

Development Practice in the Australian Film Industry*

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Introduction

During 1999, in response to claims that the Australian film and television production industry was facing a crisis, the Commonwealth Government asked the Australian Film Commission and the Film Finance Corporation to prepare a report on the state of the industry. This report was delivered to the Minister in October '99 and released to the industry at last year's Producers' Conference.

The report, whilst resiling from the position that there was a crisis in production levels, did point to a number of fundamental issues confronting the industry. One of these was the level of funding available in the area of development, and a key recommendation of the report was that the AFC conduct a study to compare development programs and funding levels in Australia with international practice.

At the same time, the AFC was undergoing an internal review of its structure and of its funding programs. It was my belief, as the newly appointed CEO of the AFC, that the organisation had shifted its focus away from its core activity of development, and had also become too singular in the way in which it delivered development funding. For the most part, AFC development programs involved providing limited amounts of money for draft by draft funding to writers or writer/directors who were usually working on their own and more often than not were relatively inexperienced. A new organisational structure, new staff and new program guidelines have already brought about significant changes to this approach.

Our large scale investigation on development practice in the Australian film industry is still incomplete, and not yet presented to the Minister. The report itself is primarily intended for Government. The purpose of this paper is to outline some of our findings and particularly those that relate to development practice.

The international information we have gathered supports our contention that development is under-funded in Australia. However, the emphasis of the report is not purely on funding. Of equal importance, we believe, is industry practice in development and the practice of the AFC itself in designing and operating its development programs.

Additional funding is something I hope the Government will address on the basis of the information we will be providing. However, of itself, more money is not sufficient. The

industry itself and funding agencies in particular, must address a number of difficult, and what I have no doubt will be contentious, issues.

Finally, by way of introduction, the report and this paper focus on feature films. It has been very difficult obtaining comparable international data, and to the extent that we have, it centres on features, as does our own data and analysis. We believe that similar issues apply to documentaries and we intend to conduct further research and analysis in this area. Due to the constraints of time and resources we have been unable to survey development practice or finance in television drama.

So, at the risk of undermining a three act structure, weakening future turning points, or otherwise ignoring rules of narrative construction, I thought I would start by going straight to the end and tell you our conclusions:

- 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.
- An under-developed national slate makes production investment decisions even riskier than they should be. The riskier the project, the smaller the investment that can be justified, with the consequence that available production investment is spread further and projects are financed which are either not fully developed or would not have been selected by a more rigorous system.
- 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, and scripts with high craft skills are not always available.

The fragmentation of the production industry and disruption of development processes inhibits the professional development of screen practitioners, thereby compounding the problem.

These findings indicate a twofold problem: inadequate resourcing of the development process, and development practices inconsistent with world best practice. Both these issues must be addressed if the industry is to survive and move forward.

But back to the beginning and a first question: *Why does development need financial assistance?*

The critical characteristic of the development of feature films is the high risk nature of financial support for projects that cannot be consumer tested in advance. That is the reason substantial and consistent levels of commercial investment are not available for development in Australia. No Australian commercial institution or private firm has the resources to fund film development profitably, so commercial investment in development is limited.

The importance of development can be seen in the amount of money spent on project development by the most powerful and successful film businesses in the world: the major US studios. The majors spend US\$80 million each year developing the 125 to 130 films they release, and write off a multiple of that on projects that do not go into production. The Australian industry spends less than US\$2 million on its 25 to 30 feature films released. This means the US majors spend on average seven times as much per film - US\$625,000 versus US\$86,000 - 'getting it right', and that 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.

The Development Process

Development processes vary greatly, but there are some typical forms which primarily can be identified by their geographical prevalence. I should stress that the purpose here is to gain insights into the ways the development process might vary rather than to categorically describe national industries.

IN HOLLYWOOD, the project selection process begins with a decision by key people to work together, followed by the choice of a strong idea for the project. This process could be characterised as essentially outcome oriented and heavily reliant on a strong professional skill base.

