costs as far as possible, fees to writers tend to rely on third-party investment, and the level of that investment tends to determine how much development is carried out.

As in Australia, there is a widely held view that not enough development takes place, and the financial position of producers is, generally speaking, as precarious as it is here. However, European development budgets are more frequently fully cash-flowed by available funding sources.

The UK

Average development budget (amount spent during development phase): US$200,000

British films currently tend to sit a little above the European average, with cash development budgets typically around £125,000 (US$200,000) in an average feature film. The writer's share is £80,000 (US$125,000).

The government contribution to this figure is typically of the order of US$60,000, and UK

8 *Screen Digest*, June 2000

films can also access the pan-European MEDIA program. As elsewhere in Europe, broadcasters are frequently involved in financing both development and production of feature films. Film Four, for example, has a development fund of £5 million over five years for feature films and contributes at the level of other major European broadcasters to individual projects.

As is the case in the major continental European film industries discussed above, UK producers are generally not expected by funding organisations and broadcasters to finance development from their own pockets, although they are expected to carry their own personal and business costs and most choose to expend whatever resources they can to develop a project as far as possible. The average development budget quoted here represents a cash-flowed development budget up until the beginning of pre-production.

Canada

Average development budget (amount spent during development phase): US$28,300

Data from Telefilm Canada[9] reveals an average Canadian feature film development budget of CAN$40,981, or US$28,333, of which US$11,660 is provided by Telefilm. The average production budget for this sample was CAN$4,080,639 or US$2,820,967.

These figures are surprisingly low, but probably reflect problems in the Canadian industry. Profile 2000, a report of the Canadian Film and Television Production Association, remarks that the Canadian movie industry is in a parlous state: 'feature film-making continues to be the poor cousin of television production in Canada … Commercial, structural and cultural obstacles to the emergence of a thriving Canadian feature film industry unfortunately remain in place'. The Canadian government has recently responded with an announcement of increased funding, including a new Scriptwriting Assistance Program of CAN$2.3 million.

One of the problems facing Canada is that of overlap with the US industry on its doorstep. Much of Canadian feature film production is really US filming on Canadian territory. This undoubtedly benefits Canadian crews and actors, but tends to obscure the local Canadian industry, which is finding difficulty gaining a strong profile with audiences in Canada and abroad. High-profile Canadian films of recent years, including the films of Atom Egoyan and David Cronenberg, although truly Canadian, have usually benefited from US investment and commensurately high budgets, a situation reminiscent of George Miller's productions of *Babe* and its sequel in Australia. These productions do not characterise the local industry, which struggles at quite a different level of investment and public recognition.

The USA

Average development budget (amount spent during development phase): US$625,000

Expenditure on development by US studios and their affiliated companies is much greater than in Australia, Europe or Canada. Development spending by the writing department at Twentieth Century Fox, for example, is around US$65 million per year. That figure suggests an average development spend of US$500,000 per film (not including the purchase of rights) across Fox's development slate. This amount may increase after a film is given the green light to go into production. Information from Paramount Pictures and Icon Productions backs up this estimate for 'per film' expenditure, which is essentially the amount paid to writers during development before the green light.

A proportion of overheads should be added to this figure. Overheads are estimated at US$125,000 per film on average – although producer deals vary greatly – giving an average development budget of US$625,000, excluding rights.[10] *These overheads do not include development expenditure written off on 'no go' projects.* All of this amount is cash-flowed during

9 Telefilm is the key federal government funding agency in Canada (see appendix 2, pp 48-50). The data covers all 368 films in which the agency invested development between 1996/97 and 1999/2000

10 While this represents an estimated average, higher figures are common. *Premiere* magazine (July 2000) quotes the development budget of a recent 'average' studio film as US$1.13 million, including US$270,000 for story rights. The writer component is US$860,000, markedly higher than the US$500,000 already suggested as an average. The full cost, including rights, brings the multiple of the average FFC-financed development budget to 20 times. We've chosen to use the more conservative estimate in our analysis.

development by the studio or affiliate. At 11 times the average cash expenditure on developing an FFC-financed Australian film (which *does* include some rights), this is also vastly in excess of development expenditure anywhere else in the world.

A comment should be made about story rights payments in Hollywood. These are often large and might represent the buyout of a spec script or the rights to a novel. Such payments very rarely appear in the budgets of Australian films. The capacity to pay large amounts for story rights ensures that the studios have access to the most promising underlying material from which to develop commercially valuable films. This capacity is a major competitive advantage for Hollywood.

Having acknowledged the high levels of cash invested in development by Hollywood, several important points need to be noted. First, the cost structures of US studio films are different from anywhere else: personnel engaged with the development process may be more highly paid than people doing similar work in the UK or Australia.

Second, of the average 655 films made in the US each year[11] over the last three years, the major studios accounted for only a fifth of them (127), although this was nearly a third of dollar production value. Moreover, around 185 of them are either ultra-low-budget films or films not expected to achieve a cinema release. Independent US films do not enjoy the same economic resources in either development or production as the studio films and many of these marginal productions would have had access to only the most minimal development resources.

Third, studio films are not made with locked-off budgets in quite the same way Australian and European films are. For a studio, a film is often a marketing opportunity even more than it is a piece of cinema. It is therefore appropriate for a studio to increase the cost of the production at any stage if that increase creates a market advantage or prevents a market disadvantage. That is why cost overruns on studio films seem to cause so little concern to the studios producing them: an extra few million dollars in production is worth paying if it supports a potential extra US$50 million revenue in release.

A similar approach applies in development. A potentially very marketable property will warrant a large development investment if it creates strong expectations of audience interest. In other words, the downward pressures on development budgets in Europe and Australia caused by scarcity of funds does not apply in Hollywood in the same way or to the same extent.

Is there a 'right' development cost?

Compared to the typical FFC-financed feature in Australia, the US majors spend on average 11 times as much per film and the UK four times as much 'getting it right', and this doesn't include buying the rights. Even allowing for the fact that most things, including the services of writers, cost more in Hollywood, the gap is large.

The message is clear: a high level of development investment is industry best practice.

Table 4 (p 25) compares development budgets in the major production industries.

The UK is the appropriate benchmark for Australia because in many ways it occupies the front line against the dominance of Hollywood over other national film industries. It also shares a number of these characteristics with Australia:

- An equivalent GDP per capita, meaning that its ability to afford film assistance is comparable.
- It benefits from significant co-existent local and foreign production activity.
- It is an English-language industry with an established niche profile in the US.
- It is a major co-production partner with Australia in all categories of production.
- It is adopting an aggressive stance in ensuring the continued viability of its production industry, with major initiatives in development and production.

Conclusions

Australian development budgets are both low by international standards and intrinsically under-resourced during the development phase.

11 *Screen Digest*, June 2000.

Table 4: Development costs comparison, various industries

	Australia	Europe	US$ UK	Canada	Hollywood
Development budgets*					
Average	56,000	160,000	200,000	28,300	625,000
Range	25,000–250,000	40,000–400,000	120,000–420,000	6,000–230,000	325,000–4,000,000
Writer fee in development					
Average	18,000	†	125,000	†	500,000
Range	15,000–155,000	30,000–225,000	80,000–315,000		200,000–1,000,000
Source of funds	Gov't + private	Gov't + private	Gov't + private	Gov't + private	Studios

Sources: Finney, Angus (1996b); Telefilm Canada; AFC; FFC;interviews.
* Cash-flowed during development † No writer fee information available.

The funding shortfall, which averages A$4,000–10,000 per year per project, forces producers to interrupt the development process to support themselves and keep things moving. This unnecessarily prolongs the process and reduces the producers' capacity to devote time to it.

Producers are also required to invest their own resources to achieve a minimum requisite level of development investment necessary to mount a production. This requirement in turn places pressure on them to go into production after several difficult years have passed but before a project is fully developed.

Further, development of Australian projects is also under-funded in absolute terms. The UK and other European industries, which consider that they do not do enough development themselves, are financed in development to a substantially higher level than the Australian industry.

The UK industry provides useful benchmarks for the Australian industry in the area of development funding. Adopting these benchmarks would entail increasing levels of project development investment significantly in Australia, resulting in an average investment of A$200,000 per produced feature film, cashflowed during development.[12]

3.3 How many?

What is the size of the national development slate and how much of it is produced?

The AFC has estimated Australia's national development slate to be around 340 films (active projects which have received some level of financial support in the last three years),[13] while the production slate (considering only films with budgets more than A$1 million)[14] has averaged 20 films per year over the past decade. This gives a ratio of 17 films in the development slate for every one in the production slate.

The 'development-to-production' ratio

It is worth spending a little more time on this ratio because it is easily misunderstood. The development slate is the pool of projects in active

12 This figure was derived by estimating a measure of purchasing power parity to UK investment levels.
13 The development slate of 340 projects was derived as follows: Over the last three years, an average of 151 new titles per year received financial support from government agencies. Extrapolating from the AFC's experience of the rate at which projects are suspended, abandoned – or produced – this number of new projects each year sustains a constant pool of around 300 active projects according to our definition of active development. (This constant pool can also be simulated using a simple spreadsheet model which assumes 50 per cent of projects are discarded at each stage of funding – say, each year.) In addition to this government-assisted pool there are also up to 40 projects being supported in development by private companies such as Fox and April Films. This results in an active, financially supported development slate of around 340 scripts.

In total around 1,200 feature film scripts were in some stage of development in Australia over the past three years, including new first drafts by uncredited writers and older projects that had previously received some level of financial support. By comparison, the total US output of screenplays is in excess of 50,000 per year.
14 Most projects produced for under $1 million have been developed outside professional and formal development structures, and rarely receive commercial theatrical release.

development at any one time. Here we have defined a project as being in active development if it has been supported by some form of third party investment – government or private, but not solely by the individuals doing the work – any time in the last three years. This period has been chosen simply because, in the experience of the AFC, if there has been no investment in a project in three years then it is probably not being actively developed.

The projects that make up the slate are in various stages of development and have been around for various lengths of time – many longer than three years. The composition of the pool is ever changing, and it is not possible to say at the start of any development process whether a project will or will not make it into production or when that is likely to happen. Each project is the subject of many decisions during its development, which take it further or, in some cases, cause it to be abandoned.

Production decisions, too, are made over a period of time, as potential investors track a project and maybe even participate in its development. Thus, like the development slate, the production slate can also be seen as dynamic and fluid, with one project moving ahead while another is delayed or falls over.

These two slates exist side by side and in constant interaction. The question is: how large does the development slate need to be if it is to sustain a production slate of a given size? The simplest expression of the size relationship between the two is a ratio: development slate to production slate, or simply the 'development to production' ratio. Because of the availability of data, this ratio is also the most easily compared across industries in other countries and hence is the most useful for benchmarking purposes.

It should be emphasised, however, that the ratio is not something that can be applied to individual selection or investment decisions. A ratio of eight to one doesn't mean someone can simply say 'let's develop eight projects in order to produce one of them'. The ratio is evident, in retrospect, across a whole industry. Policy decisions about the size of the development slate simply create an environment where the pool of projects is wide and deep enough to create the best possible choices to put into production.

Overseas comparisons

What evidence there is for the US industry suggests that, for major studios, the ratio of projects in development to projects produced is significantly lower than Australia's 17:1. Twentieth Century Fox operates with a ratio of between seven and nine in development for every one produced. Of course, as we have already noted, the studios do not represent the entire US industry, and if we were to extend the analysis to all US productions the ratio would surely rise considerably. However, the important comparison for the purpose of identifying and benchmarking industry performance is that with the core US industry, namely with Hollywood.

The comparable ratio for European industries taken together, as evidenced by data from the European Script Fund, is similar to that of Hollywood. European Script Fund data for the period 1989 to 1995 shows eight films in development for every one produced, using a three year pool as we have for Australia. These ratios are summarised in Table 5 (below).

This suggests that Australia is investing in a relatively large number of scripts for the size of its production slate. To explore this proposition further, it is necessary to look closer, first at the

Table 5: Ratio of number of projects developed to number produced in various industries

Industry	'Development-to-production' ratio
Australia (national estimate)	17:1
US studios	7–9:1
Europe	8:1

Sources: European Script Fund quoted in Finney (1996b), interviews, AFC estimates.

success rate of applications for script development funding (the proportion of scripts being funded in development), and then at the proportion of scripts being produced.

