

National Screenwriter's Conference

'Telling Better Stories'

Kim Dalton, AFC Chief Executive

Keynote Speech: State of the Nation

13 July 2002

Introduction

When I addressed this conference two years ago the AFC was in the midst of implementing major organisational change — and major changes to its programs. This was part of a process of re-positioning itself, re-focussing, understanding and putting into practice what it means to be the primary development agency in Australia for the film, television and interactive media industries.

We had diverted a significant level of funds into our film development programs.

As Chris Warner described in his 2001 paper Two Years Of Change – Film Development At The AFC, we have diversified from solely draft-by-draft funding of feature films by splitting feature film development into four strands that recognise the differing needs of projects at various stages of development, and made similar changes in the documentary and interactive digital media development programs.

Despite limited funds being available for animation, (we) also introduced an animation development program for the first time, acknowledging that animators have particular cash costs in the very early development of their projects.

All of these changes were driven by the need to make our development programs diverse and flexible enough to meet the varying practitioner needs in their development processes, and have been welcomed by the practitioner community. As the industry continues to negotiate a period of major change, development practice will continue to

change and evolve. Wherever possible, (AFC) programs will continue to attempt to make a good fit with actual development practice in the practitioner community.”

We had also undertaken a major research project which was published in November 2000 under the title *Development : A study of Australian and international funding and practice in the feature film industry*. The report confirmed:

- that feature film development was under-funded in Australia compared with other industries with which we compete internationally, such as the UK,
- that we develop a relatively large number of projects for the number actually produced – that is, our development slate is too big for our production slate,
- that for all but a fortunate few Australian producers, directors and writers there tended to be insufficient production opportunities to sustain a reasonable livelihood, and
- that these two factors ensured that both project and professional development were attenuated to the point where the industry’s potentials were in danger of being seriously undermined.

The study touched on a number of other issues but these were at the heart of the matter.

In response, the AFC presented a case to Government for a substantial increase in resources available for development. The Government was convinced, and we were given a budget increase – not as much as we would have liked but the amount is substantial and will go a long way towards redressing the losses from our film development programs over the preceding five years.

The Broad Range Of The AFC's Activities

But before I go on, I want to put our development programs into the broader context of the AFC's activities.

The Australian Film Commission is all too often associated solely with feature film and, perhaps, documentary and short film. We do however have a number of programs aimed at supporting the development of television as well as digital interactive media projects and producers.

Although since the end of the Commercial Television Production Fund we have not had a direct production funding relationship with the commercial networks, many of our recipients of script and production funding go on to work in television production. We provide direct funding to independent television producers and we administer the Federal Government's co-production program which is mostly used by television producers.

In digital interactive media we have a new Broadband Production Initiative in collaboration with the ABC. We also have programs that cater for events and activities run by other organisations – film festivals are a good example – and programs that provide assistance with getting a project into the marketplace.

Outside of these project- and practitioner-oriented programs, the AFC is involved in a very broad range of research and information gathering work. We are the primary data collection agency for the industry and we publish the national drama survey annually and the encyclopaedic Get The Picture bi-annually – I should add now continuously on-line.

And in the area of policy, we contribute to all major enquiries and discussions. We represent through our Chair Maureen Barron, the arts and audio visual industries on the Minister for Trade's WTO Advisory Group, we participated in the recent Productivity Commission enquiry into broadcasting, and also in the Australian Broadcasting Authority's review of the Australian content standard.

All these activities contribute to a very full and broad agenda for the AFC that links us into the industry at many points and places great responsibility on us.

What has changed?

So, after our two years of change, what has happened? Firstly, and very importantly, as of this financial year we have more money. An additional \$3m this financial year rising to \$5m next financial year. Ongoing and indexed. That amounts to a 30% increase.

The largest proportion of this by far will be spent on professional development – that is, production – with a further significant increase on project development – that is, scripts – with far more modest contributions to other areas and the unavoidable costs of administration.

The need for more funding for professional development is clear. The Development Report identified professional development as arguably the area most seriously underfunded in Australia. This conclusion is given added weight in a new report on funding to the industry by Federal and State governments to be released in August, which has identified a reduction of funding into this area over past 7 years of 58%.

