Tasmanian Screen Industry Review

REVIEW PAPER

November 2009

THE NOUS GROUP

THINKING DOING LEADING

<u>Key finding:</u> To assist the screen industry move from its establishment phase to a growth phase, Screen Tasmania should commit to a strategy focused on enterprise development or production activity

- The Tasmanian screen industry provides a strong economic, cultural and brand contribution to Tasmania.
- Screen Tasmania has played a key role in the growth of the Tasmanian screen industry over the last decade, through production investment as well as a range of development programs.
- However, the industry is at an early stage in its development and faces some serious challenges if it is to take the next step to its growth stage.
- Stakeholders from across the industry were consulted extensively by this review. Broadly, their Vision for the Tasmanian Screen Industry in 2014 is one that involves:
    - A rich pool of talented, skilled creatives including writers, directors and producers who: (A) are generating original and innovative content which is in demand in the national and international marketplace; and (B) underpin profitable businesses in the state.
    - A healthy mix of production across a diversity of genres including factual, drama and digital media content which is generated by local and non-Tasmanian production companies.
    - A strong profile nationally and internationally as an attractive and viable shooting destination.
- To ensure that it best contributes to the achievement of this Vision for the industry, Screen Tasmania needs to commit to a clear strategy. This review presents three options for Screen Tasmania for the next five years:

  Option 1: Enterprise development - Building sustainable businesses – most likely in animation, multimedia, and documentaries – and attracting an established production company to grow their business in Tasmania.

  Option 2: Production activity focus - Focus on securing major projects for Tasmania which deliver a high level of ongoing production activity. i.e. TV drama series such as *McLeod's Daughters* which was shot in South Australia.

  Option 3: Local development - Developing Tasmanian projects and people, shepherding through the local production of Tasmanian projects.

- Options 1 and 2 were assessed by The Nous Group as the strongest options for delivering on the Industry Vision for 2014, with each option likely to deliver significant benefits for the Tasmanian screen industry.
- The relative strengths of Option 1 and Option 2 depend on the weighting given to each of the criterion, as driven by the policy priorities of the Tasmanian Government.

Contents

Background to the review

- In 2009, Screen Tasmania celebrates its 10th anniversary as the Tasmanian Government agency responsible for supporting and developing the state's film, television and multimedia industries.
- Over this period, the Tasmanian screen industry has grown in terms of production spend, the number of businesses and the number of employees in the industry. It continues to generate economic value for Tasmania.
- Screen Tasmania's support has helped to establish a screen industry in Tasmania, and its leadership now recognises the need for the industry to move to the next phase of its development.
- This review was also considered particularly opportune because of the Australian Government's recent introduction of the Producer Offset scheme and the planned rollout of the National Broadband Network (NBN), with Tasmania to be the first state.
- In conjunction with Screen Tasmania, the Department of Economic Development, Tourism and the Arts commissioned the Nous Group (Nous) to:
    1. Review the Tasmanian screen industry
    2. Articulate a vision for the Tasmanian screen industry
    3. Develop a strategic plan for Screen Tasmania to deliver on this vision.
- The next page provides more detailed information about the terms of reference and the project process.
- For any questions or inquiries regarding this report, please contact Ben Barnett at the Nous Group on: ben.barnett@nousgroup.com.au

This review was prepared after extensive analysis and stakeholder consultation over three months

Tasmanian screen industry review - Terms of reference
• To consult widely across the Tasmanian industry • To provide an overview of the Tasmanian screen industry, including its economic value to the state • To develop a high level vision for the Tasmanian Screen Industry • To develop a strategic plan for Screen Tasmania • To gain an overview of the relative success and effectiveness of Screen Tasmania's past activities and programs.

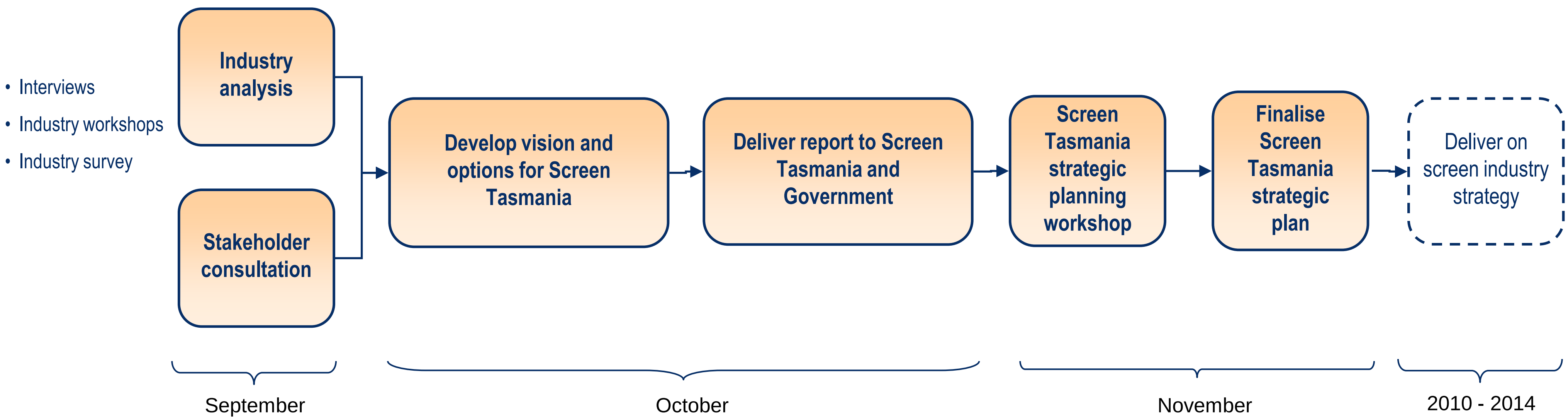


Figure 1: Tasmanian screen industry review project schematic

Nous consulted widely across the industry and government for this review

Interviews	• 28 interviews were conducted in total, including:
	  • Industry practitioners across all sectors
	  • Wide Angle representatives
	  • Tasmanian Government representatives
	  • Screen Tasmania Board members
	  • Screen Tasmania staff

Industry workshops	• There were 19 participants at the Hobart workshop • There were 16 participants at the Launceston workshop
Industry survey	• 119 industry practitioners responded to the survey

- This review has been the most comprehensive survey of the Tasmanian screen industry to date.
- A variety of consultation mechanisms were utilised to ensure the widest consultation possible.
- More detailed information on the consultation process is included in the Appendix.

All aspects of the screen industry value chain and 11 sectors were in scope for the review

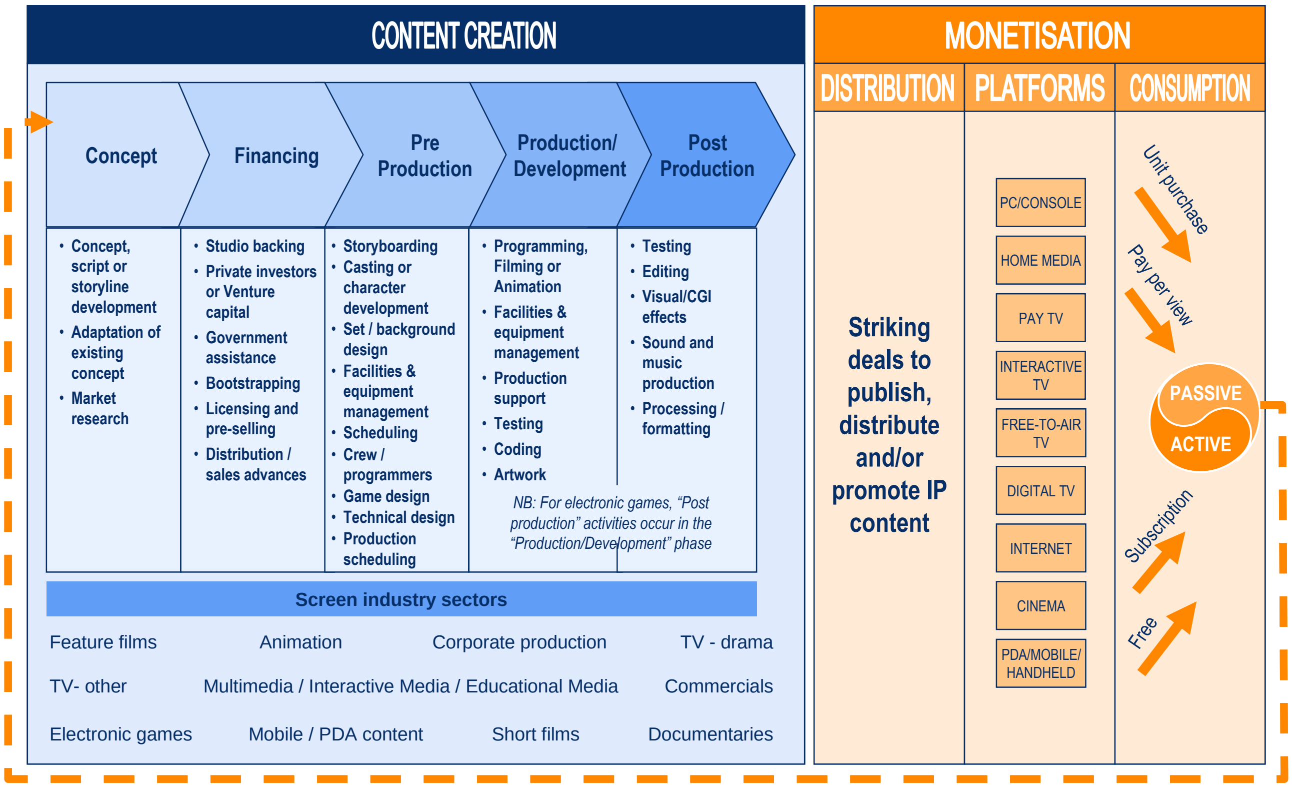


Figure 2: Screen industry value chain from concept to monetisation

- Both federal and state government screen agencies have typically not offered funding support to free-to-air broadcast television, particularly in the production of news, sport, infotainment, lifestyle programming and television commercials, because such production has been regarded as not requiring government assistance.
- This same view has also traditionally been held by screen agencies in regards to corporate production.
- While the future intent of Screen Tasmania is to continue to focus on independent screen content, analysis in this review pertaining to the overall size of the screen industry (revenue, production spend, number of businesses, employment, etc.) has sought to include these sectors in order to gain a richer understanding of the Tasmanian screen industry.
- • A further note that while this review identifies short film as a key screen industry sector, it is typically a training medium for industry practitioners; only in rare circumstances are short films produced for profit-making purposes.

A note on Tasmanian screen industry data

- The analysis in this report draws on Nous' extensive consultation with those working in the Tasmanian screen industry as well as both Australian and international data sets and literature in the screen industry.
- It should also be noted that while extensive data for the national screen industry exists, breaking this data down into component parts (such as states and sectors) can be particularly difficult, particularly where there are commercial sensitivities in terms of production budgets.
- Nous has included the latest data set available, but in some cases data points are several years old.
- While Nous has strived for consistency across all data points, data may be broken down into different segments across different slides due to the form in which Nous was able to obtain the requisite data.
- Due the difficulties with data collection, Nous prepared a comprehensive industry survey, with further information on the survey in the Appendix.
- Regular collection of data in a form similar to that collected for the industry survey would significantly aid the ongoing assessment of the industry's development in the future, and assist in evaluating the success of Screen Tasmania's programs and investments.

Contents

The global screen industry generates an estimated US$450b in revenue, with a healthy industry growth rate of 4.9% per annum

- The global screen industry continues to grow a healthy rate of 4.9%, meaning that it has grown faster than the world's economy over the past seven years.
- One of the major supply side growth drivers has been the increasing proliferation of platforms for content distribution, which has been made possible through technological advancements like the internet.
- Developments in technology have created new sources of value by allowing greater interactivity for consumers with the screen industry content they are consuming.
- The media and entertainment industry's share of global GDP has been predicted to double over the next 30 years.

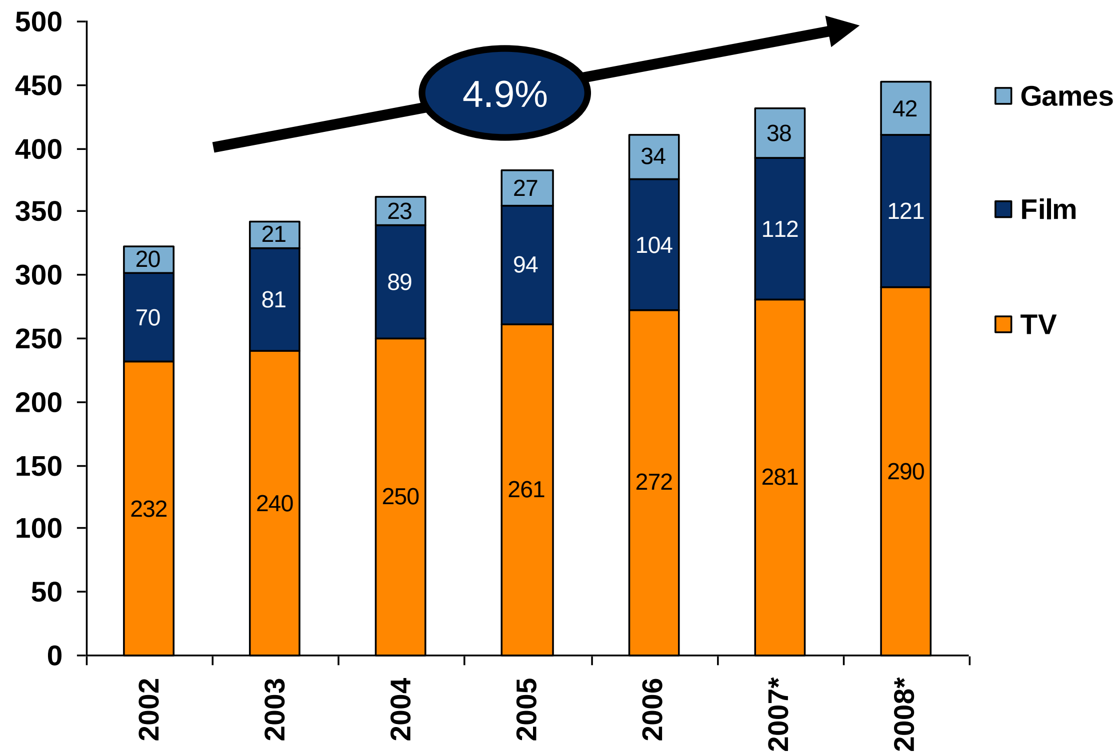


Figure 3: Global screen industry revenues in US$b 2002-8

Source: IBIS World data, Future Exploration Network, Nous analysis. NB: 2007 and 2008 figures (including growth figures) are Nous estimates based on the average growth rate for the industry and each of the sectors between 2002 and 20006 inclusive.

