At Breaking Point? Challenges for Australian Film Policy through the Lens of Genre (horror) Films

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Abstract

Cultural policy settings attempting to foster the growth and development of the Australian feature film industry in era of globalisation are coming under increasing pressure. Global forces and emerging production and distribution models are challenging the “narrowness” of cultural policy – mandating a particular film culture, circumscribing certain notions of value and limiting the variety of films produced through cultural policy driven subvention models. Australian horror film production is an important case study. Horror films are a production strategy well suited to the financial limitations of the Australian film industry with competitive advantages for producers against international competitors. However, emerging within a “national” cinema driven by public subsidy and social/cultural objectives, horror films – internationally oriented with a low-culture status – have been severely marginalised within public funding environments. This paper introduces Australian horror film production, and examines the limitations of cultural policy and the impacts of these questions for the Producer Offset.

Keywords

Australian film industry, film policy, cultural policy, Australian horror films, genre movies, cultural value, economic models, Wolf Creek

Introduction

Australian genre cinema, or local traditions of filmmaking engaging with popular or Hollywood movies genres such as action, adventure, horror, science-fiction and so on, have occupied a precarious position within Australian cinema. Since the 1970s, questions have often been raised as to whether there is a legitimate place within Australian cinema for
“culturally indifferent” commercial genre films when there is limited public finance to support “quality” cultural films. A small- to medium sized national cinema subsidised by government funding, a primary objective of film policy since the 1970s has been the fostering of cultural films that contribute positively to a sense of national identity.

However, as this paper begins to sketch out, the structural realities of the Australian film industry – becoming more and more integrated into a global audiovisual sector since the 1990s – are increasingly encouraging commercial filmmaking practises. The rise of digital video and the internet as a distribution platform are enabling filmmakers to by-pass publicly administered streams of finance. As more local filmmakers look overseas for investment and partnerships, purely commercial imperatives and popular movie genres are having a greater influence on production. Australian horror films, the emphasis of this paper, are an excellent case study of the difficulties commercially oriented movie genres face within Australian cinema, and highlight tensions arising for cultural policy frameworks and subvention models.

With the exception of Wolf Creek (2005), and a handful of other examples such as Razorback (1984), Body Melt (1993), or Patrick (1978), horror films are rarely associated with Australian cinema. Australian horror films have lurked among the shadows of Australian cinema. Yet considering the general Australian cinema-goer would struggle to name a handful of Aussie horror flicks – though the documentary Not Quite Hollywood (2008) has raised their profile considerably in recent years – Australian cinema has produced a surprisingly large number of fright flicks. By 1994, Australian horror and horror-related films had been estimated as a filmmaking tradition producing a total of 80 films (Hood, 1994, p. 1). Building on this previous survey, from analysis of films produced between 1994 and 2007, Australian cinema has produced a horror tradition of over 150 films.

As alluded to above, government administered finance aiming to foster the “representation and preservation of Australian culture, character and identity” (Maher, 1999, p. 13), has fuelled the lion’s share of Australian film production since the 1970s. Consequently, Australian film has tended to emphasise “Australianess” with a faithfulness to social realism (O'Regan, 1996; Routt, 1999; Mayer, 1999; Moran and Vieth, 2006). Valuing “quality” and “cultural content” over “entertainment” and “commercialism”, Australian films have tended to be art-house vis-à-vis genre-based films. Commercial, generic, non-culturally specific (in some cases) and international in their appeal, horror films – not to mention their low-culture status – have been antithetical to these aspirations. Marginalized by public funding bodies and heavily reliant upon historically limited and relatively low-levels of private finance (with some exceptions in the 1980s), horror production has been severely handicapped. Razorback
(1984), *Patrick* (1978), *Road Games* (1981), *Long Weekend* (1978), *Howling III* (1987) and many others, although sometimes receiving respectable commercial earnings, have operated on the edges of mainstream Australian cinema. Many of these films have often achieved far greater levels of commercial and critical success overseas, particularly in video and ancillary markets.