Of course, as I said at the beginning, the Development Report was also clear about the need for a significant increase in funding to script development. This recommendation was put into action immediately through internal reallocations, prior to any indication that additional funding would be made available by the Government.

However, we have always stressed, and did so in the Development Report, that problems were not simply to do with lack of funding. Accordingly, our programs have also been redesigned to better target specific needs. I have already referred to the streaming of Film Development programs which has diversified our programs away from solely draft-by-draft funding. More specifically, new strands now also provide early seed funding for established practitioners with previous credits, and multi-draft funding for established teams able to attract matching third-party investment. And our General

Development Investments support the role of producers in development process to a far greater extent than previously.

We have also introduced – or should I say, reintroduced – the short feature to our program line-up. We have implemented a short feature development and production strategy to provide a stepping stone from the short feature to the feature. The rationale behind this move is that the short feature is less challenging than the feature on a creative and financing level but provides excellent, relatively cost-effective opportunities for people to practise their craft, to develop creative skills and technical expertise, and to explore ideas and stories before being launched onto the feature juggernaut where many struggle without any experience of long form narrative drama.

All these programs provide a vital diversity of approaches to development.

But, first and fundamentally, we also need to increase resources to individual development processes. So we began to reduce the size of our own development slate and concentrate our resources on fewer projects – the idea being that these projects would be better developed by filmmakers who were better resourced, and further that by reducing its own slate the AFC might be able to lead a contraction in the national development slate matched by a concurrent rise in the national average development investment in individual projects. In the long run, the aim is to achieve a ratio of projects developed to projects produced that is closer to that of our competitors – that is, a shift from around 17 or 18 to 1 down to 12 or 13 to 1 as it is in the UK. Our latest data show that this process is indeed taking place.

Have any of these changes had an effect ‘out there’?

Two years on it is time to see what impact, if any, our internal changes have had ‘out there’. As you all know, two years is only about two months in ‘filmmaker years’, so we should not expect dramatic change in outcomes at the industry level. But we should expect that the AFC would have been able to change the way things happen in its own backyard.

I am pleased to report that some things are changing in the desired direction.

In the three years to March 2000, the AFC had invested in a total of 231 projects. Two years later that figure had fallen to 192 over the equivalent period.

The AFC's own active feature film development slate – which is a subset of its total investments as a result of some projects dropping away, and represents its contribution to the national development slate – has contracted from 154 projects in early 2000 to 101 in April 2002. A further 50 or so are in abeyance or 'cold', that is not being actively developed but not abandoned. That represents a 34 per cent contraction in the size of the active slate.

Whether in response to this or for other reasons, the national slate also appears to have contracted slightly with figures down about 4 per cent from 2 years ago.

The contraction of the AFC's slate has been brought about by tightening the whole assessment process. The number of feature film development applications received by the Film Development branch in 2000-01 was 281, of which 72 investments or 26 per cent were approved.

In 2001-02, 342 applications – an increase of 61 – were received but, at the time of writing, the approval rate was only 18 per cent. We have, in effect, raised the bar.

The benefits of this contraction are reaped by successful applicants. At the same time that the slate was contracting, average investment was rising. This is the benefit that we should expect across the board from a contraction in the national slate.

- In 1999-2000 it was \$15,184.
- In 2000-01 it was \$16,030, and
- in 2001-02 it was \$17,429.

The new system of streaming applicants into strands – in effect focussing project development – also shows that experienced practitioners are much more likely than relative newcomers to receive assistance. Experienced applicants are around two and a

half times more likely to have their applications approved than relatively inexperienced applicants.

Nevertheless, the bar has been raised for experienced applicants as much as for newcomers. In the area of practitioner support – our GDI, or General Development Investment, program aimed at experienced practitioners with slates of projects – the rate at which applications are funded has fallen from 60 per cent in 1999-2000 to 45 per cent in the year just ended.

With raised bar or not, the AFC will continue to invest in the vital link between producers and development by channelling development investment through producers using General Development Investments because it serves the double purpose of increasing resources available for developing projects and supporting producers in their role of managing the development of their projects.

