



Australia's Microcinema: Building capability through development and production schemes

Daniel Schultheis

2013 George Alexander Foundation Fellowship

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Cover Image: *Borrowed Time* (2012) by Jules Bishop, Film London's Microwave Scheme



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i. EXECUTIVE SUMMARY

Australia's digital creative industries are a major contributor to the economic, social and cultural health of our nation. 'Cinema', traditionally comprising short form or feature-length films designed with movie theatres as the principal exhibition platform, has evolved in the digital age to any 'cinematic narrative' irrespective of its intended consumption platform.

Advances in technology have resulted in a significant amount of low, micro and no-budget independent filmmaking already occurring in Australia, although much of it is not officially recorded. A pre-trip survey conducted by the Fellow that can be downloaded from www.openchannel.org.au/microsurvey.pdf, estimates around 120 independent films are made at these budget levels in Australia every year. However the technology by itself, in the words of interviewee Nik Powell (Producer of *The Crying Game*), "doesn't make entertaining films", and industry schemes that both identify emerging talent, and develop filmmaker skills, offer a mechanism to improve the rate of critical and commercial performance of films being made for lower budgets.

In October 2013, the International Specialised Skills Institute facilitated an applied research Fellowship to investigate contemporary feature film skills development occurring within low budget (A\$250,000 to around \$1M) and micro budget (\$50-250,000) level development and production support schemes ('schemes') in the UK and Europe. This report documents both commonalities and unique approaches to skills development in schemes, focusing on the areas of connection to audience, scriptwriting, digital technology, distribution and entrepreneurship.

Schemes such as those visited provide a bridge between early career and professional practice for filmmakers with a track record of independent or student short films, online content or even no-budget features – and help launch careers. A case in point is Eran Creevy's BAFTA-nominated *Shifty*, made in 2008 under Film London's Microwave scheme, which when seen by Ridley Scott (*Blade Runner*, *Alien*), launched the filmmaker into his \$5.5M follow up feature *Welcome to the Punch*.

Only recently has the Australian industry begun to take innovative steps toward new models of production, and schemes by which to develop new talent. The South Australian Film Corporation's FilmLab is a low budget talent development scheme that achieved substantial success in its first iteration in 2009 & 2010, creating seven low budget feature films that challenged the conventions of filmmaking, attracted some of Australia's finest actors and which went on to win national and international awards¹.

At their most effective, schemes strike the right balance between market intervention and risk-taking. They typically include a structured and market-focused training and development component, combined with opportunities for projects to be green-lit for full production funding.

Advantages of Schemes

1. identify, recognise and develop the best emerging talent and projects with commercial potential
2. with less at stake financially and a certainty of funding for green-lit productions, filmmakers can take greater creative risks in both form and content, and can also apply innovative approaches to distribution in a market that is undergoing transformation
3. provide an important platform to practice craft, and a level of supervision that mentors scripts and projects through development, realisation and distribution
4. ensure ethical approaches to production, particularly in cast and crew deals
5. create more opportunities to build a skilled pool of crews and technicians, building domestic capacity as a provider of production services to international productions
6. nurture and incubate fledgling producers and production companies, building industry capacity and sustainability

¹ <http://www.theleadsouthaustralia.com.au/industries/arts/experimenting-with-the-future-of-filmmaking>

i. EXECUTIVE SUMMARY

Visited UK schemes principally operate as public-private partnerships, with a shared commitment from both industry and government. For the financing of productions - of which most schemes may make 2 or 3 films each round - market partners such as broadcasters or distributors commit funding via license fees or presales. Financing structures involve supplementing these market commitments with government tax rebates, in-kind industry supports, and profit share arrangements for cast and crews.

For emerging and established filmmakers alike, a microbudget approach is well suited to particular types of stories – those with niche markets, and those, such as containment movies that are ‘written to scale. This turns financial constraints to a film’s creative advantage, at the same time more closely aligning a film’s budget to its earning potential.

The Fellow observes that the Australian film and television sector faces many of the same climate challenges and export opportunities as our international counterparts, and increasing the number of films with lower budgets is one strategy toward facing these challenges. The last official Screen Australia survey showed that 50% of funded films have budgets of \$1-6M, while only 22% of films had budgets of less than \$1M². A microbudget approach is particularly recommended for debut or less experienced filmmakers whose careers cannot afford to be impacted by the commercial failure of early works, and given Australia’s smaller market size a lower budget improves the chances of recoupment and thus achieving a commercial success..

Australia is ranked at the ‘bottom of the advanced nations in its ratio of inputs into innovation against outputs with real economic or social impact’³ and has been slow to take advantage of new opportunities in the digital cinema age. With well-targeted industry development investment, the digital cinema sector is poised to take its place among the nation’s key export earners, with the potential for global online audiences for Australian stories and technological platforms.

Australia can look to produce many microbudget debut features for the cost of one mainstream feature, including through development schemes, and films have the potential to break through in film festivals or online, and to cross over to a wider release.

UK filmmaker and journalist Charlie Brooker observed the importance of investing in new talent: “Unleashed, [the next generation] could create things [we can’t] possibly begin to imagine. Give them a playground, let them make mistakes, and give them time: they’ll generate glorious failures and unprecedented money-spinners.”⁴

The introduction of more low and micro budget feature film schemes is a ‘long-view’ approach that represents good custodianship of public funds, and will help to maintain Australia’s position as a leading creator of world-class screen content.

2 Drama Report, The, Screen Australia 2013/2014

3 The Coalition’s Policy for E-Government and the Digital Economy August 2013, p. 4.

4 <http://www.theguardian.com/commentisfree/2012/jan/15/charlie-brooker-british-film>

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ii. ABBREVIATIONS/ACRONYMS

3D	3-Dimensional (stereoscopic) film
A2E	Artist2Entrepreneur, San Francisco Film Society
ABC	Australian Broadcasting Corporation
AFTRS	Australian Film, Television and Radio School
AMC	American Movie Channel
BBC	British Broadcasting Corporation, largest UK public broadcaster
BECTU	Broadcasting, Entertainment, Cinematograph and Theatre Union
BFI	British Film Institute, Federal Screen Agency
CCFL	Cross Channel Film Lab
CGI	Computer-Generated Imagery
DFFB	The Deutsche Film und Fernsehakademie Berlin (German Film and Television Academy Berlin)
DVD	Digital Versatile Disc
EU	European Union
GAF	George Alexander Foundation, The
HBO	Home Box Office, US cable network
ISS	International Specialised Skills Institute
MEAA	Media, Entertainment and Arts Alliance
NFTS	National Film and Television School (UK)
RTO	Registered Training Organisation
Schemes	Development and production support schemes for low and microbudget filmmaking
Skillset	Creative Skillset is the Sector Skills Council providing government funding for screen and media training activities across the UK
SPA	Screen Producers Australia
TAFE	Technical and Further Education, public providers within the Australian vocational training system
UK	United Kingdom, comprising England, Scotland and Wales
USA	United States of America
VCA	Victorian College of the Arts
VET	Vocational Educational and Training
VoD	Video on Demand



Ben Drew (aka Hip-Hop musician Plan B) directing Microwave film iLL Manors (2012)

iii. DEFINITIONS

Budget Definitions

There are no absolute definitions applying to films at lower budget levels. Definitions can vary greatly between sectors, genres, production methodologies, geographic location, economic climate and even personal viewpoints on what constitutes 'low'. Filmic elements such as theme, style or cinematic conventions may also define 'low budget' as its own film genre, and some larger budget films have even sought to apply a 'low budget aesthetic'. For the purposes of this report and the annexed Landscape Survey the Fellow has applied the following arbitrary definitions. The term 'microbudget' may also be used as a generic term to represent digitally produced independent features, and may also include no budget and low budget titles produced on a 'microbudget' philosophy.

Low budget - A\$250,000 to around A\$1.5 million

- Typically produced without major studio financing, but may have marketplace, screen agency and Producer Offset financing elements
- Usually considered as having arthouse/specialist appeal, and designed for a limited release
- Larger budgets (i.e. A \$2-3M) may still be considered 'low' in Australia
- Typical production structure and crew size
- e.g. schemes visited included WarpX, iFeatures, Cinematic

Microbudget (or 'Ultra-Low Budget') – from A\$50,000 to under A\$250,000

- Generally characterised by their independence from mainstream distributors or financiers
- Specialist appeal and limited release across the spectrum of available exhibition platforms
- Professional filmmaking that creatively exploits constraints or limitations, generally fewer locations and smaller cast and crew size
- May offset industry standard wages with profit participation arrangements
- Cost-saving measures such as equity partners (facility deals), or a staged-financing approach such as seeking additional completion funds after principal photography
- in certain cases, may adopt a particular low-budget 'aesthetic' and production style (e.g. 'found footage' horror)
- e.g. schemes visited included Microwave, NFTS Micromovie, DFFB RBB films, Super16.

No budget – from under A\$50,000 with no lower limit

- Often self financed by the Director/filmmaker more out of necessity than choice
- Often made with self-owned 'prosumer' (between professional & consumer level) equipment
- Filmmaker may work alone or with a voluntary or minimal crew
- Often shot 'guerrilla style', without the normal permissions or safety measures (generally not an acceptable or endorsed approach to professional filmmaking)
- Limitations may result in a rough or 'no-budget' aesthetic to the film
- Microfilmmaker magazine claims no budgets amount to 80 – 90% of all independent films¹

¹ Microfilmmaker magazine, <http://www.microfilmmaker.com/mission.html>

iii. DEFINITIONS

Microcinema

Originally coined by Barten/Sherman (1994) defines the means of production or exhibition of low-budget, underground or amateur films, the term is now broadened to encapsulate independent digital cinema made and distributed outside mainstream channels.

Feature Film (Australian)

Traditionally, complex screen-based linear narratives produced for exhibition to the public in cinemas, regardless of outcome, (at least 60 minutes in length, or 45 minutes for large-format films), and with significant Australian content, or produced by Australian companies. Increasingly single episode long form narratives may be made for other first release platforms, such as for home cinema. A telemovie is a single feature length made for television. Feature length films may themselves be viewed in instalment, either in serialised, (e.g. the franchise film) or segmented (e.g. mini series or television event series, or webseries feature by instalment) format.

Film Scheme

Any systematic plan or arrangement for supporting or facilitating objectives such as feature film development, production or distribution for screen projects or practitioners.

1. ACKNOWLEDGEMENTS

Daniel Schultheis thanks the following individuals and organisations that have generously given of their time and their expertise to assist, advise and guide him through this Fellowship program.

Awarding Body – International Specialised Skills Institute (ISS Institute)

The International Specialised Skills Institute (ISS Institute) is an independent, national organisation. In 2015 it is celebrating twenty-five (25) years working with Australian governments, industry education institutions and individuals to enable them to gain enhanced skills, knowledge and experience in traditional trades, professions and leading edge technologies.

At the heart of the ISS Institute are our individual Fellows. Under the Overseas Applied Research Fellowship Program the Fellows travel overseas. Upon their return, they are required to pass on what they have learnt by:

- Preparing a detailed report for distribution to government departments, industry and educational institutions
- Recommending improvements to accredited educational courses
- Delivering training activities including workshops, conferences and forums.

Over 300 Australians have received Fellowships, across many industry sectors. In addition, recognised experts from overseas conduct training activities and events. To date, 25 leaders in their field have shared their expertise in Australia.

According to Skills Australia's 'Australian Workforce Futures: A National Workforce Development Strategy 2010'.

Australia requires a highly skilled population to maintain and improve our economic position in the face of increasing global competition, and to have the skills to adapt to the introduction of new technology and rapid change. International and Australian research indicates we need a deeper level of skills than currently exists in the Australian labour market to lift productivity. We need a workforce in which more people have skills and knowledge, but also multiple and higher level skills and qualifications. Deepening skills and knowledge across all occupations is crucial to achieving long-term productivity growth. It also reflects the recent trend for jobs to become more complex and the consequent increased demand for higher-level skills. This trend is projected to continue regardless of whether we experience strong or weak economic growth in the future. Future environmental challenges will also create demand for more sustainability related skills and knowledge across a range of industries and occupations.

In this context, the ISS Institute works with our Fellows, industry and government to identify specific skills and knowledge in Australia that require enhancing, where accredited courses are not available through Australian higher education institutions or other Registered Training Organisations. The Fellows' overseas experience sees them broadening and deepening their own professional knowledge, which they then share with their peers, industry and government upon their return. This is the focus of the ISS Institute's work.

For further information on our Fellows and our work see <http://www.issinstitute.org.au>.

Daniel Schultheis also thanks the CEO (Bella Irlight AO) and staff (Ken Greenhill and Paul Sumner) of ISS Institute for their assistance in planning and development of the Fellowship and completion of this report.

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1. ACKNOWLEDGEMENTS

Fellowship Sponsor - The George Alexander Foundation

The Fellow sincerely thanks The George Alexander Foundation for providing funding support for the ISS and for this Fellowship.

In 1972, George Alexander AM (1910 - 2008) set up an independent philanthropic Foundation as a way of sharing his wealth and giving back to the community. Today, the main focus of The George Alexander Foundation is access to education for promising young people, particularly students with financial need and those from rural and remote areas.

The George Alexander Foundation (GAF) Scholarship Programs form the core of the foundation's work, operating in partnership with major tertiary institutions, while our Fellowships and other Education grants provide a variety of other unique and challenging educational experiences. George Alexander believed in the notion of 'planting seeds and hoping they grow into pretty big trees'. The programs supported by the Foundation endeavour to support this ideal and as GAF students graduate and go on to contribute to the community, George's legacy and spirit lives on through their achievements.

George Alexander came to Australia as a child migrant, and went on to become a mechanic, an entrepreneur and a businessman and later, a generous philanthropist, who held that you do not own the possessions you have, 'you're just minding them'. This philosophy guided him to give during his lifetime and to hope that through his example, he might inspire others to do the same.

Other Supporters in Australia

Open Channel, employer:

- Marc Gracie, Executive Director
- Board Members and fellow staff

Open Channel also acknowledges the support of Screen Australia, Film Victoria and Docklands Studios Melbourne

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- Rick Chen, Co-Founder, Pozible
- Robert Connolly, Company Director, Arenamedia
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European airbnb hosts Chanaz, Annette, Nicolaj and Ruiting

My family Mei and Amica, Sandy, Noel and Christine

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Stakeholders with a potential interest in the Fellowship findings

Government - Federal

- Screen Australia
- Ministry for the Arts
- Innovation and Business Skills Australia (IBSA)
- Australia Council for the Arts
- Australian Network for Art and Technology (ANAT)

Government – State

- Australian Centre for the Moving Image (ACMI), Victoria
- State screen agencies, including Film Victoria in home State
- Creative Victoria
- State skills departments, including Higher Education and Skills Group in home State

Industry

- Established filmmakers
- Production Companies and Distributors
- Film Festivals
- Distributors
- Broadcasters
- Exhibitors

Professional Associations

- Screen Producers Australia (SPA)
- Australian Writers Guild (AWG)
- Media Entertainment and Arts Alliance (MEAA)
- Australian Directors Guild (ADG)
- Independent Cinemas Association of Australia (ICAA)
- Australian Interactive Media Industry Association (AIMIA)

Education and Training

- Secondary Schools, Australian Teachers of Media (ATOM)
- Industry-based or private RTOs, such as Open Channel
- TAFE colleges
- Universities and Film Schools
- Swinburne Media Centre
- ARC Centre of Excellence for Creative Industries and Innovation (CCI)

Community

- Emerging and early career independent filmmakers and screen practitioners

2. ABOUT THE FELLOW

Name:

Daniel Schultheis

Employment:

Training Manager, Open Channel Co-operative (2007-current)

Memberships:

Committee Member (2008-2013), Victorian Screen Technicians Association

Qualifications:

- CUF30101 Certificate III in Arts (Digital Media)
- CUF40107 Certificate IV in Screen and Media
- TAE40110 Certificate IV in Training and Assessment
- Currently undertaking a Bachelor of Arts

Brief Biography:

Schultheis has worked as Training Manager at Open Channel since 2007, and developed the Victorian Screen Industry Skills Centre project, out of which Open Channel now operates at Docklands Studios Melbourne. At Open Channel, Schultheis has developed and manages the CUF30107 Certificate III in Media (Documentary, Television and Filmmaking) and Scriptshop: CUF60107 Advanced Diploma in Screen and Media (Feature Film & TV Series Development) courses, as well as specialist industry courses and events. In 2007/2008 Schultheis managed research into screen industry skills needs through Reframing the Future funded initiatives (2007/2008) and National Training Package Review (2013/14), developed Aboriginal filmmaking programs with NITV, and is committed to the idea of lifelong learning and industrial engagement between the education and training, and screen sectors. Schultheis has more than 20 years experience working freelance in film and television production office and locations for companies such as Ozpan Productions, Southern Star and Working Dog, and producing short films and music videos. Prior to working at Open Channel, Schultheis developed a screen curriculum in Production skills, and lectured in filmmaking for TAFE Queensland.

3. AIM OF THE FELLOWSHIP PROGRAM

The main aims of the research Fellowship were:

1. to gain an understanding of how pan-European micro and low budget feature film development and production support schemes ('schemes') function
2. to investigate how screen practitioner's skills are developed within and as a result of schemes' practice based learning pedagogy
3. to investigate how skills developed within schemes contribute to the ability of filmmakers to deliver critically well-received and/or commercially successful narrative feature films on a micro budget

While this report does not focus a great deal on the feature-length documentary film, many of the areas covered apply to both factual and fiction production.

Secondary aims of this research were:

4. to establish an understanding of international policy and trends in relation to microbudget film production, and the relationship of these trends to schemes
5. to gain an understanding and the current impacts of leading edge technology on microbudget film production

The objectives at the conclusion of the Fellowship were to:

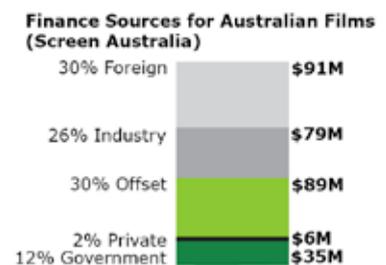
- disseminate the findings in this report as an educational tool for independent filmmakers and educational institutions
- deliver a series of local knowledge and skills development activities based on findings
- propose recommendations for industry, government, educational sectors relevant to Australian conditions, and based on international observations

4. THE AUSTRALIAN CONTEXT

Australia is a developed nation with a large market for cultural and entertainment activities. Cinema-going in Australia remains a popular pastime. 2012 marks the fourth consecutive year that the Australian box office has topped the billion-dollar mark with a gross of \$1,125.5 million¹. These earnings mark an increase of 3 per cent on the previous year. Admissions rose by 1 per cent to 85.9 million ticket sales, placing Australia in the top 10 international box office markets outside the USA². There are around 24.5M combined subscription and free-to-air viewings of first run and repeat Australian films annually³. Australia is likely to see Video-on-Demand Services become a dominant player, with the emergence of critical mass services in early 2015, such as Netflix, Stan and Presto.

Like the UK, Australia is a subsidised domestic film production industry with a mandate for public cultural support to counter-balance a small domestic audience size, and the belief in the importance of a local cinema identity. Australian films, presenting a diversity of voices from arthouse to genre titles are generally made on lower budgets than their international counterparts. If there is a uniquely Australian cinema, standouts of recent years have been the renaissance of an Aboriginal cinema, as one of the world's oldest living cultures with the success of original films like *Samson and Delilah*, *Mystery Road* and *The Sapphires*. Equally, the success of films like *Mad Max*, *The Castle*, *Wolf Creek* and *Kenny* prove that low budget genre microbudget titles can find local and international audiences.

Finance sources for Australian Feature Films in 2012-13⁴ (pictured) indicates that foreign investors such as major studios-production company alliances provided the largest share, contributing \$91 million. Direct government sources accounted for 12 per cent of total finance with Screen Australia contributing the majority of funding, \$9 million coming from state agencies, and 30% funded through tax concessions (Producer Offset provided as a rebate on completion of production). In addition to direct subsidy or investment, governments also offer indirect support mechanisms such as regulation requiring broadcast of first-run local content as a condition of broadcast licences.



Australia's cinema industry is renowned for producing world-class filmmaking and acting talent. Yet despite our proud cinematic history, mainstream government-supported feature film production levels (per-capita) have not risen in 20 years. Around 25 Australian films are released theatrically each year, however with a low market share of 4.3%³ (approximately 3.6M admissions based on average ticket price¹³). *Into the Shadows*⁵, a documentary film produced in 2009 explored this issue.

1 Compiled by Screen Australia from Motion Picture Distributors Association of Australia (MPDAA) data

2 Adrienne Pecotic, ICAA Conference 2013 opening address

3 Mostyn, R 2014 'Where's the Audience for Australian Films' The Conversation

4 Screen Australia 2013/2014, The Drama Report

5 Scarano A & Hignett P 2009, 'Into the Shadows', Ronin Films

4. THE AUSTRALIAN CONTEXT

Further, Australian cinema currently faces a number of significant creative and commercial challenges:

- an increasingly competitive global marketplace for screen content/unbalanced terms of trade
- fragmenting of screen audiences, and an ageing cinema-going demographic⁶
- dominant production/distribution paradigm, the theatrical release, is recognised as being in a state of decline for all but the biggest, hyper-marketed, studio blockbusters⁷
- fiscal pressures on public funding agencies and broadcasters directly impacts on investment
- internet piracy, a decline of the DVD market and reduced willingness of the consumer to pay for movie access
- competition from the cable and prestige television sector (cinema as television)⁸

These combined factors have led to a risk-averse market and a dearth of interventions to foster innovation, skills and the next generation of filmmaking talent – all critical to Australia’s cinema future.

