

PART 2

CONFIDENTIAL FILING

Review on Policy on film finance

Prime Minister's Seminar for the
British film industry

[No attached folder - various reports submitted
for seminar]

ECONOMIC POLICY

PT1: June 1979

PT2: ^{March} April 1990.

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
18.4.90.							
30.4.90							
4.5.90							
13.6.90.							
15.6.90							
18.6.90							
PART ENDS							
PREM 19/2950							

PART 2 ends:-

DTI to BHP 18.6.90

PART 3 begins:-

SS/DTI to CST 3.7.90

010
dti

the department for Enterprise

cc John Wilkinson
Can we arrange work
plea?
BHP 19/6

The Rt. Hon. Nicholas Ridley MP
Secretary of State for Trade and Industry

Barry H Potter Esq
10 Downing Street
London
SW1A 2AA

Note for ~~the~~ Record

Private letter from

Sir Richard Attenborough also

received - and reply sent.

This letter will be transformed
into a DTI letter.

Department of
Trade and Industry

1-19 Victoria Street
London SW1H 0ET

Enquiries
071-215 5000

Telex 8811074/5 DTHQ G
Fax 071-222 2629

Direct line 071 215 5622
Our ref NP1AVC
Your ref
Date 18 June 1990

Draw Barry

BHP
19/6

SEMINAR ON THE FILM INDUSTRY, 15 JUNE

Peter Smith thought it would be wise to follow up the film seminar with a letter from the Prime Minister to Sir Richard Attenborough. A draft is attached which thanks Sir Richard for his contribution to the seminar and provides a statement of what was agreed, so that any misunderstandings can be set straight.

Yours
Rosario G.P.



Recycled Paper

DRAFT

Sir Richard Attenborough
Richard Attenborough Productions Ltd
Beaver Lodge
Richmond Green
Surrey
TW9 1NQ

NP1AVD

June 1990

I would like to thank you for your excellent contribution to our seminar on Friday. It is clear that the opportunities facing the industry are unprecedented, with the market for film expanding through developments not just in cinema but also in television and video. Of course, these opportunities represent challenges which ultimately must be met by the industry itself, but we agreed to pursue a number of initiatives in response to proposals put forward by the industry. I thought it would be helpful if I confirmed what was agreed.

First, in response to your request, Nick Ridley said he would set up a working party to bring together all sections of the

X | film industry to look at the structure of the industry and how
to attract greater private sector finance to UK film production.
~~best we may take matters forward.~~ The working party should

aim to report back to Nick in the autumn, and certainly before the end of the year.

DRAFT

Second, the industry wished to put various proposals on taxation to the Treasury. We agreed that you should form a working group to work up the proposals, and that you would be welcome to discuss them with Treasury officials in due course before putting them to Treasury Ministers.

Third, you asked us to consider the matters of the MEDIA 95 programme, and we agreed to approach future discussion with other Member States in a positive way.

Fourth it was evident that producers attached great importance to being able to work with their counterparts in Europe and for this reason we proposed to provide a fund of £5 million over the next three years to provide primary finance for British producers seeking to enter European co-productions.

Fifth, Eric Forth said he would like to consider further your proposals for a Film Commission and to discuss them with his Ministerial colleagues. He would also welcome any suggestions you may wish to put to him on ways of further improving the overseas promotion of British films.

Finally, I announced that the Government would contribute £150,000 as you requested to support this year's European Film Awards in Glasgow, in December. I hope the awards will

DRAFT

provide a further boost, not only to Glasgow, but also to the prestige of the United Kingdom as a film making country.

I hope everyone shared my view that the seminar was ^Snot
valuable and that it will, through our further discussions,
lead to a revitalisation of the British film industry.

NP1AXA



FILE

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

18 June 1990

Dear Martin,

SEMINAR ON THE FILM INDUSTRY

I know that the Prime Minister was well pleased with the preparations for, and outcome of, the seminar on the film industry which was held on Friday 15 June. She has noted, however, that it is important for the various ideas raised at the seminar to be followed up vigorously.

The Prime Minister understands the particular importance of finding a mechanism that might draw money away from the video distributors, which is growing rapidly and is highly profitable, back to the film producers - which supplies the video industry with its raw material. I understand from David Puttnam that, during the course of the seminar, there were indications from Mr. Steven Moore of the British Videogram Association that the two largest video distributors might be prepared to put money into a fund for UK film production. Mr. Puttnam acknowledged that it might be difficult to persuade some of the small video distributors to cooperate.

The Prime Minister has noted that this nonetheless seems an initiative worth pursuing. The Prime Minister would be grateful if your Secretary of State could consider how this proposal might be taken up - perhaps in the proposed working group on the structure of the industry.

I am copying this letter to Carys Evans (Chief Secretary's Office) and Martin Le Jeune (Office of the Minister for the Arts).

*Yours,
Barry*

(BARRY H. POTTER)

Martin Stanley, Esq.,
Department of Trade and Industry.

ds

PRIME MINISTER

SEMINAR ON THE FILM INDUSTRY

In the margins of the Seminar on the Film Industry, I spoke both to Sir Richard Attenborough and David Puttnam. Both expressed their great satisfaction with the day's proceedings.

David Puttnam asked me to bring two matters to your attention:

(i) First a report on the National Film and Television School (attached). You will recall that Mr Puttnam described the work of the school and the problems it is experiencing. Also attached is a useful article on the shortages in trainees for film production.

(ii) More importantly, David Puttnam said that one key problem identified at the Seminar was the need for a proper return to film producers from the video industry. This needed to be followed up. Mr Steven Moore of the British Videogram Association had indicated over lunch that, were enough pressure to be put on them, the two largest video distributors would be prepared to put money into a fund for film production. Providing the smaller video distributors could be persuaded, that would ensure flow of money into film production which the producers had been seeking.

You need not follow up the latter yourself. (This is a responsibility for the Department of Trade and Industry.) But if Mr Puttnam's assessment is correct, there is an important opportunity to push money back towards the film producers.

Are you content for me to write to Mr Ridley, making the above points: (this is something which might be picked up by the proposed Working Group on the structure of the industry.)?

BHP

BARRY H. POTTER

15 June 1990

c:\wpdocs\economic\film\kw

Yes please - it is important to be followed up vigorously. no



No meeting record
so file this.

10 DOWNING STREET

Press Notice

PRIME MINISTER AGREES PLANS TO HELP BRITISH FILM INDUSTRY

A six part plan to help the British film industry was agreed at a seminar chaired by the Prime Minister, Mrs Margaret Thatcher, at 10 Downing Street today.

Mrs Thatcher told the seminar attended by more than 20 leading figures from the film production industry, including Sir Richard Attenborough, Simon Relph and David Putnam, that the opportunities now facing the British film industry were unprecedented and the challenge was to make the best of those opportunities.

It was agreed that:

- the Government would provide £5 million over the next three years to help British producers seeking to enter European co-productions;
- the Government would provide, as requested by Sir Richard Attenborough, £150,000 to support this year's European Film Awards in Glasgow in December;
- a working party, chaired by the Department of Trade and Industry, be set up to examine the structure of the industry and how to attract greater private sector finance to UK film production, reporting back in the autumn;
- the industry, at their suggestion, should explore whether changes were needed to the tax regime for film production and to report to Treasury Ministers over the next few months;
- the Government would continue discussions in Europe on how best to support the film production industry, notably through the MEDIA programme;

Telephone 071-930 4433

- the Government would study proposals from the industry, including the idea of a Film Commission, to improve the promotion of British films in the UK and overseas.

Earlier the Prime Minister had said: "The British film industry has a proud record of excellence. But film production in this country has been on the decline. Twenty years ago our studios were full and we were turning out nearly 100 films a year, that people wanted to see. Now our major studios, Elstree and Pinewood, are used more for commercials and pop videos. And last year we made only around 25 films".

Mrs Thatcher added that the Government had sought to free the film industry so that it was well placed to seize the huge opportunities now available. "Cinema audiences in the UK are growing again; the market for films is expanding through new media, including multi-plex cinema complexes, more television channels and video. Europe and other overseas countries also present a growing market for UK films.

"Of course film production will remain a high risk business, though it is also possible to earn high returns. One of our objectives today must be to understand more clearly how risk capital can be attracted back into British film production".

The Prime Minister went on to discuss the many advantages that Britain had saying: "Our common language brings us a unique opportunity to cooperate with the United States. And consider the talent available in the UK; excellent writers; first-rate actors and directors; highly skilled technicians and world class producers. This is an industry in which Britain cannot just compete: we can excel".

Also attending the seminar were Mr Nicholas Ridley, Secretary of State for Trade and Industry, Mr Richard Luce, Minister for the Arts, and Mr Eric Forth, Parliamentary Under Secretary of State for Industry and Consumer Affairs who has specific Ministerial responsibility for the film industry.

Training Jobs

dti

Tomorrow's
market place

the department for Enterprise

14/2/82

DEPARTMENT OF TRADE AND INDUSTRY

14/2/82 - 1.7

PARLIAMENTARY UNDER-SECRETARY
OF STATE

We believe the Commission
will give the level at
about 30% subsidy.

Through British Screen we
give only about 10% now.

30,000 pre-recorded tapes

⑥ Statistics - None
Training

If 30% - wouldn't
you put up your
costs.

Centre of European Production
- language.

Public Service Adv. Council
Finance to compete.

Investment to compete.

① Median 95 - programme.

② Co-production pump - primary.

③ 95-98 ^{European} National Service Commission
62-96 .

④ Workshop party - future - II. ^{Write} off.
- Withhold loan
or contract

BIS
⑤ Structural Modified

1985

100m

Funding

Interest in cinema

354m - equal to Post & Telecom

6m → 72m

FILM INDUSTRY SEMINAR

50% Stamp.

Market → 1 billion.

Levy → OPENING REMARKS

Old industries
and jobs

loss of investment in production

100% cap. alt. BY THE

Deregⁿ - regulatⁿ effed.

Producer finance

PRIME MINISTER

Unsuccessful - level field. 93

Pr. + Canada

25% Ind. Production
MMIC

1980's - growth of investment.

① Tax Environment ② Help

100 film sheets

Video/ Film

Inventories

ITC.

PEPS

Film Bank - Faculty

Downside Risk

National Film Centre

T.V. Art.

at "Home" on

commercial centre

Levy -

Stey

B.S.B.

Private investment do. commercial

l.b

Expansion of PEP

Financial

Recha 95 - 25m 3yrs

THE NATIONAL FILM AND TELEVISION SCHOOL

**To support training for
our next generation in
the European and World markets**

**A document for
The Prime Minister
15th June 1990**

INDEX

Page

- | | |
|---|---|
| 1 | Long term funding for the three year course |
| 2 | The present activity |
| 3 | Future development |
| 5 | Regional development |
| 6 | Conclusion |

Appendices

- | | | |
|---|-------|---|
| 1 | (i) | Sources of income 1971-1990 |
| | (ii) | Sources of income expressed as a percentage of total income |
| | (iii) | Sources of income graph |
| 2 | | Broadcasting Bill |
| 3 | | Regional Policy - Terms of Reference |
| 4 | | Awards 1989 and 1990 |

1. Long term funding for the three year course

- 1.1 From the beginning of the NFTS (1970) it has been a fundamental principle that finance for the work of the School should come both from Government and from the Industry. This partnership sets the NFTS apart from any other similar enterprise in the world. A few Schools, but none of any prominence, survive without any public sector support. All the main international competitors of the NFTS follow a different model and are supported entirely by public funds - usually from the country's Minister for Culture, although occasionally from the Minister for Education or some other office, often close to the Prime Minister or other Head of State. Britain's public/private partnership makes it unique and has served it well.
- 1.2 In the early days of the School the main source of private sector funding came through the School's right of access (enshrined in the 1970 Film Act) to money generated by the so-called Eady Fund. By 1985, when this mechanism was repealed, the level of funding generated from that source was £600,000 annually. Even if that figure had been adjusted annually only by inflation, the grant to the School from that source in 1990 would have been £806,610.
- 1.3 In fact, the ONLY subvention to the School last year from the film industry was £200,000 - £125,000 from Cannon (inheriting the Thorn-EMI commitment of £100,000, added to their own earlier commitment of £25,000), with the balance of £75,000 coming from Rank. These sums came from Cannon and Rank as exhibitors. There was no contribution to the School from the production or distribution sectors. This contrasts with the arrangement under Eady when it could be said that all sectors of the industry contributed through the levy to the School, and all benefitted by this support through the work of the School's graduates.
- 1.4 Lagging behind the film industry's support in the early years, television gradually increased its support. This came first from the ITVA's Television Fund and then from the BBC. When it became apparent in 1985/86 that the post-Eady arrangements were not satisfactory (the voluntary contributions fell considerably below actual need), the two groups came to the rescue of the School. The ITVA increased its annual grant substantially and undertook to index-link this grant through the life of the companies' franchise (i.e. through 1992). Channel 4 and S4C joined the industry sponsors of the School for the first time and committed to providing the School with a fixed proportion of the increased ITVA grant (also protected against inflation) calculated on the basis of the Channel 4 and S4C's allocation from the Channel 3 companies (based on Net Advertising Revenue - NAR). While the BBC did not in 1986 increase its grant in the same measure, they did agree to index link their annual subvention and continue it for the same period (through 1992).

- 1.5 This has had the effect of reducing each year the percentage share of NFTS revenue received from the film industry. The percentage share in 1985 was 30% and in 1989/90 it was a little under 7%. (See Appendix 1)
- 1.6 Throughout this period, the public sector support (through the OAL) has remained firm. In 1990/91 it will stand at 45% - a total of £1.75m.
- 1.7 Also during this period the NFTS has made a vigorous attempt to add to its sources of revenue by approaching other end-users of our training - the advertising and video producers, the advertising agencies and the purveyors of films on video-tape.
- 1.8 During the past year intensive negotiations have taken place between the NFTS and the UK video industry. These now seem likely to result in a sizeable annual training subvention being paid to the School on an annual basis, by this the fastest growing sector of the film industry.
- 1.9 The School has set itself a target of £4.73m for 1993/94, drawn in the following percentages from:

OAL	42%
Film/Advertising/Video	11%
Television	33%
Fees	12%
Other	2%

	100%
	===

It must be emphasised that this represents our best guess at the increasing cost of doing more or less what we are already doing, and does not allow for any expansion. It is, therefore, necessary to describe briefly what that activity currently represents and also how we would like to see it develop and expand.

2. The present activity

- 2.1 The NFTS has two primary programmes - the first being the "full-time" programme for about 35-40 students annually who are in residence at Beaconsfield for at least three years. These students are trained in nine departments - direction, animation, art direction, camera, documentary, editing, producing, sound and music for the screen. In addition, the School has just launched a new writers programme which will accommodate about ten new writers a year. The training of all these students is highly practical within a completely professional environment.

Because of the students' work and their success as professionals following their graduation, it has become commonplace to describe the School as the outstanding example of professional training for film and television in the world.

- 2.2 The second programme is the National Short Course Training Programme which, since 1981, has offered opportunities for training and retraining to a large number of people already employed in the film and television industry, who need reskilling or upgrading if they are to remain employable. In 1989 more than 400 people benefitted from this training, most of these being free-lance, the rest being sent to the NSCTP by their employers (often television companies). There have been many other providers of training in this sector, but in the few years of its existence the NSCTP has become the standard setter. By being based at the NFTS there have been economies of overhead and benefits from the inbuilt training expertise which has accumulated at Beaconsfield since 1971. The NSCTP has helped establish and support regional initiatives throughout England and other national initiatives in Scotland and Wales.
- 2.3 While the NFTS Board of Governors is entirely drawn from the industry (including the major employers), the NSCTP has also benefitted by the advice of employer and trade union representatives who have guided its policy development from the outset. The School actively participates in most training forums in the UK and Europe and many others throughout the world. Its own advice is widely sought and it itself profits from the advice it receives from all sectors of film and television who have come to think of the NFTS as an essential part of their own training and development strategy.
- 2.4 The NFTS has established a script development fund to provide project opportunities to its graduating students and recent graduates in partnership with commercial organisations.

3. Future development

- 3.1 With almost 20 years experience, the NFTS is ready to move into new fields. Mention has been made already of the new, shorter programme for an increased number of advanced writers. The School should also be examining applications of the new technology, not only preparing for the operation of HDTV and advanced new digital recording and electronic imaging equipment, but also developing the generation of film artists who will make demands of that equipment to produce the next generation of films and television programmes. Without this, the new technology will remain as costly and sterile alternatives to conventional technology and the future will belong to those who have mastered it and who produce magic with it.

- 3.2 This is only one example. Another major development should be of the strategies which will enable the next generation of producers, writers and directors to participate fully in the international opportunities offered by post-1992 Europe. The NFTS already makes major talent contributions to the British and American cinema (so many to the American cinema that the NFTS has been putting to the American majors the case for their supporting the School directly!). What is now needed is to develop the strategies for entering Europe in an aggressive but constructive way, taking advantage of our major asset - the English language (or at least turning the language into an asset) and at the same time learning how to produce films and programmes which will appeal across frontiers in Europe as well as in the United States and elsewhere.
- 3.3 A very small percentage (less than 10) of all European audio-visual production is seen outside the country of origin. At the same time, our American colleagues sell their films and programmes throughout Europe. This is not only due to their considerable marketing muscle. It also stems from their skill as story tellers - their ability to tell their tales in a manner that other countries are prepared to respond to at the Box Office. We must learn how to emulate them and take advantage of our proximity to Europe to make a larger proportion of our films and programmes for export to Europe.
- 3.4 We do not pretend that Britain is the only European nation with either this problem or this objective. We wish to establish the first arm of a European Film Academy to train the next generations of writers, directors and producers. We want to bring them together for up to six months, in groups of 20 to 30, to learn the rules of the game in Europe and to learn how to co-operate in the development of film and programme ideas which can then be commercially produced.
- 3.5 This is not a proposal for academic research (although there will be some element of practical research in it). It is a proposal for a creative "sandpit" in which the brightest minds of Europe drawn from Europe's different film and television academies will come together in Britain, close to the NFTS, to develop Europe's commercial and artistic successes, in competition with the best the rest of the world wishes to throw at it.
- 3.6 We can eventually expect other branches of this academy to develop elsewhere, possibly in France and Germany to begin with, but we wish to start in Britain because we think our experience, our talent and most of all our language offers us this opportunity to be the essential fulcrum between Europe and the United States. However we believe that any bridge we build between Europe and North America will be principally of benefit to ourselves.
- 3.7 We have been asking for support of this plan in the councils of EUREKA and the EEC, and we are pleased that our Minister, Richard Luce, has been offering positive encouragement wherever he goes.

- 3.8 What is needed for Britain to get this initiative off the ground are two things - first a commitment by Government to set it up and secondly a partnership agreement with other countries, either on the EEC Media 92 model (they wish to increase their commitment to training, particularly in this area, and are looking for proposals) or through the EUREKA model, through which participating countries pay their share.
- 3.9 We see the need in the beginning to have MEDIA support, but we also wish to extend it to other, non-EEC countries (e.g. Sweden) and to Eastern and Central Europe. The NFTS is suggesting that the FCO-ODA initiative (the KNOW-HOW Fund - assisting the reconstruction of the economies of Poland, Hungary and Czechoslovakia) be host to a number of training initiatives in the film and television industries. The NFTS is active in seeking links with the schools in Eastern Europe who are emerging into a market economy which, from all the evidence, at present puzzles and intimidates them. Constructive intervention now could reap great benefits for our economy in the years ahead.
- 3.10 Finally, it can be said that the NSCTP's importance is bound to increase with the increased deregulation of television. The School, joined by the producers' organisations and the trade unions, successfully pressed for the importance of training to be recognised in the current Broadcasting Bill. This recognition is now incorporated in an amendment introduced by the Home Secretary which lays down a mechanism for linking training provision to the ability to provide quality programmes. (See Appendix 2) This in turn will undoubtedly call for the establishment of a lead body to co-ordinate with the ITC the various training initiatives, bearing in mind the persuasive evidence of recent reports (IMS Skills Search) that the industry faces real and dangerous skill shortages in the next decade which could prove economically crippling if left unattended, and could damage the regeneration of broadcasting intended by the new legislation, as well as the thrust into Europe which the development of the single market makes possible.
- 3.11 Training is a growth area. All that is lacking are the mechanisms to fund it. The NFTS, with Government support, is actively seeking these mechanisms.

4. Regional development

- 4.1 At the same time as the NFTS is developing nationally and internationally, it has just set in motion a regional initiative to improve the quality of training across Britain.

- 4.2 At present, training is patchy in the regions and the development of regional production centres is, therefore, inhibited. The NFTS wishes to establish an information network on training throughout Britain in order that a national training policy can be developed. Working with employers, trade unions and other training providers, we wish to identify gaps, to analyse existing weaknesses and recommend repairing strategies. Consortia of trainers and employers will increase the availability and cost-effectiveness of training for our industry.
- 4.3 It is in part self-interest which leads us to take this step - since it will be in our interest to improve the level of students entering our own training programmes. But beyond this we wish to decentralise the expertise which has built up in our full-time and short course programmes in a more systematic way than has to date been possible, in the hope that the standard of the training provision can generally be improved.
- 4.4 Since this country has committed to the development of industry-wide National Vocational Qualifications, and the NFTS and NSCTP are playing an active role in that development within our industry, it might be thought that our regional development is timely and appropriate. (See Appendix 3)

5. Conclusion

With these various initiatives the NFTS is seeking to position itself to take maximum advantage of the future opportunities in Europe and to play the role that might be expected of the lead training body in film and television in this country.

THE NATIONAL FILM AND TELEVISION SCHOOL

Sources of income 1971 - 1990 (figures in 000's)

Year	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
OAL	14	135	170	220	267	310	490	500	530	604	712	740	956	850	990	1120	1100	1127	1752	1700
Film	100	95	100	100	100	120	132	150	180	215	250	488	500	500	550	200	200	200	200	200
ITV/CH4	0	0	12	25	23	20	20	25	40	40	60	70	82	95	105	311	330	705	732	786
BBC	0	0	0	0	0	0	0	0	25	0	0	25	40	45	105	311	321	334	357	384
BSB	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	10
Fees/Misc	0	7	18	24	27	28	28	39	48	54	57	63	67	76	65	87	489	408	439	538

	114	237	300	369	417	478	670	714	823	913	1079	1386	1645	1566	1815	2029	2440	2774	3480	3618
=====																				

THE NATIONAL FILM AND TELEVISION SCHOOL

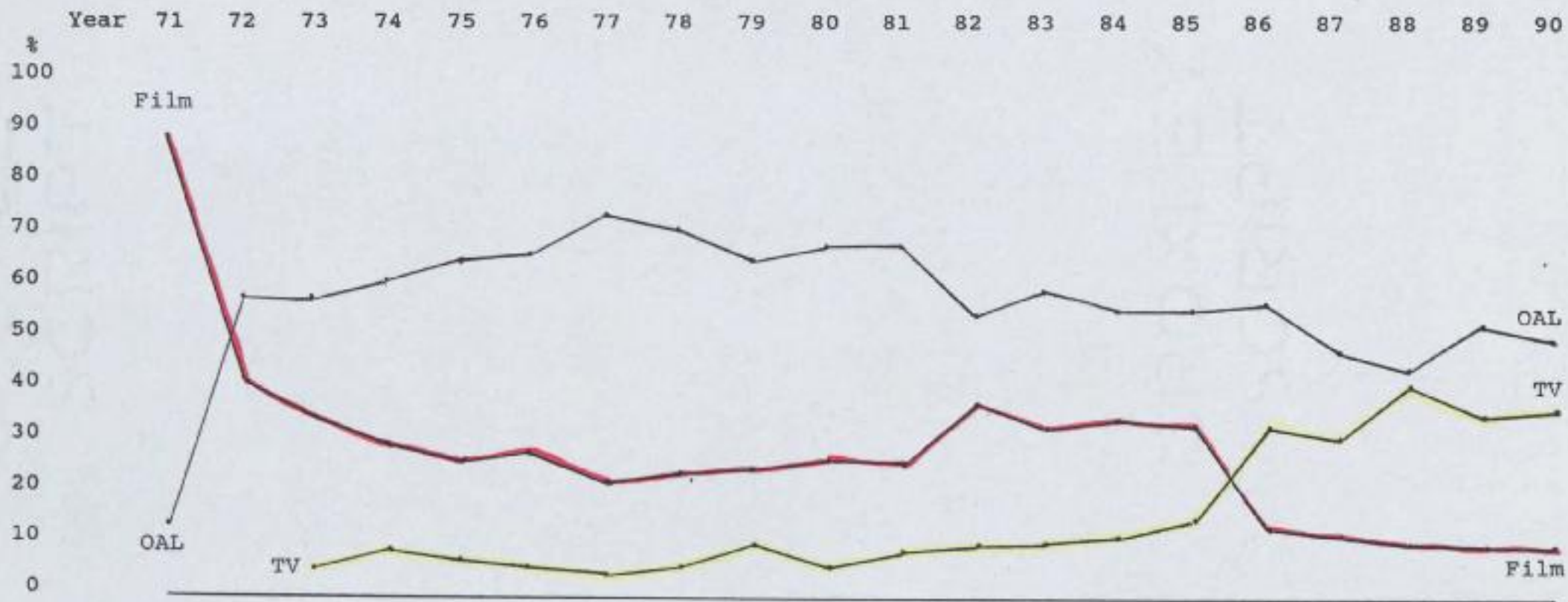
Sources of income expressed as a percentage of total income

Year	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
OAL	12	57	57	60	64	65	73	70	64	66	66	53	58	54	54	55	45	41	50	47
Film	88	40	33	27	24	25	20	21	22	24	23	35	30	32	30	10	8	7	6	6
ITV/CH4	0	0	4	7	5	4	3	4	5	4	6	5	5	6	6	15	14	26	21	22
BBC	0	0	0	0	0	0	0	0	3	0	0	2	3	3	6	15	13	12	10	10
BSB	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fees/Misc	0	3	6	6	7	6	4	5	6	6	5	5	4	5	4	5	20	14	13	15

100 100																				
=====																				

THE NATIONAL FILM AND TELEVISION SCHOOL

Sources of income expressed as percentage of total income



Broadcasting Bill

Amendment 244 (Clause 15) proposed by David Waddington

... the applicant's proposals for training or retraining persons employed or to be employed by him in order to help fit them for employment in, or in connection with, the making of programmes to be included in his proposed service.