The global screen industry is experiencing rapid market and technological change, with digital media leading to significant changes in consumption, platforms and distribution

	Old media	Digital media
Consumption	• Passive, one-way • Mass audience • One-off engagement with content • Supported by mass advertising • Little choice in content	• (inter)active, two-way • Niche audience • Ongoing engagement with content • Supported by targeted advertising • High choice in content
Platforms	• Analogue • Space and time dependent • Limited piracy	• Digital • Mobile and on-demand • Mass piracy
Distribution	• Several layers between content creator and consumer • Geography-based	• Minimal layers between content and creator (i.e. direct distribution) • Borderless
Content	• The art of storytelling • Staged process of content creation	• The art of storytelling • Staged process of content creation

Figure 4: The transition from ‘old media’ to ‘new media’

- ‘Digital media’ – or ‘new media’ – is creating additional sources of economic value for the global screen industry through the exploitation of content across an increasing number of platforms, expanding the options for content distribution.
- According to ABC managing director Mark Scott: ‘Digital media is now integral to everything we do. It is not an add-on, it is not a novelty, it is the present reality as well as the future.’
- As Scott remarks, ‘these changes are evolutionary’ and driven by a need to provide audiences with content ‘when and where they want it, and on whatever device they choose.’
- Digital media is not a discrete screen industry sector, *but is part of the evolutionary development of all forms of media*.

Source: Nous analysis

The global rise of digital media has created additional economic value for the screen industry by allowing consumers to be more 'active' in the consumption of content

- The enabling capabilities of digital media platforms have made it increasingly possible for consumers to be able to control when, where, how and under what terms they access screen industry content.
- The rise in interactivity has expanded the potential offerings of screen industry content, meaning that new markets are emerging in the screen industry.
- While business models that build upon the notion of an 'active' consumer are still very much evolving, they are already evident in Tasmanian companies like Roar Film (through interactive multimedia projects) and Blue Rocket (through its interactive *My Place* timescape website).
- The trend towards the active consumer will likely be a major driver of future value in the screen industry.
- In particular, the rise of the active consumer has led to four major recent developments in the global screen industry:

"When you walk into a virtual world ten years from now you will be walking into a world that looks like stepping through a screen into a film."

Philip Rosedale, Founder, *Second Life*

1. New genres of programming	• The rise of the active consumer has led to new genres of screen industry content, particularly in the mobile world. Some shows are now structured around feedback from viewers, with viewer comments shaping subsequent episodes, e.g. Dutch's Destiny on www.vmusic.com.au.
2. Interactive multimedia	• Technological developments have facilitated the rise of multimedia productions, which are deliberately interactive in order to sustain viewer attention. Screen industry content of this type is becoming increasingly prevalent in the education sector.
3. New supports for traditional media	• The rise of the active consumer is particularly evident in television, where productions increasingly call for viewer evaluation (typically through voting) or seek forms of engagement outside of the broadcast (i.e. through the internet). In film, some companies like New Line Cinema have already utilised their fan base to determine film titles as well script developments.
4. A new type of gaming	• The rise of the active consumer is most evident in the internet-based virtual worlds such as *Second Life* and in MMORPGs such as *World of Warcraft*, where a critical part of the content's appeal is the capacity for players to shape the experience for one another by creating their own identity and interact with others in a lifelike social situation.

- The rise of digital media has also seen the rise of the consumer as 'producer', with web sites like YouTube effectively capitalising on the 'active' consumer by encouraging users to upload content as well as rate and comment on each other's content.
- Revenue is principally derived from advertising, with the YouTube website receiving over one billion visits per day.

Source: Nous analysis, The Age online

Contents

The Australian screen industry generated revenues of almost $9b in 2006/07

- The Australian screen industry generated industry revenues of $8.9b in 2006/07.
- $6.8b of these revenues were generated in the television broadcast sector.

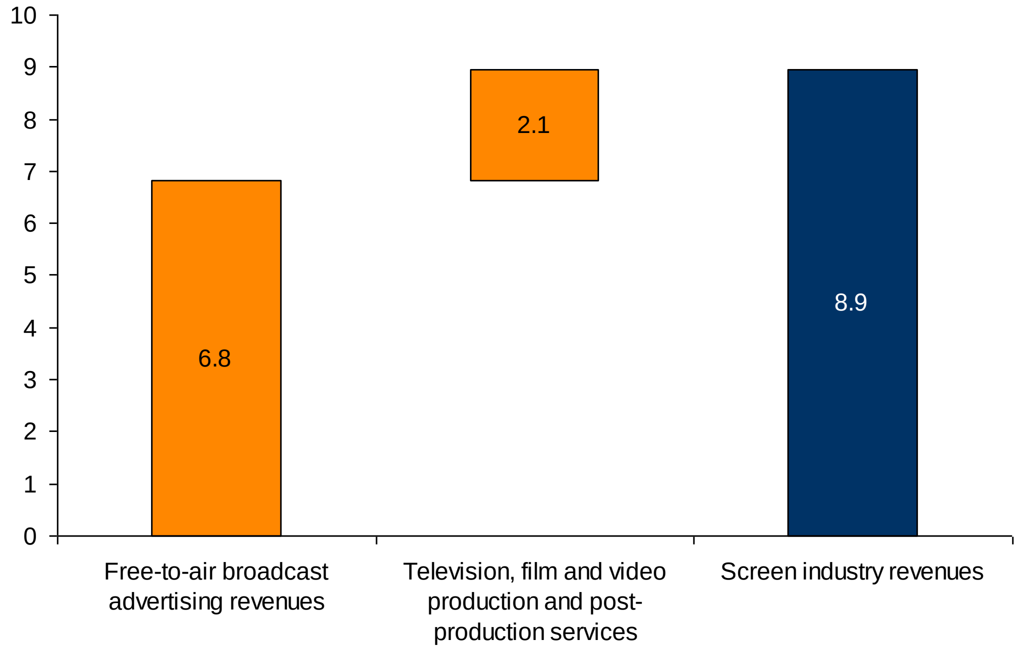


Figure 5: Australian screen industry revenues spend in $b, 2006/07

- It is estimated that the Australian screen industry contributed at least an additional $3b to Australia's GDP in 2006/07.
- There are approximately 10,032 people working in the screen television broadcast sector, and 15,175 working in the remainder of the screen industry.

Source: ABS, Screen Australia

The Australian screen industry had a production spend of just over $2b in 2006/07

- Figure 6 details the total expenditure of screen industry content in 2006/07, as broken down by sector.
- Productions for broadcast TV accounted for the largest share of the production spend at approximately $1.5b
- After commercials, feature film was the largest source of production spend in Australia at $184m.
- The production of games is an emerging sector, particularly in Victorian and Queensland, with an estimated production spend of $137m.

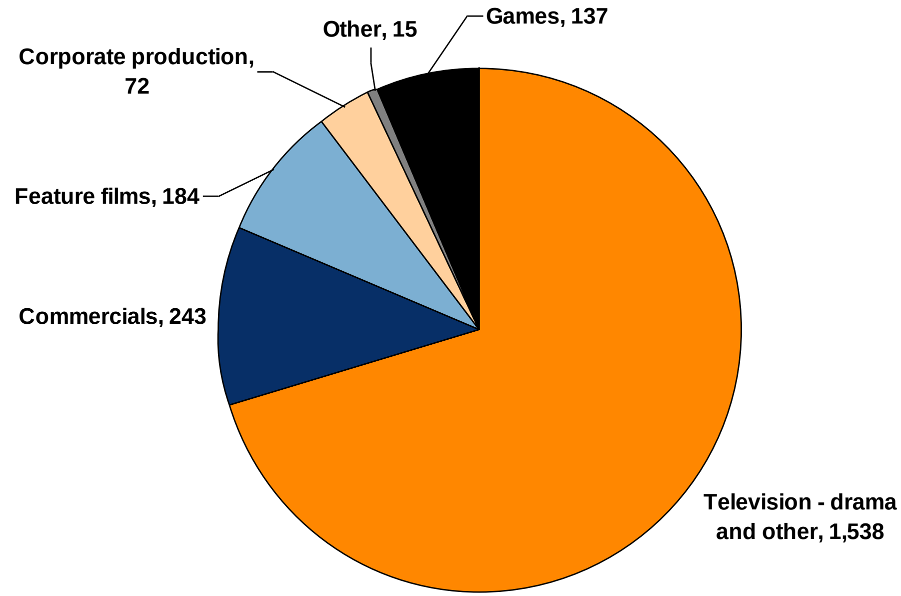


Figure 6: Breakdown of Australian production spend in $m, 2008/09

Source: ABS, Screen Australia. NB: Please note that all productions for broadcast TV have been grouped together. Games production figures are a Nous estimate based on typical profit margins in the games sector.

State and Federal Government funding has played a vital role in building and shaping the Australian screen industry for over 35 years

- Since the early 1970s, the backbone of Australian government assistance in the screen industry (particularly film and television) was Film Australia, the Australian Film Commission and the Film Finance Corporation.
- Following a review of the federally funded agencies, Film Australia, the Australian Film Commission and the Film Finance Corporation were merged in July 2008 to form a new super agency, Screen Australia.
- As well as federal funding for the screen industry through Screen Australia, each state and territory now has a screen industry funding agency.
- Most of these entities are statutory authorities answerable to the relevant Minister, except Screen West who aspire to become a statutory authority and the Pacific Film and Television Corporation in Queensland which has now become a corporation governed by a board of directors.

Source: Screen Australia, Screen Tasmania.

Screen Australia has shifted its approach from developing projects to developing sustainable businesses

- Historically, screen content makers have typically applied for government funds on a project-by-project basis, and have moved from concept to concept until funding is received.
- In July 2007, the Federal Government introduced a new Producer Tax Offset rebate.
- A rebate of up to 40 per cent of qualifying Australian expenditure (QAPE) is available for feature film and 20 per cent for documentary and television drama can be claimed back against income tax.
- Such extensive change to the industry as a whole is changing the way in which the screen industry functions in Australia.
- Screen industry businesses have typically found it hard to meet overheads in between funding for projects.
- Screen Australia's new funding guidelines provide more freedom for production companies to decide what is developed and produced, devolving responsibility for content production to the industry.
- Additionally the complexity of the new tax models means that 'suitcase' producers and sole operators will likely find it more difficult to survive and will be forced to cluster and work with companies who have track records, infrastructure, industry networks, and market place knowledge.
- Broadly, Screen Australia will provide a greater concentration of funds to fewer producers in order to drive more efficient and effective funding.
- There is now a question about how state-based screen agencies fit into the new business-building approach driven by Screen Australia: *Should agencies like Screen Tasmania follow Screen Australia's lead or should they offer complimentary but different types of programs?*

Source: Screen Australia, Screen Tasmania.

Contents

The Tasmanian screen industry provides a strong economic, cultural and brand contribution to Tasmania

Key points

- The Tasmanian screen industry generated almost $70m in revenues in 2008/09.
- The Tasmanian screen industry had a production spend of almost $14m in 2008/09.
- Screen industry production spend in Tasmania is estimated to have delivered $24.8m of economic value to the Tasmanian economy.
- The Tasmanian screen industry is currently comprised of 32 businesses.
- There are about 450 people working in the Tasmanian screen industry, with many in the television and broadcast sectors.
- Animation is a particularly sustainable sector in terms of ongoing employment.
- As well as making an economic contribution, the Tasmanian screen industry provides significant cultural value to Tasmania and Australia more broadly.
- The Tasmanian screen industry has also contributed to the strength of the Tasmanian brand in tourism and investment attraction

The Tasmanian screen industry generated almost $70m in revenues in 2008/09

- The Tasmanian screen industry generated estimated revenues of $68.9m in 2008/09.
- This figure includes the advertising revenues earned by free-to-air TV broadcasters as well as revenues earned from the production of television commercials.
- Without free-to-air advertising revenues, the screen industry is estimated to have generated revenue of about $9.9m.
- There is limited historical data about the annual incomes of the Tasmanian screen industry, but in 2006/07 the industry generated revenues of approximately $60.2m ($55m in advertising revenues derived from the free-to-air broadcasters).
- The annual growth rate of the Tasmanian screen industry in terms of revenues is estimated to be about 4%.

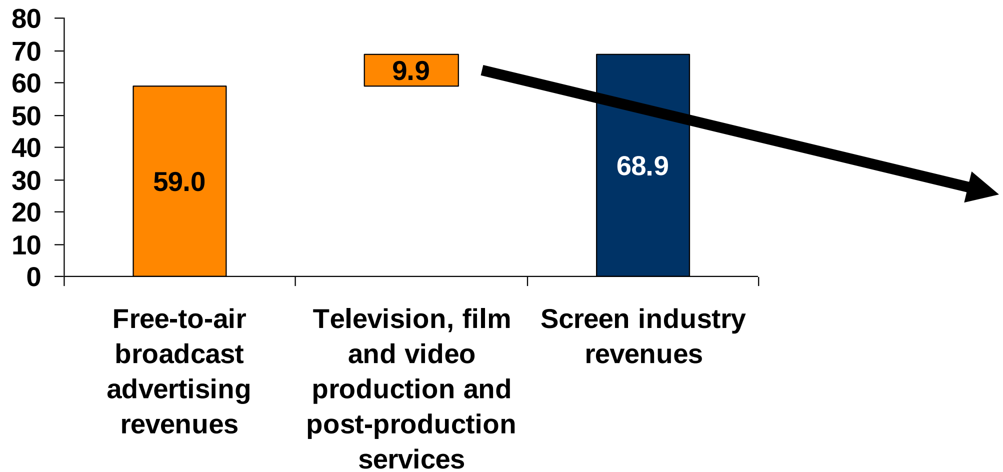


Figure 7: Tasmanian screen industry revenues in $m, 2008/09

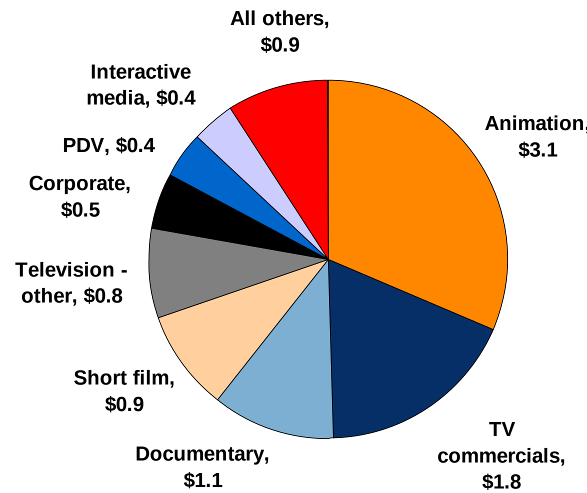


Figure 8: Breakdown of Tasmanian screen industry revenues in $m, 2008/09 (excluding broadcast advertising revenues)

Source: Industry survey, ABS, ThinkTV, Screen Australia, Nous analysis.

