

**Creative Industries Innovation Centre
Australian Centre for the Moving Image (ACMI) John Howkins event
Melbourne 1 December 2009**

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(**please note** - this is time-code, it's noted at intervals for editor's reference and to give you an idea of how long sections of discussion are)

Welcome everybody and thanks for join us for what were calling an hour of conversation, really, so there will be an opportunity for you to be a part of this

Lisa: Let me introduce myself. I'm Lisa Colley, I'm the director of the Creative Industries Innovation Centre and we're very pleased to be putting on this event in collaboration with the Australian Centre for the Moving Image and many thanks to them for providing us with the venue for today and working with us on this event.

What is the creative industries innovation centre? We've actually got a new little brochure out there that gives you an overview of what the centre is, so please do pick that up. It's part of the government's Enterprise Connect initiative. It's a 50 million dollar a year program funded by the Commonwealth govt to support companies in small to medium enterprises across a whole range of industry sectors, creative industries being one of those.

The Centre was launched earlier this year and we are now in full operation and I'd like to point out one or two key staff who are here today who would be more than welcome to speak with you at the end of the event. We have got 8 business advisors employed nationally, 2 of them here in Victoria, one of them is here with us tonight, Judith Benneth, who is sitting up the back there. we also have one of our business advisors from South Australia Stuart Davis who is sitting there as well.

I'm the director of the Centre, Adam Blake who is sitting down the front here is program director of programs and partnerships so please feel free to speak with any of our staff and ask questions about the centre.

One of the things we are wanting to do with the Centre apart from providing a business advisory service to the creative industries is to really bring thought leaders, national and international speakers, to really work with us and look at what are key issues for the creative industries and we are delighted that John Howkins could actually join us in Australia for the last ten days. We've been taking him on a gruelling tour of the Eastern Seaboard over the last ten days, engaging with industry, with universities, with government, really talking about global trends and issues across the creative industries, in particular looking at issues around the screen industries and that's obviously what we're talking about here tonight.

So, John Howkins, many of you will have read his bio with the invitation that came to you, he's got a substantial background obviously in the screen industries and has recently release a new book called *Global Ecologies* and he's advised global corporations, international organisations, governments and individuals in over 30

countries and has actually brought some very interesting information here to us in Australia about his work in Asia and more specifically in China.

With us tonight as well is Annette Blonski, Annette's a script consultant for the last 20 years, worked in the film industry and policy development, is currently on the ACMI board, has also been on the MIFF board as well and just up until recently was the chair of RMIT screenwriting's industry advisory committee.

So what we thought we would do is facilitate a conversation between Annette, John and myself - and you- really looking at our topic for tonight which was screen business, global trends, innovation and opportunities and so what we'll do is we'll ask John to speak and have a conversation and we'll ask you to be a part of that.

This session is being recorded... [there's some more discussion of that]

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Alright look, I'm going to start and basically I'm going to start by asking John -

John: It would be ironic if you couldn't record the discussion on film, wouldn't it, it would be sort of...

Lisa: It would be ironic. We hope there won't be any impediment to that. So, I'll start by asking John, what's the good news and what's the bad news, really?

John: Well, I guess the good news is if you're James Cameron and you can raise, whatever it is, 450 million for his next movie, with a budget of 500 million and he's raised 450 and he's deferring 50, and I think the production budget is 350 and print and advertising makes up the rest. That's the good news. The bad news is if you're not James Cameron. I was at AFTRS a few days ago... I've completely lost sense of how many days it was ... and there was a guy there who was a documentary film maker and he said 'What's the future for me?' What's the good news for him? And it's actually quite hard to map out the good news for someone who wants to make their own film with their own voice expressing their view of the world, whether it's fiction or documentary. That's the bad news. I think it is bad - I think some formats will simply go. We had the sonnet which was an astonishingly wonderful verse form that attracted the best poets for generations and they produced beautiful poetry. Who rights sonnets nowadays? It just doesn't work.

And I talk a lot about digital media and we have this discussion in London where I spend most of my time. We have film-makers who want to make films and we have the internet out there - the world's most amazing distribution medium you've ever had, ever. And we've not yet worked out how to get films from the people who make them to the people that want to watch them. Certainly not in a way where we can go to a producer before we've produced it and say I'm gonna do this, give me a million or 5 million or whatever it is.

So, the good news - the money's there, box office is generally going up in many territories. I'm a director of a company, the board director of a film production company in the UK we've just raised £17 million sterling on the stock exchange for producing films. And have produced a film costing £60m
So there's some good news there but there's a lot of difficulties and obstacles for the individual voice making the individual film and that's going to get harder I think over the next few years.