A Landscape Survey of Low, Micro And No-Budget Film Production In Australia (2003-2014) conducted by the Fellow, which also includes two case studies on micro features *The Jammed* and *Johnny Ghost*, can be downloaded from www.openchannel.org.au/microsurvey.pdf

SWOT Analysis - Australian Low & Micro Budget Cinema

Strengths

- unique cultural voice in world cinema
- talent pool (cast and filmmakers), and skilled crews
- high digital connectivity and customer reach
- Government-subsidised industry and incentives
- high performing box office
- wide variety of filming locations
- number of centres with infrastructure including stages, studios, service companies
- weather generally amenable to outdoor production in all seasons

Weaknesses

- too much competition from other English speaking countries
- biased trade relationships
- tyranny of distance
- lack of infrastructure
- lack of ongoing work
- outmoded production methodologies
- too heavily reliant on Government subsidy

6 Given, J, Curtis R & McCutcheon M 2013, 'Cinema in Australia: an industry profile' Swinburne Institute for Social Research

7 Stewart, A 2013, 'Indie Films Fight for Summer Screens' Variety, accessed online

8 <http://www.theguardian.com/media/2013/aug/22/kevin-spacey-tv-golden-age>

4. THE AUSTRALIAN CONTEXT

- insufficient product meeting needs of audiences
- lack of clear cultural identify
- industry fragmentation
- high labour rates, not suited to lower budget models

Opportunities

- affordability and quality of digital technology and connected infrastructure
- niche market quality content
- ageing domestic population with more leisure time
- globalisation of independent cinema and South-East Asian markets with a growing middle class
- Producer Offset threshold lowered to \$500k budget level
- growth in crowd funding, including trials for crowd sourcing from legitimate investors
- growth in social media as audience building tool
- de-regulation
- online & mobile device advertiser driven content
- low barriers to entry
- technological innovations such as online distribution channels
- diversity of platforms

Threats

- shrinking domestic middle class with less disposable income
- investment is high risk venture, often low return but with 'blue sky' potential
- changing audience behaviours in content consumption
- fragmentation of audiences
- piracy, violation of intellectual property rights
- inability of content to be available on-demand
- lack of quality content, or availability of content
- perceived brand issues with local cinema

5. IDENTIFYING THE SKILLS AND KNOWLEDGE ENHANCEMENTS REQUIRED

There are examples of areas in Australian industries and communities where there are weaknesses in innovation, skills, knowledge, experience, policies and/or formal organisational structures and relationships to support the ongoing successful development and recognition of individuals.

The focus of all ISS Institute Fellowships is on applied research and investigation overseas by Australians. The main objective is to enable enhancement and improvement in skills, knowledge and practice not currently available or implemented in Australia and the subsequent dissemination and sharing of those skills and knowledge throughout the relevant Australian industry, education, government bodies and the community, with recommendations to address the identified weaknesses.

How the need for additional skills was recognised

Market participants in Open Channel's scriptshop script and project development course suggested that with a decline in opportunities for financing and distributing independent features, filmmakers should be thinking broadly about alternative options for development and production funding outside traditional mainstream channels, particularly for film projects with narrow or specialist appeal.

Robert Connolly's White Paper¹ released in 2008 addressed new methodologies in lower budget production to offset market forces placing downward pressures on budgets.

Extending on this innovative mindset to production methodologies, the emergence of high quality-low cost digital technologies for both production and online distribution has made technically-competent feature production on even lower 'microbudgets' accessible.

In preparing the application for the study tour, the Fellow contacted Producer and former ISS Institute Fellow Roslyn Walker. It was established that schemes which lead to the production and distribution of low and microbudget films would be a valuable area to research the skills associated with this level of production.

Required skills enhancement areas

International Specialised Skills Institute Fellowships seek to identify international best practice knowledge and skills that address required skills enhancement areas and skills in demand within Australian industry.

The skills enhancement areas identified below are those where a skills deficit is perceived to limit domestic or international critical or commercial success for Australian feature films made on low or microbudgets.

The Fellow sought to investigate and record ways in which schemes develop essential skills for creators in:

1. **Identifying and connecting to audiences**, in a landscape of changing film consumption patterns.
2. **Scripting the film** to make a creative asset of financial limitations (craft skill).
3. **Applying digital technologies effectively** to the microbudget filmmaking and distribution process, maximising the cost-benefit across the entire value chain.
4. **Taking an entrepreneurial approach** to finding and exploiting new business models for making feature films on lower budgets.
5. **Evaluating options for distribution** including traditional, alternative and hybrid approaches.

¹ Connolly, R 2008, Embracing innovation: a new methodology for feature film production in Australia, AFTRS Centre for Screen Business

6. THE INTERNATIONAL EXPERIENCE

6.1. Perceptions on Major Changes in the Landscape for Independent Feature Films Produced at Low/Micro Budget Levels

6.1.1 Cinema Activity and Film Financing

Europe has a strong cinema culture, a high level of international co-production activity given the geographic proximity of countries, and is home to many prominent major international festivals such as Berlin International Film Festival (also called the Berlinale), Venice, and Cannes.

Cinema going remains a popular pastime, including for domestic content, and home entertainment (DVD/BluRay) markets are declining more slowly than in English speaking countries. Support for domestic films is much stronger in visited countries (domestic market share of 11.5%-30%) compared to that in Australia (domestic market share of 4.3%). These figures are supported by a level of cultural protectionism afforded by domestic language, particularly in countries where there is a lower rate of English speaking citizens, such as Germany.

Domestic film market share¹

The Netherlands	11.5%
Germany	30%
Denmark	30%
England	17%

In Denmark the Fellow observed a healthy cinema ecosystem from the widespread opportunity to study filmmaking from high school age, to tertiary film study being something that a lot of young Danish people aspire to. "This is even reflected in the fact that in University the highest GPA to get into a Bachelor Degree is in the Film and Media program, it's the most sought-after, even more than a fighter pilot", said Super16's Amelie Hjort.

The Pan-European landscape for producing microbudget features has, like Australia, been stimulated with the advent of technologies making both production and distribution more affordable and accessible. One interviewee in Germany noted however that the Fellow's definition of 'low budget' is considered a normal budget level for the majority of independent features. On lower budgets, there is less expectation on local language films to have international market appeal beyond their borders. Super16 reported an increasing number of Danish films being made at around the A\$1M (6 million Danish kr) or lower mark.

In the UK, micro and low-budget film production activity was first surveyed in 2008². The survey showed that each year, the number of micro or low budget independent films being made in the UK was roughly equivalent to the number of larger budget official productions. The estimated annual spend on these low and micro budget feature films at that time was £18.5M. Between 2008-10 there was a 49% rise in films made in the UK on budgets of under £500,000, peaking at 358 in 2010 (possibly attributed to a wave of filmmakers being inspired by the early success of productions including from Film London's

¹ wikipedia.org

² Chandler, C 2008, 'Low and Micro Budget Film Production in the UK', UK Film Council

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Microwave scheme) and a decline to 249 in 2012. The BFI does acknowledge that they have a hard time tracking microbudget films, so these numbers are likely to underestimate the total, but the (post 2010 downward) trend can reasonably be assumed to be accurate³.

The key motivation for making a microbudget film at the start of one's career may be more creative than commercial, with the filmmakers driven by artistic expression, the desire to learn the craft, or to build a profile and ideally launch a career. Irrespective of budget level, however, filmmakers need to consider their financing options.

State subsidy applies to all countries visited in continental Europe, with production funds such as the Netherlands Film Fund (Netherlands) or FFA's National Film Fund (Germany), and broadcast regulations typically playing a role in supporting domestic cinema content. Federal funding for German films is based on a regional commitment in the first instance by one of nine Regional Film Funds focused on regional economic development. Tax shelters are also evident in visited countries such as the Netherlands which promote private investment in local films.

Generally, experienced filmmakers can apply for State support at any budget level, however debut feature filmmakers typically rely on targeted funding strands with lower budget levels, such as Filmfonds New Screen NL (Netherlands), Kuratorium Junger Film or regional experimental funds (Germany), or New Danish Screen (Denmark).

The Danish Film Institute offers an experimental and talent development support program, The Film Workshop, that provides equipment, guidance and a small budget to young directors on about 50 films per year. Hjort notices there is "definitely a tendency that microbudget feature films are coming out more and more, because people (such as Super16 member Charlotte Madsen) are driving it themselves, or using short film funding to make a feature film."

Alongside selective project funding, there exists an automatic support mechanism in Germany based on accumulated 'reference points' obtained through festival screenings or success, box office performance, translating into money filmmakers can use to develop their next project, or finance production. One student from visited location DFFB earned €73,000 from a documentary which performed well in the cinema.

Other observed sources for independent production funding included venture capital through foundations established by large companies like Bosch or Siemens, cultural funds through the political parties, and European Commission funds such as Creative Europe (previously MEDIA).

During the time of the Fellow's visit to London, Film London's Production Finance Market was also running an inaugural Micro-Market with the support of Creative Skillset, which gave filmmakers an opportunity to pitch and discuss projects with financiers interested in sourcing projects budgeted at €1M or under, through a 'speed dating' process of short 20 minute meetings. Market attendee Andrea Scarso (Ingenious Media) said of the Micro-Market, "The incredible pool of talent working in the micro to small budget space is all too easily overlooked, but it is in this space that you often find the next big thing - and that's just what we're hoping to do."

Traditional market financiers such as domestic distributors and international sales agents have relationships with exhibitors that can aggregate large audiences, although an oversupply of independent product and other market factors are resulting in fewer traditional market financing deals.

Digital distribution offers the innovative artist-entrepreneur the opportunity to define their own business model for a film, source new forms and models of financing and define how their film will be best exploited, and in doing so to stake their claim in the new screen landscape. It may be possible to remove one layer in the traditional sales chain (Producer – Executive Producer - Sales Agent – International Distributor/Broadcaster) when working at lower budget levels.

³ Follows, S 2013, '49 Interesting Facts about the UK Film Industry', accessed online

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Filmmakers, said innovator Ted Hope, “must now take full responsibility for their work throughout the entire process, and learn to build a business around their art. They must know how to budget, schedule, and project revenue”, considering all potential revenue streams. “Filmmakers must learn to collaborate in new ways and engage audiences from project inception to release”⁴.

Hope conceptualises a shift in independent filmmaking to an institutionalised staged financing model, as an alternative to up front financing. “This gives filmmakers a way to get started, deliver a proof of principal, and receive subsequent funds due to merit (along the production chain).” The benefits of a staged financing model include diversifying the creative class, putting quality over risk mitigation, and incentivising creators throughout the entire filmmaking process, and is part of a bigger solution of bringing a sustainable investor class, and ‘smart money’ to the industry⁵.

Microbudget filmmaking can be as much a choice as a necessity. Making a film for a higher budget with market finance may get the film made and allow the producer to earn a fee, but necessitate giving away most rights to exploit the film. Conversely filmmakers can make a film for less, retain greater equity in the project and thus the potential for back-end recoupment. The latter option can also help to build lasting value in a production company, and allows for a greater level of creative autonomy.

Fellowship interviewees posed a number of other financing recommendations for early career filmmakers:

Determine a fair market valuation for the film

Prior to financing, producers should assess market potential realistically in order to come up with a ‘correct’ budget for the film. Producer of the film *Maria Full of Grace* Paul Mezey said there is a creative benefit from the financing process, “This process can be revelatory in the sense that you really are forced to understand what is at the heart of the film that you want to make, and you will probably make discoveries along the way that strengthen and focus the film.”⁶ While speculative, an estimation of potential returns can be based on performance of comparable titles in the current market. “Get good at this, and potential investors will start to trust your business acumen and start investing in your next project”, says Raindance’s Elliot Grove. The challenge is convincing investors that audience and revenue projections against comparable titles are reasonable, made more difficult when a film does not have obvious marketing credibility, such as having name cast attached who will help mitigate the risk of a film.

Choose an achievable budget

Grove suggests independent filmmakers should match financing expectations to experience level, and “pick a project whose budget you can realistically raise within three months”. He also recommends adding value above-the-line wherever possible, getting the best script and actors available, while seeking to economise wherever possible on below the line production costs. At the point of approaching investors, filmmakers should have the majority of elements such as director, script and cast attached.

Budget for essential insurances

Explore package insurance deals for low budget filmmakers, and allow for essential insurances such as Workers Compensation, Public Liability and Errors and Omissions (E&O) insurance, which is usually required for any international sales. A completion bond may be a condition of market investment,

4 Hope, T, ‘A2E-Artist-to-Entrepreneur’ accessed online 2013

5 trulyfreefilm.hopeforfilm.com’

6 US indie producer Paul Mezey on low-budget producing, accessed online 2013, www.screenaustralia.gov.au (AFC Archive)

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but provide valuable support to the inexperienced filmmaker. A contingency is recommended, or the Producer will need to accept risk to cover unforeseen expenses or minor repairs, writing those expenses into the cost of eventual sale.

Take a conservative and long-term view on recoupment

Project revenues across the movie's entire life span, rather than relying on short term sales. Chris Anderson's The Long Tail principle first published in 1996 supposes that the internet offers 'infinite shelf-space' and payouts from niche content can pile up from multiple territories over time, leading to recoupment and eventual profit. As a business model, financing a slate of films versus a single project can also help to spread risk for investors.

Filmmakers need to maintain a professional approach to dealing with investors that:

- complies with securities regulations for raising funds
- is ethical and transparent about risks, and avoids misrepresentation of market performance
- is a robust and appropriate offer and tailored to the needs of investors
- maximises benefits to the investor
- applies a knowledge of industry concessions or incentives
- meets legislative requirements around copyrights and clearances, including chain of title
- has investment contracts checked by a lawyer with expertise in the screen sector. A short online documentary on the making of Panic Button describes the importance of establishing a proper legal framework for a microbudget film⁷
- maintains accountability for investor funds, including cash flow management, progress reporting, collection agencies and methods of disbursement of revenues in line with contractual obligations, and audit of production expenditure
- clarifies whether investors are purely interested in a business transaction, or want to be partners in the process of making the film

Beside traditional marketplace (Distributor or Sales Agency) sources of financing for microbudget films, government production funding, or specific schemes that offer a certainty of funding, there are a range of other financing options for the microbudget filmmaker, such as:

- direct-to-exhibitor presales
- non-theatrical principal platform sales that may require the filmmaker think differently about the project, such as a two-part television movie, or an online exclusive
- business angels / 'high net worth' private investors
- institutional finance such as postgraduate courses in digital features, PhD film by research or artist-in-residence
- philanthropic, patronage, grants or gifts, in-kind services
- crowd sourced finance or donations
- film festival funds with built-in exhibition
- self financing – so called 'credit card movies'

⁷ <http://crashediting.co.uk/tag/panic-button/>

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- brand ambassador, branded content or product placement
- tax concessions, other government production incentives or 'soft money', co-productions
- lottery funds
- outsourcing aspects of production (e.g. shooting or post offshore)
- co-operatives or joint ventures
- cast and crew deferrals and/or profit sharing arrangements

Crowd Funding

Crowd funding, raising finance from public supporters - on sites like Pozible, Kickstarter, IndiGoGo, startsomegood and Seed&Spark - offers filmmakers the capability of launching a project on their own terms to raise seed funding, top up funding, or even an entire budget.

More recently, crowd funding has served another purpose. By tapping into supporters and demonstrating 'proof of concept', campaigns that are successful can enthuse other public or private investors to co-invest. Further, the UK is currently running limited trials on crowd sourced equity funding (CSEF), available to high net worth or sophisticated investors to invest more significant amounts of money while complying with securities laws for fundraising.

This form of fundraising proves particularly effective when there is causal engagement, such as social justice issues or a personal belief in the trajectory of the creative team. A well-run crowd funding campaign can play an important role in building brand awareness for a film.

While increasingly crowd funding offers a way to engage audiences early in a project, a number of interviewees also made the observation that online campaigns are content driven and require a constant online presence and communication with supporters to maintain interest and 'trending'. Within the tight-turnaround timeframe of microbudget schemes, without specialist support within the team to manage these activities, they can become a distraction from the making of the film itself.

6.1.2 The Changing Nature of Cinema Audiences

As technology has made filmmaking more accessible, film schools have overtaken public short film funding as the principal training ground for filmmakers. However when removed too far from market imperatives, there is the risk of a disconnect between the closed-off artist and an audience, and this connection is vital for filmmakers in a saturated marketplace where consumers have unlimited choice.

Visited schemes made observations on the changing relationship of audiences to screens, screen stories and filmmakers, and filmmakers working at lower budget levels can take advantage of these changing behaviours to connect with audiences and commercialise films.

1. Changing audience relationship to screens:
 - a. The platform of choice for younger 'digital natives' are on-demand mobile devices or online screens, and a shift away from traditional 'scheduled' platforms such as cinema or television, particularly for feature films that do not rely on the visceral, social and larger-than-life experience of cinema. This is typically the case for lower budget or independent films given the significant cost of going to the cinema. There remains however a "correlation between (theatrical) distribution and what we perceive to be popular in mainstream culture".⁸
 - b. The challenge to attract audiences to see films in a theatrical environment has given rise to the 'event screening' paradigm, in which a trip to the movies is elevated beyond the core

⁸ Carroll-Harris, L 2013, Not at a Cinema Near You, Platform Papers, Currency House, <https://currencyhouse.org.au/node/301>

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- experience of the film to a social event or occasion, dramatically increasing demand by changing the experience.⁹ Microbudgets can use this to their advantage in countering limited advertising budgets, by employing event strategies such as:
- i. festival screenings
 - ii. specialist or targeted screenings to a selected audience
 - iii. live event simulcasts
 - iv. 'pop up' (e.g. outdoor) or touring screenings
 - v. special in-cinema events such as Q&A with the filmmakers
 - vi. event release on other platforms e.g. event television, or online
- c. Convergence of platforms (e.g. television and handheld device) allows for a cinema experience to be delivered both across, and irrespective of screens/platforms.
- d. Convergence of communities provides access to targeted audiences (e.g. social media connecting communities across geographic boundaries).
2. Changing audience relationship to story:
- a. Contemporary audiences have grown up with and possess a high level of screen story literacy, and a desire for new story experiences
 - b. Technology provides scope for a more active participation in stories. For example,
 - i. Early engagement in the story before the primary (e.g. cinema) viewing experience, such as authored 'news' content around the film, digital content and social media, and the ability of audience participatory experience to directly influence a story or its positioning in the market
 - ii. Individuals and communities can become advocates of a film, and have a 'direct' relationship through selective screenings, or the so-called 'gifting economy' of social media which rewards high-ranking or shared/viral content
 - iii. Audiences can participate in story through interactive story design, user generated content where the audience is a part of the creative process
3. Changing audience relationship to the filmmaker:
- a. There is now a reciprocal relationship between filmmaker and audience, communities or subcultures around a film, rather than a uni-directional communication
 - b. The internet can be used to test proof-of-concept (or proof of audience), and offers an immediate feedback loop between filmmaker and audience on what works, or doesn't work, through user comments or 'likes'
 - c. Filmmakers have access to complex market data on audience behaviours through data mining techniques, opinion databases such as www.yougov.uk, which can provide the opportunity to create 'movies to measure'
 - d. A consumerist society sees creators, actors, and screen works identified as 'brands', indicators of trusted sources of quality entertainment. Strategist Sheri Chandler says filmmakers need to 'define what they stand for, what their identity is, and then be open, create great work, and connect it with people'¹⁰.
 - e. One way in which filmmakers are combating the negative effect of piracy is to turn online networks into fans with a special personal relationship, or by adopting a 'freemium' model (see Australian case study, *The Tunnel*) - allowing the film to be freely downloaded as 'free publicity', at the same time acting as a sales driver to premium paid or bundled content (high quality download, special

⁹ Gubbins, M 2013 'Video On Demand and the Consumer' *Moviescope Magazine*

¹⁰ Chandler, Sheri, *Independent Film Marketing and Publicity*

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collector editions or box sets, merchandising, events) e.g. wearecolony.com. Reimagining the DVD extras idea, start-up wearecolony.com looks to bundle exclusive online extras with indie films in the on demand space

- f. Crowd sourcing networks or the public to 'invest' financially and emotionally in a film
- g. A direct relationship to filmmakers (e.g. twitter) and a sense of exclusive access
- h. Social cinema networks, and peer recommendation through social media leading to consumer influence and also a sense of discovery in a content-saturated world

6.1.3 Microbudget Feature Film Genres and Formats

At a microbudget level, the story should limit cost drivers such as cast size, number of locations, and production complexity of scenes. There is a commonality in the types of genres and formats that are more achievable on lower budget levels:

- **Arthouse/specialist appeal films** leverage their primary cinematic power from emotional impact and/or intellectual response, are generally performance driven, and may include social realist dramas, diversity (ethnic, transgender) titles, and experimental or documentary genres. Critical acclaim at festivals can help this type of film cross over into the mainstream.
- **Genre/cult/fan** films leverage their primary cinematic power from a primal, visceral response, and include genres such as horror and lo-fi comedy. These films can play with the low budget aesthetic, and work best as low cost/high concept titles with a marketable hook. Audiences are more commonly built through online or home entertainment platforms.

The recent success of premium long-form US cable series whose complex sweeping narratives and emotional resonance have more in common with features than traditional television, suggests that it is well-written stories rather than specific genre or format which have the power to engage and attract audiences, and that online or broadcast platforms can be a viable principal platform. At any length, 'it's all story', said Actor Kevin Spacey in his MacTaggart lecture at the 2013 Edinburgh TV festival¹¹, indicating that the very notion of a feature film may be redefined in the digital age.

6.1.4 How Digital Technology has Revolutionised Low and Microbudget Filmmaking

For the independent microbudget filmmaker, the exponential growth rate of digital technology has elevated production values, accelerated production processes, and democratised filmmaking. This has removed traditional barriers to entry for production, marketing and distribution while sharply decreasing costs: releasing creativity, personal storytelling and artistic freedom like never before¹².

Filmmakers no longer need money, investors or government approval to make a film. The immediacy of technology enables stories which might have previously been perceived as having a limited commercial appeal to be made and exploited to niche audiences.

Digital technology is also forcing reinvention of production processes and practice. Within independent filmmaking, tech savvy next-generation filmmakers are combining traditional skills and knowledge with innovative use of tools and technologies to achieve more with less, and to respond to the changing demands of a digitally connected audience.

This section explores ways in which technology is having an impact upon production processes and practice, across phases of the production and distribution cycle. One characteristic of a digital

¹¹ <http://www.theguardian.com/media/interactive/2013/aug/22/kevin-spacey-mactaggart-lecture-full-text>

¹² Wilson, R 2004, 'From Low Budget to No Budget: Do it Yourself Filmmaking delivers at Stockholm Festival', Fipresci

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environment is that processes are less linear than in traditional (pre-digital) filmmaking. Scripting, audience engagement, editing and marketing can all be occurring concurrently, and this provides microbudget filmmakers with an opportunity to develop and shape the film to appeal to audiences, albeit within constraints that ensure a film is completed. A number of interviewees agreed that budgeting for, and scheduling the opportunity for 'pick up' shoots based on test screening feedback is beneficial as part of the creation process.