Script development funding

Table 6 (below) compares AFC application statistics with European Script Fund statistics for a selection of European countries.

This is a startling table. For a start, the AFC figures do not represent the whole of Australia. While it is obvious that the European Script Fund does not represent all of Europe either, the fact remains that the European Script Fund is operating on a far larger scale than the AFC. It is also the case that in several European countries the European Script Fund is the only source of public development finance. Moreover, where alternative government development support is available, the European Script Fund provides investment alongside other government schemes and at similar levels.

It is therefore reasonable to treat the European Script Fund figures as strongly indicative of European practice and as representing in themselves a substantial proportion of total script development investments.

The AFC, on the other hand, administers less than half the feature development funds available in Australia, so it would be reasonable to assume that the total number of applications in this country and the number funded would be even larger than the figures for the AFC alone.

This suggests that Australia is likely to be funding the development of significantly more projects than any European country, including the UK.

The AFC figures are drawn from the same period as the European data to enable meaningful comparison. Updating the AFC data to cover the years 1995/96 to 1998/99 shows a similar number of applications (1,833) but a slight decline in approvals (372), giving a rate of 20.3 per cent.

Is there a 'right' number of projects?

On the one hand, for a project to end up being produced is an indicator of a successful development process. So the more projects from the development slate that end up produced, the better.

On the other hand, producing a smaller proportion of the development slate (more films in development for every one produced) can indicate a rigorous selection process, with only the 'best' projects getting produced.

So the development-to-production ratio should be neither too high nor too low. Rather, it should reflect the most productive use of available resources to create the best possible choices of

Table 6: Script application statistics, the European Script Fund and Australian Film Commission (AFC), October 1989 to December 1995*

Country	Applications received	Number funded	Percentage funded
UK	2,598	200	7.7%
Italy	1,025	100	9.8%
France	1,441	173	12.0%
Germany	858	107	12.5%
Ireland	564	76	13.5%
Spain	584	99	16.9%
Europe total	8,801	1073	12.2%
AFC	1,875	441	23.5%
AFC (1995/96 to 1998/99)	1,833	372	20.3%

Source: European Script Fund; Australian Film Commission.
* We have taken the European figures at face value as being based on applications. If in fact they refer to projects, the AFC data shows that it would have been funding an even higher percentage than the Europeans (33 per cent for 1995/96 to 1998/99).

projects to put into production. Develop too many and resources are wasted on development that could better be used to enhance projects in production. Develop too few and resources are wasted on producing films that would not be selected if the field had been stronger.

Having said that, there is no point developing the right number of films but doing it inadequately. The actual number of films developed (as distinct from the proportion) should in the first instance be based on the resources available, and only secondarily on the size of the production slate, which is itself determined by a range of factors other than the size of the national development slate.

The effect of decreasing development funding on production viability can be seen in the AFC data in Table 7 (below). For this purpose it is useful to look at the relationship between films developed and films produced in terms of a 'rate of production': how many films were produced, compared to the number given development funding.

The table shows a decline in total development funding from the 80s to the 90s, and a flow-on decline in development investment per project. In this context, the 'rate of production' fell significantly, from 1 in 5 to 1 in 9. The most obvious and likely explanation for this decline is the deleterious effect on the development process of a decline in funding, leading to a decline in the overall strength of the development slate.

Conclusions

Development selection processes in Australia may be too broad, with the result that investment is spread too thinly. Too many projects have been receiving development investment for the total development resources available, and for the size of the national production slate.

A more appropriate development-to-production ratio is indicated by practices in Europe and Hollywood. This lower ratio has evolved in a competitive environment and likely reflects better use of available funds than the much higher ratio evident in Australia in the recent past. A development slate of 200 projects would be appropriate to support an Australian production slate of 20 features a year.

Finally, a decline in AFC development investment funding appears to have had an adverse effect on the production viability of projects in its development slate, reinforcing the connection between adequate levels of development funding and successful development outcomes.

3.4 Who's involved?
Who manages project development? Who participates in it?

Role of the writer, director and producer

Theoretically, the producer manages the development process. The reason this statement is qualified is that the producer's involvement in development varies considerably from producer to producer, from project to project, and as a result of circumstance.

The development process may begin with the writer and be driven by the writer in the early stages. If the writer has an established working relationship with a director, these two may work on the project extensively before a producer becomes involved. The producer may also leave the script development process up to the writer and director almost entirely, reserving only the

Table 7: AFC feature film development 1971/1972 to 1998/99

Decade	Total funding (99$)	Av. funding per project (99$)	'Rate of production' (no. films produced compared to no. developed)
70s	$7,049,564	$44,060	1 in 6
80s	$18,695,310	$36,161	1 in 5
90s	$10,560,502	$31,244	1 in 9

Source: Australian Film Commission.

practical cost and production issues for producer control. In this case, the producer is essentially a 'gun for hire'.

This pattern varies from country to country. The key variables seem to be the extent to which the director is also the writer, which is common in Australia but less so in the UK, and the role of the producer in conceiving and thereby 'owning' the project.

A comparison of Australian and European funding practices casts some light on the prevalence of writer-driven projects. Over the six years from 1989 to 1995, the European Script Fund allocated 20 per cent of its development investments to writers working alone. In Australia, the AFC allocated 24 per cent of its feature film development investments between 1995 and 1999 to writers working alone. In both cases, these figures include writer/directors.

However, the AFC data reveals that only in 22 per cent of development investments were the roles of writer, producer and director held by three different individuals. More on this below.

Writer/directors

There has been some concern expressed in Europe about the prevalence of auteurs. Angus Finney quotes Oscar Moore, one time editor-in-chief of *Screen International*, to the effect that the tradition of the auteur has damaged the film industry in Europe. "The denigration of the producer and the parallel elevation of the director has been the undoing of European cinema in the past three decades" (Finney 1996b). Assistance programs in Europe are now attempting to emphasise teams over individuals.

Table 8 (below) shows the incidence of writer/directors in feature films produced in Australia, the UK and the USA.

These figures reveal a clear difference between Australia, the UK and the US. Australia has a significantly higher rate of writer/directors making films than either the US or UK.

Australia also has a higher incidence of multiple role occupancy generally. Only 22 per cent of Australian films are being made with a different individual in each key above-the-line role, compared with 43 per cent and 35 per cent in the UK and US respectively.

But the greatest contrast is with the US studios. Hollywood clearly favours separation of these roles, with only 27 per cent of films made by writer/directors – substantially lower than half the Australian rate – and two-and-a-half times the Australian rate of films being made with a different person in each key above-the-line role. This equates to filmmaking teams of fewer people in Australia than elsewhere.

What is the impact on the creative and commercial potential of the Australian film industry, since the most talented writers may not always be the most talented directors, and vice versa? What are the consequences of smaller teams? Are they, for

Table 8: Average incidence of writer/directors and people filling multiple roles in feature filmmaking, Australia, UK, USA

	Writers and directors		Writers, directors and producers	
	Writer/director (same individual)	Writer and director different	All three different	Some role overlap
Australia*	65%	35%	25%	75%
UK	49%	51%	43%	57%
USA (total)	54%	46%	35%	65%
USA (studios)	27%	73%	56%	44%

Sources: Australian figures from AFC production database, based on Australian features 1995/96 to 1998/99; UK figures based on lists of productions in BFI yearbooks for UK features made 1994 to 1997; US figures from Motion Picture Almanac (data for major studios only available for 1995/96 and 1996/97; data for independents as well as studio films available for 1997/98 and 1998/99 only).
Films only included if credits available for producer, director and writer.

* Films with budgets over $500,000 (there is actually very little difference in the figures if all films are included).

example, more fragile? Is output compromised?

On the face of it, a team of three might be expected to be stronger than a team of two – less prone to creative burnout, better able to work through the long hours of unpaid grind. But perhaps the most obvious fragility is in the potential loss to the Australian film industry of both a writer and a director when a writer/director goes to work overseas.

And if more writers who are not also directors were involved in the national production slate then the resident writer pool would be stronger. A stronger national writer pool would be more capable of generating the projects needed to attract those same departing directors to work in Australia again.

To put it concisely, too many writer/directors amounts to putting too many creative eggs in the one basket.

Number of production companies

The other defining characteristic of the players in the development and production environment relates to the fragmentation of the producer community.

According to the Australian Bureau of Statistics, in 1997 there were 132 production companies in Australia whose main business was given by the companies themselves as making feature films. There are other figures around,[15] but the ABS data is appropriately conservative for this analysis.

Is 132 companies too many in the context of the number of feature films actually produced in Australia. Does this mean government assistance is spread too thinly? Table 9 (p 31) compares a selection of European countries which have significant production industries.

These results confirm that Australian companies are surviving – if they are in fact surviving – on fewer productions and lower levels of investment than other countries. The number of films produced per company by the European industry was almost double that of its Australian counterpart in 1998; for the UK industry the number was 1.4 times higher. In other words, these companies have more work than Australian companies, and consequently a greater capacity to earn revenue from production. They are therefore in a better position to devote concentrated time to developing future projects. Spain is particularly interesting with only 50 production companies producing 65 films a year.

Conclusions

The divergence between Australia, the US and UK in the employment of filmmakers in multiple capacities is very likely to be significant given the fundamental nature of the issue – the use of talent – and the differences in performance of the industries being compared.

There is clear evidence that stronger industries favour a wider spread of key above-the-line roles than is evident in Australian films. Moreover, a high incidence of writer/directors exacerbates the loss of talent to the Australian industry when such practitioners leave Australia to work overseas.

A benchmark of at least 50 per cent of feature films made by teams of individual writers, directors and producers should be adopted as desirable for the Australian industry, and assistance mechanisms should take this benchmark into account.

The producer community is unsustainably large in Australia, with a relatively large number of production companies competing for limited production investment to produce a relatively small number of films.

15 In 1999, the number of production companies whose business includes feature film production as listed in *The Production Book* was 277. However, the main business of a significant number of these companies lay in other forms of production. Anecdotal evidence suggests that the number of companies in the feature film category has grown since 1997, but the ABS figure, being conservative, is appropriate for this analysis. Whether all these companies are substantial companies active in feature film production does not matter as long as they are competing for resources as applicants for assistance from government agencies.

Table 9: International comparison – production companies, films, investment

Country	No. production companies	Population per production company	No. films produced 1998	Films per production company	Production investment per production company (US$m)
Germany	291	282,087	119	0.41	1.18
UK	221	267,482	87	0.39	3.25
France	157	375,657	183	1.17	6.14
Italy	118	480,806	92	0.78	3.06
Spain	50	783,355	65	1.30	4.13
Ireland	72	50,458	25	0.35	1.78
Average for Europe		373,307		0.73	3.26
Canada	172	180,269	61	0.35	1.07
Australia	132	142,300	37	0.28	0.78

Source: *Screen Digest*, Australian Film Commission, Australian Bureau of Statistics; 'CIA World Factbook' at www.odci.gov/cia/publications/factbook/, accessed June 2000.

4 Practitioner development

So far, this report has looked at ways of evaluating how we develop projects in Australia – our project development practice. However, development must take two forms: development of projects and development of practitioners. This section addresses the area of practitioner development.

Industry practice in this area needs to recognise both new aspiring talent and mature experienced filmmakers, ensuring that neither is lost to the industry prematurely.

From the funding agencies' viewpoint, practitioner development may include new writer schemes in which writers are assigned to mentors with broad industry backgrounds, attachment schemes to allow filmmakers to work or study with more eminent practitioners in their field, workshops for new Indigenous filmmakers, funding programs which provide intermediate production experience after a filmmaker has left film school, and even the opportunity to make a first feature film.

At an individual and company level, development is necessarily linked to employment and based on experience. For this to occur, companies have to be able to afford to pay employees and a minimum level of continuous, consistent, relevant activity needs to be maintained. For the many small companies in the screen production industry that are either sole operators or small teams of two or three operating with highly variable cash flows, this is impossible without financial assistance.

4.1 The importance of production experience

Production experience is an indispensable component of a filmmaker's artistic and career development. For example, it is generally not possible to direct a feature film successfully without any experience directing productions on a more manageable scale. There are two main reasons for this:

- A feature film requires a highly developed ability to tell a dramatic story over 100 minutes or more using footage shot under great pressure of time and cost, working with many people you have never worked with before.
- Full-cost feature film finance is rarely made available to totally inexperienced filmmakers.