To date we have provided more than \$3.6 million to practitioners in this way, the bulk of it – \$2.3 million – going to those developing feature films. Since the program began in late 1999, 56 feature film producers, 14 producers working predominantly in documentary and 25 working predominantly in television (drama and documentary) have received GDI support.

Some other interesting numbers: last year, Strand C – multiple draft funding for teams using funds matched by 3rd parties – attracted \$177,987 of matched funding from five 3rd party investors against a total AFC investment of \$125,000.

The balance between innocence and experience, if you'll allow me the allusion, is, we think, about right. Last year, Film Development funded 11 New Screenwriters, 24 writers with a bit of experience, and 49 teams or individuals with a feature credit. That's 35 people without feature credits and 49 people with feature credits – not an inappropriate breakdown if our strategy is to continue to build on and develop the skills and experience of industry practitioners while also invigorating the creative pool with new talent.

But a closer look raises other questions: where are our highly talented, experienced, accomplished writers in Australia – Ian David, Katherine Thompson, Keith Thompson, Mac Gudgeon, Andrew Knight, Deb Cox, Alison Nisselle, Sue Smith, John Alsop, Jutta Goetze, Glenda Hambly, Judi McCrossin, John Doyle – have all created superb television drama and comedy. They are predominantly working in television and making a living from what they do. But generally film is dominated by auteurs or director/writers. Where are the experienced feature screenwriters in Australia?

Does it matter that the medium in which writers are making an impact is television drama and television comedy – is this, simply, appropriate? Are the two forms of storytelling for the big and small screen so vastly different that they require different skills and different people?

The Working Dog team, whose TV satire series Frontline had such an impact, have made two very successful feature films – The Dish and The Castle. Would our industry benefit from more cross fertilisation from television and more participation by experienced writers?

It is a different situation in the UK where the networks are major players in the feature industry through Film Four and BBC Films. (I am aware that Film Four is being restructured but it will still be a significant player.) Tomorrow la Scala, the low budget first time feature which went to Un Certain Regard in Cannes this year was co-written with Paul Abbott, a major TV writer, and directed by an experienced documentary/reality soap filmmaker, Francesca Joseph.

The AFC must tackle these questions. We cannot avoid them. We are convinced that all the measures we have taken will deliver real benefits to filmmakers here and now. But whether they will be enough to significantly affect long term outcomes is a more difficult question.

For a start, the AFC is not alone. Our research shows that over the seven years from 1994-95 to 2000-01 state governments put nearly \$10 million *more* into project development than did the Federal Government via the AFC – and this includes the GDI.

After 1 July, the balance should improve as the Film Package comes on line but clearly the industry outcomes achievable by the AFC will depend on its leadership and influence in policy terms as much as on the level of its own resources.

But change takes engagement. It takes more than the AFC launching another initiative to bring about industry change, and it takes more than complaints to the AFC about funding allocations to generate high level discussion about the industry's future. The AFC needs the intellectual engagement of its clients in the issues facing the industry as much as our clients need the AFC.

Effective leadership and effective spending – in short, *any* effective intervention – requires a good understanding of why things are the way they are. Good strategy, good planning, good programs are grounded in reality. Our industry faces real constraints, right down to the level of the individual, and we need to understand well what they are, not just in a personal, experiential sense, but in terms of strategic analysis if our strategies are to have an impact.

Why are things as they are?

At this point, by way of illustration but also because it may be directly relevant, I want to refer to a bit of US research. Despite its US origins, it is relevant to us here because it attempts to understand some features of the US film industry that we share. It is not definitive and it is not comprehensive, but it is an example of the kind of sophisticated analysis that we are going to have to use more often in the future to advance our industry by our own efforts as well as with government.

This research – to which I can refer those who are interested¹ – looks at the way work in some industries is organized around projects, and cites film production along with construction and high tech industries as typical examples. These industries are characterised by some common features:

¹ See Paradox In Project-Based Enterprises: The Case Of Filmmaking, Robert DeFillippi and Michael Arthur, California Management Review Vol. 40, #2, Winter 1998, and bibliography.