Story Design and Scripting/Development

- video storyboarding and and/or computer pre-visualisation
- online peer and audience collaboration through social media and online file sharing
- additional media acquisition requirements for digital platforms
- interactive story design and online audience engagement
- extending the story or experience through 'second screening'

Financing

- recycling content e.g. 'mash ups' or use as a proof of concept
- audience building to mitigate investor risk
- crowd sourced finance
- meta-tagging/selling ad space within a film

Planning, Pre-Production and Principal Photography

- access to vast amounts of information on low budget production through web sites and blogs¹³
- digital tools in pre-production to break down scripts, schedule and budget tools to locate production elements such as locations or props e.g. The Scout24
- digital tools in casting to call for auditions, scout talent, audition and even rehearse actors
- cameras and acquisition formats for vision and sound are now almost entirely digital, and offer a cinematic look and sound and an exceptional quality at low cost
- ownership of production tools can be as viable as rental
- smaller digital cameras and other tools such as drones offer new creative potential. They can capture intimacy and spontaneity, provide access to new visual opportunities, and add authenticity to a film where the lines between reality and fiction are blurred (i.e. a low end format becomes a virtue, such as 'found footage' horror)
- digital production means that microbudget filmmaker can film faster, more often, and can monitor and immediately review what is being filmed while on set
- higher shooting ratios offer greater coverage of a scene and more flexibility in the edit
- augmented reality content, which mixes reality with computer generated content

Lower cost digital production can be a 'double edged sword' however, with a lack of craft and discipline responsible for many more microbudget films of lesser quality. Overshooting can be a false economy resulting in greater costs in post-production, and viewing large quantities of material can erode editing time.

¹³ examples of online resources: indiewire.com, Hope for Film, Next Wave Films, Jon Reiss, The Film Collaborative, Selling Your Film, Filmmaker Magazine, filmfwd, MovieMaker, and the web sites of visited schemes including Raindance, Microwave, iFeatures and CCFL

Post Production

- stringent processes required onset for monitoring quality and wrangling 'data', and increased data storage requirements, emergence of cloud based storage
- immediacy of editing and digital distribution of rushes
- accessibility of media leading to more audacious cutting, 'rather than the traditional reductive approach'¹⁴
- greater experimentation with digital manipulation
- online collaboration, file sharing and transfer, for example to remote visual effects teams
- films may be 'offline' edited or even fully completed using affordable off-the-shelf computer editing software or apps, including 'full suite' packages that offer an integrated workflow and an array of video conversion, editing, sound editing, motion graphics, colour grading and visual effects tools
- sound edited and mixed on digital audio workstations
- CG animated 'bedroom' effects, animations, or even entire animated features (e.g. White Tiger Legend)
- CG assets reused e.g. for game creation, filmmaker collaboration with game creators
- creation and online distribution of Digital Cinema Packages (DCPs) for theatrical screenings
- digital image control or 'up-res' – adding pixels and increasing quality of films shot on a lower resolution
- films with a commercial presale or festival release will still typically conform, colour grade and master a film at a professional post production house, and also obtain a professional sound mix at a mixing facility
- producers may negotiate service deals with post production companies whose business model is propped up by regular high end work allowing them to offer deals to independent filmmakers with whom they want to develop a relationship
- lower budget films can now be shot and edited in 'true HD' 4K resolution (4096x2160 pixels), although most films are only required to be completed at 2K resolution which is the current standard for most theatrical digital projection systems
- archiving remains an area of concern in the digital space, with AMPAS stating digital (unlike celluloid as an archival medium) offers 'no guaranteed long-term access to data'¹⁵. Future-proofing digitally archived materials requires continual and active file management, which in turn requires substantial and ongoing capital and operational expenditures. For independent filmmakers, the challenges of digital preservation are significant

Marketing, Distribution & Exhibition – the 'final frontier'

- digital cinema means filmmakers no longer need to pay for expensive film prints, however specialist titles with short theatrical runs can be disadvantaged by Virtual Print Fees
- digital festival submission processes
- reduced physical costs in digitally distributing a film, low-res 'screeners' and associated promotional materials to festivals, markets or prospective buyers worldwide
- potential to reach global audiences through online marketing and exhibition

¹⁴ Monton, V 'making low-budget digital features'

¹⁵ The Academy of Motion Picture Arts and Sciences, Library of Congress, <http://www.digitalpreservation.gov/series/pioneers/ampas.html>

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- countless new opportunities for businesses, investors and consumers to interact and build value for a film online
- a move to 'frictionless commerce' over the internet
- curated or private web sites are increasingly accepted as a mechanism for the commissioning sector to evaluate films for acquisition
- in theatres, digital technology is not only being used to screen films, but to market them, with animated motion-posters in the foyer (known as 'Mosters'), and interaction with cinema-goers online devices
- more platforms in the digital home entertainment and television market, multi-channelling, time-shifting with personal video recorders (PVRs), and web-based 'catch up TV' services
- market for physical DVDs slowly eroding, and may be replaced by a mix of on-demand platforms, or virtual digital collections (e.g. Kaleidoscope), viewed across connected devices¹⁶ from home cinema to mobile devices
- 'recommendation engines' that target content to audiences emerging as a competitor to traditional scheduled programming
- internet protocol TV (IPTV) offering interactive elements such as electronic program guides, embedded advertising, content personalisation, voting, games, social networking and catch-up or delayed viewing
- crowd sourced theatrical screenings e.g. Tugg or Gathr
- Amazon's Create Space offers a physical 'DVD on Demand' service, where visitors can buy a physical DVD created and distributed by Amazon from electronic master files
- internet service providers, telecommunications and mobile hardware companies reinvesting in original content or regulated to compensate against the impact of piracy (Canada and France have experimented with these models, according to one interviewee)

Video on Demand (VoD)

By the time of the Fellow's visit, VoD had surpassed the physical rentals (DVD) market for revenue. Audiences increasingly want to watch films on their own terms, when and where they want – consumers are driving the shift to on demand viewing and industry is being forced to embrace the change.

Digital content services may be offered by broadcasters, cable operators, equipment manufacturers, games consoles, telecommunications companies, internet service providers, web sites, or conglomerates of any of the above. Services may be delivered via terrestrial, cable, satellite or internet services (the latter may be Internet Protocol (IPTV) delivered over a service provider's own infrastructure, while over-the-top (OTT) services come over the public Internet). Streaming quality is improving dramatically, with the launch of 4K online streaming services.

For the independent filmmaker, the internet offers the possibility of a direct, global audience, both for new content and historical back-catalogues. There are many players in the maturing VoD space in UK and Europe, both of domestic origin (e.g. LoveFilm, Sky) and also dominant US-based providers like iTunes¹⁷. Some interviewees noted the consumer confusion that exists with the large number of services available in Europe¹⁸, but that this will probably resolve itself through failure, acquisition and merger¹⁹. A sample of curated specialist VoD sites hosting independent films:

¹⁶ proprietary device-connecting technologies like Chromecast or Apple TV competing with open source platforms, such as the pan-European Hybrid Broadcast Broadband TV or 'HbbTV'

¹⁷ e.g. Netflix, Hulu, Amazon Prime, Vimeo on Demand, Google Play Store, Xbox Video, iTunes

¹⁸ On-demand Audiovisual Markets in the European Union, ec.europa.eu, accessed online Jan 2014

¹⁹ Gubbins, Michael; Video on Demand and the Consumer, Moviescope, Jan 2014

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- UniversCiné (France, Belgium)
- Mubi
- SundanceNow (US)
- IndieFlix (US)
- Reelhouse (US)
- Fandor
- Beamafilm (AUS)
- SnagFilms (Documentary)

In the UK the BFI is making its entire film collection available online through its on-demand service, and cinema chains Picturehouse and Curzon have established online services, the latter a streaming service releasing 'day-and-date' titles online on the same day as in theatres (pre-theatrical screenings are branded by US studios as UltraVOD²⁰).

Direct-to-fan sites like VHX.tv and Distrify allow a creator to sell on-demand from their own or a third party web site, while also allowing content to be on-sold to affiliates. Distrify is described as 'a great way to offer a decentralized VOD strategy where curators and other taste-makers have a real incentive to help spread the word'²¹.

Revenue models for movies on demand include, subscription (SVOD) services, transactional (TVOD) services (Electronic-Sell-Through EST or Download-to-Own DTO²²), Ad Supported VoD (AVOD) and hybrid services for which customers access some free content but pay for premium-tier services. Download has limitations for the consumer as storage space is not a free commodity²³.

Aggregator services like Distribber and KinoNation are essentially distributors who have relationships with major platforms like iTunes, and can help filmmakers to enter these markets. As intermediaries, aggregators (like platforms) will also take an up-front or percentage fee, and filmmakers need to research carefully the benefits and risks of selling directly online versus selling through an aggregator. There are also services like Veam that provide workarounds to get films on platforms like iTunes, with end-run services than encode movies as an iTunes 'app'.

Generally, there is consensus that there are too many platforms and a lack of quality films, and that just because a film is available online does not mean audiences will find it.

Optimistically, video and home entertainment on-demand does represent an alternative launch platform for microbudget films without distribution deals, and the potential for films to swim 'upstream' back to theatrical or broadcast television if they are hits.

6.1.5 Casting and Crewing Microbudget Features

One of the key ways in which budgets can be lowered is through keeping personnel costs down through negotiated cast and crew fee arrangements. This needs to be balanced with a film's need to attract the very best creative talent possible. Said UK filmmaker Ben Wheatley in an interview, "With no budget, the main asset you have is performances. They have to be great. Good actors can captivate on

20 Bernfeld, W & Ravid, O 2014, 'Digital Distribution in Europe' Selling Your Film Outside the U.S., ed. The Film Collaborative

21 Horn, D 2013, 'VOD Options for Independent Films and Series' accessed online

22 <http://www.standard.co.uk/goingout/film/ben-wheatleys-nobudget-film-school-6437979.html>

23 Gubbins, Michael; Video on Demand and the Consumer, Moviescope, Jan 2014

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an empty stage. Bad ones in front of an amazing set are still bad²⁴.” Filmmakers should make the right casting decisions, and both ‘bankable’ proven actors, or new ‘discovered’ talent who give an incredible performance, can be marketable assets in their own right.

Money can not be the principal motivator for the team who will be making the microbudget film. Instead these films rely on the passion, belief and effort of the creative team, and a willingness to improvise and problem solve, to compensate for budgetary constraints. Filmmakers must always maintain an ethical, transparent and egalitarian approach to pay arrangements to avoid dissent.

Increasingly at low or micro budget levels, cast and crews may forfeit a portion or all of their fees in return for becoming investors on a project, under profit share arrangements with prioritised recoupment alongside the producers.

The Fellow observed other recommendations when dealing with cast and crew on the low or microbudget film:

- consider collaborators who can add incidental value, such as specialist research consultants or crew with access to locations or props
- provide safe, fair and decent working conditions
- find talented people who are looking to build profile, step up from shorts or television, advance in the production hierarchy, or change career direction, maintain skill levels, develop new or build on existing relationships
- be aware that not all personnel will be in it ‘for the art’, or they may have expensive overheads that need to be paid for (e.g. Gaffers or Grips)
- a TV background may be an asset in terms of crew being proactive and being able to shoot fast, but producers need to be cautious about the fact they will probably be earning much less money working on a microbudget film than in TV, and that features require a different shooting methodology to television
- consider pairing experienced mentors with less experienced or emerging crew members
- cast and crew need to consider tax implications of forfeited income as an investment in the film
- be aware of buyout of actors rights loadings, typically written into contracts with cast, but may be prohibitive on very low budgets and bought out later as a cost of sale. If there is a distributor presale in place, or an online distribution strategy, there may be a requirement to pre-buy rights, which will put the daily and weekly rates up considerably
- actor deals need to cover having an actor available for pick-ups, post-sync or promotion of the film
- bypassing agents to get a script to an actor may work, but agents and casting directors may also be allies if they have a vested interest, or belief in a project
- use the advantage of shorter lead time and production schedules to create casting opportunities, be prepared to make concessions for ideal cast, such as offer without audition

Ultimately, the entrepreneurial producer relies on successful collaboration to make a microbudget film. Producers must remember they are dealing with people and that there are limits to the labour of love. They need to foster relationships, always be respectful and genuine, and prepared to give back in any way they can.

²⁴ Wheatley, B ‘

6.1.6 Distributing Microbudget Features

"Making the film is easy. The hard work starts once the production is over²⁵."

A number of schemes visited by the Fellow discussed the challenges of the current theatrical marketplace, the domination of studio product and focus on blockbuster movies and the volume of arthouse product in the market, which threatens traditional recoupment models for feature films. The BFI reports that only 22% of films with budgets under £500,000 made between 2003-2010 were released theatrically within two years. For budgets over £500,000 it rises to 57%²⁶.

Binger's À la Carte program suggests the industry remains in a transitional period that requires "new strategies for filmmakers and funders alike. We need new knowledge about the impact of digital technologies on the financing and exploitation of work, as well as new approaches to sourcing and maximising the audience for our films."

The movie business has traditionally relied on and been protective of a system of 'release windows' that give each potential market, from theatres, to television, to home entertainment, a clear shot at marketing the film. As the public has demanded to watch films on the platform of the choice when they want, and resorted to piracy (the ultimate 'on demand') when a film isn't available, the industry has been forced to experiment with a collapsed windows model – also known as 'day and date' when a film is available on multiple platforms simultaneously. While there is still some resistance from the mainstream exhibition sector, a collapsed windows model is viewed by many as increasingly necessary, particularly for lower budget titles which often have very short theatrical runs. These titles can benefit from exploiting awareness created by a theatrical release by having the film immediately available on consumer's platform of choice.

Traditional distribution

A traditional distribution sales strategy for features is typically launched off the back of a festival release, ideally on the prestigious 'majors' festival circuit (Cannes, Toronto, Sundance, Berlin, Rotterdam and Venice) or, more likely for lower budget films, mini-major festivals²⁷. Microbudgets can break through into the more prestigious festivals, and in 2012 Venice was even reported as actively promoting microbudget films as an antidote to economic austerity²⁸.

In reality however, interviewees hinted that picking up an International Sales Agent remains elusive in the current climate, and for many independent films, the festival 'window' is the theatrical release of the film²⁹. So long as a film can recoup in other markets, this is not necessarily a negative. Critical recognition, awards, and audience 'buzz' from festivals can build awareness, and get a film noticed.

If a microbudget title obtains a limited theatrical release (specialist or arthouse cinemas) this can build a platform for a wider theatrical release ('crossover title'). Even a small release can help drive downstream sales (e.g. television/DVD/VoD/ancillary e.g. airlines, hotels).

Under a traditional model, the buyers/financiers take on the risk for the film, in return for exploitation rights over an extended period, say 25 years. Producers are paid fees from the budget, but relinquish some control of the film's scripting, casting, final edit, and release.

The challenge with a traditional distribution pathway is that for buyers, a significant up-front spend in 'P&A' (prints and advertising) is required to raise consumer awareness and gain market penetration, and

25 Sanders, J, 'Low and Micro Budget Film Production in the UK', UK Film Council

26 Follow, S, 49 Interesting Facts about the UK Film Industry, accessed online 2014

27 such as SXSW, Locarno, San Sebastian, Tribeca and Karlovy Vary (Raindance)

28 <http://www.thenational.ae/arts-culture/film/air-of-austerity-at-venice-film-festival>

29 Is VOD Collapsing the Festival Window, The Film Collaborative, accessed online 2014

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microbudgets typically do not have the same marketable cast as the blockbusters they are competing against. Exhibitors measure how long they keep a title on screens based on box office performance, and limited screen space means that often by the time audiences become aware of a smaller title, its theatrical window has often closed, and another film has taken up its place.

Buyers typically offset any losses from the theatrical release under cross-collateralised 'all rights' deals to sell the title in downstream windows, and these revenue streams ideally take a film that has underperformed in the theatrical release into profit. Traditionally, independent or specialist titles would often recoup in the DVD market, however audiences current desire to see films 'on demand' in the platform and the timing of their choosing, and resulting piracy and audience fragmentation have placed both DVD sales and the 'release windows' model under increased pressure. In the UK, recent years have seen the closure of retailers like HMV, independent distributors such as Revolver, who supported three Microwave features and created the KiDULTHOOD-AdULTHOOD urban genre. Supermarkets like Tesco still offer sell-through DVD options, but again face strong competition from an oversupply of U.S. product.

Market buyers have access to sales, marketing and distribution resources, expertise and market intelligence. However on the down side, filmmakers working within a traditional sales model are less able to control if, when and how the film is released, and unless the film is a hit, filmmakers are not likely to see profits in the short term. In the next decade however, the consolidation and monetisation of the emerging Video on Demand market however may give new life to Distributors back-catalogues and see filmmakers gaining some returns on their films.

In researching potential international sales figures, web sites like Box Office Mojo, The Numbers or IMDB Pro allow filmmakers to search for box office performance in various territories by title, and results are also available through trade press such as Variety and public records like the BFI. There is also a recent push in Australia to cultivate sharing of information to benefit the independent film sector.³⁰ Emerging markets in Asia³¹, such as China (with its commuter 'micromovies' phenomenon) or India's growth in multiplexes, may be opening up as markets to international product. A case study of International sales estimates is included in the Appendix to this report. However, one agent reports filmmakers often have over inflated notions of the amount of revenue for foreign distribution, and suggests caution in relying on international sales to pay back investors. Projections can vary greatly based on factors such as cast or creative elements of the picture.

Filmmakers can become smart at pricing a film according to its value in the market, which can include deferred costs such as star cast or producer fees, not what it actually cost to make (its 'paper budget'). This means if a film has a high perceived market value, many of these deferred costs can be paid out at the point of sale. For investors, reducing the real costs of production mean less financial risk, and a greater likelihood the film will recoup and go into profit.

An additional benefit of lowering budgets is that in some cases, typically elaborate financing and contractual processes can be simplified. Some deliverables specific to a territory can be written into the deal to lower up front costs in production.

Filmmakers should become 'contractual savvy', suggests Raindance Festival's Elliot Grove, for example, "applying a cap in marketing expenses to avoid profit melting away, and a deal in which the filmmaker can leave the distributor if a certain minimal revenue stream has not been reached, or if the film has not been released within a certain time frame."

One interviewee commented that too often low and microbudget producers have not adequately considered or delivered completion materials and documentation needed by sales agents, which makes subsequent exploitation by distributors difficult.

³⁰ Buck, A 2015, Power In Numbers: How Filmmakers Can Benefit From Sharing Information

³¹ Theatrical Market Statistics, Motion Picture Association of America, 2012

Alternative Distribution

Alternative Distribution is a broad term that relates to any sales, distribution and release strategy which deviates from the traditional approach of 'All Rights' sales to a Domestic Distributor and an International Sales Agent, and release across traditional windows.

Filmmakers may also adopt hybrid approaches that combine elements of both traditional and alternative distribution, or look at service deals where the risk of releasing the film resides with the filmmaker, and third party distribution companies are hired to provide marketing and distribution resources and expertise.

Filmmakers are encouraged to consider the optimum way of reaching an audience for their film. Microbudgets that do not achieve traditional sales may be forced into looking into alternative strategies, however increasingly this is seen not just as a surrogate option to a traditional pathway, but as a viable and potentially more lucrative choice for releasing a film. Filmmakers are no longer reliant on market financing to be able to make the film, and are able to retain greater equity in the product by not pre-selling rights, particularly where films are made at a lower price point and sold at market value.

A2E's Ted Hope is enthused by the flow on effect of broadening approaches to film distribution:

"It's really exciting, I think, to see people can manage their own destiny. For the audience, it means that we're on the verge of actually having a greater variety of films. You start to see then that you can make a movie that is not designed for a mass market. A person who's making the decision on what films to buy or what to push is influenced by their own experience, and that starts to shape the nature of what is released and given to the general public. Once we start to step away from that, once the public decides, that will also change the nature of what films get made. As we separate ourselves away from traditional distribution, we start to see the fact that it isn't all one film industry -- it's actually a series of industries."³²

Direct (or 'self') Distribution involves the filmmakers bypassing traditional distribution gatekeepers to launch or self-distribute films directly to audiences, such as selling the film directly to broadcasters or online, direct DVD sales, private screenings, 'four walling' which is renting a cinema space for theatrical screenings, or negotiating direct deals with smaller exhibitors.

This approach requires a big commitment to research options, strategise, build relationships and manage the film's release which takes a lot of time and money.

Filmmakers working with alternative models are freed from many of the conventions of a traditional release, and can consider:

- **Splitting rights** (as opposed to all-rights deals with a traditional buyer) to maximise individual deals with each platform and territory. This can be difficult without the pre-existing relationships which Sales Agents possess and some platforms will not be available directly to independent filmmakers. Splitting rights also makes a property less attractive to a distributor, so relies on the filmmaker developing relationships directly with various buyers.
- **The most appropriate launch platform** – traditionally theatrical is the primary launch platform, but is also the most expensive. For a microbudget requiring time to build word-of-mouth, an online launch backed by a social media campaign might be more suitable. An online release does not infer a film can not be theatrically released³³, and the "digital pathway is a two-way street not a unidirectional tail", says Australian Distributor Peter Castaldi³⁴. "In the nonlinear world, content can, and does, swim 'up-stream', back to terrestrial platforms." A feature may also be made for television premiere, which may reach a much wider audience than a short run theatrical release.

³² <http://www.indiewire.com/article/ted-hope-interview-a2e>

³³ <http://deadline.com/2010/03/tribeca-vod-venture-foley-or-future-26985/>

³⁴ Castaldi, P 2013, 'Australian Cinema is Dead, Long Live Australian Cinema' picha.com.au

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- **Designing the release windows, or ‘day-and-date’ approach** – Windows may be tailored to an individual title and shortened or flattened (as in day-and-date, where the film is available on all platforms simultaneously). Trade practices in the theatrical exhibition sector, which protect release windows, may limit these options in certain territories.
- A **staged release** can be based on market research and market intelligence or performance, with greater focus on building awareness and word-of-mouth, offering a more reactive approach to marketing strategies and maximising potential for revenue in niche markets (such as special edition DVDs, or event screenings).

With vast amounts of indie content available online, gaining content awareness and being seen is a matter of improved marketing techniques and more attractive content³⁵, and of filmmakers becoming the champions of marketing their own product. Different marketing creative is required for an effective online campaign³⁶ than for a theatrical release. Power to The Pixel referenced the idea of teaser content such as webseries or games that can build anticipation for a film.

Advantages of Alternative Distribution	Disadvantages of Alternative Distribution
<ul style="list-style-type: none"> • Greater creative control over the film and its release 	<ul style="list-style-type: none"> • Increased financial risk to the filmmaker or investors (more speculative)
<ul style="list-style-type: none"> • Greater level of equity ownership and more immediate revenues if a film performs well 	<ul style="list-style-type: none"> • More limited access to market e.g. the cost of attending traditional sales markets may be prohibitive, and filmmakers may not have the established relationships required to make sales

Digital (Internet and Mobile) Distribution

The proliferation of the internet as a distribution platform has afforded creators the ability to release a film from their bedroom. Digital platforms appear to break through the bottlenecks of broadcast and traditional ‘bricks-and-mortar’ retail, to offer unlimited ‘blue sky’ sales potential through global audience access.