Apart from these practical issues, there is an equally important policy issue at stake: allocating a large proportion of national production capacity and finance to inexperienced filmmakers is not in the interests of the long-term success of the industry.

These issues can be addressed by providing film-makers with the opportunity to make (that is, write, produce or direct) shorter films on smaller budgets. In doing so they not only learn to handle the production process but they also experience first hand the creative challenge of turning an idea into a film.

4.2 Declining opportunities

Without doubt, today's filmmakers do not have the range of opportunities to gain experience that were once available in Australia. The AFC invests far less today in short drama and documentary production than before the Special Production Fund was almost halved in 1996. This contraction in the AFC budget has also curtailed support for short features, a form that has provided valuable professional development for some of Australia's greatest directors.

The role of television in providing production experience has also declined in recent years with a reduction in higher-budget television drama production such as mini-series. The number of hours of local mini-series production has more than halved over the past four years. Total local independent television drama fell from A$191 million and 611 hours in 1995/96 to A$159 million and 503 hours in 1998/99.

An analysis of the producer, director and writer credits of the 20 all-time top box office Australian films reveals that, of the 52 filmmakers involved, 40 had television credits. These successful practitioners had had a wide range of experience across different types of programs.

Historically, the ABC and Film Australia have been the major employers of new filmmakers. These organisations allowed many filmmakers to achieve the experience that is hard to attain in today's fragmented industry of small commercial companies.

In the 1990s both Film Australia and the ABC increasingly became commissioning bodies that outsourced program making, which curtailed their ability to provide on-the-job training. These organisations still provide opportunities for independent filmmakers to supply programming, but a substantial institutional framework for lengthy apprenticeship is unavailable.

There has also been a significant decline in local production of higher budget television commercials (TVCs).[16] This decline is the subject of current research to quantify and explain the extent of the decline. TVCs have long been a mainstay of the production industry, providing cash flow for production companies and professional development for directors and crew.

The ABC, SBS and Film Australia

As mentioned above, the role of the national broadcasters and Film Australia has changed. These organisations have historically provided scope for young filmmakers to practice their craft within a framework of ongoing institutional support. The work provided by Film Australia and the ABC, and to a lesser extent SBS, allowed many filmmakers to achieve a level of expertise that is much more difficult to attain in the more fragmented industry of small commercial companies that exists today.

In a survey of filmmakers nominated for AFI awards between 1988 and 1993, published by the AFC in 1998 under the title *Career Paths in the Australian Film Industry*, all three organisations figured strongly as employers of newcomers to the industry. Just over 30 per cent of those who had been in the industry for 10 years or less had worked at SBS at some point in their career, while the figures for the ABC and Film Australia were 27 per cent and 40 per cent respectively.

Of those who had worked at the ABC, 70 per cent had worked there for a year or longer, while 20 per cent had worked there for more than eight years. Employment at SBS and Film Australia had tended to be more short term, but was nonetheless important to the freelance sector. Between 1988 and 1993, Film Australia employed between 700 and 1,250 freelancers each year.

The ABC was found to have given 17 per cent of filmmakers surveyed their first job. No other organisation rated more than 5 per cent. But the figure was even greater for older filmmakers: for filmmakers of 15 years standing or longer, the ABC provided first jobs for 22 per cent.

How important was the training provided by these organisations? 64 per cent of those surveyed 'agreed strongly' that the best way to develop a career was 'on the job'. The ABC and Film Australia both accepted that learning was part of the job for newcomers. The ABC provided traineeships during which trainee producers and directors turned out a program every month. Alumni of these organisations cannot speak highly enough of the professional development opportunities they provided.

The contribution of short films

Short films are defined as films under 60 minutes in length but have tended in recent years to average 10 to 15 minutes. The importance of the role of short films in providing filmmakers with essential production experience has been a central assumption underlying AFC assistance policy for many years.

There is evidence for this assumption: the analysis of the 20 all-time top box office Australian films cited earlier reveals that of the 52 filmmakers involved, eight of 19 directors had worked on shorts, as had nine of 26 producers and nine of 28 writers.

Although by no means the only pathway to career progress or skills development, short filmmaking is an important step for many filmmakers, especially in a context of declining opportunities in television. The large percentage of feature films involving first-time practitioners (see Table 11, p 35) suggests that experience on short drama or other less expensive forms is likely to lead to better outcomes for feature films simply by virtue of increasing experience among a relatively inexperienced group.

Another point to consider here is length. As mentioned above, Australian short films have tended in recent years to be 10 to 15 minutes long. This is

16 Preliminary results of a study currently being undertaken by the AFC.

at least partly a function of available funding, but the brevity of these films has limited their value in providing directors with the opportunity to develop the narrative skills necessary for feature filmmaking. The absence of experience with longer shorts, or short features, up to 55 minutes long has become evident in first features and a source of concern in the industry. Needless to say, these longer films are significantly more expensive than those at 10 to 15 minutes.

4.3 The need for both new and experienced filmmakers

There has been much talk in recent years about the industry's apparent obsession with new film-makers and the effect of this on the careers of more experienced filmmakers.

Just how difficult is it for filmmakers to build a career in Australia? And is the first feature becoming an extremely expensive testing ground for relatively inexperienced new writers, directors and producers?

We have looked at every Australian feature film produced over the past 30 years, selected only those that have achieved a release, and then examined how successful filmmakers have been in obtaining successive feature production opportunities. Table 10 (below) shows the results (full data for both released and unreleased films is provided in Appendix 1, p 47). The table also compares the results for released films over the last 30 years with the results for the last 10 years, to find out whether there has been any change – any acceleration for example – in the rate at which filmmakers are making second and third features and beyond.

This data is, to say the least, disturbing. The table shows that not many of the producers, writers and directors who made a first feature film in Australia in the 30 years since 1970 have been able to follow up that experience with further feature film production opportunities.

This data illustrates the competitive nature of a film career: the vast majority of filmmakers who get to make a feature film cannot expect to make another one. And having your film released – presumably a basic measure of the success of the filmmaking process itself – does not seem to improve the odds, especially for writers (see appendix 1). But of those producers and directors who do make a second feature, most can expect to make a third – eventually.

From one point of view, this is no more than one would expect from any such highly competitive process. In a production industry that produces an average 20 'mainstream' feature films a year, all of the hundreds of filmmakers competing for production finance cannot be accommodated. However, another way of looking at these statistics is to consider the financial investment involved and the role that each film plays in building a career. For example, each director who makes one and only one feature film has been the beneficiary of a development experience worth hundreds of thousands, and more often millions, of dollars. An attrition rate of more than two thirds after the first production would seem high for such an expensive process. Of course, many such directors make careers in other categories of production, but it is not clear that a feature film experience is essential for such alternative directing careers, much less that it is a cost-effective means of professional development.

Table 10: Repeat involvement by producers, directors and writers in released Australian feature films; the last 30 years compared with the last 10 years.

	Producers		Directors		Writers	
	30 years No. = 382	10 years No. = 222	30 years No. = 267	10 years No. = 154	30 years No. = 469	10 years No. = 231
One film only	67.3%	73.0%	65.9%	79.9%	74.6%	82.7%
Two or more	32.7%	27.0%	34.1%	20.1%	25.4%	17.3%
Three or more	19.6%	13.1%	20.2%	7.1%	10.7%	3.5%

Source: Australian Film Commission.

Table 11: Percentage of Australian feature films which were the first, second, third, fourth or more feature film for the filmmakers involved, 1970s to 1990s

		Percentage of films		
WRITERS	1st feature	2nd feature	3rd feature	4 or more
70s	73.3	16.1	5.0	5.6
80s	61.3	17.2	7.5	13.4
90s	67.1	16.5	7.8	8.7
Overall share	*65.87*	*16.71*	*7.02*	*10.39*
DIRECTORS	1st feature	2nd feature	3rd feature	4 or more
70s	59.1	20.5	11.8	8.7
80s	46.7	18.6	11.0	23.3
90s	57.3	15.9	9.8	15.9
Overall share	*53.3*	*18.2*	*10.8*	*17.8*
PRODUCERS	1st feature	2nd feature	3rd feature	4 or more
70s	62.3	18.8	9.1	9.7
80s	50.2	20.3	11.9	17.6
90s	52.3	13.8	10.0	23.8
Overall share	*53.6*	*17.6*	*10.6*	*18.2*

Source: Australian Film Commission.

The significance of the variation between the 30-year and 10-year pattern is not clear. It could simply be due to the shorter period: people have had less time in which to make multiple features. This would especially affect numbers in the last two or three years of the survey and could be expected to show up most clearly in the category of filmmakers who have made three or more feature films, which is the case.

In any event, if we assume that the figures represent productions distributed more or less evenly over time, then at least half of those filmmakers who made a feature film in the first half of the 1990s have not made another and will not make another. That is, at least 90 directors, 130 producers and 150 writers who made at least 90 films at an average cost of around A$3.6 million – a total cost of A$324 million – will not make another film.

Table 11 (above) comes at this issue in a different way, looking at the proportion of Australian films over the past three decades made by writers, directors and producers with various levels of experience. The emphasis on first-timers is clear across all roles.

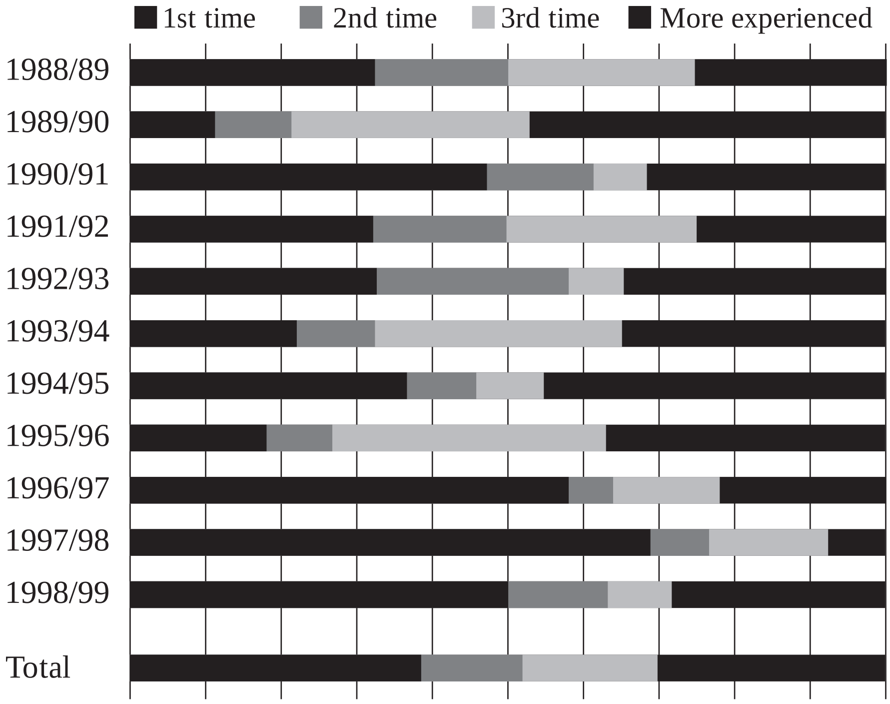
However, most concern has been expressed about the experience levels of directors, so this is worth closer attention. Table 12 (p 36) examines FFC-financed films made since 1988/89 year by year. It shows that in recent years there has in fact been an increase in the propensity to hire first-time directors.

There is no hard evidence to suggest a reason for this and reasons have not been specifically explored for this report. However, it is reasonable to note that key decision-makers in the financing area are choosing to invest in projects controlled by inexperienced directors because these projects are, in some way, the most attractive on offer.

Writers

Writers, however, experience the highest turnover of the three groups by a significant margin. They therefore have the least opportunity to build on their experience. It must necessarily follow that

Table 12: Directors in the 90s. Percentage of FFC-funded feature films which were the director's first, second, third or more feature, 1988/89 to 1998/99



Source: Australian Film Commission, from FFC data.

writers as a group will be, *over time*, the least accomplished group of above-the-line filmmakers.