Nevertheless, despite the limited visibility of local horror films in official industry statistics, policy subvention models, and Australian film/cinema scholarship, there has been a major boom in Australian horror film production in recent years. Production has trebled from less than 20 films in the 1990s to over 60 horror titles produced or in advanced stages of development between 2000 and 2008. *Wolf Creek* (2005), *Rogue* (2007), *Dying Breed* (2008), *Undead* (2003), and *Storm Warning* (2006), have experienced varying degrees of popularity, mainstream visibility, cult success, and commercial earnings in national and international markets. The *Saw* franchise (*Saw* (2004); *Saw II* (2005); *Saw III* (2006); *Saw IV* (2007); *Saw V* (2008)), created by Melbourne filmmakers James Wan and Leigh Whannell, has become one of the most successful horror franchises of all-time – alongside heavy-weight franchises, *Friday the 13th* and *Halloween*. *Wolf Creek* earned over A$50 million worldwide from a budget of A$1.4 million, *Undead* (2003) has become a popular worldwide cult title, while *Storm Warning* recouped its budget through international presales, and *Black Water* (2007) went into profit before release.

With the increasing internationalisation of the Australian film industry since the 1990s, many Australian producers are attempting to harness the potential of low-budget horror production, relatively high margins of return and international markets. As worldwide horror markets have performed strongly since the late 1990s – growing from 1.95 per cent of the US box-office in 1996 to 7.09 per cent in 2007 (www.the-numbers.com, 2007) – global demand and supply factors have played a part in stimulating local production. Moreover, major transnational distributors requiring a constant stream of English-language product are increasingly acquiring low-to mid budget genre titles from globally dispersed independent producers. As Australian horror production’s reputation has grown, local filmmakers have benefited from this. Both Australian and overseas producers are looking towards co-productions in an attempt to increase scale and access to finance and markets. With the growth of indie filmmaking many filmmakers have attempted to build national and international reputations through micro-budget horror production.

This paper examines the competitive advantages for Australian horror producers and how this relates to the financial limitations of the Australian film industry. This is followed by analysis.
of cultural policy’s limitations through the lens of horror film production and issues that arise from the implementation of the Producer Offset, a new policy incentive designed to stimulate industry productivity. Primary data is drawn from interviews with filmmakers between 2007 and 2008. In a national context, the term “independent” refers to films independent of government administered public finance; in an international context, films produced without the backing of Hollywood studios.

**Competitive advantages, budgets and Australian horror films**

Until quite recently, barriers constraining Australian horror production have been “ideological” and “cultural” within publicly administered funding structures, mainstream criticism and film culture, rather than physical barriers to production. Most horror production is low budget, and generally not reliant upon large production budgets, high-profile stars, and high-quality production values (as a low-budget horror title can be released straight-to-DVD, marketed online and still make returns) to perform strongly in worldwide markets.

Since the 1970s industry renaissance, the lion’s share of Australian films have had small to medium production budgets and Australia has been unable to produce traditions of high-end genre production such as action, fantasy or science-fiction films and sustained high-budget Australian production more generally, as a direct result of the industry’s financial limitations. Consequently, purely in terms of the broader industry’s economics, horror is a production strategy well suited to the limitations of the Australian film industry’s production and financing environment, but has often fallen outside the purview of cultural policy.

Thus, as ideological barriers are eroded by internationalisation, and as international horror production is predominantly low-budget production, Australian horror production competes in global markets on equal terms against international competitors. The challenge for Australian producers to remain competitive in global horror markets revolves around producing original titles from quality concepts with a strong knowledge and command of the horror genre – renewing standard conventions through generic invention which the horror tradition has become gradually more proficient in achieving throughout the 2000s. Another important issue is the production of original titles at the beginning and middle, rather than the end, of market cycles. The success of *Undead* (2003) and *Wolf Creek* is in part attributable to both films emerging at the beginning of zombie and torture-porn cycles respectively.