However, challenges for the entrepreneurial filmmaker in direct digital distribution include:

- determining the right platforms for the film, and gaining access to those platforms
- ensuring content ranks highly and is visible to potential buyers/viewers
- content creators still have to drive their viewers to their site if they hope to be successful. E.g. VoD successes with effective marketing: *For Lovers Only* or *Indie Game the Movie*
- careful research and due diligence to ensure that revenue-share returns (after transaction costs) are to the filmmaker’s advantage
- sales of digital rights may compromise the ability for a traditional theatrical sale for a specific territory, and a buyer is unlikely to be interested in leaving these rights out
- legal clearances on music and actors rights across territories can be a barrier, with the complexity of varying copyright laws. Many first time filmmakers neglect to obtain all the necessary clearances during production required to release the film.

³⁵ Gubbins, M 2013 ‘Video On Demand and the Consumer’ *Moviescope Magazine*

³⁶ VOD Myths versus Reality, *Truly Free Film*

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The emergence of creator-driven platforms such as (independent viral distribution platform) Distrify, even more so than iTunes, is “really empowering for low-budget filmmakers” says Triangle’s Hugo Heppell. Audiences can watch a trailer on the filmmaker’s own site, and if they like what they see they can pay to watch it, or purchase the film on Blu-ray or DVD.

Across Europe and the UK, online platforms are becoming more developed, issues like interoperability being addressed, sales data more transparent, audiences more sophisticated, and digital distribution models more viable. Online aggregators who bundle titles or buy up catalogues of titles are like traditional distributors who may leverage relationships to sell or position films on major platforms like iTunes, and may contribute marketing expertise, but will generally only pay small acquisition fees for any film without significant ‘marquee value’, and generally take around 10-30% of total revenues.

Variety suggests VoD platforms represent a godsend due to competition for exclusives within territories and that a good strategy is to “mount short-term exclusive deals with one platform as a building block for additional ancillary deals³⁷”. Some platforms are now offering serious money for digital rights, others commissioning original content, although rare without a star driven film, and sometimes stars want a theatrical guarantee, as their agents do³⁸. Consumers may be prepared to pay more to watch a film simultaneously or even before a theatrical release with ‘Premium VoD’³⁹.

In looking at VoD Sales Projection, filmmakers need to understand ‘conversion rates’: the proportion of visits to a website who takes action to go beyond a casual content view or website visit, as well as understanding how much targeted internet traffic will cost⁴⁰. In negotiating any deal for VoD distribution, filmmakers must investigate revenue share deals, as well as costs that will be deducted such as encoding or marketing fees.

37 Variety.com, VOD platforms form building blocks to profit

38 Chandler, Sheri, Independent Film Marketing and Publicity

39 Gubbins, M 2013 Video On Demand and the Consumer, Moviescope Magazine

40 Brubaker, J 2013 How To Finance Movies With VOD Sales Projections, Filmmaking Stuff

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6.2. Common Approaches of Low and Microbudget Schemes toward Skills Development

In October 2013, the Fellow visited a range of organisations delivering microbudget film development and production schemes, related screen agencies and filmmakers, in England, The Netherlands, Germany and Denmark. The aim was to gain insights into the current landscape for microbudget feature film production in the destination countries, and to evaluate how trialled schemes facilitate practitioner, project and industry development.

The introduction to this section summarises consistencies in the directions of scheme approaches to microbudget production and skills development.

This is followed by detailed reports for all schemes and other site visits. In each location, observations have been categorised as they relate to five observed key areas of skills development:

- Audience
- Script
- Digital Technology
- Entrepreneurship
- Distribution

6.2.1 Selecting and Developing Projects

Public microbudget development and production schemes exist in a unique junction between market-focused intervention, and innovative risk taking.

Strong industry relationships within agencies or lead organisations bring conventional market intelligence to the process of running a microbudget film scheme. Market partners are often involved in decision-making processes to shortlist or select projects to participate in schemes, during training and development, or to 'green-light' production finance.

While market intelligence provides a framework for positioning a story, filmmakers are still expected to do their own groundwork in defining who the established core audience for a story is.

With less at stake financially, and with the quick turnaround nature of most low or microbudget schemes, filmmakers and scheme managers can also take unparalleled creative risks. Without needing to focus on financing a project, filmmakers are afforded a relative freedom and the ability to focus on telling their story. The results are often fresh and original.

Good ideas can be made quickly rather than sit in 'development hell', capitalise on the energy, enthusiasm, and vision of the filmmaker, and protect creative authorship. Being able to take greater creative risks is a big asset in terms of making films stand out in a crowded marketplace.

Films need to connect to audiences to reach their critical and commercial potential, and within schemes, participants learn to observe and analyse the changing nature of audience behaviours, and identify and connect with target markets.

In the digital landscape, a precise understanding, respect, and relationship between those who create and those who consume is increasingly integral to the balance of the collaborative process of creation and the business of making movies.

In the second phase of development during iFeatures2, social media expert Sherry Candler⁴¹ presented filmmakers with an approach to effective social media engagement and the digital mindset: "This is

41 The Film Collaborative, USA

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no longer a world of the closed off artist. New developments .. are all contingent on being open and connected to an audience. Filmmakers must understand and use digital tools in their professional life to truly have a relationship with their audience. Anyone who can't deal with that is going to be left behind in this world. That really goes for any professional, not just artists.”

Getting people to see a film is something quite separate from distributing a film. Schemes help ensure participants are developing a marketing strategy early in development, and that marketing assets are collected and utilised during development and production. Market awareness is generated for participating films through schemes' networks, brands, and related activities (such as the Microwave or iFeatures web sites), as well as social media engagement.

Traditional buyers will want to know cast, genre, key hooks, ideas or themes that will guide marketers and allow an audience to 'read' the film quickly. Without known stars, or the financial means to cut through competition and 'buy' audience with traditional advertising, the microbudget film instead relies on a high level of sophistication in audience engagement to build awareness and anticipation, and to maintain interest in a film. The fact that a film is low budget is less likely in itself to be a marketable selling point given the quantity of material in the market, and the number of low budgets hits that have previously trodden the path of selling their low budget approach as a unique feature.

To value-add limited marketing budgets, microbudget filmmakers are trained to use other low-cost marketing tools and techniques, including:

- free publicity or promotional opportunities
- special events or public stunts
- seeking the right reviews
- mutually beneficial partnerships
- engaging with social media and online communities
- engaging the 'taste makers': Paramount's Insurge microbudget division head Amy Powell tracks online social media analytics and 'big data' and relationships to peer influence, stating “the film that's in a better position isn't necessarily the one whose trailer was seen by more people; Rather, it's the one seen by the right people”⁴²

Importantly, schemes tend to embed marketing activities in a way that allows filmmakers to maintain a focus on the centrality of script and film quality, which is the most essential marketing tool to build word-of-mouth for a film.

Microbudget constraints and the script

As the barriers to filmmaking decrease, the importance of script originality and quality becomes paramount for a narrative microbudget film to stand out in a saturated marketplace.

The short turnaround of microbudget schemes and lower budgets allow filmmakers the chance to push the envelope and take the type of bold, creative risks that big budget commercial films only wish they could take.

However, the critical element to successful filmmaking at this budget level is not to compromise a larger budget film into a microbudget model. Instead, filmmakers require a script that turns **financial constraint to creative advantage**, utilising available resources, forcing simple and creative solutions, and ultimately enhancing the end result rather than inhibiting it⁴³.

42 Powell, Amy interview in Rise of the Zombeavers: Hollywood Sinks Its Teeth into the Micro-Budget Movie, Time Magazine, June 2013

43 http://www.binger.nl/a_la_carte/microbudget_producing

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The idea of **containment** concerns placing restrictions on the film that conceal from the audience the lack of budget, such as restricting the number of locations, characters, camera set-ups and ensuring these choices are driven by the narrative. 'Containment movies' conventionally set the film in one location from which the character can not escape, and where space itself or the claustrophobia becomes a character in the film. These constitute an unsurprisingly large number of microbudget hits (Clerks, Blair Witch Project, Reservoir Dogs, Cube, Saw, Paranormal Activity). The creative use of elements such as sound or lack of on-screen production detail (such as the darkness of Blair Witch Project, the out-of-focus backgrounds of Monsters, or the off-camera action in Reservoir Dogs) can also help to 'contain' a lower budget film. A 'chamber piece' is a film involving a small number of characters interacting over a short period of time in a limited environment.

While the setting and cast may be contained, the writers and directors need to compensate by thinking cinematically in scope and delving deeper into character. The idea itself needs to be big enough to sustain a feature length, and must provide the audience with a genuinely cinematic experience on the story's own terms⁴⁴.

The first intervention in microbudget schemes occurs at the initial selection stage, usually by committee, as the film's 'first audience'. Creatively, projects are sought that are original, conceptually simple yet complex in the execution in a way that will surprise and delight audiences. Schemes also look at the body of work of filmmakers, to get an idea of writing ability, the talent of the creative team, and the authenticity of the filmmaker's original 'voice' in the planned execution of the project.

A number of schemes said despite having access to a vast pool of potential filmmakers (schemes often receiving 100-300 scripts), script quality was a rare commodity, saying that many scripts by inexperienced filmmakers lack dramaturgy.

Broadly speaking, schemes are not overtly prescriptive about genre, so long as the project is held together by a strong core idea and is able to be successfully achieved within the target budget range, avoiding stories which rely on star power, big-budget action or epic scale. There is some evidence that schemes also look for projects that innovate in form or content (take risks), that avoid clichés such as too much emphasis on what can be narrated in a script⁴⁵, and projects that contribute to a specific screen culture.

At a microbudget level there is little, if any, money to fix problems later. Once shooting begins, or worse, once the film is wrapped and the edit begins – only then do the problems inherent in script appear, and by then no amount of reshoots or post production tricks are likely to salvage a script that was flawed from the start of production.

How schemes support development of writing craft

During training and development stages participants in microbudget schemes work with writers, filmmakers and script consultants to challenge and test ideas, address script problems, help strengthen and shape scripts, develop themes, create compelling characters and authentic dialogue, and write more dramatic scenes. Schemes have a rigorous approach to script development, with skills development activities including:

- use of short documents, such as synopses, treatments and outlines
- feedback and script notes from mentors, consultants, peers and pitch panels
- script analysis exercises
- collaborative writing (writer's room model)
- redrafting against defined objectives

44 Brindley, M 1996, 'Writing the Low-budget Feature', Low Means Low, Australian Film Commission, Sydney

45 Low-budget cinema: beware the cliché, Adrian Martin

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- actor workshoping and live script readings
- research activities that imbue the themes and tone of the script for the writer or creators
- using online tools, on-screen drafts⁴⁶, webseries, proof of concept) to develop and test and refine ideas on screen
- widening exposure to other artists, such as the theatrical sector, novelists and comedians as collaborators and a way of finding new talent for the screen sector

In Germany and Denmark there was more evidence of improvisational approaches to story development, with some filmmakers shooting directly from developed story outlines. In the UK with its strong literary traditions, funding is generally contractually released upon delivery of an approved shooting script.

Once projects within a scheme are green-lit for funding, focused script development times leading to production average 6 to 18 months duration. Most undergo only a small number of script drafts (often 2 to 3) before production, with some projects still scripting while shooting.

Critics of interventionism into independent filmmaking say that risks around script development can include 'sameness of voice', creative interference, or overdevelopment. Another UK interviewee suggested that public schemes were less likely to explore alternative approaches to the classical narrative, while in Europe there are specific funds to support experimental artists. It was suggested that public funds maintain their ability to reinvent, perhaps by limiting the term of the decision makers in charge of funds to a set number of years: "with the same gatekeepers over an extended period of time, that means it's a very homogenous taste even if it was the most enlightened taste, or if you've been in the job for that long without you even realising it, you might have lost some of the spark or ambition. Whereas, if you only had three or four years to prove yourself as a funder, you are going to be really inspired to try and make the most exciting thing you can do, and that energy coming from the top and the excitement feeds all the way down, and also keeps everyone on their toes, constantly on the move, trying to reinvent."

Fully financed schemes offer teams the opportunity to focus on the creative

One of the main advantages to working within a low/microbudget scheme, is the potential for green-lit projects to be fully financed within the context of the scheme itself, and also the fact that lower budget films can often be the hardest to finance. Accessible 'one stop' financing of films and streamlined contracting allows creatives to focus on the realisation of the film, rather than the financing process.

Public agency scheme's film finance structures typically include market elements such as domestic broadcaster license fees (e.g. BBC Films, Film4) and/or distributor or sales agent minimum guarantees (MGs) or presales, who are prepared to invest at an early stage to nurture talent. Financing structures are supplemented by government tax concessions (such as the BFI's Tax Credit scheme for eligible British films providing a 20% rebate on production expenditure for films which cost less than £20M to produce), agency finance, and skills development funds.

Agencies can also provide internal support from Production Controllers, Lawyers and Accountants, and support the market attendance of completed films, to generate interest and exploit unsold territories. Parent agencies and established connections can offer relationship benefits such as:

- flexibility on cost of completion bonds (usually required as an insurance to protect bona fide or market investors)
- flexibility on market attachments as a pre-condition of public funding
- an ability to absorb or amortise development costs and overheads
- facilities or service deals

⁴⁶ Pearlman K, <http://www.karenpearlman.net/karenpearlmannet/opportunity-for-filmmakers-onscreen-drafts>

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Even in the context of a fully financed scheme, producers are still required to deliver a film as they would any commercial property, and training is designed to develop and build sustainability for fledgling production companies.

In developing the creative ‘package’ – the script, the team, and the vision for the project begins the financing process. Microbudget schemes typically seek producers with sufficient prior film experience, and the right maturity and personal attributes to make a feature length project and maintain positive relationships within the team and with external stakeholders. Schemes broadly recognise that Writers and Directors make films, but that Producers build industry.

Schemes also work to support the development of the delicate soft-skills of creative producing, the mix of story knowledge, diplomacy and strategies needed to facilitate and guide others to create their best work. The Creative Producer must respect the director’s role, but also set limits, and understand the creative ramifications of practical decisions. Conversely, the director “has to believe that the producer will not compromise the film”.⁴⁷

6.2.2 Approaches to Production

Embracing digital technologies

Across the entire production workflow, through to digital distribution, technology has vastly revolutionised filmmaking and made microbudget production increasingly accessible and more commercially viable.

Schemes embrace digital innovation, but seek to maintain the wisdom of traditional practice. They also caution filmmakers to avoid potential pitfalls (such as ‘over-shooting’) in the application of new technology, and to always maintain a focus on technology at the service of story.

“Technology enables the budgets to be lower, of course”, says the NFTS’ Nick Powell, “but technology doesn’t make entertaining films. Technology most of the time makes non-entertaining films so that side of it remains the same challenge as it’s ever been.”

Microbudget schemes purport the right technology for the project and will rarely force productions toward a particular technological solution. When looking at format and workflow options, filmmakers need to consider cost, quality, accessibility, familiarity, and portability, ease of use and compatibility of various shooting and post-production processes.

Participatory cast and crew fee structures

With reduced financial incentive when working on lower budgets, cast and crew need to be involved because they have a passion for the project. Teams need a ‘can-do’ attitude and a willingness to innovate and improvise.

In respect to wages, most low budget schemes like iFeatures, Cinematic and WarpX pay crew ‘scale’, meaning industry award minimum daily rates across various pay levels. Producers are also given extra negotiating room through a recoupment ‘corridor’ (generally 25% - 40%) that rewards creative talent with back-end profit participation in lieu of higher wages, if a film is successful.

In the UK, the Unions and industry have worked closely with schemes. They recognise that flexibility in cast and crew arrangements is required to develop talent, and support lower budget, small-scale feature production activity as something that builds sustainability and stimulates more work opportunities, complementing rather than undermining mainstream production activity or established working conditions. While crews can be smaller or be required to multi-task, there is also a reassurance

⁴⁷ Mezey P, US Indie Producer Paul Mezey on Low Budget Producing

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provided by working within a public scheme that safe and ethical working conditions will be provided for cast and crew.

Most microbudget films will take a few extra people on the crew for voluntary work experience or as bit parts or background extras, an important aspect to developing newcomers, but laws in the UK are quite protective about people volunteering, and they can supplement but can't replace cast and crew positions. Unpaid positions are not bound by contract, and can be hard for a Producer to rely on, leaving at short notice to take paying work.

The safety net of experience

Once in production on a microbudget, there is little room for error. Schemes offer the benefit of production oversight that helps to predict problems before they occur. The green-lighting process within a scheme ensures the script is ready before beginning to shoot, and budget 'cost drivers' (cost elements within a project that affect the budget) are carefully analysed to predict possible overages. Film's producers must ensure very precise and well-defined ambitions, impeccable planning and pre production (and sufficient preparation time), and a pragmatic approach to production. Careful consideration must be given to the creative impact of each decision.

Within microbudget schemes filmmakers green-lit for production receive ongoing support through the production phase with expertise from industry mentors. This both supports filmmakers in the creative realisation of their story and also provides a safety net that ensures producers bring their film in on schedule and within budget, without compromising story.

Shooting schedules are generally shorter than mainstream productions by virtue of their budget - around three to four, six-day weeks for a microbudget, and up to four to six weeks for a low budget scheme like WarpX. Filmmakers are encouraged to schedule an achievable first day, then build the pace gradually and maintain momentum. Shooting as much in sequence as possible can benefit the creative team and actors, but requires carefully scouting of locations. Schedules need to factor in more time than higher budget films to allow for inexperience.

Said the NFTS' Nik Powell: "one of the things about making good pictures is to have time, time is really important for good storytelling. You need to spend time in development and then spend time with your actors on the day, on the set, delivering what that scene needs."

An open and communicative environment is vital, and producers are encouraged to imbue in the team a sense of resourcefulness. When problems or limitations arise, the team must look for creative rather than monetary solutions. Filmmakers need to maximise available resources and take a sustainable approach, recycling elements and avoiding waste. The online Hope for Film blog⁴⁸ posted an innovative approach to gathering 'free' resources from the community, the 'open call info session'.

Producers are encouraged to limit the number of location moves and set ups, consider re-dressing one physical location to function as two script locations, or collapsing multiple locations within the script itself. Studio-based or single location indoor shoots with 24 hour access offer inexperienced crews less variables, and the ability to leave set ups overnight. Location owners can be engaged as participants in the filmmaking process to cut costs, and filmmakers must maintain good relationships with location owners, neighbours and local authorities. Shooting within a limited radius ensures there is no time lost in moving locations, and crews can move easily if weather changes. It is recommended to locate the production office nearby, or within the primary shooting location.

Filmmakers are required to ensure adequate risk management measures are in place, including protecting data (vision and sound recorded on set), equipment, and most importantly the people involved in the film.

48 Mahaffy, Jake: Hope for Film, 22 September 2014

6. THE INTERNATIONAL EXPERIENCE

The duration of post-production for most microbudgets made in schemes was between 15 and 20 weeks, the initiatives offering support with post-production supervision, editorial advice, support with test screenings, and access to facilities deals. It can be cost effective to budget for a few pickup days after the main shoot to deal with sequences that don't quite work, rather than schedule an unnecessarily long film that tries to cover every possible base⁴⁹.

Matchmaking professional editing mentors through schemes can bring important fresh set of eyes to the material, and can ensure the film meets its delivery deadline.

Schemes include contracted deliverables in their agreements with green-lit filmmakers, which helps skill new producers in the requirements of an industrial delivery process.

In some instances foreign territory 'deliverables' such as M&E tracks or production scripts can be negotiated as a cost of sale.

Microbudget filmmakers tend not to use a physical paid archiving service and store film masters on mirrored hard drives in multiple locations and/or cloud based services, but there is a risk with technology obsolescence. Working with a scheme provides an additional security of a storage location for digital masters as delivery items, for example within a screen agency or partner broadcaster's own archives.

6.2.3 Approaches to Distribution

Developing Entrepreneurial Producers

UK and European low and microbudget schemes, along with other select learning centres such as film schools and market/festival industry labs and programs⁵⁰ develop entrepreneurial producers through direct access to knowledge about the business of making independent films. Within schemes, training is provided in packaging, pitching, financing and contracting, market positioning, distribution strategies and managing revenue streams.

Filmmakers that both deliver quality original films, and work to build a viable business and marketable brand in films, companies and creators, are well placed to drive the future of the screen industry.

The independent film value chain, which incorporates many low, micro and no budget productions, is considerably more fragmented and vulnerable when compared with the studio system of content creation. Outside of schemes, independent filmmakers operate inherently weak business models which require them to invest in the development of film projects and pay associated overhead costs upfront and at their own risk⁵¹. Filmmakers require the skills to carefully plan the structure and sequence of distribution for a film. Schemes support filmmakers to consider the benefits, risks and costs associated with each option, and how to select and work with the right distribution and exhibition partners.

For most schemes, the traditional festival-backed theatrical sales and distribution model still remains the optimal pathway to try and create the highest level of visibility for new talent that will launch careers. iFeatures, Triangle, and the Binger Producers Lab support participating filmmakers to visit established film markets, chaperoned by the host agencies, to familiarise themselves with the sales environment and to expose filmmakers to buyers within the international film industry. The brand reputation of well-known schemes helps draw attention to slates, and may help gain market screenings for international sales and ensure the right people attend. Microwave and WarpX achieved strong financial results for

49 Relph, S, The Relph Report - A study for the UK Film Council examining the costs of lower budget UK films and their value in the world market, March 2002

50 Film London Micro-market, the BFI's Think-Shoot-Distribute, EAVE (Luxembourg), ACE (Paris), Berlinale Talent campus, Rotterdam FilmLab and Cannes Cinéfondation and Producers Network meetings

51 Finney, A, Value Chain Restructuring in the Global Film Industry, June 2010

6. THE INTERNATIONAL EXPERIENCE

films produced on their slates, with international sales off the back of festival success, supplementing strong domestic returns.

There is also broad recognition amongst schemes visited that many titles will be unable to attract sales in the currently risk-averse sales environment for independent films. Even if the right distribution partners are found, there is no guarantee that buyers will make the substantial commitment in P&A to release a film in the way that filmmakers may hope for.

Most schemes acknowledged that digital distribution platforms, and new distribution strategies such as direct-to-audience VoD offer filmmakers alternative options to traditional pathways in exploiting films. To be able to make the right distribution decision, producers develop a deep understanding of both traditional and emerging film markets, audience consumption habits, demand for product, and how demand can be monetised.

Whether taking a traditional, alternative, or hybrid path to releasing, filmmakers are required to collaborate with buyers, stay involved in the selling and marketing of their film, attend festivals, engage audiences online and build a community unique to a film title that will drive a groundswell of interest.