The Tasmanian screen industry had a production spend of almost $14m in 2008/09

- The Tasmanian screen industry had a project spend of $13.8m in 2008/09, including the estimated combined production spend of the broadcasters (ABC, WIN, Southern Cross)
- Apart from the broadcasters, the majority of production expenditure in Tasmania in 2008/09 came from just three companies in the industry.
- In particular, the animation sector accounted for more than $3m of the production spend in 2008/09.
- In summary, the Tasmanian screen industry can be described as comprising of a small group of large businesses plus a long tail of smaller companies whose revenues represent a very small share of total industry turnover.

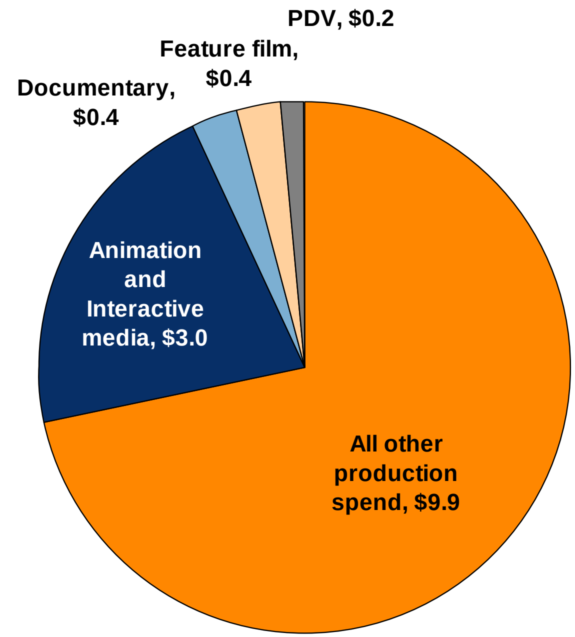


Figure 9: Breakdown of production spend in Tasmania in $m, 2008/09

Source: Industry survey, interviews. NB: Broadcaster production spends (including corporate production and television commercials) were combined to protect commercial in-confidence.

Screen industry production expenditure is estimated to have delivered $24.8m of economic value to the Tasmanian economy

- An economic multiplier indicates the ultimate effect of an economic variable, such as gross state product, that can be expected from an initial change in a related variable, such as screen industry production spend.
- Jurisdictions and industries can apply different multipliers to assess the overall economic impact of a chance in one particular variable
- For this review, Nous has applied the standard Australian multiplier of 1.80 for film and video production and distribution (recommended by the Australian Film Commission) to assess the approximate contribution to gross state product.
- The additional economic value derived from production spend includes complementary services such as transport, catering and accommodation spends.

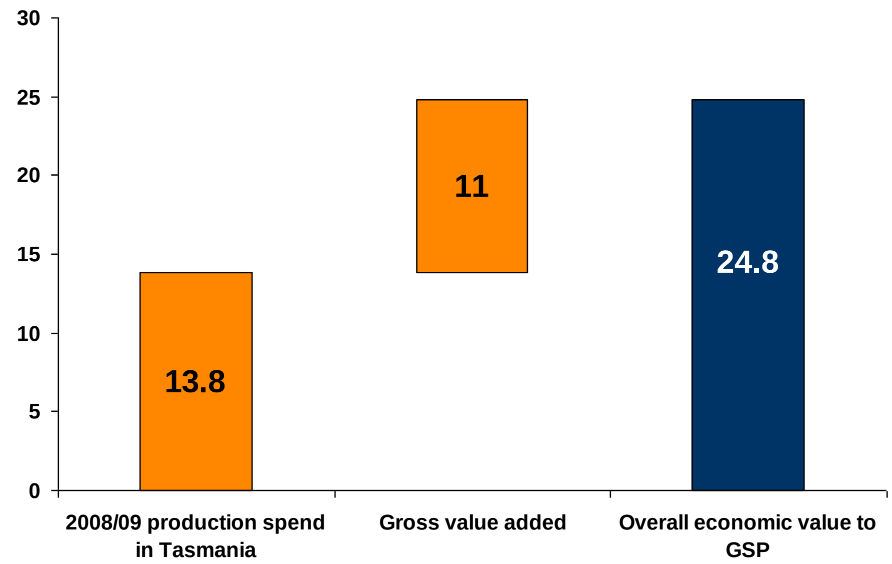


Figure 10: Economic value to Tasmania of production in $m, 2008/09

Source: Screen Australia.

The Tasmanian screen industry currently comprises of 32 businesses

- Eight of these businesses are in the animation, interactive media and education media sectors.
- Equally, eight of these businesses are in the television sector, which includes free-to-air broadcasters, corporate production and television commercials production.
- Six firms identified short films as their primary business activity, but it should be noted that short film production is typically an avenue for practitioner development in the screen industry.
- Businesses focusing on short films rarely derive any serious revenues from the production of such content.
- In 2006/07, the Tasmanian screen industry comprised of 21 businesses, but it is possible that short film businesses were not included in this figure.

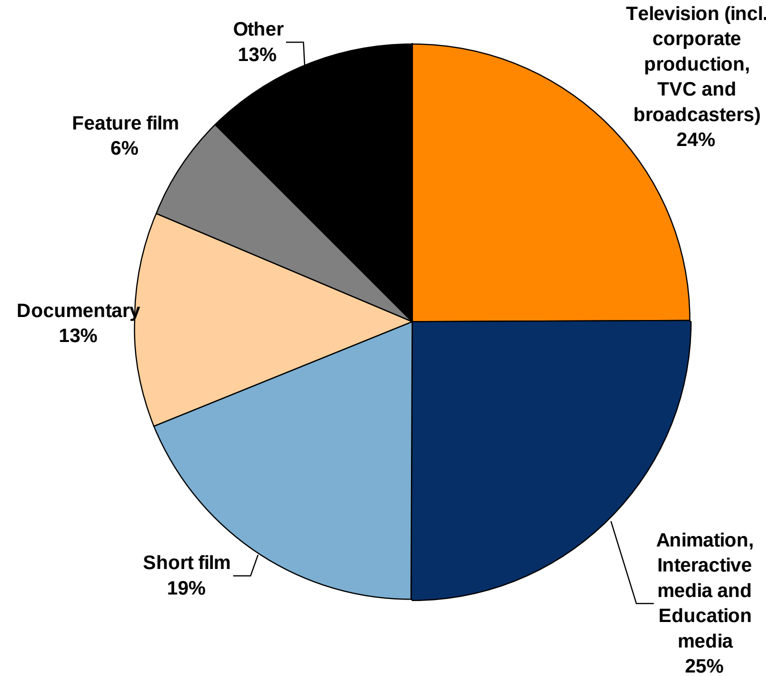


Figure 11: Breakdown of Tasmanian screen industry businesses, 2008/09

Source: Industry survey, ABS. NB: businesses were grouped in the above categories due to many businesses working across a number of sectors.

There are about 450 people working in the Tasmanian screen industry, with many in the television and broadcast sectors

- There were about 450 people working in the Tasmanian screen industry in 2008/09.
- This figure includes both permanent employees (who may be working part-time or full-time) as well as contractors.
- This also includes those working in production in the free-to-air broadcasters and affiliates based in Tasmania.
- The majority of those working in the Tasmanian screen industry work in the television and broadcast sectors.
- In 2006/07, there were about 300 employees in the Tasmanian screen industry, but it is possible that some of those whose involvement in the screen industry is predominantly unpaid were not captured in the ABS's analysis.

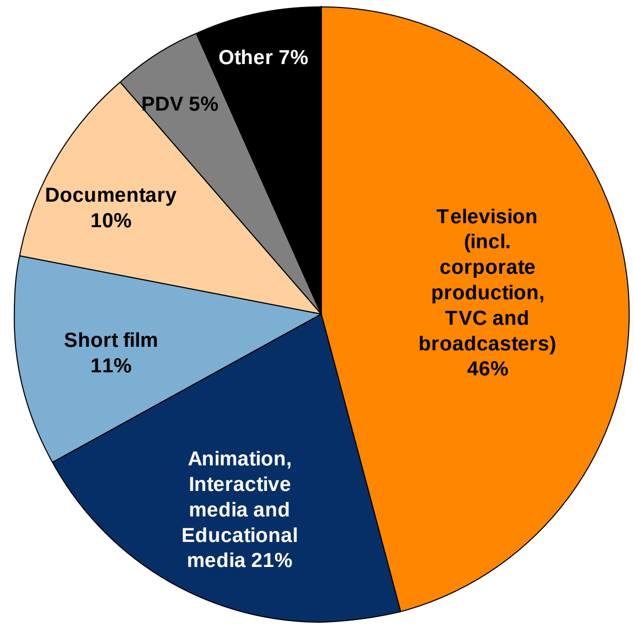


Figure: Breakdown of Tasmanian screen industry employees, 2008/09

Source: ABS; NB: 2006/07 are approximate due to the ABS collapsing broadcaster numbers with Northern Territory to protect commercial sensitivities

Animation provides the most ongoing employment of the different sectors in the Tasmanian screen industry

- 50% of those working in the animation sector derive more than 75% of their annual income from work in the screen industry.
- This is significantly better than the Tasmanians screen industry as a whole, where 31% of those working in the screen industry derive more than 75% of their annual income from the screen industry.
- Across the Tasmanian screen industry, only 30% of employees derive more than 75% of their annual income from work in the screen industry.
- This suggests that employment in the animation sector is particularly stable, indicating greater sustainability for the sector.
- Such stability in employment provides the ability for the employees to reach a greater level of specialisation and to therefore attract more work over time.
- This specialisation is achieved through greater continuous work, allowing for greater salaries commensurate with experience.

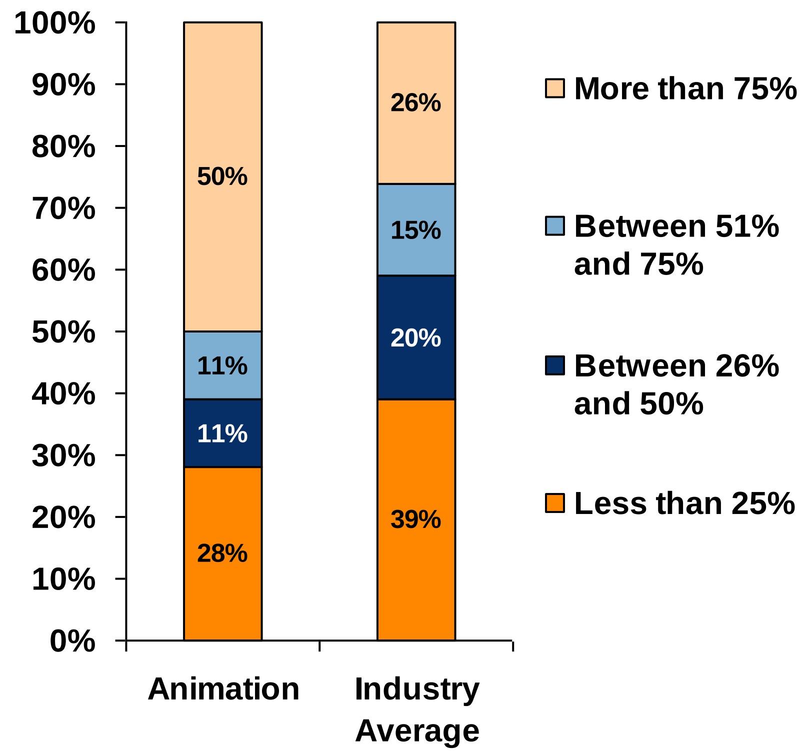


Figure: % of annual income derived from the screen industry, 2008/09

Source: Industry survey.

As well as making an economic contribution, the Tasmanian screen industry provides cultural value to Tasmania and Australia more broadly

- The screen industry sits at the heart of Australia's national life and identity.
- In particular, film and television have long played a significant role in the development of Australia's evolving culture and the articulation of Australian identities, both home and abroad.
- A vibrant screen industry can play a vital role in:
    - Reflecting and promoting Australian (as well as Tasmanian) stories, places, people and institutions
    - Encouraging national maturity and independence on both a local and global stage
    - Providing a historical record of Australian life for current and future generations.
- Screen Tasmania has directly invested in a range of projects over the last decade that have provided a cultural contribution in these areas:

Project Title	Cultural contribution
The Oldest Living Tasmanian	Tasmanian industrial and cultural history captured through eye witness accounts and experiences
Portrait of a Distant Land	Tasmania seen from the unique viewpoint of an indigenous photographic artist
The Last Confession of Alexander Pearce	Gruesome convict history brought vividly to life
A Family Divided	Heightened awareness of the realities facing some of Tasmania's African immigrants

- The cultural contribution of games and interactive media is much more widely debated.
- While games and other forms of interactive media require strong artistic skill and expression, these forms have played a lesser part in articulating national identity and shared understanding than film and television.
- However, as games and interactive media develop and mature as an art form, there may be opportunities at a later stage to reflect and promote distinctly Australian stories.
- This process may also be enhanced by the increasing convergence of products and brands in the screen industry.

The Tasmanian screen industry has also contributed to the strength of the Tasmanian brand in tourism and investment attraction

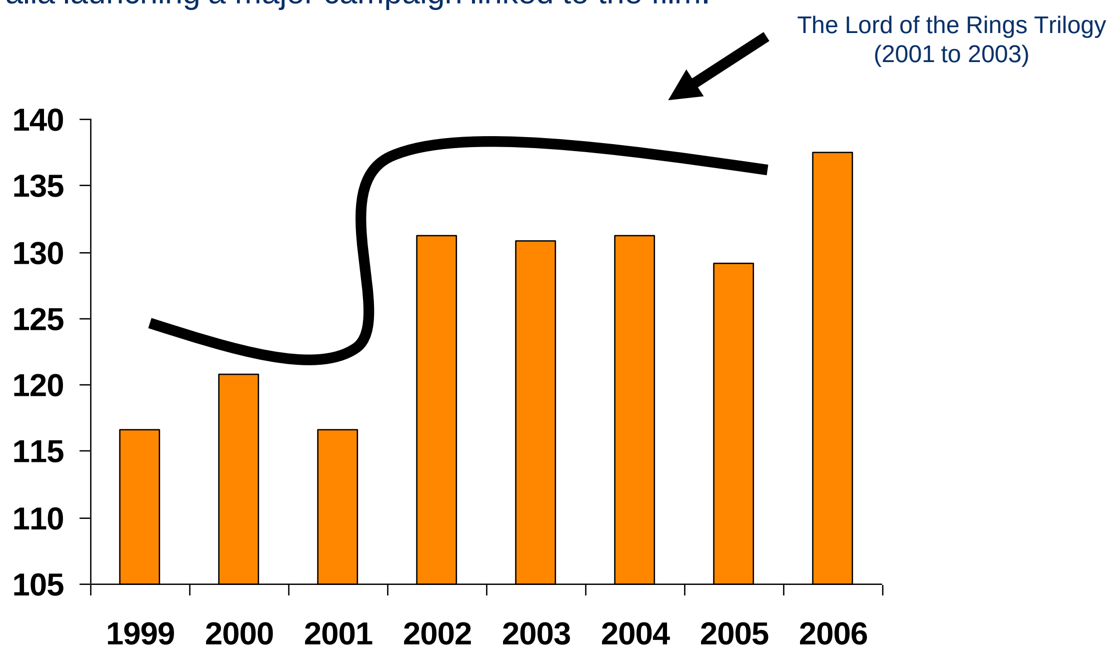
- A vibrant screen industry can play a vital role in promoting Tasmania by:
  - Showcasing Tasmanian locations
  - Highlighting the uniqueness Tasmanian lifestyle and experience
  - Highlighting the relevance and importance of Tasmania to Australia and the world
- Screen Tasmania has invested in a range of projects over the last decade that have promoted Tasmania as a brand, including:

Project Title	Representation of Tasmania
Stories from the Stone Age	Vast areas of Tasmanian countryside
Wildness	Breathtaking landscapes and flora
Testing Taklo	Welcoming local community for refugees
Real Life Water Rats	Influence of the maritime culture on Tasmanian life
The Passionate Apprentices	Traditional trades kept alive in idyllic rural settings

- It is difficult to determine the precise economic value of screen content representations of Tasmanian to the Tasmanian economy as a whole, but certainly these representations can reinforce other Tasmanian marketing efforts
- Also, as the sophistication of marketing develops, the synergies between screen content and brand benefits is likely to be a future source of economic value

The Tasmanian screen industry has also contributed to the strength of the Tasmanian brand in tourism and investment attraction (continued)

- The screen industry provides an ideal platform to contribute to the overall branding efforts of a region or a state like Tasmania
- One of the most prominent examples has been Director Peter Jackson's *The Lord of Rings* trilogy (released 2001 to 2003), which was shot in New Zealand and which commentators suggest contributed to the rise in international visitor numbers to that country during the 2002-2006 period (see figure below).
- The potential for screen industry content to promote a destination was also demonstrated with the recent release of *Australia*, with Tourism Australia launching a major campaign linked to the film.