Annette: It's an interesting challenge because I was just talking to some young aspiring screenwriters and last night (it's no secret that??) John and I had a conversation, we'd just met, and we were talking about the cinema experience and given the figures and the fact that people seem to enjoy still going to the cinema and it seems important to still talk about that as an important way to experience some forms of screen entertainment. And I was talking about - you made an observation that you think that in the future, probably in the near future, going to the cinema will be the equivalent for film of live performance for music and live performance is an incredibly part of music for musicians and singers but in the end we download various songs and so on for our i-phones and i-pods and it's only a small part of what they do. And I was looking at these young aspiring screenwriters and they were looking at me with a slightly quizzical look saying 'I really do think that's a generational issue' And I said, 'why, don't you enjoy going to the cinema? And he said, well. yes, he enjoyed it immensely but he is looking forward to the day when in fact when you can watch - you can just look at it online - that the experience of going to the cinema is becoming less and less important and I wonder whether that's - that is indeed a generational issue - whether that's something that's an innate part of our experience - we grew up with it - but for people in their early 20s it's not so important. And that argument that's always put, that the major cinema audience is boys between the ages of 16 and 25 - whether at some...

John: and girls

Annette: and girls...at some point that's going to start to break down?

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John: I think that will stay. I hate it when people say it's a generational issue, like it implies I'm so old, I just can't... which may be true, I'm not saying it isn't true, I just don't like to be reminded of it!

I think the point about the cinema being our live performance, our industry's live performance, is partly everyone gathering together in one place, which people still like to do, and when - there's a lot of research into this - when people want to... when people end up going to the cinema often the first discussion they have is 'let's do something this evening. what shall we do? let's go out. let's go to a film.' and then 4 or 5 in the series of decisions is which film they go to. So people do like going out but also they like going to an event. And the cinema is an event, premiering a film in a cinema is an event. And we mustn't lose sight of that. It's an extraordinary asset that we have as an industry. We do have a public event that is deeply embedded in our

culture, that people like to go see. And it's more powerful as an event than people publishing books or other media. I take the point that people like to sit at home - I like to sit at home. I don't like going out to cinema, public cinema, and I live in the middle of London. I'm surrounded by cinemas but going to a public cinema, hassling my way through, sitting in an uncomfortable seat, having someone who's squirting popcorn in my face... I mean, this is not a pleasant experience. We're trying to get it better, we have a long way to go.

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Lisa: John, I think one of the interesting things in that, though, that we've talked about, and sort of gone around, is where is.. what is the business model around that? Because you've got a situation where a huge amount of the budget goes obviously to marketing and getting the film to that point but that's not necessarily the way the income is going to be generated, from that. And I think it would be useful for you to talk a bit about what's actually happening or what the potential is for actually looking at a different, you know, business model.

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John: Well, I don't know what the business model is, I haven't the foggiest. I mean, we all know the box office is there, holding its own and generating huge press attention, which is very important. DVDs are declining - long term, chronic decline and will probably be extinct in, I don't know, 10 years, say. We will get stuff from an online service, from a cloud, or wherever, we'll press buttons and we'll get the film that we want to see. And we are increasingly - the audience is, the user, the consumer, is increasingly impatient - and explicitly so - in making sure that they get, they have the right, or they can make their own decisions about what they want to see and when they want to see it and on the device that they choose, they don't want to download it from a device in one room and not be able to transfer it to a portable disc in the next. And they want to pay for it in the way they want to pay.

So we've got to move to a system of licenses whereby we can cope with all those different ways of watching our stuff. So if you want to watch it when it's released, whether you are sitting in the city where it's released or you are sitting somewhere else in the world, and if you want to pay 100 dollars to see it when it is released, sitting at home, we've got to work out so that you are allowed to do that, enabled to do that. And we've got to get the pricing right. We don't really use price as a market mechanism in film. We use price when we buy stuff to make the film. Price is very important. Who can you afford to act in it? What's the director charging? And so on and so forth. But when we sell it to the customer we don't really use price. And I think we are now beginning to think about how we can use price and to develop different licenses that we would arrange between producers and rights holders and distributors and aggregators and online ISPs and so on so that we might have a system, a sort of hierarchy, a waterfall of different licenses and different prices. So that it would go for a hundred dollars on that day and 50 dollars the next day and that would stay for a number of weeks and so on and so forth.