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6.3 ENGLAND & WALES

The majority of schemes visited across the UK (Microwave, iFeatures, Cinematic, Cross Channel Film Lab and Triangle) receive principal support for training and development through Creative Skillset, the Industry Sector Skills Council that is funded with National Lottery money distributed through the British Film Institute (BFI), and co-investment by the film and media industries through the Skills Investment Fund (SIF). Creative Skillset is licensed by government to be an independent, employer-led, UK-wide organisation, and actively involves trade unions, professional peak bodies and other industry stakeholders. At the time of the Fellow's visit to the United Kingdom, Creative Skillset through the Film Skills Fund⁵² invested £5.1M of public and private funds in 2012/13⁵³, directly supporting a number of visited schemes.

All low budget and microbudget schemes visited by the Fellow seek to develop projects to a market-ready stage, not only those projects which proceed to be awarded available production funding. In Microwave's example, says Kevin Dolan, "that isn't just hollow rhetoric, out of the 10 projects that participated in the last round, I think seven projects were made." Likewise, a number of iFeatures projects such as *I Could Live Yours* and *Pin Cushion* which were not green-lit within the scheme have been picked up by Creative England for further development investment.

6.3.1 Destination: MICROWAVE (FILM LONDON)

<http://filmlondon.org.uk/feature-film-funding/>

Interviewees: Tessa Inkelaar, Development Producer and Kevin Dolan, Talent Development Manager

Established in 2006, Film London's Microwave 'training through production' scheme is the UK's longest running low/microbudget public scheme. The scheme has produced 9 features over three rounds on budgets of up to £120,000 (A\$225,500), including *Borrowed Time* by Jules Bishop (see Case Study page 40). The program begins with the Creative Skillset funded 'Microschool' offering filmmaking teams a week-long training intensive on the creative and business aspects of making a microbudget film. Distribution case studies include films such as 2008 US film *In Search of a Midnight Kiss* which performed well in the UK. After Microschool, filmmakers return to pitch developed concepts to the financing panel. Green-lit films are developed over a full year with mentor support, and fully funded with financing from the BFI, and BBC Films who take UK free-to-air broadcast rights.

The scheme achieves astonishing results on a very limited budget level (the lowest of all visited



⁵² National Lottery funding via the British Film Institute, and also through the Skills Investment Fund (SIF) - a co-contribution funding partnership between the film industry and government.

⁵³ Creative Skillset, 2013-13 Annual Report

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schemes in the UK). Notable successes include the BAFTA-nominated *Shifty* (2008) from Eran Creevy, and Hong Khao's *Liting*, which launched at Sundance in 2014. As a perfect example of the potential of the scheme, Ridley Scott saw *Shifty*, and came on as EP on Creevy's second feature, the \$5.5M *Welcome to the Punch*. Steven Sheil, who created *Mum and Dad* in 2008, was offered to make his follow up feature *Dead Mine* as the first HBO Asia film. The Fellow proposes that Microwave's success results from a combination of factors, including in-house expertise and strong industry partnerships at Film London, a long-term commitment to the scheme (which also helps establish the brand itself, and the skills and knowledge of staff in how to facilitate productions on micro budgets), a flexible and selective approach to the number of films green-lit in each round (generally 2 or 3), supportive creative development of projects, and a belief in the teams they back to achieve success on their own terms.

Observations on identified skill areas

AUDIENCE

"The commercial prospects are what we hope will keep filmmakers in business in the long term", said Film London CEO Adrian Wootton at the launch the Microwave scheme.

Film London/Microwave engages its networks of film market buyers and broadcasters in Microschool's training program, and the first day focuses entirely on audience and markets. Specific development exercises for participants include:

- talks on the film value chain and how it is being disrupted by the emergence of digital technologies, audience Quadrants, and application of market knowledge to own projects;
- packaging and pitching hypothetical projects to a specific audience to learn how to identify marketable assets like actors, locations, and themes, and look objectively at 'assets' and how they help or hinder the project creatively and financially, while thinking about market potential and what it means to package and sell a project.

Microwave's brand reputation itself offers audiences a 'seal of quality' in the films it develops and makes, and the scheme's web site functions as an online community forum in which to share knowledge and ideas on microbudget filmmaking, and to promote its slate of films.

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SCRIPT	<p>Creative development sessions in Microschool include workshops on developing a script that works within constraints of a micro budget, and skills for Creative Producers on understanding their writers' needs.</p> <p>The scheme has continued to experiment with script development times post-Microschool and prior to pitching to the industry panel to green-light projects. The latest iteration is returning to an earlier model of contracting this period (days, to develop the revised concept rather than months to redraft the script) to maintain the momentum built during Microschool.</p> <p>Microwave suggests that while the full script is an indicator of dedication to the project and ability to write at application stage, a treatment borne out of development work post-Microschool describing the direction of the next draft is a sufficient basis on which to make a green-light decision.</p> <p>Microwave offers strong internal script support throughout the 18 month development of projects from an in-house Creative Executive, the team suggesting that "obviously 18 months isn't long for development for a feature film, it feels like it for the filmmakers, but to develop a script to shoot in that time is really fast - because it's their first time they don't really understand how long it actually takes."</p>
ENTREPRENEURSHIP	<p>Microwave balances structures and support for solid project development and business building, with the space for the filmmakers to innovate or try new approaches, or take creative risks. Experienced project mentors find the delicate balance between supporting and empowering emerging producers and directors in this regard. Having mentors sit in the middle of the Producer and Directors' own relationship means "brokering the right relationships here is critical", said Dolan.</p> <p>Inkelaar noted the great challenge for producers making a first feature is in people management: "it's managing the writers and directors and managing us and the other partners as the executives signing everything off, financiers and sales agents and distributors, and that's all entirely new to (the producers), and that's the issue. They've all made shorts, they've all made commercials, they know how to make a film."</p> <p>Film London supports green-lit projects with in-house support from their business and legal affairs, and production teams. Only once a project is green-lit and the script finalised will Film London's Mike Kelly break down and go line-by-line through the budget looking at cost drivers and "signing off the budgets and making sure it's actually feasible".</p> <p>Schemes will usually have approval rights over selection of Heads of Department, and advocate for a few experienced people, especially in linchpin management roles such as Production Manager and Assistant Director: "Time is so tight you have no room for slippages at all, you need to be running that set tight." On a microbudget, crews are sometimes collapsed to only 10 or 12 people, half the size of a typical low or medium budget film, and people need skills to work across multiple roles. Fees are on a 'most favoured nations'* arrangement with template contracts where everyone works for the national minimum wage, and Producers can also negotiate profit participation points through a recoupment corridor. Says Dolan: "It's good because filmmakers often will make their money back by keeping the cash budget lower, and the 'points' (individual deals) are meaningful for the cast and crew who are doing this for very little money."</p>

6. THE INTERNATIONAL EXPERIENCE

DISTRIBUTION

Microwave films are supported with an early focus on packaging to improve chances of a traditional sale, and encourage producers to follow a traditional festival and distribution strategy as a platform to build momentum, and find an audience for films. The association with Film London is obviously an advantage in getting the film seen at market screenings.

However Microwave also recognises the need to be flexible in a changing landscape for theatrical release of independent films, and is willing to take risks with new models.

“Our first film *‘Mum and Dad’* was the first film to break the window in the UK, to go day-and-date” says Inkelaar, “and it caused a huge reaction - the exhibitor still tried to boycott it!”

Once the team behind *Borrowed Time* proved they had the ability by successfully crowd funding their own self-distribution campaign, Microwave helped support their ambitions by brokering a distribution and marketing support team as well as in-house support from Film London’s team.

A mixed (traditional/alternative) model is also possible, says Microwave’s Dolan, that allows filmmakers to negotiate with Sales Agents to self-exploit a film in unsold domestic or international territories.

* see http://www.backstage.com/news/most-favored-nations-clauses_2/

6. THE INTERNATIONAL EXPERIENCE

6.3.2 Film Case Study: BORROWED TIME (2013)

<http://borrowedtimefilm.com>

Interviewees: Producer Olivier Kaempfer (Parkville Pictures) and Director Jules Bishop

Jules Bishop's Debut feature *Borrowed Time* is a bittersweet comedy that tells the story of an unlikely bond between a teenage delinquent Kevin (Theo Barklem-Biggs) and a curmudgeonly old recluse Phil (Phil Davies) after they cross paths during a bungled burglary. Developed and funded under Film London's Microwave scheme, and filmed over a whirlwind 18 day shoot on location in East London, the journey was "fuelled not by budget and resource, but by belief and dedication, seeking to find the most in the least, and turning constraint into opportunity", says Kaempfer. This attitude would continue into the film's release, with the film running the UK's first crowd funding campaign for self-distribution in 2012, successfully raising £21,721 in 30 days from 360 backers on Kickstarter. "*Borrowed Time* was probably at the forefront of digital distribution revolution", says iFeatures Kate O'Hara.

Observations on identified skill areas

AUDIENCE

The enthusiasm to self-distribute *Borrowed Time*, says Producer Olivier Kaempfer was further ignited by the Producer-Director team's participation in Ted Hope's inaugural Artist2Entrepreneur (A2E) OnRamp direct distribution lab run out of the San Francisco Film Society – an initiative that sought to get producers and technology companies thinking differently about distribution:

"What attracted us to (crowd funding), was (not only) being able to raise the budget but also you're really building your audience when you do it - The whole concept of Kickstarter is a sense of involvement. People back the project but they also buy into the story (of the film itself). They become part of the story and it can have a happy ending or an unhappy ending."

"We went from being stuck in the anonymous limbo between film festivals and distribution, to having over 2000 'likes' of our trailer on Facebook, and nearly 400 people willing to pledge their own money to help it get to a cinema screen. Suddenly we had an audience."

"In communicating directly with an audience, we were breaking down the barriers of anonymity that existed in the previous model, where you hand over your baby to another company, who then in turns hands it on to another company, who then delivers it to an audience somewhere further down the chain. We removed those barriers, and now we were face to face with the audience. Initially of course it's a nerve-wracking experience, as there's nowhere to hide and nowhere to place excuses, however once we received that affirmation from the audience there is no greater feeling, as that's what we all get in the industry for; to make films that people want to see. This felt hugely exciting, the notion that in fact you could build a release 'to order', led by demand rather than pushed by supply onto a shelf, hoping that someone would come along and pick it up."

Kaempfer also notes that marketing a microbudget film against a bigger, more obvious, 'date night movie', requires a more innovative approach to communicate to people that the film is worthwhile to watch.

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SCRIPT

Bishop found the (unpaid) development process in *Microwave* challenging but in retrospect extremely useful to his skills as a writer: “I’d try to explore everything that everyone said but at a certain point I just clawed it back in. I probably did 3 full drafts, with about 9 satellite drafts around it. The second draft went way left field, and that was a bit demoralising after working on it so long then working on it in the wrong direction, and that was just an incentive to go away and reclaim it I think, and thanks to that draft we were allowed to discover the film that we really wanted to make. It was massively helpful, coming back to my old projects that I’m rewriting I see how much I’ve learned from it all now.”

The microbudget film adhered to the principle of constraint in locating the film in a housing estate, with locations connected by a walkway ‘spine’, and in writing Bishop was enthused by the modest conditions that will force simple and creative solutions to finding “the sensational detail in the smallest moments and the magic of the mundane”.

Constraints also impacted on changes to the script, noted Kaempfer: “originally the resolution between Kevin and Philip, and Kevin and the bad guys, used to all happen in one big sequence outdoors with all of them, and trying to control all the variables of an outdoor space with all those characters was just too much of a risk, forcing us to analyse ‘how can we break it down?’ Rather than just doing a compromised version of what was in the script, we were forced to explore how by actually bringing the arc between Kevin and Philip in its own way allowed for more pathos and more complexity and allowed for Kevin to go over to confront Nigel in his place. This became its own little set piece, and actually the resulting version works much better.”



Borrowed Time Director Jules Bishop (left) and Olivier Kaempfer (right)

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TECHNOLOGY

Borrowed Time was one of the last Microwave films to shoot on the aesthetically beautiful 16mm film stock before the last of the UK film laboratories closed, going through a DI grading process to a digital finish on 'Digital Cinema Package' (DCP) and HDCam.

In terms of music, says Kaempfer: "we didn't have any money for actual music tracks, so it was all original score, it was a mixture of where we could afford five live musicians, and the rest of it is synth stuff."

In addition to their crowd sourced distribution campaign, *Borrowed Time* ran the first UK Cinema on Demand release using the US-developed web site Tugg - a platform that empowers individuals and organisations to host screenings in local cinemas, and allowing cinema facilities the ability to program for localised markets and well suited to event screenings like Q&As with filmmakers. Once a pre-set threshold of tickets has been booked (say, 50% of maximum capacity setting), Tugg will reserve the cinema, manage ticketing and ensure delivery of the film. "For the cinemas, it's a no lose situation, guaranteeing to have a minimum amount people there, given that stops average drop in cinema attendance so you don't ever lose money", said Kaempfer of the Tugg technology, "*The Godfather* doesn't need it, but it can be very revolutionary for small indie film like ours. We opened at some really big kudos sites like the Prince Charles Cinema. It also allows for word-of-mouth to spread because the best thing about crowd sourcing our self-distribution or cinema events is not the cash (yes, that an essential part of it) but it's the word that spread."

"Now we can use crowd sourcing to detect when and how and where a film plays, you can connect those dots already from the beginning of a film and you have a vertically integrated, crowd-sourced production and release, and it's all to order. You can cut out some of the middlemen and just bring filmmakers and audiences together. The new models will be



Borrowed Time film still

Kaempfer would like to see an investment in young companies over the disjointed project-by-project funding model.

“If you look at all the healthy film industries it’s not because of funding but because you got companies where films happen. A large reason why France is successful is because they have a theatrical recoupment corridor (and also revenues from broadcasters and home entertainment sales) which goes back into production companies (Centre national du cinéma et de l’image animée (CNC)). These companies have their collaborative relationships and they don’t have to go and explain the collaboration each time they seek funding, they are just trusted to go into it.”

While Kaempfer appears a natural entrepreneur, certainly microbudgets schemes like Microwave, iFeatures and A2E have supported the expansion of his production business into commercial features.

On the key creative triangle of writer-producer-director:

“That very delicate match-make is where so many people struggle, and its the key thing you really need to get your film moving forward. If you can get the right team together at an early stage, it is half the battle because if the core team all believe in what they are making, in one way or another it will tend to be made. A successful collaboration at this level should filter down through Heads of Department and the entire cast and crew in the creative realisation of a project.”

On the production team:

“We were like a family. I think when no money is involved you’ve only got love and so you bond very quickly. There’s no checking in and checking out - if you sign up for a Microwave project then you’re in for the long haul and for the passion of making a film rather than doing a function ... When everyone has that attitude and shared passion and collaboration, I think that’s when you make really special stuff.”

On creative practical solutions:

“Where we couldn’t afford what we needed, we would build it ourselves. Taxidermy was a big part of our script but expensive. Luckily Jules’ sister Charlie had these skills as an artist and could tell us how we could stuff them. Parks have to cull squirrels, so all our crew came over one weekend in the studio, Charlie had pre-prepared skins and we all had a few drinks and stuffed squirrels, and you only do that once in your career! But it’s an example again of how creativity comes from constraints. The squirrels were far more unique then anything we could have hired.”

Bishop: “We shot right down by the Olympic village in East London. Between Hackney Wick and the Thames estuary runs a sewerage pipe and there’s a path on top called The Greenway that runs a few miles through east London. Thames Water built the pipe above ground because was a lot cheaper than sinking into the ground, and said, ‘we better cover it up and call it a path’. It’s got incredible views of London that you don’t get so much in London because it’s not that kind of panoramic city often, so it’s a nice ‘microbudget’ example of less money having creative results.” The team chose to locate the film on the path both because of its aesthetics and also because it linked all the major building locations, “so it was literally a spine creatively and practically.”

6. THE INTERNATIONAL EXPERIENCE

DISTRIBUTION

Even after successful screenings of *Borrowed Time* at the 66th Edinburgh International Film Festival in 2011 and Film London's 4-day export event, London UK Film Focus (LUFF), the reality of how tough a traditional distribution deal is hit the film's producers. While pursued by interested parties, none was prepared to make the concrete offer they were looking for.

Kaempfer: "People were quite honest with us and said that it's quite tough at the moment doing microbudget films in a theatrical context (..) It's becoming harder and harder for small British independent films like ours to break through the crowded marketplace, with more than 200 films being made each year in the UK, let alone competition from international titles. Speciality Distributors don't want to take risks, sales agents don't want to take risks, they have to know an audience for that film to take that project on."

"It really became clear that we had a choice: it was either do we let it go through a kind of less than desirable distribution route that might not necessarily guarantee theatrical release, or do we take control of it ourselves?"

While the initial self-distribution crowd funding campaign offered to 'bring this film to a cinema near you', Kaempfer realised after A2E that direct distribution was about far more than just a cinema release, "We realised .. it's about exploring all the platforms available to us in a more innovative way. The new technologies at our fingertips mean that never before has it been so possible for filmmakers to reach their audiences directly, and in doing so build an organic and potentially self-sustainable audience-filmmaker ecosystem."

With Microwave helping to secure additional financial support under the BFI's New Models Distribution Fund the team was able to build an infrastructure of expertise and support to release the film on their own terms.

The team ran the first crowd funded cinema screenings in the UK (Tugg platform), with special event screenings such as filmmaker Q&As as part of a limited theatrical release. Pay-TV rights were exercised with transaction-based viewing through SKY's box office store. Within six months *Borrowed Time* was released on subscription pay-TV and then within another twelve months available for (Microwave partner) BBC's terrestrial screening. BBC needed to be a bit flexible in its original vision (of free to air dates) because the earlier windows had become so much more important with the declining DVD market. With the BBC also a financier of the film it was ultimately in its interests to allow the team to exercise the Pay-TV window for its full immediate potential.

Not only did the team retain control over how and where the film was released, they were able to see revenues sooner than they would have with a traditional release, which would have required larger P&A spend to be recouped before the filmmakers saw any money.

Kaempfer remains optimistic that independent cinema can thrive in the digital age. Social media can work in its favour to provide some scope to better understand the competition, and to test the customer base in different territories and locales. So too, he suggests, would a tiered pricing model to attract audiences to independent alternative films, whereby cinemas would charge, say, £12 for a studio blockbuster but £5 for a low-budget independent film. "Rather than it just being depressing or frustrating that the model that you grew up with isn't working, it can be very exciting or inspiring to be part of a new way of doing things – or at least try."

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6.3.3 Destination: WARP X (2005 – 2010, WARP FILMS), London/Sheffield/Nottingham

www.WarpX.co.uk

Interviewee: Barry Ryan, Head of Production

Warp X was a low budget production scheme operated by Warp Films that produced a slate of ten films between 2005 and 2010 with budgets of between £400,000 and £1.3 million, with the support of the New Cinema Fund, a market-focused intervention established by (BFI's predecessor) the UK Film Council and broadcaster FilmFour. Six of the ten films were made by first time feature directors, and the lower budgets meant fewer expectations for high box office revenues from their initial foray into features. All the WarpX films have performed well in both domestic and international markets, in part due to the brand's marketable 'genre with a twist' hooks. The certainty of funding meant there was a potential for Warp to amortise costs and streamline production, with films shot back to back. Says Barry Ryan, "you had the time and space and the process to develop projects that could be made for that budget", and "a dynamic digital business model that rewarded everyone involved in the films."



6. THE INTERNATIONAL EXPERIENCE

Observations on identified skill areas

AUDIENCE	<p>Ultimately, Warp X goal was to ‘re-tox’ British cinema with an injection of adventure, making films which audiences would find exhilarating, whether they be original interpretations of marketable genres or stories with a passion and hook to get them noticed in the global marketplace.</p> <p>Selecting Warp Films to run the scheme offered the advantage of building upon a well-known established brand and sub-culture audience (alongside alternative music label, Warp Records).</p> <p>As a public fund, a number of access and equity script development programs were run in the early stages of WarpX. While there was certainly diversity in the scope of the completed films, and although Warp Films noted they still have one project in development, none of the final slate of films in Warp X were sourced from these targeted initiatives.</p>
SCRIPT	<p>The Warp X Development Team commissioned projects for initial development up to a maximum spend of £5,000), some from a simple pitch or even ‘found footage’ (<i>All Tomorrows Parties</i>). Broadcast and Distributor partners were involved in decisions on further development and production financing. While maintaining an integrity in having a good reason to make each film, an efficient development process allowed films to move quickly from development into production which brought an “excitement and freshness” and which “the filmmakers loved”. In part this expediency was a necessity as Warp X depended on green-lighting films to earn its overhead.</p> <p>Digital technology is also blurring the lines between development and production, and feature documentaries such as <i>A Complete History of my Sexual Failures</i> was being scripted while shooting: “It was a paragraph pitch, as part of the development we let the guy interview his ex-girlfriends and that worked and was funny, so we turned that into a feature.” What is evident is that on low budgets, greater risks can be taken, with less commercial interference, which can lead to breakthrough successes: “it would be nice if it was a pure art form. It’s not because there’s business involved, but you’ve got to keep pushing. This business is about being on the edge and pushing further than hopefully everyone else, and you’ve got to maintain that.”</p> <p>Ryan warns the need to “watch for something which looks simple on paper but actually isn’t. <i>‘Bunny and the Bull’</i> is a film with only two characters, but involves back projection, visual effects and so on, and was a 5 week shoot costing nearly \$1.2 million.”</p>
TECHNOLOGY	<p>The initiative sought to revitalise the low-budget sector of the British film industry by harnessing cutting edge digital technology and low budget production methods to make movies ‘faster, leaner, lighter – with no excess baggage’.</p> <p>WarpX found cost efficiencies in buying the means of production outright for films on its’ slate.</p>

Paul Trijbits of the New Cinema Fund said at the launch of Warp X, “Low budget filmmaking is the most risky (but, ultimately most rewarding) area of film production for financiers and vital for the long term development of UK creative and innovative filmmaking.”

The WarpX scheme mentored a number of emerging Producers across its slate, and suggests that only experience allows producers to avoid potential pitfalls in production, especially when working on a restricted budget. Ryan suggests a similar model to WarpX that mentors emerging Producers over a number of films across a 2 or 3-year period would be highly effective intervention in building a sustainable industry.