This situation has great significance when seen in light of the alternative models of development used in Hollywood and Europe, particularly the former. Hollywood relies on a pool of highly accomplished writers, from journeyman script doctors to high-profile star writers. Without this pool of writing expertise, it would not be possible to operate a model in which production commitments were routinely made in the early stages of development, because the process would be too risky. Such a model relies to a very great extent on the skill base of writers.

The significance of this point cannot be overstated. The strength of the national development slate depends to a large extent on the nation's screen-writers. An industry which does not capitalise on the accumulation of experience by its writers will by virtue of that fact alone compromise the value of its national development slate.

Why should this situation exist in Australia? Although beyond the scope of this report, the reasons are probably to be found in a constellation of factors, including, for example:

- A tendency to focus on projects rather than teams. A producer on the lookout for a project will attach primary importance to the project and allow its content to drive the decisions, with the issue of who wrote it acting as a filter. Without the cash to buy the script from the original writer, who may also be a hopeful director of the project, the producer has to work with the original writer, rather than use someone else they have worked with before.
- A tendency of directors to write their own scripts as a way of generating directing work for themselves. In such a situation, the script is not for sale; moreover, every time a director shoots his or her own script he or she passes up the opportunity to work with a dedicated writer of greater experience.
- Inadequate finance available for development. This makes it difficult to pay experienced writers appropriate fees during development and highlights the cost advantages of using

inexperienced writers prepared to work for low fees.

European approaches to development assistance have recognised the problem of under-skilling in script development and devoted recent initiatives to increasing these skills in writers, producers and directors. The Equinoxe program (p 53), founded by Canal+, is such an initiative. An example of a program aimed at raising the script skill levels of producers is the European Audiovisual Entrepreneurs (EAVE) program. This program is well explained at its website: www.eave.org.

Experience versus the 'next big thing'

In any industry with finite capacity, a high intake of new entrants must necessarily disadvantage incumbents.

It is also true that when outcomes – the success of a film, for example – are highly uncertain as a matter of course, then taking risks on new entrants is encouraged. It is simply easier to believe in the promise of new talent – the next big thing – and to sell this promise than it is to believe in and sell a familiar talent that has not already set the world on fire.

Unfortunately, such an approach trades off the benefits of experience in a seasoned filmmaker against the chance of uncovering an exceptional new talent.

One way to counter this effect is for projects by experienced filmmakers to become more attractive to finance. This can be achieved by better development. Alternatively, new feature filmmakers can be given greater preparatory experience by better access to developmental production, such as short features.

4.4 Conclusions

The decline in production opportunities provided by television, the recent departure of the ABC and Film Australia from the professional development landscape, and the decline in AFC production funding has created a serious lack of opportunities for professional development through production. This needs to be addressed by the AFC as the nation's primary development agency in the form of investment in production of films up to 55 minutes in length. AFC production investment in short films must be significantly increased.

The emphasis on first-timers has contributed to a situation in which it is more difficult now than at any time in the past two decades and possibly longer for filmmakers to build on initial experience with further production opportunities.

Development programs should limit access to feature film script development for first-time writer/directors and increase opportunities for first-time feature filmmakers to gain experience on short features.

A skilled and experienced pool of screenwriters is of great importance in the creation of a strong national development slate. Current industry practices do not encourage the repeat employment of writers and thereby mitigate strengthening the pool of writers through experience. Assistance measures that address this problem are essential to the future strength of the industry.

5 Funding for development

This section looks at sources of funds for development, including federal and state government assistance as well as private investment, and makes comparisons with some other countries.

But first it is useful to consider why government assistance should be necessary. The answer may not be obvious. After all, the US studios fund their own development slates and we have said they represent 'world best practice'.

5.1 Why does project development need government assistance?

The critical characteristic of project development in the screen content industries is the high-risk nature of financial support for projects that cannot be consumer-tested in advance. This is why commercial investment is not available for development in Australia: no Australian commercial institution or private firm has the resources to fund film development profitably and very few have the expertise.

What makes it possible for the Hollywood studios to invest so heavily in development is their capacity to exploit the results, which is a consequence of scale and vertical integration. The average price–earnings ratio for the major studios, which are companies listed on Wall Street, has tended to be about 3 per cent higher than the average for all US listed companies.[17]

The slightly higher ratio is an appropriate reflection of the potential high future growth of the US content production industry, but this can obscure the point: these companies operate and are treated like others listed on the US exchange. They do not depend on break-out hits or, in other words, the inherently unpredictable. The scale of their businesses, and their marketing and distribution operations, enable them to manage variable cash flows and consistently invest an appropriate amount in the development of the products they sell.

Again, the contrast with the Australian – and European, and Canadian, and every other – film industry could not be greater. All non-studio film companies, with the exception of government-owned studios in some countries, are basically independent. Except for a few that have deals with the US studios – called affiliates – none has the access to distribution enjoyed by the studios, and none has the benefits of cash flow that such access brings. As a result, their capacity for investing, as opposed to sewing up a production deal using third-party investors, is very limited. The capacity of independents to fund the development of projects that may not even get made is even more limited.

In a production industry the size of Australia's, there are not enough companies capable of investing enough in feature film development to ensure continued viability of the production industry. Government assistance is necessary – particularly in the absence of participation from other sectors of the industry, such as major broadcasters.

In every other comparable country, broadcasters are involved in feature film development and production and make a critical contribution to the survival of local production industries. In Australia this is not the case, with the arguable exception of the smallest broadcaster, SBS, and the limited contribution of pay television channels. None of the major commercial free-to-air broadcasters has been involved in financing the development and production of feature films in recent years. The ABC has made modest production investments in a small number of features, generally combining facilities with a small amount of cash.

The situation with television program development is slightly different. Broadcasters tend to contract with preferred program makers with whom they have long-established ties. These companies can afford to invest in development because they have a degree of certainty about the future economic viability of their businesses, either by virtue of these established relationships or as a result of output deals. The same network of ties provides access to international distribution. However, many smaller television drama and documentary producers face the same difficulties as feature film producers.

17 *Motion Picture Investor*. Various, most recently June 2000. Carmel, CA: Kagan Moviedata.

Conclusion

Government assistance is essential if Australian independent producers are to engage in program development at any significant level. The absence of government assistance would not only prevent producers developing their projects fully but make it impossible for many of them to stay in business.

5.2 Australia

Table 13 (below) describes government assistance for development in Australian during the 1990s.

The figures for federal assistance are for funding through the Commonwealth Government's primary development agency, the AFC. While Film Australia and the Australian Children's Television Foundation also spent money on development, this tended not to be in adult feature films – the focus of this report.

The table shows:

- An overall decline in government support for development, which fell by 35 per cent between 1995/96 and 1998/99.
- A particularly dramatic decline in federal funding for development, which fell by more than 60 per cent over the same period.

A similar table is not available for private investment. Private companies, domestic and foreign, have tended to closely guard their financial information. However, good estimates are possible and these suggest that private investment is significant, if not particularly large. All of this goes to project rather than practitioner development.

Table 13: Australian government assistance to development 1990/91 to 1998/99

	($million)									
	90/91	91/92	92/93	93/94	94/95	95/96	96/97	97/98	98/99	99/00†
Federal government assistance (AFC)*										
Features	1.40	1.14	1.20	1.17	0.99	1.07	0.94	0.94	0.99	1.24
Documentaries	0.21	0.27	0.39	0.35	0.27	0.24	0.21	0.22	0.36	0.33
Other	0.52	0.23	0.13	0.30	0.24	0.22	0.12	0.04	0.01	0.18
'Distinctly Australian'	-	-	-	0.50	0.89	1.03	1.00	-	-	-
Producer support										1.22
Total project development	*2.12*	*1.64*	*1.73*	*2.32*	*2.39*	*2.56*	*2.27*	*1.20*	*1.36*	*2.97*
Developmental production	6.97	7.42	7.21	7.46	6.84	6.36	3.78	3.52	3.10	2.60
TOTAL AFC	*9.09*	*9.06*	*8.94*	*12.10*	*11.62*	*11.48*	*8.32*	*4.72*	*4.46*	*5.57*
State government assistance										
Development (scripts & pre-production, all categories)	1.48	1.54	1.77	1.56	1.93	2.28	2.06	2.48	3.05	Not available
Creative development‡	0.67	0.39	1.06	0.75	0.76	0.94	0.96	1.57	2.01	Not available
TOTAL government assistance	11.24	10.99	11.77	14.41	14.31	14.70	11.34	8.77	9.52	Not available

Source: AFC and state agencies.

* AFC figures do not include funding for Indigenous initiatives, interactive media or marketing programs.

† In the 1999/2000 financial year, following lengthy consultation with the industry and consequent changes to programs and organisational structure, the AFC increased its development expenditure substantially. It also introduced a new line of assistance which provided development funds to producers rather than to projects. In order to do this, some funds had to be diverted from production.

‡ Covers various programs for new filmmakers, including project development and some developmental production.
1996/97 data excludes Queensland as there was no information available.

The AFC estimates that the total amount invested by all private companies in feature film development, including Australian offices of foreign companies such as the recently departed Fox Icon, across all their projects in development is around $1–1.5 million annually. As previously mentioned (section 3.2, p 19-25) films that go into production account for $300,000–350,000 of this amount.

Government assistance to project development totalled $4.4 million in 1998/99 ($1.36 million from the AFC; $3.05 million from state agencies). Assuming that no more than $3 million went towards feature films, this brings the total amount available for the development of Australian features that year to between $4 million and $4.5 million.

The AFC's contribution increased in 1999/2000, mainly in the form of general funds to producers rather than project-specific funding, but complete data on state funding was not available so it is not clear whether the total would have risen as a result, or if it did, by how much.

The distribution of development investment within Australia

When considering the total $4–4.5 million (government and private) investment available for feature film project development, it is well to remember that this investment is not distributed evenly across the industry or across the country.

Most private development investment, for example, is made in NSW and Victoria, where three-quarters of the nation's production takes place. However, well in excess of a third of total government investment is made in the smaller states, despite low levels of feature film production, especially in South Australia and Western Australia. State governments tend to have a specific brief, namely to encourage filmmakers and film activity in their states. For most Australian filmmakers working in feature film – that is, those working in NSW and Victoria – the total funds available for feature film development investment in 1998/99 were between $2.89 million and $3.39 million. At least half of this was provided by government.

Practitioner development funding in Australia

Table 13 also shows a decline in government finance for developmental production, that is, for production financed primarily to provide filmmakers with professional development opportunities.

State government production assistance has not been included in the table as its purpose is generally to encourage productions to locate in a state, rather than for practitioner development. There are some funds available from state agencies for developmental production, but the amounts are small, amounting to a few hundred thousand dollars. These programs have been included under the 'creative development' heading in the table.

State agencies are not, therefore, compensating for the decline in federal government support for developmental production in 1996/97 evident in the table.

And the decline is considerable. AFC funds available for developmental production:

- Peaked in 1993/94 at $7.46 million.
- Have been declining ever since.
- Reached a low last year of $2.6 million.

This decline is of particular concern in the context of the decline in production opportunities provided by the national broadcasters and Film Australia discussed above. At a time when new directors are being hired for feature films at a greater rate than ever before, a reduction of opportunities for gaining experience on smaller, less expensive productions is at best problematic. At worst it suggests the possibility of a link between the two observations; namely that medium budget FFC-financed feature films are taking the place of developmental films for new directors.

5.3 Other countries

International data that can be compared – like with like – has been difficult to obtain. Table 14a (p 41) sets out levels of government assistance for various countries where this information was complete and reliable enough to enable comparison. The table also includes production investment per production company in order to highlight any relationship that might be apparent between government assistance and the level of production business that production companies might be experiencing.

The table shows that assistance tends to be high

Table 14a: Development investment in feature films in selected countries (figures are 1999/2000 except where indicated)

Industry	Gov't development assistance (US$million)	Gov't development assistance per produced film (US$)	Production investment per production company (US$million)
UK	8.37	90,978	3.25
Canada	4.44	66,269	1.07
Germany†	4.10	55,405	1.18
Australia‡	1.80	43,902	0.78
France†	1.98	10,939	6.14
Italy†	0.85	7,870	3.06
Spain†	0.62	6,392	4.13

Sources: *Screen Digest*; European Audiovisual Observatory; Australian Film Commission.

