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I thought that to begin with, I might describe the work of the Australian Film Commission in order to provide a context to our support for digital content production and producers. I will then move on to speak about the current focus of the AFC in this area. Finally, I'll turn to some of the policy issues facing the industry.

The AFC is the Federal Government's agency operating to ensure the creation, availability and preservation of Australian screen content. We do this through a range of funding programs aimed at:

- the development of Australian film, television and interactive digital media projects;
- the professional development of individual practitioners; and more broadly,
- the development of screen cultural activities.

The AFC also plays a significant role in assisting Australian film practitioners and interactive digital media producers to market their wares globally. The National Film and Sound Archive (which the AFC merged with in 2003) collects, stores and preserves cultural screen and sound material and makes it available to the public. And finally, the AFC monitors, researches and provides policy advice to government on the financing, production and performance of Australia's screen industries.

The origins of the AFC lie in the commitment from successive Australian governments to the development of the Australian film industry. We came into being as a Federal Government statutory authority over twenty five years ago

with a brief to support the development of Australian films and Australian filmmakers. The reasons were entirely cultural – film is a means by which individuals and nations develop a sense of identity and an understanding of themselves, and a means by which they communicate to each other and to the rest of the world.

Over time, changes in technology have brought about changes in practice and it is no longer possible to think of the film industry, the television industry, the interactive digital media industry, and the electronic and computer games industry as separate entities. They are increasingly convergent with regard to ownership structures and delivery mechanisms and have become inter-related aspects of an overall screen-based content creation industry.

For this reason, digital content in Australia presents many of the same policy challenges as those raised by more traditional screen content.

The cultural imperative to ensure the creation and availability of Australian digital content holds true in the same way as it does for traditional forms of screen content. Be it delivered at a cinema, on television, computer screen or mobile phone, content that speaks directly to Australians must always be an available choice.

Like the film and television industries, the digital content industry is embedded in a globalised market. In order to sustain businesses, the Australian digital content production sector must sell its services internationally, but in the absence of a market for local content, it risks becoming only a service centre for the rest of the world.

Like the production of film and television, producing Australian digital content can be expensive and financing digital content can be complicated. Digital content producers are expected to make more with less. Partnerships are more complex and just as economies of scale and market size favour the US in the television and film industry, so it is also the case with digital content. While Australia has an extremely enthusiastic and large talent pool and

audiences which, when given the choice, will consume Australian screen content, we simply do not have the population size to commercially sustain a local digital content industry.

And this is where, we believe, an organisation such as the AFC comes into play.

Much of the economic contribution of the digital content industries derives directly from government investment in new skills and talent, and the creation of new opportunities for risk-taking, research and development, and collaboration.

The AFC has been funding interactive media projects since 1991. In the early '90s the focus was on encouraging filmmakers to participate in interactive, non-linear narrative, CD-ROM-based work. With the advent of funding through Creative Nation in 1994/95 there was a shift in funding from filmmakers to dedicated multimedia practitioners. Initially the AFC's interactive programs under the Creative Nation funding supported the development of projects in the "arts and entertainment" areas that were likely to find support in the marketplace. But with both domestic and international markets for interactive work proving elusive, and with organisations such as the Australian Multimedia Enterprise (AME) and Cinemedia handling the supposedly more commercial multimedia projects, the AFC's focus became primarily on experimentation and innovation, albeit with an Australian cultural imperative.

By 1998 though, AME had been sold off and the Australia Council had launched the New Media Arts Fund for the funding of art-based CD-ROMs, multimedia installations, and artists in residence.

It was against this background that in 2001 the AFC announced major changes to its interactive funding programs.

Firstly, our Documentary Online initiative funded four projects that were designed to explore the online environment in challenging and original ways.

ABC Online hosted the four projects that were produced including two outstanding productions:

- *A Year on the Wing*, a website presenting in real time, a birds' journey in its annual migration from Siberia to Australasia and back; and
- *Homeless*, an experimental website telling the stories of six individuals trapped in a state of homelessness in their booming, global cities.

Secondly, new funding programs were announced which concentrated on development. This encouraged the formation of teams rather than the sole practitioner-as-artist model, and for the first time supported the development of both educational material and games.

Building on the Documentary Online initiative, the AFC piloted the Broadband Production Initiative. A special scheme funded by the Federal Government to facilitate the production of innovative, high technology broadband content and interactive applications, the initial allocation for the BPI was \$2.1 million over three years. Working closely with other funding partners ABC New Media, the Tasmanian Electronic Commerce Centre, the Telstra Broadband Fund, South Australian Film Commission, Adelaide Film Festival and the Learning Federation, the AFC almost doubled this allocation to a total of around \$4 million and funded seven projects.

- *The Life, Times and Travels of the Extraordinary Vice-Admiral William Bligh*
- *Dust on My Shoes*;
- *UsMob.com*;
- *Dog and Cat News*;
- *Chiko Space Cadet*;
- *A Stowaway's Guide to the Pacific*;
- *The Pure Drop*.

Four of the broadband sites supported by our Broadband Production Initiative were nominated for the AIMIA awards this year, two of which – *USMob.com* and *Dog and Cat News*, won three top awards.

The BPI demonstrated that where synergies exist – between the needs of content providers and infrastructure/technology developers – mutually beneficial partnerships can be formed. Partnerships such as those encouraged by the BPI can leverage funding and maximise the cross platform potential of content for commercialisation.

With the conclusion of the BPI there are no further federal funds *specifically* allocated to the production of innovative broadband content. Limited government funds for new media are available through the Australia Council, Film Australia, SBS-TV and ABC-TV, as well as by State film agencies and other departments such as AusIndustry involved in regional economic development.