Source: Tourism NZ

Figure: US holiday arrivals to New Zealand, 1999 to 2006

Stakeholders identified several major opportunities that may assist the ongoing development of the Tasmanian screen industry

Opportunity	Possible benefits for the Tasmanian screen industry
The rollout of the National Broadband Network (NBN)	• Tasmania is set to receive the NBN before any state, with a "head start" of about 2 years to the mainland • The rollout of the NBN provides benefits for production and post production activity in Tasmania in terms of faster connectivity to customers and suppliers in other jurisdictions both Australian, and international. • Faster broadband is likely to improve Tasmania as a destination for screen production, allowing for content to be uploaded for post-production, etc. • The NBN will also allow Tasmanian screen industry talent to reach audiences at lower costs via Internet Protocol Television (IPTV) programming. Revenue models for IPTV still require significant development.
Distinctive and diverse locations in close proximity to one another	• Tasmania boasts in close proximity a variety of distinctive locations including alpine, maritime, beach, inner urban, and rural • Tasmanian locations also boast up to 16 hours of sunshine during the northern hemisphere winter
The rise of "green screen"	• Low carbon footprint 'green' production is becoming increasingly popular in the global screen industry, as policymakers introduce emissions trading schemes and other mechanisms to reduce the output of greenhouse gases. • Tasmania's largely hydro powered environment makes Tasmania a much more attractive choice for screen industry production, particularly if there is momentum in the industry to measure the "carbon footprint" of productions.

Tasmanian screen industry faces some serious challenges if it is to take the next step in its growth

Key points

- The Tasmanian screen industry is currently in the establishment phase of its industry development.
- Tasmania is a small player in the Australian screen industry in terms of production output, even in its strengths of animation and documentary. It is also constrained by its distance from Australian and international centres of screen industry production.
- Overall, stakeholders perceive the current health of the Tasmanian screen industry as ‘average’ to ‘weak’.
- Like the Australian industry overall, the level of production expenditure in Tasmania has been volatile since 2001. This volatility makes it very difficult to build sustainable businesses and to provide secure, well paid jobs.
- Most of the businesses in the Tasmanian industry are very small, and very few appear sustainable without government assistance.
- Apart from in the animation sector, very few individuals derive a full-time wage from the screen industry.
- Stakeholders perceive inadequate infrastructure and depth of skills in Tasmania, particularly in regard to feature film and TV drama production. There are no tertiary education courses tailored to the needs of the industry available in Tasmania.

The Tasmanian screen industry is currently in the establishment phase of its industry development

- The Tasmania screen industry is currently in the establishment phase of its industry development.
- The establishment phase is characterized by:
  - Low number of screen industry businesses with revenues in excess of $1m
  - A low number of screen industry jobs (in terms of FTEs)
  - A small and volatile level of screen industry production expenditure
  - A promising but not yet proven reputation for high quality screen industry production (measured by cultural reach, awards, festivals)
- Improvements on these indicators of advancement would represent movement to the growth phase of industry development.
- Importantly, there is a very strong will among stakeholders for the Tasmanian screen industry to “take the next step”, entering the growth phase.

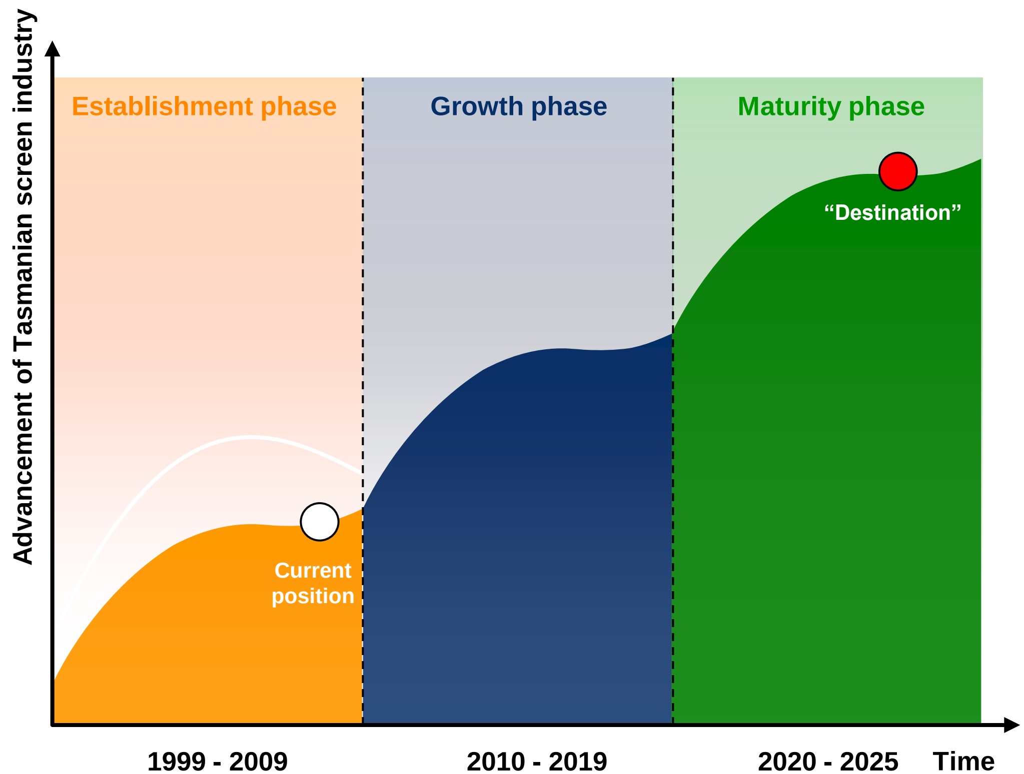


Figure: Industry growth curve for the Tasmanian screen industry

Tasmania is a small player in the Australian screen industry in terms of production output, even in its strengths of animation and documentary

Feature film and TV drama

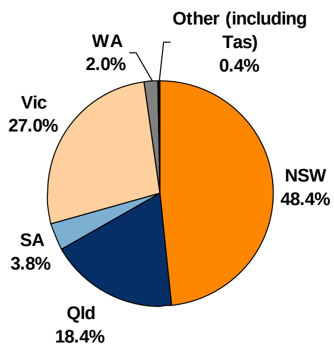


Figure: Production spend in Australia, 1999/00 – 2007/08

- Feature film and TV drama productions in Australia have been heavily dominated by New South Wales, Victoria, Queensland and South Australia over the past decade.
- Very little feature film and TV drama production has occurred in Tasmania over this period, with Tasmania accounting for 0.4% of total production.
- NB; This data does not include Arctic Blast, a co-production feature film shot in Tasmania in 2009.

Documentary

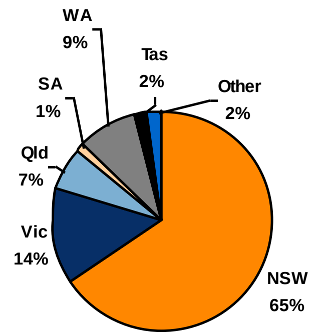


Figure: Hours screened on Australian TV by state source of production, 2002/03 – 2006/07

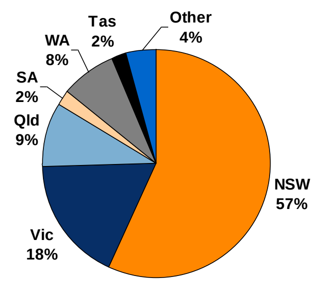


Figure: Australians titles produced by state source of production, 2002/03 – 2006/07

- Tasmania has accounted approximately 2% of documentary production in Australia in terms of both hours screened and titles produced.
- The inclusion of 2008 and 2009 figures would likely strengthen Tasmania's overall share of documentary production

Animation

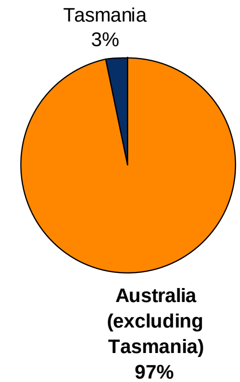


Figure: Hours of production for TV broadcast, 2000/01 – 2007/08

- In terms of national share of production, animation has been Tasmania's strongest performing sector, accounting for about 3% of total production.

Source: Screen Australia

Overall, stakeholders perceive the current health of the Tasmanian screen industry as ‘average’ to ‘weak’

- Those interviewed by this review were asked to provide their assessment of the current health of the Tasmanian screen industry, with the average response being 4.2 on a scale of 1 to 10 (1=Very Weak, 10=Very Strong).
- In particular, those interviewed identified a lack of sustainable businesses, a lack of annual production in Tasmania, and insufficient infrastructure (including equipment) and skills.
- These weaknesses was identified by stakeholders relative to other Australian states *but importantly also in absolute terms*, and were seen as most evident in the feature film and TV production sectors.
- Respondents to the industry survey assessed the capability and reputation of the Tasmanian screen industry as follows:

Screen industry sector	Average response
Feature film	Weak
Short film	Average
Television - drama (including children's drama)	Weak
Television - other (news, sport, lifestyle, reality)	Average
TV commercials	Weak
Documentary	Average
Post, digital and visual effects production (PDV)	Average
Animation	Strong
Games	Average
Facilities provision (e.g. equipment hire)	Average
Services provision (e.g. location scout, casting agent, production management, budgeting)	Average

Source: Interviews, industry survey.

Like the Australian industry overall, the level of production expenditure in Tasmania has been volatile since 2001

- The Tasmanian screen industry has encountered volatile levels of production activity over the last eight years.
- However, when compared to the historical national production spend in documentary, animation and TV drama, this volatility is not particular to Tasmania and is consistent with the national trend.
- Nonetheless, this highlights the volatility of the industry in terms of production spend, partly explaining the industry's difficulties in being able to develop sustainable businesses

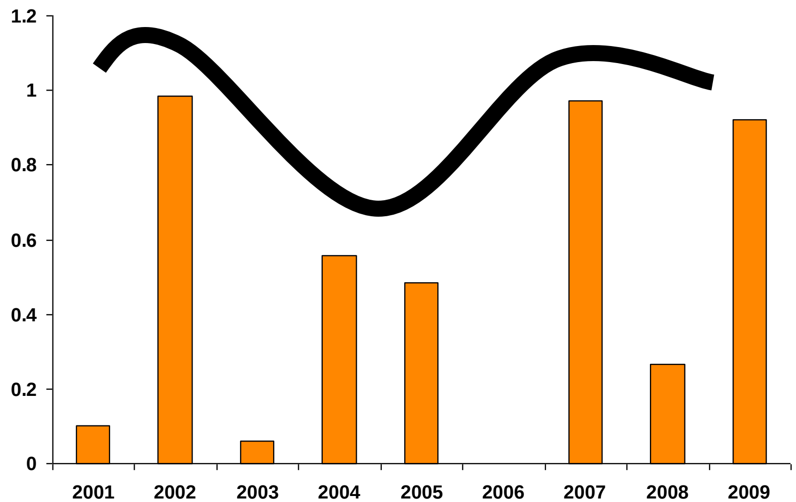


Figure: Production spend in Tasmania in $m, 2001 - 2009

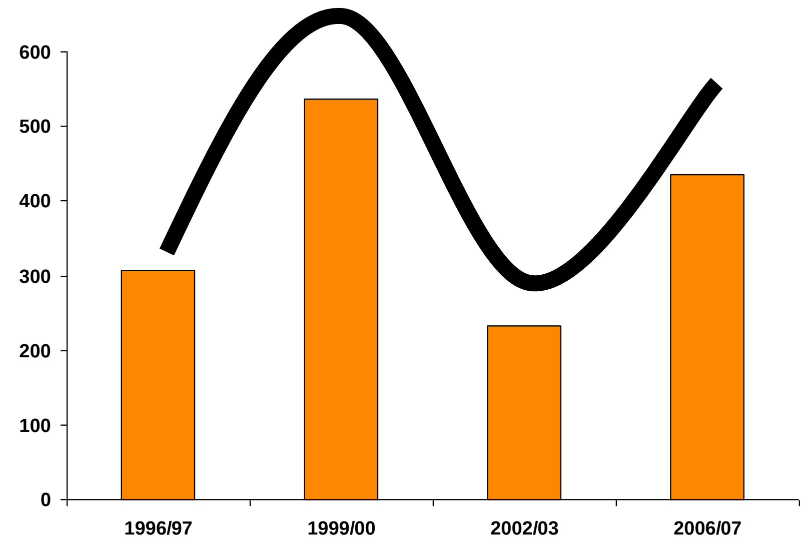


Figure: TV drama, documentary and production spend in Australia in $m, 1996/97 – 2006/07

Source: Screen Tasmania; Screen Australia. NB: Due to data limitations, this only includes Screen Tasmania leveraged productions, however, this is considered a suitable proxy for industry-wide production trends.

Most of the businesses are very small, and very few appear sustainable without government assistance.

- Five Tasmanian firms have an annual turnover of more than $1m.
- These five firms account for about 80-90% of Tasmanian production and industry revenues.
- This figure includes the revenue of broadcasters and those companies involved in commercials and corporate production.