Moreover, the Australian film industry’s domestic development and financing structures produce competitive advantages for Australian producers against international competitors.
With world-class film-training institutions and limited production finance, Australian filmmakers develop their craft on minuscule budgets and limited resources, effectively shaping Australia’s emerging talent into highly proficient low-budget filmmakers. As current President of the Screen Producers Association of Australia, Antony Ginnane (2004), has observed, Australian films are “notorious in a good way for getting so much more value for dollar at every level of production”. On the other hand, production budgets in the United States are becoming inflated with even independent production now costing between US$5 and $15 million, while many Australian horror films are produced for less than A$5 million. Thus, within the context of low-budget filmmaking, Australian horror filmmakers may be capable of a more efficient production process, producing higher quality films with lower budgets in comparison with international competitors. As Robert Connolly (2008, p. 6) puts it, “where equivalent studio genre films fall in the US$10 million-plus range, Wolf Creek cost only A$1.3 [sic] million to produce.”

The limitations of cultural policy

Cultural policy attempting to foster the Australian film industry’s development – in the way that is has been practiced in Australia since the 1970s – has circumscribed certain notions of value; it has mandated a particular film culture; and it has limited the types of films produced in Australia. In short, cultural policy developing the Australian film industry has sought to foster a certain type of film industry, favouring art house films emphasising Australianness and social realism in opposition to genre films. Cultural policy’s narrowness “shuts out” genres such as horror from funding environments and mainstream film culture – so much so that horror films have barely been recognised as an Australian filmmaking tradition. Moreover, cultural policy has largely written off horror and other genres as debased production without cultural resonance and as an affront to “quality” Australian cinema. However, despite their disreputable nature, the most successful horror films have been distinctly Australian in the marketplace.

Though Wolf Creek follows a conventional slasher plotline – young adults break down in the middle of nowhere and an insane killer systematically murders them one-by-one – it is also a distinctively Australian horror film. Wolf Creek’s murderer, Mick Taylor, is not your typical slasher; he’s a dark version of Crocodile Dundee. As this suggests, uniquely ‘ocker’ Australian character types (the laconic larrikin), along with Australian humour, and the strong usage of Aussie colloquialisms (G’day mate, bloody hell!) are key features of the film. Moreover, the distinctively Australian landscape functions as the fifth character within the film’s narrative rather than purely as a location for action, a common trope in Australian
cinema. All of these elements, among others, serve to differentiate the film from conventional slasher movies in the marketplace.

Nevertheless, cultural policy has sought to fund films cultural enough to subsidise in an attempt to foster a positive sense of national identity. However, in an increasingly international industry, what constitutes Australian content is blurring. Moreover, in a diverse multicultural society, a “national identity” is a problematic term with Australians now a mix of diverse ethnicities, which undermines the traditional ocker rural-dominated representations of Australianness (Rayner, 2000). Nevertheless, Australian films falling outside certain constructs of Australianness are refused the status of Australian film and have largely been excluded from industry discussion. As Tom O’Regan (1995) has argued, how can the art-house film The Piano (1993), directed by a New Zealander (Jane Campion), shot in New Zealand, but financed by Australian public finance, be celebrated as Australian when Dark City (1998), a science-fiction film shot in Australia, written and directed by an Australian (Alex Proyas), but financed by an international studio, is not considered Australian?

Moreover, cultural policy’s narrowness contradicts a core funding rationale for public funding. As Reid (1999, p. 11) argues:

The cultural and economic rationale for government subsidy of a local film industry is about assisting talented Australians to bring the stories they most passionately want to tell to the big screen, not the stories overseas studio executives want them to tell.

Yet talented filmmakers such as the Spierig Brothers, telling “genre stories”, were denied public funding until after Undead’s production and told by funding bodies to avoid genre production. As Peter Spierig reflects, “we have in the past tried to get government funding for short films, script development on another feature film we have written and have been rejected at the very first stage every time. And we just became incredibly frustrated. We had won numerous short film awards, the most recent one that won was best picture, and we still couldn’t get funding” (Hoskin, 2003, p. 24). As Michael Spierig reveals, “we personally have been told from government funding bodies that we shouldn’t be making genre pictures … That they’re best left to the Americans … which doesn’t make sense to me, because the Japanese make some pretty damn good genre pictures” (Hoskin, 2003, p. 24). As the Australian film industry comprises a diverse range of agents and many younger generation filmmakers are increasingly influenced by genre cinema, such limitations constrain the ability of some filmmakers to tell the stories “they most passionately want to tell”.