David Mellor has been asked to accept the following revision (with new words underlined). He has not yet responded but we know it is being considered.

... the applicant's proposals for training or retraining persons, including those employed or to be employed by him and freelancers engaged by independent producers in order to help fit them for employment in, or in connection with, the making of programmes to be included in his proposed service.

**Terms of Reference for the National Film and Television School
Board of Governors' Sub-Committee on Regional Activity**

Preamble

The School is a recognised centre of excellence. That recognition comes from the OAL, the ITV companies, the BBC and Channel 4 through their direct funding, from the official status given the School by the film and broadcasting unions, and from the reputation of its students and graduates. The regional committee's primary role will be to seek ways in which the School's expertise and contacts can help development of quality film and television training and education elsewhere in the country.

The committee would have the following roles:

1. To act as the School's eyes and ears on regional developments in film and television training and education. The School should be aware of the curricula, entry requirements, teaching standards and output of all principal centres of film and television training throughout the UK.
2. To determine whether and how the NFTS should liaise with specific schools identified because of their quality and because one of their aims might be to supply the NFTS with some of its students. In the view of the School's teaching staff, the quality of such applications in recent years has been less reliable. It would be in the interests of schools supplying candidates, the candidates themselves and the NFTS, for the schools to be aware of the qualities and knowledge the NFTS seeks of its students and to take such action as they think fit to help candidates meet them. At the same time the co-operation with the NFTS could help these other schools in their own development. One other result of this co-operation might be that the NFTS would be able to modify its first year curriculum to benefit from higher standards achievable in feeder schools.
3. To consider how, apart from 2 above, the School might best play a role in the creation and development of regional film and television education and training.
4. To consider the relationship between full-time film and television training and part-time training (such as the National Short Course Training Programme) in the regional context. It should examine all the short courses available elsewhere and have a view about the most effective ways to assist their development.
5. By all the above means, and others as they emerge, to take a major role in the development of national and regional policy in the field of film and television training and its relation to the quality of programmes and films.

Awards 1989 and 1990

Awards 1989

Agrigento	RARG Tony Collingwood	Primo Volo
Angers	WATER'S EDGE Suri Krishnamma Ashley Pharoah	Short Fiction Award Prix du Public Best Student Film
Annecy Animation Festival	GRAND NATIONAL Sue Loughlin	Press Critics Award (FIPRESCI)
	THE HILL FARM Mark Baker	Grand Prix The Prize from the Audio Visual Dept. of the Min. of Agriculture and Forestry The Youth & Sports Prize The Prize from the Festival's Daily Paper
British Academy	THE HILL FARM Mark Baker	Best Animation Film
	RARG Tony Collingwood	Nomination for Best Animation Film
	THE UNKINDEST CUT Jim Shields/Gary Sinyor	Nomination for Best Short Film
BFI	WATER'S EDGE Suri Krishnamma/Ashley Pharoah	Nomination Best Short Film
	Philip Appleby	Young Composer Award
BP Expo	Bob Hartley	Kodak Newcomer's Award
	WATER'S EDGE Suri Krishnamma/Ashley Pharoah	Joint Award
Budapest	THE HILL FARM Mark Baker	Best Film by Public Ballot

Chicago:			
Fiction	A BIT OF PROTECTION Laura Sims		Certificate of Merit
	FACTS OF LIFE Laura Sims		Certificate of Merit
	THE UNKINDEST CUT Jim Shields/Gary Sinyor		Gold Plaque
	WATER'S EDGE Suri Krishnamma/Ashley Pharoah		Silver Hugo
Documentary	AND I WAS SUCH A LOVELY BABY Bob Hartley		Silver Hugo
Animation	THE HILL FARM Mark Baker		Gold Plaque
Chicago Children's Festival	THE HILL FARM Mark Baker		Gold Plaque
Cracow	PALESA Elaine Proctor		Bronze Dragon
Karlovy Vary	THE HILL FARM Mark Baker		Most Popular Film
Leningrad	VIDARASEN Jon Jerstad		Prizes include a Samover and a Russian Bible
Melbourne	RARG Tony Collingwood		Children's Short Award
Munich	THE BROOCH PIN AND) THE SILVER CLASP) Joanna Woodward) HERO HUNGRY) Kira Zurawska) ONE ARMED BANDITS) Adam Ganz)		Best Student Programme
Sophia	THE HILL FARM Mark Baker		Special Award Best Animation

Tours	SEA URCHIN Sally Anderson	Coup de Coeur du Jury
Uppsala	SEA URCHIN Sally Anderson	Commendation
Valladolid	THE HILL FARM Mark Baker	Silver Spike
Yamacata	OVER THE THRESHOLD Yoshi Tezuka	Award for Encouragement to Young Film-makers
Awards 1990		
Amsterdam International Documentary Festival	KAFI'S STORY Arthur Howes/Amy Hardie	Joris Ivens Award
Angers	A GRAND DAY OUT Nick Park	Grand Prix du Public
British Academy Awards	THE CANDY SHOW Pete Hewitt/David Freeman	Best Short Film
	A GRAND DAY OUT Nick Park	Best Animation Film
	CARMELO CAMPO Ariel Piluso	Nomination for Best Short Film
	TIGHT TROUSERS Metin Huseyin	Nomination for Best Short Film
BP Expo	THE BROOCH PIN AND THE SILVER CLASP Joanna Woodward	Time Out Student Award
	A GRAND DAY OUT Nick Park	S4C Animation Award
	KAFI'S STORY Arthur Howes/Amy Hardie	Joint Winner BBC Documentary
	CARMELO CAMPO Keith Taylor	Kodak Award for Best Cinematography
New England Film and Video Festival	CHANTEL'S CHOICE Carlyn Saltman	Award for Outstanding Social Documentary

SCRIPT
GROXLEY

"Oscars" American Academy	THE HILL FARM Mark Baker	Nomination for Best Animation
Tampere	THE HILL FARM Mark Baker	Best Animation
Tours	THE HILL FARM Mark Baker	Young Director's Award
Zagreb 9th Animation Festival	THE BROOCH PIN AND THE SILVER CLASP Joanna Woodward	Grand Prix
	A GRAND DAY OUT Nick Park	Best Children's Film

SCRIPT
GROXLEY

FILM PRODUCTION SEMINAR

15 JUNE 1990

AGENDA

- 09.30-09.35 Opening remarks and introductions.
Prime Minister,
Rt. Hon. Mrs Margaret Thatcher, MP.
- 09.35-09.40 Opening remarks by
Sir Richard Attenborough, CBE.
- 09.40-09.50 Introductory statement on the film
production industry in the United Kingdom.
Mr Simon Relph.
- 09.50-10.10 Government policy towards the film
production industry.
Secretary of State for Trade and Industry,
Rt. Hon. Nicholas Ridley, MP.
- 10.10-10.30 Discussion.
- 10.30-10.45 Break.
- 10.45-11.05 Opportunities for future growth.
Sir Richard Attenborough, CBE.
- 11.05-12.20 Discussion.
- 12.20-12.30 Conclusion.
Prime Minister.
- 12.30-14.00 Lunch.

SPACING COPY.

FILM INDUSTRY SEMINAR

OPENING REMARKS

BY THE

PRIME MINISTER

FIRST I WOULD LIKE TO WELCOME YOU ALL TO NO. 10. I AM VERY GLAD THAT YOU HAVE BEEN ABLE TO ACCEPT THE INVITATIONS TO TODAY'S SEMINAR. I AM SURE THIS WILL PROVE TO BE A STIMULATING AND ENLIGHTENING OCCASION, BOTH FOR INDUSTRY AND GOVERNMENT REPRESENTATIVES. WE SHARE AN IMPORTANT OBJECTIVE - THE REVITALISATION OF OUR FILM INDUSTRY.

SECONDLY, LET ME INTRODUCE THOSE AT THE TOP TABLE. **SIR RICHARD ATTENBOROUGH**, WITH WHOM I FIRST DISCUSSED THE IDEA OF THIS SEMINAR, IS, OF COURSE, WELL KNOWN TO YOU ALL.

U.K. Film Prod. - review
SIMON RELPH IS CHIEF EXECUTIVE OF BRITISH SCREEN FINANCE LIMITED, AN IMPORTANT VEHICLE FOR FUNDING UNITED KINGDOM FILM PRODUCTION. MY COLLEAGUE **NICK RIDLEY** HAS OVERALL RESPONSIBILITY FOR THE FILM INDUSTRY, WHILE **RICHARD LUCE** HAS WIDER RESPONSIBILITY FOR THE ARTS INCLUDING FILMS. AND **ERIC FORTH** IS THE MINISTER WITH SPECIAL RESPONSIBILITY FOR FILM PRODUCTION.

THE BRITISH FILM INDUSTRY HAS A PROUD RECORD OF

EXCELLENCE. IT IS TEMPTING ALWAYS TO THINK OF PAST CLASSICS LIKE "THE RED SHOES" OR MASTERPIECES OF COMEDY SUCH AS "KIND HEARTS AND CORONETS" OR "THE LADYKILLERS". BUT THAT RECORD HAS GONE ON IN MORE RECENT YEARS WITH FILMS LIKE "GANDHI", "A ROOM WITH A VIEW" AND, IN THE COMEDY SPHERE, "SHIRLEY VALENTINE". BRITISH FILM MAKERS HAVE WON 20 OSCARS OVER THE PAST FOUR YEARS.

*20 yrs 122 actors & technicians have won Oscar
industry - now the audio-visual industry expanding even*
YET WE SHOULD NOT DECEIVE OURSELVES. FILM PRODUCTION IN

*Film home video
Passiv. commercial
T.V.*
THIS COUNTRY HAS BEEN IN DECLINE: TWENTY YEARS AGO OUR STUDIOS WERE FULL AND WE WERE TURNING OUT NEARLY 100 FILMS A YEAR, THAT PEOPLE WANTED TO SEE. NOW OUR MAJOR STUDIOS ELSTREE AND PINEWOOD ARE USED MORE FOR COMMERCIALS AND POP VIDEOS. AND LAST YEAR WE MADE ONLY AROUND 25 FILMS.

WHY HAS IT HAPPENED? THE INDUSTRY HAS UNDOUBTEDLY SUFFERED FROM TOO MUCH REGULATION BY SUCCESSIVE GOVERNMENTS. SOME BAD WORKING PRACTICES LED TO INFLEXIBILITY AND HIGH COSTS. I DO NOT WANT TO DWELL ON THE

PAST AND NICK RIDLEY WILL SAY MORE ABOUT SETTING THE RIGHT ATMOSPHERE FOR ENCOURAGING INVESTMENT IN THE FILM INDUSTRY. BUT THIS GOVERNMENT'S ROLE HAS BEEN TO PUT IN PLACE EMPLOYMENT AND DEREGULATION POLICIES THAT ARE DESIGNED TO HELP MAKE THE INDUSTRY COMPETITIVE. IN SHORT WE HAVE SOUGHT TO FREE THE FILM INDUSTRY SO THAT IT IS WELL PLACED TO SEIZE THE OPPORTUNITIES.

Europe 1992

AND THOSE OPPORTUNITIES ARE HUGE. CINEMA AUDIENCES IN THE UNITED KINGDOM ARE GROWING AGAIN: THE MARKET FOR FILMS IS EXPANDING THROUGH NEW MEDIA, INCLUDING MULTI-PLEX CINEMA COMPLEXES, MORE TELEVISION CHANNELS AND VIDEO. EUROPE AND OVERSEAS, ALSO PRESENT A GROWING MARKET FOR UK FILMS. OF COURSE FILM PRODUCTION WILL REMAIN A HIGH RISK BUSINESS, THOUGH IT IS ALSO POSSIBLE TO EARN HIGH RETURNS. ONE OF OUR OBJECTIVES TODAY MUST BE TO UNDERSTAND MORE CLEARLY HOW RISK CAPITAL CAN BE ATTRACTED BACK INTO BRITISH FILM PRODUCTION.

BUT LOOK AT THE ADVANTAGES BRITAIN HAS. OUR COMMON
LANGUAGE BRINGS US A UNIQUE OPPORTUNITY TO CO-OPERATE
WITH THE UNITED STATES, WHICH STILL DOMINATES WORLD FILM
PRODUCTION. AND CONSIDER THE TALENT AVAILABLE IN THE
UNITED KINGDOM; EXCELLENT WRITERS; FIRST-RATE ACTORS AND
DIRECTORS; HIGHLY SKILLED TECHNICIANS AND WORLD CLASS
PRODUCERS. THIS IS AN INDUSTRY IN WHICH BRITAIN CAN NOT
JUST COMPETE: WE CAN EXCEL.

OUR TASK TODAY IS CHALLENGING BUT YET CAN BE SIMPLY
EXPRESSED: HOW DO WE BUILD ON THESE CONSIDERABLE STRENGTHS
TO SEIZE THE OPPORTUNITIES AVAILABLE SO THAT BRITAIN ONCE
AGAIN ACHIEVES THE OUTSTANDING POSITION IN FILM PRODUCTION
WE HAD IN THE PAST.

I SHOULD NOW LIKE TO INVITE SIR RICHARD ATTENBOROUGH TO
SAY A FEW WORDS AND INTRODUCE THE FIRST PRESENTATION.

FILM INDUSTRY SEMINAR

FRIDAY 15 JUNE 1990

CONCLUDING REMARKS

THIS HAS BEEN A MOST INTERESTING AND POSITIVE SEMINAR. I SHOULD LIKE TO THANK ALL OF YOU WHO HAVE CONTRIBUTED TO THE LIVELY AND CONSTRUCTIVE DEBATE WE HAVE HAD - AND IN PARTICULAR OUR MAIN SPEAKERS, SIMON RELPH, SIR RICHARD ATTENBOROUGH AND NICK RIDLEY.

A NUMBER OF THEMES AND IDEAS HAVE EMERGED WHICH NOW NEED TO BE CONSIDERED AND DEVELOPED FURTHER.

FIRST, EVERYONE ACCEPTS THAT THE OPPORTUNITIES NOW FACING THE BRITISH FILM INDUSTRY ARE UNPRECEDENTED: THERE IS A MASSIVE AND RAPIDLY EXPANDING MARKET NOT JUST FOR CINEMA FILMS BUT FOR OTHER GROWING MEDIA INCLUDING NEW TELEVISION CHANNELS AND VIDEO. THE CHALLENGE IS TO MAKE THE BEST OF THOSE OPPORTUNITIES.

ULTIMATELY THAT CHALLENGE MUST BE MET BY THE INDUSTRY ITSELF. BUT SEVERAL OF YOU HAVE ARGUED THAT THE STRUCTURE OF THE INDUSTRY MAY IN SOME WAY INHIBIT BRITAIN'S CAPACITY TO MAKE THE BEST OF THE OPPORTUNITIES. SOME NEW IDEAS MAY BE NECESSARY TO ATTRACT LONG-TERM INVESTMENT. THAT IS ESSENTIAL TO THE INDUSTRY'S FUTURE.

① YOU HAVE ASKED THAT A WORKING PARTY SHOULD BE SET UP TO CONSIDER THESE IDEAS FURTHER. THEIR TASK WILL BE TO EXAMINE THE STRUCTURE OF THE INDUSTRY AND HOW TO ATTRACT GREATER PRIVATE SECTOR FINANCE INTO UK FILM PRODUCTION. TO ASSIST, NICK RIDLEY HAS SUGGESTED THAT THE WORKING PARTY MIGHT BE CHAIRED BY HIS DEPARTMENT. I HOPE THEY WILL BE ABLE TO REPORT BACK TO NICK IN THE AUTUMN.

② SECOND, I HAVE LISTENED CAREFULLY TO WHAT SOME OF YOU HAVE SAID ABOUT TAXATION. THIS GOVERNMENT HAS DONE MORE THAN ANY OTHER TO IMPROVE THE WORKINGS OF THE TAX SYSTEM AND HAS BROUGHT SIGNIFICANT REDUCTIONS IN BOTH PERSONAL

AND CORPORATE TAXATION. OUR AIMS ARE CLEAR - TO SIMPLIFY, TO REDUCE, AND TO AVOID DISTORTIONS THAT FAVOUR ONE INDUSTRY OVER ANOTHER.

I RECOGNISE THAT COMPLEX INDUSTRIES CAN FACE COMPLEX TAX PROBLEMS. I ACCEPT THAT WE NEED TO EXPLORE WHETHER THE TAX REGIME FOR FILM PRODUCTION FULLY MEETS OUR WIDER GOALS AND THE INDUSTRY'S NEEDS. ACCORDINGLY YOU ARE WELCOME TO DEVELOP FURTHER VARIOUS TAX PROPOSALS MENTIONED THIS MORNING AND PRESENT THEM TO TREASURY MINISTERS OVER THE NEXT FEW MONTHS.

*Ernest
R...*

THIRD, A PERSISTENT THEME HAS BEEN THE GROWING IMPORTANCE OF CO-PRODUCTIONS. IT IS EVIDENT THAT OUR PRODUCERS ATTACH GREAT IMPORTANCE TO BEING ABLE TO WORK WITH THEIR COUNTERPARTS IN OTHER COUNTRIES. ACCORDINGLY, WE AS A GOVERNMENT HAVE A RESPONSIBILITY TO APPROACH DISCUSSIONS WITH OTHER MEMBER STATES ON PROGRAMMES LIKE "MEDIA" IN A POSITIVE WAY.

FOURTH, I KNOW THE IMPORTANCE YOU ATTACH TO BEING ABLE TO PARTICIPATE FULLY IN EUROPEAN FILM-MAKING. NICK RIDLEY HAS THEREFORE AGREED TO PROVIDE £5 MILLION OVER THE NEXT 3 YEARS TO HELP BRITISH PRODUCERS SEEKING TO ENTER EUROPEAN CO-PRODUCTIONS.

FIFTH, I AM PLEASED TO ANNOUNCE THAT THE GOVERNMENT WILL BE PROVIDING £150,000 TO SUPPORT THIS YEAR'S EUROPEAN FILM AWARDS IN GLASGOW IN DECEMBER. WE HOPE THE AWARDS WILL PROVIDE A FURTHER BOOST, NOT ONLY TO GLASGOW AS THIS YEAR'S EUROPEAN CITY OF CULTURE, BUT ALSO TO THE PRESTIGE OF THE UK AS A COUNTRY THAT REGARDS FILM PRODUCTION HIGHLY.

SIXTH, WE RECOGNISE THE IMPORTANCE OF PROMOTING BRITISH FILMS BOTH AT HOME AND ABROAD. SEVERAL SPEAKERS HAVE MENTIONED THE IDEA OF A FILM COMMISSION. I WOULD LIKE YOU TO WORK ON THIS IDEA AND OTHER PROPOSALS FOR FURTHER

IMPROVING THE PROMOTION OF BRITISH FILMS OVERSEAS, AND
PRESENT THEM TO NICK RIDLEY IN THE NEXT MONTH OR SO.

FINALLY, I DO HOPE THAT EVERYONE WILL SHARE MY VIEW THAT
TODAY'S SEMINAR HAS BEEN MOST VALUABLE AND THAT WE CAN
CONTINUE TO DEBATE HOW TO REVITALISE THE BRITISH FILM
INDUSTRY OVER LUNCH.

FILM INDUSTRY SEMINAR

FRIDAY 15 JUNE 1990

CONCLUDING REMARKS

THIS HAS BEEN A MOST INTERESTING AND POSITIVE SEMINAR. I SHOULD LIKE TO THANK YOU ALL WHO HAVE CONTRIBUTED TO THE LIVELY AND CONSTRUCTIVE DEBATE WE HAVE HAD - AND IN PARTICULAR OUR MAIN SPEAKERS, SIMON RELPH, SIR RICHARD ATTENBOROUGH AND NICK RIDLEY.

A NUMBER OF THEMES AND IDEAS HAVE EMERGED WHICH NOW NEED TO BE CONSIDERED AND DEVELOPED FURTHER.

FIRST, EVERYONE ACCEPTS THAT THE OPPORTUNITIES NOW FACING THE BRITISH FILM INDUSTRY ARE UNPRECEDENTED: THERE IS A MASSIVE AND RAPIDLY EXPANDING MARKET NOT JUST FOR CINEMA FILMS BUT FOR OTHER GROWING MEDIA INCLUDING NEW TELEVISION CHANNELS AND VIDEO. THE CHALLENGE IS TO MAKE THE BEST OF THOSE OPPORTUNITIES.

ULTIMATELY THAT CHALLENGE MUST BE WON BY THE INDUSTRY ITSELF. BUT SEVERAL OF YOU HAVE ARGUED THAT THE STRUCTURE OF THE INDUSTRY MAY ~~IN SOME WAY~~ INHIBIT BRITAIN'S CAPACITY TO MAKE THE BEST OF THE OPPORTUNITIES. SOME NEW IDEAS MAY BE NECESSARY TO ATTRACT ^{THE} ~~N~~ LONG-TERM INVESTMENT THAT IS ESSENTIAL TO THE INDUSTRY'S FUTURE.

ACCORDINGLY I AM ASKING NICK RIDLEY TO SET UP A WORKING PARTY THAT WILL BRING TOGETHER ALL SECTIONS OF THE FILM INDUSTRY: PRODUCERS, DISTRIBUTORS AND EXHIBITORS. THEIR TASK WILL BE TO EXAMINE THE STRUCTURE OF THE INDUSTRY AND THE FINANCING OF UK FILM PRODUCTION AND CONSIDER THE NEED AND SCOPE FOR CHANGES. I HOPE THEY WILL BE ABLE TO REPORT BACK ~~TO NICK~~ BEFORE THE END OF THIS YEAR.

SECOND, I HAVE LISTENED CAREFULLY TO WHAT SOME OF YOU HAVE SAID ABOUT TAXATION. THIS GOVERNMENT HAS DONE MORE THAN ANY OTHER TO IMPROVE THE WORKINGS OF THE TAX SYSTEM AND HAS BROUGHT SIGNIFICANT REDUCTIONS IN BOTH PERSONAL

AND CORPORATE TAXATION. OUR AIMS ARE CLEAR - TO SIMPLIFY, TO REDUCE, AND TO AVOID DISTORTIONS THAT FAVOUR ONE INDUSTRY OVER ANOTHER.

I RECOGNISE ^{however} THAT COMPLEX INDUSTRIES FACE COMPLEX TAX PROBLEMS. I ACCEPT THAT WE NEED TO EXPLORE WHETHER THE TAX REGIME FOR FILM PRODUCTION FULLY MEETS OUR WIDER GOALS AND THE INDUSTRY'S NEEDS. ACCORDINGLY I WOULD LIKE TO INVITE YOU TO DEVELOP FURTHER VARIOUS TAX PROPOSALS MENTIONED THIS MORNING AND PRESENT THEM TO TREASURY MINISTERS OVER THE NEXT FEW MONTHS.

THIRD, A PERSISTENT THEME HAS BEEN THE GROWING IMPORTANCE OF CO-PRODUCTIONS. IT IS EVIDENT THAT OUR PRODUCERS ATTACH GREAT IMPORTANCE TO BEING ABLE TO WORK WITH THEIR COUNTERPARTS IN OTHER COUNTRIES. ACCORDINGLY, WE AS A GOVERNMENT HAVE A RESPONSIBILITY TO APPROACH DISCUSSIONS WITH OTHER MEMBER STATES ON PROGRAMMES LIKE "MEDIA" IN A POSITIVE WAY.

FOURTH, I AM PLEASED TO ANNOUNCE THAT THE GOVERNMENT WILL BE PROVIDING £150,000 TO SUPPORT THIS YEAR'S EUROPEAN FILM AWARDS IN GLASGOW IN DECEMBER. WE HOPE THE AWARDS WILL PROVIDE A FURTHER BOOST, NOT ONLY TO GLASGOW AS THIS YEAR'S EUROPEAN CITY OF CULTURE, BUT ALSO TO THE PRESTIGE OF THE UK AS A COUNTRY THAT REGARDS FILM PRODUCTION HIGHLY.

FINALLY, I DO HOPE THAT EVERYONE WILL SHARE MY VIEW THAT TODAY'S SEMINAR HAS BEEN MOST VALUABLE AND THAT WE CAN CONTINUE TO DEBATE HOW TO REVITALISE THE BRITISH FILM INDUSTRY OVER LUNCH.

BIOGRAPHICAL NOTES ON SEMINAR GUESTS

Sir Richard Attenborough

Marble Arch Productions Ltd

He started his career as an actor and went on to produce and direct, winning many awards over the years, most notably for "Gandhi" (8 Oscars), which he produced and directed. Credits include "In Which We Serve" and "Brighton Rock" (actor), "The Angry Silence" (actor and co-producer), "Oh What a Lovely War" (co-producer and director), and "A Chorus Line" and "Cry Freedom" (director). Sir Richard is Chairman of the British Screen Advisory Council, the British Film Institute, the Royal Academy of Dramatic Arts, Vice President and a fellow of the British Academy of Film and Television Arts and Deputy Chairman and a director of Channel 4.

John Boorman

Writer, producer and director of films and television documentaries and author of a number of books on film making. Credits include "Excalibur", "Angel", "Dream One", "The Emerald Forest" and "Hope and Glory". His latest film "Where The Heart Is" has just been released.

Lord Brabourne

G W Films Ltd

Lord Brabourne started producing films in 1958 and has a long list to his credit. His best known films are the lavish Agatha Christie adaptations which include "Murder on the Orient Express", "Death on the Nile" and "Evil Under the Sun". His most recent productions were David Lean's "A Passage to India" and "Little Dorrit". He is a Director of Thames Television, Trustee of the Science Museum, Fellow and Governor of the British Film Institute, Patron of the London International Film School, Member of the British Screen Advisory Council, and Trustee of the British Academy of Film and Television Arts.

Larry Chrisfield

Ernst and Young.

A leading expert on taxation and chairman of the UK Entertainment and Media Industry specialisation group within Ernst and Young. He advises many companies and individuals in the film industry, ranging from individual producers to multinationals. He also advises, on a consultancy basis, the Producers Association on matters relating to taxation in the film business.