“Encourage producers to stay and make stuff, that’s how you make an industry. Directors will often leave and follow the work, but it’s the producers who will build upon relationships they have established with talent, and attract new talent. It is the Producers who will stay and create the work. As a producer (of a feature) you’re kind of tied into making a film for two years, and actually going off doing something else is quite distracting, but if you’re doing three or four films, that’s a massive advantage, you can be doing post on one and going into prep on another, so long as you have got the right team around you, as long as you’re staying in that kind of groove. Allow young producers the opportunity to make more stuff because that’s the only way they’ll learn, give them the protection of the slate, and let them run with it.”

For Warp Films, the experience of WarpX made the process of international financing for TV (in which the company has since diversified) much easier, says Ryan, and allowed the company to form strong, lasting relationships with sales agents and other industry sectors, building trust in the brand and the product.

With regard to putting the creative team, cast and crew together, Ryan notes the importance of everyone on a low budget being invested in the project and the story. Warp’s Producers have worked as crew, helping to understand their needs and how to maintain reasonable working conditions. There are of course concessions on a microbudget, says Ryan: “The pillows in the hotel might not be as fluffy, but it’s about 50 quid cheaper per day, and they’ll be too tired to even notice.” An egalitarian approach to cast and crew fees saw everyone paid scale, and profit participation arrangements that ensured a position equal to other financiers, participants sharing equally in 25% of net profits (once sales and distribution expenses had been recouped). It seems to be a model that worked. “We have never had a massive hit in the UK, but as soon as we did international sales, we’d recoup. The profits of *Kill List* were a great example. By the time we left our first screening at SXSW we were able to ring up and say you’re going to get some money out of this, and it’s not massive but I think people really appreciated the fact that occasionally a cheque will turn up and actually that the film made some money.”

Looking at the microbudget model, Ryan asks the question of how much budgets can be reduced, particularly when there are market partners involved who demand broadcast outcomes delivered to specification. “It’s also about finding the right balance between the commercial product and the ‘passion project’ where people are happy to work for reduced fees.”

6. THE INTERNATIONAL EXPERIENCE

DISTRIBUTION

The WarpX slate had strong sales internationally on many of their titles. “That’s the important thing with low-budget, not focusing on the domestic box office, because like American films do, they have got to work internationally. If it works internationally in maybe 4 or 5 territories, you know, or you sell to America and suddenly half your budget has been recouped.”

WarpX alumni Ben Wheatley’s *A Field in England* commissioned by Film4’s innovation hub Film4.0 broke new ground as the first ever UK film released ‘day-and-date’ including on-demand. On Friday 5th July 2013, Wheatley’s film became simultaneously available in cinemas (Picturehouse), on DVD and BluRay (4DVD), on Video-on-Demand, and broadcast on freeview television (Film4 channel). Ryan is an advocate for a collapsed windows model: “especially on low budget stuff. It makes complete sense. Our film, ‘*For Those in Peril*’ which is basically touring on such a limited release and has been getting such great reviews, but no one can get it. There’s no point relying on the marketing of the theatrical release to get people’s interest in it if you then don’t capitalise on putting it out, you know things drop off people’s lists!”

Unlike other schemes, as all rights in the Warp slate reside with the one company, Warp also has the advantage of a slate to release. In November 2013 to commemorate the 10th anniversary of Warp Films, the company released the first batch of WarpFilms10, a deluxe limited edition Book & DVD Set Retrospective featuring six of the WarpX titles.

6. THE INTERNATIONAL EXPERIENCE

6.3.4 Destination: iFEATURES (CREATIVE ENGLAND), regional UK

www.ifeatures.co.uk

Interviewee: Kate O'Hara, Project Manager iFeatures

The iFeatures scheme began its life as the Digital Departures scheme in Liverpool in 2008. The scheme sought fresh and original films that 'embodied a strong sense of time and place'. It was relaunched in 2010 as iFeatures in Bristol, and in 2012 broadened to regional UK with iFeatures[2] under the management of new uber-regional agency Creative England. In each round of the scheme, 3 films with a budget ceiling set at £350,000 (A\$640,000) are funded and produced within a 6 month schedule. At the start of each round, 16 teams/projects are shortlisted to attend a 3-day training residential, then embark on an initial development phase of 8 weeks, moving from a 5 to 10 page treatment to a step outline or 'beat sheet'. From here, 8 projects progress to a 12-week development phase with two more residential workshops, as projects are developed to full script stage. Producers are paid a moderate stipend to support writers through each development phase, are assigned project mentors, and Creative England provides in-house support to selected projects. A final panel assessment green-lights 3 films for production, with financing from the BFI, and BBC Films who take free-to-air UK broadcast rights.



6. THE INTERNATIONAL EXPERIENCE

Observations on identified skill areas

AUDIENCE

The regional focus of the iFeatures scheme presents a view of life in England beyond London, which in itself is uniquely marketable. iFeatures is aimed at creative talent that has some professional experience and whose work has already garnered positive industry and/or public attention. Beyond the location and the team, iFeatures calls on filmmakers to have a clearly defined idea of the kind of film they want to make, and how they plan to reach a commercial audience. In researching this clarity of purpose, filmmakers might “watch other kinds of films in that genre, investigate which films distributors have on the books in terms of what tastes the distributors have, work out where the distributors put those films out, know who’s watching what, where they are watching it, how they are watching it.”

In building audience, teams are encouraged to employ social media strategies early, such as Twitter and Facebook accounts, and websites, to keep audiences updated on a film’s progress. Filmmakers also contribute to a blog on iFeatures’ iF On Film website, a site which also features filmmaker resources drawn from iFeatures filmmaking experiences.

“It’s trying to keep that hype up around the film, and also themselves as a brand. It’s easier during production than it is in post-production because you can update the stills or other new information. It is about doing it in the right way. You can’t annoy or bombard people, but you also need to stand out. There’s one guy called Mustapha Kseibati – he’s immensely good at social media, everybody knows him, but importantly the strategy works because he actually makes really good films.”

While crowd funding can also build audience, O’Hara suggests that running an effective campaign while trying to make a film, particularly given the tight timeframe of a scheme like iFeatures would be a distraction. As such, while keeping a social media presence is important, the fully funded nature of a scheme like iFeatures allows the team to primarily keep their focus on the job at hand of making the film.

iFeatures also looked to implement a Prints and Advertising (P&A) allowance into the 2014 round of the scheme to help raise market profile for completed films.

6. THE INTERNATIONAL EXPERIENCE

SCRIPT	<p>iFeatures calls on scripts or treatments that showcase regional UK (outside the M25 zone) as a special pre-condition to applying, however some members of the team can be from metropolitan London, supporting new partnerships and skills for the regions.</p> <p>The iFeatures team takes 4 weeks to read all projects, and engages a strong pool of external assessors (script readers) to read projects, ensuring that every application is read at least twice. O'Hara says while personal taste can influence decisions on shortlisted projects, criteria typically includes strength of the script, the feasibility on the budget level and strength and experience of the creative team.</p> <p>It is "difficult to find quality films at application stage that don't in some way strain against the budget constraints", says O'Hara, citing colleague Tristan Goligher's produced microbudget <i>Weekend</i> shot on about £200,000 as the perfect example of a low-budget film that "doesn't strain against the budget. It's two characters, no stunts, dialogue driven. I love working in low-budget films because I think actually it forces you to be a lot more creative with how you tell a story because you can't rely on special effects - it has to be about the story and if the story is not there then its not going to make for a good film."</p> <p>Chris Moll, architect of the Digital Departures and iFeatures schemes points out, "at this level, the budget IS the aesthetic and has to be in mind from the start of the development process." *</p> <p>iFeatures offer a stipend to help support shortlisted writers through each development phase, to speed up development and allow writers to focus entirely on writing.</p>
ENTREPRENEURSHIP	<p>iFeatures pay cast and crews scale with Producers having access to a recoupment corridor to offer as part of the negotiating process.</p> <p>Transparency is crucial to ensure the right people commit to the project. Says O'Hara, "we find if you present the fees situation upfront to crew and cast - this is what we will be paying you, this how long shoot is - if everyone has the information upfront they can say yes or no to it."</p> <p>iFeatures' approach to locate films in regional centres can add a natural production value, and build civic pride and local enthusiasm that brings morale and sometimes financial support to productions.</p>
DISTRIBUTION	<p>iFeatures is looking at ways to exploit on-demand platforms for projects on its slate, and was looking at the potential for its slate of films to screen in the UK on partner BBC's iPlayer. Matador Pictures, with UK rights for iFeatures film <i>8 Minutes Idle</i> released the film on a collapsed windows model in February 2014, available simultaneously in cinemas and on-demand.</p>

* Chandler, C 2008, 'Low and Micro Budget Film Production in the UK', UK Film Council

6. THE INTERNATIONAL EXPERIENCE

6.3.5 Destination: BRIDGES TO INDUSTRY: MICROMOVIES (NATIONAL FILM AND TELEVISION SCHOOL), Beaconsfield

<http://nftsfilm-tv.ac.uk/school/bridges-industry>

Interviewee: Nik Powell, Director

Within a year of his appointment as Director of the National Film And Television School, Nik Powell (Producer *The Crying Game*, *Little Voice*, *Mona Lisa*), advocating the importance of filmmaking practice over theory, had established the Bridges to Industry program. The program works in partnership with industry to provide students and graduates with opportunities to enhance their craft by having the opportunity to make funded screen works, including microbudget feature films (which Powell calls 'Micromovies'). The biennial Micromovies scheme is aimed squarely at graduate film projects with strong commercial potential. Three Micromovies have been released to date between 2008 and 2012, with a fourth due for release at the time of publishing this report.

Budgets for the Micromovies are a maximum of £100,000 (A\$200,000); comprising 50% presale financing through a partner independent distributor or broadcaster, and 50% in-kind equipment and facilities through the school. Once a film is selected for funding, the school is largely hands off, providing equipment and support as needed but allowing the filmmakers the creative space to succeed on their own terms.



Observations on identified skill areas

SCRIPT	<p>Filmmaker teams meet while still at the school and can submit projects for consideration under the Micromovies scheme while still enrolled as a student of the school, applying with anything from a first or early draft script to a one page synopsis. Powell seeks scripts with strong commercial appeal, and suggest some genres are more suited to microbudgets. “A costume drama or period piece would be tough to do as a Micromovie unless you’re going to have very narrow shots the whole way through. Science-fiction is also tough to do, because normally you need to build a set although there are some examples of people who have managed to cheat that successfully.”</p> <p>Some of the best projects by students of the nation’s leading film school are not available to the scheme, with some of the school’s best and brightest being offered positions or other opportunities immediately on graduation, many working in mainstream television.</p> <p>On contemplating the levels of commercial success for films completed within the scheme to date, Powell questioned whether longer script development times may increase the chances of Micromovies becoming hits, and was exploring the idea of a rolling schedule to allow up to two years in development prior to the twelve month production cycle: “The development period is currently too short. It’s okay to say “I’ll go out and make a Micromovie”, but a Micromovie is the same as any other movie except that it costs less, but it still has the same job to do. The fact that it costs less doesn’t change the audience, in fact it lessens its chances of reaching an audience. In my old company Steve (Woolley) and I, we used to joke it takes an average of five years to develop a feature from idea through to production.”</p>
TECHNOLOGY	<p>Within the Micromovies scheme, the School operates as a micro studio partner, providing access to in-house production equipment and facilities, as well as support from staff.</p> <p>The focus of Micromovies is on strong stories with clear commercial potential, not simply making movies because the technology is available to do it.</p>
ENTREPRENEURSHIP	<p>As a commercial proposition, microbudget filmmaking is “definitely worth it”. There’s always been low-budget films and successes, said Powell, citing his 80’s film <i>Hardware</i>, shot for £80,000 and completed for £400,000 which made “major money”, and a film he distributed, <i>Evil Dead</i>, made for less than £100,000.</p> <p>Powell referenced Paul Andrew Williams debut feature <i>London to Brighton</i> (2008), one of the biggest microbudget hits of recent years. Shot for £80,000* with the support of a venture capitalist, and a total budget of £260,000 with completion funding from the UK Film Council, the film had already made £300,000 in the domestic box office within 12 months of its release, guaranteeing the film’s profitability through other territories and windows.</p> <p>“What makes for a successful film, over and above business skills, is the ability to spot and develop talent”, reminds Powell.</p> <p>Beyond filmmaking, the NFTS also runs a 10 month program, Entrepreneurial Producing for the Creative Industries, designed for media entrepreneurs who want to build successful companies and brands, packaging and launching projects across the creative industries including film, television, games, music, business, book publishing, theatre, musical theatre and web content.</p>

6. THE INTERNATIONAL EXPERIENCE

DISTRIBUTION

Green-lit films receive production funding through distributor partners, who to date have included Artificial Eye (*The Last Thakur* (2008) and *In Our Name* (2010) and Vertigo Films (*The Facility* (2012)). Revolver Entertainment's production arm Gunslinger had come on as a Production partner for 2012 round with *The London Syndrome* before the decline of the UK DVD market saw the company close its doors. NFTS has recently partnered with broadcaster BBC Films on the scheme.

The focus of the Micromovie scheme is squarely driven by commercial potential, says Powell. "While for some people the process might give them a thrill, I make movies because I want to get them out there and I want them to reach people. There's no pleasure and no gain to be had out of something not working. The worst thing a director can do is to make a bad feature as their first project. That will kill a film career forever, maybe not a TV career."

* Davies, A, *The Film Finance Handbook: How to Fund Your Film: New Global Edition*, 2007

6. THE INTERNATIONAL EXPERIENCE

6.3.6 Destination: CINEMATIC (FILM AGENCY FOR WALES), Cardiff, Wales

<http://www.cinematicwales.com/>

Interviewee: Adam Partridge, Production and Special Projects Manager

At the time of the Fellow's visit to the UK, Film Agency for Wales (FAW) had just commenced training its first group of filmmakers as part of the new low-budget film scheme, Cinematic. Similar in scope and budget level to English counterpart iFeatures, Cinematic will produce 3 films each round, but its key difference is that a domestic distributor (Soda Pictures) is attached as Executive Producer from day one of the scheme offering a very specific market focus. Filmmakers will have "conversations on positioning the project, the target market, comparative figures, comparable titles and so on. Its very much about getting producers to frame their pitches and think about how they approach and present projects to distributors, to the market." The scheme also looks to put the spotlight on Welsh filmmakers and to make at least one film each round in the Welsh language. In addition to finance from Soda Pictures, the BBC takes UK free-TV rights to the two English language projects, and Welsh broadcaster S4C takes the free-TV rights on the Welsh language project. Creative Skillset funds Cinematic's associated training provision including a 2-day residential, development mentoring and web site. Green-lit films are produced within 18 months.



6. THE INTERNATIONAL EXPERIENCE

Observations on identified skill areas

AUDIENCE	<p>The funding model is almost identical to that of iFeatures, with a key point of difference that the scheme works with UK distribution partner Soda Pictures from day one, acting as Executive producers with FAW to co-develop and offer market advice to all shortlisted projects. The distributor represents the films for the UK and the Republic of Ireland. This distribution focus inherent from inception creates an imperative to develop films that are market-ready with a clear audience in mind.</p> <p>Filmmakers need to be “thinking about how they are going to work with Soda to complement the marketing and distribution, including how they are going to feed into online marketing campaigns, and outreach work.”</p> <p>The scheme also looks for targeted-audience films in the Welsh language.</p> <p>Steve Jenkins, BBC Films, commented: “The three projects selected in the first round are excitingly diverse in genre and ambition, from dark teen comedy to period thriller, but with a real Welsh specificity in terms of story setting and, of course, talent. A great combination.”</p>
TECHNOLOGY	<p>Cinematic provides access to professional Post Production Supervisors throughout the production process to supervise increasingly complex digital workflows.</p>
ENTREPRENEURSHIP	<p>While some productions participating in microbudget schemes offer a focused route to assured funding for a number of films, Partridge (Cinematic) says schemes “shouldn’t take away from the entrepreneurial side of what is film producing. They still need to go out and be creative about the way that they cut deals and get their films made and I think that is true regardless of the budget, that is an inevitable part of film producing.”</p> <p>Schemes offer one way to finance and make a film, but may come with their own restrictions such as needing to factor in the cost of certain deliverables, pay completion bonds, or a requirement to comply with union conditions, particularly when public money is involved. Partridge suggests it is important producers applying for schemes consider the various options open to them for financing a microbudget film.</p>

6.3.7 Destination: TRIANGLE FILM TALENT SCHEME (SCREEN YORKSHIRE)

<http://www.screenyorkshire.co.uk/triangle/>

Interviewee: Hugo Heppell, Head of Production

The writer, director and producer relationship is the core creative team at the heart of all successful films. Triangle, run since 2011 and now independently managed by two former Regional Service Agencies, with funding from Creative Skillset and European Regional Development Fund, is a unique 10 month talent and project development scheme that facilitates matchmaking of writers, producers and directors looking to develop new and enduring working collaborative relationships – ‘triangles’. The scheme does not specifically target low or micro budget films, but is open to any projects with potential for commercial financing. The scheme is run over three phases – (1) a speed networking style event for 12 writers and up to 30 producers and directors to form personal relationships; (2) a follow up 2 day residential: an intensive boot camp and individual market meetings for 6-8 teams; and finally, (3) a three month mentored development phase for 3 or 4 finalist teams culminating in a pitch to an industry panel at the BFI London Film Festival, and meetings with other key decision-makers in the UK film industry such as Film4 and BBC Films. One project pitched as a UK/Australian Co-Production, *Wild Dog Country* with Australian Producer Rachel Connors was developed in Triangle’s 2012 round. From 2014, Triangle has partnered with Creative England and teams have a choice at the end of the second phase to either leave Triangle and enter iFeatures process (suited to sub £350,000 budgets), or to remain in the Triangle scheme on larger budget projects.



6. THE INTERNATIONAL EXPERIENCE

Observations on identified skill areas

AUDIENCE	<p>Triangle employs its close industry relationships in the scheme's residential workshops, and continues this engagement throughout the packaging and pitching and development phases, ensuring projects with strong positioning in the marketplace progress through each phase of Triangle.</p> <p>In phase one, formed teams are invited to a 2 day seminar on audiences and pitching, featuring workshops and discussions by the Triangle team and industry, along with leading screenwriters, producers and directors. Teams then receive tailored on-line mentoring and coaching to strengthen their proposals and story outlines ready to submit a revised package and strategy for pitching at the second assessment stage.</p> <p>The needs of the project are also in the forefront of the process, and the scheme is not restricted to participants who commence in the scheme. Sometimes people will look to bring in second producers, or attach a director or sometimes a writer further down the line who can help give them the credibility in terms of the market.</p>
TECHNOLOGY	<p>In the application of technology to the project development process, Triangle's Heppell notes that many of the filmmakers in Triangle naturally collaborate online during development, except where the scheme brings people face-to-face.</p>
ENTREPRENEURSHIP	<p>A successful microbudget film relies on a strong foundation of quality material (the script), and on the core creative 'triangle' of writer, director and producer who will realise it. This 'key creative' team must like and trust each other, and work toward a shared vision of the story.</p>

6. THE INTERNATIONAL EXPERIENCE

6.3.8 Destination: THE CROSS CHANNEL FILM LAB, Southern United Kingdom and Northern France

www.crosschannelfilmlab.com

Interviewee: Mary Davies, UK Project Co-Director

The Cross Channel Film Lab (CCFL) is a combined scheme and applied research platform into the future of independent film using visual effects and/or 3D, that strives to “demonstrate that use of these techniques is compatible with movies with more limited budgets”.

The scheme’s two rounds in 2013 and 2014 have developed eight projects⁵⁴. The scheme is a collaboration between French and UK partners, and was funded under Interreg IVA, a European Regional Development Fund (ERDF) initiative that aims to stimulate cooperation between cross-border regions in the European Union, in this case southern UK and northern France, in order to foster economic development in regions distant from the capitals. Additional funding was received from Creative Skillset to deliver open sessions for filmmakers, and to make these available as a resource via the CCFL web site.

The blending of creative and technical skill sets is one of the key areas explored in the Cross Channel Film Lab, which brings together screenwriters, directors, producers and VFX/3D technicians at an early stage of a project’s development to ‘share what they want to create and work out the most exciting, clever and cost-effective ways to achieve it on a lower budget range’. Applications were accepted from independent low to medium budget features (under €5 million) demonstrating ‘brave, original and imaginative usage of visual effects and/or Stereo 3D’. Teams typically include writer-directors, given the nature of the lab’s key exploration of the new visual language of technologies within script.

Selected projects participate in an initial week-long workshop alongside technical consultants such as visual effects supervisors and stereo 3D practitioners. Participants then continue to work throughout the year with a script consultant, and on the creation of test images with institutional/research partners, before attending a final workshop.



54 <http://crosschannelfilmlab.com/category/about-us/projects/>

6. THE INTERNATIONAL EXPERIENCE

Observations on identified skill areas

AUDIENCE	<p>UK Project Co-Director Mary Davies has a market sales background, and both she and fellow Co-Director Pippa Best have script development experience and consider the interventionist approach of project and script appraisal within the scheme as contributing towards development of projects that audiences will want to see. Says Davies, “you see people go off and do it themselves and then try to find a sales agent, or try to submit to festivals, you see things that are so bad really you just think, I wish somebody could have spoken to them when they were thinking about investing all this time and money, even if it’s only £50,000 or whatever it is, it is still somebody’s money, it’s a year out of their lives, to give some guidance.”</p>
SCRIPT	<p>Davies said that she and Best had learned from working together with France on the project, that the process of writing can be approached differently between partners. In France, the role of the scenarist (writing the scenes) and the dialogue writer are often separated. This exposure to alternative ways of development is creatively beneficial to new writers, as is the collaboration that occurs with technology partners inside the Cross Channel Film Lab.</p> <p>Davies also notes that within a scheme working at lower budget levels these constraints force creative solutions to problems, and that this has positive impacts on the end result: “I’ve worked with a lot of first-time filmmakers where you think wow this first film is incredible because they’ve only had this amount of resources to work with, and then you see what they do with the second film and they have greater funding and may have lost focus somehow.”</p>
TECHNOLOGY	<p>The concept of the Lab itself is built around research on the innovative application of visual effects and 3D stereoscopic technologies at low budget levels.</p>
ENTREPRENEURSHIP	<p>Davies suggests that innovative filmmaking and an entrepreneurial approach is essential for today’s filmmakers, particularly in working with cutting-edge digital technologies, but she also warns that some filmmakers take the entrepreneurial idea too far: “they have business sense and great marketing materials but nothing at the heart of it.” Creative producing skills can be developed within structured schemes through professional mentoring across the development, production and editing processes: “At the entry level a film is more likely to be led by a writer-director, and if they have a producer on board it’s not going to be an experienced producer who can stand up to them. You can see where the producer has done a good job in providing the director with everything that they can possibly have within that budget range, but they haven’t been reined in by any constraint artistically, so they have made something that maybe looks okay but doesn’t make sense. At a certain level of experienced director, the creative producer becomes more of an enabler, but there’s a kind of middle range too where the creative producer needs to work alongside the director saying ‘I really wouldn’t do that’ in the most tactful terms.”</p>

6. THE INTERNATIONAL EXPERIENCE

DISTRIBUTION

Davies agrees the funnel for quality arthouse films at festivals to obtain sales is getting narrower: “to be picked up by a sales agent is a first level, and for the sales agents to get those films picked up for theatrical distribution or broadcast beyond that is another level, and what you arrive with at the narrow end of the funnel is a very small number of films compared with the number of films that are out there.” Davies proposes that filmmakers really need to take control of their own sales approach much earlier.

