



Government offers temporary relief from film funding cuts

The four year commitment to the Film Finance Corporation and other funding initiatives have been welcomed in the aftermath of the Gonski report.

But where will we go from here?

Richard Alston's response to David Gonski's report on Commonwealth assistance to the film industry, delivered at the SPAA conference in Melbourne on November 15, showed the Coalition has come a long way in its thinking about the film industry since Fightback.

At the same conference in Canberra late in 1992, before John Hewson lost the unloseable election the following year, Coalition spokespeople presented this major gathering of Australia's film and TV production industry with its blueprint for the audiovisual sector – a \$50 million cut to the ABC, and a goods and services tax.

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It went down a treat. Jim Short (Finance) and Michael Baume (Arts) were left trying to argue that the reductions in payroll tax (most productions are too small to pay it) and petrol tax (not exactly a huge input to the cost of running a cinema or a computer animation company) would open up exciting creative opportunities for their audience.

A few months later, the "Arts for Labor" event at the State Theatre in Sydney was credited with beginning Paul Keating's, and Labor's, turnaround in the election campaign.

In government, the Coalition is trying to make sure it doesn't make the same mistakes, and Alston gave the 1997 SPAA conference rather more of what it wanted to hear.

Having already announced a four-year commitment to the Film Finance Corporation in the 1997/98 Budget, Alston announced:

- the establishment of a pilot "Film Licensed Investment Company" and the retention, for the moment, of the Division 10BA and 10B tax concessions, thus broadening the opportunity for private investors to invest, with a tax concession, in film and TV production;
- the retention in Commonwealth ownership of Film Australia, the extension of the \$6.4 million per year National Interest Program until 2000/03 and the establishment of a Melbourne office;
- the rejection of the Gonski recommendation that the AFC re-allocate \$2 million from screen culture to development assistance, although Alston wants "a more co-ordinated approach to support screen culture" and "will be asking the AFC to examine how it might increase funding for script development";
- the acceptance of Gonski's recommendations for the development of an international marketing strategy for the industry and a 10-year research strategy;
- the acceptance of Gonski's recommendations for the film assistance agencies to explore the outsourcing and/or sharing of common corporate services; and
- the acceptance of Gonski's recom-

mendation for the removal of the requirement for union consultation when foreign actors are imported for fully funded productions.

The decision to introduce a pilot FLIC still leaves a lot unsettled. The government "will work with the industry on the final details...with the intention that the FLIC pilot will be introduced on a schedule to allow [it] to start operations from 1 July 1998". Important decisions on the kinds of films and programs the FLIC can invest in (the test of "Australian-ness" and the formats) and what, if any, involvement distributors/sales agents will be able to have in the shareholding and/or management of the company, are yet to be taken.

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What we do know is that the concessional tax rate for investments in the company will be 100%, as for 10BA and 10B at present, and that a maximum of \$40 million in concessional capital will be able to be raised over the two year pilot period. The 100% deduction is less than many in the industry had sought (120% was the most common figure). They argued that the FFC had great difficulties raising money for its "Film Funds" early in its life, which were structured to provide tax concessions of this order through the 10BA provisions. The most critical



say the FLIC is simply set up to fail. On the other hand, plenty argued strongly for the retention of IOBA in its current form at 100%, apparently believing that they could continue to find investors offered this level of concession.

The decisions about Film Australia are a remarkable turnaround, given Gonski's (a former Film Australia chair) recommendations to privatise its marketing and distribution operations and archive, and to sell its land and facilities at Sydney's leafy Lindfield.

Film Australia was, said Alston, "the jewel in the documentary crown...Australia's 'photo album'", echoing the language of the chief executive for much of the 1990s, Bruce Moir.

Once again, the language of national self-discovery, this time a *fin de siecle* probing, was deployed in the film industry's defence:

"Australia's foray into the next millenium will be a very public one, as the world's eyes focus

on Sydney during the 2000 Olympics, and later our Centenary of Federation celebrations. It is during times of national reflection...that we will appreciate more than ever the role film plays in capturing key moments in a nation's life..."

Film Australia could deliver both the history - "our ability to critically analyse our history is enhanced by the preservation of the work of previous generations of film and television creators" - and the future:

"...the reality is that social documentary is the least commercially viable but one of the most culturally relevant film genres."

But the Australian Film Commission is not out of the woods. It is still coping with the loss of its Special Production Fund and the non-renewal of the "Distinctly Australian" initiatives, the significance of which is sometimes forgotten outside the organisation in the understandably palpable relief that neither the

Gonski Report nor the government response to it scorched the film assistance earth in quite the way it was feared they might. The AFC has still got to review its marketing and research activities, devise a more coordinated way to support screen culture, find some loaves and fishes for more development spending and, like other agencies, come up with a hip way to run personnel and accounts.

More big film assistance decisions lie ahead, with the funding for the Commercial Television Production Fund (\$60 million over three years) and SBS Independent (\$13 million over 13 quarters) expiring this financial year. Expect major campaigns on both, with the commercial TV networks, for once, allied with the production industry in support of the former.

And the Media Alliance is hardly likely to go quietly on the proposed revisions to the imported artists rules.

Jock Given

1997/98 Federal Budget funding for Commonwealth film and television agencies and the Australian Children's Television Foundation

	1997/98 (\$ m)	1996/97 (\$ m)	Difference (\$ m)
Australian Film Finance Corporation	48.01	48.50	(-0.48)
Commercial Television Production Fund	14.20	19.40	(-5.20)
Australian Film Commission	15.53	16.51	(-0.98)
Australian Film, Television and Radio School	12.40	12.52	(-0.12)
National Film and Sound Archive	11.78	11.85	(-0.07)
Film Australia	6.45	6.40	(+0.05)
Australian Children's Television Foundation	2.27	2.26	(+0.01)
SBS Independent Fund	4.19	4.18	(+0.01)
TOTAL	114.83	121.62	(-6.79)

Source: AFC