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Until quite recently, the stigma attached to horror production within the Australian film industry has been a powerful force inhibiting the sector’s growth. As a result of horror’s marginalisation and the force of horror’s stigma, many Australian filmmakers have avoided horror production, others have half-heartedly tried their hand at the genre, or have been driven from it altogether. Richard Franklin (*Road Games* (1981) & *Patrick* (1978)) was a filmmaker of high pedigree who was essentially chased from doing what he did best: making cleverly shot, suspenseful Hitchcockian genre films. However, his ostracism from film culture and his exclusion from mainstream criticism led to his departure from the Australian film industry, only to return to produce the “quality” Australian dramas *Hotel Sorrento* (1995) and *Brilliant Lies* (1996) in a direct attempt to show his critics that he is a filmmaker of worth. Such actions are symptomatic of the powerful stigma attached to genre-based production in Australia.

Graphic violence and gore are constitutive elements of a horror film’s narrative, just as “road movies *are* violent” and “nihilistic” (Cunningham, 1985, p. 237). During the 1970s and 1980s, caught between a hostile domestic critical world and the cycles and demands of the marketplace, some horror producers have arguably engaged loosely with the horror genre’s conventions in an attempt to appease both masters. Films such as *Snapshot* (1979), *Road Games* (1981), *Patrick* (1978), *Long Weekend* (1978), *Frenchman's Farm* (1987) and *The Survivor* (1981), now discussed as horror films and either ignored or heavily criticised within the Australian film industry, have minimal gore and depravity in comparison to their international contemporaries (*Dawn of the Dead* (1978), *Halloween* (1978), *Friday the 13th* (1980) and *A Nightmare on Elm Street* (1984) to name a few). With specific reference to Franklin’s films, for Philip Brophy (1987, pp. 29–30):

> While our film artists acknowledge the aesthetic struggle to create “great cinema” they forget that the realm of Exploitation is not so easy to navigate. It takes something else to transform trash into cash – a sensibility totally alien to the deluded illusions of art, craft and culture. It is a sensibility that is both absent in our industry and repressed in our film culture. A perfect example is … Richard Franklin … *Patrick* is neo-Hammer, *Road Games* in neo-DePalma and *Psycho III* [sic] is no-no-Hitchcock. Sure the thrills and spills are there … but they don’t readily constitute hard-core exploitation. They lack the genuine perversity which vitalizes the exploitative angles chosen in more acute Hitchcock-ripoffs like William Castle’s *Homicidal* [1961], and Cohen’s *Blood Simple* [1984] and DePalma’s *Body Double* [1984].

1 Franklin in fact directed *Psycho II* (1983).
There are of course exceptions, such as *Turkey Shoot* (1982) and more recently *Wolf Creek* (2005) and *Undead* (2002), with high levels of graphic violence and gore arguably commensurate with international titles. But particularly during the 1970s and 1980s, many local titles dismissed by critics because of their engagement with the horror genre, are moderately or even mildly violent in comparison to equivalent international horror fare of the time. Critical treatment was often determined more by a film’s genre than its actual content or subject matter.

From a cultural policy perspective, it is extremely difficult to justify public funding for films transgressing cultural policy objectives, and stirring controversy among countless social groups in any given culture: parental groups, feminists, religious groups, primary and secondary educationists concerned about the psychological impact upon their students’ development, political organisations, and so on. Nevertheless, the stigma attached to horror production arguably has adverse developmental flow-on effects for the broader film industry. Although horror is a distinctive strand of genre production, it is also connected with other strands of domestic genre production and functions as a training ground for talent across both generic and non-generic film production.

On the one hand, low-budget horror production develops horror specialists who often move into higher-end production. *Saw*’s director James Wan and writer-actor Leigh Whannell developed their directorial and acting skills respectively with the unreleased Melbourne indie horror production *Stygian* (2000) – experience that arguably contributed to gaining the backing of Evolution Entertainment and Lion’s Gate to produce *Saw*. After the worldwide success of *Wolf Creek* (produced for A$1.4 million), the film’s distributor, the Weinstein Company, green-lit Greg Mclean’s follow-up film, *Rogue*, with a budget of A$28 million; and Lion’s Gate has since financed the Spierig Brothers’ follow-up vampire film, *Daybreakers* (2008), following *Undead* (produced for less than A$1 million) with a budget of A$25 million.

