Keeping it in the family
Feature filmmaking in Australia

by Connie Tadros

"I am here because your past could be our future," the words came from Joseph Skrzynski, general manager of the Australian Film Commission (AFC) as he stopped briefly in Ottawa last fall. With barely time to chat with government officials, he wanted to pick up all the literature he could find on the recent legislation, regulations, successes and failures concerning Canadian films and the industry which made them.

So the temptation to compare the Canadian and Australian film industries is almost irresistible. After all, both industries started up in far-flung colonies of the British Empire, and had to deal first with the influence of the mother-country, and then with the increasing strength of that other English-speaking industry, the American. Both lost control over their local theatres as American chains bought controlling interests in the 20s, and both consequently called official investigations to look into foreign influence in those industries. In 1927, Australia's most successful filmmaker, Raymond Longford,obbyed the government vigorously, insisting that it investigate overseas domination of the cinema, and that it legislature regulate the industry. A Royal Commission resulted. In 1931, the Anti-Combines Investigation undertook in Canada to measure the extent to which the film industry was in the hands of American interests.

Later, John Grierson came to Canada and founded the National Film Board; he visited Australia and was influential in the creation of the Commonwealth Film Unit there after the Second World War. During the period of the Canadian Cooperation Project in the 40s, when Hollywood made references to Canada in its own films rather than encourage the making of Canadian films, Australia served as Hollywood's Pacific backlot. So it goes...

Because similarities make comparison so easy, one often forgets the very real differences that make the Australian situation unique. It is physically, half a world away, down under—essentially a white European country in a sea of third-world nations. Story-telling is its tradition. While Irish settlers brought their dismay to Australia, Canada, for its part, welcomed the dear Scot with his business sense. Interestingly, as the Australians where producing the first-ever feature length film, a thriller called The Kelly Gang in 1906, the Edison company in Canada was producing a domestic promotion film to sell the citizens on the virtues of the railway.

From the mid-30s through to the mid-60s, neither nation was producing what one might call national cinema—except that for Quebec where there is almost a complete absence of French films during the war prompted an important flourish of indigenous films. In English Canada, feature film activity had come to a standstill. The Australians, nevertheless, were still making films for foreign interests. Consequently, Australia had a pool of experienced, talented technicians, ready to respond to the challenge of television in the 50s, and who began to work on authentic Australian films as soon as that opportunity presented itself.

The purpose of the following article is not to compare the film industries in Australia and Canada, but rather to define the Australian situation as it has developed over the last decade, and as seen from a Canadian perspective. I will concentrate on the feature film scene, setting aside other important film areas like Film Australia, shorts and documentaries, and the Australian Film and Television School.

That Australian films today have a world-wide reputation is due, in part to their intrinsic value—fresh innocence of the stories, the directness with which they are told, the stunning landscapes in which they are set. But their reputation is also a result of an intense and thoughtful drive, made by the Australian Film Commission, to bring them to the consciousness of other nations. Whether or not this policy stems from a long national tradition of "export" is beside the point: the strategy was on target, and it worked.

The following is an overview of the Australian feature film industry as it relates to theatrical feature films, with particular attention to the characteristics which seem to have molded it. In order not to weigh down the present analysis with lengthy descriptions of Australian agencies or legislation, an asterisk (*) will indicate that additional information on a given subject can be found in accompanying boxes.

The current backdrop
Ever since the introduction of the 150% tax shelter in December, 1980*, Australians filmmakers have been on a veritable roller-coaster ride. Tax scams, tax amendments, the rush to produce, the need to finish (from scripting to release) in one year, the bunching of productions all conspired to send them speeding to complete films in the year in which production was begun. But it didn't stop the unscrupulous producer who found it easy enough to rent a hall, screen his film a week to "generate revenue," and then call it quits.

Some 30 films went into production during that first fiscal year (July 1, 1981-June 30, 1982) for combined budgets of $40 million or about $1.4 million on average. This was up from 27 in the previous year and 17 in fiscal '79-'80. But it was less the numbers of films being made than their bunching together at the end of the year that made the situation untenable for producers.

By the end of 1982, tax dodgers in general were big news in the Australian press, and enthusiasm among film investors, particularly, was down. Producers were faced with a slump and their only way out was to convince the government to roll back its regulation concerning deductions to allow investors to claim in the year of their investment while giving the producers a second year in which to finish and release their films. The pressure brought to bear on the government by the combined forces of the AFC and the producer's lobby brought about just such a result this January. For the moment, film
makers are breathing more easily, hoping that this will be the formula which will keep the industry on track.