How we work that out, who works out that, who controls that conversation, whether it is the producer or the rights holder, whether it is the distributor who the producer has sold rights to, whether it is the ISP, whether it's Nokia, who is taking the lead in music distribution, whether it's Steve Jobs' Pixar or Apple or Disney has a larger share, Disney, is a critical question. Who dominates that conversation and who controls that system of licenses and who sets the prices is very important and I don't know. We're in for a rough ride.

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Annette: SO, in the UK, what kind of conversation is taking place about this? Because in the UK... just to preface this very briefly and I won't go into a lot of detail about it... but in Australia we're an English speaking country, it's a very small country, we are heavily dependent on public subsidy for film production. We're trying to move to a new model, which is less reliant on public subsidy but we've got caught in a series of circumstances, very difficult circumstances, just at the moment when that new model is being launched. But the UK is a much bigger market, it's a much bigger producer - but it's also, in a sense, in a difficult relationship with the US as well, which is the major owner of distribution companies, which are presumably going to be one of the major players in this new online future. So. I'm just curious about what kind of conversations are going on about this situation.

John: We never use the word subsidy! We have a sort of vow of silence about it. We use the word support. Or tax credit.

Annette: We're doing that a bit too.

John: Yeah, it's a good move, actually. The words are very important I think.

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John: The conversation is being led by rights holders and distributors... more like aggregators. In other words, not the Hollywood major distributors or independent distributors distributing film - but the people that run the devices or run the services on the devices. So, Apple, Nokia, and so on and so forth. So, the conversation takes place entirely within the digital space. Because we know we have to get that right and then cinema will fit into that. In other words, we don't look at cinema and DVD and think there's a bit of online added value on top of that, although that's commercially the situation at the moment. We have in the last 2-3 years, made quite a big shift in our thinking towards the realization that we are moving quite quickly into a world where we have to establish a workable digital distribution method. So, all the conversation is about that. And we're just assuming DVD is going and the cinema will probably stay for as long as it takes. So the conversations is about that and it will involve the HWood majors because they are part of us. We don't really distinguish between them and us.

I'm a member of something called the British Screen Advisory Council and although we are the *British* screen advisory council, Warners, Sony, Disney are active, full and very supportive members. And in all our groups we will always have one of them. Usually Warner, who are extremely far-sighted and who are a major investor in the

UK. So, although they are different from us, we regard them as major players within the UK industry. They are a major player in the UK. So we will have Warner we will have the broadcasters, Channel 4, BBC, we will have ISPs we will usually have some pure digital people, we will have some private equity people, we will have consultants, we will have cable people, Sky, which is very dominant in the UK, will be around the table The council consists of 50, 60 people but we always have committees as well, with 6 or 7 members. And if we can get those people to agree, we know we will get the whole council agree. So it's the entire audiovisual industry from writers and financiers to digital entrepreneurs, we don't just have producers and directors, it's everyone. It's led by people who are going to be developing the new business model.

Annette: And we're not just talking about content that is being specifically produced for online or... because one of the things that concerns me when I look at a lot of the public policy documents that are being produced in Australia is that they talk about content specifically for online, or digital content - but I don't think that's quite the issue.

John: No, I mean, there is a market for that because people are producing stuff, particularly for mobiles. But no, the entire industry is... television is going to become an IP internet protocol industry within a very short space of time and film is going to follow. And the only difference between music and film in delivery terms is bandwidth. It's just digital bits and you can manipulate them in any way. The way the audience listens to music and enjoys music and the way they enjoy a film is different but the capacity of a device, whether it's a phone or an ISP to deliver the stuff to a screen so that I can watch it, or earphones, so that I can listen to it - that's the same. And those are the people... and that... our world of film will become a digital business. Film will become a digital business.

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Annette: Yes, you were making a comment about plumbing and poetry, the other night, which I thought was a nice...

John: Yeah, there's a guy called Greg Dyke, who became director general of the BBC briefly, sadly it was very brief, he was forced out by the government for telling the truth about Iraq. Sorry - that's political comment, probably out of place!

Lisa: That's fine...

Annette: Too late, too late!

John: Too late, too late... And Greg had this phrase to describe things he didn't really understand but had to be done, which was 'plumbing.' And that was picked up by Stephen Carter the minister who said... basically the infrastructure, cables and satellites, wires, digital, are 'plumbing' and then he added the 'poetry,' which was the

content that was delivered by the infrastructure. So we talk now about plumbing and poetry.