Once a property has been acquired, the writer will work mostly alone, for eight or nine months to write the first draft. The producer will not be closely involved other than to provide the initial briefing and feedback on the first pass. The producer will rely on the writer to have the requisite craft skills to deliver, according to a brief, without supervision. Script editors are not used, although script 'doctors' may be called in towards the end to solve persistent problems.

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

IN EUROPE, there has recently been a deliberate policy emphasis on teams working solidly on drafts until a project is as good as it is likely to get. The process will typically begin with a complete script, usually produced by a writer working alone.

Beyond first draft, the work will frequently involve a team that includes the producer and director. The process is one of more or less continuous refinement, producing a number (sometimes up to 15 or more) of completely revised drafts over an average three year period before going into production.

The European process, similar to Australia, is organised around small production companies who rely on extra resources to give any project the green light. They must develop projects to maximise the chance that a production financing partner will be found. With the aid of government assistance in various forms, these production companies bear the financial risk of developing some projects that will not be produced. Government support for development

varies across European jurisdictions with some having very little, to others like the UK, which provides support to producers for the majority of their out-of-pocket development expenses.

IN AUSTRALIA the development process tends to focus primarily on scripts, which are often developed by the writer to a relatively advanced stage before producers and directors become involved. Development often involves a draft-by-draft process of evaluation tied to 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. Assessment precedes further investment. The process is often halting, interrupted by the need to earn a living doing other work. Producers usually try to juggle more than one project at a time.

This process could be described as essentially opportunistic, characterised by incremental steps and holding positions until production opportunities arise.

COMPARISON between the three models is instructive. The Australian scenario is similar to the European, but with fewer resources. Projects here are developed by small production companies, and often by individual producers, who bear a considerable proportion, if not all, of the full development risk, in order to maximise the chance of production finance.

In Hollywood, the project 'wastage' rate - the large number of projects developed that never make it to the screen - doesn't represent failure or inefficiency, but is a product of aggressive selection. Furthermore, the large pool of experienced writers means that initial script quality is not a primary consideration. A mediocre script can almost always be 'brought up to scratch' if it fundamentally appeals to the studio.

In Europe, and even more so in Australia, the opposite applies. Inherent script quality is more important in the initial selection of a project by a producer or funding body. This is compounded by a reliance on the writer who originated the script and a limited capacity to employ other writers further on. European and Australian producers tend to work with what they have, rather than create what they want. That is, they are more likely to become facilitators of other people's projects rather than creators of their own. This situation is further compounded by the way in which our funding bodies and our financing mechanisms favour the writer/director.

Finally, the commitment of production finance takes place relatively early in Hollywood. In Australia, commitment to production is likely to come only after the project has been developed as far as possible with available resources.

Key Indicators Of Development Practice and Performance

So what underlies these observations about the process of development in Australia? We believe that there are some specific key indicators of development practice and performance. An analysis of these raises important questions for both the industry with regard to its development practice, and for the AFC and other funding agencies with regard to their development programs and funding practices.

The indicators we have looked at are:

- How long does it take to develop a feature film?
- How many projects are we developing?
- What does development cost in Australia? *and*
- Who is developing and how do we manage it?

How Long Does It Take?

So, how long does it take to develop a feature film?

One response of course is “How long is a piece of string?”. Instances vary enormously as this chart shows.

Table 1. Development times for a selection of Australian feature films

Title (year completed)	Years to develop
Picnic At Hanging Rock (1975)	1.5
Bootmen (1999)	3
Two Hands (1998)	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: Compiled by the Australian Film Commission

For many Australian films, time in development does not represent continuous work. It is broken by setbacks and the need to find paying work. 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.

A survey of 29 completed feature films that first came to the AFC as either a treatment or first draft revealed an average period between the first funding application and buyout of development funds of 4.8 years.

European films appear to have shorter development times than do most Australian films. Our research indicates that in Europe three years is an average period spent in development. Importantly, the work undertaken in that time tends to be more concentrated than is typical for Australian projects.

In Hollywood, development is generally quite a tight, driven process with projects usually reaching exhibition between three and five years after conception. The routine expectation for a studio film is around two and a half years in development. Projects that take longer often miss their opportunity as studio perceptions of market interest shift and studio personnel also change.