On the other hand, filmmakers beginning careers in horror films are just as likely to move into different genres as they are to specialise in horror. Peter Weir, a pioneer of Australian gothic and early Australian horror, directed *The Cars That Ate Paris* (1974), *The Last Wave* (1977) and *The Plumber* (1979) before achieving Hollywood success with the critically acclaimed dramas *Dead Poets Society* (1989) and *The Truman Show* (1998). Using the classic Aussie horror *Razorback* (1984) as his Hollywood calling card, Russell Mulcahy went on to direct the first two films of the international hit action series *Highlander* (1986 & 1991). Indeed,

**Issues for contemporary policy settings**

Is there a place for an entertainment oriented sub-sector within a cultural policy driven national cinema? According to the growth in Australian horror films in recent years, for low-budget filmmakers, the answer is “yes” – though of course the market is cyclical and at some point in the future local horror film production rates may contract from their current lofty heights.

The answer for policymakers though is far more difficult, and contemporary Australian horror production raises questions for future public support of internationally oriented domestic genre production and low-budget indie production. On the one hand, many contemporary horror films have emerged outside public funding and support, and have been inspired by weaknesses in current funding structures. Moreover, numerous career indie filmmakers are vehemently opposed to the concept of public funding and fiercely committed to independently financed production. However, as *Wolf Creek*’s director Greg Mclean concedes, without public funding the film would never have gone into production (Mclean, 2007). Thus public finance was responsible for seeding one of the key triggers in contemporary production’s growth. Furthermore, many filmmakers have honed their professional skills through publicly financed or facilitated short films and development programs. Therefore, horror production’s development throughout the 2000s has not been completely bereft of influence from public support environments and policy programs.

However, in terms of direct public funding, can government film agencies sustain the continued funding of potentially controversial local horror films in the marketplace (for example parents outraged at their children’s exposure to lurid subject matter funded by public money), films that may arguably place a premium on commercial appeal rather than quality cinema, and films that in many cases generate far greater international than domestic audiences? In a neutral funding environment where funding agencies finance filmmakers and potentially commercially viable projects, this is less of a problem. But as we have seen, ‘value’ often driven by social and cultural policy objectives has been a major factor influencing the Australian film industry’s subvention. Given public funding from government agencies is accountable to and influenced by politics, and generally connected with broader
social/cultural outcomes (rather than purely economic outcomes), this is an issue still likely to shape public financing in the future in some shape or form.

Notwithstanding, there has been a major shift in government policy towards the funding of domestic feature films in recent years. In response to the ailing performance of the Australian film industry, the former Howard Government (following the 2007 federal election) announced a A$280 million assistance package for the Australian film industry designed to develop more sophisticated enterprise dynamics and competitiveness in response to the industry’s ailing performance in recent years (Brandis, 2007). Introduced as part of this initiative, a 40 per cent Producer Offset for feature film expenditure over A$1 million will replace the existing 10BA tax scheme as the primary mechanism for stimulating private finance. So what does the implementation of this new incentive mean for Australian horror films?

The early positives and negatives of the Producer Offset

The Producer Offset’s inception is a positive development for horror and Australian cinema’s future more broadly. While not all Australian horror films have been commercially viable throughout the 2000s, some are recouping production budgets through international presales. Therefore, as the Offset offers producers a 40 per cent rebate on eligible production expenses, had Storm Warning (discussed below), been produced under the scheme, the producers would already be in strong position to utilise the rebate’s equity to attract future investment and finance further production.

However, not applicable to development costs, the Offset may undermine production slate development and potentially affect the script quality of emerging projects (Ford, 2008). Arising from the tenets of cultural policy, the Offset is structured for traditional theatrical economic models, with all qualifying films required to secure domestic theatrical release. New economic models for horror production are emerging, and theatrical release is in some cases becoming less viable. Digital distribution platforms are also becoming more prevalent. Therefore, the Offset may limit the adoption of more economically viable straight-to-DVD release models, and for some encourage the pursuit of an archaic economic model. This is as much an issue for the broader industry as it is for horror.