† 1995 figures; this data – the most thorough and reliable available on the topic – is taken from Volume 1 of *Public Aid Mechanisms for Film and Television in Europe*. This was published by the European Audiovisual Observatory in 1998 but uses 1995 figures. The Observatory is currently engaged in a new survey, the results of which are expected to be available later this year. Descriptions of programs can be found in Appendix 2.

‡ Based on AFC data and estimates for aggregate state feature film development budgets for 1999/2000, and the actual number of features produced that year.

where production investment per company is low. While development assistance is modest in France, Italy and Spain, companies in these countries enjoy the strongest flow of production investment. It might be inferred that they have relatively less need for government assistance because the national cinema of these countries has been historically very strong.[18]

What's missing from this table is the role of private investment, especially from broadcasters, who are very active in feature film development and production in Europe.

Table 14b (p 41) compares total development investment available in four countries.

The obvious point made by table 14b is the relative absence of non-government sources of investment for development in Australia indicated by the large discrepancy in total available finance compared with these countries.

It is clear that compared to the benchmark UK industry there are significantly less funds for development available in Australia both from government and non-government sources. Moreover, Australian production companies do not enjoy the level of ongoing business activity that sustains the industries in countries where development investment levels are lower.

Practitioner development in other countries

Of European countries, the UK invests most in short film production, with 43 per cent of the UK regional funds strictly allocated to shorts. Many such regional UK schemes are limited to short films only. However, many other countries also invest in short films. According to the European Audiovisual Observatory, in 1995 at least US$17.17 million was strictly allocated by various European governments to short film production, and a further US$48.44 million was allocated to funds which could be used for short film production. This was out of US$390.46 million allocated to total film production, a rate of between 4 and 12 per cent of total film production funds. When considering government funds strictly allocated to shorts compared to those going strictly to feature film production, the European rate was 4.8 per cent.

This last figure serves as an indication of the relative importance attached to short film production by governments in Europe and offers the cleanest comparison with Australian rates on

18 Lest it be thought the reverse might be the case – that business is hampered by government investment – there is no evidence to suggest that is the case.

Table 14b: Total development investment in feature films, including from private and broadcaster sources, in selected countries, 1999/2000

	Total development investment funds available (US$m)	Total development investment available per produced film (US$)	Government development assistance per produced film (US$)
UK	29	315,000	90,978
Canada	41	612,000	66,269
Australia‡	2.4	59,000	43,902

Sources: *Screen Digest*; Australian Film Commission.

‡ Based on AFC data and estimates for aggregate state feature film development budgets for 1999/2000, and the actual number of features produced that year.

investment. As it happens, the equivalent Australian figure over the last four years has been also 4.8 per cent. However, the Australian allocation dropped sharply in 1998/99 to 3.5 per cent and sank to 3.1 per cent in 1999/2000.

Given that many European countries do not fund short films at all, the rate of strictly short film to strictly feature film production investment by government cited above understates the practice of countries which actively support short films. In other words, among countries that fund production of short films, the proportion of total government funds dedicated to short film funding is substantially higher than it is in Australia at present. This is particularly marked in the UK.

5.4 How much should Australia invest in development?

Project development

There are several ways of approaching the question of how much Australia should invest in project development.

One way is to consider development expenditure as a percentage of production expenditure. As noted in section 3.2 (pp 19-25), this is not a helpful approach when applied to individual films. However, it is useful in obtaining a global development allocation for an entire industry.

In section 3.2 we noted that the rate of investment in development by US studios was around 10 per cent of production budgets. Applying this 10 per cent figure to the value of Australian feature film productions over the last five years yields a global allocation to feature film project development of $12.5 million per annum.

Another approach is to use a model that takes account of the size of the development slate, the average development time per produced film, and a pattern of development investment which accumulates over this period until it totals the average development cost per produced film.

To begin this exercise, we need to decide an appropriate size for the development slate, based on our benchmarking comparisons in section 3.3 (pp 25-28). An achievable tightening of the slate (currently 340 projects) would see it reduced to 200 projects. For a production slate of 20 films a year, this would mean a development-to-production ratio of 10:1, which is still higher than other industries but would represent a useful target for the Australian production industry as a whole. Over time, it could be reduced to 6 or 7:1.

The slate is dynamic, with new projects being added and others being abandoned, but the idea is that there will be 200 projects in active development at any one time.

We next consider:

- An average development time of three years for a produced film (see section 3.1, pp 17-19).
- Development investment based on selection twice a year over the three years, accumulating to a maximum of $200,000 in the budgets of produced projects (see section 3.2, pp 19-25) – which equates to $33,000 every six months for three years.

Effectively, we can view the funding of the total slate as a process of applying $33,000 twice a year to each project in our 'dynamic' slate of 200, which results in a total investment of $13.2 million per annum.

Taking into account both this figure and the $12.5 million derived earlier from total production expenditure, we arrive at an overall investment requirement of $13 million per annum for the development slate. Given that private investment may only total $1 million, this leaves an annual government investment requirement of $12 million.

Practitioner development

In order to arrive at an appropriate level of investment in developmental production, we must establish what constitutes such production, decide how much to produce, estimate its cost and refer to expenditure in benchmark countries.

Developmental production aimed at feature film-makers falls primarily into the categories of short drama up to 60 minutes in length, television drama, low-budget feature films and, to a lesser extent, documentary. In benchmark countries, as in the past in Australia, most emphasis is placed on short drama and television drama. As television drama is in the hands of broadcasters, whose duties are not primarily developmental, and because access to it usually requires prior production experience to a certain level, it is short drama that has become the primary focus of developmental production strategies around the world.

To obtain a global estimate of Australia's needs in this area, assume each new director of a feature film will have to have made a short drama of significant length in order to demonstrate the ability to handle a narrative of some complexity. If, of the 20 feature films produced each year, an average 50 per cent continue to be directed by first-timers, then these directors should have made at least two short dramas on an industrial production model, that is, with a professional crew and budget. One of these should be around 50 minutes. The cost of these films will range from $200,000 – the standard cost in recent years for a 15-minute short film – to more than $500,000 for a film of over 30 minutes. 50-minute films can cost up to $800,000.

Assuming a budget of $200,000 for the shorter films and $600,000 for the 50-minute films, providing short drama production experience 10 times a year will cost $8 million.

A similar figure can be derived from benchmarking against other countries. The UK, which actively supports short films as a major form of practitioner development, allocates 17 per cent of total government funding to the production sector for the purpose of funding short films. Given that we have suggested the UK as an appropriate benchmark industry, it would be reasonable to set Australian short film funding at a figure equivalent to 15 per cent of total government production funding. Currently this gives a figure of $5.7 million.

Taking this into account along with the $8 million derived above suggests short drama should be funded at between $6 million and $8 million per annum.

6 Summary and conclusions

6.1 The current funding environment

- This report clearly establishes that overall levels of development investment in feature film in Australia are low, particularly when compared to other significant non-US film industries in Europe and the UK.

  The average per project cash development investment in Australia is US$56,000 compared to US$160,000 in Europe and US$200,000 in the UK.

- The level of government assistance for development is also low compared with other countries.

  The UK government provides twice as much development assistance per produced film as the Australian government.

- Total development investment by the Australian Government has in fact been declining.

  Over the last six years, the annual appropriation to the AFC has fallen by nearly $5 million, from $20.8 million in 1995/96 to $16 million in 2000/01. This represents a cumulative loss from the development area of just over $24 million over this period.

- The situation is compounded by the fact that the AFC is now earning almost $3 million a year less from production investment than it was 10 years ago, with revenues falling from $3.5 million a year in 1989/90 to an estimated $659,000 in this financial year. This is due to a reduction in the AFC's ability to generate revenue from this source since the Australian Film Finance Corporation (FFC) began operation as the primary agency for production investment.
- State government funding has not compensated for the decline in government investment at the national level.

This decline cannot continue. Adequate investment in development is essential if the Australian industry is to reach audiences at home and be competitive in the global marketplace.

6.2 Consequences of limited development investment

Project development

Low levels of development investment have serious flow-on consequences for the industry. This report has identified structural weaknesses and poor development practices in Australia resulting from the low levels of development support. These can be summarised as:

1. *An elongated and fractured development period*: With an average feature film development period in Australia of 4.8 years, combined with a producer's ability to work on projects for only a few months out of every year because of lack of funds, the process has become fractured and attenuated.
2. *Inadequate development budgets*: As well as being low compared to other countries, budgets are also significantly under-funded during the development process, with Australian producers required to carry a deficit cash component of on average A$40,000 per project in development (A$8,000 per year).
3. *Development funds spread too thinly across too many projects*: Because of pressure of demand on the reduced pool of investment available for development, and compared to Europe and the UK, Australia is developing too many projects and spreading development funds too thinly compared with other countries.
4. *A limited professional base:* Because of low levels of cash investment and the need to fund a cash deficit over an extended period, Australian producers find it difficult to operate effective businesses, and are also hindered from employing or building on-going relationships with experienced screenwriters. This has resulted in too great a reliance on new and inexperienced creative talent and insufficient support for a professional approach to development.

Practitioner development

Today's filmmakers do not have the opportunities to gain experience that once were available in Australia.

- Since 1993/94, AFC investment in practitioner development has dropped from $7.5 million a year to $2.6 million a year, a decrease of almost $5 million – providing fewer opportunities for filmmakers in short film, documentary and short features.
- The role of television in providing production experience has also declined in recent years with a reduction in higher-budget television drama production such as mini-series. The number of hours of local mini-series production has more than halved over the past four years.
- An analysis of the producer, director and writer credits of the 20 all-time top box office Australian films reveals that these successful practitioners had had a wide range of experience across different types of programs, much of it in television.
- Historically, both Film Australia, the ABC and, to a lesser extent, SBS have been major employers of new filmmakers. In the 1990s these organisations increasingly became commissioning bodies that outsource program making. This has curtailed their ability to provide the substantial institutional framework for lengthy apprenticeships previously possible.
- There has been a significant decline in the production of higher-budget Australian television commercials.[19] Television commercials have long been a mainstay of the production industry, providing cash flow for production companies and professional development for directors. They are also critical to supporting investment in quality infrastructure.

6.3 Benchmarks

Film agency policies should take account of both the project and practitioner development issues canvassed above. The following benchmarks should be adopted as a guide to policy formulation and program design and funding, by the AFC and, where possible, more widely by other film agencies and the industry as a whole.

- The time for development of a feature film in Australia should be comparable with practice in the rest of the world. Conditions should be such that the industry can achieve a benchmark time of three years on average.
- Australian development investment should be benchmarked against the UK. An average investment of $200,000 per produced feature film, cash-flowed during development, should be regarded as a target for the Australian industry.
- The ratio of number of projects developed to number produced should be no greater than 10:1. This should be regarded as a target for the Australian industry as a whole.
- Feature film project development investment by government should total $12 million annually.
- A benchmark of at least 50 per cent of feature films made by teams of individual writers, directors and producers should be adopted as desirable for the Australian industry.
- Production investment in short films should be benchmarked at $6 million.

6.4 The AFC's response

The AFC is not the sole source of development funds for the industry. However, as the primary provider of development investment in Australia, it should take a leadership position, formulate its own performance indicators and design its own programs with reference to these benchmarks.

In particular, the AFC should consider the following:

- *Higher levels of investment in fewer projects.* This will help producers fund the deficit they are currently carrying, and allow more extensive engagement of experienced practitioners. The average period of development can be expected to fall.
- *Programs to foster an environment which allows sustained and concentrated development by appropriately resourced and professional teams of writers, directors and producers.* These programs will support a professional base of filmmakers and will provide them with greater opportunities to make more than one feature film, as well as to stay in the Australian industry as their careers progress and their reputations grow.

19 Preliminary results of a study currently being undertaken by the AFC.

- *Programs which support the separate roles of producer, writer and director, and encourage the ongoing development of creative relationships between producers and writers.* This will result in less reliance on writer/director-driven projects.
- *Policies which assist producers to develop long-term business strategies, maintain relationships with key creative personnel and consolidate relationships with sources of finance in Australia and internationally.*
- *Programs which provide practitioner development opportunities to allow filmmakers to make a number of short films.*
- *Programs which link development investment to the experience of the practitioners.*

APPENDICES

Appendix 1
Practitioner experience

Table A1.1 is based on an examination of the filmmakers involved in every Australian feature film produced over the past 30 years, and how successful they have been in obtaining subsequent feature production opportunities.

