

Australian cinema is the car industry with nice sets

Run by a government agency, the Australian film industry has become a self-serving club that doesn't even try to compete with Hollywood.

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A group of old friends, privileged and well aged, gather in a beautiful corner of Sydney to celebrate their good fortune and consider the future.

The precis of the latest big-name Australian movie that sailed by the viewing public - or a crucial meeting in two weeks of one of the last government agencies that controls an entire industry?

It's both.

On November 12, the Screen Australia board will select the next batch of feature films to be subsidised by the Australian government.

The same elite bureaucrats bestowed their generosity on this year's *Palm Beach*, which couldn't manage [more than a 50 per cent rating on Rotten Tomatoes](#) despite casting five stars of Australian, New Zealand and British cinematic history: Bryan Brown (*Breaker Morant*), Richard E. Grant (*Withnail and I*), Jacqueline McKenzie (*Romper Stomper*), Sam Neill (*Jurassic Park*) and Greta Scacchi (*The Player*).

“Australian cinema ... produces unwatchable and unwatched films.”

— Jacob Zvi

Melbourne reviewer [Jim Schembri described *Palm Beach*](#), a story about a beachhouse reunion of lifelong friends, as so boring that "after about 30 minutes you begin wishing for a meteor strike."

With expensive actors, by Australian standards, the film will almost certainly be a commercial failure. That isn't unusual or unexpected. What would have been remarkable - possibly unique - was if it had made money.

Screen Australia and its predecessor, the Film Finance Corporation, have spent around \$3 billion over the past three decades on Australian movies, according to one estimate.

Not one of the 94 films financed by Screen Australia agency covered its production costs, a [study published by the federal government agency two years ago](#) found.

The reason: Australia got beaten by Hollywood.

In Australia, 80 per cent of visits to a cinema are to an American movie, usually a big-budget film from one of the large studios.

Australian movies gave up trying to compete a long time ago. They have averaged 4.06 per cent of the cinema audience over the past two decades, a figure trending down, [according to a PhD thesis](#) recently submitted to Swinburne University's Faculty of Health, Arts and Design by Jacob Zvi, an Israeli who moved to Australia in 2005 to become a movie producer.

Government subsidies covered 48 per cent of the cost of Australian feature films last financial year, [according to a Screen Australia report](#) published Thursday.

Unable to support itself, the local film industry is so chronically dependent on state aid that Zvi suggests the agency may be in breach of [its own law, the Screen Australia Act 2008](#), which requires it to develop a commercially sustainable screen production industry.

"When no Australian film manages to recoup its budget, Screen Australia, as the Film Finance Corp. before it, fails to achieve its goal," Zvi writes. "Every solution begins by acknowledging a problem. Australian cinema, constrained, classified and expensive, produces unwatchable and unwatched films."

(A Screen Australia spokeswoman on Tuesday said the agency didn't have enough time to respond to Zvi's criticism.)

So complete is Hollywood's dominance, the industry has become the artistic equivalent of domestic automotive manufacturing. Unable to satisfy the public, it exists to serve itself, and uses political influence to make society cover the bill.

Ironically, Screen Australia is chaired by former Macquarie Group chief executive Nicholas Moore. The arch capitalist now sits atop a bureaucracy that judges which films are made and which aren't based on its own biases, relationships and interests.

Far beneath Moore are thousands of young men and women who naively dream of careers in the glamorous industry. The reality for most is unemployment. For others it is years struggling in insecure jobs on little pay - and sometimes none.

The Australian film industry employs 17,100 people, of whom 40 per cent are part timers or casuals, according to Bureau of Statistics figures cited by Zvi. Every year some 11,000 would-be film crew graduate, creating a labour glut so fat that most of those lucky enough to find jobs will remain in low-ranking positions for the first sixteen years of their careers. Many graduates are so desperate they work for access to set catering.

The movie industry has now entered a new phase - and a logical moment to reassess if government should continue to finance failed entertainment.

"We are too focused on theatrical releases when cinema is not the future," says **Tony Nikolakopoulos**, who played Stavros in the 1990s *Blue Heelers* TV show. "Streaming is the future."

Nikolakopoulos has an alternative plan for the industry. Now a co-founder of **Reel House Productions**, he sees a new future based on selling cheap genre shows - crime, comedy, etc - to Netflix, Stan and other online TV networks.

By bypassing the expensive apparatus of cinema and by producing repetitive series, Nikolakopoulos argues the Australian movie industry can emerge from its decades-long stasis and dependency.

He cites an example of the industry's busted economics. *Kenny*, a hit mock documentary about a toilet contractor, grossed over \$7 million. The film was made for \$500,000 by Shane Jacobson, who once told an interviewer: "When *Kenny* made \$5 million at the box office, I still owed my investor 250,000 bucks."



Nikolakopoulos wants to do what the streamers already are: cut out the exhibitors, distributors, marketing and other middle-men in the movie supply chain.



Moore and Screen Australia are invested in the existing industry structure because its financial failure gives them control. The agency's board has responsibility for grants of more than \$1 million. Below that figure, CEO Graeme Mason has discretion.

Outside the cosy ecosystem, powerful commercial forces are reshaping screen entertainment.

In 2007, the year Netflix began streaming movies and TV shows over the internet, world-wide cinema box office revenue was \$US22 billion (\$31 billion), according to Reel House. Eleven years later, streaming services generated \$US139 billion.

Australian cinema would seem to have a choice: remain a sheltered workshop, or join the real world.

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