- market uncertainty
- demand volatility, but a
- relatively stable supply of labour.

The interesting thing is that companies in these industries, including film production companies, operate in a way that challenges several tenets of current strategic management theory. Perhaps the most obvious tenet under challenge is that firms create competitive advantage by cultivating human capital and developing 'core competencies'. If a film production company hires all its key personnel only for the duration of a production and doesn't retain them, how can it cultivate its core competencies? To get rid of the management-speak, how can a film production company grow and become established and create wealth for its owner – all things normal companies do – when it hardly exists at all between projects – when all the production personnel it employs are off working on some other company's production – and all that is left is a producer and, if she is lucky, her assistant?

This research is tentative and only suggests an answer, but it is an interesting and provocative answer: namely that, to quote the research, "wholly out-sourced teams' provide (for practitioners) the continuity independent film companies lack". In other words, the production company may not be the key unit of organisation in our industry as is so often assumed. Neither is it the specific filmmaking team working on a specific project. Rather, the key unit of organisation may be informal teams of collaborators, not bound by contract, who regularly work together.

Interestingly, this accords with work done by London Economics, a consulting group, for the Media Business School in Madrid in the early 90s which compared the European and US film industries.² London Economics concluded that what made Hollywood so successful was its role as a market place where not only did talent meet money but talent met other talent. Collaboration begins that way.

² The Competitive Position of the European and US Film Industries, London Economics, Media Business School, 1992.

What I am really talking about is the value of having worked together before. There appears to be a relationship between a film's success – with audiences and financially – and the amount of prior experience the team has of working together. Interestingly, the research suggests that it may be possible to have both too little and too much prior experience working together. But the key point is that informal teams are what matters.

What does this tell us? How does it help us?

A key message is: support creative teams. That implies also providing opportunities for teams to gain experience rather than just individuals. What we need more than anything else is *professional development of teams*.

But professional development — of teams or individuals — is expensive and increasingly hard to come by. The Development Report raised the general problem of the relative lack of opportunity for key creatives to develop their careers. For example, the average feature film writer has written only 1.5 produced films since 1970, and the rate has actually fallen in recent years.

The Report also noted the way in which career development opportunities have declined in other areas, such as broadcasting. The ABC used to be a hugely important training ground for filmmakers of every stripe, but now it out-sources its programming and there is no opportunity for a young filmmaker to sign on for 10 years of skills acquisition and the making of valuable contacts.

It is hard not to wonder whether this need could be at least partly addressed by bigger, stronger production companies who could afford to pay retainers and commit substantial funds to development and production. But as I have suggested, production companies in any form may not be the answer. In any case, where are those companies? It is hard to identify a single Australian corporate entity which maintains a

significant level of infrastructure and which is producing feature films on a regular basis. This is no fault of production companies. It is the way things are.

Foreign companies filming in Australia do provide employment for Australian crew, but rarely at senior levels and without the consistency of a large domestic business. And we are rightly sceptical when foreign companies set up Australian affiliates and announce they will develop Australian material.

This all sounds pretty grim. You could be forgiven for thinking that no writer, producer or director could make a living in this bleak landscape. Clearly, no writer can afford to rely on the 1.5 feature films statistically coming their way.

The fact is that most people who work in this industry do a number of jobs. With very few exceptions, writers, producers and directors of feature films need other sources of income to continue in the industry. Perhaps surprisingly, given the difficulties we have tried to quantify, many do in fact survive in this way.

Of course, this audience knows better than any how it is done. But again, we need to understand it, not just in a personal, experiential sense, but in terms of strategic analysis so that we, as film assistance agencies, make our interventions in the most effective possible way.

Maybe we're already doing the best we can do

Maybe we're already doing the best we can do, after all, I have already been saying that in some respects things are just simply the way they are.

But there is a difference between knowing what you are dealing with and knowing what is possible. Two years ago in the Development Report we argued that the UK should provide our benchmarks when it comes to industry assistance and — by implication and taking account of differences in size — performance.