Tables A1.2 and A1.3 compare the results for over the last 30 years with the results for the last 10 years, to find out whether there has been any change in the rate at which filmmakers are making second and third features and beyond.

Table A1.1: Repeat involvement by producers, directors and writers in Australian feature films over the last 30 years; all features compared with released features

	Producers		Directors		Writers	
	All features No. = 543	Released features No. = 382	All features No. = 381	Released features No. = 267	All features No. = 670	Released features No. = 469
One film only	66.9%	67.3%	62.7%	65.9%	72.4%	74.6%
Two or more	33.1%	32.7%	37.3%	34.1%	27.6%	25.4%
Three or more	20.1%	19.6%	21.0%	20.2%	10.4%	10.7%
Average films per individual	1.9	1.9	1.9	1.9	1.6	1.5

Source: Australian Film Commission.

Table A1.2: Repeat involvement by producers, directors and writers in all Australian feature films (*released or not*); the last 30 years compared with the last 10 years

	Producers		Directors		Writers	
	30 years No. = 543	10 years No. = 338	30 years No. = 381	10 years No. = 254	30 years No. = 670	10 years No. = 366
One film	66.9%	78.7%	62.7%	72.8%	72.4%	82.7%
Two or more	31.3%	21.3%	37.3%	27.2%	27.6%	17.3%
Three or more	20.1%	7.4%	21.0%	8.3%	10.4%	3.5%

Source: Australian Film Commission.

Table A1.3: Repeat involvement by producers, directors and writers in *released* Australian feature films; the last 30 years compared with the last 10 years

	Producers		Directors		Writers	
	30 years No.= 382	10 years No. = 222	30 years No. = 267	10 years No.= 154	30 years No. = 469	10 years No. = 231
One film only	67.3%	73.0%	65.9%	79.9%	74.6%	82.7%
Two or more	32.7%	27.0%	34.1%	20.1%	25.4%	17.3%
Three or more	19.6%	13.1%	20.2%	7.1%	10.7%	3.5%

Source: Australian Film Commission.

Appendix 2

Film and TV development programs in Canada, New Zealand and Europe

This information represents the most recent published data. However, it varies in currency and some may be out of date at time of publication.

Canada

(All amounts in Canadian dollars unless otherwise stated.)

Canadian governments, at both federal and provincial levels, provide direct financial support for Canadian film and TV project development.

A. Public funding – federal

Telefilm Canada: Established in 1967, TC is the key cultural agency of the federal government providing assistance for film, TV and multimedia projects.

Professional development is provided through the 'National Training Program in the Film and Video Sectors'. This program was established in 1997 to support training initiatives and has a budget for 2000/01 of $11.3 million, including $1.3 million for national film and video professional development institutes.

Cultural Industries Development Fund: Established in August 1999 and administered by the Business Development Bank of Canada, the fund provides working capital for companies operating in the cultural sectors (i.e. film and video production, book and magazine publishing, sound recording and multimedia). Assistance is supplied on a term loan basis.

National Film Board of Canada: Established in 1939, the NFBC provides development assistance of approximately $1 million per annum to emerging independent filmmakers. It has two development programs, the Filmmaker's Assistance Program (English language) and Aide au Cinéma Independent Canada (French language).

The Canada Council for the Arts: This is an independent federal agency established in 1957 to foster and promote the arts in Canada. It provides development assistance via a program of Creative Development Grants to individual producers and directors as well as other film and video artists. Grants available are for fixed amounts ($3,000, $5,000, $10,000, $15,000 and $20,000).

B. Public funding – provincial

Alberta Film Development Program: Administered by the Alberta Foundation for the Arts, it supports Alberta-based production companies (for film and TV projects). Rebates of up to $500,000 or 20 per cent of budget are provided based on a percentage of the budget expended in Alberta. Has a budget of $5 million per annum for three years.

British Columbia Film: Provides development (film and TV projects) assistance via two programs to BC-based production companies.

Development Program A (market triggered): Funding matching market support is provided as an interest-free advance. Maximum of $30,000 per project and $50,000 to any one applicant annually.

Development Program B (non-market triggered): Funding provided as an interest-free advance over three phases of development for projects with no market support:

Phase I – treatment to first draft, maximum $15,000 for any one project.

Phase II – first draft to final draft, maximum $10,000 for any one project.

Phase III – script polish and scene breakdowns, production budget, marketing and pre-production, maximum $15,000 for any one project.

In 1999/2000 BC Film invested a total of $3.2 million in film and TV development and production ($0.3 million on development).

Enterprise PEI: Development assistance is provided in the form of interest-free loans of up to one third of the development budget (maximum of $25,000). Eligible expenses include options, writer's fees, editing fees, travel, market research, financing, producer's fees and overheads.

FIDEC (Quebec Entertainment Investment Limited Partnership): Provides indirect assistance by providing Quebec-based entertainment companies with capital for business development. It was established with capital of $45.5 million and offers gap financing and equity investments in projects and companies.

Film NB: Established to encourage co-productions between New Brunswick-based and out-of-province producers. Project development assistance provided via interest-free loans with eligible costs including project-related travel, financing, legal and overheads as well as research and writer's fees and preparation of budgets and production schedules.

Film NB will fund up to 40 per cent of the budget to a maximum of $35,000 (films, mini-series and telemovies) and $20,000 for all other projects.

Manitoba Film and Sound Recording Development Corporation: Development assistance provided to Manitoba-based producers and projects. Will provide up to 50 per cent of the development budget to a maximum of $25,000 over three phases of script and project development. Films, TV and documentaries are all eligible. An additional scheme for low-budget feature development (worth approximately $100,000 per annum) was introduced in 2000.

Newfoundland and Labrador Film Development Corporation: Operates an equity investment program that can be used to finance development as well as production for film and non-theatrical projects. A maximum of 20 per cent of the budget will be provided as an equity investment.

Nova Scotia Film Development Corporation: This is mainly a production funding (equity and loans) provider but also operates a special project providing non-repayable grants to emerging producers.

Ontario Film Development Corporation: Provides indirect development assistance to emerging producers via professional development and marketing initiatives. In May 2000 the government announced it would invest $30 million over five years for the creation of a new department, the Ontario Media Development Corporation.

SaskFILM (Saskatchewan Film and Video Development Corporation): Assistance provided to Saskatchewan-based producers via development loans of up to 40 per cent of the development budget (maximum of $30,000) for script and project development.

Société de Development des Entreprises Culturelles: Assists Quebec producers and distributors through subsidies, loans and equity investments. Will finance up to 100 per cent of the development budget, up to a maximum of $25,000.

C. Private funding

A-Channel Drama Fund: Seven-year/$14 million fund, which will spend a total of $920,000 on development for Alberta-based projects (concepts and scripts) and a further $400,500 on professional development for emerging Alberta producers.

BBS Saskatchewan Program Development Fund: Provides development funding (as loans repayable on commencement of principal photography) for Saskatchewan-based producers; has an annual budget of $50,000.

BBS Ontario CJOH Development Fund: Provides development funding (as loans repayable on commencement of principal photography and professional development grants) for Ontario-based producers; has an annual budget of $115,000.

Canadian Independent Film and Video Fund: Non-profit organisation providing development assistance for educational and documentary projects as well as limited production investment. It has an annual budget of $750,000 and a maximum of $10,000 is available per project for development.

CFCN Production Fund: $7.5 million/five-year fund formed by CTV Television and CFCN Television Calgary to help Alberta-based productions and producers. Professional development grants, scriptwriter development loans, producer development loans and equity investments.

CFRN-TV Production Fund: Development assistance $1 million per annum until 2002 for Western Canadian producers based in Alberta, BC, Saskatchewan or Manitoba. Funds are dispersed in the form of grants, loans, licence fees and equity investments for TV projects.

COGECO Program Development Fund: Established by Cogeco Inc to encourage the development of new scripts by Canadian writers for film and TV projects. Also finances the production of telemovies and pilots for series. Single endowment of $5 million with an annual budget of $200,000; replenished by returns from project investments. Also provides loans of up to $35,000 to companies with three or more films in development.

Entertainment Ventures Corp: This is a $7.5 million endowment investing $250,000–$750,000 in Ontario-based production companies (company-rather than project-driven). Funds are provided as equity and/or loans.

CTV Television Inc./CJOH-TV Development Fund: Established by Baton Broadcasting to provide financial assistance to independent producers in the CJOH-TV broadcast area for the development of concepts and scripts for TV. Budget of $50,000 per annum.

CTV Television Inc./MCTV Development Fund: Established by Baton Broadcasting to provide financial assistance to independent producers in the MCTV broadcast area for the development of concepts and scripts for TV; interest-free loans. Budget of $50,000 per annum.

CTV Saskatchewan Program Development Fund: Established in 1991 to provide financial assistance (in the form of forgivable loans) for the development of concepts and scripts for Saskatchewan-based projects. Budget of $50,000 per annum.

Family Channel: $50,000 per annum development loans for family programming, mainly for TV.

Fundy Communications Program Development Fund: A $50,000 per annum/8-year fund providing development assistance of screenplays and treatments for New Brunswick-based projects.

FYI Fireworks YTV Initiative: Established to fund the development of children's programming. Has an annual budget of $250,000.

Global Development Fund: Provides $1 million per annum for development loans for TV projects including drama, children's, documentary and variety.

The Harold Greenberg Fund to Underwrite New Drama: Established in 1986 by Astral Communications and TMN-The Movie Network to create quality Canadian features. It will fund (as grants or loans) the development of scripts (treatments, first and second drafts) as well as provide funding for writing/development workshops.

Shaw Children's Programming Initiative: Formed to promote the development and production of quality children's, youth and family TV programming. The Conway Fund is focused on pre-school programming and provides development and production funding totalling $2 million per annum. Provides interest-free advances to projects up to a maximum of $30,000 or 25% of the development budget.

Superchannel (Allarcom PayTV): Has a budget of $500,000 per annum and provides loans for the development of features, series and children's programming.

Westcom Entertainment Group: Has an annual budget of $4 million and invests in the development and production of TV drama programming.

WTN Foundation: Has an annual budget of $150,000 and is dedicated to the advancement of women in the broadcasting industry. Provides paid internships for women in broadcasting, girls TV/camp club and endowments for professional development programs.

New Zealand

(All amounts in New Zealand dollars unless otherwise stated.)

Development funding is available from two principal sources in New Zealand, both of which are federal government agencies.

New Zealand Film Commission

The NZFC is a federal government agency established in 1978. It is funded principally by grants from the NZ Lottery Grants Board but also receives direct government funding. It offers a variety of development assistance packages as follows:

Single Project Development: Up to $75,000 available per project (maximum of $15,000 for a treatment); advanced projects may be eligible for more than $75,000.

Devolved Development Fund: For filmmakers who have produced commercially successful projects. No maximum amount and funds can be allocated to script and marketing expenses.

ScreenVisioNZ: Joint program (NZFC, NZ On Air and TV NZ) to fund development of features with budgets of $1.4 million or less. Up to $25,000 available as a development loan.

English Language Cinema Plan: Promote and support the co-development of features among Australia, Canada, Ireland, NZ and the UK. Funding up to a maximum of $15,000 available in the form of a development loan.

Producer Market Assistance: Aim is to increase producer experience by funding attendance at international markets for features in advanced development. $30,000 per annum is allocated to the program.

NZFC development funding 1995/96–1999/2000

	1995/96	*1996/97*	*1997/98*	*1998/99*	*1999/2000 est.*
($'000)	569	509	610	1037	850

NZFC also operates a marketing program to promote completed features and shorts. Assistance is available as loans for theatrical release and to attend international markets and festivals/ competitions (for producers and directors).

New Zealand On Air

New Zealand On Air was established in 1989 following the deregulation of the NZ broadcasting industry. Its mandate is to enhance and protect local content on NZ TV and radio. From 2000/01 NZ On Air will be funded by direct government appropriations (previously funded by public broadcasting licence fees). Its total budget for 2000/01 is $80 million, an increase of $6.2 million on the previous year. Approximately half the budget is allocated to television.