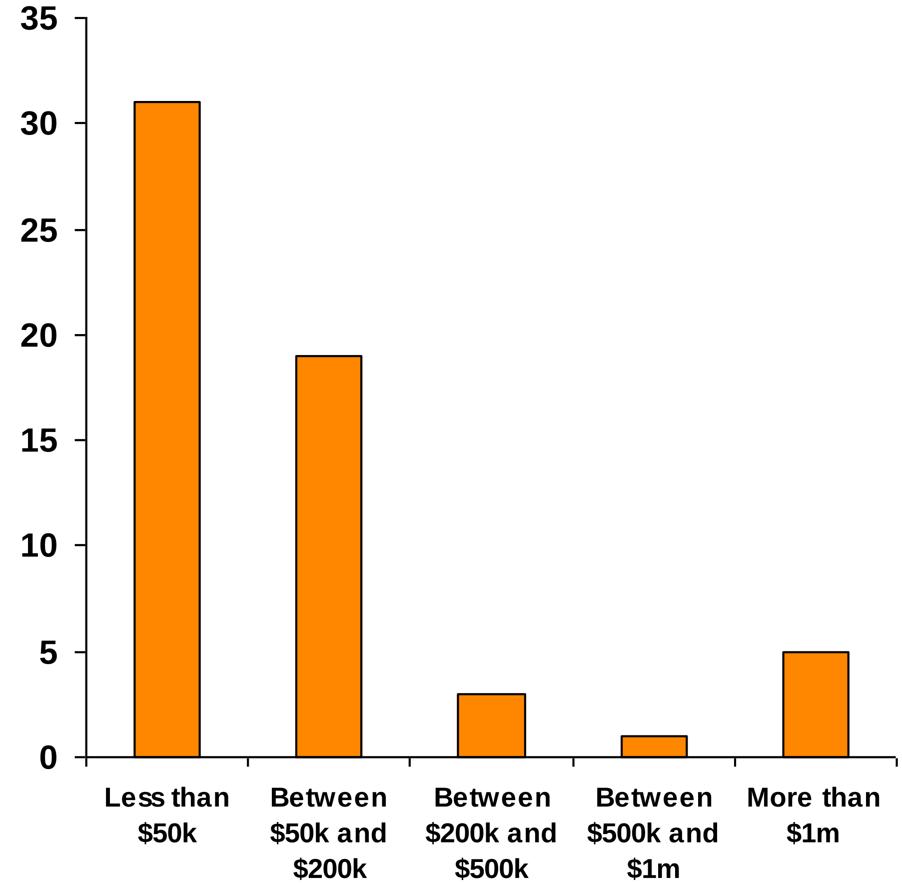
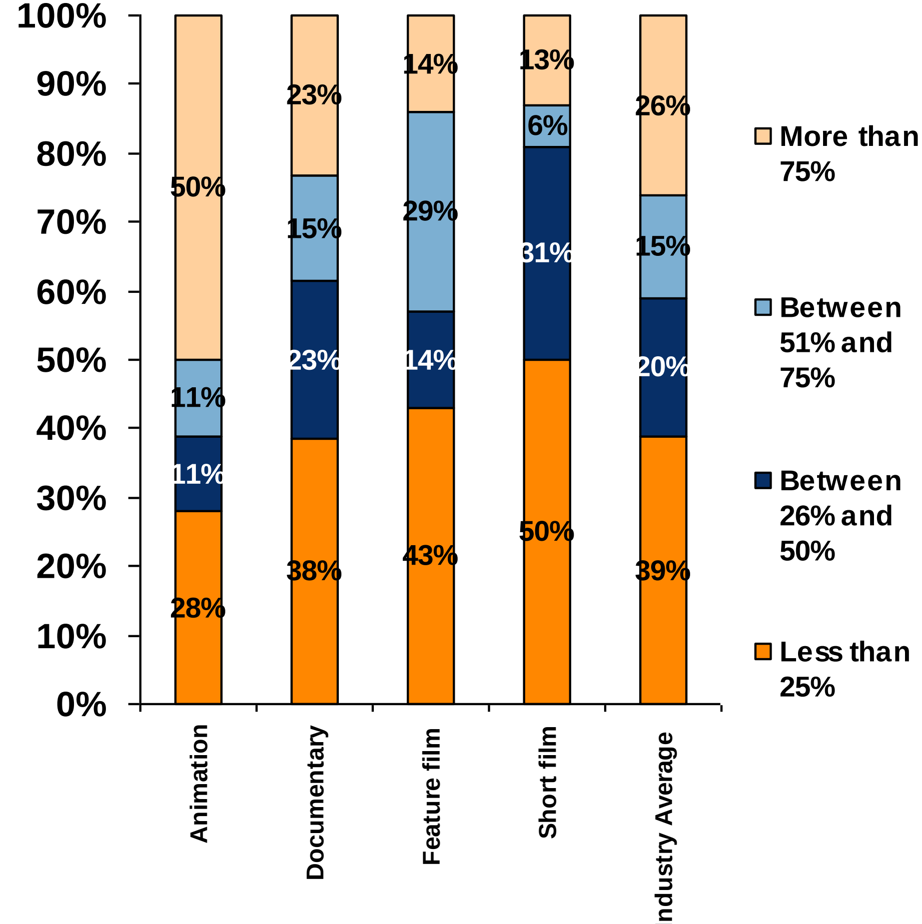


Figure: Revenue of Tasmanian screen industry firms

Source: Industry survey.

Apart from in the animation sector, very few individuals derive a full-time wage from the screen industry

- Just over 1 in 4 individuals responding to the survey earned more than 75% of their income from the screen industry.
- More than 50% of the respondents who work in the feature and short film sectors relied on other sources of income for half or more of their income.
- Animation sector workers reported the most secure income from the industry with around 50% reporting that 75% or more of their income was sourced from screen industry employment.



Source: Industry survey.

Figure: % of annual income derived from the screen industry, 2008/09

Stakeholders perceive inadequate infrastructure and depth of skills in Tasmania, particularly in regard to feature film and TV drama production

- Stakeholders reported that anyone with skills in feature film and TV drama sectors must work on the mainland, where there is much more “production volume” in these areas, in order to have a sustainable career.
- Stakeholders also highlighted that important categories of production equipment is not available in Tasmania and that there is a significant cost involved in shipping this production equipment from the mainland to Tasmania.
- No degree-level qualification for work in the screen industry is attainable in Tasmania.

Contents

Screen Tasmania has played a key role in the growth of the Tasmanian screen industry over the last decade, through its production investment as well as a range of development programs

Key points

- Screen Tasmania has invested $4.3m over the last decade, leveraging $13.4m production spend in Tasmania with an overall leverage ratio of 3.1.
- Screen Tasmania has increased its leverage ratio over the last decade.
- Animation and documentary productions have been the major source of production investment for Screen Tasmania.
- Animation projects have delivered Screen Tasmanian the highest “bang for their buck” in terms of production investment over the past decade.
- Screen Tasmania has also supported the industry through a range of development programs, investing $1.6m over the past five years.
- Screen Tasmania has provided Wide Angle Tasmania with about $250k in funding over the last five years.

Screen Tasmania has invested $4.3m over the last decade, leveraging $13.4m production spend in Tasmania with an overall leverage ratio of 3.1

- The Tasmanian screen industry had a project spend of approximately $4.8 million dollars in 2008/09.
- The majority of this spend came from just three companies in the industry, with the animation sector accounting for more than half of the production spend in 2008/09.
- The median spend for the industry was approximately $10k, i.e. approximately half of Tasmania's projects spends are less than $10k
- This indicates that the majority of the players in the Tasmanian screen industry are small.
- In summary, the Tasmanian screen industry can be described as comprising of a small group of large businesses plus a long tail of smaller companies whose revenues represent a very small share of total industry turnover.

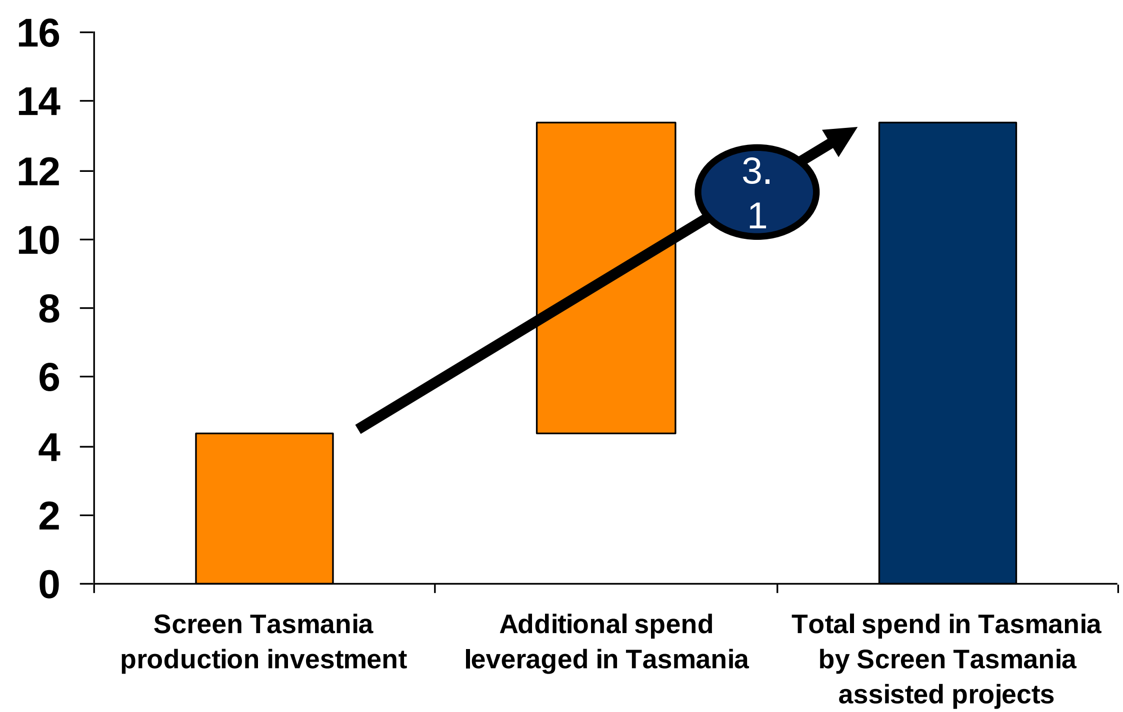


Figure: Screen Tasmania production investment and leveraged spend, 2008/09

Source: Screen Tasmania

Screen Tasmania continues to increase its leverage ratio

- The leverage ratio refers to the additional spend in the state for every $1 invested in the production by Screen Tasmania. It is a critical measure of the effectiveness of screen agencies.
- Over the past decade, Screen Tasmania has consistently improved its leverage ratio, suggesting that its production investment is becoming a more efficient mechanism for attracting production spend in Tasmania.
- NB: There was no production investment by Screen Tasmania in 2006.

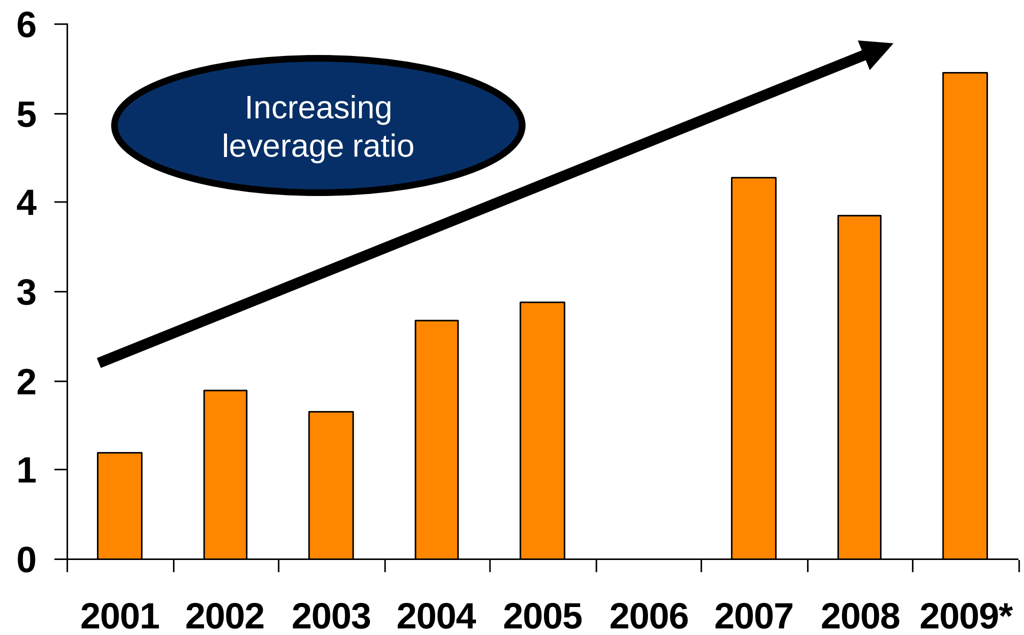


Figure: Screen Tasmania production leverage ratio, 2001 - 2009

Source: Screen Tasmania; *2009 data is up to September 30th 2009

Animation and documentary productions have been the major source of production investment for Screen Tasmania

- Screen Tasmania has devoted a considerable share of its production investment to documentaries ($1.9m) and animation ($1.4m) since 2001.
- This production investment is consistent with stakeholder perceptions that animation and documentary in particular (and short film in some cases) are the current strengths of the Tasmanian screen industry.
- The identification of these two sectors as current strengths of the Tasmanian screen industry is also reflected in the number of businesses and practitioners in the Tasmanian screen industry, with these two sectors strongly represented.
- Screen Tasmania has also heavily invested in short films ($0.6m), though Screen Tasmania's focus with such investments has been practitioner development and no equity was retained by Screen Tasmania.

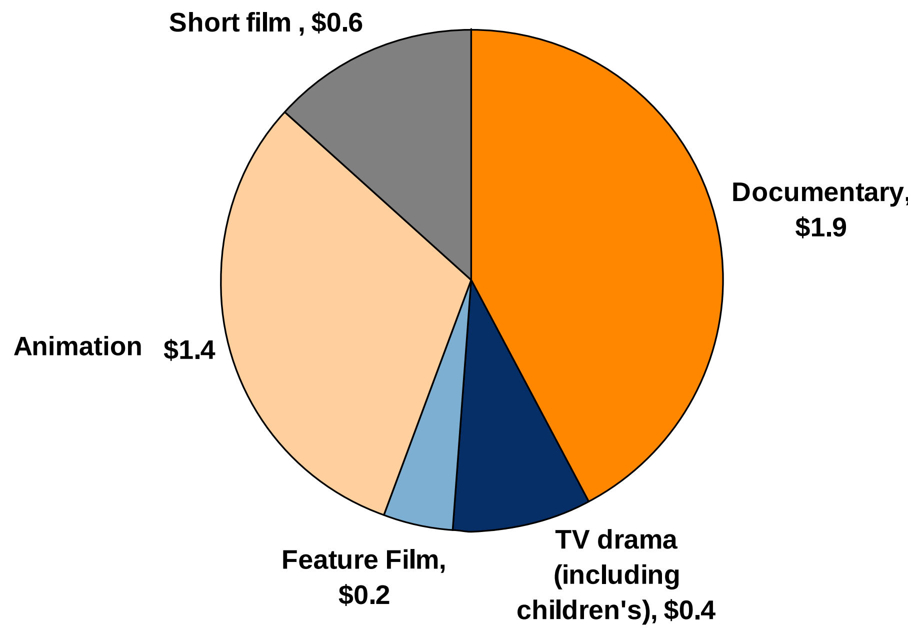


Figure: Screen Tasmania production investments in $m, 2001 – 2009

Source: Screen Tasmania

Animation projects have delivered Screen Tasmanian the highest "bang for their buck" in terms of production investment over the past decade.