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Annette: But, going back to the conversation in the UK, I think what I was trying to get to was the idea that we're countries in slightly different positions but nevertheless countries that sit outside the megalith of Hollywood and we're producing content, we're making films, we're making programs and we want to get them out to an audience. We want to be able to reach not only our own audiences locally, we also want to be able to use... and that's why the internet has got such potential because it's a globalized network. So we can in theory reach audiences well outside what we could normally have hoped for. What I'm interested in is how the UK positions itself in that sort of circumstance and whether the kinds of difficulties we've been experiencing, in terms of trying to get our films seen, both by our own audiences and outsiders, are the sorts of issues that you grapple with in the UK as well.

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John: Yes, at the moment there are very strong trends, even with the internet, for budgets, big budgets to get even bigger and for productions and sequels and prequels and franchises to take an even bigger share of the annual box office. And yes, there is the 'Long Tail' but it's not really coming through in the box office figures, not really. I think it will, eventually, but again it doesn't really help us finance the movie in the first place. What's suffering is mid-budget, mid-interest, material.

We are still able to finance a film at the level of anything from up to 5, 6 million sterling with relative ease because of UK film council support which supports script development and supports production, because of the BBC and Channel Four putting in, actually not very much money but putting in their production expertise and their clout with distributors and that's very very helpful. Like *Slumdog Millionaire*, which had a rough ride but the BBC was able to be very firm in negotiations with distributors. So we do get those films made and the budget is enough to really work on the script so we don't go into production before we should, which happens too often. We have enough days on location. We can do it properly, even quite a complicated film. And we have an active and relatively affluent audience that will pay to see it. And we have access to distributors who - I mean we treat the American distributors as good guys because we want to sell our films to them. My most recent film, our most recent film, was distributed by Sony. So, again, they're part of us.

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Lisa:

What we might do at this point in the conversation... we've got some interest from audience to actually participate in responding or asking questions... so we'll take it over there...

Nick Bruse: Hi, Nick Bruce from Enterprise Connect. I'm a clean energy enterprise connect business advisor. I guess my question's about looking at distribution models and social networks... Youtube and Google video etc. Obviously Google when it came along and its referential search engine made content searching... at least changed it significantly from what the searches and portal perspective was prior on the internet. And you're looking at social networks and the way people build content channels for themselves on Youtube and things like... I came across a piece of content called *The Guild* which is about... I don't play *World of Warcraft* but it's all about a group of online gamers that play *WOW*. It's a little story about them. I'm not sure if you're familiar with the show but I got addicted to that and watched 2 seasons of it. They're only about 5 mins each and now I think they're going to go on and sell that to a mainstream American network. I mean, what do you think, in terms of innovation around media, these sorts of distribution networks are offering - but also where do you think they'll evolve to, going forward, both in terms of search-ability but also in the social networking side of content?

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John: I think they will flourish and expand and they will produce some wonderful short films and short videos and they have been doing this and I think it's great. And some people will make videos there that will be picked up and broadcast and maybe they will move up to make a proper film. They are useful on their own terms. They are also useful as a sort of training ground, if you like, for other stuff. I don't think they will replace the 90 minute film, which is scripted very powerfully and has stars that people really really want to see and has the emotion and passion that only film can give us. I think they will flourish but I don't think they will replace the film.

A very powerful marketing tool as well. When you've made your big movie, the potential for the social media to promote it is vast.

Ravi: I am Reverend Peter Ravi Kamal (?), teaching communication and mass media at 2 different unis in south India and some of our students are into short documentary film making and advertising industries and some of them work in the film industries so I'm really thankful for the big open up talk here? What I am thinking is a little different because you are thinking from the economical perspective and also from the innovation perspective. I am thinking a little different when I am analyzing this new (?) media and such. In India, we have stage, and then the screen and now we have a small screen... So there is a lot of competition between that. I think before we think of this economical development and other innovations we should also think of the people's attitudes and their way of spending their leisure time and how we should entertain them and how we should capture those timings and what should be some of the topics that we want to promote. I think that would gain more benefit. For example now in India there are a lot of industries now developed and they spend quite a lot of [Unclear at QT: 00:32:06] in this ... entertainment industry. But we should also think about the value system that people have in their local context. But from that point of view I would like to raise a question. Should we think of only the profit and the pleasure-seeking from society or should we think of the

people's total development, it could be from the grassroots level to the top level. Not only encouraging the industries and technology but also encouraging the skills of the people, that they want... and I think that should be taught and my question is what should we do in order to increase the skills of the people at the grassroots level.

