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National Assembly for Wales

Communities Equality and Local Government Committee
Inquiry into:

The future outlook for the media in Wales.

Response for and on behalf of:

The Film Agency for Wales

1. Introduction

This document is a response from the Film Agency for Wales to the call for consultation about *"the current state of the media in Wales and how new technology and other developments are impacting on this, in the context of continuing concerns about the future of the Welsh broadcast and print media".*

In general terms, the Agency would advise that the film sector in Wales (from script writers to cinemas, via producers and directors, key grips and key cast) be considered an essential component of the media in Wales: as noted in the Hargreaves review, "a sound organizational base for film in Wales [will ensure] issues such as the relationship between film and public service broadcasting in Wales will be more successfully addressed." This goes to the priorities for action, business models, content and plurality questions raised below.

2. Brief Description of the organization

The Film Agency for Wales ('the Agency') is the sole strategic agency for film in Wales, with a remit to ensure that the economic, cultural and educational aspects of film are effectively represented in Wales, the UK and the world. We aim to facilitate the emergence and growth of a viable and sustainable Welsh film sector and to promote a vibrant and dynamic film culture.

The Agency's key objectives include:

- identifying and nurturing talent;
- facilitating the growth of sustainable companies within the creative industries;
- diversifying and improving access to finance for the sector;
- developing film literacy with schools and education providers,
- improving access for audiences to a diverse range of quality programming – including facilitating the roll-out of D-Cinema across independent cinemas;
- Working in partnership – across a wide range of commercial, private and public entities in Wales, the UK and internationally.

3. Questions

3.1 What should the priorities be from a Welsh perspective as the UK Government brings forward proposals for its *Communications Bill*?

Ensuring accessibility to and engagement with high speed broadband services in Wales will be critical to ensuring the necessary connectivity of a sector driven by national and international markets and appetites: film, like other content, is shared globally across legal and non legal online platforms. The businesses that provide a collective experience of content sharing (traditionally known as cinemas) will soon be heavily reliant on broadband access to provide their customers with the alternative content (theatre, opera, football, council meetings etc) that they are keen on seeing: in 2009, *Screen Digest* predicted that by 2014 tickets to alternative content screenings would constitute around 5% of global box office; in 2010, global alternative content cinema revenues have already risen to nearly $200m[1]. Without a commitment from Welsh government to deliver an effective digital infrastructure, this progress will be stalled and Wales will lag behind in the digital economy.

While capital investment is the first step to ensuring accessibility, this needs to be matched with an investment in up-skilling businesses and entrepreneurs to trade in a world where IP is common currency, but still invisible on a traditional balance sheets: specialist business service providers (accountants and lawyers in particular) need to reach out into areas traditionally serviced by London based companies, and a Welsh stimulus to IP trading and exchange would maximize the opportunities offered by the new infrastructure.

Offering to host the development of models for the Copyright Exchange proposed by the Hargreaves IP review would ensure Wales is clearly positioned as a forward thinking globally engaged administration and offer an unrivalled centre of excellence in the country. Benefits would flow to SMEs and micro businesses reliant on effective IP trading, galvanizing a sector into engaging across traditional delivery format boundaries (TV and film, games and TV, music and film makers all require access to this type of market place to grow)

3.2What are the opportunities for new media business models to be built in Wales?

Following from the answer above, the film sector in Wales has a number of offers to make to other areas of the media: its business model has been reliant on multiple sources of finance, distributed delivery and a sophisticated audience understanding for some time. While the sector is challenged, like others, by piracy and a downward spiral of production budgets, its ability to reform and take advantage of new financing platforms such as crowd funding and continued public stimulus such as the tax credit position it well to share its knowledge with other businesses.

Particular areas of opportunity (and change) exist in the field of distribution and content repurposing. Digital distribution platforms have enabled the explosion of non traditional film consumption: the experience of watching a film on a train, on a laptop or tablet is no longer science fiction. Trains, airplanes, and buses are using screens to inform, entertain and distract their passengers (who themselves may well be accessing films on their phones or tablets). Mobile phone operators are using films as rewards for their customers and financing their production.

Content providers, on the other hand, are hungry for opportunities to see returns from work produced at increasingly low cost and exploited in ever shortening windows: should the opening weekend figures not meet expectations, producers have become inured to

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[1] More information on alternative content (and audience response to it) is available from Professor Martin Barker, Emeritus Professor of Film and Television Studies at Aberystwyth University, who has recently undertaken significant research in the field.

the pain of seeing their hard earned and loved film disappearing from cinema screens within days.

Wales offers an ideal test bed for bringing together new business models aggregating curated content for specific audiences and testing boundaries of taste, cost and reach: how much are people prepared to pay for content that could otherwise be obtained illegally? In what circumstances would they do so? On what platforms? These are all very difficult parameters to control or monitor – not least because of English being a shared language with the UK's biggest film importer. Identity of digital content (or media) is easily blurred: are Harry Potter films British or American? (while the IP is British and the films were made in Britain, all financial benefits go back to an American Studio).

Using Wales as test bed would also give a boost to independent cinema in Wales, helping to increase the number of digital screens. There are currently 3 independent digital screens in Wales, which has perhaps limited the penetration for Welsh Language films. It is worth noting there is an appetite for quality story telling, as demonstrated by the 3 week sell out run at Chapter for Patagonia.

The opportunity for Wales is to test new business models with consumers around identifiable content – Welsh language film - and one which should not be overlooked. The richness of existing content (otherwise known as archive film), mostly lying fallow and unexploited, could be unlocked for a new generation, while also providing business opportunities for those wishing to meet the challenging expectations of digital natives: that content be available on demand, at a range of prices, at any time and repeatedly, off line as well as online.