UK filmmaker Gareth Edwards’ low budget success *Monsters* (shot in 2010 for only £15,000* although receiving substantial post production funding prior to commercial release) was fully funded on the basis of a treatment (the project was mainly improvised), a taster tape demonstrating the VFX he hoped to use in the film, a budget, schedule, and other pre-visualisation material such as storyboards. Edwards notably integrated visual effects successfully by using a shallow depth of field to effectively mask a shortage of detail in the effects used. After the success of *Monsters* Edwards went on to direct the Hollywood remake of *Godzilla*. *Monsters* has been referred to by the Lab as an example of the kind of low budget innovative filmmaking that it hopes to foster.

The Cross Channel Film Lab is an effective intervention to research and develop application of technology to lower budget films, and allows filmmakers to develop visual test material as a proof of concept to financiers and to help “ensure that more exciting projects like (*Monsters*) reach production”. At the end of the Lab, filmmaking teams will have developed stronger projects, an approach to the creative and technical production process, and also have built a stronger case upon which to raise funding for next stage of the project.

In evaluating the success of the first CCFL round, Davies suggested that perhaps there was some overestimation in the first round by the educational partners on their capability for the resources they could commit to the project in the time available, and that for future rounds managing filmmakers’ expectations about creating overly-elaborate digital effects work within the context of the scheme would be important.

6. THE INTERNATIONAL EXPERIENCE

6.3.9 Stereoscopic 3D & Visual Effects (VFX) on lower budgets –

Cross Channel Film Lab

The theatrical exhibition sector has embraced 3D as a premium entertainment option to attract audiences to the cinema and the technology is also finding its way into home cinema and other devices like Google Glass wearable screens.

Complex visual effects or stereoscopic 3D (S3D) are generally considered too expensive at the microbudget and low budget level, but the Cross Channel Film Lab is researching the application of these technologies to lower budget films. Big budget movies often conduct 'live R&D' pushing the limits of effects technologies, but this same innovative mindset can be used to use the new technologies within budgetary constraints in other ways that will thrill audiences. Bad CGI can be as unforgiveable as bad acting, so this is an area where microbudget filmmakers need to tread carefully.

1. Scheduling appropriate time and expertise

Careful planning and preparation is key. The low budget 3D film requires a specialist stereographer role working alongside the cinematographer, and the low budget VFX film a specialist VFX Supervisor. In 3D, the stereographer role is concerned with how the script and emotional tone are achieved through manipulation of the mise en scène - where everything is positioned within the frame to convey information. Technology will slow down the pace of shooting, so more time must be allowed to ensure the technology does not impact on performance.

2. Become familiar with the possibilities and limitations of the new visual language

Unlike Visual Effects, it may not be possible to 'fix it in post' if there are technical errors on a 3D shoot, so the filmmaker used to shooting quickly with digital must exercise caution. If a shot isn't set up properly you can end up with aberrations such as 'miniaturisation' – a distorted perspective. 3D also has its own technical rules, noted Davies, with an example that "you can't cut rapidly in and out of scenes, the brain needs time to establish and absorb the scene."

3. New perspectives on technologies' visual impact

CCFL explores the 'new visual language' of utilising 3D to create impact, immersion, immediacy and intimacy achieved more through scripting scene descriptions and composition than through digital effect. The team behind 2013 CCFL 3D participant *One And All* (about an unemployed fisherman leading a Cornish rugby team to victory against all odds) developed their story alongside French stereographer Josephine Derobe. Derobe's family business created the 3D in Wim Wenders dance film *Pina*. The creators explored the capacity of 3D to exploit the filming of sports scenes 'from the inside'. "You got the sense of the bulk of human physicality and the danger of the game, with huge guys thundering down the pitch toward you", says Davies (CCFL). In another scene the team explored how 3D 'space' and depth of field could be used to emphasise a character's isolation.

4. Explore options for use of technology

3D films use two cameras which must be carefully aligned, and can be achieved through either side-by-side camera rig, or mirror/beam-splitter camera rig that allow the cameras to be closer together (and thus objects to be closer to the camera). It is also possible to look at a post-conversion process to turn a conventional 2D film into a 3D experience, or for 3D elements to be created entirely using computer-generated imagery. There are already many examples online of filmmakers working with D.I.Y. 3D camera rigs on low budgets, and the rapid pace of evolution of digital technologies is likely to see professional tools and software required to create 3D becoming increasingly affordable for filmmakers.

5. Use less CGI shots in more strategic ways

A Tale From The Deep was a CCFL animation/live action French VFX project that explores interaction between a boy on a Greenpeace ship with creatures from the dark depths of the ocean. The team worked with Falmouth university to visualise how these creatures would move. CCFL's Pippa Best, a script editor, managed to convince the team that a greater emphasis on the human side of the story, meant actual amount of time you see the animated sea creatures is much less allowing the film to more realistically achieve its target budget of under €5 million. Says the CCFL, "one sentence from a writer could mean the difference between an affordable VFX solution and a big budget extravaganza that will never get made. Most likely, there's a way of showing the same story beat at a much lower cost."

6. THE INTERNATIONAL EXPERIENCE

6.3.10 Destination: POWER TO THE PIXEL, London

<http://powertothepixel.com>

The Fellow attended the Power to the Pixel Cross Media Forum on 15 October 2013, an annual conference that assembles an eclectic mix of ‘some of the smartest people in digital and interactive media. The common thread to the speakers, said Founder and CEO Liz Rosenthal is that “they are all storytellers focussed on designing experiences for people first, not platforms”. As digital technologies become increasingly accessible and affordable microbudget filmmakers, like all content creators, need to be thinking about the cross platform and interactive potential of the film experience.



Liz Rosenthal at the 2013 Power to the Pixel opening address

Observations on identified skill areas

AUDIENCE	<p>Digital platforms are increasingly converged, bringing computers, television screens and mobile devices into the same ‘on demand’ space, and offering audiences greater choice for individual consumption patterns. Audiences are curating their own digital content collections, and watching films at leisure, giving rise to new viewing habits such as fragmented ‘commuter viewing’ or single-sitting ‘binge watching’ of entire series or collections. Television still operating as the main ‘mass media’ also seeks to retain its principal audience share through special screening events, and there is some evidence of a resurgence in the made-for-television telemovie and mini-series formats.</p> <p>New online audiences create opportunities for long form content of non-traditional durations, as well as content with specialist audience appeal. At lower budgets, creators are “freed from the bond of needing to be something for everyone”.*</p> <p>Summary of insights on audience:</p> <ul style="list-style-type: none"> • Big Data offers unprecedented new insights into these audience behaviours and consumption patterns, inspiring storytellers to take huge creative leaps - Clint Beharry • A product wrapped in emotion is not enough, audiences need provocation - Wayne Fletcher • There is a need to bring humanity back into the space, designing stories for the user experience, which can mean simplification of technology - Ingrid Kopp • Filmmakers need to consider how audiences navigate the oversupply of available online content, ranging from casual ‘content grazing’, to peer-recommendation, to marketed content available through curated or trusted sites, brands and recommendation engines (community curation) • Digital natives seek a more interactive relationship with the screen and bi-flow communication, not only choice of content, but story tools such as content modification, active participation in a film itself, or with the real or online world surrounding the film • Audiences move easily across platforms, but have the desire to be able to do everything on one device, so the platform-agnostic media designer moves from the idea of ‘experience across platforms’ to extending the story-world and maximising the experience on a single platform - Paula Zuccotti • Considering the possibilities of various ‘conduits’ to pull audiences into story - Elan Lee
SCRIPT	<p>Lance Weiler (Co-founder, Reboot Stories) demonstrated the design of immersive projects and story worlds in the ‘21st century writer’s room’ that mixes storytelling, play and technology, with “those formerly known as the audience”. Story examples he demonstrated included both a live and a digital side, and a local and global aspect. <i>Body/Mind/Change</i> (bodymindchange.ca) is a collaboration with David Cronenberg, TIFF and the CFC media lab, and explores biotech implants and artificial intelligence while enabling participants to step into a story world where science fiction becomes science fact. The second project, entitled <i>Lyka’s Adventure</i> (http://connectedsparks.com) which makes climate change relevant for kids, tells the story of a robot scientist from another planet stranded on Earth who is powered around the world by the imaginations of students prior to being launched into space by NASA. For story designers, says Weiler, it’s important to keep asking questions, “and often the questions are more important than the answers.”</p>

6. THE INTERNATIONAL EXPERIENCE

TECHNOLOGY

At the Power to the Pixel conference, examples into how interactivity are 'placing audiences firmly at the heart of story' included:

- cross-platform storytelling, extending the primary story across multiple platforms
- second screen, extending paratextual experience online around the story
- interactive drama game (IDG), 'empathetic gaming' or 'playable movies' (e.g. *Beyond Two Souls*)
- interactive movie, with alternate options/story layers beyond 'story zero'
- user generated content; online video sharing, with participatory or 'curated' films (e.g. *Awesome...I Shot That*, Ridley Scott's *Life in a Day*, Paul Verhoeven's *Tricked*.)

Paula Zuccotti noted that while audiences might not physically own digital content, people are increasingly seeking to create personal identity by making content their own through interpretation and reinterpretation, which they can then re-share with their own audiences. Younger generations don't have the same barriers to technology and have their own new perspectives on story. How audiences traverse between reality and fiction has become more important than how they traverse between media platforms. "Audiences will embrace, be up for new challenges and exploit every possibility if it's a story that they love", she concludes.

At Power to the Pixel, The Director of Digital Initiatives at Tribeca Film Institute, Ingrid Kopp, demonstrated how technology can change our perception on how we view the world, with examples such as the use of GoPro technology in the film *Leviathan*, and a viral YouTube clip of an Eagle's point of view in flight.

* CBS Films President Terry Press

6. THE INTERNATIONAL EXPERIENCE

6.3.11 Destination: RAINDANCE SEMINAR: Lo-To-No Budget Filmmaking, London

<http://www.raindance.org/course/lo-to-no-budget-filmmaking/>

Operating since 1993, Raindance Lo-To-No Budget Filmmaking weekend seminar led by Raindance Festival founder Elliot Grove boasts many successful filmmakers as its alumni. The seminar is designed to inspire new filmmakers that they can make a film with little or no money, and to give them the basic tools with which to get started: “Nobody knows anything. Stop finding excuses, lack of confidence, destruction, procrastination and do whatever you need to do to make your film.” Independent filmmaking, once a small organism, has become a global phenomenon, says Grove. Part introduction to the business of making movies, and part practical guide to filmmaking on a budget. Grove brings both his own Producing experience, and as festival director of a leading independent film festival, useful insights into marketing, distributing and selling a film on no-budget to microbudget models. Grove’s “stop talking about becoming a filmmaker, and be one” message is infectious, and while there is certainly a case for quality over quantity in the new digital landscape, he does make a good point.



Elliot Grove, Raindance (pictured left) with ISS Fellow Daniel Schultheis

6. THE INTERNATIONAL EXPERIENCE

Observations on identified skill areas

AUDIENCE	<p>Teams need to develop effective traditional marketing materials but must always be cautious about marketing a film and its assets truthfully to retain the trust of the audience, says Grove.</p> <p>Take time in developing the right artwork for posters and one-sheets. The trailer is crucial and should be cut by someone who understands the art of creating an effective trailer. Develop a great press kit that sells yourself as well as the film, and which includes interesting production notes, quality stills, and a range of well written synopses of varying length to make it easy for people in media or festivals to reuse.</p>
SCRIPT	<p>Grove suggests filmmakers consider limiting script length (and consequently film duration). This not only keeps the budget level lower, and avoids wastage of scenes not cut into the film, but has the residual benefit of making the film more appealing to festivals who can program more films of shorter duration into their schedule. As the internet evolves to a mainstream platform for viewing long-form films, the 'short feature' is also likely to become increasingly marketable.</p>
ENTREPRENEURSHIP	<p>For those who don't make it on the major circuit, there are other festival options. Grove pointed out that Mini-major festivals are also an excellent avenue to launch a film, and vie with the majors for industry and celebrity turnout. "Festivals such as SXSW (South By South-West), Locarno, San Sebastian, Raindance, Tribeca and Karlovy Vary have hundreds of celebrities and paparazzi attending and can be a useful springboard to getting your film noticed."</p> <p>Raindance seminar participant Sonny Dobran, Executive Producer of the film <i>Convenience</i> shared a more practical example of microbudget constraint, employing a simple split screen effect to make a single police action vehicle look like a whole squad.</p>
DISTRIBUTION	<p>Grove says festivals are increasingly flexible about distribution, understanding the importance of the filmmaker in selling the film, and cites Sundance as a festival that will allow submission of a short film that has already been screened online.</p> <p>The ability to target a specific end-user audience and to market more cheaply online is also dictating the types of stories able to be told on screen, says Grove, "reversing the traditional make-sell paradigm to one of sell-make."</p>

6.4 THE NETHERLANDS

6.4.1 Destination: BINGER FILM LAB, Amsterdam

<http://www.binger.nl>

Interviewee: Gamila Yistra, Chief Executive Officer

Established in 1996, Binger Film Lab is an international talent and project development centre for feature and documentary films based in Amsterdam. The 'best and brightest' screenwriters, directors and producers from across the globe bring their projects to an environment of intensive artist-in-residence 3 to 4-month residency development labs with bespoke coaching by internationally acclaimed advisors, work with filmmaking peers, and short 'À la carte' workshops and master-classes which are also open to the public. While Binger has strong ties with the market through European festivals, the creative aspect of filmmaking is the central focus of Binger. Each Lab takes 8 new filmmakers, and the coaching process starts right away, months before the filmmakers arrive. Selected filmmakers are pushed to their creative limits and the lab's "focus on recognising the wide array of possibilities that are inherent in every story". While story defines budget and Binger Labs are not specifically tied to budget level, Binger recognises the global broadening of professional production methodologies and has run À la carte workshops tailored at microbudget producing with partners including Film London's Microwave and Ted Hope's A2E.



Observations on identified skill areas

AUDIENCE

As part of its À la carte offerings, Binger has run a specific seminar led by Peter Buckingham (former Head of Distribution and Exhibition at the UK Film Council and BFI) called 'Audience in the Mind', an insightful exploration of the changing relationship between audience and content in an on-demand, digital age.

The workshop is aimed at helping filmmakers targeting the right audience for a project and to find the right ways to connect with that audience, through an understanding of the way that audiences think and behave.

While the Binger Lab organisation is firmly rooted in the rigors and benefits of writing traditions, the organisation is evolving to adopt new ways of working, such as engaging with other artforms during project development. The process of development has become "much more circular", said Yistra, commenting on the relationship between creators and audience in the development of scripts and screen projects.

6. THE INTERNATIONAL EXPERIENCE

SCRIPT	<p>Applicants to Binger are expected to bring demonstrated knowledge and craft skill in narrative based screen storytelling and a desire to learn new techniques for developing their projects and ideas, as well as a unique sense of 'voice' (the "qualities of the individual and their body of work" and personal pictorial language). Filmmakers apply at various script stages. Original screenplays, adaptations and commissioned projects are welcome.</p> <p>Binger is a lab in the truest sense, with a very tailor-made approach. The philosophy of Binger is not to teach or to tell people how to write, but to create the right atmosphere for development specifically attaching the right advisor to a project, and creating an environment of trust and respect where a project is interrogated to facilitate its development to the next stage of writing. Binger challenges writers to look at the many choices available. Labs have the flexibility to respond to the individual needs of creators and their projects, and Binger continually reassesses and evaluates progress against participants' goals, and may change advisors if it benefits the project.</p> <p>The Writer/Creative Producer Labs start with a very intense first week where people present their projects and themselves to each other in a group and are then divided into small groups of three projects working under the guidance of industry advisors. Films are analysed for structure, content and form. Within teams, filmmakers focus on each others' projects in a very personal and intense way, going very deep into the work and the development process. Improvisations and readings provide writers with fresh insights and suggestions. This Creative Producers Lab is fully integrated in the Writers Lab and concentrates on refining Producers' script development skills, as producers join their writer or director en route and reshape their actual working practice in parallel with the Binger process.</p> <p>Creative work is supplemented by weekly technical workshops such as genre, tone, characterisation, dialogue and scene writing, and the À la carte program.</p>
TECHNOLOGY	<p>Binger encourages stories with cross platform potential. Yistra provided an example of an innovative application of mobile technologies to story, "We did a masterclass on a project called <i>APP</i>, a film for cinema that was iPhone and iPad integrated. The sound waves from the film would generated second screen information on your mobile device, answering a certain question in the film."</p>
DISTRIBUTION	<p>Producers at Binger increase their knowledge of and contacts within the international film industry. Binger hosts and moderates a variety of events at both CineMart (The International Film Festival Rotterdam) and at Cannes, and introduces resident filmmakers to producers, distributors, sales-agents, financiers and festival programmers.</p> <p>Yistra questioned the implied link between first time filmmakers and lower budgets, suggesting there is reasoning amongst some people that the stakes are higher on a debut film and that spending more can contribute toward establishing a name.</p>

6.5 GERMANY

6.5.1 Destination: MEDIENBOARD GMBH, Potsdam

www.medienboard.de

Interviewee: Dr Teresa de Hoefert, Funding Advisor

Medienboard is one of nine Regional Film Funds in Germany, servicing the greater Berlin/Brandenburg region. The agency has a particular focus on attracting regional European or international co-production, being located on site at the famed Brandenburg studios, and co-funds projects up to an amount equivalent to local spend. Funded projects must have a German Producer attached. De Hoefert points out that the majority of European arthouse cinema falls into the budget level of €800K-1.2M (AU\$1.1M-1.8M), so that the reports definition of 'low budget' is actually a normal budget in context of a German feature-length film.



Observations on identified skill areas

ENTREPRENEURSHIP

de Hoefert acknowledges the downward budgetary pressures on independent Producers and that there are more projects appearing with smaller budgets in the international co-production market. "I have seen projects which before I would have thought would have been in the €1-1.5 million sometimes going down more in the sub-€1million range, so €800,000 or something like that, as well as more deal making and in-kind payment and profit participation, even in the €1.3-1.5 million films."

Medienboard also supports smaller feature length projects in its experimental category with budgets of €50-100,000 (AU\$70-150K) on average. This fund allows an artist or a director to apply for funding and it doesn't have to go through a producer, and is a straight subsidy. Generally artists or experimental filmmakers working in the art world with films shown in art galleries or events, for example, but also sometimes in cinema venues. "There are distributors like Arsenal here, or Lightcoln in Paris that are working specifically on these more experimental projects."

6. THE INTERNATIONAL EXPERIENCE

6.5.2 Destination: DDFB, Berlin

<http://www.dffb.de/html/en/blog>

Interviewee: Andreas Luis, Production Manager

The Deutsche Film und Fernsehakademie Berlin (DFFB) is one of five big film 'schools' in Germany. It is a state-owned cultural institution to which private businesses can donate money as a means to reduce taxes payable. The European Union also contributes research and infrastructure funding including for collaborative partnership programs with other international universities and film schools. Between 80 and 200 student productions are completed at the school each year, including a longstanding partnership with state-owned regional broadcaster Rundfunk Berlin-Brandenburg (RBB) through which students produce three 30-minute telemovies each year which respond to a thematic brief by the broadcaster. These RBB films, with a talent development imperative, have production 'budgets' of €20,500 (\$A30,000), supplemented by double that amount again with facilities and equipment in-kind from the school. Student participation as human resources also value adds the project. "If the production had to pay cast and crew, these films would cost perhaps as much as €250,000", says Production Manager Andreas

Luis. As a training ground for both cinema and long form television drama, with a built-in audience, the RBB film productions provide a unique opportunity for students of the school. Students get to connect with the broadcasters through the commissioning process and receive feedback on edits, as well as work with demographics, timeslots and delivery deadlines. Conversely, the broadcasters get to scout for new talent with whom they can work in future. In terms of new trends, Luis notes the emergence of crowd funding to replace shrinking investment in drama from the TV networks, and that filmmakers are becoming more conservative in making films with an intended broadcast outcome rather than more experimental or artistic visions for a theatrical festival release. Importantly, the long form credits obtained through programs like the RBB films with the school give graduates access to be able to apply for future film funding or apply for television directing jobs or commissions, with TV the major employment opportunity for graduates.



Observations on identified skill areas

SCRIPT	<p>Any student can develop a script/proposal for the RBB program, but the film must be located in the region. The scheme is launched with a seminar including a brief from the broadcaster possibly including a theme. Around 20 scripts are presented by students. The school then discusses the submitted scripts and presents ten shortlisted scripts to RBB who in January select a final three to make each year. DFFB will then facilitate the teaming up of creative partnerships to make the films.</p> <p>Luis observed that independent feature filmmakers in Europe regularly adopt an improvisational approach from a prepared story outline instead of a full script.</p>
TECHNOLOGY	<p>In Germany, DFFB is able to access one of Europe's few remaining film processing labs at the headquarters of camera manufacturer Arriflex, and the school remains an advocate of the film process as an ideal training ground to learning the craft and discipline of cinematography, and that the slowed, thoughtful work style makes for better filmmakers when they then transition to work in a digital format.</p> <p>Luis (DFFB): "As long as Kodak is still making film, we want to keep working this way. It's a different way to work, you need to concentrate, and you really learn to see the light. In digital you might shoot ten times and not one is on the point, but in film you might shoot three and one will be on the point because you have been careful and are really seeing what you are shooting."</p> <p>Digital technology has meant that "a lot of ideas are realised that would not have been previously. Now students have multiple projects going on at same time, people are not limited any more, it can be bad for quality but good to get practice." The school is well resourced to support the entire production pipeline from shoot through to completion.</p>

6. THE INTERNATIONAL EXPERIENCE

6.5.3 Case Study: Errors of the Human Body

<http://errorsofthehumanbody.com/>

Interviewee: Eron Sheean, Director

Increasingly, digital technology has afforded global screen educators such as DFFB or NFTS the capacity to facilitate long form feature film or television production, either within the curriculum, by research, or through facilities provision to graduates. A completely different take on the partnership between education and filmmaking – a two-year artist-in-residency in a preeminent genetics lab in Dresden gave rise to *Errors of the Human Body*, the debut feature from Melbourne-born filmmaker Eron Sheean. Not only did the residency help sustain the filmmaker through the project's development, but the Institute was able to pool its internal resources to benefit the low budget approach to the independent film. Sheean: "The institute was such a great location in itself with natural production value, and I thought what if you did develop a feature film script based on the existing resources, so it's a very microbudget type of approach." While confinement movies have been overdone, says Sheean, the research institute offered a fresh take on the idea. The location was contained but delivered cinematic scale, and had a curiosity value as a foreign world to audiences.

