Appendix 3

Strategies in other countries that may be of instruction to Australia

1. New media funding - Canada

Canada is considered among the world's best new media producers and is close in population size to Australia (20 million here and 32.5 million there).

There are two major funds for new media in Canada: The Bell Fund - a private fund for projects with both new media and broadcasting elements; and the Canada New Media Fund operated by Telefilm Canada, the main national government agency.

In addition, several provinces offer tax incentives to Canadian companies for their labour expenditure. Other forms of assistance indirectly support new media: R&D tax credits, assistance to small businesses and business development assistance.

By themselves, the two national new media funds account for A$17.2million, *three times* more than the total spent by all government agencies in Australia. Most interesting about the Canadian model is not the bottom-line figures, although these are impressive, but where the money comes from.

The secret of the Canadian model is in fact *regulation*. The Broadcasting Act governing the Canadian industry established that in return for licences to broadcast and distribute programming in the Canadian market, 'each element of the broadcasting system shall contribute to the creation and the presentation of Canadian programming'.

There are two main sources behind Canadian financing:
Firstly, on change of ownership of a television broadcaster, the buyer is required to create a benefit package worth ten per cent of the value of the transaction and propose how the money will be contributed to the industry.

Secondly, to serve the objectives of the Broadcasting Act, all cable and satellite companies must contribute five per cent of their gross revenue to the content industry – known as the Broadcasting Distribution Undertaking or BDU Contributions.

The companies can split the five per cent – generally four per cent goes to the Canadian Television Fund, the largest Canadian Fund, while one per cent is allocated by the companies to a private fund of their choice. This has given birth to 20 different private funds in Canada. Those funds have developed their own mandates and niches (children programming, documentaries, new media) adapted to the parent company's priorities. The funds have to be independently administered and invest in 'priority programming' – which excludes news, sports and current events.

The Bell Fund

The Bell Fund administers the 5% revenue (BDU) contribution of Bell Express Vu. Its mandate is to advance the Canadian broadcasting system by encouraging the creation of Canadian digital media and promote partnerships and sustainable models in the broadcast and new media sectors. It has funded 340 projects over seven years.

The Canada New Media Fund

The Canadian New Media Fund is a public fund operated by Telefilm Canada, a cultural investor in Film, TV and new media. Its mandate is to support the creation of high-quality cultural content for the Canadian public.

Business models have emerged

Some of the business models used by Canadian producers to finance their projects, in order to extend the money from the two funds, include:

sponsorship – where for example, a travel agency provided 25 per cent of the financing of a travel documentary series;
exploitation of the rights on other platforms – where website projects are coupled with the sales revenues of a book, magazine or DVD;
partnerships – where projects were developed in partnership with non-profit organizations, enabling access to other funds; equity investment; and
licence fees from broadcasters.

Economic transfer models

Aside from a strong reliance on regulation, economic transfer mechanisms, in which funds are partly or mainly financed by mandatory or voluntary contributions of industry players, are also used extensively in Europe.

Contributions are provided though levies on cinema tickets, the revenues of video-publishers/retailers, cable operators or broadcasters; or a mandatory investment by broadcasters in production.

Other international models

Europe and particularly Germany has mechanisms based on voluntary agreements – either between broadcasters and a fund – or between the broadcaster and the producer themselves.

In addition to tax credits for innovative companies, France operates a Multimedia Edition Fund funded through levies. It allocates around AUD$5 million to support high quality content adapted to broadband internet, ADSL, cable, interactive TV, VOD, and mobile telephony.

There is also forthcoming a Production Aid Fund of AUD$51 million, which will be co-funded by private investors, in order to co-produce six major international productions each year.

Many other countries have set up specific programs to support new media, which are mostly run by the national film agencies. In Germany regional funds, largely made up of voluntary contributions by the broadcasters, support companies active in production, development and distribution of new media.

In Portugal, the Institute of the Cinema Audiovisual and Multimedia, supports the design and production of film and multimedia work. Funds are also available for the adaptation of Portuguese film and audiovisual works on DVD and distribution of works.

Finland supports production of multimedia and media art projects, as does the Netherlands. Ireland has a targeted program to support new talent working in digital format.

2. Research Collaboration – UK

The UK

AHRC

In April 2005 the Arts and Humanities Research Board was replaced by the Arts and Humanities Research Council (AHRC). The AHRC provides approximately £80 million each year to support research and post graduate study in the arts and humanties. It is located within the Office of Science and Technology and operates on a UK-wide basis. The establishment of AHRC in April underlines the importance of high-quality research in the arts and humanities for the cultural, creative and economic life of the nation.

NESTA

In 1998 the UK established the National Endowment for Science Technology and the Arts (NESTA). NESTA was set up by Act of Parliament in 1998. It was given a a core endowment of £200 million [raised in 2003 to £250 million] from the National Lottery and charged with using the income from it to support innovation and creativity in the UK. As well as supporting innovative individuals through Awards and Fellowships, NESTA acts as a catalyst, advocating for the economic and cultural value of innovation, through partnerships, collaboration and information sharing.

NESTA awardees work across a wide array of creative endeavours, from music to micro-biology, performance art to artificial intelligence. Areas funded to date include close to 500 awards across the areas of Learning, Fellowship and Invention and Innovation. The awards assist individuals to explore new ideas, develop new products and services, or experiment with new ways of nurturing creativity in science, technology and the arts. NESTA also recently launched a new Creative Pioneer programme which aims to help graduates from the creative industries to develop entrepreneurial skills.

NESTA can be distinguished from other investors in the following ways:
Early investing with no expectation of short-term financial success;
Broad criteria for investment based not only on perceived commercial potential but also social and cultural value
Supports include financial support as well as mentoring to marketing expertise.

In Australia there are no specific research agencies dedicated primarily to the digital content industries or the broader creative industries. Existing government research agencies currently focus primarily on science and technology.

Creative London

Creative London is a new initiative that champions and supports London's creative industries. Through the LDA and private and public partners, Creative London works to increase employment and prosperity, and provide opportunities for Londoners to participate in one of the leading centres of the global creative economy. In particular, Creative London has four main objectives:

* Ensure the continued growth and development of London's creative industries
* Maximise their contribution to London's economy
* To enhance the regenerative capacity of London through the increased engagements of its citizens in the arts and other cultural activities
* To make sure that London's diverse communities benefit from, and contribute to, this expansion

Creative London follows from the work of the Mayor's Commission on the Creative Industries. This was a six month inquiry into London's creative industries, exploring how they can be better supported, and how their contribution to London's economy can be maximised. The Mayor and the LDA have identified the creative industries as a priority sector for London, worth £21 billion to the London economy and employing more than 500,000 people.

The creative industries in London employ over half a million people, generate over £20 billion in turnover and display one of the fastest growth rates of job creation in any sector. They are essential to the success of the modern economy and London has strength in depth across the board, from architecture to crafts and from pop music to software.

Some statistics:

* Second biggest sector in London (after financial and business services)
* £21 billion annual turnover
* London's fastest growing sector
* 1 in 5 new jobs are in the Creative Industries
* Predicted to grow at twice the average rate for the economy

Creative London is being led by the London Development Agency, the Mayor's agency for business and jobs. The LDA invests more than £300 million a year to support the growth of new and existing businesses, the creation of new jobs, and the development of new communities. It works to promote and grow London's strengths as the world's leading financial centre, its most vibrant cultural centre, an outstanding centre for higher education and research and the busiest global transport hub. The LDA is working with a number of other partners on all Creative London initiatives.