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John: In terms of people learning how to make video a lot of schools, colleges and universities are now doing that. A lot of people in the UK, and the same in Europe and America, are learning not only how to do stills photography but how to do video who didn't have the opportunity to do that, or the equipment to do that, before. And I think that will happen, I think it will grow, the results will be put up onto the web on a social media network. Sometimes that person with that skill and that interest will move into making a drama for broadcast or for the cinema. I don't think that will replace the mainstream, star-driven feature. I don't think that will happen

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Trevor: Trevor Bar from Swinburne University. You said that TV is likely to become an IP industry and I wonder if you could expand on that a little. One of my concerns about that is that I see its logic but in this country the commercial TV industry has been so unbelievably powerful politically that they've always blocked innovation. The most obvious example is that Australia was one of the last countries to introduce cable or pay TV and there were all sorts of political games. I just wonder whether we'll see all of those games revisited. There's no IPTV license in the legislation at the moment - is that going to raise its ugly head again? And just towards the assertion, which I'm very supportive of, but you seem in a one-liner to be very confident (laughs) that that's going to happen.

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John: I think... Hollywood has always been basically opposed to innovation. They hit a good business model about 60 years ago and they sort of kept it. All the home video devices that they have benefited from immensely were invented by the Japanese. Hollywood doesn't do invention and innovation. They focus on creativity. But the broadcasters certainly in Europe have always been inventive and have led the development of both production and transmission.

Trevor (off mic but audible): Public or private?

John: Both, both. I mean, Rupert Murdoch has pioneered the development of digital TV in the UK. He pioneered the uses of low power satellites in Europe. He pioneered the use of digital TV in the UK. He pioneered the optical disc recorder which could be programmed by the user, the sky digi-box is way ahead of anything developed by the Japanese electronics manufacturers. He has pioneered a lot in pure technical innovation and produced a very good business model. The reason why I think IP will happen in the UK is that it's already happening. It's already in Germany, the Netherlands, the Benelux, it's in France, it's coming to the UK next spring, the planning's on the way, the investments in place.

The coming together of pictures, not just in that device and not to that one but to both devices, is a very appealing thing to the consumer. Powerful forces that technology can now deliver that. I think it will become a strong standard.

0045:04:12

Lisa: Do you want to talk a little bit about some of your experiences in the Chinese industry? It's an interesting situation for us where we sit.

John: I can't say much about it because although I spend a lot of time in China... I go there every 4 to 6 weeks... I don't work in television there. I've had one or two conversations with producers but it is such a political field. Not only does the government control very much what's on the screen but the ability to make stuff to go on the screen is controlled in the extraordinarily complicated ways that the government have of controlling what happens there. So I don't get involved in film and TV in China. I would love to because it's my business but I just don't. I think that situation will continue.. They are loosening up in animation, which is not really my field... They are loosening up in art, I mean the Chinese contemporary arts, especially their site specific works and installations, which don't travel sadly, and the oil painting travel but the site specific work, installation work, personal work doesn't travel. That is utterly extraordinary and some of the fashion some of the designs are extraordinary as well. And the government allows that to happen because it knows basically the mass of the people are not interested in contemporary art wherever you are, whether you're in London or Beijing. It's ok, you can do bizarre things to your body, your mind, it's ok.

When you get to the mass media, they are very sensitive. I think that will continue. I think it would be hard for the Chinese to change that. It means that therefore they won't import to so much, it means that they won't really export a lot. And that although they may have very massive economic power it will not so easily be translated into cultural power as America translated its economic power into trading power and then into cultural trade and cultural power. And I think the Chinese are going to be quite slow in that. And one interesting question is that if they realise they're being rather slow and they're missing a trick, will they then loosen up domestically? That's the question.

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Annette: Can I just pick up on something that you were referring to Trevor, the incredible conservatism of particularly commercial broadcasters but also public broadcasters in Australia and there's been in the past, anyway, quite a deep divide between what's been defined as the film industry and the television industry in Australia. And that divide's starting to break down. Just recently I think the ABC's been given as part of it funding a specific line of funding, which they can start to invest actively in drama that has both cinema and TV release and I think Samson and Delilah would have been the first cab off the rank, I'm not sure if there are others

coming down the line as well. But that's been very slow in coming whereas that's been the case in the UK for a long time. You've had BBC films you've had film 4 and on. And - I don't want to put words in your mouth Trevor - there is a sense that there is such resistance to these kinds of models in Australia that it's a question of how we break through.