NZ On Air will fund TV programs produced either by networks or independent producers. It is focused principally on production but does allocate small amounts to TV project development. NZ On Air also provides limited funding for features under the ScreenVisioNZ program, with NZFC (see above).

NZ On Air development funding 1995/96–1999/2000

	1995/96	*1996/97*	*1997/98*	*1998/99*	*1999/2000 est.*
($'000)	751	260	197	274	250

The UK

(All figures in pounds unless otherwise stated (£1=EUR1.62.)

A. Public funding – European

MEDIA II

The MEDIA II program of the European Union has a budget of EUR310 million (approximately £208 million pounds) over five years (1996–2000). It provides financial support in the form of interest-free loans or grants in three areas: development, distribution/promotion and professional development.

MEDIA II funds projects and companies based in the countries of the European Union, including the UK, where it provides substantial support. Film and TV development programs comprise:

Fiction and Creative Documentary: Development loans for up to 50 per cent of development budget up to a maximum of EUR80,000 (average is EUR30,000). Maximum of five projects and EUR225,000 to any one company.

Animation: Development loans for up to 50 per cent of development budget up to a maximum of EUR80,000 with a maximum of five projects for any one company.

Production Companies: Grants or loans available for the development of a business plan (maximum EUR10,000) and company development support (EUR30,000 – 150,000).

Slate Funding: Rolling line of credit for production companies with a slate of projects. Maximum loan EUR150,000 and must not exceed the amount contributed by the production company.

MEDIA II also provides funding for professional development via grants to institutions and bodies that provide initial or continuous vocational courses in economic and commercial management, new technologies and screenplay techniques. There are over 40 MEDIA II supported professional development courses including scriptwriting courses/workshops such as:

Arista (story editing workshops); *Euroscript* (distance script development); *North by Northwest* (polish, rewrite and develop scripts); *Pygmalion* (writing for young audiences, French language); *Screenwriting Academy* (writing, German language); *South By*

Southwest Magica (writing and script editing). See section D, pp 53-54 for more details on screenwriting workshops and labs.

Table A2.1 (below) summarises MEDIA II's development (including professional development) assistance for the UK in 1999 and compares it with the overall spend.

In January 2001 MEDIA II will be replaced by a new fund, Media Plus. It will have a budget of approximately EUR400 million, with EUR50 million allocated provisionally to professional development and EUR350 million to development and distribution promotion. Some change in the funding programs is also expected.

B. Public funding – national

The British Government provides support to the film and TV industries. Funds are sourced principally from the National Lotteries and also from direct contributions.

Film Council: Launched in April 2000 as a new organisation combining the operations of several independent agencies including the British Film Institute, British Screen Finance and the European Co-production Fund (administered by British Screen Finance). Program budget of £54.2 million over three years.

High priority on script development with £5 million allocated over three years. Also £1 million over three years for professional development for writers, script editors, development executives and producers.

The Film Council has agreed to a two-stage action plan. Stage one of this plan includes improving the quality of scripts, the quality and appeal of British films and the skills of the UK's film talent base. It will include support for:

- Introductory courses across the UK for aspiring screenwriters.
- Intensive full- and part-time courses for screenwriters with limited experience.
- Intensive training based around the development of specific projects.
- A program of project-based workshops and lectures for development executives.
- A course to provide structured training for script readers.
- A service providing readers for screenplays.
- A service to provide professional screenplay advice for independent, low-budget feature projects.
- A series of regular workshops for screenwriters and development personnel, working on projects in active development.
- A rehearsed reading service providing the opportunity for draft scripts to be dramatised in front of an audience.

Film Production Franchises: In May 1997 the Arts Council of England awarded three feature film production franchises for a total of £92.25 million (£33 million to Pathe Productions, £30.25 million

Table A2.1: Development funding under the MEDIA II program, 1999

	UK		Europe		UK as %
	EURm	**£m**	**EURm**	**£m**	**of Europe**
Development					
Fiction & creative documentary	1.55	0.96	8.71	5.38	17.8%
Animation	0.28	0.17	5.73	3.54	4.8%
Production companies	0.15	0.09	0.90	0.56	16.6%
Slate funding	1.62	1.00	5.34	3.32	30.2%
Development sub-total	*3.60*	*2.22*	*20.68*	*12.8*	
Professional development	1.22	0.75	8.35	5.15	14.6%
TOTAL	**4.82**	**2.97**	**29.03**	**17.95**	

to The Film Consortium and £29 million to DNA Films). One of these, DNA Films, also provides limited development funding.

Scottish Screen: Has a range of project development and professional development programs. Under its Film Project Preparation Scheme, grants of between £5,000 and £50,000 are available for projects where the script is in an advanced stage.

Arts Council of Wales – Lottery Unit: Provides script development finance on a loan basis with a budget of approximately £150,000 per annum. Sgrin (Media Agency for Wales) works with the ACW to recommend projects for development and production funding.

C. Public funding – regional

Limited development and production funding is provided by regional arts agencies.

First Take Films: Based in Norwich, FTF is the development and production agency for the East of England. Also operates the Write Lines script advisory service where writers can obtain detailed and constructive script reports (charges apply: £15 for shorts and £30 for features).

East Midlands Arts Board: Available to residents of the East Midlands region; script development awards of up to £500 per project.

East Midlands Media Initiative: Development awards of between £1,000 and £10,000 for feature, TV or multimedia projects; available to residents of the East Midlands region.

London Film and Video Development Agency: Supported by Carlton Television and Channel 4 for the development and production of independent film and TV projects; annual budget of £180,000; provides development awards of up to £3,000 per project.

Northern Arts Board: Available to residents of northern England. Operates development schemes for features and TV and also provides grants for companies to assist with development programs.

North West Arts Board: Available to residents of north-west England. Supports film and TV projects at development and production stages.

South East Arts Board: Available to residents of south-east England; provides limited development and production funding.

South West Media Development Agency: Provides limited development and production funding for producers and writers based in the south-west of England.

Yorkshire Arts: Available to residents of the Yorkshire region; development funding for features and TV of up to £500 per project.

Yorkshire Media Production Agency: Partnership between Sheffield Independent Film, Independent Media Investments, Yorkshire Arts and local authorities. Provides project development funding as well as development services and professional development programs.

D. Screenwriting workshops and labs

A number of screenwriting workshops and labs are held in the UK each year. Generally these are run by private organisations and fees are charged, although they are often subsidised by a public organisations such as MEDIA II.

Arista: Arista operates three seven-day workshops each year, providing professional development in script editing and project development for European film and TV professionals. Course rates vary from £1,110 for freelance writers to £2,750 for corporates.

Association Equinoxe: Equinoxe was founded in 1993 by Canal+ and runs two screenwriter's workshops annually. European and American participants are chosen on a competitive basis by a panel of industry experts. Equinoxe also provides personalised, all-year assistance to producers of screenwriters who have participated in their workshops. Private partners include MEDIA II, Canal+, Sony Pictures Entertainment and Deutsche Columbia TriStar.

First Film Foundation: Charity providing a range of educational and promotional programs aimed at helping British writers, producers and directors to make their first feature film.

The North by Northwest scriptwriting program helps writers develop their scripts over three workshops in six months (fees in 1999 were EUR2,000). The Script Feedback service provides a professional script report on feature, short or TV drama scripts submitted.

First Film Foundation is supported by a number of public organisations including MEDIA II, the Danish Film Institute, the Nordic Film & TV Fund, and the Dutch Ministries of Culture and Foreign Affairs.

MoonStone International Film Labs: An Irish-Scottish professional development partnership modelled on and developed with the assistance of the Sundance Institute. The residential workshops are for European screenwriters (two per year) and European producers (one per year). The project is supported by MEDIA II (EUR 244,000 per year), The Media Agency for Wales, Nordisk Film and TV Fond and the Scottish Arts Council Lottery Funds.

PAL (Performing Arts Labs) Screenwriter's Labs: Screenwriting labs are held twice a year (10-day labs) and are open to up to 10 participants per lab. Writers are nominated and selected on a competitive basis. Sponsors include Sony, AVID, McMillan UK and Hubbard Casting.

Denmark

A. Public Funding – European

MEDIA II: As Denmark is a member of the European Union, Danish projects and production companies are eligible to apply for development funding from MEDIA II. Refer to the UK section (pp 51-54) for a full description of the activities of this program.

B. Public Funding – national

The Danish Film Institute: DFI is the principal agency responsible for supporting the film industry. It provides development and production finance for features, documentaries and shorts. In addition, its role covers distribution and marketing and management of film archives.

DFI has an annual budget of DDK303 million, of which approximately DDK100 million is allocated to the production of features and DDK31 million for the production of shorts and documentaries. Average support for a treatment EUR1,300 and up to EUR4,000 for a script with a maximum of EUR20,000 for any one project.

The National Film School of Denmark: The Film School was established in 1966 and is the principal professional training agency in Denmark. Courses are offered in a range of disciplines including animation, cinematography, directing, editing, sound recording and producing.

Switzerland

Financial support for the film industry is provided principally by the Swiss federal government's Federal Office for Culture. In addition, funding is provided for film-related events (festivals, publications etc.), EUROIMAGE (European co-production fund) and for training and professional development.

Due to problems between Switzerland and the European Union, Swiss projects and production companies are not eligible for funding from MEDIA II. Swiss filmmakers may attend MEDIA II-sponsored courses on the condition that the Swiss government pays for the cost of their participation.

Agencies

The Federal Office of Culture: The FOC is the principal agency responsible for supporting the Swiss film industry. It contributes approximately CHF10 million (approx. EUR6.2 million) each year as direct funding for production and development of features, documentaries and shorts. It has an annual development budget of approximately CHF486,000 (approximately EUR300,000).

The FOC also operates SUCCESS CINEMA, a scheme that grants bonuses (based on ticket sales) to producers, directors and writers of successful Swiss-produced films.

EUROIMAGE: Switzerland is a member of EUROIMAGE, which provides funding for the development and production of European co-productions. Features, animation, TV drama and documentary projects are all eligible, with maximum CHF22,500 (approx. EUR13,880) available for documentaries, and CHF45,000 (approximately EUR27,770) for other productions.

France

A. Public Funding – European

MEDIA II: As a member of the European Union, French projects and production companies are eligible to apply for development funding from MEDIA II. Please refer to the UK section for a full description of this program.

B. Public funding – federal

Centre National de la Cinématographie (CNC): The CNC is the principal federal agency responsible for supporting the French film industry. It provides a range of script, development and pre-production support as follows:

Script Development: Funding for first draft scripts (up to EUR3,500) and subsequent drafts (up to EUR10,000). The writer must be working under contract for a producer (and for a total fee of not less than EUR20,000) and have made at least one feature or hold a CNC professional certificate. The writer must have written no more than two scripts in the previous four years.

Script Rewriting: CNC spends between EUR300,000 and 450,000 annually on funding script rewrites. Single writers may be awarded up to EUR8,000 and team-written/developed projects may receive up to EUR20,000. Between EUR60,000 and 80,000 is available to send writers to script workshops.

Project Development: Single projects as well as production companies may apply for development assistance. Around EUR3 million allocated each year. Funds paid directly to producers (not directors or writers); may only be used for development (not pre-production).

Pre-production Assistance: CNC provides interest-free loans to film projects about to go into pre-production. The applicant must have previously produced a film with public sector aid and must start principal photography within 24 months. Loans up to EUR76,000 available.

PROCIREP: Provides awards for project development up to 50 per cent of the development budget. Grants are made to producers only but may only be used to for writing, adaptations and acquisition of rights. Awards range from EUR18,000 to 76,000.

Germany

A. Public funding – European

MEDIA II: As a member of the European Union, German projects and production companies are eligible to apply for development funding from MEDIA II. Please refer to the UK section (pp 51-54) for a full description of the activities of this program.

B. Public funding – federal

German Federal Film Board (Filmforderung-sanstalt): The FFA is the principal federal funding agency providing assistance for the development of scripts. To be eligible writers must be backed by a producer and grants of up to EUR40,000 are available (generally around EUR15,500). Scripts which have received other public sector support are not eligible.