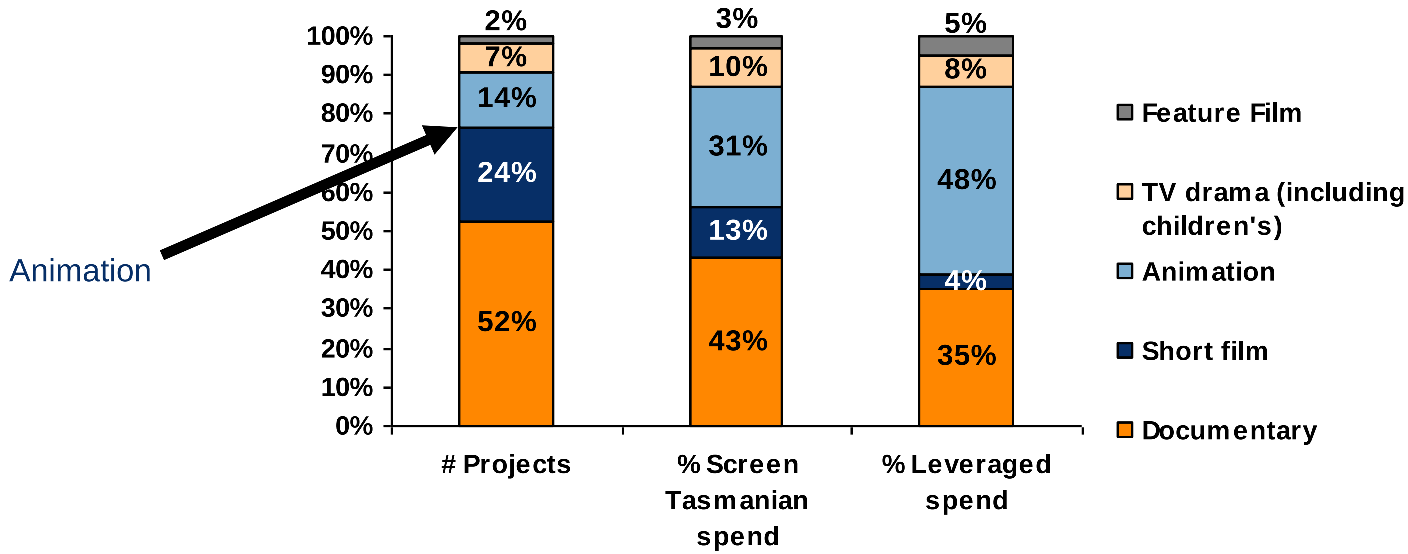


Figure: Overview of Screen Tasmania production spend and leveraged spend by sector, 2001 - 2009

- Animation projects are particularly desirable for Tasmania because the production investment leverages a proportionally higher production spend and a higher number of jobs in Tasmania. These jobs are typically high-value jobs.
- Documentaries have leveraged high spend in Tasmania, but the ratio is less then animation. However, documentary investment has accounted for a large share of employment following from Screen Tasmania's investment. These jobs are typically longer engagements than in short film.
- Short films have not historically leveraged much more spend in Tasmania. Short film investment has leveraged Tasmanian jobs, but these are typically low-value and short-term engagements. It should be noted that Screen Tasmania has invested in short films in order to develop practitioners, and so leveraged spend has not been an objective of the production investment.
- Feature film and TV drama investments have proportionally leveraged spend in Tasmania and jobs.

Source: Screen Tasmania

Screen Tasmania has also supported the industry through a range of development programs, investing $1.6m over the past five years

- Screen Tasmania has invested in a range of development programs over the past five years, with total investments being approximately $1.6m.
- Over the last five years, there has been a strong increase in people development, as well as significant fluctuations in project-based development.
- Over the last twelve months, Screen Tasmania has been particularly focused on the development of a feature film and TV drama.
- An important new business-based development program has been the Creative Producer Scheme which is designed to help improve the skills of three local producers and to support them in developing one project into a sustainable production business over a three year period.

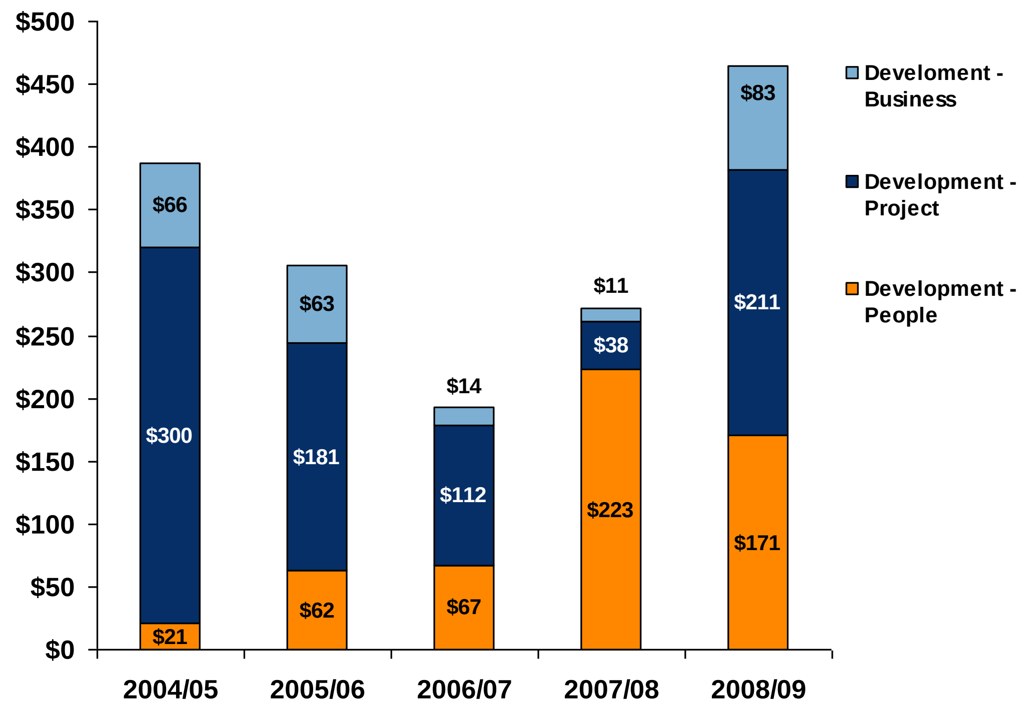


Figure: Screen Tasmania investment in development programs in $k, 2004/05 – 2008/09

Source: Screen Tasmania

Screen Tasmania has provided Wide Angle Tasmania with about $250k in funding over the last five years

- Wide Angle Tasmania is an organisation committed to the nurturing and development of talent for the Tasmanian screen, particularly for mid-level practitioners and below.
- Wide Angle Tasmania's primary objectives are:
    1. Motivate, excite and inform Tasmanians about the cultural, creative and career opportunities that exist within the screen sector.
    2. Develop and foster the skills of Tasmanian screen practitioners.
    3. Provide access to resources and expertise to promote professional development, peer interaction, quality and innovation in screen production.
    4. Encourage and facilitate collaborative projects with cultural and professional development outcomes.
    5. Engage Tasmanian audiences through presentation of screening programs.
- About 4% of Screen Tasmania’s annual budget has been allocated to Wide Angle over the last five years.
- In 2008/09, Screen Tasmania provide over $60k for Wide Angle Tasmania to meet operational costs.
- In 2007/08, Screen Tasmania provided additional program funding as well as operational funding.
- Wide Angle Tasmanian plays a different role than Screen Tasmania in the Tasmanian screen industry, with strong focus on practitioner development, particularly at the emergent stage.
- As practitioners become more experienced it is more appropriate for them to access Screen Tasmania funding.
- The future success of the Tasmanian screen industry requires both Screen Tasmania and Wide Angle Tasmania to have an ongoing dialogue about they can work together, removing overlap and ensuring minimal gaps in terms of practitioner and industry support.

Screen Tasmania faces a number of challenges that should be addressed in order to drive further growth in the Tasmanian screen industry

Key points

- Screen Tasmania currently has the lowest leverage ratio of all the state screen agencies.
- Relative to other jurisdictions, Screen Tasmania's funding level measured by $ per capita is about average.
- While stakeholders acknowledged the relatively small size of Screen Tasmania's budget, almost unanimously they perceive that the agency is currently undertaking too many activities.
- Screen Tasmania production investments have recouped very little return.
- While many stakeholders acknowledge the contribution Screen Tasmania has made, many also perceive significant areas for improvement.

Screen Tasmania currently has the lowest leverage ratio of all the state screen agencies

- Though Tasmania's production leverage has improved time, it remains the lowest leverage of all the state screen agencies
- The very high ratios of Victoria, Queensland and New South Wales are due in part to the attraction of large-scale foreign footloose productions occurring in these states, including *The Pacific* in both Victoria and Queensland.
- It should also be noted that Screen Tasmania has already achieved a production leverage ratio of about 5 in 2009, suggesting continual improvement in this area.

	Production investment ($m)	Production spend in state ($m)	Leverage ratio (multiple)
Vic	6	205	34
QLD	8	122	15
NSW	5	68	14
WA	5	42	8
SA	6	30	5
Tas	1	4	4

Source: Screen Tasmania

Screen Tasmania is funded "middle-of-the-road" relative to other jurisdictions in terms of $ per capita

- Tasmania is funded in the "middle-of-the-road" at $2.77 per head of population.
- This is compared with Western Australia where the screen industry receives $3.80 per head of population.
- To be funded at the same level (in terms of $ per person) as the Western Australia screen agency, Screen Tasmania would need to receive an annual allocation of about $1.9m.
- Overall, the Tasmanians screen industry represents about 1% of government funding in Australia, which has obvious limitations for it to compete relative to larger jurisdictions.

	Total Screen agency funds	% share GSP	Investment per person
WA	$8.3m	0.006%	$3.80
Vic	$19.2m	0.008%	$3.62
SA	$5.3m	0.007%	$3.28
Tas	$1.4m	0.007%	$2.77
Qld	$11.5m	0.005%	$2.67
NT	$0.6m	0.004%	$2.50
NSW	$9.1m	0.003%	$1.30
ACT	$0.3m	0.001%	$0.87

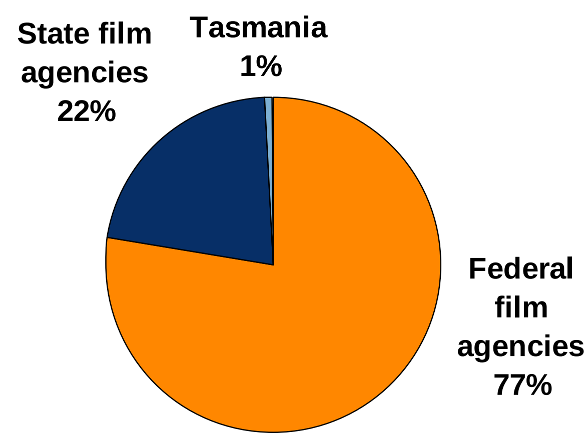


Figure: Breakdown of screen industry funding, 2007/08

Source: Screen Australia

Screen Tasmania production investments have recouped very little return

- This is not unusual for Australian screen agencies generally.
- For this – and other reasons – screen industry agencies have been exploring other assistance structures for businesses and projects in recent years.
- Since 2004/05, Screen Tasmania has recouped less than $200k:
- These figures include other sources of income for Screen Tasmania as well (such as box office for events)

Year	Recoupment
2004/05	$ 78,259
2005/06	$ 20,417
2006/07	$ 49,812
2007/08	$ 13,330
2008/09	$ 17,511

Source: Screen Tasmania

Around 6% of Screen Tasmania's development investments have gone into production

- Stakeholders have suggested that a standard "development-to-production" ratio is between 10% (Australia-wide) and 12.5% (United States of America).
- While it is important to acknowledge that development funding is naturally a "hit and miss" game, the return on development for Screen Tasmania is lower than industry-wide averages.

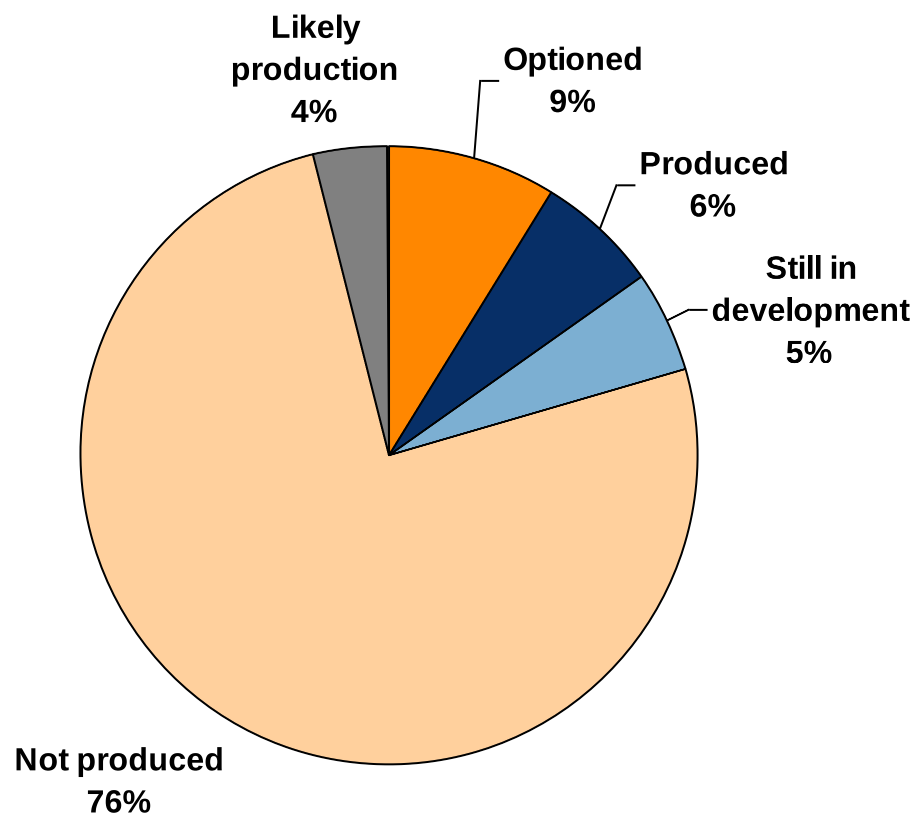


Figure: Breakdown of Screen Tasmania's development investments, 2001 – 2009.