Jake Eberts

Katevale Productions

Canadian financier and producer. Founder and Chief Executive of Goldcrest (1980-87). Credits include "Gandhi" and "Local Hero" for Goldcrest. Joined Embassy Pictures in 1983 and in 1985 founded Allied Filmmakers. More recently he was

Executive Producer on "The Adventures of Baron Munchausen" and "Get Back".

Premila Hoon

Director, Film and Media Division of Guinness Mahon investment bank. She has been with the bank for nearly 4 years, during which time it has been involved in the financing of around 35 films. Formerly, she worked in the asset finance area of Chemical Bank as assistant manager, before joining the asset finance subsidiary of manufacturers Hanover Trust as a senior credit manager in 1982.

Isaac Julian

Producer. Trained with the Sankofa workshop and went on to produce "Looking for Langstone" for Channel 4, which was shown at the 1988 Berlin Film Festival. He is currently working on "Young Soul Rebels", a BFI film which starts shooting next month.

Simon Linnett

Director of NM Rothschild and Sons Ltd

He joined the Banking Division of Rothschilds from university in 1975 and since 1978 has worked in the Corporate Finance Division, where he was involved in the corporate restructuring of Goldcrest and the raising of finance for the new company in 1982. He became a director in 1986 and a member of the Executive Committee in 1989.

Linda Myles

Commissioning Editor for Independent Productions, BBC TV. Formerly head of Creative Affairs at Columbia Pictures UK. Former Director of the Edinburgh Film Festival. As an independent producer, her credits include "Defence of the Realm".

Simon Perry

Umbrella Films

Writer, producer, and exhibitor. Formerly with "Variety" magazine and has worked with the National Film Development Fund. Former Chairman of the Association of Independent Producers and is a member of the British Screen Advisory Council. Formed Umbrella Films in 1982 and credits have since included "White Mischief", "1984", "Another Time, Another Place", "Nanou" and "Hotel du Paradis".

Otto Plaschkes

Ariel Productions

Entered the industry in 1955 as an independent producer and credits include "Georgy Girl", "Hopscotch", "The Bofors Gun" and "Shadey". Joined Cannon as Head of Creative Affairs (Europe) in 1986. He was appointed Chief Executive of the

British Film and Television Producers Association in 1987 until this year. He has now formed his own production company. Member of the British Screen Advisory Council.

Nik Powell

Palace Pictures

Chairman of Palace Pictures, a company active in both the production and distribution of film and video. Credits include "Mona Lisa", "Company of Wolves", "Dream Demon", "Shag" and "High Hopes". Most recently, as Executive Producer on "The Big Man", "Dancin' Thru The Dark" and "Hardware". Member of the British Screen Advisory Council.

David Puttnam, CBE

He started in the advertising industry and went on to become a photographic agent. Entered the film industry in 1968 as a producer. While at Goldcrest, he produced a number of films including "Bugsy Malone", "Midnight Express", "Chariots of Fire", "Local Hero", "The Killing Fields", and "The Mission". He became Head of Production at Columbia Pictures in 1986 and after 13 months in Hollywood, he returned to the UK as an independent producer, relaunching Enigma Productions in 1988. He has been the Chairman of the Board of Governors of the National Film and Television School since 1988 and is a member of the British Screen Advisory Council, a director of Anglia TV and a trustee of the Tate Gallery. He is currently working on "Memphis Belle", to be released later this year.

Sarah Radclyffe

Joint Managing Director of Working Title, set up in 1984 initially to make music videos. Moved into film production with "My Beautiful Laundrette", which was an international critical and commercial success. Other credits include "Personal Services", "Sammy and Rosie Get Laid", "Wish You Were Here", "A World Apart" and most recently, "Fools of Fortune".

Simon Relph

Chief Executive of British Screen Finance Ltd

Simon Relph was born into the film industry, his father is the active producer Michael Relph. His early career in the film industry was as a first assistant director on films such as "Anne of a Thousand Days" and "Sunday Bloody Sunday". In 1974 he joined the National Theatre as Peter Hall's production administrator. Returning to films he was Executive Producer and assistant director on Warren Beatty's "Reds" since when he has produced a number of films including "Privates on Parade", "The Ploughman's Lunch", "Wetherby" and "Comrades" before taking up his position at British Screen in 1986.

Alan Sapper

General Secretary of Association of Cinematograph, Television and Allied Technicians (ACTT). Former President of the TUC.

Governor of the British Film Institute and National Film and Television School. Member of the British Screen Advisory Council.

Ann Skinner

Skreba Productions

A film and television producer whose credits include "A Very British Coup", "The Gourmet", "Heavenly Pursuits" and "The Kitchen Toto". Currently working on "One Man's War", a TV film for Channel 4.

Nigel Stafford-Clarke

Zenith Productions.

Started in TV as Head of Programmes at the Moving Picture Company 1982-87. Moved to Zenith in 1987 as a producer involved in TV and feature films. Credits include "Parker", "The Assam Garden", and "Stormy Monday". Zenith is the UK's largest independent film and TV production company. Formerly owned by Central TV it is now a wholly owned subsidiary of Carlton Communications.

Wilf Stevenson

Director of the British Film Institute since October 1988. He was secretary of Napier Polytechnic in Edinburgh for 13 years after gaining a degree in chemistry and a professional qualification in accountancy. He joined the BFI as Deputy Director in 1987 for 18 months before becoming Director.

Jeremy Thomas

Recorded Picture Company Ltd

Entered the industry in 1967 and has worked in most aspects of film production, most notably editing. He has a long list of quality films to his credit but became familiar to a wider audience when he produced Bernardo Bertolucci's "The Last Emperor" which in 1988 won 9 Oscars - a feat only ever surpassed by "Ben Hur". His other films include: "The Shout", "Bad Timing", "Merry Christmas Mr Lawrence", "The Hit" and "Insignificance". He has his own UK production company, The Recorded Picture Company as well as a distribution company, Recorded Releasing. In 1987 he was the first British producer to be honoured by an invitation to sit on the jury at the Cannes Film Festival. He is currently working on "The Sheltering Sky", directed by Bertolucci.

Sir Ian Trethowan

Chairman of Thames Television since 1987.

Sir Ian's many appointments include: a member of the Planning Committee of European Film and Television forum 1988 - 89; the European Commission's Committee of Cultural Consultants 1988 - 89; President, European Commission Cinema/TV Group 1988-89; European Television Task Force 1981-88; Director - General BBC, 1977-82.

Lew Wasserman

Chairman of the Board and Chief Executive Officer of MCA Inc. He joined MCA in 1936 and ten years later was named President and Chief Executive Officer of MCA, serving in that capacity until elected Chairman in 1973.

Michael Williams-Jones

President and Chief Executive of United International Pictures, a theatrical distribution and Pay TV joint venture between Paramount, MCA/Universal and MGM/United Artists. He began his career with United Artists and became Senior Vice President, Foreign Manager in 1979. In 1981 he joined UIP as Senior Vice President, International Sales and was named President of UIP Motion Picture Group in 1984. He has been President and Chief Executive of UIP since 1986.

John Woodward

Chief Executive of the Producers Association since April 1990. Began as a freelance researcher for advertising agencies and small corporate production companies (1983-86). In 1986 he joined the 25% independent quota campaign lobby and became coordinator of the Independent Access Steering Committee. Acted as deputy director of the Independent Programme Producers Association between 1988 to April 1990.

dti

the department for Enterprise

BUP**Telecommunications and Posts Division**

FROM :- Peter Smith Department of Trade and Industry
 Kingsgate House.
 Section :- TPI 66 - 74 Victoria Street
 London
 tel 215 8099 SW1E 6SW Fax No +44 71 931 7194

For enquiries please call :+44 71 215 _____

Date :- 14/6/90 Sheets = This Book + 11
~~14/6/90~~ ~~2158099~~ = ~~TPI~~

FROM :- Peter Smith Department of Trade and Industry
 Kingsgate House.
 Section :- TPI 66 - 74 Victoria Street
 London
 tel 215 8099 SW1E 6SW Fax No +44 71 931 7194

FROM :- Peter Smith Department of Trade and Industry
 Kingsgate House.
 Section :- TPI 66 - 74 Victoria Street
 London
 tel 215 8099 SW1E 6SW Fax No +44 71 931 7194

For enquiries please call :+44 71 215 _____

Date :- 14/6/90 Sheets = This page + 11

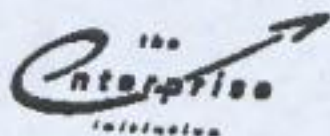
For the attention of :- Mr B. Potter

Location :- 10, Dawning Street.

Supplementary Message

Revised texts of steering briefs

for the two discussion periods and
concluding remarks are attached; a revised
Press statement will follow later
this afternoon.



FIRST DISCUSSION PERIOD, 10.10-10.30**1 Purpose of discussion**

To enable the industry to elaborate and comment briefly on the main points in the first two papers. The discussion should form a bridge between those papers and the third, "Opportunities for future growth". It should concentrate on identifying the problems the industry believes it faces at present, bringing out the positive achievements of Government policies on deregulation, labour relations and taxation. There need be no discussion at this stage of the industry's proposals. These form the basis of the third paper.

Mr Luce should be asked whether he has any brief comments to add to Mr Ridley's paper. It is suggested that the discussion should then focus on the 4 points listed in paragraph 3 below. The named industry spokesmen should be called on for their views. A maximum of 5 minutes should be allowed for each topic.

STEER FOR THE DISCUSSION - SPEAKING NOTES**2 Introductory remarks**

Thank you Nick for summarising our approach to the economy and explaining our present policy towards the film industry.

Perhaps I could ask Richard Luce whether he has any comments to add from his experience over the past 5 years as Minister for the Arts.

3 Points for discussion

A number of issues have been raised in the 2 presentations we have heard. There are 3 or 4 points of particular importance I would like to concentrate on.

(i) Structure of the industry

Otto Plaschkes (producer, Ariel Productions) followed by Jeremy Thomas (producer, Recorded Picture Co) to speak about the problems created for the production industry by its separation from distribution and exhibition.

(ii) Investment in production

Simon Perry (producer, Umbrella Films) to speak on the industry's perception of the effect fiscal changes have had on investment and draw comparisons with the situation in Europe.

Premila Hoon, (banker, Guinness Mahon) to give a financier's view of film investment.

(iii) Co-operation with European film makers

Ann Skinner (producer, Skreba Films) and Lynda Myles (Commissioning Editor, Drama, BBC) to speak on their experience of co-producing films with partners in other European countries.

(iv) Investment in the UK industry

Michael Williams-Jones (President and Chief Executive, United International Pictures (UK)) to speak on the effect of low production output on inward investment in cinema building.

John Hoorman (producer, director) on his recent experience in making "Hope and Glory".

4 Response

Thank you very much for those helpful remarks. A number of interesting points have arisen that will need to be considered further. I suggest we take a short break and then re-assemble for Sir Richard's paper at [10.45].

Break for coffee.

4 STRUCTURE AND INVESTMENT

First let us consider the current state of investment and your proposals for tackling it.

- Lord Brabourne (producer, Mersham Productions) to speak on the industry's case for examining ways of channelling profits from the UK video distribution into film production;
- Nicholas Ridley to speak on the structural weakness in the industry as a whole, which has led to a lack of investment and poor revenues.
- Nigel Stafford-Clarke (producer, Zenith) to speak on investment from television companies;
- Sarah Radclyffe (producer, Working Title) to talk about US/UK financing deals;
- Simon Linnett (director, N.M. Rothschilds) to give a financier's view.
- David Puttnam (producer, Enigma) to talk on need for investment in training.
- Richard Luce to speak on the National Film and Television School.

Conclusion

The structure of the industry clearly has an impact on raising investment, for both production and training. The issue is very much one of how best to direct additional private sector investment into film production. This may be from other sectors of the film industry or more generally. You have suggested there should be a working party to look more closely at issues relating to structure and funding. Nick Ridley has proposed that, if it helps to facilitate the working party's discussions, he would be happy for it to be chaired by his Department. I think the working party should aim to meet over

5 TAXATION

Second, your proposals for improving the climate for investment also relate to taxation and that you have specific proposals on this.

- Larry Chrisfield (accountant, Ernst and Young) to speak about the introduction of a film investment scheme;
- John Woodward (Chief Executive, Producers' Association) to speak about the removal of the withholding tax;
- Jake Eberts (producer, Katevale Productions) to speak about accelerated tax-write off arrangements;

Conclusion

These are not proposals we can respond to immediately. Clearly they need to be developed further by the industry. They should then be presented to the Treasury and Inland Revenue. I shall be asking Ministers there to consider them carefully.

6 EUROPEAN INITIATIVES

Third, you have asked for a change in our approach to the European initiatives, particularly the MEDIA programme.

- Wilf Stevenson (Director, British Film Institute) to speak on British experience of the MEDIA programme.
- Sir Ian Trethowan (Chairman, Thames Television) to report on his working party's report on MEDIA 92.
- Richard Luce to speak on MEDIA where he leads for HMG.
- Simon Perry (producer, Umbrella Films) and Isaac Julien (producer) to talk on importance of co-operation with European film-makers.
- Nick Ridley to speak on our policy towards state subsidies and whether, exceptionally, there is a case for further UK Government support.

Conclusion

I appreciate your concern to join other film makers in Europe in co-production ventures. Our policy, as you are aware, is not to make large direct subsidies available to producers.

We are prepared, however, to extend the direct support already given to the industry by making a fund available to enable loans to be granted for co-productions. The grant will total £1 million in the first year and £2 million for each of the next two years during which time it will be reviewed. This level of funding exceeds the £1.5 million [albeit over 5 years] which I believe was requested from Government last year by British Screen as part of its forward plan.

7 PROMOTIONAL BODIES

Sir Richard, your last two proposals concern the establishment of promotional organisations.

(Comment - Sir Richard's point concerning the collection of official statistics may be raised in this context).

- Alan Sapper (General Secretary, ACTT) to speak on the Film Commission;
- Nik Powell (producer/distributor, Palace Pictures) to speak on the Marketing body.
- Mr Forth to respond.

Conclusion

The Film Commission idea is an interesting one that I know Eric Forth will want to discuss further with you and his colleagues in other Government Departments.

Mr Forth has also suggested that you talk about your proposals for an industry body to promote British films overseas with the British Overseas Trade Board, and officials in his Department, and that you should let him know the outcome.

8 Statistics - only if raised by industry

As part of its drive to remove red tape, the Government has wherever possible reduced its requirements on industry. If the industry considers this important they should work up a proposal together with its ideas on the Film Commission.

9 Any other points?

10 Concluding remarks. (Separate brief).

CONCLUDING REMARKS

1 This has been an extremely interesting and useful seminar. I should like to thank you all for a most constructive debate. I am confident that together we can work towards achieving a firm base from which to launch the future success of film production in the UK.

2 It is clear from our discussion that we shall need to consider further what measures might be taken to promote the prosperity of the film production industry. We have discussed in some depth the need for secure long term investment; your ideas for changes in the present taxation arrangements; how to increase co-operation with European film makers; and your wish to establish agencies to encourage film making in the UK and promote British films overseas.

3 I am asking Nicholas Ridley to set up a working party as soon as possible. I know that he would like this to report to him before the end of this year.

4 I have taken careful note of what you have said about taxation. The Government has done much to improve the workings of the present tax system and this has brought significantly reduced the burden of both personal and corporate taxation. Nevertheless, I would like you to work up your proposals and discuss them with the Treasury and Inland Revenue. Treasury Ministers will then consider them.

5 On Europe, we attach great importance to our producers being able to work with their counterparts in other countries. For this reason we shall be approaching discussions with other Member States positively, including on the MEDIA programme. We must ensure that these programmes achieve value for money and address genuine needs, but we recognise the benefits they can bring.

6 Nick Ridley has said he will be providing £5m over the next 3 years to help British producers seeking to enter into European co-productions. I hope you will agree this should give a major boost to British participation in European film-making.

7 Finally, I am pleased to announce that the Government will be providing £150,000 to support this year's European Film Awards in Glasgow in December. We hope the awards will provide a further boost not only to Glasgow as this year's European City of Culture but to the prestige of the UK as a country that regards film production highly.

8 I should now like to invite you to join the other guests for lunch.

Prime Minister

The steering brief: named & key
subjects highlighted.

BHP 14/6

FIRST DISCUSSION PERIOD, 10.10-10.30**1 Purpose of discussion**

To enable the industry to elaborate and comment briefly on the main points in the first two papers. The discussion should form a bridge between those papers and the third, "Opportunities for future growth". It should concentrate on identifying the problems the industry believes it faces at present, bringing out the positive achievements of Government policies on deregulation, labour relations and taxation. There need be no discussion at this stage of the industry's proposals. These form the basis of the third paper.

Mr Luce should be asked whether he has any brief comments to add to Mr Ridley's paper. It is suggested that the discussion should then focus on the 4 points listed in paragraph 3 below. The named industry spokesmen should be called on for their views. A maximum of 5 minutes should be allowed for each topic.

STEER FOR THE DISCUSSION - SPEAKING NOTES**2 Introductory remarks**

Thank you Nick for summarising our approach to the economy and explaining our present policy towards the film industry.

Perhaps I could ask Richard Luce whether he has any comments to add from his experience over the past 5 years as Minister for the Arts.

3 Points for discussion

A number of issues have been raised in the 2 presentations we have heard. There are 3 or 4 points of particular importance I would like to concentrate on.

(i) Structure of the industry

Richard HuxFinance
LecturesRawle
P. 11
Carn

✓ Otto Plaschkes (producer, Ariel Productions) followed by
 ✓ Jeremy Thomas (producer, Recorded Picture Co) to speak
 about the problems created for the production industry by
 its separation from distribution and exhibition.

(ii) Investment in production

✓ Simon Perry (producer, Umbrella Films) to speak on the
 industry's perception of the effect fiscal changes have
 had on investment and draw comparisons with the situation
 in Europe.

✓ Premila Hoon, (banker, Guinness Mahon) to give a
 financier's view of film investment.

(iii) Co-operation with European film makers

1-2 1/2 ✓ Ann Skinner (producer, Skreba Films) and Lynda Myles
 (Commissioning Editor, Drama, BBC) to speak on their
 experience of co-producing films with partners in other
 European countries.

(iv) Investment in the UK industry

✓ Michael Williams-Jones (President and Chief Executive,
 United International Pictures (UK)) to speak on the
 effect of low production output on inward investment in
 cinema building.

- John Boorman (producer, director) on his recent experience in making "Hope and Glory".

4 Response

Thank you very much for those helpful remarks. A number of interesting points have arisen that will need to be considered further. I suggest we take a short break and then re-assemble for Sir Richard's paper at [10.45].

Break for coffee.

SECOND DISCUSSION PERIOD, 11.05-12.20**1 Purpose of discussion**

Industry to elaborate on its proposals; Ministers to respond. Aim for agreement on proposals to be pursued and how this will be undertaken.

2 Form of discussion

The industry's proposals are listed below, with a suggested spokesman to start the discussion off for each and a line to take. Aim to conclude discussion after each main point, on the lines suggested below.

STEER FOR THE DISCUSSION - SPEAKING NOTES**3 Introductory remarks**

Thank you very much Sir Richard for that clear statement of the issues as you see them. You indicated 4 areas for discussion. These concern:-

- (1) the structure of the industry and its effect on investment;
- (2) taxation;
- (3) European initiatives, especially the MEDIA programme; and
- (4) how best to promote the industry at home and abroad.

4 STRUCTURE AND INVESTMENT

First let us consider the current state of investment and your proposals for tackling it.

- ✓ Lord Brabourne (producer, Marsham Productions) to speak on the industry's case for examining ways of channelling profits from the UK video distribution into film production;
- Nicholas Ridley to speak on the structural weakness in the industry as a whole, which has led to a lack of investment and poor revenues.
- ✓ Nigel Stafford-Clarke (producer, Zenith) to speak on investment from television companies;
- Sarah Radclyffe (producer, Working Title) to talk about US/UK financing deals;
- Simon Linnett (director, N.M. Rothschilds) to give a financier's view.
- ✓ David Puttnam (producer, Enigma) to talk on need for investment in training.
- ✓ Richard Luce to speak on the National Film and Television School.

WJ, Stephen G.F.I.

Conclusion

The structure of the industry clearly has an impact on raising investment, for both production and training. The issue is very much one of how best to direct additional private sector investment into film production. This may be from other sectors of the film industry or more generally. You have suggested there should be a working party to look more closely at issues relating to structure and funding. Nick Ridley has proposed that, if it helps to facilitate the working party's discussions, he would be happy for it to be chaired by his Department. I think the working party should aim to meet over

the next 3 or 4 months and report to Mr Ridley before the end
of the year.

5 TAXATION

Second, your proposals for improving the climate for investment also relate to taxation and that you have specific proposals on this.

- Larry Chrisfield (accountant, Ernst and Young) to speak about the introduction of a film investment scheme;
- John Woodward (Chief Executive, Producers' Association) to speak about the removal of the withholding tax;
- Jake Eberts (producer, Katevale Productions) to speak about accelerated tax-write off arrangements;

Conclusion

These are not proposals we can respond to immediately. Clearly they need to be developed further by the industry. They should then be presented to the Treasury and Inland Revenue. I shall be asking Ministers there to consider them carefully.

6 **EUROPEAN INITIATIVES**

Third, you have asked for a change in our approach to the European initiatives, particularly the MEDIA programme.

- Wilf Stevenson (Director, British Film Institute) to speak on British experience of the MEDIA programme.
- Sir Ian Trethowan (Chairman, Thames Television) to report on his working party's report on MEDIA 92.
- Richard Luce to speak on MEDIA where he leads for HMG.
- Simon Perry (producer, Umbrella Films) and Isaac Julien (producer) to talk on importance of co-operation with European film-makers.
- Nick Ridley to speak on our policy towards state subsidies and whether, exceptionally, there is a case for further UK Government support.

Conclusion

I appreciate your concern to join other film makers in Europe in co-production ventures. Our policy, as you are aware, is not to make large direct subsidies available to producers.

We are prepared, however, to extend the direct support already given to the industry by making a fund available to enable loans to be granted for co-productions. The grant will total £1 million in the first year and £2 million for each of the next two years during which time it will be reviewed. This level of funding exceeds the £1.5 million [albeit over 5 years] which I believe was requested from Government last year by British Screen as part of its forward plan.

7 PROMOTIONAL BODIES

Sir Richard, your last two proposals concern the establishment of promotional organisations.

(Comment - Sir Richard's point concerning the collection of official statistics may be raised in this context).

- Alan Sapper (General Secretary, ACTT) to speak on the Film Commission;
- Nik Powell (producer/distributor, Palace Pictures) to speak on the Marketing body.
- Mr Forth to respond.

Conclusion

The Film Commission idea is an interesting one that I know Eric Forth will want to discuss further with you and his colleagues in other Government Departments.

Mr Forth has also suggested that you talk about your proposals for an industry body to promote British films overseas with the British Overseas Trade Board, and officials in his Department, and that you should let him know the outcome.

8 Statistics - only if raised by industry

As part of its drive to remove red tape, the Government has wherever possible reduced its requirements on industry. If the industry considers this important they should work up a proposal together with its ideas on the Film Commission.

9 Any other points?

10 Concluding remarks. (Separate brief).

INDUSTRY PAPER 1: UK FILM PRODUCTION ENVIRONMENT

SUMMARY OF KEY POINTS

The paper identifies a number of problems and needs:-

- 1 Scarcity of production investment and development finance, particularly from domestic sources;
- 2 Film investment is like drilling for oil: highly speculative and needed up front while returns do not flow for some time.
- 3 Separation between the UK exhibition and distribution sectors in contrast to the vertical structure in the US, which enables investment risk in production to be spread across the whole industry;
- 4 Several potential sources of finance, notably television and the more lucrative sectors of the film industry such as distribution (particularly video) and cinema exhibition.
- 5 Co-production with other countries is important. British producers have the English language as an asset but this is not sufficient to offset major subsidies offered by other governments.
- 6 Industry has its own problems. Do not always give sufficient consideration to commercial issues. Production costs still a problem.

GOVERNMENT PAPER: POLICY TOWARD THE FILM INDUSTRY

SUMMARY OF KEY POINTS

1 Introduction

- transformation of UK economic performance.

2 Economic and industrial strategy

- reduced individual and company taxation;
- deregulation of business;
- creation of freer and more flexible labour market.

3 Film industry

- deregulation and rising cinema admissions;
- employment reforms, catalyst effect of MMC investigation of labour practices;
- tax reforms - preservation of special rules governing taxation of film production;
- Government support for film production through British Screen Finance;
- opening up broadcasting markets: independent access to television programme production; terms of trade for independent producers; 5th Channel; satellite channels;
- film co-production agreements with other countries;
- co-operation in Europe: MEDIA programme, need for clear targets and assessment;
- Commission looking at state aids in other countries;
- relationship with US industry;
- finance, looking to private sector sources; structure of the industry; separation of production from more viable distribution and exhibition sectors;
- skills; training, National Film and Television School, vocational qualifications.

INDUSTRY PAPER 2: OPPORTUNITIES FOR THE UNITED KINGDOM FILM PRODUCTION INDUSTRY

SUMMARY OF KEY POINTS

1 Europe

- Potential market wider and more economically viable than US.
- Finance in Europe - Government grants, favourable tax regimes, substantial investment from TV;
- English language/dubbing. Dubbing and subtitling acceptable on Continent not in UK or US - therefore desirable to make films in English. UK as platform and bridge.
- But - Continental producers have access to state/regional funds, UK producers have difficulty in raising their share of budget. UK could be excluded from expanding European market.

2 MEDIA 92, EURIMAGES, EUREKA PROGRAMMES

Paper describes each programme (see background brief 8). Government urged to support EC MEDIA programme and join Council of Europe's EURIMAGES; and respond to the plan to establish an Audiovisual EUREKA observatory of moving image data by instituting the collection of comprehensive official statistics.

3 Practical steps

(i) creation of financial climate in UK conducive to investment in film production. The paper does not spell out the industry's specific proposals, (but see brief on Industry Proposals), covering relationship with TV and video and taxation.

(ii) creation of a Film Commission to promote the UK as a place to make films;

(iii) creation of an industry body to promote British films overseas.

4 Conclusion

Problem is two-fold: lack of finance to compete and a distortion of the European playing field which will not be remedied despite attempts by the Commission.