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John: That was not government pressure, that was the broadcasters voluntarily deciding to do that. The broadcasters refuse to accept any government mandate or quota or requirement. The film industry keep on saying that the broadcasters should accept the public responsibility to invest in and show British films and they completely refuse and they say 'We will do it if the audience wants it and we won't if they don't and it's our decision as independent broadcasters.' But you're right, BBC films and Channel Four initially - I mean, Ch 4 has diminished, its support has diminished significantly.

Annette: Well it almost shut down at one point.

John: It almost shut down and there's a film called *Touching the void*, I don't know if you saw that, but that was financed by Channel 4 and they were about to go into production and Ch 4 just whipped away their support and they almost lost the movie. And they've come back a bit now but nothing like they were when it launched in 1982. For 10 years, Jeremy Isaac CEO committed to making films, again it was his decision as the chief exec of the channel. We have lobbied the broadcasters in general to accept some responsibility to invest in and show films. They won't do it. I mean, they won't accept the regulation. But they do... although the amounts of money are very small actually. But the BBC is wonderful at chaperoning and supporting someone developing a script. If you go to a producer or distributor and say 'we have got BBC on side' then that is a vote of confidence in the film, which other investors find enormously helpful.

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Annette: But you have the reverse situation in the UK to Australia. We're one of the most exposed markets in the world. We have regulations which have a defined amount of Australian content. You have the reverse, where there's a certain amount of foreign content that is permitted. So we're in a very difficult position in terms of negotiating with the broadcasters and convincing them that this is something that they ought to take on board and they ought to embrace.

John: I don't mind being exposed. I think our links to Hollywood as well as to the continent but obviously mainly to Hollywood are overall not a bad thing and individuals may say that we should have British crews and British actors and British themes but the fact of the matter is that a lot of British directors and writers and everybody want to go to Hollywood. They want to go... a very important factor in the future of the British film industry is the discounted price of a Virgin Atlantic upper

class seat between London and LA. It's a major factor, like our dress designers want to go work in Paris. They don't want to work in London.

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Marcus: My name's Marcus, I was just going to ask 2 things. Just wondering what you were saying there with the money's gone away from film is that going predominantly into digital or is it in BBC doing co-production work on things like Rome... I'm an aspiring screenwriter and I've noticed that BBC film is not accepting scripts from overseas and Channel 4 has basically closed down a lot of their initiatives. So, is that money, where do you see that going as there is only a small [pool?]

John: Well, it's very hard to say because it's not as if they've visibly taken the money and put it somewhere else. It's gone back into the budget. I mean, the BBC has certainly spent a lot of money on its website. I think the figures are about.. I don't know... 60/70 million pounds a year. And it's a very popular website, it's a wonderful website. I think generally speaking they've moved away from the single drama, from the single TV play, ITV has as well. Some of the single plays that the BBC and ITV produced in the 60s and 70s were incredibly wonderful. They were truly wonderful works of art. That's gone. The single play now hardly exists on British TV. They've moved towards series, which have a different way of being financed and a different structure and a different momentum to them.

Marcus - Do you think that's due to the DVD box set. The cultural impact, if not the economic impact?

John: That's helped, the box sets are now very popular so you get extra revenue which you wouldn't get from the single play. But I think they also found that the single play was often controversial... the way it was being written, the results were often controversial in terms of script, and taste and decency questions came up, and it was too much hassle.

54:45:21

Marcus - the second thing I wanted to ask was just in relation to creativity... You say the film is always going to be very popular, all that 90 mins, star driven sort of thing, but in terms of film being... mostly not interactive as we know it at the moment, how do you see the relationship between that sort of pre-packaged creativity... someone whose spent maybe 5 years of their life putting something into play and then getting it onto the screen where people take it mostly passively compared to audience interactivity and things like digital where people are very interested in their own creativity now. We've got so many entertainment options these days due to the internet that they'll easily get distracted and want to check their Facebook, Farmville or something because that's where they express their creativity. So I'm interested whether you think whether there will always be that place for someone who's spent a lot of time delivering something considered high quality and whether there's going to need to be more value adding to that so that rather than the 3000 films released

every few months in the world where people go I will go see that one, I will pay money to see that one..