Source: Screen Tasmania

While many stakeholders acknowledge the contribution Screen Tasmania has made, many also perceive significant areas for improvement

- Stakeholders acknowledged that Screen Tasmania had made particular improvements in the way that it supported the industry
- One stakeholder suggested that “over the last two years we’ve seen a real lift [in] Screen Tasmania’s support for the industry”.
- Another suggested: “For the past couple of years they have come on track and have made a 1000% improvement to the local industry – well done!”
- Those interviewed suggested that Screen Tasmania’s resources have typically been spread across too many sectors (sometimes when there isn’t currently a strength, e.g. film and television) and across too many projects.
- However, the consultation process also suggested there a number of areas that Screen Tasmania still needs to focus its efforts to further improve its standing in the industry:

Screen Tasmania's 'areas for development' as identified by stakeholders

Area for development	Stakeholder comments
Decision making too slow	• Decisions for funding take too long and are sometimes a disincentive for applying • Decisions appear to be quicker in other states and even quicker again overseas • Dissatisfaction with the speed of legal processes connected to successful funding decisions
Lack of stakeholder engagement	• There doesn't appear to be much of a Screen Tasmania presence in terms of visiting sites and facilities • Screen Tasmania doesn't appear to touch base often on how projects are progressing • There could be a greater dialogue between Screen Tasmania and Tasmanian businesses as to how Screen Tasmania could help them more effectively
Low transparency of decision making	• Ministerial approval for grants is not industry standard and is often not appropriate • Funding decisions are not always reported on the Screen Tasmania website, and sometimes they are to slow to go up
Lack of strategy for industry development	• Lack of strategy for industry development • It is not always clear what Screen Tasmania is focusing on
Uneven communication with stakeholders	• Communication between Screen Tasmania and practitioners is not always consistent (i.e. not every practitioner receives the same information) • Screen Tasmania's regular newsletter is not always accurate, timely nor useful
Lack of communication with other parts of government and the corporate screen industry	• There might be more opportunities for Screen Tasmania to collaborate with other parts of the Tasmanian Government • Little evidence of communication between Screen Tasmanian and the corporate side of the Tasmanian screen industry, e.g. Tasmania-based broadcasters

Contents

The purpose of a Tasmanian Screen Industry Vision

- Developing a long term vision for the industry was a key part of the terms of reference for this project.
- The purpose of this vision is to articulate the target ‘future state’ for the industry as a guide for industry participants, for Screen Tasmania, and other partners in government both in Tasmania and in the Commonwealth
- The vision outlined overleaf reflects the input of a variety of stakeholders including industry participants, Screen Tasmania staff and Board members, and partner organisations in the private and public sectors.

Tasmanian Screen Industry Vision

Vision for the Tasmanian Screen Industry
In 2014 Tasmania will: • Have a rich pool of talented, skilled creatives including writers, directors and producers who: (A) are generating original and innovative content which is in demand in the national and international marketplace; and (B) underpin profitable businesses in the state. • Have a healthy mix of production across a diversity of genres including factual, drama and digital media content which is generated by local and non-Tasmanian production companies. • Have a strong profile nationally and internationally as an attractive and viable shooting destination.
Indicators of success
Each year, the Tasmanian screen industry will grow: • The number of businesses in the industry with revenues in excess of $1m • The number of screen industry jobs (in terms of FTEs) • The screen industry spend in Tasmania • Tasmania’s reputation for world class screen industry content (as indicated by audience reach, awards, festivals and so on)

Contents

Nous has developed three strategic options for Screen Tasmania

- Drawing on the insights gained in the industry analysis phase, Nous has developed three strategic options for Screen Tasmania to be able to deliver on the vision for the Tasmanian screen industry.
- These three options reflect the major schools of thought that emerged from stakeholders during the consultation process and the broader industry analysis phase of this project.
- These options were tested and refined during the consultation phase of the project, particularly the industry workshops and interviews with Screen Tasmania board members, and were explored in detail with Screen Tasmania.
- The three options for consideration are:

  Option 1: Enterprise development

  Option 2: Production activity focus

  Option 3: Local development

- Each option is explained in detail in the following pages, with an outline of how each draws upon the four key policy levers available to Screen Tasmania:
  - Development – Projects, People, Businesses
  - Investment – Equity, Non-Equity
  - Production attraction
  - Industry advancement – Screen Tasmania promotion, festivals, screenings

Option 1: Enterprise development - Building sustainable businesses (most likely in animation, multimedia, and documentaries)

- The principal focus of Option 1 is to invest in Tasmania's most successful screen industry enterprises – or those with the most potential – so that they can be:
  - Self-sufficient by 2014 and free to pursue a range of truly innovative projects
  - Employing a large number of Tasmanians in key sectors
  - Producing a number of projects each year without any government support
  - Contributing to business critical mass in key sectors
  - Strengthening Tasmania's national profile as a destination for animation, multimedia and documentaries
- This option also includes the offering of incentives to a producer or a production house to move their business to Tasmania from the mainland to bolster the local industry's base of well-established, growing enterprises.
- This option shifts the majority of government funding from production investment to enterprise building.
- This option recognises Tasmania's existing sector strengths, suggesting these sectors are the best starting point for enterprise development, but enterprise development programs may be extended beyond these sectors.
- This option is aligned with the policy shift at the federal level, where Screen Australia has designed the Australian Screen Production Incentive to increase production and help the Australian industry grow by developing sustainable businesses.

"Two things are important to a broadcaster when commissioning a TV series: (1) quality of the concept; (2) track record of the producers."

Interview comments from a broadcaster employee

Option 1: Enterprise development

Potential implementation initiatives	
Development	• Screen Tasmania and enterprises jointly map out a package of support components based on a shared view of the specific needs of each enterprise. • Assistance might also include a series of workshops on: 1. The development and execution of business strategy, with a particular focus on creating a series of revenue streams to ensure ongoing business sustainability 2. Media and technological trends (such as IPTV), with a focus on how to begin thinking about monetizing content in these areas 3. Deal making, raising finance, marketing and distribution. • The use of international consultants and experts would be a significant part of all of these workshops, and they would be similar to the Arista/Eurista series but with a business development focus. • These workshops might include “open sessions” where all industry practitioners could attend. • Extension of the current Creative Producer’s Scheme to include more direct training in screen business • Funding for project development would be for a slate of projects, and would include an increased commitment to market testing.
Investment	• There would be no direct budget allocation for production investment, but allocations for enterprise development may be used by the enterprises, in consultation with Screen Tasmania, for production investment if there is a strong business case. • Any investment would allow the equity to remain with business/producer to build the businesses ongoing revenue streams.
Attraction	• Attraction of an experienced Australian producer or production business to Tasmania to help ensure growth in production activity over the next three years. • The producer could be provided with project development resources and assistance from Screen Tasmanian to access funding for projects with a positive ROI for the state of Tasmania. • Facilitation of location scouting and responding to location inquiries, continuing to make the most of any opportunistic projects in the state (though such projects would not receive any production assistance).
Industry advancement	• Development of a national festival in animation and multimedia to consolidate Tasmania’s competitive advantage in this sector and to position Tasmania as an innovative destination for screen industry production. • Strong linkages with Tourism Tasmania and the Tasmanian Government more generally, but particularly with this respect to an annual festival.

Option 2: Production activity focus – Securing major projects for Tasmania which deliver a high level of ongoing production activity. i.e. TV drama series such as *McLeod's Daughters* which was shot in S.A.

- The focus of Option 2 is to use the majority of Screen Tasmania's resources to invest in the production of major productions in Tasmania each year so as to provide:
  - Sufficient production throughput in Tasmania out to 2014
  - Adequate employment opportunities to attract Tasmania's screen industry diaspora back to Tasmania
  - Provide a training ground for Tasmania's emerging talent
  - Provide a catalyst to kick-start the industry
- Both support for Tasmanian productions and attraction of footloose productions would be part of this Option.
- A range of creative investment and recoupment options could be explored so as to increase the attractiveness of Tasmania as a destination for production.

Option 2: Production activity focus

Potential implementation initiatives	
Development	• Series of programs specifically tailored to getting a small number of Tasmanian concepts to the point of production. • Development funding increasingly concentrated in key projects and deliberate steps to fast-track the development process. • Strong focus on market viability at all stages of development assistance, with market testing as early as possible. • Successful producers (i.e. those with a track record of driving Tasmanian production activity) are prioritised for future development funding. • Where possible, attachments would be sought for productions in Tasmania similar to the current Screen Tasmania attachment program • Otherwise, emerging practitioner development programs are reduced.
Investment	• Screen Tasmania to use its leverage as an investor to incentivise major productions in Tasmania, similar to its current Production investment program • If an appropriate Tasmanian concept was not available, Screen Tasmania would seek to attract footloose production. • The primary criteria for attracting footloose production would be the project's ability to: (1) create Tasmanian jobs through maximising production spend in Tasmania, (2) skill-up Tasmania' skill base • Production investment would be typically between $250k to $400k per project, and be opportunistic to maximise Tasmania's production activity level. • A range of investment and recoupment options to make Tasmania more attractive for production. • Investment programs that are focused on practitioner development, such as Short Fuse, would also be defunded
Attraction	• Major focus on marketing Tasmania as a production destination, focusing on location and the 16 hours of sunlight during the northern hemisphere winter. • Facilitation of location scouting and responding to location inquiries, continuing to make the most of any opportunistic projects in the state.
Industry advancement	• No investment.

Option 3: Developing Tasmanian projects and people, shepherding through the local production of Tasmanian projects

- The focus of Option 3 is a strong focus on the development of Tasmanian projects and the development of Tasmanian skills to a competitive industry standard.
- This option is underpinned by a philosophy of “letting a thousand flowers bloom” and is long-term strategy aimed at increasing the level of skills across the Tasmanian industry
- This option aims to be the most supportive of independent producers by:
  - Investing significantly at the development phase, with a high number of seed grants
  - Low barriers to entry, particularly at the level of seed grants
  - Shepherding through those projects which are of the highest quality to the production stage
- This option offers very little enterprise development support on the understanding that such support is accessible at the federal level
- This option includes the strong investment in Tasmania projects that have undergone development in Tasmania.

Option 3: Local development

Potential implementation initiatives	
Development	• Significant focus on development of projects, principally through Screen Tasmania's existing Draft funding and Seed funding programs • A high number of training workshops and programs that explicitly address the training needs of Tasmanian practitioners • A shepherding through of the best projects from the development phase to production, through special initiative programs such as Screen Tasmania's current ACTF initiative • People development programs – such as script writing workshops – to be driven by those receiving project funding • A "Writer or Producer in Resident" scheme to attract emerging talent to spend time in Tasmania in order to develop a slate of projects for possible production • Creative Producers Scheme extended in terms of reach and with an even greater focus on the commercialization of concepts.
Investment	• Almost exclusive focus on investment in productions that have been developed in Tasmania, including through the "Writer or Producer in Resident" scheme • All investment to hand equity over to producers
Attraction	• Low-cost approach to attraction, focusing on the facilitation of opportunistic projects that deliver significant production spend in Tasmania, i.e. Location scouting, etc.
Industry advancement	• No investment.

Each of 3 strategic options would mean changes to the allocation of Screen Tasmania's budget across program types

- Below is a breakdown of the budget allocation for each of the strategic options
- Screen Tasmania's discretionary budget was about $1.2m in 2008/09.
- As with all Tasmanian programs, Screen Tasmania's 2009/10 budget was less than the 2008/09 budget
- The cost breakdown of each strategic option was therefore prepared in percentage terms – rather than absolute dollars – due to the uncertainty of Screen Tasmania's ongoing budget
- However, in developing each of the strategic options, Nous assumed an indicative budget allocation of discretionary funds to Screen Tasmania of between $750k and $1m per year

Component of Screen Tasmania spend	2008/09 funding breakdown	Option 1 breakdown	Option 2 breakdown	Option 3 breakdown
Development - Projects	17%	10%	15%	40%
Development - People	14%	12%	5%	20%
Development - Business	7%	50%	0%	0%
Production - Equity	47%	0%	35%	0%
Production - Non equity	1%	0%	30%	32%
Industry advancement	9%	5%	0%	5%
Attraction	2%	20%	10%	0%
Wide Angle Tasmania	3%	3%	5%	3%

Note on table
- Red shading denotes a decrease in funding compared to the 2008/09 financial year
- Green shading denotes a increase in funding compared to the 2008/09 financial year
- No shading denotes no change compared to the 2008/09 financial year

Contents

Nous assessed the strength of each strategic option for Screen Tasmania using four assessment criteria derived from the Industry Vision outlined above

Criteria derived from Industry Vision	Key metric to assess performance
1. Sustainability of Tasmania's screen industry businesses	• The number of Tasmanian screen industry businesses that have a turnover of in excess of $1m
2. Quality, sustainable employment in the Tasmanian screen industry	• The number of Tasmanians employed in the screen industry who: 1. Consider Tasmania their base for employment 2. Earn at least 75% of their annual income form the screen industry (even if some of of this work is outside Tasmania)
3. Screen industry spend in Tasmania	• The annual production spend in Tasmania
4. Tasmania's reputation for world class screen industry content	• Major awards received by screen industry content produced in Tasmania, such as Australian Film Institute awards, • This criteria might also include a sub-component of how many people attend the major screen industry event in Tasmania each year (if Tasmania was to host a major event)

- The first three criteria reflect the economic imperatives of the screen industry, while the final criterion reflects the focus on developing original, high-quality content that makes a valuable cultural contribution.
- Depending on the policy focus of the Tasmanian Government, each criterion may be weighted differently, thereby impacting the final decision about which strategic option is best to pursue.
- The weighting of each criterion is a decision for the Tasmanian Government and should be driven by overall policy objectives.