It is important to note that the passage of time between conception and production does not appear to have any direct relationship to a film's success. A long period of development does not necessarily mean that a greater amount of work was carried out. Possible benefits of shorter development times may be their intensity, momentum and sustained enthusiasm, which could well have an impact on the ultimate success of the film. By contrast, long, interrupted development times could blunt the team's creative edge to the ultimate detriment of the project.

Some filmmakers assert that a script can be killed by over-writing (sometimes demanded by funding agencies seeking to eradicate minor craft faults). Others comment that the quality of successful Hollywood films is the result of an almost limitless capacity to rewrite.

The conclusion overall must be that the length of time a project remains in development in Australia is markedly longer than is usual elsewhere. This time is not committed to the project in development but is broken up by the need to obtain finance in order to continue. Consequently, the amount of time directly committed to developing a project will usually be less in Australia.

The Cost

Our second question was: *What does development cost in Australia?*

Table 2. Aspects of spending on development for FFC-funded feature films

	Average per film*		
	All films	Films <i>without</i> private development investment	Films <i>with</i> private development investment
Development budget	\$141,439	\$139,972	\$139,463
Writer's fees	\$79,234	\$76,312	\$82,079
Cash spend during	\$92,435	\$83,815	\$113,653

development phase			
Third party development funding	\$53,666	\$37,256	\$93,275
Producer's cash contribution (funding shortfall)	\$38,769	\$46,560	\$20,379

Source: Compiled by the Australian Film Commission from FFC data.

* Figures may not reconcile because the sample has been 'trimmed' to remove the effect of outlying high and low values.

The average development budget of a feature film financed by the FFC between 1996 and 2000 was \$141,439. Of this amount, \$79,234 was the writer's fee, \$30,178 of which was paid during development. The balance is usually paid on commencement of principal photography. Much of what is paid to the writer during development is funded by government agencies and private investors such as sales agents. It is worth noting that with an average development period of 4.8 years, a writer is receiving on average \$6,000 a year to write feature projects.

This data indicates that the average Australian producer faces real cash costs during development of \$92,435. Of this amount, government agencies provided on average \$29,099, private investors paid \$24,568, which left \$38,769 found 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 about \$8,077 per year per project out-of-pocket.

With the pressure to keep budgets down, the first area under threat is often the producer's sunk costs. It is therefore likely that the \$38,769 producer contribution during development is understated.

It appears that government assistance covers less than half the real cash costs of development for the average Australian film, where there is no private investment expenditure on development. We conclude that where there is this private investment, the real costs are better reflected. Private development investment is clearly a major advantage for producers. The fact is, such investment is for the most part simply not available for projects they wish to develop.

We estimate the total amount invested by private companies in development each year in Australia, including Australian offices of foreign companies, to be between \$1-1.5 million. This compares with around \$4 million provided by State and Federal government agencies and brings the total amount available to fund development of Australian feature films each year to between \$5-5.5 million.

Our conclusion is that development of Australian projects at current levels is compromised by cash deficits on average of almost \$40,000 per project. As a consequence producers are forced to interrupt and prolong the development process and then to start production before a project is fully developed.

How Many Projects?

The third area of our research looked at how many projects we are developing.

The number of feature film projects being developed in Australia in the last three years is between 1200 and 1400, including new first drafts by uncredited writers. Around 480 projects have received some government support over the same period (of which 320 can be considered in active development at any one time), culminating in a production slate (excluding those under a million dollars) of about 20 films per year. This is a ratio of 16 in development for every one produced. AFC data reveals that our own strike rate was 17 per cent, or about one project produced for every six in which we invested over the period 1971/72 to 1989/90, although this fell in the 1990s to one project produced for every nine in which we invested.

For comparison, the total US output of screenplays is in excess of 50,000 per year. Twentieth Century Fox operates with a ratio of 11-15 per cent, between seven to nine projects in development, for every one produced. The strike rate for the European Script Fund for the years 1989 to 1995 was seven in development for every one produced.