A political process
Australian filmmakers have always constituted a lively lobby. Getting what they want has been the political process and is understood as such.

With the introduction of television in the '50s, Australian creative people were ready to take charge. Legislation was passed requiring all commercials broadcast to be made in Australia, and content quotas were raised to make Aussie programming.

The AFDC’s mandate, with its commercial emphasis and its backing of feature films, brought many Writers and directors had other stories to tell and the AFDC just wasn’t listening. Picnic at Hanging Rock, for instance, was turned down repeatedly and was finally produced through the newly formed South Australian Film Commission with no help from the AFDC.

Again, a strong lobby was heard during the 1972 election campaign which brought in a change of government. Gough Whitlam’s Labour party, more attuned to art, culture and nationalistic feeling, decided to bring the Tariff Board to examine the functioning of the film industry. In its conclusions, the report insisted that control must be exercised as to distribution and exhibition if the government’s interest in production was to be justified. In order to cope with the multi-layered problems presented by filmmaking, the Tariff Report suggested the creation of an Australian Film Development Corporation.

When the Whitlam government fell, the Liberals spent their first months back in office undoing many of the projects the Labour government had initiated. But the film lobby was too strong. It backed the recommendations of the Tariff Report, and the Liberals pledged themselves to effecting those recommendations. The Australian Film Commission (AFC) was born.

As most of the feature filmmaking is centered in Sydney, the lobbying groups maintain a certain cohesiveness. The Film and Television Production Association of Australia (FTPPA) speaks for production interests, and serves as a sounding board for new government initiatives.

The lobbying, and the political awareness it connotes, is on-going. Even today, members of the FTAPA meet informally over dinner twice monthly with a ‘guest’, making sure that their messages get to those who make the decisions.

The AFDC proved itself a rather conservative organ with a tendency to favor ‘true and tried’ formulas when choosing film producers over the more experimental. Sex romps like Alvin Purple and the Barry MacKenzie films were made, delighting the public but contributing little to the development of the industry.

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The report was published on June 30, 1983, and proved specific enough in its content: while relatively little attention was paid the AFDC or the feature film industry in general, the distribution/exhibition setup in Australia came in for heavy criticism.

The report stressed the importance of equal attention to both product and market, a philosophy which stood as the hallmark of the blossoming Australian film industry.

Finally, the Tariff Board recommended disbandment of the AFDC in favor of an Australian Film Authority, but that turnover took a back seat to a more critical one—the disbandment of Gough Whitlam’s government by the Governor-General. The AFDC limped along for a year under the Liberals until its dissolution in 1974.

When the structure of the AFC was drafted, this situation was corrected: all contributions were to come from the film industry. They were charged a levy on all productions over $75,000 and, again according to Lovell, had long and sometimes tortuous discussions about the 15% Tax Shelter

The 1981 Income Tax Assessment, section 10B (A) ‘Australian Films’

In October, and again in December 1981, Treasurer John Howard and Minister for Home Affairs and Environment Bob Ellicott announced the 15% deduction for film producers. The government promised to include a 15% deduction on capital expenditures, subject to certain conditions:

• the investor must be the owner of the copyright of the film
• the film must be produced for “use in the production of assessable income” i.e. the film must generate revenues
• monies must be “expended in the production of the film within 12 months after the end of the year of income in which the capital is contributory
• the film must be produced for “exhibition to the public in cinemas or by way of television broadcasting, being film feature film documentaries and mini-series of television drama”
• the film must be certified as having “significant Australian content.” The definition was to be taken in the year of the capital investment, and an exemption from income tax amounting to one-third of the investment was also awarded.

Given the promise of lush rewards, there was a flurry into production: 20 films set underway in the months which followed.

On May 27, 1981, Howard introduced the bill to the House of Rep-resentatives with one important modification: deductions could be claimed only in the year in which a film began to generate revenues.

This modification had two immediate results. First, all those films which started up after the initial announcements were in trouble since some could be moved back to completion before the end of the fiscal year (June 30) and investors were threatening to withdraw their monies. Second, producers realized that the government was creating a de facto situation in which films would be scripted, produced and shot within the calendar year in order that the investors could claim deduction in the year in which they were invested. They argued that quickie films of little quality would necessarily suffer.