Seminar to address question of lack of finance.

FILM PRODUCTION SEMINAR: 15 JUNE: INDEX OF BACKGROUND BRIEFS

<u>Title</u>	<u>No.</u>
Film production, distribution and exhibition sectors	1
Tax regime	2
Deregulation (incl. statistics)	3
MMC references	4
British Screen Finance Ltd	5
Interface between film and television	6
Co-production	7
European Initiatives	8
State aids in other EC countries/ state aids framework	9
Marketing	10
Training	11
Film Commission	12
Single Ministry	13
Inward investment and MCA	14
Levies on video and television	15
The British Film Institute	16
Taxation (H.M. Treasury)	17

Department of Trade and Industry
June 1990

FILM PRODUCTION, DISTRIBUTION AND EXHIBITION SECTORS

ProductionStructure and Size

1 Prior to 1980 the UK film production sector was dominated [until comparatively recently] by the 'studio system' under which the major studios produced their own films in-house, used their own distribution companies and showed the films at their own cinemas. This system - which still predominates in the USA - was able to accommodate the high levels of risk in film making since losses would be offset by profits on successful films as sizable portfolios were built up.

2 The system existed as an efficient commercial structure for a long time but was characterised by high overhead costs covering facilities, talent and support staffing. These could not be sustained in post-war market conditions as cinema admissions dropped dramatically and it became more and more difficult for a film to cover its costs from theatrical exhibition in the UK alone.

3 The structure which has replaced the studio system is one of independent producers making films for cinema and/or television and other markets. The expansion of the independent sector has been especially marked in the last decade or so. The 1989 MMC report on Labour Practices in TV and Film Making (see brief 4) estimated the existence of some 2000 independent businesses engaged in making films and TV programmes, commercials and videos ranging in size and life span from a few people to those with over 200 employees, and from less than two years to companies established over 50 years. The report also quotes estimates of £607 million for the gross revenue of independent producers in 1985-86 compared to £255 million in 1981. There are no reliable figures relating to the film production industry alone, but the majority of independent film production companies (which account for a small proportion of the estimated 2000) are very small outfits and tend to rely on freelance support/technical staff. There are a small number of well established independents, including Enigma Films (David Puttnam), Recorded Picture Company (Jeremy Thomas) and Richard Attenborough Productions, who because of their track records, have little difficulty in receiving production finance on a continuing basis; a number with growing reputations, such as Working Title and Initial whose funding positions are also relatively secure; but the considerable majority exist only on a project-to-project basis.

4 There are no reliable figures on numbers employed in the film production industry. The 1984 White Paper on Film Policy estimated a figure of 25,000 for the sector, including the many and various support companies - commonly known as

'facilities' - such as film studios, film processing laboratories, editing, cutting and dubbing houses.

Studios

5 The UK currently has six major studios. The biggest, with 18 stages, is Pinewood (owned by Rank), followed by Elstree with 10 (owned by Goldcrest), Shepperton, also with 10, Twickenham with 3, and Wembley and Bray with 2 each. Pinewood, in 1987, was the last of the studios to go 'four-wall' (ie to withdraw its in-house technical support facilities for producers). There is continuing speculation that there will be a management buy-out of Elstree Studios from Goldcrest (part of the Brent Walker Group which acquired the studios in 1988).

6 In recent years, UK studios and facility houses have tended to rely increasingly for business on television programmes and advertisements. There have been few feature film starts so far in 1990.

Investment in film production

7 There was a marked decline in investment in feature films in the late 1980s. After a steady rise to £270m in 1986, total expenditure on cinema films made in or from the UK fell to £50m in 1989 (see table attached at Annex 1 - Source: the Producers Association - formerly the British Film and Television Association). Over the same period the number of cinema films made fell from 54 to 22. The industry attributes this decline largely to the phasing out of 100% capital allowances (now 25% pa - see brief 2) and \$/£ exchange rates which have acted as a disincentive to US investment in production and use of UK studios. There is also evidence that the proposed re-organisation of the commercial television sector has led to a marked reduction in film investment by the ITV companies, which, together with investment from Channel 4, had become a mainstay earlier in the decade (see Brief 6).

Exports

8 Total overseas net earnings of UK film companies amounted to £42m in 1988, compared with £107m in 1987 and £104m in 1986 (see table at Annex 2 - source: Overseas Transaction Enquiry conducted by the Central Statistical Office).

US production industry

9 The Hollywood Studios or 'Majors' are the most visible and successful part of the film production industry worldwide. They are Columbia, Warner, MGM-UA, Disney, Paramount, Universal, Fox and Tristar. In addition to producing their own films in-house, they also acquire films from other producers. They also dominate the distribution sector in North America and this together with the size of the domestic market, are commonly regarded as key factors in their success. Major US films are generally able to recoup their production costs from US exhibition receipts alone. Receipts from US

cinemas in 1989 amounted to over \$5 billion (source: Time Magazine). Additional receipts from overseas markets then are not vital to the maintenance of an in-house production function. Nevertheless, film and television programmes are on a par with Boeing as America's leading export earners. Total earnings of US films in overseas markets in 1989 were around \$3 billion (source: Time Magazine)

DISTRIBUTION AND EXHIBITION

Film Distribution

10 Distributors act as 'wholesalers' - they obtain the right to show a film either straight from the producer or from another distributor. The distributors who have the cinema rights in turn license cinemas to show the film in exchange for a film rental and decide the method of release, cinema bookings, making and despatching of prints, and overall promotional activity nationally and regionally.

11 The size of the distribution sector varies according to the level of cinema attendances. In 1989 the total UK box office returns amounted to approximately £160-180m. Revenue for the distribution sector is about 40% of total box office returns (ie £64-72m for 1989).

12 Distributors can play an important part in film financing - either by offering financial guarantees to producers or by entering into distribution contracts which can then be used as security for raising money elsewhere. Part of the UK film production industry's concern is that the distributors do little to fulfil this role in respect of UK, as opposed to US, films.

13 The major distribution companies in the UK are subsidiaries of US companies (responsible for about 70% of UK film rentals). A complex system of traditional unwritten alignments exists between distributors and the two major cinema circuits Rank (Odeon cinemas) and Pathe (Cannon and ABC cinemas). This means in practice that a distributor offers first refusal of its films to one or other circuit. However the new multiplex cinemas which already have close ties with the US distributors have not been absorbed into the alignment system and as a result distribution patterns have become more unpredictable in recent years.

Film Exhibition

14 Following a steady decline over a number of years, UK cinema admissions reached a low of 53 million in 1984 but have since risen every year to reach nearly 90 million in 1989. Improved confidence in the cinema industry has been borne out by increased investment in cinema refurbishment and the growth of multiplex cinemas (mainly US owned). 32 multiplex cinemas (with 315 screens in total) have been built since 1985. Pathe/Cannon remains the largest UK cinema chain with 388 screens, Rank is the second largest with 239 screens.

15 The Films Act 1985 effected a major deregulation of the industry. (See Brief No. 3). The Eady levy on cinema admissions was abolished as was the compulsory licencing (by DTI) of film distributors and all cinemas, and the compulsory registration (with DTI) of all films released for public exhibition.

16 The Films (Exclusivity Agreement) Order came into force in April 89 outlawing the industry practice of long term 'barring' as a means of conferring a measure of exclusivity on an exhibitor. Exclusivity was to be negotiated on a case by case basis. This issue had first been addressed by the Monopolies and Mergers Commission (MMC) in the 1983 Report on the Supply of Films for Exhibition in Cinemas which concluded that scale monopolies existed in favour of Rank and EMI (now Pathe) as exhibitors and UIP (UK) and Columbia-EMI-Warner as their respectively aligned distributors.

17 The MMC also recommended the introduction of arrangements to ensure that a popular film would not be exhibited exclusively at a particular cinema for more than 4 weeks unless the film had been made available to competing cinemas. The aim was to decrease delays in releasing popular films from city centre cinemas, mainly owned by Pathe and Rank. The 1989 Order did not include this proposal as the increase in competition in the exhibition sector (partly instigated by the advent of multiplexes) since 1983, the general upward trend in admissions, and the industry's own representations on the matter meant that Ministers considered such measures unnecessary for the time being.

Video

18 The combined income of the rental and sell-through sectors was approximately £850m in 1989 (up 35% in 1988). According to the British Videogram Association's (BVA) figures, the total number of rentals for 1989 was 376 million (up 8% on 1988), worth a total of £556 million (17% up on 1988). Pre-recorded feature films accounted for 80% of all hired tapes in the final quarter of 1989 (we do not have figures for the year as a whole).

19 The record rental figures were achieved in spite of a huge increase in the value of retail sales in 1989 (estimated total value of £300m compared to £150m on 1989). Nevertheless, it is anticipated (at least within certain sectors of the film industry) that the continued expansion of sell-through will lead to a rapid decline in the rental market.

20 Mr Forth recently met Stephen Moore, Chairman of the BVA to discuss the possibility of the BVA investing in UK film production through British Screen Finance and the National Film and Television School. The video sector will probably contribute to the School, but not to British Screen.

Department of Trade and Industry
June 1990

FILMS COMMENCED BY MEMBERS OF THE PRODUCERS ASSOCIATION DURING THE RESPECTIVE CALENDAR YEARS MADE IN OR FROM THE UNITED KINGDOM

	1989 £m	1988 £m	1987 £m	1986 £m	1985 £m	1984 £m	1983 £m
CINEMA FILMS EXPENDITURE							
UK	27.58	58.93	65.5	94.2	66.9	65.8	32.9
US	19.60	66.77	131.4	175.9	153.7	140.1	132.9
OTHER	2.40						
TOTAL	49.58	125.70	196.9	270.1	220.6	205.9	165.8
TV FILMS EXPENDITURE							
UK	11.82	10.8	13.6	13.1	21.2	15.3	24.5
US	3.50	7.96	11.0	3.2	31.4	42.6	2.2
OTHER	0.80						
TOTAL	16.12	18.76	24.6	16.3	52.6	57.9	26.7
NO. OF CINEMA FILMS MADE							
UK	16	35	26	N/A	N/A	N/A	N/A
US	4	6	15	54	31	46	N/A
OTHER	2						
TOTAL	22	41	41	54	31	46	-
NO. OF TV FILMS MADE							
UK	13	10	9	N/A	N/A	N/A	N/A
US	2	4	5	11	27	21	N/A
OTHER	1						
TOTAL	16	14	14	11	27	21	-

(Source: Producers Association)

Table 1 Overseas transactions in respect of film and television material

	1980	1981	1982	1983	1984	1985	1986	1987	1988
Receipts (1)									
Film companies (2)	121	97	134	208	226	260	210	264	230
Television companies (3)	50	47	62	77	91	110	101	117	128
Total	171	144	196	285	317	370	311	382	358
Expenditure (4)									
Film companies (2)	59	66	63	115	114	123	106	157	188
Television companies (3)	31	37	55	69	90	82	89	111	92
Total	90	103	118	184	204	206	195	268	280
Receipts less expenditure									
Film companies (2)	62	31	71	93	112	137	104	107	42
Television companies (3)	19	10	7	8	1	28	12	6	36
Total	81	41	78	101	113	165	116	113	78

¹ Sums receivable from overseas residents. ² Includes transactions by film companies in respect of rights restricted to television. ³ Includes transactions in respect of BBC sound broadcasting and Independent Television News. ⁴ Sums payable to overseas residents.

TAX REGIME

1 Prior to 1979 the Revenue treated expenditure on film production as being on revenue account. Write-off was therefore allowed over the revenue producing life of a film - at rates negotiated with the individual inspector concerned. In 1979 the Revenue conceded that film production expenditure was on capital account and qualified for capital allowances as plant and machinery. At the time, plant and machinery capital allowances were at the rate of 100% in the year in which the expenditure was incurred. So the switch to capital allowance treatment meant earlier write-off for film production expenditure.

2 In 1982, because of abuse of the first year capital allowance for film production expenditure, expenditure on non-Eady levy films was removed from the capital allowance regime and a new system of write-off, known as the income-forecast method, was enacted in its place (Section 72 Finance Act 1982). The income forecast method provides that expenditure should be written-off over the income producing life of a film, having regard to the rate at which the value in the film is expected to be realised. Broadly, it restored the treatment of non-Eady levy films to the pre-1979 basis, but with a codified rather than an ad-hoc method of calculating the rate of write-off. (The capital allowance tax write-off mechanism is now available only for films certified as British pursuant to Schedule 1 of the Films Act 1985).

3 Section 62 of the Finance Act 1984 introduced two new sub-sections to Section 72 specifically for film production. Sub-section 4A provides that, in addition to the expenditure which may be allocated to a "relevant period" under the main provisions of Section 72, an additional amount may be allocated, subject to the total amount allocated not exceeding the income from the film brought into account. Provision for the phasing out of 100% capital allowances industry-wide was also made in 1984. The film industry considers that this has probably been the most important contributory factor to the decline in UK production and there have been calls for film production to be treated in a similar fashion to oil exploration, which qualifies for immediate 100% relief under the Scientific Research Allowance. It is often overlooked, however, that normal capital allowance rules apply (ie 25% per annum on a reducing balance basis) during the development and production phases of an oil field's useful life and that, upon production, oil companies are subject to taxation rates which are considerably greater than the normal rate of Corporation Tax.

Investment scheme

4 Film production is eligible for BES but the level a company can receive in any one year - £500K - would not make a significant contribution to most film budgets. Investment in

film production is highly risky and unattractive to individual investors, but to allow in corporate investors, as the industry would like, would be a radical departure from the present BES.

Withholding tax

5 Withholding tax is levied on fees earned by visiting sportsmen and entertainers. The effect is to raise the cost of film actors (notably US stars considered vital to the commercial success of many films) coming to work in the UK, who expect their fees to be made up to cover the tax.

Department of Trade and Industry
June 1990

DEREGULATION (including Statistics)

1 The Films Act effected a major deregulation of the industry and set the framework for Government policy. Up till 1985 complex arrangements for the control and regulation of the film industry had emerged for the purpose of enabling other measures such as Eady levy and cinema quota (suspended in 1983) to operate effectively.

2 The Eady levy had originally been set up to stimulate UK film production. However the post war decline in cinema admissions had meant that the levy provided diminishing amounts for the production sector and had become an unnecessary burden on the exhibition sector.

3 The decision to abolish the Eady levy removed the legislative basis for cinema quota as well as the need for the compulsory licencing of film distributors and cinemas and the compulsory registration of all films released for public exhibition.

Statistics

4 Comprehensive statistics on film production and exhibition were also collected as a by-product of the administration of the Eady levy. With the demise of the levy in 1985 it was decided that there was insufficient need for the data to justify the considerable costs, and substantial burden on business, that would be involved in continuing to collect the statistics in their existing form.

5 After representations from interested parties, both inside and outside the department, a quarterly inquiry on a voluntary basis was launched in 1987 to collect broad summary statistics for the cinema sector. The information provided by this inquiry is very much more limited in scope than was the administrative data for the Eady levy, and the number of contributors to the inquiry is also much smaller.

6 Some additional information about the moving picture industries is collected in the annual inquiry into the overseas transactions of UK film and television companies, and the Annual Service Trades Inquiry. There are no official statistics on film production.

MMC REFERENCES

1 Details of the 1983 Monopoly and Mergers' Commission (MMC)'s Report on the Supply of Films for Exhibition in Cinemas are included in paragraphs 16 and 17 of Brief 1.

2 In 1989 the MMC published a report on Labour Practices in TV and Film Making following a joint referral by the Home Secretary and the Secretaries of State for Employment and Trade and Industry. The practices considered were the restrictions on work done by non-union members and the requirement for minimum numbers on particular tasks. The report concluded that fundamental changes were taking place in employment and working practices as a result of increased competition, changes in employment law and rapid technical advances. The MMC also concluded that the reference itself had acted as a catalyst for change but expressed concern at the rate of that change in the independent sector and at the problems concerning repeat fees and consents (which fell outside the terms of reference of the report). The DTI is awaiting comments from the Home Office before seeking progress reports from the industry.

3 The MMC has recently published a report on the Supply of Cinema Advertising Services. The reference followed a complaint to the Office of Fair Trading from one of the two suppliers, Pearl and Dean (PD), that it had lost business to the other supplier, Rank Screen Advertising (RSA), as a result of unfair competition. The report concluded that there were two monopoly situations, the first involving RSA and its parent company, the Rank Organisation, and the second, a complex monopoly, involving RSA and PD. However, these were not deemed to operate against the public interest.

Department of Trade and Industry
June 1990

BRITISH SCREEN FINANCE LTD (BSF)

1 BSF is the private sector company, which operates HMG's three film support schemes. It was set up in January 1986 to continue those activities (investment in low/medium budget British films, short films and script development) previously undertaken by the National Film Finance Corporation.

2 The Department of Trade and Industry's present contractual commitment to BSF is to provide total funding of up to £2m pa for 5 years (1986-1990 inclusive). It was announced in July last year that funding will continue at the same level for a further 3 years until the end of 1993. The terms and conditions of this continued support have not yet been determined.

3 BSF continues to seek new private sector investment. Channel 4 has agreed to provide £300,000 pa. In addition, all the existing shareholders (Granada, Rank, Cannon/Pathe and Channel 4) have agreed to defer repayment of the loans made between 1986 and 1990, so that monies recouped by BSF may be reinvested.

4 To date BSF has invested in 50 feature films, 25 short films and supported 57 script development projects. BSF claim that this has resulted in product worth over £70m with tax returns to the Exchequer of £18m. However, only 55% of that total investment has been recovered.

Department of Trade and Industry
June 1990

**INTERFACE BETWEEN FILM AND TELEVISION (INCLUDING 25%
INDEPENDENT PRODUCTION REQUIREMENT)**

1 The impact of television is widely regarded as one of the factors that contributed to the post-war decline in cinema attendances. In recent years, however, there has been a continually developing interface between film and television, with the latter providing a vital source of production finance for the former.

2 The trend of showing feature films began in the early 1960s and has been increasing ever since. According to the 1984 White Paper on Film Policy, BBC 1 and BBC 2 between them showed 786 feature films in 1983 and the individual ITV companies between 325 and 360. Individual film viewings a year on television were estimated at four billion. Until the early 1980s there was no television investment in film. Television rights in the finished product were acquired for a nominal fee (the 'slot cost') and the cinema exhibition industry insisted on a lengthy delay or window between cinema release and television broadcast.

3 Direct investment in new feature films - for initial theatrical release - was largely pioneered by Channel 4 through its 'Film on Four' arm, which commissioned 22 feature films in 1983 (its first year of operation). It has since gone from strength to strength - increasingly through co-financing rather than commissioning - and was responsible for 'Letter to Brezhnev', 'My Beautiful Laundrette' and 'Wish You Were Here', amongst others. Channel 4's success led to a number of ITV companies (and more recently the BBC) starting to invest directly in film production, and a few set up their own film-making subsidiary companies.

4 The film production industry, therefore, now tends to regard the broadcasters as a virtually irreplaceable source of production funding and the gap between film and television has been narrowed considerably. (The release pattern of films for instance, is now far more flexible, with no automatic television holdback for films made under a total budget of £4 million). There is evidence, however, that the proposed re-organisation of the commercial television sector has led to a marked reduction in investment in high cost projects by the ITV companies because they have been restricting their spending in order to maximise their bids for the new franchises. These companies are unlikely to engage in film investment until their future is more settled and secure. The current uncertainty in the television sector was one factor taken into account when further funding for BSF was under discussion.

5 As the number of broadcasting media continues to expand, satellite and cable channels have also begun to invest in film production (but not specifically UK production) after initially investing - at substantial cost - in existing film

libraries. British Satellite Broadcasting set up a \$25 million 3 year investment fund in 1988. It is understood, however, that this has largely been channelled into production in the US.

25% Independent Production Requirement

6 The Broadcasting Bill contains provisions requiring, from the beginning of 1993, that 25 per cent of transmissions of original output will be programmes made by independent producers. The requirement, which will apply to both the BBC and the ITC licensees, follows on from a voluntary scheme agreed with the broadcasters in 1988. The voluntary initiative, in turn, stems from a recommendation in the Government-commissioned 1986 Report on the financing of the BBC ('the Peacock Report') that the BBC and ITV should be required to commission at least 40% of their programmes from independent within 10 years. The underlying intention was to create greater competition in programme supply. HMG was sympathetic to this recommendation but initially opted instead for a 25% target over 4 years.

7 Following representations made by the independent sector concerning the terms of trade under which they operate - with particular reference to the broadcasters' practice of acquiring the rights in the programmes commissioned - OFT have been asked by DTI to consider the possibility of a reference to the MMC.

Department of Trade and Industry
June 1990

INTERNATIONAL CO-PRODUCTION/CO-PRODUCTION AGREEMENTS

1 Co-productions are films or tv programmes made with the financial, technical and artistic co-operation of individuals from two or more countries. Most are entirely intra-industry arrangements and the number is increasing as the costs of producing film and quality tv drama and documentaries escalate. There are also inter-governmental Film Co-production Agreements (the UK has six) which for most countries means that co-productions which conform to certain criteria may have access to government support, usually financial, although such support is not available to UK producers.

2 The UK has signed this week an Agreement with Australia (which covers co-productions for film, tv and video, and makes limited provision for three-way co-productions) and is finalising negotiations with Canada to make the existing Agreement more flexible. We are also negotiating a new Agreement with New Zealand. The UK's other existing treaties are with France, Italy, Norway and West Germany. From government's viewpoint work on co-production treaties assists the industry at a small cost in terms of staff resources only.

3 Members of the industry have expressed concern that most co-productions will go overseas where there are fiscal and other incentives for film production.

Department of Trade and Industry
June 1990

EUROPEAN INITIATIVES

EC MEDIA PROGRAMME

1 MEDIA (Measures to Encourage the Development of the Audiovisual Industries) was introduced by the Commission in 1986 to strengthen the economic basis of the Community's film and TV industries under the "action ponctuelle" mechanism (which UK considers has been misused). Expenditure has risen from 1 MECU in 1987; 5.5 MECU in 1988; 7 MECU in 1989; and 12 MECU for 1990. The Commission have advanced "seed money" for about 10 projects (which deal with film and TV production, distribution, exhibition, training and financing) hoping to attract 2-3 times that amount in matching funds from industry. The Commission claim that by the end of 1989 their total investment of 13.5 MECU has generated a total of 40 MECU.

2 UK organisations which benefit naturally regard MEDIA as worthwhile, helping the European audiovisual industry to counter American and Japanese competition. HMG is concerned that the Commission have not provided a hard financial analysis of the benefits of MEDIA, which should be more industry-led with minimal Commission spending. OAL acts as UK co-ordinator for MEDIA, DTI, Home Office and OAL each take responsibility for designated projects within their domestic interests.

Commission Proposals for "MEDIA 1991-95"

3 In 1989 President Delors called for an expanded MEDIA programme of 250 MECU over five years in synergy with Audiovisual-EUREKA. The Commission have now circulated a communication advocating an extended MEDIA Programme costing 235 MECU over 5 years, plus a training component costing 15 MECU. No formal UK position has yet been taken on the Commission's proposal; but the costs and benefits of any such programme to help European film and TV industries will need to be rigorously justified.

4 In March this year, a Committee of Experts, appointed by the EC and chaired by Sir Ian Trethowan, published a report on the pilot phase of MEDIA. The report concluded that the programme should be expanded into a five-year action plan but that the work should be re-assessed in two years time 'after a systematic and thorough study of the European audio-visual industry as a whole'.

Audiovisual EUREKA

5 At the Paris Audiovisual Conference in September 1989 Ministers of EC and Council of Europe Member States and of the USSR, Hungary, Poland and Yugoslavia (26 countries in all) agreed to a number of measures to establish an audiovisual EUREKA framework. The objectives of Audiovisual EUREKA are, through greater and closer co-operation between professionals

in the European audiovisual industries, to encourage the development of an open, competitive European audiovisual market. The idea is based on existing EUREKA which promotes European collaborative R&D projects.

6 A committee of EUREKA framework co-ordinators from participating Governments and a small EUREKA Secretariat has been set up to encourage industry to implement projects and to monitor progress with these. A feasibility study is also being undertaken into the setting up of an 'observatory' to collect and hold data in the audiovisual sector and to promote transparency in the audiovisual market.

7 The secretariat's administrative costs will be borne by the 26 participating governments on a scale of contributions which puts the UK's at 12.25%. Costs are estimated at 1 MECU per year with a further 0.3 MECU in the first year to cover the cost of the feasibility study.

8 The UK has been supportive of Audiovisual EUREKA provided that any finding is industry led.

EURIMAGES co-production fund

9 The EURIMAGES co-production fund was set up in 1989 by the Council of Europe. The fund provides co-production finance for audiovisual works involving at least 3 co-producers from council of Europe Member States. Eighteen Member States now participate in the programme which had a budget of some £5m in 1989. The UK line has been that the creation of such a fund is a matter for the industry itself rather than Government and we have therefore not joined.

Department of Trade and Industry
June 1990

STATE AIDS IN OTHER EC COUNTRIES/STATE AIDS FRAMEWORK

1 Most other developed countries, make substantial financial support available for film production. This is justified mainly on cultural and linguistic grounds. Films which appeal mainly to domestic audiences rarely recoup their cost since they are unattractive to the largest and sole self-supporting market: the USA. The USA offers no direct federal support for film production although many state governments have set up Film Commissions (see Brief 12).

2 The two EC countries which have a reputation for film making which extends beyond national boundaries, France and West Germany, both have schemes for giving tax relief for direct investment in films and make substantial grants, low interest loans available for qualifying films. These can include films made in English, and therefore make them attractive co-production partners. All other EC countries, with the exception of Portugal, have support schemes offering a greater level of subsidy than the UK. An account of state and public sector aid available in EC and selected other countries is attached at annex 1.

3 The EC Commission is at present looking at levels and means of support for film production and is contemplating the introduction of a 30% ceiling on the level of state subsidies (including fiscal measures) for film production on a film-by-film basis. This ceiling would reduce the level of support available in a number of other Member States but have no impact on the main UK scheme, operated by British Screen.

Department of Trade and Industry
June 1990

STATE AND PUBLIC SECTOR AID FOR FILM PRODUCTION

The following brief accounts, confined to EC members and selected other countries, relies on more extensive summaries of national schemes reported in Screen Digest for September 1988. Additional information for France from British Embassy sources is included.