Well, they seem to be doing a lot better than us at the moment. At this year's Cannes Film Festival, there were THREE UK feature films in competition, and ONE in Un Certain Regard and TWO in Directors' Fortnight. SIX feature films.

Australia, on the other hand, had ONE SHORT film in competition.

While I do not want to make too much of this, in the spirit of unfettered inquiry, let's look at what the British are doing that produced such a strong showing. The Film Council receives around 2,500 applications for feature film development. By contrast, as I have said, the AFC received 281 in 2000-01 and 342 last year. So the AFC receives a sixth of the applications the Film Council receives. But we fund a similar number!

What does this imply? If you apply to the Film Council you have a 3 per cent chance of success with your application. If you apply to us you have between 20 and 25 per cent chance of success. Unless you believe that Australian scripts are much better on average than British scripts you must acknowledge that we are much more generous than the Film Council.

Another way of saying this is that we are simply not as demanding as they are. And to put it at its most confronting, more than 60 applicants who received AFC support last year would not have got it from the Film Council.

Neither are we as demanding when it comes to the outcomes of our investment. The Film Council is much more interventionist than the AFC has ever been. If they invest in a script they stay close to its development and guide it all the way through to production. They give no feedback to unsuccessful applicants, but with the projects they support, they give intensive feedback, support and advice to help the script become a financed, produced and distributed film. The Development fund works closely with the New Cinema and Premiere Production funds to promote the scripts through to production.

After the AFC has made a development investment and received the new draft of the script, we are lucky if we hear about the project again within the year. This is a two way street: we often don't follow up and unless we do we are likely not to be kept up to date.

But the relative difficulty of obtaining development investment from the Film Council Development Fund is not due to a lack of resources. The Development Fund allocates 50% of its budget to single projects and 50% to about 20 production companies of varying capability and experience developing slates of productions. The monitoring and accountability is very tough and those companies need to show results in order to justify amounts up to £350,000 a year.

By comparison, we allocate one third of our feature development funds to our GDI feature program. Last year the AFC invested \$500,000 in 13 companies through the GDI feature scheme. Producers received between \$10,000 and \$70,000 – barely enough to cover office overheads and living expenses let alone capitalise a company to employ staff and develop a slate of projects with an ongoing business plan.

The Film Council Development Fund works closely with the Training Fund. They spend £500,000 on training programmes for experienced and new writers and use organizations such as Arista and Performing Arts Lab. They also look to novelists, playwrights, documentary directors as different ways to stimulate work. They are exploring genres – horror, thriller, teen films, sci-fi, comedies to broaden the scope of small British dramas. Genre is seen as a useful storytelling tool.

They also work with organizations which develop business and creative skills for producers. They encourage the formation of partnerships and diversification.

Clearly, the British Film Council is an organisation that is prepared to take a much more interventionist – or proactive – stance toward a whole range of issues in the UK film industry than the AFC has tended to be toward issues in the Australian industry.

In drawing this comparison with the Film Council I am not attempting a rigorous case for the AFC to be tougher in its selection processes nor even for us to be more interventionist. There are too many complicating factors for this simple comparison alone to justify a wholesale shift in AFC policy.

But I am deliberately being provocative in order to launch a discussion. If we are to continue being a successful film industry then we must – all of us – be prepared to openly debate all issues affecting our industry's performance, including matters that have not been seriously questioned for some time, such as the fundamentally, philosophically non-interventionist stance of the AFC.

As long as we are talking about interventions, let's canvass some of the issues.

Firstly, we are going to continue to allocate greater levels of resources to fewer projects and fewer practitioners. We are going to be more targeted. And we are doing this in a context of diminishing funds available for feature production.

Over the last 10 years, the fall in funding for feature films has been very substantial. Appropriations for the FFC fell steadily between 1991-92 when it was \$68.00 million and 1997-98 when it reached \$48.02 million and have remained at that level annually since. Recoupments have been declining since the mid-90s and are at their lowest level since 1990-91. The FLICs experiment has run its course. The CTPF, which funded a few features, is no more. And AFC production resources were halved in 1995-96 and have not been restored.