On June 8, 1981, a second reading of the bill was introduced, included a clause, stating that investments made prior to May 27 would be deductible in the year in which they were made, but that subsequent investments must conform to the stipulations that films generate revenues before deductions can be claimed.

While providing an important incentive to investors in ’81-82, producers found the conditions of pro-duction onerous. A flurry of feature films was produced in ’82-83 during which feature production again ground to a halt.

On Jan. 13, 1983, the government announced its intention to introduce legislation allowing, once again, the 15% deduction to be claimed in the year in which a film was made. The film must, however, begin to generate money in the year following that in which the investment is realized. According to Lovell, the producer of Picnic at Hanging Rock and later chairman of the AFC, film makers were often in the dark as to why the commissioners of the AFC made the decisions they did. The mood was secretive and unresponsive.

AUSTRALIA

The Australian Film Development Corporation (AFDC) was established in 1970 by the re-elected Liberal government under Prime Minister Gorton. Its formation was a direct response to a growing sense of nationalism within the Australian cultural community, angered by both the lack of opportunities offered indigenous filmmakers and the foreign monopoly on exhibition and distribution. The corporation was set up as an interim body with a five-year mandate: it was staffed by a group of officers and an executive director, and given a commission of full-time, paid businessmen. Within that specified time-frame, the AFDC was mandated to persuade the Australian financial community that investment in film was a potentially profitable undertaking.

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which projects to back.

The commissioners felt a responsibility to communicate the results of their deliberations, and to justify them to the community. The result of this publication, once monthly, of all financial decisions taken by the AFC. Informally, the commissioners have corpora
ted one actor, one distributor and the head of a laboratory continuously run across applicants in the course of their daily work, affirming the feedback about the decisions of the AFC.

The degree to which the feedback process has worked its way into the Australian approach to film legislation is duly recorded in the 1983 edition of the Australian Motion Picture Yearbook. On May 18, 1983, lawyer Andrew Martin, one of the documents, monthly, by month, the various government initiatives and private sector responses which led to the implementation of the Income Tax Assessment Amendment Act 1981 (*the 15% tax shelter). Not only was the tax legislation vigorously discussed in the press and in Parliament, the AFC, for the first time, set up a forum to monitor the situation and to report back directly to him.

The feedback seems, too, to have made the government's responses sup
tle. The tax law announced in Dec. 1981 was introduced to the House of Repre
sentatives on May 27, 1982 and already five days later to re
date objections from the private sector. Now, just a year and a half later, further modifications have been identified by the private sector and the AFC.

Some of that "private-sector tone" seems to have rubbed off on the AFC. Certainly, the top people are chosen from the private sector. Joseph Skrzynski, the AFC manager, was an investment banker with film clients for 10 years before coming to the AFC. The head of distribution came from United Artists, and even the comptroller who heads the administrative Secretary's Branch comes from the private sector. As for AFC personnel, it has been removed
counseling on distribution and ad
ministers the Women's Film Fund, formed in 1976. It is also the principal source of funding for Cinema Papers, Australia's largest film magazine.

Of the Project Development Branch provides appraisal, advice and invest
ment funds to established writers, directors and producers. This fund is used in the (screen) reading and scouting of feature films, tele
movies, miniseries and documenta
ties. Investment is sometimes offered to encourage development and pro
duction of a property considered marketable by the commission but problematic due to the relative in
eexperience of the director or pro
ducer. The branch also offers counsel
ng on production cost and legal matters. With its high profile at international film festivals and its two foreign offices in London and Los Angeles, the Marketing and Distribution Branch has proved invaluable to film
makers in the promotion of their products and the negotiation of international sales and distribution.

The branch also provides funds against first returns. Films not eligible for the two loan programs may still take advantage of the branch's services and facilities. The Secretaries Branch focuses on the financial and administrative functions of the AFC. It is responsible for managing the money and the nationaiity of those who review applications.

The AFC is also involved in industry assistance programs such as the "Technicians Training Scheme", designed to refine technical skills through "the job" training. It recently produced a survey on the Australian film indus
ty, in conjunction with the Film and television Production Association of Australia.

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Australian Film Commission

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ties into one: Film Australia (formerly the Commonwealth Film Unit), the Audio-Visual Branch of the Department of Post and Communica
tions, the Radio Film and Television Board of the Australian Coun
cil.