Produced for A$4.2 million and directed by Jamie Blanks, Storm Warning (2006) recouped its budget before release, selling into over 42 international territories. While the film was originally scheduled for cinematic release, the new economics of horror production make
straight-to-DVD release an increasingly viable option for producers. For *Storm Warning*’s producer Pete Ford (2008), the emerging straight-to-DVD model eliminates the expenses of cinema release while offering a model where producers can recoup costs through international market sales:

> There is a huge component of all budgets for film which is the deliverables budget – getting it ready to play in a cinema. And you can spend anywhere between A$180,000 and A$200,000 just getting the print aspect ready to go. For Australian movies that’s difficult. If you can turn to a better business model, we can make a better deal straight-to-DVD and find with the internet, better ways to promote that. So suddenly you don’t have the hard physical costs – I mean A$200,000 out of a A$2 to A$3 million budget is a big chunk of change – it’s 8 per cent of your budget. That could be spent on making a better film or marketing … For me there is a more realistic way of looking at this. If you can sell your film at market, that’s the first place you make your dough, and if you understand … what DVD sales and returns are likely to be, then you come up with a marketing plan geared to that to sell at market, you will get a better price for it there. So you can recoup your money without ever going into cinema (Ford, 2008).

Moreover, production partnerships and even production companies are being formed across national boundaries, and producers are looking overseas to produce “Australian” titles. For example, Shorris Films, a jointly based US/Australian production company has three horror films, *Rampage, Howl* and *Condition Dead*, in development, “likely to be part Australian-financed films, though at this stage, they may film in the states” (Morris, 2007). Such dynamics challenge traditional notions of what should qualify as Australian content. For an Australian film to secure finance through the Producer Offset, it must satisfy three (among other) qualifying criteria inherited from the defunct 10BA: a film must be predominantly shot in Australia; it must be produced by Australians; and subject-matter is still a qualifying consideration (FFC, 2007).² Thus Australian films produced offshore, and most expenditure incurred overseas, will not qualify for the Offset, dissuading the growth of international production although there are natural advantages in doing so for producers. Consequently, these priorities may become disconnected from the structural realities of an industry in a continuum of international integration.

Furthermore, some commercially viable horror films have been produced for much less than the Offset’s minimum qualifying budget threshold of A$1 million. As Antony Ginnane (2007) commented in an interview for Screen Business in relation to the Producer Offset:

The third thing I am troubled with is this budget limit of a million dollars. Where if you’re making a film for less than a A$1 million you don’t qualify. And to me that’s a really bad thing, because it’s locked into old-line thinking, its locked into a movie costs a million dollars to make. And movies don’t cost a million dollars to make. Today, there are movies that can make as much money as Australia [Baz Luhrmann 2008] may make, that are being made for A$300,000; A$200,000; A$100,000. I’ve heard people say … there will be people running around making movies that aren’t movies. Well … I don’t think it’s up to us. Movies can be made for A$50, 000, and those films in my opinion are as much deserving of help as a A$1 million movie.

With 10BA’s replacement, the Offset and publicly administered finance become the primary sources of financial assistance for the industry. Therefore, low-budget films below A$1 million, and unlikely to secure public finance, may be excluded from any form of assistance to stimulate private investment. The action, fantasy, and arguably horror-related film, Gabriel (2007), is one low-budget production unlikely to have been produced without securing private investment through the 10BA. Produced for a cash budget of just A$150,000, the film secured domestic cinema release, worldwide video release, and earned A$ 1.2 million at the local box-office.

Horror filmmakers, particularly indie filmmakers, welcome arm’s length assistance so long as it does not interfere with the generic nature of production. Therefore, indirect tax-incentives targeting and facilitating low-budget production that fall beneath A$1 million, but with a floor to exclude low-end amateur production – very few indie producers are capable of raising budgets over A$100,000 – may stimulate lower end, but commercially oriented, production with the potential of small-scale cinema and DVD release.

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