The €200,000 cash production budget was financed through domestic and international presales, private equity finance, local subsidy, crowd funding, as well as the in-kind support from the Institute and cast and crew deferrals. The film strove to achieve much higher production values than normally achieved on the budget level, and Sheean notes the collapse of the DVD market would make financing this type of film more difficult today. The contracting DVD market resulted in a conservative approach to P&A spend on the film's release. Sheean and his creative team and cast actively invested time and energy into building a platform release through genre festivals such as Fantasia, Fantasticfest, Film4 Fright Fest and then went on to screen at Rotterdam. However ironically the earlier genre festival screenings precluded participation in some other major festivals on the major circuit. Sheean suggests working with the Institution was a positive experience, but that others looking to replicate the idea should make sure that the relationship with a location maintains artistic integrity and won't compromise the film: "You're not making a PR piece", he adds. The film released on Video on Demand platforms including iTunes in 2013. *Errors of the Human Body* was an ambitious project made for much less than its €1.3M paper budget. Starring Michael Eklund, Karoline Herfuth and the late Rik Mayall, the sci fi thriller sees a potentially lethal virus created within the new research lab of Dr Geoff Burton (Eklund) who is shocked to discover he is not only the unwitting cause, but also its first victim.



Observations on identified skill areas

AUDIENCE	<p>Sheean suggests <i>Errors of the Human Body</i> walks the fine line between commercial appeal of a genre thriller, and the artistic integrity of an intelligent ‘smarthouse’ drama “I think I’ve become much more conscious of how you tailor something for an audience, and how you are also trying to satisfy what you want to do. I wanted to engage people at least in the mystery aspect of the film and didn’t want to make something really impenetrable. If you try to write something that is deliberately commercial, it doesn’t guarantee that it’s going to be successful. I think you just try to be original and hope that it clicks.”</p> <p>Sheean built the community for the film with two different approaches to marketing the film, targeting both genre fans at specialist festivals, and also the science community by having articles written about the film in international science journals.</p> <p>For a film to work in the theatrical environment, the filmmaker must be aware of what will drive the film to stand out above the competition, and competing leisure activities. The approach needs to work for the title, and filmmakers should be cautious that what works for one film may not necessarily work for another.</p>
SCRIPT	<p><i>Errors of the Human Body</i> was a contained approach to filmmaking, locating the film almost entirely in the research laboratory to which Sheean had access.</p> <p>In terms of the film’s content, Sheean points out fashions in genre can tire out quickly: “just look at zombie and vampire movies – now we are doing possession movies. <i>The Divide</i> (on which Sheean worked as a script editor) is unique in that it really starts off as a B movie but evolves into a character driven chamber piece – it’s intentionally deceptive. It has this big hook at the start but once the film reaches the point where the characters are trapped in the basement it really changes gears. But yes I do like a good apocalyptic horror – it’s high stakes!”</p> <p>Stories need to find that difficult balance of creating something original and unique that will be a talking point, says Sheean, but also something quantifiable that meets expectations of generic conventions and can be ‘put in a box’ by film marketers: “you do something that sort of plays with convention I think that is appreciated by a degree of people but I think that there is a great problem in that distributors are sort of the taste makers, so they have a way of controlling what will be exposed, part of the marketplace wants the same thing, and sometimes being original works against you.”</p>

6. THE INTERNATIONAL EXPERIENCE

TECHNOLOGY	<p><i>Errors of the Human Body</i> was one of the first features to shoot on the high-end digital camera, the Arri Alexa. “The images were amazing in low light .. we used old refurbished Superspeed Cooke lenses shipped over from Sydney to take away some of the digital sharpness.” Using the same lenses allowed the team to integrate some DSLR pick-up shots seamlessly into the finished film.</p> <p>Sheean noted the time to pre-plan benefited <i>Errors of the Human Body</i>, with simple planning of each shot allowing the Director to pull maximum cinematic potential from each shot, including framing, the style of lighting, the pitch of the performances.</p> <p><i>Errors of the Human Body</i> had quite a lot of visual effects in it “that you weren’t meant to know were visual effects, such as snow effects to fix weather continuity problem and some rig removal for mice puppets.” Early engagement with the visual effects artist is critical. Sheean engaged a VFX artist from San Francisco who used to work for ILM, and who came to Berlin during the shoot to supervise effects shots, creating the work on his own computer using primarily Smoke and Nuke for effects and compositing. Says Sheean, “he had all his buddies in VFX help out, he’d say ‘this is a low-budget movie’, so people would do little shots for us.”</p> <p>Even the cheaper cost of international travel can affect post production. Sheean says he “had wanted to finish in Berlin, but went over to Hollywood quite a lot to do all finishing stuff basically because at that time with the exchange rate it was just cheaper to do it there.”</p>
DISTRIBUTION	<p>Sheean was very hands on with the festival strategy, handling submissions, and attending festivals in person where possible. He suggests emerging filmmakers need to be aware of the politics that can go into influencing festival selections, such as sales companies ‘stacking’ films, or festival corporate sponsors who may push for celebrity on the red carpet.</p>



Errors of the Human Body film still

6.6 DENMARK

6.6.1 Destination: SUPER16 (Filmmaker Collective), Christianstavn, Copenhagen

<http://www.super16.dk/en>

Interviewee: Amalie Lyngbo Hjort

Super16 is a unique association of Danish filmmakers – part filmmaker collective, part funding scheme, and part ‘student-led film school’. Every second year the school democratically elects 16 new members, comprising 6 directors, 6 producers and 4 scriptwriters (writers a recent addition, with the original model based on 8 producers and 8 directors). The school seeks to support the creative ambition of its student filmmakers, and to allow the freedom to experiment. This independent spirit has seen the association grow into one of the most respected institutions within the Danish film industry and its films have won many awards across Europe. The association’s activities including production funding, training, and screening events funded through membership fees and a variety of program partners including Nordisk Film (facilities and funds), The Danish Actors Association (who subsidise actors fees), duplication and transmission fee collection agencies, and family foundations and trusts. Each year the Board of Super16 reapplies for funding to keep its activities going.



Participants join Super16 for three years. Randomly assigned pairs of Producer and Director teams work together over the first two years, with six budgeted films produced each year with available funds shared equally amongst the projects. Writers pitch projects to the Producer-Director teams. Additionally, a number of ‘no-budget’ shorts are made, so that each Producer and Director has the opportunity to work together with every other Producer or Director at least once in the first two years. In the third year, Producers and Directors have a choice about who they partner up with for a major budgeted production, with a budget that tops at 150.000 DKK (A\$30,000). The main film budgets do not factor in-kind industry services and cast and crew deferrals. Filmmakers need to build their crews from scratch each time, and creativity is also borne out of the financial limitations faced by our students. Films are often crewed through networks within film schools and everybody works for free because people are interested in being attached to a talented director, or progressing careers. While described as short films, some films are as long as 45 minutes duration. Some of the Super16 films develop into feature length films, or filmmakers use the scheme as a springboard to a debut feature, for example through the New Danish Screen fund. While Super16 does not issue a formal qualification, the resulting ‘degree’ is the prestige and recognition of having been a Super16 student.

6. THE INTERNATIONAL EXPERIENCE

Observations on identified skill areas

AUDIENCE	<p>Denmark's Super16 films are screened at annual premiere events at the Copenhagen Film Festival and invite public criticism and media review. Hjort suggests that Super16 filmmakers develop a better audience awareness than students at some other Danish film schools who tend to be more insular with regards to screening access to student works.</p>
ENTREPRENEURSHIP	<p>Members or 'students' of Super16 themselves meet monthly and are responsible for running the scheme over their three year indenture, overseen by a board of 5 people elected in a democratic process. The brand is well known, and people tend to find the organisation without needing to call widely for submissions. Applicants must demonstrate suitability for the scheme through prior experience or short films, personal ambition and motivation, and talent. Many will have made short films in Danish Film Institutes' Film Workshop. The scheme also looks for people who will contribute toward the collective ideal and the running of the organisation.</p> <p>Of crowd sourced financing, Hjort says "you can usually do crowd funding if there's some kind of socially relevant topic, that people are passionate about, or if it is someone who is famous. One project that I know did quite well with crowd funding campaign had the Danish actor in it that was in <i>'True Blood'</i>. He was famous in the US & Hollywood, so there were a lot of random people from America that contributed to this product just because he was in it, and then it was even about a Danish pop duo from the 60's so there were people who were into that who wanted to contribute."</p>
DISTRIBUTION	<p>The push to alternative approaches to distribution by filmmakers is happening faster in the UK than in Europe, where traditional business models are sustained by a slower decline in DVD sales and strong cinema going audiences, suggests Super16's Hjort.</p> <p>In Denmark Hjort notes an interesting approach for screening to local audiences online, which helps circumvent in part the issue of digital rights: "some of the Super16 films can be watched online - there is something called filmstream.dk which is a public library VOD platform which is not considered commercial VOD, and most Danish people have access so you would be able to see the films if you have a Danish library card."</p>

6. THE INTERNATIONAL EXPERIENCE

6.6.2 Destination: SMÅTTEN (ZENTROPA), Ryegade Copenhagen

<http://www.zentropa.dk/>

Interviewees: Nina Rostock-Jensen, Education Manager and Peter Ahlén, Småtten student

The Småtteuddannelsen or 'Småtten' program (meaning small) is a program quite unlike any other. It takes the best of those who 'fall between the cracks' of being accepted into Denmark's prestigious film schools, and offers them the chance to learn alongside talented filmmakers in one the country's most well-known and successful companies, Zentropa, led by acclaimed filmmaker Lars von Trier (*Melancholia*, *Nymphomaniac*) and CEO Peter Aalbaek. The program has about 20 Danish students (called 'Småtten') at any one time, accepting a new student every couple of months. "We look for young people who are talented, willing and passionate, but also intelligent, analytic and good listeners", says Education Manager Nina Rostock-Jensen. "Over a three year period we break them down in the sense of dispelling illusions about filmmaking, and developing teamwork skills (through necessary chores), before we start to build them up, and step by step get them to take more responsibility." (And yes, it's true, Småtten may even be required to help shovel pig manure on the boss' farm!) After the first six months Småtten are paid a trainee wage, which increases each year thereafter. Småtten will often be thrown work where independence, responsibility and personal initiative is necessary, and are expected to jump in and have a go, and to 'do it with a smile'. The production company works to create a friendly, steady, conservative, and professional atmosphere and working environment and this starts with the student program.



6. THE INTERNATIONAL EXPERIENCE

Observations on identified skill areas

AUDIENCE	<p>Students work as Personal Assistants or Assistants alongside Zentropa's In-house Producers, Directors, Editors through production, distribution, local premieres. The program is largely learning by doing, and students benefit from being associated with a company that has a strong track record behind major film and television content. By situating a scheme within a working production company, participants are acutely aware of the need to create product for a market, and have direct contact with audiences at film events.</p>
TECHNOLOGY	<p>As a side benefit to the core educational aspect of the scheme, students also have access to facilities in their own time to work on their own film projects, a strong peer network who help each other make films, and access to funds to support student projects and participation in external courses.</p>
ENTREPRENEURSHIP	<p>Whether its helping serve lunch in the communal lunch room where everyone from the studio bosses to the Småtten interns eat daily (and sing weekly), handling the mail, or feeding the pigs on Aalbaek's farm in Herfølge - for those starting out as Småtten, the scheme is as much about training attitudes as it is about skills, and the 'can do' attitude required by those who seek a career working in film with the reality of long hours and hard work. Rostock: "It's a no go to just want to say I'm an artist I want to be creative, you know we have to provoke them a whole lot because the chances of surviving are so difficult."</p> <p>Rostock: "I think we are really good at spotting talent, we're good at looking all the way underneath, and we're good at taking (participants) to the edge. It's very old-fashioned the way we do it. It is the only way it works, the hard discipline. It's attitude, it's working hard, for very limited money, you pressure them on all the marks of their life where it's going to be 'do you really want to do this?' and that's the philosophy that I'm dictated by."</p> <p>Peter Ahlén's småtteforløb agreement allowed him to enter into a three-month internship at the Danish Film School as a production manager on a 'long movie'. Here, students at the National school are trained in small groups to create so-called no-budget movies of less than 60 minutes duration, with the actors responsible for their own costume and makeup.</p>

6.7 Concluding Remarks

“Australians value local screen stories that they can relate to and learn from, and recognise that Australian filmmakers deliver subtle, nuanced stories reflecting contemporary Australian life, which could not be made anywhere else. And the numbers show the impact of feature films continues to endure well beyond initial cinema release⁵⁵.”

Rebecca Mostyn, theconversation.com

A true microbudget approach is one which utilises available resources, and in which the budget drives the aesthetic and the film making process. This flips on its head the traditional paradigm of developing a project and then seeking to raise finance to back the idea. It is one which inherently returns the balance of power to those with the greatest creative stake. It offers filmmakers and audiences greater choice and control over the movies they make and watch, the ability to take greater creative risks, or create films around culturally marginal⁵⁶ subjects where a film’s budget is more closely aligned to its market potential.

For a market where major blockbusters and limited art-house releases dominate the theatrical setting, online release represents a growth market opportunity for microbudget filmmakers to connect with audiences looking for something different.

For debut filmmakers, learning the craft of making movies with less at stake financially is a sensible approach to career sustainability.

Low and microbudget development and production schemes offer a mechanism for professionalisation of early career filmmaking, and can strike the right balance between innovation and intervention. They help protect cast and crews by ensuring decent working conditions and prioritised recoupment. Participants in schemes develop an audience-minded approach from the outset that increases the likelihood of a film engaging an audience.

Increasing the number of lower budget productions provides an important training ground for emerging crews such as Assistant Directors, Set Decorators, Data Wranglers, and Lighting Assistants - underpinning the ‘production services industry’ of skilled practitioners that can service ‘footloose’ international film productions.

Participants in schemes develop the ability to critique film projects creatively, scope potential markets and forecast revenues, and identify the resources required to achieve a film. These develop skills for new producers in developing market ready projects at any budget level, and consequentially develop local production companies and build an industry.

The majority of schemes visited in the UK and Europe define themselves as successful collaborations between commercial and public partners, and clearly acknowledge the importance of investment in the next generation of national filmmakers to continue to exhilarate audiences, and to grow talent. This confidence is combined with a willingness to respond to a changing marketplace, and a firm belief that there is always a significant pool of undiscovered talent that will continue to be developed by the schemes.

Says Cinematic’s Adam Partridge, “there are a lot of exciting ideas out there but you don’t necessarily know what’s going to come to you. That’s what these schemes have been quite successful at doing, is pulling some financial resources in with the knowledge and belief that there is the talent out there. It is a great thing to be able to offer. You would hope some of those people who have been struggling to raise finance for their first or second and features have an opportunity to make one and to use this as a launch pad for the next. So hopefully it’s a positive intervention.”

⁵⁵ Mostyn, Rebecca *The Conversation*

⁵⁶ Relph, Simon; *The Relph Report* (UK Film Council, March 2002)

6. THE INTERNATIONAL EXPERIENCE

“Filmmakers will always continue to reinvent and surprise audiences”, says DFFB’s Andreas Luis. “It’s always new, we always find ourselves saying, no one’s ever made a film about this, there’s so many things happening. There’s always histories, stories to talk about, so I don’t think our desire for films will change. We are constructed like that. Some people like to be scared, some people like a love story, this will always be there, deep human need for stories.”

7. KNOWLEDGE TRANSFER: APPLYING THE OUTCOMES

The Fellow will apply the outcomes through a range of activities to disseminate findings from the Fellowship:

1. distribute Fellowship report to the filmmaking community, industry, education and government, communities
2. participate in microbudget discussions in seminars, conferences and journals, such as: Monsterfest microbudget seminar (2013), Open Channel's Framed seminar with Christine Rogers, Jonathan Roper, *I Am Evangeline* (2014, distributed on iTunes), Open Channel Generation Next Microbudget Seminar (2015), and the MICROwave eJournal (University of Technology Sydney)
3. facilitate a synchronous open classroom conversation with one of the listed schemes within Open Channel's scriptshop development course
4. as a member of the National Project Reference Group for the review of the National Screen and Media training package in 2014-2015 which underpins vocational screen training in Australia, contribute findings from the Fellowship into the review process
5. Open Chanel to launch a microbudget training and production scheme for members in 2016

8. RECOMMENDATIONS

Building a world-class microbudget screen industry in Australia that is globally competitive, smart and technologically advanced requires a strategic cross-sector approach by governments, the private sector and education and training providers.

The key recommendation of the Fellow is for Australia to grow the number of low and microbudget screen development and production schemes across Australia, to develop the skills and talent of the next generation of content makers.

Schemes need to be sustained commitments that take a long-view to industry capacity-building, and allow host organisations the time to develop best-practice approach to project and practitioner skills development. This also creates brand value for the scheme as a trusted 'production company' for audiences.

Current and forthcoming government supports for lower budget films include:

- Access to Producer Offset (current threshold on Australian spend \$500,000)
- Discussions into Crowd Sourced Equity Funding (CSEF), regulatory framework for a new funding model that would allow small investments from a large number of investors into a company
- Screen Producers Australia proposed Low-Budget Certification agreement¹ with the Media, Entertainment and Arts Alliance that allows for meaningful deferrals, with crews working on budgets of \$500K-\$1.5M profiting from first returns

Governments, industry and the education and training sector can also examine additional ways such as those listed below which would support this key recommendation:

8.1 Government

Federal Government

- Direct support mechanisms through Screen Australia including:
 - » increased funding for schemes delivered through State agencies and/or emerging sector screen organisations, to supplement mainstream industry feature film support
 - » simplified contracting for funded qualifying productions e.g. no requirement for theatrical market attachment
 - » collecting and distributing performance data on microbudget films and alternative distribution models, including the actual value of the online market
 - » international marketing and promotion of microbudget films with merit, without the need for major festival screening as pre-condition
- Additional funding for skills development through the Industry Skills Fund
- Indirect support mechanisms including:
 - » regulation to increase revenue to fund and support partnerships with training schemes/ productions, for example:
 - » Increased broadcaster local content regulation, and increase in funding for public broadcasters/ multichannels e.g. ABC2, ABC iView, SBS2, NITV
 - » Arts industries tax revenue streams e.g. mining
 - » exemption from activity testing for unemployed persons in receipt of government benefits, working as cast and crews

¹ screenproducersaustralia.org.au/news/screen-producers-propose-boost-to-feature-film-opportunities-through-low-budget-scheme

8. RECOMMENDATIONS

- » alternate scheme to Producer Offset for low budgets such as the UK's Enterprise Investment Scheme (EIS), to attract individual investors and production service companies investing in productions as publically-listed companies

State Government

- State screen agencies direct investment or co-investment in schemes
- arts industries tax revenue streams e.g. mining, lottery funds
- increased access to State skills funding for industry training programs
- public-owned studios accessible to qualifying microbudget films at low hire rates in periods of non-peak production activity
- underwrite packaged insurance schemes for qualifying microbudget productions, such as Errors and Omissions insurance, Public Liability and Workcover

8.2 Industry and Professional Associations

- industry to co invest in growth of the sector, perhaps with government co-investment as incentive, and to participate in schemes as market partners
- guilds and unions to review scope for flexible work arrangements and actors rights conditions on qualifying microbudget productions, including non-SPA productions
- encourage participation of philanthropic and private sector investment in microbudget production through Screen Network as charitable organisations
- targeted exhibition opportunities for microbudget films at festivals, explore opportunities for a micro-market style sales event

8.3 Education and Training

- incorporate training for low and microbudget production methodologies into education and training curriculum
- industry based RTOs (e.g. Screen Network) to partner with microbudget schemes in training delivery

8.4 International Specialised Skills Institute

- ISS Institute can support the screen industry through inbound Fellowships to invite international filmmakers with specialist expertise to run workshops and share best practice approaches to filmmaking
- emerging producer internships to international centres of production

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10. APPENDIX

Fig. 1: Indicative International Sales Estimates (source: Raindance) to various international territories (excluding the major market of the US as home territory) for a low budget (billed as a US\$1M budget) independent American film at AFM (2011).

International Sales Estimates (\$US)

	Low Est.	High Est.
Argentina	\$4,000	\$5,000
Australia	\$25,000	\$35,000
Belgium	\$3,000	\$5,000
Brazil	\$5,000	\$10,000
Chile	\$3,000	\$5,000
Columbia	\$5,000	\$10,000
East Africa	\$7,000	\$10,000
Ecuador	\$4,000	\$5,000
France	\$15,000	\$30,000
Germany; Austria	\$30,000	\$50,000
Greece	\$4,000	\$7,000
Hong Kong	\$5,000	\$12,000
India	\$10,000	\$20,000
Indonesia	\$5,000	\$15,000
Ireland	\$6,000	\$10,000
Israel	\$4,000	\$10,000
Italy	\$10,000	\$20,000
Japan	\$20,000	\$40,000
Mexico	\$5,000	\$10,000
Middle East	\$4,000	\$5,000
Pakistan	\$7,000	\$10,000
Panama; Central America	\$2,000	\$3,000
Philippines	\$8,000	\$12,000
Portugal	\$2,000	\$5,000

10. ATTACHMENTS

Scandinavia inc. Denmark	\$35,000	\$50,000
Singapore; Malaysia	\$6,000	\$10,000
South Africa	\$3,000	\$5,000
South Korea	\$35,000	\$50,000
Spain	\$15,000	\$25,000
Sri Lanka	\$4,000	\$5,000
Taiwan	\$8,000	\$15,000
Thailand	\$4,000	\$6,000
Through; Bolivia; Ecuador	\$6,000	\$8,000
Turkey	\$2,000	\$4,000
UK	\$25,000	\$40,000
USSR	\$15,000	\$20,000
Venezuela	\$4,000	\$6,000
West Africa	\$6,000	\$10,000
West Indies	\$2,000	\$3,000
Yugoslavia	\$7,000	\$10,000
	\$370,000	\$611,000