Federal Ministry of the Interior: The FMI has limited funds (approximately EUR40,000 per annum) for script development grants. Grants of around EUR8,000 are typical but may be up to EUR25,000 in exceptional cases.

C. Public funding – regional

Filmstiftung Nordrhein-Westfalen: The FNW provides loans for script development and pre-production as follows:

Script Development: Producers (only in partnership with a writer), directors and writers, who are based in Nordrhein-Westfalen are eligible to apply. Assistance is provided as interest-free loans. FNW has an annual budget of approximately EUR240,000 for script development.

Pre-production Assistance: Assistance is provided to producers and directors for feature and TV projects in the form of interest-free loans. At least one of the applicants must be a resident of Nordrhein-Westfalen and the project must be produced there. FNW has an annual budget of approximately EUR490,000 for pre-production assistance.

Filmboard Berlin-Brandenburg: FBB was established in 1994 to provide development support for producers. Also provides loans for pre-production and marketing costs. Loan amounts are flexible and FBB will fund up to 70 per cent of the development budget. Annual budget for development and pre-production is approximately EUR2–2.5 million.

Filmforderungs (Hamburg): Filmforderungs provides script and project development funding for producers and writers. Up to DM100,000 is available for scripts and up to DM200,000 or 80 per cent of the development budget for projects. Funds are generally supplied as loans.

Film FernsehFonds Bayern (Bavaria): FFB is part of the Bavarian State Government's media promotion program which has an annual budget of DM45 million. It provides partly repayable subsidies for script and project development. The applicant must be the author of the script and reside in Germany.

LTS-Wirtschaft (Lower Saxony): Provides grants of up to EUR1,250 for writers and up to EUR15,000 for full script development. The writer must apply with a producer who is a resident of Lower Saxony.

Kulturelle Filmforderung Schleswig-Holstein: The KFSH has an annual budget of approximately DM450,000 for script and project development excluding feature films. A maximum of DM15,000 can be granted to any one project and the writer and/or producer must be a local resident.

Medien-und Filmgesellschaft Baden-Wurttemberg (Stuttgart): Established in 1995, it has an annual budget of approximately DM10 million. Its shareholders include the Land of Baden-Wurttemberg and two local public broadcasters, SDR and SWF. Assistance is provided for local producers and projects in the form of interest-free loans. Up to DM50,000 is available for any one project.

MSH, Gesellschaft zur Forderung audiovisueller Werke: Has an annul budget of approximately DM1 million and provides script and pre-production funding assistance as follows:

Screenplays: Grants of up to DM60,000 are available (average is around DM30,000) for writers.

Pre-production: Grants of up to DM100,000 are available (up to 80 per cent of the development budget) for local producers (who must be working with a writer).

Filmburo NRW: Has an annul budget of approximately DM3.5 million and provides script and pre-production funding assistance as follows:

Screenplays: Grants of up to DM60,000 are available (average is around DM30,000) for writers. The writer must contribute 10 per cent of the script development costs.

Pre-production: Grants of up to DM60,000 are available (average is around DM30,000) for writers and the writer must contribute 10 per cent of the pre-production costs. Only writers are eligible to apply.

Mecklenburg-Vorpommern-Film: Has an annual budget of approximately DM0.8 million and provides script and pre-production funding assistance for local projects and writers. Grants of up to DM30,000 are available.

Filmforderung des NDR (Film fund by broadcaster NDR): NDR operates a project development fund with a budget of approximately DM4.5 million per annum. It provides assistance for script and project development as follows:

Script: Grants of up to DM 30,000 for local producers and writers.

Story and Project Development: Grants of up to DM30,000 for local producers and writers.

hr-Filmforderung (Frankfurt): Established in 1995 by public broadcaster Hessischer Rundfunk. Has an annual budget of DM1 million for script and project development. It will provide grants of up to 20 per cent of the development budget for script or general development. Local producers and writers are eligible to apply.

Saarlandisches Filmburo: Provides script and project development assistance to local writers and producers and loans of up to DM30,000 are available.

Appendix 3

Government development assistance in Australia

Federal government assistance (AFC)

(All figures in Australian dollars unless otherwise stated.)

Current development programs

The Australian Film Commission offered the following programs in 1999/2000:

Feature film project-linked development ($1.38 million): This was provided by investments in individual projects on a draft-by-draft basis. Recoupment is from those projects only and assessment is on the merits of the project.

General Development Investment Program – Feature films ($682,000): This program provides investment in a producer's business in order that the producer has the capacity to progress the development of a slate of projects. Assessment is on the basis of track record, and investments are recouped from future projects under the producer's control, regardless of whether those projects had been identified when the initial support was provided.

Short Drama Production Program ($900,000): This program is to provide professional development by way of production experience.

General Development Investment Program – Documentary ($150,000).

Documentary Project-Linked Development Program ($200,000).

Documentary Production (Professional Development) Program ($745,000).

Animation Production (Professional Development) Program ($250,000).

Indigenous Unit Development & Production Programs ($800,000): This program provides both project and professional development opportunities to Indigenous Australians.

Interactive Development and Production Programs, including the Experimental Digital Fund ($678,000).

The following new programs or revisions of existing programs were introduced to take effect in the 2000/01 year:

1. Restructure the existing Feature Project-Linked Development Investment Program into four strands, three strands to support feature script development by experienced practitioners, the fourth strand to support both feature and short feature script development by consolidating practitioners ($1,310,000).
2. Amend the existing New Screenwriters Program to apply to short feature scripts only, short feature defined as between 45 and 55 minutes ($60,000).
3. Introduce a project-based Feature Script Workshop ($10,000).

   The European and American experience is that individual scripts and scriptwriters can benefit from an intensive script workshop process. In a well run workshop not only can the script be brought on but the writer can also further develop skills and practices that will be of benefit on future projects. A three-stage process is proposed: an initial intensive 10-day workshop for writers only, followed by a three-month period for funded development of another draft, followed by a final intensive five-day workshop for the complete teams. For the inaugural workshop, the UK course director would be twinned with an Australian course director. A number of the tutors would be from overseas.
4. Suspend and review the Overseas Producer Attachment Scheme (no budget allocation for 2000/01).
5. Expand the existing Professional Development Production Investment Program to allow for funding of short features as well as features ($1,000,000).
6. Introduce an Entry-Level Production Program in collaboration with the state screen resource organisations ($100,000).
7. Introduce a Consultant/Mentor Scheme for consolidating (emerging) producers ($70,000).

8. Expand the existing Travel Grants Program to include producers seeking to finance projects ($100,000).
9. Introduce a series of Marketing Seminars ($100,000).

State government assistance

(All figures in Australian dollars unless otherwise stated.)

FTO (formerly NSW Film & Television Office)

Project Development: The FTO provides development funding for feature, TV and documentary projects. The principal criteria for funding is the quality of the project, the production viability and the economic benefit to NSW.

Assistance is provided either as script development, project-related travel grants, project-based, pre-production finance and minor cash flow loans. In 1998/99 79 projects were selected for development assistance from 203 applications.

Creative Initiatives: Programs include the FTO Fellowships (supporting mid-career writers, producers and directors), the TropNest writers initiative and directors attachments (supporting aspiring directors).

Young Filmmakers Fund (YFF): Established in 1996 to support filmmakers aged between 18-35. Grants of up to $25,000 are available to produce films in any format and genre.

DIYtv: DIYtv is a YFF collaboration with SBSI to produce scripted half-hour comedy-drama programs.

Cinemedia

Cinemedia provides development support to the film and TV industry via its subsidiary, Film Victoria.

Project Development: Film Victoria provides funding for features, TV drama and documentaries. It also operates a New Writer's Scheme and an Indigenous Feature Film Writers Scheme, which in 1998/99 funded six and two scripts respectively.

Attachment Program: This is designed to provide practical experience for talented filmmakers in a diverse range of areas including cinematography, wardrobe, editing, directing and sound recording. In 1998/99 41 attachments were funded by Film Victoria.

The Producer Business Initiative: Operates business orientated seminars for producers in collaboration with industry partners such as SPAA, AFC and FFC.

ZOOM Seminars: Provides a forum for emerging filmmakers to participate in panel discussions with industry practitioners. Four seminars were held in 1998/99.

Documentary Mentor Scheme: Provides financial support for projects by new documentary writers.

South Australian Film Corporation

Project Development: Script and project finance is available for features, TV and documentaries. Assistance is provided as loans with interest set at 9 per cent compounded annually. Projects must demonstrate economic benefit to South Australia.

As a guide, SAFC will provide (per draft) $4,000 to new writers, experienced writers without credits $5,000 to $8,000, experienced writers $8,000 to $12,000 and experienced script editors $3,000.

Professional Development Program: Provides opportunities for filmmakers to participate in courses, seminars and conferences as well as undertake apprenticeships or attachments with industry professionals.

Screenwest

Project Development: Project development finance for features, TV drama and documentaries is provided on a limited recourse loan basis. Priority is given to projects with the potential to create longer-term industry growth such as TV series.

Producer Enterprise Packages: This scheme was introduced in 1998/99 to encourage the long-term growth of local production companies by allowing producers to concentrate on a slate of projects including concept and script development. Funding is provided via grants and loans. In 1998/99 $900,000 was distributed between four production companies.

New Screenwriters: This scheme aims to provide development assistance to non-accredited screenwriters particularly in the area of low budget features, telemovies, and series.

Pacific Film and Television Commission

Project Development: The PFTC will provide assistance for Queensland-based feature, TV drama and documentary projects. Funding is provided as an equity investment in the project.

Development Initiatives: This scheme provides funding for producers and, in some instances, a slate of productions (must be able to show evidence of market demand). Funding is provided as an equity investment in the projects. The proposal must include provision for a master class program to allow emerging filmmakers to work with experienced partners.

Internship Scheme: This scheme provides funding for production companies to provide on-the-job professional development for new writers, directors, producers and other creative personnel. The internship must take place in Queensland.

Producer Business Loans Scheme: Queensland based producers with a track record are eligible to apply for loans of up to $50,000. Loans of up to $100,00 are available to producers to relocate to Queensland but they must have at least one project in an advanced stage of development with market support attached. The loans are interest free but must be repaid within three years.

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Cinemedia

NSW Film and Television Office

Pacific Film and Television Commission

South Australian Film Commission

ScreenWest

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Canada

Alberta Film Development Program (www.affta.ab.ca)

British Columbia Film (www.bcfilm.bc.ca)

Canadian Independent Film and Video Fund (www.cifvf.ca)

Enterprise PEI (www.gov.pe.ca)

Manitoba Film and Sound (www.mbfilmsound.mb.ca)

National Film Board of Canada (www.nfc.ca)

Newfoundland and Labrador Film Development Corporation (www.newfilm.nf.net)

Nova Scotia Film Development Corporation (www.film.ns.ca)

Ontario Film Development Corporation (www.ofdc.on.ca)

Telefilm Canada (www.telefilm.gc.ca)

Europe

Danish Film Institute (www.dfi.dk)

MEDIA program
Home page: http://www.europa.eu.int/comm/dg10/avpolicy/media/index_en.html
Pages for development of production projects and companies
http://www.europa.eu.int/comm/dg10/avpolicy/media/devel_en.html
For slate funding
http://www.europa.eu.int/comm/dg10/avpolicy/media/guidelines/ldlsate_en.html

National Film School of Denmark (www.filmskolen.dk)

Swiss Department of Home Affairs (www.edi.admin.ch)

Swiss Author's Rights Society for Audiovisual Works (www.suissimage.ch)

New Zealand

New Zealand On Air (www.nzonair.govt.nz)

New Zealand Film Commission (www.nzfilm.co.nz)

United Kingdom

Arts Council (www.artscouncil-ni.org)

Celtic Development Fund (Jointly managed by Sgrin in Wales and Film Makers Ireland. See below.)

Film Council (www.filmcouncil.org.uk)

Film Makers Ireland (www.filmmakersireland.ie)

Glasgow Film Office (www.glasgowfilm.org.uk)

Irish Film Board (www.filmboard.ie)

MEDIA II (www.mediadesk.co.uk) and (www.iftn.ie)

Sgrin. The Media Agency for Wales. (www.sgrin.co.uk)

USA script sites

http://www.hollywoodnet.com/scriptindex.html

http://www.screenwriters.com

http://www.scriptsales.com/DDYrWrap.html