Add to this the fact of ever-rising production costs and the unsurprising result is that fewer mainstream funded films being made.

This issue of production finance is crucial and lies at the heart of the Federal Government's choices about supporting an independent Australian industry. It provides the context for change to development assistance, but it is bigger than that and must be addressed by the industry as a whole and not just the Federal agencies.

Back to development: Being more targeted doesn't mean suddenly moving to a "picking winners" approach. But it does mean we will not be giving way to calls by some sections of the industry for more funding to be allocated to New Writers schemes.

We certainly agree that such schemes have their place and we are committed to our own New Writers program. But we are not aware of any evidence — and indeed our own experience tells us otherwise — that an expansion of New Writer schemes would uncover more talent or better scripts than they currently do, or would increase the likelihood that scripts from new writers would be put into production.

We will continue to look closely at the efficacy of our assessment processes. We want to resource the identification of projects deserving of support, rather than achieving world's best practice in our rejection process. We will continue to resist calls for providing feedback on projects we reject while we will attempt to provide more feedback to projects we support. At the same time, we will increase the level of funding available to the AWG and ASDA for them to provide a peer-based feedback process. Picking up again on the US research into collaborative teams, supporting a peer-based approach to development feedback should lead to more useful creative connections than the same service provided through an agency like the AFC.

And we are going ahead with a locally based and modestly budgeted script workshop that will support, on an ongoing and annual basis, the intensive development of around 8 scripts. This program, to be called SPARK, is a joint initiative of the AFC and the Australian Film Television and Radio School.

In SPARK, we have combined to establish a program that focuses on supporting the writer through the intensive process of developing a script, whilst also recognizing the crucial role in the development phase, of the producer and the director.

Eight creative teams — of writers, producers, and directors — will get the opportunity to develop their feature film projects in a week-long residential script workshop to be held outside Melbourne in February 2003. Following the SPARK workshop, each team will

receive script development funding from the AFC, comprehensive script notes and tactical marketing advice to launch their screenplay into the marketplace.

Full details of the SPARK program, guidelines and application forms will be available from mid August 2002. Applications will close in late September.

SPARK aims to support the development of distinctive voices in Australian cinema by providing creative teams with a supportive hothouse environment in which to explore their ideas and stories using the approach developed overseas in programs such as Equinoxe, Arista and PAL. We believe it is just one way of addressing the isolated, fragmented and protracted process of development in the feature film industry described in the Development Report. But it is an approach that has already met with success elsewhere and offers an exciting alternative to traditional approaches.

Conclusion

Over the past few months, the AFC has been reconsidering its values and its purpose. One of the key values we want to recognise is creativity. It seems obvious — filmmaking is a creative enterprise — but what we have perhaps not emphasised in the past is the need for agencies like ours also to be creative. That is, creative in the way we approach our charter and our clients, creative in the programs we design, creative in the processes we use to administer them, creative in our interventions to assist filmmakers, and creative in the initiatives we take in exercising our leadership responsibilities.

The AFC is trying to respond to creative challenges of what makes a great script, where great scripts come from, and how the AFC can help provide the conditions where strong writing can flourish. Are there interventions, strategies to support inspiration, rigor, insight and creative ambition? Have we paid sufficient attention to the development of skills for feature script editors and script analysts? Does Australian cinema value the skill and craft of dedicated writers? Does the industry value collaboration between writers and directors? Should we fund training programmes for writers as the BFC does? Should we also look to novelists, playwrights, documentary directors as different

ways to stimulate work – as the BFC does? Should we explore genres as a useful storytelling tool – as the BFC does?

We don't want to try to direct the creative process. We know that is futile. But we are asking for engagement in debate. Agencies like the AFC represent a resource beyond money: does the industry make the best use of that resource?

The creative use of this resource is something we must demand of ourselves – the industry and the AFC itself – as much as we demand creativity of a different kind from writers, directors and producers in their work. We at the AFC cannot rest on our laurels any more than you can, and we must take risks — responsible, intelligent risks — if we are to achieve as much for the industry we support as our resources and potential admit.