AUSTRALIA: Creation of Film Finance Corporation in 1988, with guaranteed funding for four years starting at A\$70m plus A\$50m from previous schemes and private funding. Tax incentives: A cut in May 1988 to 100 per cent write-off in first year of revenue earnings - higher rates of write-offs were allowable previously. In addition, most states have their own film support schemes.
(£1=A\$2.1)

BELGIUM: Total support budget 1986: BF245m. Subsidy of 13 per cent of gross takings up to cost of film, paid as premium, allowable up to 5 years from first screening. Flemish films get up to third of production cost, francophone (theoretically but rarely) up to 80 per cent; actual ceiling is BF16.2m per production. Grants available for 'cultural' films from French and Flemish ministries. Tax incentives modeled on Australian and Canadian systems. (£1=BF63.5)

CANADA: Film Development Corporation has C\$4m a year to invest in film productions with second fund to promote television productions. Federal Department of Communications "plans to spend C\$200m in state film aid over 5 years." Tax incentives: Capital cost allowance of 50 per cent depreciation on film investment in first two years. Regional: Aid also available from state governments. (£1=C\$1.9)

DENMARK: Danish Film Institute makes loans and guarantees up to 80 per cent of production. Institute can subsidise exhibition of films with 'artistic merit' and support promotion and export of films. Under 1987 legislation, budget of Institute increased to DKr100m. (£1=DKr11.8)

EIRE: No entry

FRANCE: Extensive and complex system of support. CNC provides loans and guarantees. "Automatic aid given to all french films in relation to box office takings.." (There are some parallels with the Eady Levy system which operated in the UK up to 1984). In February this year, the French Government announced a further FF130m support for the film industry and the cinema for the current year in addition to FF70m set aside last year. Tax incentives: Tax benefits for individuals and companies investing in film production.
(£1=FF10.4)

GERMANY: Complex but generous system of grants, awards, loans and tax incentives. System administered by Film Promotion Institute (FFA) with annual budget of DM22m, including

contributions from television networks. Federal Interior Ministry spent DM7.5m on film support in 1987. Tax incentives: VAT payable at half rate on film productions (7 per cent). Also, regional support from länder including (from West Berlin, Bavaria and Hamburg) low interest loans, subsidies and tax concessions.

GREECE: In 1985, eight 'quality' feature films received Dr15m in cash prizes.

ITALY: Two-year, low interest loans from Banco Nazionale del Lavoro (BNL) for up to 70 per cent of budget with ceiling of 700m Lire for features. Up to 20 films a year awarded Certificate of Merit worth 40m Lire shared between production team. Total funding for entertainments sector in 1985: 730 billion Lire. BNL advanced 76 billion Lire for 89 productions in 1984 -86 per cent of all film starts. (£1=2,200L)

NETHERLANDS: Interest-free loans for up to 60 per cent of production budget, and up to 90 per cent for films of exceptional artistic merit. Total state funding around NF12m. (£1=NF3.4)

NORWAY: All national films get support equivalent to maximum of 55 per cent of national box office receipts. Public loan guarantees up to 90 per cent of film budget. Tax incentive: Third party investors get tax relief; in 1985, 200 per cent write-off permitted.

PORTUGAL: No detail available.

SPAIN: No entry.

SWEDEN: The Swedish Film Institute spent SKr38m in 1985. (£1=SKr10.4)

USA: No direct Federal support. Regional: Some state governments provide support in the form of tax incentives. Most States operate Film Commissions (see brief 12).

July 1989

MARKETING

1 The DTI, through the British Overseas Trade Board (BOTB), offers support for the film industry in marketing its films overseas. Last year the BOTB granted £178K for the support of British companies under the auspices of the Producers Association at 5 major international film/tv festivals, including the Cannes Film Festival.

2 The British Academy of Film and Television Arts (BAFTA) and Shell UK formed a 3 year partnership in 1989 (worth £3m per year) to promote British film and television in the UK and overseas. In addition the British Council (an independent body established by Royal Charter) already provides £1m approximately to promote the cultural aspects of the British film industry.

3 The film industry is currently looking at ways to co-ordinate an effective international marketing policy to promote British film culture and attract inward investment. An All-Industry Marketing Committee, comprising members of the Producers Association, BAFTA, the British Council, the British Film Institute and British Screen Finance, has been set up to supervise specific marketing initiatives with the aim of providing a general sales support service and to act as advisory body for British product at international festivals.

4 The Committee would be responsible for raising funds for each marketing initiative. The Producers Association which already has experience in organising the British presence at the Cannes festival is likely to take on a co-ordinating role.

TRAINING

1 The Training Agency does not isolate the film industry but takes a broader view of the film and television industry covering feature films, terrestrial broadcast TV, independent companies commissioned by broadcast, corporate and commercials. Satellite TV is expected to grow within the sector.

2 There are around 60,000 people employed in the industry at any one time. The BBC and ITV companies employ the majority but there is a growing freelance sector which all the industry draws upon.

3 There is no focus for training within the sector. However, in such a diverse industry there is now recognition that a joint approach on training is both effective and efficient. This awareness has been reflected in the Broadcasting Bill which includes an amendment that an applicant must demonstrate to the ITC a proper commitment to training.

4 The industry commissioned the Institute of Manpower Studies (IMS) to survey the employment patterns and training needs within the industry. The study, entitled 'Skill Search', had 3 main recommendations; occupational standards of competence were required and increased training and manpower information. The first of these recommendations is being addressed. Employers are collectively funding the development of standards of competence which will be recognised throughout the industry and which will lead to National Vocational Qualifications. This is a significant step which the Training Agency is hoping will lead to a central focus for training being accepted.

5 The single most important training institution in the film/television sector is The National Film and Television School, which was set up in 1970. It is a grant-aided body falling within OAL's responsibility. It provides training for directors, cameramen, editors and other film specialisms, and is jointly funded by the OAL and the industry. Because of the forecast demand for training courses in 1992/3 the School is currently looking for larger premises.

6 OAL's grant to the School for 1990/91 (£1.75m) shows only a slight increase on the 1989/90 figure (£1.70m). After a further slight increase, to £1.85m in 1991/92, the grant will revert back to £1.75m in 1992/93. In announcing this new 3 year settlement in November 1989, Mr Luce explained that he considered it to be in the best interest of the School to enlarge its funding from the audiovisual industries and other sectors; and that he intended to set it a target of increasing contributions from these industries.

FILM COMMISSION

1 State supported Film Commissions are widespread in the state supported USA. They undertake location scouting, provide information services, negotiate reductions in certain state taxes and hotel expenses, and generally facilitate film production in their areas.

2 Some local authorities in the UK (Liverpool, Strathclyde, Newcastle) are establishing Film Commissions, with public funding. It is against this background that the industry is proposing the establishment of a nation-wide service, managed from London, where they consider the need and potential are greatest.

3 Mr Forth wrote recently to Lord Strathclyde at the Department of Employment asking whether the work of a film commission could be handled by the Tourist Boards. Lord Strathclyde has suggested that there might be a role for them to play - particularly in the context of providing advice on location sites - and recommended that the matter be taken up direct with the British Tourist Authority/English Tourist Board.

Department of Trade and Industry
June 1990

SINGLE MINISTER/MINISTRY FOR FILMS

Background

1 HMG's responsibilities for the film and television industries are shared between the DTI, the Office of Arts and Libraries and the Home Office.

2 A single Minister for films was one of the recommendations in the Education, Science and Arts Select Committee's 1982 Report on Arts Funding. In 1984, after the publication of the Films Policy White Paper and in response to the Select Committee, the Prime Minister decided that there should be no change in present responsibilities.

3 The question of a single Ministry for films remains a live issue with the industry although they have been told that it is not one on which HMG is likely to change its position. The industry have also expressed concern at the number of different films Ministers (nine) in the last ten years.

Department of Trade and Industry
June 1990

COMMERCIAL IN CONFIDENCE

Inward InvestmentMCA proposal for Rainham, Essex

MCA Inc, a major US quoted company, is considering the case for a European media centre either at Rainham or near Paris.

2 If MCA choose Rainham, it will be on the basis of a joint venture between MCA, Rank, and British Urban Development Ltd (a consortium of leading UK civil engineering contractors). The proposal is to build a theme park and film studio complex, to serve the European market. Associated with the development will be hotels, a conference centre, and various leisure facilities, and peripheral residential and commercial development. Plans also include provision of a man-made ecology park, as well as 428 acres of managed marshland, to provide a habitat for a variety of flora and fauna. The BBC have had successful talks with MCA, and it is possible that a sizeable proportion (one third) of their total production might be switched to Rainham.

3 MCA would aim to open the first phase of the development by 1995; the remainder would be in stages, extending beyond the year 2000. Total expenditure by MCA and their partners would be over £1.5 billion, with some five million visitors anticipated during the first year of the park's operation. The film studios would consist of five or six "sound stages" using the very latest equipment.

4 The development would be expected eventually to generate over 20,000 jobs in direct and indirect employment. 4,000 jobs would be on the site itself (including 640 in the film studios); the remainder would be in associated activities to serve the theme park, including transport infrastructure, hotels and catering, and the sale of goods and services to the development and its visitors.

Current position

5 MCA have already obtained outline planning permission for the Rainham option.

They are also seeking Government assistance in resolving a number of key issues concerning the implementation of the project. These include the purchase and clearance of the site, the provision of road and rail transport links, and the relocation of existing facilities on the site.

6 MCA are not expected to make a firm decision until after the deadline for any potential judicial review of this planning consent (on 5 July). An early "decision in principle" for either London or Paris is likely early thereafter.

Paramount Pictures and Twentieth Century Fox

7 Paramount Pictures has chosen London as the site for a new European office set up in this year to develop closer links with producers, writers, directors, actors in Europe to produce films with global audience appeal. This follows the success of 'Shirley Valentine' involving UK talent which was financed by Paramount and released last year to critical acclaim worldwide.

8 Twentieth Century Fox has also set up a European office in London for the same purpose. Fox has recently signed a deal with UK producer, John Goldstone, best known for his work with the Monty Python team to foster UK comedy talent and to develop feature film projects for the world market.

Government policy on Inward Investment

9 The Invest in Britain Bureau, part of DTI, is HMG's principal inward investment agency, and the only organisation representing the UK as a whole. The IBB is responsible for promoting the UK as a location for international investment, by seeking out potential investors and providing them with information and advice, in cooperation with FCO posts overseas, and with DTI regional offices and territorial and regional agencies in the UK.

10 US investment in the UK at the end of 1989 was 41% of all US investment in the EC, exceeding that in West Germany, France and the Netherlands combined. During 1989 some 54,000 jobs were created or safeguarded by inward investment projects, the highest ever recorded in one year. On the basis of project costs known to the IBB, the value of inward investment announced in 1989 was in excess of £4 billion.

Department of Trade and Industry
June 1990

LEVIES ON VIDEO AND TELEVISION

1 During the passage of the 1985 Films Act there was considerable support - including a number of Conservative MPs and peers - for the introduction of a levy to support film production. Proposals included a levy on blank video tape, pre-recorded video tape and feature films shown on television. The Government successfully opposed levy amendments, overturning votes in Commons Committee and Lords Third Reading.

2 The Government opposed the principle of a levy as a re-distributive mechanism, on the grounds that it would:

(a) distort the market;

(b) adversely affect the consumer (through increased retail prices of videos or of goods advertised on television, or through an increase in the television licence fee); and

(c) discourage broadcasters from showing films, thereby depressing UK film production.

The Government were also not persuaded that blank video tapes were used on any significant scale to record and repeatedly view films shown on television. Independent research at that time indicated that less than 2% of material recorded was kept for repeated viewing, and not all of that material would be films. Blank tapes were mainly used for time-shifting, ie viewing material at a time other than at its transmission.

Department of Trade and Industry
June 1990

THE BRITISH FILM INSTITUTE (BFI)

1 The BFI was founded in 1933 and its aim is to stimulate public interest in all moving image art forms. Sir Richard Attenborough is Chairman and Wilf Stevenson is Director.

2 Approximately half of the BFI's funding comes from the Office of Arts and Libraries - £12.75m in 1990/91 rising to £13.8m in 1992/93. The remainder comes from the BFI's commercial activities, sponsorship, donations and membership fees. (It currently has 42,000 individual members).

3 It has a wide spread of activity including running the National Film Theatre and Museum of the Moving Image; the National Film and TV Archive; its own film production unit; distribution; reference library and documentary archives; book and periodical publications; and research and education.

4 Film Production: BFI's annual budget is around £10m pa, of which half goes on direct production and the rest on the development of regional film and video projects and the distribution and promotion of its own productions. Additional funding comes from Channel 4 (£450K pa) with extra C4 contributions to individual films and from European TV and distribution networks, bringing total annual turnover to £2.5m. With this BFI produces 8 short films a year and 2-3 feature films. These concentrate on low budget, innovatory scripts by new directors which might otherwise not get commercial funding.

5 Film Distribution: BFI holds the UK, and often the international rights to over 400 feature films and 800 shorts and documentaries from around the world. These are available primarily to art houses and the network of forty regional film theatres.

6 The National Film Theatre: is one of the world's leading cinematheques with three cinemas, 2,000 films screened annually and an estimated attendance of 300,000 a year. It also hosts the London Film Festival every November.

7 The Museum of the Moving Image: was set up entirely through private funding and is the only museum of its kind in tracing the history of cinema and television. It is now a major tourist attraction with almost 1m visitors since it opened in September 1988.

8 The National Film and TV Archive: was founded in 1935 and now holds 148,000 film titles (from 1895 to the present). A facility for film restoration and conservation was opened in 1985.

BIOGRAPHICAL NOTES ON SEMINAR GUESTS

Sir Richard Attenborough

Marble Arch Productions Ltd

He started his career as an actor and went on to produce and direct, winning many awards over the years, most notably for "Gandhi" (8 Oscars), which he produced and directed. Credits include "In Which We Serve" and "Brighton Rock" (actor), "The Angry Silence" (actor and co-producer), "Oh What a Lovely War" (co-producer and director), and "A Chorus Line" and "Cry Freedom" (director). Sir Richard is Chairman of the British Screen Advisory Council, the British Film Institute, the Royal Academy of Dramatic Arts, Vice President and a fellow of the British Academy of Film and Television Arts and Deputy Chairman and a director of Channel 4.

John Boorman

Writer, producer and director of films and television documentaries and author of a number of books on film making. Credits include "Excalibur", "Angel", "Dream One", "The Emerald Forest" and "Hope and Glory". His latest film "Where The Heart Is" has just been released.

Lord Brabourne

G W Films Ltd

Lord Brabourne started producing films in 1958 and has a long list to his credit. His best known films are the lavish Agatha Christie adaptations which include "Murder on the Orient Express", "Death on the Nile" and "Evil Under the Sun". His most recent productions were David Lean's "A Passage to India" and "Little Dorrit". He is a Director of Thames Television, Trustee of the Science Museum, Fellow and Governor of the British Film Institute, Patron of the London International Film School, Member of the British Screen Advisory Council, and Trustee of the British Academy of Film and Television Arts.

Larry Chrisfield

Ernst and Young.

A leading expert on taxation and chairman of the UK Entertainment and Media Industry specialisation group within Ernst and Young. He advises many companies and individuals in the film industry, ranging from individual producers to multinationals. He also advises, on a consultancy basis, the Producers Association on matters relating to taxation in the film business.

Jake Eberts

Katevale Productions

Canadian financier and producer. Founder and Chief Executive of Goldcrest (1980-87). Credits include "Gandhi" and "Local Hero" for Goldcrest. Joined Embassy Pictures in 1983 and in 1985 founded Allied Filmmakers. More recently he was

Executive Producer on "The Adventures of Baron Munchausen" and "Get Back".

Premila Hoon

Director, Film and Media Division of Guinness Mahon investment bank. She has been with the bank for nearly 4 years, during which time it has been involved in the financing of around 35 films. Formerly, she worked in the asset finance area of Chemical Bank as assistant manager, before joining the asset finance subsidiary of manufacturers Hanover Trust as a senior credit manager in 1982.

Isaac Julian

Producer. Trained with the Sankofa workshop and went on to produce "Looking for Langstone" for Channel 4, which was shown at the 1988 Berlin Film Festival. He is currently working on "Young Soul Rebels", a BFI film which starts shooting next month.

Simon Linnett

Director of NM Rothschild and Sons Ltd

He joined the Banking Division of Rothschilds from university in 1975 and since 1978 has worked in the Corporate Finance Division, where he was involved in the corporate restructuring of Goldcrest and the raising of finance for the new company in 1982. He became a director in 1986 and a member of the Executive Committee in 1989.

Linda Myles

Commissioning Editor for Independent Productions, BBC TV. Formerly head of Creative Affairs at Columbia Pictures UK. Former Director of the Edinburgh Film Festival. As an independent producer, her credits include "Defence of the Realm".

Simon Perry

Umbrella Films

Writer, producer, and exhibitor. Formerly with "Variety" magazine and has worked with the National Film Development Fund. Former Chairman of the Association of Independent Producers and is a member of the British Screen Advisory Council. Formed Umbrella Films in 1982 and credits have since included "White Mischief", "1984", "Another Time, Another Place", "Nanou" and "Hotel du Paradis".

Otto Plaschkes

Ariel Productions

Entered the industry in 1955 as an independent producer and credits include "Georgy Girl", "Hopscotch", "The Bofors Gun" and "Shadey". Joined Cannon as Head of Creative Affairs (Europe) in 1986. He was appointed Chief Executive of the

British Film and Television Producers Association in 1987 until this year. He has now formed his own production company. Member of the British Screen Advisory Council.

Nik Powell

Palace Pictures

Chairman of Palace Pictures, a company active in both the production and distribution of film and video. Credits include "Mona Lisa", "Company of Wolves", "Dream Demon", "Shag" and "High Hopes". Most recently, as Executive Producer on "The Big Man", "Dancin' Thru The Dark" and "Hardware". Member of the British Screen Advisory Council.

David Puttnam, CBE

He started in the advertising industry and went on to become a photographic agent. Entered the film industry in 1968 as a producer. While at Goldcrest, he produced a number of films including "Bugsy Malone", "Midnight Express", "Chariots of Fire", "Local Hero", "The Killing Fields", and "The Mission". He became Head of Production at Columbia Pictures in 1986 and after 13 months in Hollywood, he returned to the UK as an independent producer, relaunching Enigma Productions in 1988. He has been the Chairman of the Board of Governors of the National Film and Television School since 1988 and is a member of the British Screen Advisory Council, a director of Anglia TV and a trustee of the Tate Gallery. He is currently working on "Memphis Belle", to be released later this year.

Sarah Radclyffe

Joint Managing Director of Working Title, set up in 1984 initially to make music videos. Moved into film production with "My Beautiful Laundrette", which was an international critical and commercial success. Other credits include "Personal Services", "Sammy and Rosie Get Laid", "Wish You Were Here", "A World Apart" and most recently, "Fools of Fortune".

Simon Relph

Chief Executive of British Screen Finance Ltd

Simon Relph was born into the film industry, his father is the active producer Michael Relph. His early career in the film industry was as a first assistant director on films such as "Anne of a Thousand Days" and "Sunday Bloody Sunday". In 1974 he joined the National Theatre as Peter Hall's production administrator. Returning to films he was Executive Producer and assistant director on Warren Beatty's "Reds" since when he has produced a number of films including "Privates on Parade", "The Ploughman's Lunch", "Wetherby" and "Comrades" before taking up his position at British Screen in 1986.

Alan Sapper

General Secretary of Association of Cinematograph, Television and Allied Technicians (ACTT). Former President of the TUC.

Governor of the British Film Institute and National Film and Television School. Member of the British Screen Advisory Council.

Ann Skinner

Skreba Productions

A film and television producer whose credits include "A Very British Coup", "The Gourmet", "Heavenly Pursuits" and "The Kitchen Toto". Currently working on "One Man's War", a TV film for Channel 4.

Nigel Stafford-Clarke

Zenith Productions.

Started in TV as Head of Programmes at the Moving Picture Company 1982-87. Moved to Zenith in 1987 as a producer involved in TV and feature films. Credits include "Parker", "The Assam Garden", and "Stormy Monday". Zenith is the UK's largest independent film and TV production company. Formerly owned by Central TV it is now a wholly owned subsidiary of Carlton Communications.

Wilf Stevenson

Director of the British Film Institute since October 1988. He was secretary of Napier Polytechnic in Edinburgh for 13 years after gaining a degree in chemistry and a professional qualification in accountancy. He joined the BFI as Deputy Director in 1987 for 18 months before becoming Director.

Jeremy Thomas

Recorded Picture Company Ltd

Entered the industry in 1967 and has worked in most aspects of film production, most notably editing. He has a long list of quality films to his credit but became familiar to a wider audience when he produced Bernardo Bertolucci's "The Last Emperor" which in 1988 won 9 Oscars - a feat only ever surpassed by "Ben Hur". His other films include: "The Shout", "Bad Timing", "Merry Christmas Mr Lawrence", "The Hit" and "Insignificance". He has his own UK production company, The Recorded Picture Company as well as a distribution company, Recorded Releasing. In 1987 he was the first British producer to be honoured by an invitation to sit on the jury at the Cannes Film Festival. He is currently working on "The Sheltering Sky", directed by Bertolucci.

Sir Ian Trethowan

Chairman of Thames Television since 1987.

Sir Ian's many appointments include: a member of the Planning Committee of European Film and Television forum 1988 - 89; the European Commission's Committee of Cultural Consultants 1988 - 89; President, European Commission Cinema/TV Group 1988-89; European Television Task Force 1981-88; Director - General BBC, 1977-82.

Lew Wasserman

Chairman of the Board and Chief Executive Officer of MCA Inc. He joined MCA in 1936 and ten years later was named President and Chief Executive Officer of MCA, serving in that capacity until elected Chairman in 1973.

Michael Williams-Jones

President and Chief Executive of United International Pictures, a theatrical distribution and Pay TV joint venture between Paramount, MCA/Universal and MGM/United Artists. He began his career with United Artists and became Senior Vice President, Foreign Manager in 1979. In 1981 he joined UIP as Senior Vice President, International Sales and was named President of UIP Motion Picture Group in 1984. He has been President and Chief Executive of UIP since 1986.

John Woodward

Chief Executive of the Producers Association since April 1990. Began as a freelance researcher for advertising agencies and small corporate production companies (1983-86). In 1986 he joined the 25% independent quota campaign lobby and became coordinator of the Independent Access Steering Committee. Acted as deputy director of the Independent Programme Producers Association between 1988 to April 1990.

PRIME MINISTER

SEMINAR ON THE FILM INDUSTRY

When you visited Abbey Road Recording Studios recently, I understand Mr. Mike Batt mentioned to you his concerns about the high costs and restrictive practices of the musicians union in Britain. This has led producers to go elsewhere to record the film scores of films being produced in Britain.

This is relevant to the film seminar and you may wish to refer to it if the opportunity arises.

Mr. Ken Townsend, the Manager of Abbey Studios, who was also present at the discussion, has kindly arranged for confidential reports describing the problems created by the practices of the musicians union to be sent in advance of the seminar.

In the time available it has not been possible to digest the contents in full. But you may like to refer to some of the more startling information, without identifying the source of the report:

- of 83 productions identified, over 30 per cent of the music recordings were lost to the UK;
- the lost revenue to musicians is put at £2.5 billion;
- most of the work went to Munich, Dublin and Budapest.

I attach a copy of the main report.

BHP

in attached folder

BARRY H. POTTER

14 JUNE 1990

PRIME MINISTER

SEMINAR ON THE FILM INDUSTRY

You are chairing the seminar on the film industry tomorrow. I attach the briefing. It is rather a lot - you may want to concentrate on

- Flag A: Mr Ridley's advice on the proposed outcome
- Flag C: your opening remarks
- Flag H: your steering brief
- Flag I: your closing remarks

At flag A is a minute from Nick Ridley setting out a proposed outcome to the seminar. The key proposed announcements are as follows:

- there is a view that the film industry needs to be restructured, so that profitable distribution and exhibition can channel funds into less profitable production; a working party should be established to consider this;
- the Inland Revenue should receive representations from the film industry on tax matters;
- an injection of public money into a co-production fund;
- endorsement of the Europe wide Media programme;
- a small public injection (one-off £150,000) to the cost of giving the European Film Awards in Glasgow.

Further consideration will need to be given to a more up-beat message (see below).

At flag B is the agenda for the film production seminar.

At flag C is the draft of your opening remarks. This is broadly the version I showed you earlier, with a small number of factual amendments from DTI incorporate.

At flag D is the paper which Simon Relph from British Screen

Finance will give (which you saw earlier).

At flag E is a note from Brian Griffiths which suggests some questions you may like to ask at this session or the next as appropriate.

At flag F is Nick Ridley's paper (again you saw this earlier).

At flag G is Sir Richard Attenborough's paper. It is rather disappointing: much of it is a plea for more subsidies and tax benefits. EC initiatives receive much praise. The conclusion is a little better - recognising the need for improved climate. But much of it reads like a producers interests' manifesto.

At flag H is a steering brief. I fear it is much too prescriptive - more a film script than a steer. Accordingly I have highlighted the names you need to call to speak at each discussion session.

Finally at Flag I I attach a draft of the closing remarks: again this bears no resemblance to the original DTI version. You will wish to decide whether to use all or part in the light of the discussion.

Handling

It is proposed that you should attend the seminar for the full period. I have however already pointed out to DTI officials that you could well be called away. Nick Ridley is aware of this and quite happy to step in as chairman at any point.

This also leaves the way free for you to absent yourself for a short period if you wish to take up other matters.

One final point. Sir Ian Trethowan is attending: he has Motor Neuron Disease. I understand that he is very ill and not expected to live very much longer. He will be in a wheelchair.

BHP
Barry H Potter

14 June 1990

c: film (MJ)

FILM INDUSTRY SEMINAR

The following are some questions which may be relevant to tomorrow's discussion.

First Discussion Period: 10.10 - 10.30 am

Jack Valenti in his letter makes one main point which I think is very important:

"the film industry is now the audio visual industry, encompassing cinema, home video, pay-TV and commercial TV."