The Film Agency for Wales is working with partners across Education, Exhibition, Development and Production in this respect and would welcome the opportunity to share its knowledge further.

3.3 What is the Welsh Government doing to implement the Hargreaves report recommendations and what other steps could be taken to strengthen the media in Wales in terms of content and plurality of provision?

The recommendations from the Hargreaves report that follow are those that directly affect the Agency's work or the sector's activity. Those not mentioned are deemed to be in progress and requiring no further comment at this stage.

- *The Creative IP Fund should be replaced by a broader Creative Industries Fund. This new Fund should be accessible to all digital media industries: film; television; music; and interactive media.*

This has not yet come to pass. The absence of a clear, unified strategy in this respect has already weakened Welsh film's position on the national and international stage: with the disappearance of the IP fund, a significant investment input has disappeared from the Welsh offer, and while the Film Agency has increased its effectiveness and spread of investments, it cannot replace the inward investment remit of the IP fund. Without it, the scale of productions able to take place in Wales (and therefore the scale of finance being spent in Wales) has decreased, along with the partnership opportunities for Welsh producers seeking to extend their reach across the UK and Europe.

- *The creation of a new Creative Industries Strategic Hub, led by a Head of Creative Industries and supported by a Creative Industries Board, also chaired by an external appointee with expertise in the sector and joined by a small number of additional external members.*

The absence of strategic representation from film on the panel is an oversight in need of redress. The Agency recently announced in its annual review an investment figure of £2.6 million in 2010-2011 into Welsh film infrastructure. We have reached 200,000 young people through our Media Education Resources in 2010. Over 350 schools and 12,250 pupils will benefit from film making and viewing activities in this financial year through a partnership with Film Club and the Welsh Assembly Government. At least 3 feature films of significance will be produced by Welsh talent in the same financial year, while in the last calendar year the Agency co produced seven features including: Patagonia, a feature film shortlisted this year as a contender for the UK's foreign language film submission to the Oscars: Submarine, nominated for five British Independent Film Awards (in addition to taking over $2 million at the box office), and screened at Toronto International Film Festival, London Film Festival and Sundance; I am Slave nominated for BAFTA, Best Single Drama and Hunky Dory, which has just screened to full houses at the BFI London Film Festival. The impact of film in Wales surely warrants its representation on the Creative Industries board at a strategic level.

- *The Creative Industries Strategic Hub should recommend a re-organisation of Wales' support for the film industry designed to eliminate duplication and maximise economic impact and efficiency.*

The absence of strategic representation alongside other creative industries has left this recommendation in abeyance. The Agency's work continues to be separate from the Screen Commission inward investment work, and in turn continues to be distinct from inward investment incentive activity. There is no strategic relationship in advisory terms either, leaving the critical relationship between broadcast and film production companies underconnected and under using the capacity of the sector as a whole: public funds that could strategically be used to incentivize content producers across Film and Television from the UK and abroad to work in Wales are not being informed by the available critical judgment skills developed by the nation's specialist agency.

Nor are the Agency's investments in empowering Welsh Producers with European initiatives like European Audiovisual Entrepreneurs (EAVE) and expert mentoring such as Film Junction being supported by jointly managed finance supporting further company development (from the Creative Sector offer, for example). Specialist business support advice is often cited as a key element to effective business support by SMEs, alongside access to finance (including in the Hargreaves report itself). At a time of increased complexity and convergence in content production and exploitation, the ambition of stimulating a successful, high quality, diverse and dynamic audiovisual and media sector in Wales requires sophisticated, joined up public interventions bringing together know how, finance and physical resources.

The reality of content production in 2011 is multifaceted and has to be multipurpose from inception – films are routinely broadcast on television before theatrical releases, TV programmes are made into films and the talent feeding both industries (especially writers and directors) are clamouring for more opportunities to practice their work. It is the investors, for whom routes to returns are different according to their exploitation platforms, who are driving divisions between subsectors whose interests are predominantly convergent. And it is in this context that public funds, well aligned and harmoniously structured, can demonstrate the impact of economic and cultural investment strategies that work hand in glove.

- *The Assembly Government should map the whole creative industries sector.*

While yet to be undertaken across the film sector, this would be welcome by the Agency, helping it to identify the value chains it can usefully influence and stimulate.

- *The Assembly Government should require S4C, the BBC and Channel 4 to deliver an annual audit of their economic impact on Wales and an assessment of economic issues looking at least one year ahead.*

The Agency would also welcome this activity, and add that a cultural impact dimension is inseparable from this economic impact. This is also worth attempting to monitor: as the BFI report "Opening Our Eyes" (http://www.bfi.org.uk/publications/openingoureyes/) elegantly demonstrates, the appetite and impact of cultural representations of Wales in films has a distinct impact on attendance and cultural consumption: in other words, while employment numbers and value of procurement in Wales matter, the number of times Wales sees itself on screen also matters, as it drives up consumption and aspiration.

4. Conclusion

In closing, the following quotes from the report are striking statements about the requirements of Welsh people in relation to film, as part of their broader media diet:

- "Over 40% of respondents resident in Scotland, Wales and Northern England think there are too many British films about rich and privileged people living in London and the home counties"
- "People in Scotland, Wales and Northern Ireland are most positive about the desirability of more films from their home nation – in particular in Wales where 65% feel there are too few films set in Wales – and no respondents feel that there are too many."

The challenge is with the Assembly and its delivery partners to focus on growth across the media sector to help meet those expectations.

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