‘Option 1: Enterprise development’ and ‘Option 2: Production activity focus’ are the strategic options most likely to deliver on the Tasmanian Screen Industry Vision

- Nous evaluated each of the strategic options against the indicators of success for the Tasmanian screen industry vision
- The overall results of this evaluation are below, with the detailed commentary underpinning each of these assessments on the following pages.
- It should be reiterated that the overall decision as to which strategic option should be pursued is dependent upon the weighting the Tasmanian Government applies to each of the criterion below

	Enterprise development	Production activity focus	Local development
Sustainability of Tasmania’s screen industry businesses	●	◑	◔
Quality, sustainable employment in the Tasmanian screen industry	◕	◕	◔
Screen industry spend in Tasmania	◕	●	◑
Reputation for screen industry content	◕	◑	◑

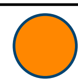
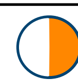
◔ Minimal positive impact

◕ Medium positive impact

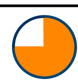
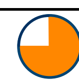
◑ Low positive impact

● Strong positive impact

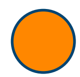
‘Option 1 - Enterprise development’ is likely to contribute to the highest number of sustainable businesses

	Option 1 - Enterprise development	Option 2 – Production activity focus	Option 3 - Local development
Sustainability of Tasmania’s screen industry businesses	• Strong focus on business development means this option would deliver the best results in terms of aggregating and supporting existing talent in key sectors • Would prepare key businesses for a future not reliant on ongoing government assistance • Likely to lead to a new production house being based in Tasmania on the back of the TV drama series	• Would likely provide enough work for Tasmanians to base themselves in Tasmania • But, additional work would be likely required to ensure sustainable businesses • Business sustainability would likely be reliant upon the attraction of large enough projects to ensure ongoing viability in Tasmania	• Limited focus on business building • Any success would be reliant upon providing producers with adequate business skills to be able to strike more favourable deals • Likely to replicate the key problems that have best the industry over the last several decades, i.e. inability to meet business overheads between projects
			

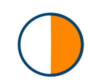
Options 1 and 2 are likely to deliver the best employment outcomes

	Option 1 - Enterprise development	Option 2 – Production activity focus	Option 3 - Local development
Quality, sustainable employment in the Tasmanian screen industry	• Most likely to deliver lasting employment, particularly in the key sectors • TV drama would ensure some ongoing employment opportunities that may be enough to ensure more practitioners are based in Tasmania • Allows for significant experience within the context of a sustainable business • May require initial importing of talent from outside of Tasmania, e.g. heads of departments	• Best option for immediate employment outcomes, leading to more Tasmanians being able to base themselves in the state • Current successes in animation suggest that sustainable employment is possible with targeted assistance • Ongoing sustainability of employment would likely be dependent upon the size of projects that can be attracted to Tasmania • Major project focus would allow Tasmanian practitioners to be able to better plan the time they spend in Tasmania • Allows for on-the-job training across a variety of productions • May require initial importing of talent from outside of Tasmania, e.g. heads of departments	• Provides the most practitioners with a entry point into the screen industry • Limited guarantee of being able to derive a livable wage from the screen industry • Favours those working at the concept end of the value chain, such as writers and content developers • Would require a strong commitment to attachments if and when production occurred in the state to ensure production experience • Limited opportunity to be able to gain screen experience experience through production
			

‘Option 2 - Production activity focus’ is likely to be the best option for stimulating production spend, particularly in the short-term

	Option 1 - Enterprise development	Option 2 – Production activity focus	Option 3 - Local development
Screen industry spend in Tasmania	• Most likely to contribute to production spend in the long-term, if target businesses are able to successfully transition to a point of sustainability • Ongoing TV series could be a major source of ongoing production spend in Tasmania • But, doesn’t have the short term catalyst effect of Option 2	• Most likely to contribute to production spend in Tasmania, particularly in the short-term • Would require constant effort to ensure sufficient production throughput in Tasmania	• Least likely to contribute to production spend in Tasmania due to uncertainty and long lag associated with development
			

‘Option 1 - Enterprise development’ is likely to be the best in developing Tasmania’s reputation for screen industry content

	Option 1 - Enterprise development	Option 2 - Major projects	Option 3 - Local development
Reputation for screen industry content	• Would help to cement Tasmania’s reputation, particularly in animation, interactive media and documentaries • Internal rivalry in Tasmania is likely to contribute strongly to innovation on a national and international scale. • TV series would help to put Tasmania on the map as a destination for screen industry content, and may also promote Tasmania as a brand • Reputational risk if businesses are not sustainable after significant assistance	• Constant throughput of projects would help to promote Tasmania as a destination for ongoing screen industry activity • Strong focus on economic development may impact the type of projects selected • Reputational risk if poor investments decisions are made or if quality and cultural imperatives are too heavily compromised by economic imperatives	• This option has the least focus on economic objectives, allowing for a greater diversity of projects to be produced • However, there is no guarantee of production under this option
			

Nous recommends a series of standalone initiatives for Screen Tasmania, irrespective of which strategic option is selected

- In response to stakeholder feedback, Nous also recommends a number of standalone initiatives that Screen Tasmania may wish to consider irrespective of which strategic option is selected.

Area for development	Suggested strategies for improvement
Decision making too slow	• Streamline the current process for grant approval. Having a Screen Tasmania Board, as well as Department of Economic Development Board as well as Ministerial sign-off is onerous by industry standards.
Lack of stakeholder engagement	• Hold an annual event with all industry practitioners outlining the focus for the year ahead, including Screen Tasmania strategy • Visit the sites of Tasmanian businesses more often, particularly during funded projects • Promote an “open door” policy so that stakeholder feel they can easily raise views with Screen Tasmania • *NB: Innovation Tasmania were mentioned as displaying best practice in this area*
Low transparency of decision making	• Review the current role of the Minister in signing-off on funding decisions • Implement a framework – underpinned by the industry’s vision – that provides confidence for the Minister that funding has been allocated in accordance with Tasmanian Government objectives • All funding allocations should be placed immediately on the Screen Tasmania website once they are approved
Lack of strategy for industry development	• Implement a five-year vision for the industry • Ensure long-term follow-through on major strategic decisions • Communicate any major changes to the Screen Tasmania strategy
Uneven communication with stakeholders	• Focus on more formal modes of communication that are seen by all industry practitioners • Develop a repository for all relevant information so that practitioners can view such information at their own convenience
Lack of communication with other parts of government and the corporate screen industry	• Explore ways to partner with the broadcasters, including the sponsorship of events (a recent short film competition included slots on a broadcast network for the winners) • Explore partnerships in the Tasmanian Government, particularly in tourism and skills development

Contents

Next steps…

- This review paper is the culmination of the research and analysis to be completed before the development of Screen Tasmania's strategic plan
- This review paper will be distributed to key members of the Department of Economic Development, Tourism and the Arts as well as the Minister for any feedback or input to be considered for the development of Screen Tasmania's strategic plan
- Nous will then facilitate a one-day workshop to develop Screen Tasmania's strategic plan

Contents

Screen Tasmania has invested across a range of programs over the last five years.

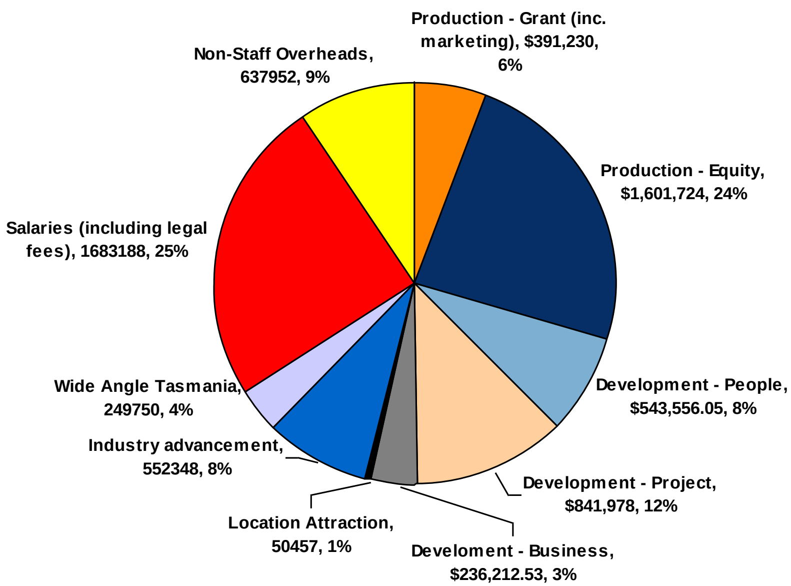


Figure: Screen Tasmania's expenditure in $, 2004/05 to 2008/09

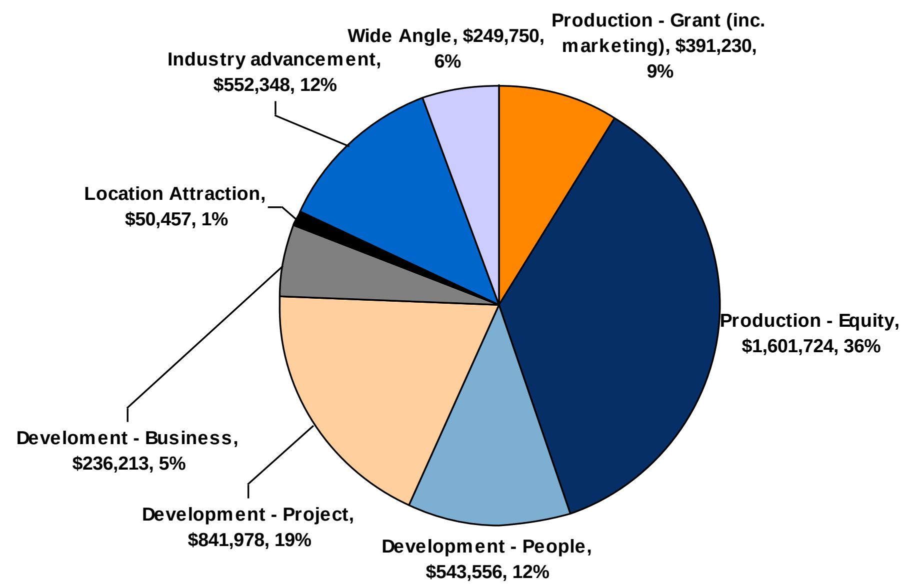


Figure: Screen Tasmania's expenditure (excluding salary and overheads) in $, 2004/05 to 2008/09

Screen Tasmania's recent project development programs

Sub-grouping	% of overall spend of last 5 years	Program	Description
Project	19%	Draft funding	• This program provides support to practitioners to dedicate time to develop quality draft scripts and prototypes.
		Seed funding	• This program provides support to practitioners, allowing them to dedicate time to fully explore the potential of their creative ideas, and develop them to treatment or proposal stage for pitching to the marketplace, and encourages the development of strong, original and compelling ideas.
		ACTF Special initiative	• This program aims to develop a series television program with the desired outcome of seeing at least one series progress into production.
		Headlands	• Headlands is an intensive 10 week documentary research and writing development initiative. • The program focuses on supporting selected applicants through the intensive process of research and development of a high concept documentary feature, series, multi-media or one-off program that requires extensive research.

Screen Tasmania's recent people development programs

Sub-grouping	% of overall spend of last 5 years	Program	Description
People	12%	Attachments	• This program provides hands-on production experience and experiential learning opportunities to Tasmanian filmmakers under the guidance of more experienced practitioners.
		Travel - business and professional development	• This program provides support to practitioners with travel costs for both business and professional development purposes; to attend both Australian and international markets, conferences, festivals, seminars or specific one-off workshops.
		Locations Survey Management Course	• This course took students through the process of scouting, surveying, recording locations and assessing them for feasibility of filming. • Practitioners who successfully completed this course will be favourably considered as potential Location Scouts for Screen Tasmania.
		Arista Workshops	• A series of workshops to help practitioners further develop their script and craft skills, and assist in developing their stories to advance them into production.
		Arista Residential	• Participants took part in a series of intensive script development workshops
		IGNITE	• Ignite supports projects in the early stage of development by taking participants through an intensive accelerated feature development process over six months, with two residential workshops and financial and online support to write a draft between the workshops.
		LAMP	• Project teams create proof of concepts, engaging presentations and evolve the business, technical and creative aspects of their property, leading to pilots, user testing and participatory audiences.

Screen Tasmania's recent project development programs

Sub-grouping	% of overall spend of last 5 years	Program	Description
Businesses	5%	Business Travel	• Travel to markets such as MIPCOM and MIPTV as well as conferences such as SPAA.
		Creative Producer Scheme	• This program is intended to give producers the skills to produce content of an international standard that is competitive in the marketplace. • It is expected that by the end of the third year each producer will have advanced at least one major project into production from a slate of projects.

Screen Tasmania's recent investment people development programs

Sub-grouping	% of overall spend of last 5 years	Program	Description
Equity-based	36%	Production Investment	• This program is designed to provide financial support for projects in the production phase of development.
		Destination Australia	• An documentary funding initiative, that provides funding to produce a one-hour documentary and online content for the Destination Australia series
Grants (including marketing)	9%	Short Drama Initiative	• This program recognises the value of short film production as a stepping stone for practitioners towards the development and eventual production of longer form projects. • It aims to provide the opportunity for talented individuals in collaborative teams to develop their craft and expand their credits through the production of a short film.
		Short Fuse	• A program of short courses in scriptwriting, producing and directing, including production funding to shoot and produce a short film.

Screen Tasmania's recent attraction people development programs

Sub-grouping	% of overall spend of last 5 years	Program	Description
Location attraction	1%	General spend	Marketing, photographs and the development of general collateral to showcase locations or facilitate scouting

Screen Tasmania's recent industry advancement people development programs

Sub-grouping	% of overall spend of last 5 years	Program	Description
Screen Tasmania	12%	Event and Organisational Funding	• This program provides opportunities for skills training, professional development and network building for local content creators. • The aim of the program is to promote screen culture in the state; build audience interest and awareness of the local, national and international screen industry.

Tasmanian screen industry review survey

- To evaluate the cultural and economic benefits of the screen industry to Tasmania, Nous conducted an industry-wide survey.
- The survey was considered a vital component of the Tasmanian screen industry review. While the Australian Bureau of Statistics (ABS) and Screen Australia have a range of useful data sets, some of this data lacks the level of detail required for a review of this nature. This problem is compounded by the small size of the Tasmanian screen industry, meaning that several data points are collapsed with other jurisdictions in order to protect commercial arrangements, such as production spends and broadcast revenues.
- The industry survey was prepared in consultation with Screen Tasmania, and the final questionnaire incorporated stakeholder feedback as well.
- The survey was sent widely as possible within the industry, including:
  - All known Tasmanian screen industry businesses
  - Previous recipients of Screen Tasmania funding
  - Other known individuals connected to the screen industry
- Recipients were also encouraged to forward the survey to colleagues in the industry to ensure maximum penetration.
- 119 respondents answered the Nous survey – more than one in five people in the Tasmanian screen industry – between 7th September and 7th October
- Responses were received across:
  - all sectors: animation, corporate production, documentary, educational media, facilities provision, feature film, interactive media, PDV, services provision, short film, television – drama, television – other, games and commercials.
  - all revenue brackets: from over one million, to less than $10,000
  - all aspects of the value chain: from concept to marketing and distribution.
  - all professions within the industry: from actors and directors, to writers and marketers
  - all states-based revenue: companies deriving most of their income in mainland Australia, as well as companies deriving it mostly in Tasmania
  - all attitudes: from people that were very happy with the industry, to those that are highly critical.

Tasmanian screen industry review survey (2)

- Nous performed a sense-checking and auditing of the results with during the interview process and industry workshops
- Nous also used other data sources to confirm the results whenever possible through a process of triangulation
- Errors in respondent responses were adjusted whenever possible.
- To avoid under- or over-representation of particular industry or firms in certain analyses, Nous categorised the responses into company groupings (using a sorting algorithm), where possible, and adjusted its analysis as necessary.
- Nous is confident that the survey results from such a large and varied sample constitutes an excellent and representative sample to base strategy recommendations from.