- Q.1. Why is the film industry in the US so much more integrated with video and TV than in the UK? To what extent is it because of (a) the BBC as a public sector body, (b) the television duopoly, which meant ready funding for TV companies' own productions?
- Q.2. The video and cinema side of the UK industry have been very successful in recent years. What plans do UK film production companies have to join forces with them? Co-productions with C3, C5 and satellite TV companies?
- Q.3. Who is prepared to invest risk capital in high-budget full-length feature films in the US? Why are they not prepared to invest in the UK as there are no subsidies in the US?
- Q.4. Has there been a shortage of good scripts in the UK film production industry in recent years?

Q.5. If more public money was placed by European governments in European co-production, what kind of films would be made, that are now not made?

Second Discussion Period: 11.05 - 12.20

It is highly likely that some of the same points will emerge in this discussion period.

The other topics for discussion are well set out in the speaking notes.

B.G.

BRIAN GRIFFITHS

P.S. Parts of Valentini's letter are worth reading and could be used.



MOTION PICTURE ASSOCIATION
OF AMERICA, INC.
1800 EYE STREET NORTHWEST
WASHINGTON, D.C. 20006
(202) 293-1986

JACK VALENTI
PRESIDENT
AND
CHIEF EXECUTIVE OFFICER

June 12, 1990

Dear Professor Griffiths:

I had planned a business trip to London this month and I had hoped to see you at that time. However, pressing Association business continues to require my presence in the United States. And, yet again, I must postpone the pleasure of meeting you.

In the meantime, I was delighted to hear that the Prime Minister has organized a seminar on the UK audiovisual industry which she will chair on June 15. As you know, MPEAA member companies have long enjoyed a strong, special, productive relationship with their British colleagues. For that reason, member companies have welcomed warmly the Prime Minister's initiative to hold, at the highest level, a comprehensive review of the problems confronting the UK industry.

Before going farther, I would like to make two basic points. First, the film industry is now the audiovisual industry, encompassing cinema, home video, pay-TV, and commercial TV. With regard to feature films, cinema exhibition remains the launch pad for strategies based on the territory-by-territory sequential marketing of creative works through all media. Without such strategies, producers would be unable to recover their production costs in order to continue to make films.

Second, satellite broadcasting has provided the industry with a global reach to audiences around the world. It is now up to industry to provide the audiovisual product that will attract and entertain audiences of every conceivable background far beyond national borders of origin.

The UK film industry has a justly admired reputation. Its artists are lauded and respected throughout the world. The US industry has long favored working in and with the UK in making films. A common language is surely one factor that has led to a great number of US-financed films being shot in the UK over many decades. Even more importantly, there are few industries in the world that can boast the wealth of entrepreneurial spirit, creative talent, physical facilities, technical expertise, and special effects skills present in the UK.

For that reason, the UK industry over the years has produced such award winning films as: "A Man For All Seasons"; "Lawrence of Arabia"; "Bridge Over The River Kwai"; "Chariots of Fire"; "Ghandi"; and "A Fish Called Wanda"; to name just a few. Our companies are proud to have participated in one form or another in helping to realize these films which have brought the highest honors that the industry can offer, including numerous Academy Awards, to British creative talent and craftsmen.

Despite these British triumphs and illustrious performances, we are witnessing a sharp decline in UK productions and in the number of UK co-productions, including those produced with the US. In addition, we are aware that the overall level of US investment in the production of feature films, TV films and series in the UK has declined drastically over the past few years. What are the reasons for this decline and what can be done about it?

Needless to say, there are many complex factors at work. And, before giving any advice on this matter, I am reminded of the Earl of Chesterfield's remark that he had never given any advice in matters of religion and matrimony, because he did not want to have anybody's torments in this world or the next laid to his charge. With that in mind, I would like to make a few observations.

From the US perspective, it seems to us that there has been significant decrease in incentives for non-British investors to invest in UK film production. For example, that 100% capital allowance write-off was abolished. In addition, we understand that there are a number of irritants involving challenges to claims for write-off allowances by UK tax authorities, the establishment of withholding taxes on artists, and of course an unfavorable dollar/sterling exchange rate. Taken together, this has created in some instances a climate of uncertainty for investment.

As a first step, the Government might undertake to look closely at the history of industry financing with a view to taking immediate action to correct any disincentives to investment in the UK. Such an approach would undoubtedly help clear the air and restore confidence.

Member companies have already established and are looking into the possibility of re-opening production facilities in Europe, particularly in the UK. Given the proper incentives and fair treatment of investments, the U.S. film industry might be prepared to consider carefully a further significant expansion of investment and production in the UK.

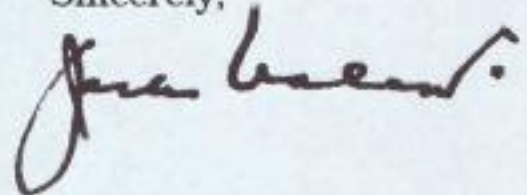
In our long experience, it has been proven time and again that entrepreneurship and creativity are the elements common to all successful films. The process starts with an idea, a concept, which must be developed into a screenplay and then into a film by skilled professionals. No amount of government intervention, taxes, levies or subsidies can guarantee success. In fact, even where such practices abound, the decline has not been arrested. If nothing else, the situation has further deteriorated.

My judgment is, given the high level of cinema artistry within the UK, a program of tax incentives would be the most productive first step to be taken to entice investment capital to provision the UK industry's future.

I wish you every success for the seminar.

Best regards.

Sincerely,



Professor Brian Griffiths
Head of the Prime Minister's
Policy Unit
10 Downing Street
London SW1A 2AA
England

UNCLASSIFIED

n.b. P. 04,
340
15/6
[Signature]



Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Nicholas Ridley MP
Secretary of State for Trade and Industry
Department of Trade and Industry
1 - 19 Victoria Street
London
SW1H 0ET

14 June 1990

Dear Secretary of State
FILM PRODUCTION INDUSTRY

with BP

Thank you for your letter of 13 June.

2 I note that you cannot commit yourself to finding the money for the grant at this stage, but I welcome the prospect that you can find offsets when you have completed outstanding policy reviews during the summer. I am content to proceed on this basis. I note your view that your Survey bidding letter represents the minimum sums necessary for your department's functions, but I fear that I shall have to ask you and colleagues to examine some unwelcome options in the Survey.

3 I am content with the line which you propose to take on the EC's MEDIA programme, on the understanding that any funding will be for discussion in the normal negotiating process. And I have no objection to your plan to find £50,000 in the present year to support the European Film Awards on the basis which you suggest.

4 I have no objection to your proposal to set up a working group to look at the structure of the industry, subject to it being made clear that tax issues are outside the remit of this group.

5 I am copying this letter to the Prime Minister, Malcolm Rifkind and Richard Luce.

Yours sincerely
Norman Lamont

NORMAN LAMONT
(Approved by the Chief Secretary and signed in his absence)



14/6

Treasury Chambers, Parliament Street, SW1P 3AG
071-270 3000

14 June 1990

Barry Potter Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON
SW1A 2AA

Dear Barry

FILM INDUSTRY: TAXATION

... As you requested, I attach a short brief as background for the Prime Minister's film production seminar tomorrow.

Yours

Kate

MISS K GASELTINE
Assistant Private Secretary

(H.M. Treasury)

FILM INDUSTRY: TAXATION

Current tax treatment

1. Film production companies are, for the most part, treated for tax purposes in the same way as other companies.
2. In one respect, they enjoy additional flexibility. Without special rules, they would get tax relief on the costs of producing a film spread over 8 or more years. But special rules allow them either to:
 - (a) set the full costs against the income from the film as it arises, instead of setting off a proportion year by year. This is advantageous if the film is successful. It means that they do not start to pay tax until all the costs are fully covered: so if production costs are £10 million, no tax is payable until income from the film exceeds £10 million;
 - or
 - (b) spread the costs over the expected income producing life of the film. This is advantageous if the film is a flop. Its expected income producing life is short: so they can get full tax relief very quickly - eg over one or two years instead of the normal 8. They can set any tax losses against other income.
3. In practice, film companies will usually know whether a film is a success before they choose which method to go for. So whether their films are a success or a failure, film production companies can get tax relief tailored to their particular circumstances.

4. Film production and distribution companies can also take advantage of the Business Expansion Scheme (BES). Individual investors get relief at their marginal rate of income tax, and exemption from capital gains tax. In 1988 a ceiling of £500,000 was placed on the amount of money any one company could raise through the BES in any one year. This ceiling was raised to £750,000 from May 1990. (A higher ceiling of £5 million applies for private rented housing and for shipping.)

5. In practice, the film industry does not seem to make much use of the BES. This was true even when there was no limit at all on the amount any one company could raise through the scheme.

6. Foreign film stars - like other foreigners - have to pay tax on their earnings in the UK. There is a special arrangement for deducting tax from foreign entertainers (including film stars) at 25 percent, to ensure the Exchequer gets the tax that is due. But if too much tax is deducted in this way, the balance is repaid, or the individual can negotiate a lower rate of deduction with the Inland Revenue.

What the film industry wants

7. The British Film Institute has criticised the arrangements in paragraph 2, mainly because the expenses of producing a film cannot in practice be written off against tax until the film is released and starts to generate income. The industry argues that its cash flow problems arise earlier than this, and that expenses should attract tax relief as soon as they are incurred.

8. We are not sure precisely what the industry's proposals are, but we expect them to ask for:

- tax relief for companies as well as individuals on contributions to a new kind of investment company, modelled on the French "SOFICA". The investment company would help finance film and TV productions
- more generous rules for writing off expenditure against tax. In particular film companies would get tax relief on expenditure in the year it is incurred, rather than only when income from the film begins
- a levy on blank and pre-recorded video tapes
- a reduction in the tax levied on visiting foreign artists, which they claim leads to higher fees being charged by major film stars.

Line to take

9. There is no Treasury Minister at the seminar, so there is no point in getting into detailed arguments about these or other tax issues. But if the film industry would like to make suggestions on tax, they are welcome to put a note to Treasury Ministers; and, if it would help, the Revenue and Treasury would be perfectly willing to see representatives of the industry, without of course any commitment.

10. The Secretary of State for Trade and Industry says in his minute to the Prime Minister of 13 June that he believes this offer "will be welcomed" and "will be as much as they could reasonably expect".

PRIME MINISTER

FILM PRODUCTION SEMINAR, 15 JUNE

I have been considering what we should aim to achieve as the outcome of your seminar with the film production industry on 15 June. At your meeting with Sir Richard Attenborough on 5 April, he said that he was not after money but a clear statement of strong commitment by the Government to UK film production. It is, however, clear that the industry's fundamental concern is over the availability of long term finance for film production in the UK. We have been working with Sir Richard and his colleagues on how best to stage manage the event to provide a positive up-beat outcome. As things stand, however, I believe we may fall short of what many in the industry will be looking for.

In my view the problem of long term finance stems largely from the present structure of the film industry where there is no longer the vertical integration that we had a decade ago from production through to distribution and exhibition. This structure still exists in the US. It provides a means of channelling funds from the relatively profitable distribution and exhibition sectors back into production. Clearly it is

not for Government to speculate on any change to the structure of the industry in the UK. This must be left to the market to decide. The producers would, however, like us to bring together all sides of the industry in a small working group to discuss how best to involve the distributors and exhibitors more directly in supporting British productions. I propose that we should agree to this. The working party would be chaired by officials in my Department and I would ask them to report to me before the end of the year.

There are two other areas on which I expect discussion to focus at the seminar: the tax treatment of film production; and European initiatives. You received a copy of my letter of 31 May to John Major on these issues and you have now received a copy of Norman Lamont's reply of 13 June.

Norman has proposed that he should receive representations from the industry in due course on any proposals they may wish to make on tax issues. I think this will be welcomed by the industry. They do not yet have a clear view as to their priorities or the details of any proposals they may wish to put forward. If we invite them on 15 June to work up their proposals with a view to presenting them to the Treasury in due course I believe this will be as much as they could reasonably expect.

On Europe, Norman has agreed to expenditure on a co-production fund as I proposed but has asked me to find the necessary funds from my existing forward baseline. I am replying to Norman making clear that I cannot commit myself to doing so at this stage although this may prove to be possible as a result of reviews currently underway and to revised estimates of demand for non-cash limited programmes. If we cannot proceed in the way I have proposed then I believe the industry will be disappointed. I understand that Sir Richard may be under the impression that we will be able to make an announcement.

The industry's other main concern on Europe is in relation to the MEDIA programme. This covers a wide range of activities for film production and distribution. The industry attaches considerable importance to it and would like us to say that we endorse the concept of such a programme but without any commitment to precise funding levels. I propose that we should do this and have included an appropriate passage in my own paper (para 23) which has already been sent to you. Finally, I am seeking Norman's agreement to my finding £50,000 in the current financial year from within my existing resources to meet a request from Sir Richard to help ensure that the European Film Awards can take place as planned in Glasgow later this year.

These are the only new proposals that are likely to come from the seminar. We shall of course wish to remind participants of the significant steps we have taken previously, particularly in areas such as improved labour relations, reduced taxation and deregulation. We can also point to support for the film production industry through my Department's £1.5m a year grant to British Screen Finance and the £1m a year which OAL provides for the production and distribution activities of the British Film Institute. The production industry more generally will benefit from the 25% requirement that we are introducing for the BBC and independent television under the Broadcasting Bill. None of these, however, amounts to anything new for us to announce on 15 June.

I am copying this minute to David Waddington, Norman Lamont and Richard Luce.



N. R.

13 June 1990

DEPARTMENT OF TRADE AND INDUSTRY

cepu



Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Nicholas Ridley AMICE MP
 Secretary of State for
 Trade and Industry
 1-19 Victoria Street
 London
 SW1H 0ET

13th June 1990

Dear Nick

FILM PRODUCTION INDUSTRY

with BHP?

Thank you for your letter of 31 May to John Major about your two proposals for helping the film production industry, which you would like to announce at the seminar on 15 June.

2. On the tax proposal, I am afraid that I am not at all attracted by your suggestion of a working party. There is an obvious risk that this would be seen as putting tax decisions into commission with outside lobbyists. In any case, the tax treatment for film producers is already rather more generous than for other industries: they have considerable flexibility on how and when they get tax relief for production costs, and in some cases this can mean that the relief is available in full year only 1 or 2 years. So far as BES itself is concerned, while we have a couple of exceptions to the normal upper limit, as you will realise we face a lot of pressure for further concessions, and any change for the film industry against the background I have described would be potentially highly repercussive. I note also that when there was no limit on BES investment before 1988, this scheme did not apparently prove attractive to the film industry. In view of the importance of the issue I agree that you might say, without commitment, that the Treasury and Inland Revenue would be happy to meet the industry to discuss any tax proposals that they wish to put forward.

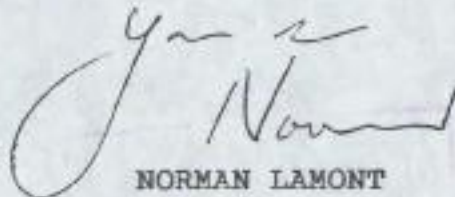
3. The grant proposal does represent the kind of single industry support which we have moved away from, and I share your general view that we need to know a good deal more about what has caused the decline in film investment and what could be done to revive it. I have doubts therefore as to whether this grant will offer

UNCLASSIFIED

good value for money. And I was disappointed to see that you plan to put in a PES bid for this money at a time when there are severe competing pressures on public spending.

4. But I recognise that in the circumstances of this case you may feel that it is necessary to offer a gesture of financial support, and albeit reluctantly I would be prepared on this basis to go along with the grant scheme which you propose. But in view of the wider public expenditure position, I must ask you to find the proposed money within your existing forward baseline - and in effect therefore not to put forward the PES bid which you foreshadowed. I understand that your grant to BSF expires at the end of 1993; and so I hope that we can agree to review the future of this new grant scheme in the course of 1993. Assuming that you still wish to go ahead with the proposal on this basis, perhaps our officials could discuss the technical handling of the PES bid point.

5. I am copying this letter to the Prime Minister.


NORMAN LAMONT

dti

the department for Enterprise

C.P.H.

The Rt. Hon. Nicholas Ridley MP
Secretary of State for Trade and Industry

Rt Hon Norman Lamont MP
Chief Secretary
HM Treasury
Whitehall
LONDON SW1

Department of
Trade and Industry

1-19 Victoria Street
London SW1H 0ET

Enquiries
071-215 5000

Telex 8811074/5 DTHQ G
Fax 071-222 2629

Direct line 071-215 5623

Our ref PE2AVQ

Your ref

Date 13 June 1990

Dear Chief Secretary

FILM PRODUCTION INDUSTRY

Thank you for your letter of 13 June.

I was grateful for your proposal that the Treasury and Inland Revenue should meet the industry to discuss any tax proposals that they wish to put forward. I believe the industry will regard this as a helpful development.

I am also grateful to you for agreeing to a grant scheme to support European co-productions. I am afraid, however, that I cannot commit myself at this stage to finding the money from within my existing forward baseline as you suggest. My bidding letter made clear that my bid represented the minimum necessary, on current forecasts, for the carrying out of the Department's functions, subject to the outcome of reviews currently underway and to revised estimates of demand for non-cash limited programmes. It may be that

these factors will enable me to accommodate the fund to support European co-productions within my existing bids but I cannot be certain of that now. I hope you will be content that we should proceed on that basis.

I should also like to raise a further, albeit minor, request for film funding, this time in relation to the current financial year only. I have been asked by Sir Richard Attenborough if my Department will match the contributions of £50,000 each by the Office of Arts and Libraries and Scottish Office towards the cost of the European Film Awards which are to take place in Glasgow in December. The aim of the awards is to celebrate European talent in filmmaking and encourage wider audiences for European film. The awards were initiated in Berlin in 1988 and held in Paris last year. The budget on



Recycled Paper

each of these occasions was about £2 million. The British organisers are expecting to spend only about £1 million with over half coming from private sector sponsorship.

I would like to agree to Sir Richard's request. The sum is small but it would be a helpful boost to the industry and without it I judge there is a real risk that it will not be possible for the Awards to proceed in Glasgow. I should be prepared to find the £50,000 from savings within my Department's Estimates provision.

As with the other proposals, I should like to be in a position to make an announcement at the Prime Minister's seminar on 15 June. I should therefore be grateful for an urgent reply.

I am copying this letter to the Prime Minister, Malcolm Rifkind and Richard Luce.

Yours sincerely,

Rosalind Cole

[approved by the Secretary of State and
signed in his absence]

dti

the department for Enterprise

The Rt. Hon. Nicholas Ridley MP
Secretary of State for Trade and Industry

Barry H Potter Esq
10 Downing Street
LONDON
SW1A 2AA

Department of
Trade and Industry

1-19 Victoria Street
London SW1H 0ET

Enquiries
071-215 5000

Telex 8811074/5 DTHQ G
Fax 071-222 2629

Direct line
Our ref
Your ref
Date

071-215 5623

PE2AVR

13 June 1990

Dear Barry

SEMINAR ON THE FILM INDUSTRY

I enclose drafts for the Prime Minister's closing remarks
in the concluding session of the seminar, and a Press
Statement.

*Yours
Rosalind Cole*

ROSALIND COLE
Private Secretary



Recycled Paper

CONCLUDING REMARKS

1 This has been an extremely interesting and useful seminar. I should like to thank you all for a most constructive debate. I am confident that together we can work towards achieving a firm base from which to launch the future success of film production in the UK.

2 It is clear from our discussion that we shall need to consider further what measures might be taken to promote the prosperity of the film production industry. We have discussed in some depth the need for secure long term investment; and your proposed changes in taxation; co-operation with European film makers; and your wish to establish agencies to encourage film making in the UK and promote British films overseas.

3 I am asking Nicholas Ridley to set up a working party as soon as possible that brings together all sectors of the film industry - producers, distributors and exhibitors - to discuss issues relating to the structure of the industry and the financing of UK production. I know that he would like this to report to him before the end of this year.

4 I have taken careful note of what you have said about taxation. The Government has done much to improve the workings of the present tax system and this has brought significantly reduced the burden of both personal and corporate taxation. Nevertheless, I would like you to work up your proposals and present them to Treasury Ministers in the

next few months.

5 On Europe, we attach great importance to our producers being able to work with their counterparts in other countries. For this reason we shall be approaching discussions with other Member States positively, including on the MEDIA programme. We must ensure that these programmes achieve value for money and address genuine needs, but we recognise the benefits they can bring.

6 Finally, I am pleased to announce [subject to Treasury approval] that the Government will be providing £150,000 to support this year's European Film Awards in Glasgow in December. We hope the awards will provide a further boost not only to Glasgow as this year's European City of Culture but to the prestige of the UK as a country that regards film production highly.

7 Invite all to join other guests for lunch.



the department for Enterprise

Department of
Trade and Industry

Kingsgate House
66-74 Victoria Street
London SW1E 6SW

Switchboard
01-215 7877

Telex 936069 DTIKH G
Fax 01-931 0397

Barry H Potter Esq
10 Downing Street
LONDON SW1A 2AA

Direct line
Our ref
Your ref
Date

071-215 2674

13 June 1990

Dear Barry,

SEMINAR ON THE FILM INDUSTRY

Thank you for your letter of 7 June. The seating plan was faxed to you yesterday, with a few amendments.

Briefing, as listed in the attached minute, for the Prime Minister, Professor Griffiths, Peter Owen and you is in the attached envelope.

Your list of guests tallies with mine, but we both know that Susan Brown is an addition to the seminar list and will replace Jane Mole at the lunch, and Lord Barnett will be there after all. Stephen Moore will not attend the seminar, but will come to the lunch.

I should perhaps point out, for the avoidance of doubt later, that the list for the seminar is not representative of the industry as a whole. As agreed, we consulted Sir Richard Attenborough who made clear his wish that the list be dominated by film producers.

I am copying this letter to Peter Smith and Martin Stanley.

Yours,

CAROLYN LAMBERT

To:
Mr Stanley

From:

Carolyn Lambert
TPld
Room 408
Kingsgate House
215 2674

14 June 1990

cc Mr Forth
*SPG
*Mr Macdonald
*Mr Salvidge TP
*Miss Caines Inf
Mr Smith TP1
*Dr Hicks IDA5
*Dr Higham EMIS
*Mr King IEP
*Mr O'Shea FRM
*Mr Hughes TPld
*Mr Yearley Inf

*Copies of the Secretary
of State paper only
attached

SEMINAR ON FILM PRODUCTION

1 I enclose a set of briefing for the Secretary of State's use at the seminar on Friday 15 June.

2 The briefing includes:

- 1 Agenda
- 2 Industry paper 1, by Simon Relph
- 3 Secretary of State's paper
- 4 Industry paper 2, by Sir Richard Attenborough
- 5 Summaries of the 3 papers listed above
- 6 Steering brief for the first discussion period
- 7 Steering brief for the second discussion period
- 8 Background briefs on a range of issues concerning the film industry
- 9 Biographical notes on those invited to the seminar.

3 I have sent briefing separately to Barry Potter and the Office of Arts and Libraries.

Carolyn Lambert

CAROLYN LAMBERT

PRIME MINISTER

OPENING REMARKS FOR THE FILM SEMINAR

My note of 8 June indicated that the first DTI draft of your remarks was unsatisfactory. I asked them for a revised version.

This has arrived this morning and is attached at FLAG 8. I fear it is not much better. Accordingly I have tried my hand at an alternative, which I am also copying to Brian Griffiths. This is attached at FLAG A.

RHP

BARRY H. POTTER

12 June 1990

c:\wpdocs\economic\film\kw

OPENING REMARKS AND INTRODUCTIONS

1 Welcome

2 Introduce those at top table:-

Sir Richard Attenborough;

Simon Relph;

Nicholas Ridley, Secretary of State for Trade and
Industry;

Richard Luce, Minister for the Arts;

Eric Forth, Parliamentary Under Secretary of
State at the Department of Trade and
Industry, with responsibility for the
film production industry.

3 The British film industry has a long history of
excellence. I am thinking here not just of past classics like
"The Red Shoes" and masterpieces of comedy such as "Kind
Hearts and Coronets" or "The Lady Killers" but the more recent
critical success of films such as "A Room With A View" and "A
Fish Called Wanda". As Mr Relph reminds us in his paper,
British film makers have won 20 Oscars over the last 4 years.

4 In the past the industry has been stifled by bad working
practices leading to inflexibility and high costs. It has
suffered too from over-regulation. We have done much through
our employment and deregulation policies to set matters right.
We have sought to free the industry so that it is well placed
to seize the opportunities increasingly offered by the

developing market in Europe and the rest of the world.

5 Film production still remains a high risk business. But it is also possible to earn high rewards. One of the issues I want to discuss today is how to attract risk capital back in to British film production so that we can match our past achievements.

6 We have the talent in this country: excellent writers; first rate actors and directors; highly skilled technicians; and world class producers. What I would like to hear from you today is how best we can build on these considerable strengths so that we can once again achieve the outstanding position that we have occupied in the past.

7 I should now like to invite Sir Richard Attenborough to say a few words and introduce the first presentation.



17. vi. 90

10 DOWNING STREET

Barry Potter

This piece arrived this
a.m. from the King of
the W. Marine Petroleum
Industry.

It was obviously
presented by the UK
prod. industry but
makes some valuation
points.

to

90-06-13 11:11 MPEAR/EAPO/HV



MOTION PICTURE EXPORT ASSOCIATION OF AMERICA

European Continental Office
162/170 Wardour Street
London W1V 3AT

Number of pages including cover: 5

NUMBER: 33-6

DATE: June 13, 1990

TO: Professor Brian Griffiths
Head of the Prime Minister's Policy Unit

FROM: Jack Valenti
President and Chief Executive Officer
Motion Picture Association of America

90-06-13 11:12 MPEAA/EAPO/HY PICTURE ASSN DC



MOTION PICTURE ASSOCIATION
OF AMERICA, INC.
1600 EYE STREET NORTHWEST
WASHINGTON, D.C. 20008
(202) 462-1000

JACK VALENTI
PRESIDENT
AND
CHIEF EXECUTIVE OFFICER

June 12, 1990

Dear Professor Griffiths:

I had planned a business trip to London this month and I had hoped to see you at that time. However, pressing Association business continues to require my presence in the United States. And, yet again, I must postpone the pleasure of meeting you.