00:56:08:16

John: I think I'm about to show my generation here. I think there's something wonderful about going into a dark room and sitting back and giving yourself up to a master storyteller who has written and directed some images with passion. That's an extraordinary experience and I love that, I love the act of going into the room and the lights going off and the projector... I love that little noise you get from the projector when it starts up. But I have, if I'm honest, to admit that the tendency generally speaking is to have shorter bits of stuff and to interact with what's happening and to click and to perform/ prefer options on what one is receiving. That's a very different experience. When I'm watching a great movie, I don't want to be given a handheld and to say 'click if you want a kiss, click if you don't want a kiss' - I'm out the door. I want a story that captures me. So they are different experiences and you can't mix them up. Which one... will they just continue to evolve.. Will they both flourish in parallel? It's hard to tell. Ideally it would be nice but I have a feeling that the interactive media are becoming more powerful.

00:57:42:16

Marcus: You were saying that film attendances have gone up... is that being balanced by the fact that we were on such a ride in terms of Western economies where everyone was doing well, a lot more disposable incomes for people to spend... Is it still on the way up even though...

John: Well The UK box office has actually gone down in the past few months, whereas theatre's gone up and book sales have gone up and art galleries and museums admissions have gone up so... In previous years when we've had fluctuations in the box office it's been because of the quality of the movies so it's difficult to draw conclusions. The long-term trend in the UK is up and I suspect what happened in the last few months is because of the movies being released.

00:58:34:04

Annette: I think there's an argument... if you look at the success of certain genres, which are... and I'm not suggesting that all cinema should be genre based... if you look at the Saw franchise and you look at the way that horror and the vampire movies have become so popular recently... these are all still standard narrative structures. They're cause and effect, they're 90-100 mins in length, they use the standard features of a protagonist, a central character, an antagonist. They're all formed around a central very clear premise. These are all ways in which we've been writing screenplays for a long time and the various workshop systems and script development systems may use different language and may use different ways of talking about script development but essentially we're talking about the same thing. And that is long narrative form where in the end even with an ambiguous ending or even with a tragic ending, some form of form and resolution takes place, chaos is reigned in. I think its deeply attractive, deeply attractive and there may be different

forms in different cultures but overall that's still an extremely popular form, regardless of these options that we now have.

01:00:05:05 - Christine question

Christine: I'm Christine, I'm a local producer. Generationally I agree with you, going to the cinema, all that sort of stuff but I have a 15 year old daughter and anyone that has kids, I mean the experience that I have with my daughter is that she loves going to the cinema too if there's a film that she wants to see, that is directed at her, such as the new twilight movie... but she will also look at repeat movies on her ipod, on the tiny little screen like that... she will also watch movies on the computer screen and she'll watch TV shows on the TV screen. I think there's nothing wrong with movies... mostly she watches longer form stuff, she's not really into watching short form stuff on the net, though she does use the other mediums, facebook etc. I think it's great that there's all these possibilities. As a filmmaker though I'm interested in how the economy of making money is going to occur. The thing is that generation have a very poor understanding... and I talk about this because she manages to download movies for free which as a filmmaker I strongly object to - and I talk to her about that and somehow they still seem to end up on her little ipod. But that interests me in terms of the morality, ethically, in terms of paying people for what is produced. I don't see why if I'm prepared to go to the video shop and pay \$7 for a new movie why I can't do that over the internet. I would be prepared to do that over the internet if the quality is going to be suitable. I think it's all fine, it's just about how the income generating models are going to be put into place. I think she's probably typical. I think teenagers love the repeat thing on their ipods but the cinema as well. It's exciting but here's a dilemma there too.

00:01:02:15:15

Anne: Yes I think that we had a conversation last week at AFTRS about the ethics. How do you structure things so that people can make a choice and choose to pay and have different options to pay? I think that's a real challenge for us in terms of the IP environment and licensing and where our law is up to.. it's behind the 8 ball really in terms of what is actually happening out there... and that's where we're hitting...

John - Yeah, we all steal. I was on an industry committee in the UK and there were some very senior industry figures around the table and because one is frustrated about not getting stuff that you know is there and you know that if someone presses a button the digital bits will zoom down to the device you've wired up at the other end, and we all told how we had done it. and for some reason the industry is not selling its stuff in ways the consumer wants it... it hasn't got it's act together... the rational choice is to steal. We have to accept that and I can't say that these pirates or these people who get stuff illegally through peer to peer or whatever are deviant people and are people on the edges of society. They're not, they're mainstream people who want to get what we are making, whether we're musicians or film makers or TV makers or publishers or whatever it is. We have to accept that theft is rational because we have not got our act together. We now accept that in the UK and it's the same in America. As Warner said some years ago 'it's hard to compete with free.'