The board of the AFC is comprised of seven part-time commissioners and one full-time general manager, all drawn from the private sector of the film industry. The commission devotes itself to the encouragement of Australian film production, distribu
tion and exhibition, the main
anence of film archives, and the pro
duction, promotion and distribu
tion of programs made for govern
ment departments, programs of national interest, and programs designed to illustrate or interpret aspects of Australia. The structure is broken into five branches.

The Creative Development Branch has its parallel in the Canada Council, and holds encouragement of new talent as its principal objective. Grants have a $15,000 ceiling, with amounts over and above that figure falling into an investment category. It also provides subsidies organizations such as the Australian Film Institute, the Sydney Filmakers' Co-operative, the Perth Institute of Film and Television, and the South Australia Media Resource Centre. The branch offers
definition of an Australian Film

Under tax regulations, an Australian Film (AF) has been wholly or substan
tially in Australia or in an external territory, and has a significant Aus
tralian content, whether in pursuance of an agreement or arrange
ment entered into between the Government of Australia and an Aus
talian or another country.

Considered in the determination of the eligibility for accreditation is the subject matter, the location, the nationality and residences of those involved, the source of perfor
mance money and the nationality of the investors and copyright holders. The Australian Film Commission takes into account such factors when reviewing an application.
that they were perceived in North America as foreign filmmakers, and that, judged against other foreign films, Australian films were greatly appealing. Perhaps, government studies indicated as early as 1973, that if Australia was to pursue national filmmaking, an equal effort would have to be made in distribution and marketing and distributors and exhibitors must be made full partners. This double thrust of the AFC has allowed creative producers and directors to take their films abroad and to make an impact.

At home, the Australians are supportive of their better filmmakers. Last summer, some weeks saw 36% of gross box-office go to Australian films. And enthusiasm feeds on itself, making Australian filmmakers and stars media personalities. "Home is where the real approval is," says Rubbo. But receiving approval is the result of the awareness on the part of the filmmakers that the public must be wooed, that their films must sell a story which feeds into the Australian experience and that successful filmmaking generates its own energy. "In Australia today, you feel that the public is waiting, they're anxious to see the new films. The reaction abroad, I think, is due in part to the fascination of seeing a country looking at itself and talking back," concludes Rubbo.

Throughout the process, the government agencies have been crucial, and the tax legislation will give the Australians a chance to prove whether they can go the distance. For the moment, the government and the creative filmmakers are in a Catch-22, moving together to preserve and promote the national cinema that has made them prominent. Neither aims to enter the mainstream of international filmmaking if that means the relatively new interest (dating from the late '70s) expressed by both the majors and Australian independent distributors/ exonitors in handling indigenous product, and confirms a fairly comfortable position for Australian films in the home market.

Some "minority appeal" pictures, however, did not manage to break into this setup, many of them financed by the AFC. The commission subsequently funded the Australian Film Institute to purchase three cinemas to showcase these films. A lack of general interest in the pictures incited the AFI to supplement the Australian screenings with "minority appeal" films from abroad; this seems to have moved the AFI into distribution and heavy controversy. The Institute often finds itself in competition with Australian independent distributors for rights to foreign films, and has also undercut exhibitors by offering to absorb publicity and promotional costs for any films screened in its cinemas.

### Ownership and Product Flow of Major Film Distribution and Exhibition Companies in Australia

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**Key Facts:**
- Coca-Cola, TAT Communications (TerminatorLake)
- Gulf and Western, Merino Films
- MCA, Warner Communications

**Ownership and Exports**
- 50% Greater Union Organization
- 30% Amalgamated Holdings

**Product Flow**
- 50% Domestic
- 30% Export

**Miscellaneous**
- EMI
- Thorn-EMI
- ACC
- Rank

**Notes:**
2. This table excludes: Coca-Cola, TAT Communications (TerminatorLake), Gulf and Western, MCA, Warner Communications, and Warner/Chappell Pictures as the ndependent distributors/exhibitors.
3. This table excludes: EMI, Thorn-EMI, ACC, Rank.
4. MGM incorporated in 1924.
5. Warner Bros handles The Lost Do and Brian Dorn; in turn, these make films for U.S.
6. MGM, Paramount and Universal product will now go to GTO, but UK product may go to Rank.