In the meantime, I was delighted to hear that the Prime Minister has organized a seminar on the UK audiovisual industry which she will chair on June 15. As you know, MPEAA member companies have long enjoyed a strong, special, productive relationship with their British colleagues. For that reason, member companies have welcomed warmly the Prime Minister's initiative to hold, at the highest level, a comprehensive review of the problems confronting the UK industry.

Before going farther, I would like to make two basic points. First, the film industry is now the audiovisual industry, encompassing cinema, home video, pay-TV, and commercial TV. With regard to feature films, cinema exhibition remains the launch pad for strategies based on the territory-by-territory sequential marketing of creative works through all media. Without such strategies, producers would be unable to recover their production costs in order to continue to make films.

- 2 -

Second, satellite broadcasting has provided the industry with a global reach to audiences around the world. It is now up to industry to provide the audiovisual product that will attract and entertain audiences of every conceivable background far beyond national borders of origin.

The UK film industry has a justly admired reputation. Its artists are lauded and respected throughout the world. The US industry has long favored working in and with the UK in making films. A common language is surely one factor that has led to a great number of US-financed films being shot in the UK over many decades. Even more importantly, there are few industries in the world that can boast the wealth of entrepreneurial spirit, creative talent, physical facilities, technical expertise, and special effects skills present in the UK.

For that reason, the UK industry over the years has produced such award winning films as: "A Man For All Seasons"; "Lawrence of Arabia"; "Bridge Over The River Kwai"; "Chariots of Fire"; "Ghandi"; and "A Fish Called Wanda"; to name just a few. Our companies are proud to have participated in one form or another in helping to realize these films which have brought the highest honors that the industry can offer, including numerous Academy Awards, to British creative talent and craftsmen.

Despite these British triumphs and illustrious performances, we are witnessing a sharp decline in UK productions and in the number of UK co-productions, including those produced with the US. In addition, we are aware that the overall level of US investment in the production of feature films, TV films and series in the UK has declined drastically over the past few years. What are the reasons for this decline and what can be done about it?

- 3 -

Needless to say, there are many complex factors at work. And, before giving any advice on this matter, I am reminded of the Earl of Chesterfield's remark that he had never given any advice in matters of religion and matrimony, because he did not want to have anybody's torments in this world or the next laid to his charge. With that in mind, I would like to make a few observations.

From the US perspective, it seems to us that there has been significant decrease in incentives for non-British investors to invest in UK film production. For example, that 100% capital allowance write-off was abolished. In addition, we understand that there are a number of irritants involving challenges to claims for write-off allowances by UK tax authorities, the establishment of withholding taxes on artists, and of course an unfavorable dollar/sterling exchange rate. Taken together, this has created in some instances a climate of uncertainty for investment.

As a first step, the Government might undertake to look closely at the history of industry financing with a view to taking immediate action to correct any disincentives to investment in the UK. Such an approach would undoubtedly help clear the air and restore confidence.

Member companies have already established and are looking into the possibility of re-opening production facilities in Europe, particularly in the UK. Given the proper incentives and fair treatment of investments, the U.S. film industry might be prepared to consider carefully a further significant expansion of investment and production in the UK.

- 4 -

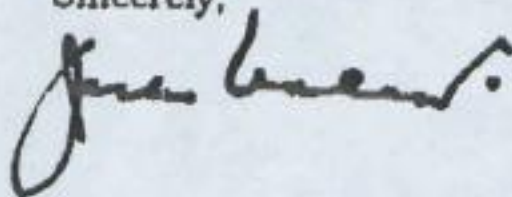
In our long experience, it has been proven time and again that entrepreneurship and creativity are the elements common to all successful films. The process starts with an idea, a concept, which must be developed into a screenplay and then into a film by skilled professionals. No amount of government intervention, taxes, levies or subsidies can guarantee success. In fact, even where such practices abound, the decline has not been arrested. If nothing else, the situation has further deteriorated.

My judgment is, given the high level of cinema artistry within the UK, a program of tax incentives would be the most productive first step to be taken to entice investment capital to provision the UK industry's future.

I wish you every success for the seminar.

Best regards.

Sincerely,



Professor Brian Griffiths
Head of the Prime Minister's
Policy Unit
10 Downing Street
London SW1A 2AA
England

PRIME MINISTER

SEMINAR ON THE FILM INDUSTRY

I attach a number of papers on the seminar for the film industry.

First, as background, I attach (at Flag A) the programme which has already been circulated and the list of attendees at the seminar.

Second, you should be aware that expectations are already being raised about what the outcome of the seminar might be. This almost certainly reflects the activities of the industry itself. I attach (at Flag B) copies of articles in today's Evening Standard: they have raised unrealistic expectations. The point is also made in Brian Griffiths' minute (Flag C): (I do not think his suggestion of widening the invitees is practical at this late stage).

Third (at Flag D), I attach a draft of Mr. Ridley's speech for the seminar. It is rather good. It is realistic and makes a number of telling points about the industry's own short-comings, particularly on the structural side. He is negotiating separately with the Treasury on two relatively small changes on the expenditure and tax side which could be announced at the seminar. Clearly this would be a useful, if limited, package to announce on the day. Early indications are that the Treasury will accept some such package.

Fourth (at Flag E), is DTI's suggested draft of your opening remarks. Frankly they are useless. I will speak to Brian Griffiths on Monday and we will provide an alternative.

Some provisional themes would include:

- the excellent past record of the British film industry;

- an example of a flourishing industry stifled by bad labour practices and over regulation;
- the need to recognise that it is essentially a high-risk-high-reward industry; and
- the seminar as an opportunity to assess how risk capital can be attracted back to make the industry a success again.

Fifth (at Flag F), I enclose a copy of an industry background paper which provides a useful factual brief on the film industry.

Finally, you will also need some closing remarks. I have agreed with DTI that they should provide a draft by Tuesday evening. This will incorporate comments on the proposed package - if that has been satisfactorily concluded with the Treasury.

It will also be necessary to consider very carefully what the press line might be at the conclusion of the seminar. Professor Griffiths is in touch already with DTI: the aim is to provide a draft by no later than Tuesday evening next week.

BHP

BARRY H. POTTER
8 JUNE 1990

LIST OF GUESTS ATTENDING THE SEMINAR AND LUNCH TO BE GIVEN BY THE
PRIME MINISTER FOR THE FILM INDUSTRY ON FRIDAY, 15 JUNE 1990
AT 9.30 AM

The Prime Minister	
Rt Hon Nicholas Ridley, MP	
Rt Hon Richard Luce, MP	
Mr Eric Forth, MP	
Sir Richard Attenborough	Marble Arch Productions Ltd
Mr John Boorman	
The Lord Brabourne	Mersham Productions Ltd
Mr Larry Chrisfield	Ernst & Yong
Mr Jake Eberts	Katevale Productions Ltd
Ms Premila Hoon	Guinness Mahon & Co. Ltd.
Mr Isaac Julien	
Mr Simon Linnett	Director, N.M. Rothschild & Sons
Mr Stephen Moore	Chairman, British Videogram Association
Ms Lynda Myles	Commissioning Editor for Drama, BBC Television
Mr Simon Perry	Director, Umbrella Films Ltd.
Mr Otto Plaschkes	Director, Ariel Productions Ltd
Mr Nik Powell	Palace Productions Ltd.
Mr David Puttnam	Enigma Productions Ltd
MMs Sarah Radclyffe	Working Title Ltd
Mr Simon Relph	Chief Executive, British Screen Finance Ltd
Mr Alan Sapper	General Secretary, Association of Cinematograph Television and Allied Technicians
Ms Ann Skinner	Skreba Films Ltd.,
Mr Nigel Stafford-Clarke	Zenith Productions Ltd
Mr Wilf Stevenson	Director, British Film Institute
Mr Jeremy Thomas	Director, Recorded Picture Co Ltd.,
Sir Ian Trethowan	Chairman, Thames Television
Mr Lew Wasserman	Chairman, MCA Inc.

Mr Michael Williams-Jones	President and Chief Executive Officer, United International Pictures
Mr John Woodward	Chief Executive, Producers' Association
Mr Peter Smith	Telecommunications and Posts Division, DTI
Mrs Carolyn Lambeth	Telecommunications and Posts Division, DTI
Miss Janet Mole	Office of Arts and Libraries
Mr Barry Potter	10 Downing Street
Professor Brian Griffiths	10 Downing Street
LIST OF GUESTS ATTENDING THE LUNCHEON FOR THE FILM INDUSTRY ON FRIDAY, 15 JUNE 1990 Arriving at 12.30 pm	
Mr James Daly	Rank Film and Television Services Division
Mr Mamoun Hassan	
Mr Barry Jenkins	Managing Director, Pathe Group (UK) Ltd
Mr Edward Lee	President, The Cinema Exhibitors' Association
Mr Percy Livingstone	President, Society of Film Distributors Ltd
Sir David Berriman	
Mr Bob Phillis	Carlton Communications plc
Mr David Plowright	Chairman, Granada Television
Mr David Rose	Head of Drama, Channel Four Television
Mr David Scott	Director of Finance, Channel Four Television
Mr Charles Wesoky	Chief Executive Officer, United Cinemas International (UK) Ltd.
Professor Colin Young	Director, National Film and Television School

dti

the department for Enterprise

cel/u

The Rt. Hon. Nicholas Ridley MP
Secretary of State for Trade and Industry

Barry Potter Esq
Private Secretary to
the Prime Minister
10 Downing Street
LONDON
SW1A 2AA

Department of
Trade and Industry

1-19 Victoria Street
London SW1H 0ET

Enquiries
071-215 5000

Telex 8811074/5 DTHQ G
Fax 071-222 2629

Direct line
Our ref
Your ref
Date

071-215 5623

PE4AWX

8 June 1990

Draw Barry

SEMINAR AND THE FILM INDUSTRY

You asked for an early indication of what my Secretary of State proposes to say in his paper for the seminar and some draft preliminary remarks which the Prime Minister might give at the beginning and end of the seminar. I am enclosing a copy of the text of my Secretary of State's speech together with an outline of some remarks the Prime Minister might give at the beginning of the seminar. The speech was drafted before we received the first industry paper enclosed with this letter and the Secretary of State's paper will have to be amended to reflect it. The industry paper is a background paper and will not actually be read at the seminar but rather addressed by the industry speaker. I understand you have agreed with Peter Smith in this Department that you would be content to receive the draft closing remarks by Tuesday 12 June.

I am copying this letter to PS/Mr Luce.

Mons
Rosalind Cole
ROSALIND COLE
Private Secretary



Recycled Paper

FILM PRODUCTION SEMINAR

1 Simon Relph has given a useful resume of the current position of the British film industry. He has highlighted a number of problems which the film production industry faces, I was particularly struck by what he said about the structure of the industry and will return to this in more detail later. I would now like to give the Government's view of the film industry. Perhaps it would help to set the scene, if I went over some aspects of our economic and industrial strategy to regenerate Britain's economy.

2 We believe our role in relation to the national economy is to create the framework in which the private sector is free to operate with confidence. The transformation of Britain's economic performance during the 'eighties is due to this, and above all to the supply-side reforms we have introduced to make markets function better. These have been targeted on removing structural distortions; a rigorous overhaul of the tax system; and improved flexibility in the labour market.

3 The result has been a transformation in our performance, with real growth overall in production and trade, while investment and exports are at record levels.

4 We have also tackled the depressing effects of punitive tax regimes. Since the Government came to power in 1979 we have reduced the rates of tax which apply to individuals and

The supply-side reforms could be described as a package of measures which may be followed.

businesses alike. In 1979, a company that made profits of over £100,000 faced a swingeing 52 per cent rate of corporation tax. We now have probably one of the most advantageous tax regime for small and medium enterprises of all our competitors, for profits over £1 million - 35% of Corporation Tax, and going down to 25% for small profits. The maximum rate of income tax has fallen from 98% in 1979 to 40% today. This means that businesses are left with more money for investment and individuals with more to invest or spend.

5 Another policy to invigorate economic activity is the deregulation of business, where we have sought to free commerce and industry of red tape.

6 We have also through employment legislation created a freer and more flexible labour market. Britain has many highly skilled and talented people, and we have sought to release them from restrictions preventing them from giving their best. But we must constantly watch our unit labour costs which are now rising at a rate faster than those of many of our leading competitors.

7 As a result we have achieved a great deal in the UK over the last ten years. Since 1980 the growth of GDP in the UK has been matched only by Spain among the major EC countries, whereas in the 'sixties and 'seventies we were at the bottom of this league table. No less remarkable is the growth of manufacturing productivity at an annual rate of over 5% since

1980. This is the best performance amongst the Major Seven countries - including Japan. We now head a league of which we were previously at the bottom. Levels of profitability in manufacturing have returned to levels which have not been seen for many years.

8 With this has come a resurgence of confidence among British businessmen and a renewed willingness to invest. In the 1980s the growth of investment in Britain was higher than in any other European country. Indeed, in the past seven years total investment has grown at twice the rate of consumption, an indication of a vital and necessary change in the economy. In the three years to 1989 business investment rose an exceptional 40 per cent: a rise unprecedented since the war. It is against this background that we should look at ways to stimulate more production, more investment and more success in the film industry.

Firstly, deregulation.

9 When I had Ministerial responsibility for the film industry in 1970-72, there were no less than 13 Acts of Parliament which were designed to help the industry, but which I suspect merely hindered it.

10 The Films Act 1985, which sets the framework for Government policy toward the film industry, brought about a widely welcomed deregulation of the industry. Rising

admissions and an invigorated economic climate have led to an increase in investment in cinemas, and since late 1985 approximately 32 multiplexes have been built in the UK.

Secondly, employment reforms.

11 The British film industry can be rightly proud of its major contribution to important and prestigious productions, and film makers have come from all over the world to use our studios and facilities. However, the film industry, as with all British business concerns, will thrive only if we remain competitive.

12 Flexibility in pay and working practices are critical. When the reference to the MMC was made concerning labour practices in the film and television industries in 1987 there was clear evidence of widespread restrictive labour practices, particularly in the television industry but also to some extent in film. There was also evidence of companies attempting to introduce changes which were being hampered by the unions. The report found that fundamental changes were taking place in employment and working practices, and as the report indicated, the reference itself acted as a catalyst and the investigation added momentum to the pace of change. Nevertheless, as Simon Relph has explained, while UK production costs are competitive where large scale films are concerned, there is still a problem for films with low budgets. Clearly it is vital to build on the changes that

were identified by the MMC in their report. Competition is fierce and we must ensure that our product is not priced out of the market.

Thirdly, tax reforms.

13 A broadly neutral tax system with low rates and a capital allowances regime which does not distort investment decisions is good for business as a whole. Even so, we have preserved the special rules for taxing films in recognition of the particular character of the industry and these are widely used in preference to the capital allowances system. There will be those who feel that more should be done. However, the first priority of the Government's economic strategy remains to provide a tax environment in which all business, including films, can prosper.

Fourth, Government help for the industry.

14 The Government does however recognise that the risks involved in making even a modest feature film are unusually high, and that prospective financial backers are reluctant to add to that risk by investing in films involving inexperienced and unknown film makers as producers or directors. We realised when reviewing our policy toward the film industry in the mid-eighties that without opportunities for the talented young film maker to find a foothold in the competitive world of commercial film making, the industry's future would be

restricted. We therefore decided to support and encourage the entrance of newcomers to the industry by funding British Screen Finance Ltd, the private sector successor to the National Film Finance Corporation. We acknowledged that the NFFC, too, had played its part in developing new talent but concluded that its operations should be placed in the private sector to encourage a more competitive approach to the market.

15 With current financial contributions from the Government of £1.5 million a year, and contributions from its shareholders, British Screen has so far invested in 50 feature films. Of these, 22 have featured first-time directors and 24 first-time producers. I believe this represents an impressive level of activity, bearing in mind that British Screen has only been operating since January 1986.

16 The Government also provides combined annual funding of £500,000 for the Short Films Scheme run by British Screen and the Project Development Scheme administered by the National Film Development Fund. These are areas where funding has traditionally been hard to obtain, and the Schemes, while remaining commercially orientated, recognise the importance of providing training for our younger and less experienced film makers to ensure that new talent is encouraged to develop. Since these Schemes were established in 1986, 57 projects have been supported under the Project Development Scheme and 25 under the Short Films Scheme. [To be expanded when information is available: TV releases, Oscar for 'Work

Experience(?)']

Fifth, opening up markets.

17 The Government has also encouraged competition in production through the independent access to television programming initiative. As you will know, the Broadcasting Bill currently being debated by Parliament makes provision for the voluntary scheme, agreed with the Broadcasters in 1988, to be given statutory effect. We intend that from the beginning of 1993, 25 per cent of transmissions of original output will be works by independent producers. Given the appetite of the British viewer for films on television, no doubt feature films will form a significant proportion of these works of independent origin.

18 More recently, I have asked the Office of Fair Trading to consider the terms of trade under which independent producers operate. I hope to receive their report shortly. Depending on its findings this may lead to a reference to the MMC.

19 Here as elsewhere the Government stands ready to open up markets by removing anti-competitive practices and other barriers to entry. We are concerned that there should be proper competition in all sectors of the industry. This applies not just to film production but also to other sectors such as distribution and exhibition.

20 To further competition the Government has also decided to license a new terrestrial channel, Channel 5, while both Sky Television and British Satellite Broadcasting have now started their service. The expansion in broadcasting services - both here and in Europe - will undoubtedly result in a greater demand for product, including feature films, for showing on television. The increasing use of video is a further sign of the growing market for film. These all represent potential new opportunities for the British film industry if it can produce the right product at the right price.

21 As demand for product grows, the advantages of shared budgets and co-production become more apparent. Most co-productions and co-financing arrangements are organised by the producers themselves. However, where we are satisfied that co-operation would be worthwhile, and a treaty between governments is necessary to facilitate co-productions between British producers and film makers from other countries, we will continue to negotiate film co-production agreements.

22 We already have five such agreements in place, with France, Germany, Italy, Norway and Canada. Last year we were asked by the Australians to enter into a co-production agreement with them. The approach was welcomed by those we consulted in the industry as an arrangement which offered good commercial prospects for collaboration. [I am pleased to announce that we have now signed the agreement]. We are also negotiating more flexible arrangements with France and Canada

and planning a further agreement with New Zealand.

23 We hope that our co-production agreements with other European countries will help to strengthen the fruitful contacts that many of those in the film industry already have these. As in other sectors of industry, we are keen to see an open European market in film production. Co-operation is the hallmark of the EC Commission's proposals for the audiovisual industries, and in particular the MEDIA programme. We have had to look critically at the pilot phase of this programme because it has no measurable targets or systems for assessment or accountability. We were pleased to see that the recent report of the committee of experts, chaired by Sir Ian Trethowan, called for targets to be established and methods of assessment set for any expanded phase. We endorse the recommendation that the work of MEDIA 92 should be reassessed so as to target any future support more effectively. We noted that the committee's report found most of the pilot studies effective and worth a substantial increase in funding. We shall take these positive recommendations carefully into account in our discussions in Brussels during the coming months.

24 Continuing on this European theme, I am aware that certain other EC Member States make a high level of financial support available for film production. They justify this approach mainly on cultural and in particular, linguistic, grounds. However, where support reaches such a level that it

distorts competition between Member States, for example by making one country a more attractive place to make film than others, the EC competition rules apply, as much for film as for any other industrial production activity.

25 The Commission is at present looking at levels and means of support for film production and is likely to propose ceilings on the level of state aids, including tax concessions, which may be provided for film production. The Government welcomes the Commission's initiative as a means of achieving greater transparency in this sector.

26 Traditionally Britain has looked towards the USA for finance to produce films and as a market for the finished product. This co-operation and exchange of skills has worked to the advantage of both industries. The American market is particularly important, given its vast size and the industry is highly successful. But it is not just the size of the market which is important. I believe that the foundation of Hollywood's success lies in its consistent ability to make films people want to see. These films are not necessarily high budget blockbusters. The recent success of "Sex, Lies and Videotape" or even our own "Nuns on the Run" shows that vast budgets are not essential for commercial success. The recognition of consumer preferences is vital for any industry which hopes to survive in a free market.

Sixth, Finance.

27 Finance is of course also important and we have heard Simon Relph explain that the main problem faced by the film production industry is securing long term support so that not just one or two films are made but rather a whole portfolio. I have explained how, through reforming our taxation system, we have left more money for individuals and companies to invest. And there can be no doubt that there is no shortage of liquidity in the city at present. At the same time there are sectors of the film industry, and I am thinking here of the distributors and exhibitors, who appear to be doing extremely well. If our film industry is to get the major injection of finance which it is seeking then it must look to these private sector sources, but as Simon Relph as pointed out the UK does not have an integrated film industry. This structure appears to make it more difficult to raise film finance. I shall be interested to hear the views of the financial experts who are with us today, and of others who are familiar with the apparent difficulties of raising film production finance in this country, as to the extent of these difficulties and how they might best be overcome. As I remember acutely myself, from 20 years ago, these financing problems are very long standing; a better track record is the real way to solve them.

Seventh, skills.

28 Successful films also depend on creative and technical abilities of those that make them and I have already referred

to the skill of British film makers. In this respect the importance of training must not be overlooked. The Government gives an annual grant to the National Film and Television School, currently 50 per cent of its income, amounting to £1.75 million in 1990/91. The balance of funding is met by industry.

29 I was pleased that film industry employers have commissioned a study into the employment patterns and training needs in the industry. The main recommendations of the study reflect our own policies. I understand that employers are now collectively funding a project to take forward the first recommendation of establishing industry recognised vocational qualifications. I appreciate that this is a significant step in such a diverse industry. I hope that this level of commitment is sustained to enable the remaining recommendations to be taken forward quickly.

30 The Government has aimed to help the film industry by creating a climate with as little governmental regulation and control as possible so as to enable the industry to make its own decisions in a more open, competitive and international marketplace. The potential expansion of the market created by the rapid growth in broadcasting throughout Europe presents a challenge to the British film industry to produce the right product at the right price, and I look forward to discussing with you today how the industry can take advantage of these opportunities.

dti

the department for Enterprise

Bany

with compliments

Sir Richard's draft paper.

Department of
Trade and Industry

Kingsgate House
66-74 Victoria Street
London SW1E 6SW

Enquiries
071-215 5000

Telex 936069 DTIKH G
Fax 071-931 0397

the
Enterprise
initiative

Carole Lambell.

MARBLE ARCH PRODUCTIONS LIMITED

CR

*Production Offices
Twickenham Studios
Twickenham
Middlesex TW1 2AW*



*Telephone
01 - 892 4477
Telex 266446*

DIRECTORS

SIR RICHARD ATTENBOROUGH CBE - LADY ATTENBOROUGH JP
RICHARD BLAKE - CLAUDE FIELDING - DIANA HAWKINS

FACSIMILE TRANSMISSION FORM

FAX NUMBER: 01 744 2766

DATE: 8 JUNE 1990
TO: CAROLYN LAMBERT
FAX NO: 071 931 7194
FROM: DIANA HAWKINS
SUBJECT: DOWNING STREET SEMINAR
NUMBER OF PAGES INCLUDING COVER SHEET:
MESSAGE AND/OR INSTRUCTIONS:

THIS IS SIR RICHARD'S DRAFT AS AGREED WITH GABRIEL CLARE-HUNT

KIND REGARDS

DH DRAFT 1/3: 8 June 1990

DOWNING STREET SEMINAR

15 JUNE 1990

OPPORTUNITIES

for

THE UNITED KINGDOM FILM PRODUCTION INDUSTRY

SIR RICHARD ATTENBOROUGH

1. INTRODUCTION

We are concerned here not with the past but with the present and the future, with the exciting opportunities that now exist for the UK film producer, both in Europe and elsewhere, and how best to take advantage of them.

2. EUROPE

The European market place consists of a population of some 325 million people and that of the United States some 245 million. Due to the multiplicity of languages, Continental Europe is less easily accessible to those making films in English but offers, nonetheless, a potential market that is far wider and more economically viable than its North American counterpart.

In Britain, the film industry has a long history of working closely with North American financiers, producers, distributors and exhibitors. We want this to continue. There is a great deal of mutual benefit to be derived from this special relationship, not least because we share a common language.

Every Continental European country has a wide variety of support systems in place to encourage the creation, distribution and exhibition of films. These range from large direct Government grants through to substantial TV involvement in theatrical film production, accelerated write-off procedures, specific investment tax breaks for both individuals and companies, levies on video tape redirected towards production, a limitation on the number of feature films that may be shown on television at certain times and highly supportive Government profiles.

While these mechanisms may be seen partially in terms of national pride and the preservation of indigenous language, the end result is also of substantial benefit to each national Treasury. The maintenance of a strong industrial base for film making leads to healthy domestic consumption and strong balance of payments contribution.

)
- but without the
chance of level
playing field.

Although it would be unreasonable to expect British film makers to benefit from the whole gamut of support systems listed above, we do feel that some are essential if the United Kingdom is not to fall far behind in the race to grasp the golden opportunities now on offer.

Given the high unit cost of feature films and given the relative smallness of each country's domestic market, co-productions within Europe have been widely utilised

over the last two decades. Very often, two/three/four national producers get together to make a film which is then dubbed into the appropriate language or sub-titled prior to theatrical release. Dubbed films are, by and large, acceptable to most Continental European audiences and subtitled material, although less popular, achieves significantly better results than in the UK or USA.

Since America currently represents at least 50% of the world market for theatrical films, a number of Continental producers clearly wish to make their films in English in order to have them distributed in the United States and in other English-speaking territories where dubbed and subtitled films are not usually successful.

This is where the UK can act as both a platform and as a bridge. We are fortunate in that we have an exceptional wealth of talent - writers, directors, producers, actors, craftsmen - and adequate production facilities. In addition, of course, we make films in English. Due to this and due to our expertise, the UK producer is the most highly desirable partner for any Continental European colleague aiming at the international market.

However, at each and every co-production meeting, while Continental producers bring significant funding to the table from Central and Regional funds dedicated to the continuance of production activity, their British counterparts are able to contribute little or nothing. In short, there is no level pegging between the UK producer and his or her Continental equivalent. What is happening as a result is that the expanding European market place is being filled by Continental European films - and of course by American movies - and we are left out. Unless this situation is rectified, the Americans and the Japanese will continue to move in and we will find the Continental Europeans managing without our language and our

talent and we will be completely excluded.