Australia appears to be investing in a relatively large number of scripts for the size of its production slate.

For funding agencies, operating as we do with limited resources, another useful measure is the rate at which applications are funded. The following table sets out the AFC's application success rate compared with a selection of European countries.

Table 3. Script development funding: October 1989-December 1995

	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%

Sources: European Script Fund; Australian Film Commission

This is a startling table. For a start, the AFC figures do not represent the whole of Australia. As the AFC administers less than half the feature development funds available in Australia, the total number of applications and number funded for the whole of Australia will be larger. Our data suggests that Australia is funding the development of far more projects than any single European country - possibly more than half the total for the whole of Europe.

The AFC figures are from the same period as the European data in order that the comparison is meaningful. AFC data covering the years 1995/96 to 1998/99 shows a similar number of applications at 1833, but a slight decline in approvals to 372, a rate of 20.3%.

Even when we look at the number of discrete projects supported by the AFC, this number, and the percentage of applications it represents, still exceeds that of any European country by a significant margin.

With the limited funds available we are clearly funding too many projects, with the result that investment is spread too thinly.

Who is developing and how?

The final question we asked was: *Who is doing the developing and how is it being managed?*

It is clear that Australian development funding and processes favour the writer/director. We have compared feature films produced over a four year period in Australia, the UK and the USA. Writer/director films accounted for 68 per cent in Australia compared with 49 per cent in the UK. Hollywood clearly favours separation of these roles, with only 27 per cent of films made by writer/directors.

Table 4. Roles: writer and director

	Writer & director same	Writer & director different
Australia	68%	32%
UK	49%	51%
USA	54%	46%
USA (studios)	27%	73%

In recent years assistance mechanisms in Europe and the UK have been favouring the funding of teams whereas the practice in Australia has been to fund individuals working on their own, individuals performing multiple roles, or teams with limited or no feature credits. The following table compares the incidence of films with different individuals in each of the key creative roles:

Table 5. Roles: writer, director, producer

	All 3 roles different
Australia	22%
Australia (films over \$500,000)	25%

UK	43%
USA	35%
USA (studio films)	56%

Tables 4 and 5 - compiled by the AFC.

Films only included if credits available for producer, director and writer.

Australian figures sourced from AFC production database; based on Australian features 1995/96 to 1998/99. UK figures based on lists of Production in BFI yearbooks for UK features made 1994 to 1997. US figures sourced from Motion Picture Almanac; 1996/97 films from major studios only, 97/98 and 98/99 figures include independents as well as studio films.

The other defining characteristic of our development and production environment relates to the fragmentation of the producer community. There has been a growing focus on assistance mechanisms in Europe and Canada that provide support to producers and production companies. By comparison, these measures are underdeveloped in Australia.

According to the Australian Bureau of Statistics, there were 132 Australian production companies in 1997, which listed their main business as making feature films. Trade directories indicate much higher figures and in any case we anticipate there has been an increase in the interim.

As part of our study we have looked at the number of production companies operating in a range of European countries. In this context Australia has more production companies than any country other than Germany, yet our production output is around half that of the European average. Overseas companies tend to have a greater capacity to earn revenue from production and are consequently in a better position to devote time and resources to developing future projects. Australian companies are surviving on fewer productions and lower levels of investment - if they are in fact surviving.

Practitioner development

We have been looking at measures whereby we can evaluate how we develop projects in Australia - our project development practice. Development has to take two forms - development of projects and development of practitioners. In the final section of this paper I want to address the area of practitioner development.

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 and telemovies. The number of hours of local mini-series production has more than halved over the past four years and a similar contraction can be seen in local telemovie production.

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 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.

Gaining Experience

This of course raises the question - 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 thirty years, selected only those that have achieved a release, and then examined how successful filmmakers have been in obtaining successive feature production opportunities. The results are, to say the least, disturbing.