Despite this, the AFC has continued to develop innovative programs within its consolidated funding base. These digital media programs are designed to support originality, diversity and creative ambition in the development of Australian digital media practitioners.

Building on the BPI model, the AFC and ABC New Media are continuing their partnership and, through the new Broadband Cross-media Production Initiative (BCPI), providing a cash contribution of \$1.2 million over two years to produce a further four major multi-platform projects. These projects will be launched by the end of the year.

The AFC has also teamed up with SBS Independent on an innovative cross-media initiative entitled Podlove, which is seeking to develop five x 5-minute experimental documentary projects exploring the effect of modern technology on our relationships on an advanced interactive website.

The AFC will also shortly be announcing an exciting partnership with a major telecommunications company to fund digital content specifically suited for delivery over mobile phones.

In addition to these discreet projects, the AFC supports the development of interactive digital media, albeit with limited resources, as an integral part of its Film Development funding strands. Through these, the AFC funds games concepts, innovative websites, interactive DVDs, mobile phone content, online documentaries, interactive television applications and multi-platform interactive content.

Through Strand V, the AFC provides funding of up to \$15,000 per project for the early development of Interactive Digital Media Projects that have the potential to attract third-party financial support.

Through Strand W, the AFC provides up to \$50,000 for Digital Media Projects that have been able to attract matched marketplace funding.

And through Strand X, the AFC provides grants of up to \$20,000 to experimental digital media projects that are innovative in form and content.

This funding has over the years produced a number of success stories, not the least of which was IR Gurus *Heroes of the Pacific* – an arcade flight simulation based around key battles in the Pacific theatre during World War II. On the basis of an AFC funded demo version, the producers secured a US publishing contract for US\$2.1 million.

The AFC's Industry and Cultural Development branch is also involved in funding the development of digital programs. ICD currently runs an interactive digital media funding program which aims to support the development of the interactive media industry and the engagement of traditional filmmakers and interactive media producers. Programs such as today's event, Electro fringe, Convergence Jam, and Cross Media Lab have been supported through this strand.

ICD are also undertaking two innovative and groundbreaking projects:

Firstly, there is australianscreen online, which is an educational website set to launch next year. It will provide access to a vast range of Australian moving image and audio material drawn from the Australian film, television and radio industries, and held in the collections of the National Film and Sound Archive, the ABC, SBS, the National Archives as well as Film Australia.

The AFC is also piloting a digital screen network throughout regional Australia this year. We will be installing digital cinema projection equipment in approximately 10 venues around the country. The pilot is a key part of the AFC's digital strategy for broadening the range of films available to audiences throughout Australia and increasing access to Australian screen content. The network will assist market and audience development for Australian feature films, documentaries and other Australian screen content utilising the cost savings afforded by digital technology.

This is an extremely brief overview of the AFC's involvement in interactive media and it certainly doesn't do justice to some of the highly creative and internationally recognised work produced over the years with AFC assistance. But I mention it all because it is important to provide a context in addressing the issues raised by the Digital Content Industry Action Agenda.

As you are all aware, the Government released the Digital Content Industry Action Agenda (DCIAA) report *Unlocking the Potential* last month.

The report is the culmination of years of work to identify priorities for advancing industry growth in the digital content industry across a range of technology platforms and industry sectors.

The report contains a number of recommendations to improve investment frameworks, export development opportunities, skills and training along with

research and development in the digital content sector. The AFC supports these recommendations.

The AFC believes that significant enterprise and project development mechanisms are required to support a sustained innovative digital content industry.

Enterprise-focused digital content support is required in order to:

- enhance viable business models, sustainable businesses and models for commercialisation;
- enable the development of partnerships;
- foster research and development in digital content and Intellectual Property asset building;
- build industry capacity in terms of talented digital practitioners;
- assist the production of ancillary products to enhance and re-version traditional programs; and
- develop collaborative relationships with overseas digital content creators, investors and distributors.

Professional development support to both emerging and experienced digital content practitioners along with marketing and market development are also key factors to building sustainable businesses and industry capacity.

In terms of the information needs of the industry and the key recommendations relating to statistics, the AFC supports the Report's recommendations relating to the need to improve measurement of digital content. The AFC, as the standard setter in ongoing collection, research and publishing of audiovisual industry surveys, data and information, expects to play a key role in this work.

While there is no Federal Funding attached to the Report's recommendations at this stage – the AFC is poised to work closely with industry to assist in implementing the recommendations of the Action Agenda Report. The AFC is

well-placed to assist in seeding the development of a strong, sustainable enterprise-driven digital content industry in partnership with industry. The AFC has long experience and a successful track record in the business of developing content creators and facilitating sustainable partnerships with the technological, educational and investment sectors.

While existing funding programs deliver results, much more support is required for Australia's digital content industry to be internationally competitive and provide Australians with opportunities to partake in the new digital content environment as viewers and producers of Australian digital content. Without new avenues for the development and production of digital media projects, talented Australians, skilled in groundbreaking technologies, will increasingly look overseas for opportunities in the new modes of production. Without government engagement and support, the digital content industries in Australia will remain insignificant in scale and in their potential for generating intellectual property.

This is a critical point in time. The Action Agenda is an important step to enhancing the environment for digital content. The decisions made in relation to the government's response and implementation of its Digital Content Strategy in the coming months will be crucial to the development of the industry. The AFC is keen to see it result in a policy and funding framework that ensures the creation and availability of a diverse range of Australian digital content and believes that it has a key role to play in the future of the industry.