Warner's now developed, some companies have now developed, Steve Jobs is very good at developing, Nokia, HMV... there are now companies that are developing services, getting the copyright worked out, doing the billing mechanism, doing the branding, so that people do actually pay, because it's more convenient, easier and so on. I will pay. I hate being forced to fight some ghastly piece of software to get something illegally. I'd much rather get it legally. And it irritates me when companies don't enable me to do that.

01:05:02:10

Anon: The average Australian spends somewhere... about 8 hours a year in the cinema but about 60 to 80 times that playing video games. In terms of models that work the games industry has both retail and [unclear] distribution, it has every major distribution platform... DO you have reps from the games industry?

John: We have good developers in the UK. We don't have good publishers. We used to, we sold them in most cases to the States. We have a high awareness of games and the government has been trying to support the games industry for about 10 yrs. One of the problems we face in the games industry is it's very fragmented, particularly amongst developers. They very seldom speak with one voice and governments hate getting contradictory recommendations from different people. But that's changed a lot in the last 12-18 months and we regard games as very important part of the audiovisual landscape. You could argue forever whether games is bigger than film or films bigger than games but it's a very important part of it.

Annette: the games industry in Victoria is almost on par with film and TV production in the states. It's an extremely important part of the audiovisual industries here too.

Lisa: It's a big economic driver

01:07:06:20

Ravi - This is a slightly personal one. Have you ever encountered the box office as a film producer/ film-maker and are you any time confronted and do you think the role of the box office should be maintained? As a way of controlling the success... a regulating box office?

Annette: are you suggesting box office is used as a way of controlling that that acts as a barrier?

[There is quite a long exchange here, clarifying the question, which I haven't recorded in full]

Annette: Are you suggesting that we should try to circumvent the traditional... the way in which it works now is that you need to find a distributor in order to gain access to your audience, whether it's online or through traditional cinema going. Is

what you're suggesting that what we ought to be doing is finding free access... your own distribution?

John: I think there'll always be a mediator, whether it's the cinema box office or what we call the turnstile model where someone puts down a single cash payment for a single film... like sports where you go through a turnstile and see the match.. we tend now to refer to the turnstile model of which the box office is one example. I quite like the turnstile model and I quite like wanting to see something and putting down a sum of money and then being allowed to see it. I quite like that.

Lisa: I think the issue that you're raising is that you'd like to have multiple options for how that turnstile works.

John: Yeah, I quite like the Nokia model, where you buy the phone and get free downloads for a year and I quite like the monthly subscription model. They can all be done together

Michael: My name's Michael McMahon, I'm a producer here in Melbourne. I think, just hearing you talk, it's also important to recognise that people seem to talk in terms of a single market and that if anything all these delivery models have shown us that there isn't a single market. There are many many markets for what we produce and what we have to do is learn as much as we can about those markets and utilise them as best we can in terms of whatever models we can implement with distributors to get our product out there. It's really encouraging to hear that teenagers love going to the cinema but teenagers are not my market for the sorts of films I've been making. It's also really encouraging to go to the cinema, there's a complex on Chapel Street and on a Saturday afternoon it's full of 16 to 21 year olds. People are trying to tell me those people are not going to the cinema. Have a look! They're there, there's something that's targeted to them. I do think it's about offering a range of ways to deliver things and not being afraid of it as well. In the feature film industry here we're a bit captive to a fairly traditional distribution model, which is still caught up with windows - you know, you can't have your broadcast compete with your dvd and all this sort of stuff. If the last year showed anything, it's that day and date release of films in America has contributed enormously to the income that can flow from dvd and video on demand, if you do it really quickly. And that if you hold back and do the dvd and then broadcast, in 3 months time people will be thinking about other stuff. Whereas if you do it all at months, people will think, 'oh well, I'll get it on video..'

Annette: So, abandon the 6 month window.

John: Is it 6 months?

Annette: It used to be.

Michael: There's still this thing in Australia we're the dvd is 4 or 5 months afterwards and by then people are thinking about other stuff.

John: We have about 3 months. This is a very hotly contested issue in the UK. Its trench warfare out there! And no one's blinking!

Michael: There's no ideal model [hard to hear...] otherwise I wouldn't be sitting here.

Lisa: We'd all be discussing it.

Michael McMahon: For most feature films your box office is going to be around 19 or 20 percent of what you're actually going to get and the rest you're going to make up from every other way you can create to get it.

John: I think that's right.

(Goodbyes)