Table 6. Career opportunities: key creatives over past 30 years

No. films worked on	Producers (no. = 382)	Directors (no. = 176)	Writers (no.= 469)
1 film	67%	66%	75%
2 films	13%	14%	15%
3 or more	20%	20%	11%
Average no. films per individual	1.9	1.9	1.5

Source: Australian Film Commission

Covers 1970/71 to 1998/99

Based only on features which achieved release

The vast majority of filmmakers who get to make a feature film cannot expect to make another one. The news is better for those who do make a second feature, because the majority of this rare breed can expect to make a third (with the exception of writers). However, an analysis of FFC funded films made during the 1990s shows that there has in fact been an increase in the propensity to hire first-time directors and a decline in the propensity to hire second-time directors.

One reading of these figures is that they tell us no more than one would expect from such a highly competitive process. In a production industry that produces around 20 feature films a year, all of the hundreds of filmmakers competing for production finance cannot be accommodated.

However, these statistics demand consideration of the investment being committed by publicly funded organisations such as the AFC and the FFC in building a career and in building an industry. At least half of the filmmakers who made a feature film in the first half of the 1990s have not made another. That is at least 90 directors, 130 producers and 150 writers. It is worth reflecting on the fact that each director who makes one feature film has been the beneficiary of a development experience worth hundreds of thousands, and often millions, of dollars. An attrition rate of more than two thirds after the first production is dramatically high for such an expensive process.

Writers

A particularly crucial issue raised by these figures is the repeat employment of writers. Writers experience the highest turnover of the three key roles by a significant margin. It follows that writers as a group will *over time* be the least experienced group of above-the-line filmmakers.

Table 7. Career opportunities: writers over past 30 years

No of films worked on	Last 30 years		Last 11 years	
	Proportion of writers	No. writers	Proportion of writers	No. writers
1 film	75%	350	83%	191
2 films	15%	69	14%	32
3 films	6%	30	2%	4
4 films	2%	8	2%	4
5 films	<1%	2		
6 films	1%	3		
7 films	-	0		
8 films	-	0		
9 films	<1%	2		
10 films	<1%	1		
11 films	1%	3		
12 films	-	0		
13 films	<1%	1		
	Av. 1.5 films/person		Av. 1.2 films/person	

Source: Australian Film Commission

Covers 1970/71 to 1998/99, and 1988 to 1999
Based only on features that achieved release.

This situation has great significance when seen in light of the alternative models of development used in Hollywood and Europe. Hollywood draws on a pool of highly accomplished writers, from contract script doctors to high profile star writers. This pool of writing expertise reduces the risk of production commitments which are routinely made early in development.

The strength of the national development slate depends to a large extent on the nation's screenwriters. An industry which does not promote the accumulation of experience by its writers must compromise the value of its national development slate.

Our conclusion on this matter is quite straightforward: Current industry and funding agency practices do not encourage the repeat employment of writers and as a result we have a limited pool of experienced film writers. Assistance measures which address this problem are essential to the future strength of the industry.

Conclusion

Which brings us full circle back to my opening remarks and our overall conclusions. There is no doubt that development in Australia at present is under-funded. In our view, an injection of funds is required and we are discussing this at present with Government. Equally on the AFC's agenda are the questions we have raised here about development process and practice, and we believe these questions must be on the industry's agenda as a whole.

On average, we are taking too long to develop projects and as a consequence the process is attenuated and fractured. We are allowing too many people to develop too many projects and as a result our limited resources are being spread too thinly. We are under-investing in individual projects, thereby forcing producers to carry a hidden and debilitating financial burden.

Australia's funding programs are favouring a combination of the auteur, the new and the inexperienced while at the same time we are asking them to choose development and production partnerships from among an unsustainably large producer community. All of this is taking place against a background of fewer professional development opportunities. In part, the response of the industry and of funding bodies has been to allow a tryout rate and an attrition rate among its key creative talent - its writers, directors and producers - which is unacceptably high and which is creating a vicious cycle of under-development.

If there is a crisis in the industry, then it is in the way we are developing projects and developing people.

If this conclusion sounds gloomy, then consider the tone of William Goldman's dedication in his recent book *Which Lie Did I Tell You? More Adventures in the Screen Trade*:

For screenwriters suffering everywhere (it's what we do).