With increasing investment in cinemas, the de-regulation of television and the huge expansion of the video market, the need for films and opportunities for their creation are immense. However, we will continue to be excluded from the European market, despite the advantage of the English language - the only trump card in the entire pack - if we remain unable even to open the bidding.

2. THE MEDIA 92, EURIMAGES AND EUREKA PROGRAMMES

The EC, through its MEDIA 92 Programme, is trying hard, and with some success to date, to create a series of non-bureaucratic initiatives that will support the development of the internal market for European films.

The MEDIA 92 Programme was a feasibility study, and is complete. It is worth detailing the UK involvement to date.

EFDO

Films aided by EFDO:-

5 British

1 Co-production UK/Germany

1 Co-production F/UK/I/NL

Total of 33 launches in 11 European countries

The films were:

DISTANT VOICES STILL LIVES

DROWNING BY NUMBERS

RESURRECTED

THE DRESSMAKER

QUEEN OF HEARTS

MELANCHOLIA

BERLIN-JERUSALEM

6 British distributors have received a total of 153,961.19 ecu for 12 European low budget films. 6 were distributed in both UK and IRO and 6 in UK alone.

The films were:

HISTOIRE D'AMERIQUE

REEFER AND THE MODEL

SPORLOOS

GEORGETTE MEUNIER

LA VIE EST UN FLEUVE TRANQUILLE

DER PHILOSOPH

DAS SCHRELICKLICK MADCHEN

LA SENORA

LA AMIGA

TEMPS DIFICEIS

EVE - EUROPEAN VIDEO SPACE

Set up in December 1989

2 British members on the General Assembly

BABEL

BBC is a member of L'UER which gave rise to BABEL

2 British programmes aided by BABEL for subtitling ("Lucifer" and "Extra")

EUROAIM

Karol Kulik founding member. 6 other Britons on General Assembly

Producers Association is British contact and organiser.

Number of independent producers benefiting under the EUROAIM umbrella at markets:

MIPCOM 88	10
MIP/TV 89	19
MIPCOM 89	13
MIP/TV 90	22

CLUB D'INVESTISSEMENT MEDIA

President - Ian Maxwell

- 4 British projects in hand -
- 2 under consideration
- 2 selected

EUROPEAN SCRIPT FUND

Based in London. President: Sir Richard Attenborough

4 British funders SHELL-UK/BFI/ITCA/C4

476 British applications

27 accepted (up until March 1990)

Projects include work by Sally Potter/Umbrella Films/ Bhris Rodley/Terence Davies/
Patrick Cassaventi/Simon Channing Williams.

CARTOON

Committed to encouraging co-productions and fund raising.

25 Animation studios signed April 1989 Manifest de Barcelona. SIRIOL represented
UK

BBC/TVS/C4 signed agreeemtn in Rome December 1989

Grouping together of studios from different European countries co-financing

projects. Sirlol and Honeycomb were part of two such groupings.

6 British projects have been aided by CARTOON

Total grant of 112,000 ECU

EAVE

9 British experts on the training panel.

2 British projects from 88/89 are in development

6 British projects in 89/90 have been selected

The MEDIA 92 Programme has recently been the subject of a searching review undertaken by a special group chaired by Sir Ian Trethowan. The Commission now wishes to convert some of its initiatives into a five-year plan and to add some new components which will include the augmentation of training in every sector.

① We are firmly convinced the Government should do everything possible to encourage the continuance of MEDIA.

② The promotion of European audio-visual culture is considered an important aspect of the Council of Europe's aims. This has led to the establishment of EURIMAGES, a multilateral fund to support co-production, distribution, transmission and promotion of European film and television works involving three or more signatories to the agreement. There are so far 15 participants; Belgium, Cyprus, Denmark, France, Germany, Greece, Iceland, Italy, Luxemburg, Netherlands, Norway, Portugal, Spain, Sweden, and Switzerland. In 1989 EURIMAGES supported 10 co-productions with grants totalling 3.7m Ecus. As Britain has declined to join, UK producers are

unable to take advantage of any co-production opportunities offered by EURIMAGES.

We are delighted that Government has supported the two EUREKA initiatives. Hardware EUREKA brings companies together to collaborate on the development of new technologies. It has 19 members and over 200 projects have been launched. Audiovisual EUREKA is at the feasibility stage and the Government has supported the group appointed to assess the need for a European Observatory of moving image statistics. We cannot over-stress the importance we attach to having proper statistical information which has not been available in the UK since the DTI ceased to collate figures in ***,

In welcoming all these various European initiatives, we would wish to place on record that they alone will never foster a strong indigenous production industry. MEDIA 92, EUREKA and EURIMAGES initiatives are, however, acting as highly productive catalysts in nurturing the beckoning Single Market.

4. PRACTICAL STEPS

We wish to create a financial climate in the UK which is not only more attractive to private film investment but one which is capable of attracting overseas investors to use this country as their production base. (*Insert Lew Wasserman here) The Americans are beginning to form alliances with European partners, particularly the British. This is partly because they do not wish to be excluded from any possible constraints that may be placed on non-European films and partly because they have been quick to recognise that the European market in all its audio-visual manifestation - theatrical, television and video - is the expanding market-place. We ought to encourage all such inward investment.

⑤ In the USA, each of the various states funds its own Film Commission which exists to promote local facilities and to aid film-makers who wish to shoot in their locale. New York in particular spends vast sums in promoting itself and Florida has recently launched a huge campaign to bring itself to the attention of film and television producers at home and abroad. Indeed the State of Florida has even deemed it well worthwhile to open a Film Commission office in London while we have no British equivalent throughout the entire world.

⑥ It will not be enough to promote the UK as a place for others to make films, we also need to promote our feature productions overseas. The Germans and notably the French spend a considerable amount of State money on profiling their industry at international film markets and festivals. This grants their films considerable status in the world market. We, on the other hand, can only appeal to the industry itself and to sponsors to help promote our films overseas. Given the present state of the industry and the inevitable reluctance of sponsors to make a continuing commitment, this invariably proves exceptionally difficult. If we are to make successful internationally-intended British films, we must also have the clout to launch them internationally.

5. CONCLUSION

The essence of the current problem is twofold: the lack of finance with which to compete and the clear distortion of the European playing field vis-a-vis the UK film-maker. The creation of mechanisms which will address the financial question will be part of the debate at the Seminar. What we are seeking is an enabling climate that will stimulate private sector investment in the industry. Its growth

pattern to date is phenomenal and its potential revenues and hence its benefit to the Treasury are equally very substantial indeed.

Films are the twentieth century's most popular form of entertainment - more immediate, more powerful, more persuasive than any other - and much of our perception of other countries derives from what we see of them on screens both small and large. It is our fervent wish that the world should be made aware of the British scene and all that our country has to offer. We have much to be proud of and much to shout about. To sell ourselves and the United Kingdom effectively we must become leaders of the expanding market place and grasp in both hands the unique golden opportunities now on offer.

Richard Attenborough

June 1990

Chairman: British Screen Advisory Council
 British Film Institute

Vice-President: British Academy of Film and Television Arts

SEMINAR ON FILM INDUSTRY

The industry was somewhat surprised that the Seminar was called. As a result their expectations of the seminar are very high indeed. Evidence for this is:

- the very calling of the seminar is perceived as government wanting to "do something" for an industry which is in the doldrums (although distributors and cinemas have been doing fairly well, investment in UK film production has fallen from £197m in 1987 (41 films produced) to £55m (23) in 1989);
- David Puttnam in a recent Sunday newspaper magazine stated "I believe the DTI is on red alert to create a policy" (see attached);
- I recently had a meeting with Otto Plaschkes, a well known producer and close associate of Attenborough and Puttnam, his view was that unless the Seminar produced some tangible results, the industry would feel let down by government;
- the industry make great play of the fact that our policy is very different to European competitors, some of whom subsidise their film industry substantially eg Sofica, the French tax scheme.
- This evening's Standard.

While the industry may not be expecting a straight subsidy

to be announced as a result of this seminar, they are looking for things such as:

- (a) more generous tax treatment (capital allowances), or an increase in the BES limit to the film industry because of the high risk nature of the investment in big budget feature films;
- (b) extra funding for British Screen Finance;
- (c) more involvement in European initiatives (MEDIA, EUREKA and Eurimages co-production fund).

Comments

1. Although this is a seminar on the film industry, only part of the industry will be represented. The industry divides into production, distribution (including video) and exhibition (cinemas). The seminar is dominated by production interests. Yet this is the area which has declined. Only one distributor will be present and no exhibitors will be present except at lunch. But these are the success stories of the industry and the growth of cinemas the result of abolishing the Eady levy.

Cinemas have done well. In 1984 just over 50 million people went to the cinema per year. At present it is not far short of 100 million. Revenue has risen from £100m (1984) to nearly £300m (1989). In video income has risen from £80m in 1980 to over £800m in 1989.

Recommendation

Even at this late stage it would be worth inviting others to the seminar.

Questionable - it would look rather disorganised.

2. The structure of the UK industry is different from the US in three key respects:

- (a) exhibitors and distributors (eg Rank and Pathe) have little direct equity investment in production companies;
- (b) the film industry is not nearly as close to television as it is in the US;
- (c) 80% of British cinemas are owned by two companies - Pathe (Cannon) and Rank.

Recommedation

Before we look for ways of helping the film industry it is important to find out:

- (a) what effect the duopoly in exhibition has had on the production side of the industry;
- (b) the reasons why television (and the duopoly) has developed separately from the film industry.

It might be that a genuinely competitive market in the UK would produce the same results as the US.

- 3. I attach a quote from Puttnam which says that a major reason for so little production in Britain is the lack of good scripts.

See page 18 of Sunday Telegraph magazine.

Recommendation

This needs to be queried at the Seminar.

- 4. It is inevitable that as a result of the seminar the Government must be seen to do some things to help.

Nick Ridley's draft paper is very good but current suggestions for change within DTI are:

- (a) the setting-up of a working party, within the DTI, but involving the industry, to look at fiscal issues;
- (b) possible greater involvement by the UK in European co-production initiatives eg expanding the MEDIA scheme of the EC;
- (c) need for a focal point in London to attract foreign film makers such as they have in LA;
- (d) possible expansion of the BES scheme for film-making.

Recommendation

These do not amount to much in financial terms and are probably worth supporting.

Bh.

BRIAN GRIFFITHS

ANALYSIS

WRITERS' BLOCK

The beleaguered British cinema is severely hampered by a lack of aggressive, ambitious specialist screenwriters, complain leading industry figures.

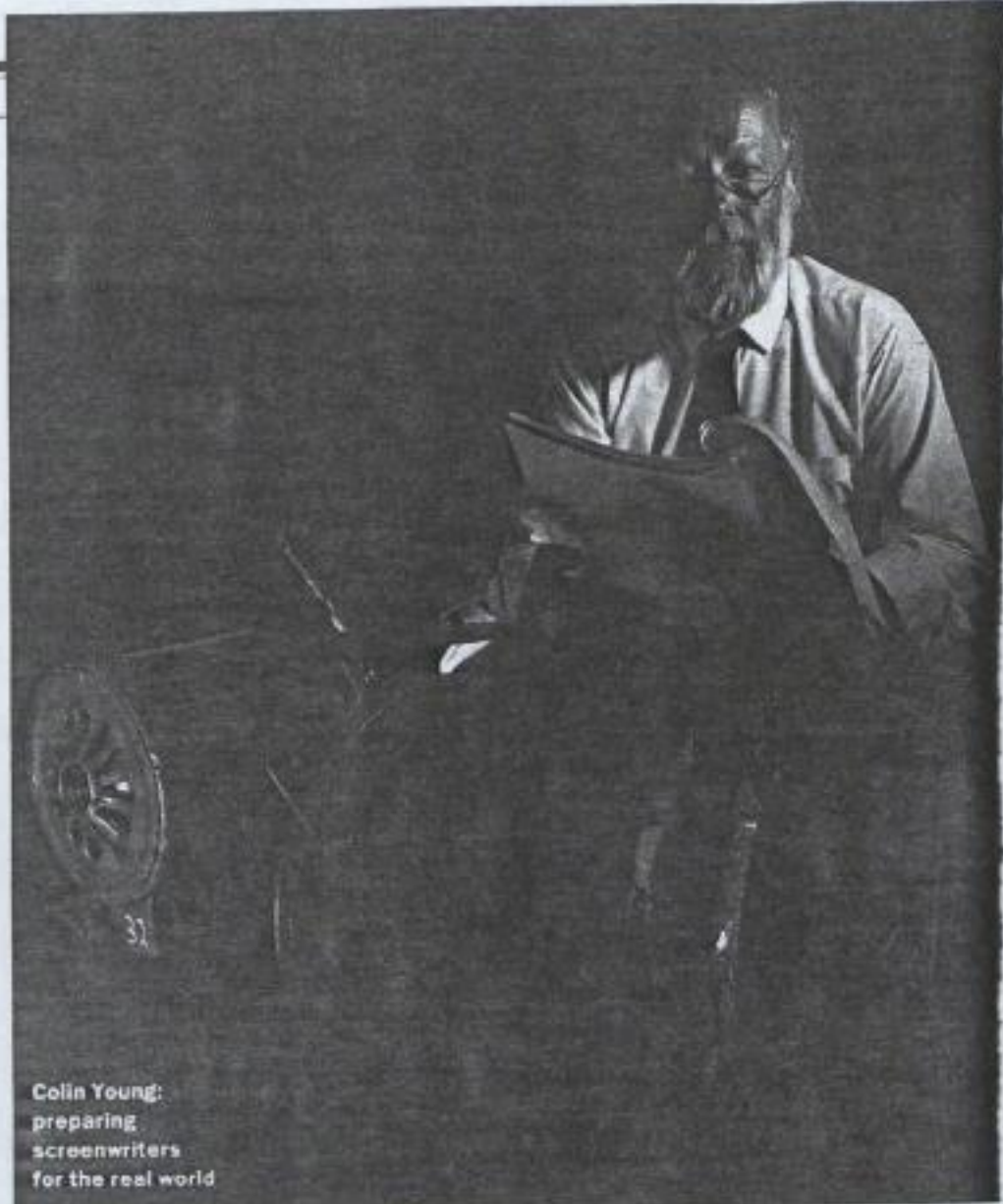
William Green reports

IN THE CRAMPED offices of Wardour Street's film community, the safest perch for a brimming cup of coffee is usually on top of a large pile of rejected screenplays. Every month, production companies receive dozens of hopeful typescripts, most of them destined to be skimmed once, and then to be filed under feeble and forgotten. David Puttnam's team at Enigma waded through a thousand of them last year. Only a handful survived a three-layer filtration process and went on to be read by the decision-makers at the top.

"As yet," says Puttnam, "I haven't found a single script that I could use. It's our main problem now — a huge gap in the industry. Three decades of television culture have scaled down our ambitions and made people afraid to write real movies. It's simply impossible to imagine a British scriptwriter coming up with something like *Ghostbusters*."

In his search for the grand project (or at least a high-concept money-spinner), Puttnam has few competitors. In London only he, Sir Richard Attenborough and *The Last Emperor* producer Jeremy Thomas have the clout and experience to float big budget films of flagship class. But his concern is echoed by those whose business it is to encourage the small frigates and pocket cruisers that make up most of this country's dwindling cinematic output.

Adrian Hodges was, until recently, head of the National Film Development Fund, which



Colin Young:
preparing
screenwriters
for the real world

People in the film business get confused by too much power and too much money

provides money for promising projects. Sorting through the vanloads of scripts submitted to the fund, he, too, was disheartened by their limited horizons, provincialism and want of imagination.

"Most film writers have been brought up in cramped, low-budget environments, and they try to cater to that market, which is a big mistake. Their approach can also be over-serious — too much writing is issue-related, choosing a subject without regard to the strength of the story. And producers are so anxious to get projects off the ground that they often allow themselves to go into pro-

duction with a script that isn't strong enough. They are too impatient. What I admire about American producers is that they are prepared to pick up a subject and then turn it over until they find the right approach to it."

Admiration of the American way is endemic. By now, almost everyone in the business has attended the charismatic Story Structure lecture course given by the roving screenwriting guru, Robert McKee. Though suspicious of his theories, which they find too schematic to be useful, many people have been impressed with McKee's off-the-cuff

ales of Hollywood. He talks about no-nonsense story meetings and hard-nosed script editors. A feeling is growing that British film-writing has been handicapped by a literary tradition that is too respectful of the sanctity of the written word. Tim Bevan of Working Title, which produced *The Tall Guy* and *A World Apart*, notes admiringly that: "Scriptwriting in the US is a service industry — they think nothing of revising a script and going through five or six writers."

Adrian Hodges says he is "desperate to see a change of attitude over here. There's a kind of informal agreement between writers and producers that you get your money to do two drafts and go home. Writers get defensive when they're asked to make more changes, and it takes a tough producer to insist on re-writes."

The "literary" bent of British film-writing has often been criticised in the past. When Puttnam draws attention to our "fundamental mistrust of images", he is close to agreeing with the late François Truffaut that "English" and "cinema" were two words that would never go together.

Adrian Hodges thinks that far more young writers today are "film-literate" and able to conceive projects in visual terms, but he points out that the limited opportunities of the film industry will force most of them to work most of the time in other, language-led areas — television, the theatre and the novel. The situation, he says, is exacerbated by producers who are tempted to pay out for the "insurance" value of a big-name writer, even when that writer is not interested in film at all. "Some of our novelists — I won't name names — have an appalling, sloppy attitude to screen-writing. They see it just as a gravy train".

ANOTHER MORE RECENT tradition, that of the auteur writer-director, works as a two-edged sword against the writer. Those who are content simply to write must fight their corner with directors who think they know it all, and who are invested with an authority they might not deserve. Those who choose to try to direct their own projects might find they have bitten off more than they can chew. "Each job is so hard that you have to be really good to get both of them right," says David Puttnam. He cites the case of his old colleague Bruce Robinson, writer of the award-winning *The Killing Fields* and recently, writer-director of *How To Get Ahead In Advertising*. "On any film there is an inevitable creative tension between the ideas of the

writer and the director. When Bruce wears both hats, he lets the writer in him win every argument, and that hurt his last film."

There is general agreement that the dearth of committed, full-time screenwriters and therefore brilliant imaginative scripts, can be put down to two very traditional evils — money (and the lack of it) and power (and its abuse). Opinion, however, is divided over the apportionment of blame. Puttnam thinks that good writers will always be rewarded financially. "I don't believe there are any great scripts sitting around not being appreciated. Even if your first project is small-scale, if it's a cracking good script, then you will be highly paid for the next one." And Don Ranvaud, who administers the EEC film-writing fund, Script, sees a bright future in marrying British writers to European projects. Many continental producers, he says,

As yet, I haven't found a single script that I can use. It's our main problem now — a huge gap in the industry

are anxious to make their films in English.

Perhaps power is the real problem. It certainly seems that way to Colin Young, director of the National Film and Television School. "People in the film business get confused by too much power and too much money. It leads to a failure of industrial relations. In the struggle for control of a project, producers complain they don't get their money's worth, directors resent the challenges to their creative authority, and writers feel they are used, abused and cast aside. The only difference between Britain and the States is that over there, writers are paid handsomely to get screwed." Young looks to foster a gentler European tradition, where the best films are the result of co-operation. Puttnam, chairman of the school, agrees. "In the last decade there has been too much emphasis on control, and not enough on collaboration. What we're looking for is a script-writing genius, but that genius has got to roll up his sleeves and learn the realities of the film-making process."

In an effort to prepare young film writers

for the real world beyond the Film School, Colin Young has scrapped its three-year writing course, which had become a muddle of writers hankering to be directors and vice versa. He is replacing it with a 15-month programme, choosing half a dozen talents from a pool of 20 or so hopefuls (mostly established writers of one kind or another) who are now attending a month-long introductory workshop. Young's idea is that each writer should connect with students in the other film disciplines to set up a sort of virtuous triangle. Within the triangle, the writer's ideas of the script will be challenged and tested by those of the director, and their producer will step in to negotiate a harmonious compromise.

FEW WOULD DISAGREE with Colin Young's assessment that writing itself cannot be taught. "We have learned at the school that it is no use looking for raw potential and trying to develop it. People either can or can't write. What we can do is teach writers to write films, in the same way as we teach composers to compose film music."

He fears, however, that if good film writers begin to appear in the Nineties they may simply do what a generation of fine British directors did in the Eighties — leave for California. "If we don't repair the whole industry structure, the school will just be joining the export market."

Ex-students of the school, while praising the ideals behind Young's new course, are doubtful about the extent to which its role-playing really mirrors the way things work outside. The common experience of screenwriters is to be loved, cosseted and fussed over like expectant mothers — until they produce their bouncing baby script. The child of their imagination is snatched from their hands and they are cast into outer darkness (and, very often, barred from the set).

Michael Caton-Jones, director of *Scandal* and a recent graduate of the Film School, says he has practically given up writing. "Writers are at the bottom of the totem-pole in the industry. The most useful thing they can learn is a crash-course in masochism."

Niall Leonard, another former student and a writer-director who sees the struggle from both sides, has concluded that "directors do a third of the work of writers, but get three times the pay". Until these perceptions change, David Puttnam's search for writers of genius will be long and hard — and those he finds may prove less than co-operative. ■

"Evening Standard"
Friday 8 June 1990

Thatcher rides to rescue of movies

MRS THATCHER is putting together a package of aid for Britain's ailing film industry.

It could involve new tax allowances for film makers or extra grants for producers. The move will be a big turnaround for a Prime Minister perceived to be hostile to the arts and indifferent to the film industry.

But Mrs Thatcher is said to have recognised that the industry which gave the world prize-winning productions like Gandhi and Charlots Of Fire is in genuine difficulty and needs help.

A group of ministers from the Government departments involved—Arts,

by John Williams

Treasury, Trade and Industry—has been meeting to draw up a programme of action.

Mrs Thatcher is said to have been taking a close interest. She is having a "summit" at Number 10 next Friday with Sir Richard Attenborough, director of Gandhi, and other leading British film-makers.

The ministerial group has yet to decide to give extra money. But Arts Minister Richard Luce is convinced that it would take only a relatively small injection of Government aid to revive the

industry. One option being studied is to increase the grant to British Screen Finance. This is a semi-private body which helped get films like Scandal—the story of the Profumo affair, starring Joanne Whalley—off the ground.

It gets £1,500,000 a year from the Government and £2,500,000 from its private sector backers, Channel 4, Granada, Rank and Cannon.

Its remit is to give aid to films that would not otherwise have been made and which are considered likely to be commercial. It thus would avoid the objection from some sections of the Tory Party that it is giving money to "self-indulgent" artists with no market appeal.

Another option is to give the film industry tax incentives. That would mean action in Chancellor John Major's next Budget.

Calling the shots at
No 10: See Page 7

WHEN the Prime Minister meets British film industry chiefs at Downing Street next Friday, it will be for a seminar, not a summit. There won't be an agenda of hard decisions to be made. It will all have been discreetly decided in advance.

The last thing Mrs Thatcher wants is a rerun of her television industry conference last year which turned out more argy-bargy than tete-a-tete. She sent the telly moguls packing with a scolding to put their house in order before applying for her charity—or, as things turned out, her mercy.

This time the 20-odd invited British film industry figures have been told to do their homework beforehand and come up with something they can all agree on, particularly as regards Government help and the European Community. It is timely for British film-making to play a leading role there, to play "the wild card" as Sir Richard Attenborough calls it.

We share a common language with America. The Continental countries are thirsting to make English-language movies for the American market. Who better to be their partner than the Brits? At the moment, though, they are not doing co-production deals with us. There is no money in it for them compared with the subsidies their own governments give them.

Last year alone, foreign investment in French films increased by 87 per cent to more than £80 million. No one made a co-production deal with Britain.

So one thing Mrs Thatcher has asked to see is a list of what will attract the foreign film-makers as well as keep the natives from becoming restless. And at around 2pm on 15 June a Downing Street press release will indicate the ones she has ticked off for approval.

But why is she holding such a seminar now? For more than a decade, the Government has neglected—and even actively harmed—the British film industry. In that time no fewer than 10 film ministers have come and gone like Agatha Christie victims of fate or foul play. In that time, virtually all the supports for film-makers have been kicked away from under them.

FIRST the Eady Levy went, depriving producers of a frugal yet vital subsidy of £3-£5 million a year from the sale of cinema tickets. Then tax allowances were abolished, robbing highly taxed equity investors of a chance to put their money where their write-off was. Then the accident-prone Paul Channon at the Department of Trade allowed two Israelis to buy up—and later sell off—roughly half the country's cinemas that provided a cash flow which helped finance from a third to a half of the films made here. The cinemas are now controlled by a Paris-based Italian entrepreneur.

With this history, you would think the film folk filing into No 10 would be crossing themselves and wearing garlic rather than sticking out their hands in greeting and supplication.

It is not the belated compassion of a St Francis that has got to Mrs Thatcher at last so much as the beleaguered anxiety of a Prime Minister who sees the Labour Party starting to make the running where financing the arts is concerned. Last month, Labour's shadow spokesman Gordon Brown (Trade and Industry) and Mark Fisher (Arts) is-

Calling the shots at No 10



by ALEXANDER WALKER

sued a policy statement suggesting ways of helping films.

But does it really matter if the Government pushes its party political line so long as it comes across with the quick and ready? "For the money, we will dance," was ever the refrain of film-makers the world over. I imagine it will be the same with the dignified figures at No 10. They will include Sir Richard Attenborough, David Puttnam, John Boorman, Simon Relph (of British Screen, virtually the only recipient of Government money and that only £1.5 million a year), producer Lord Brabourne and sundry exhibitors, distributors and City financiers.

Attenborough, Relph and Nicholas Ridley, the Trade Minister, will read papers. But it will be the Prime Minister who, in the language of the company present, will draw the bottom line.

The difficulty for the film people will be agreeing on the benefits they need. It would be easy—and simple too—to put a tax on video-cassettes. Their sale or rental is now a staggering £850 million industry in Britain, around two-and-a-half times the £329-£336 million that the film industry was worth last year, according to figures in the

privately circulated newsletter Screen Digest.

A mere five per cent tax on videos would bring in around £40 million—wealth far beyond the dreams or at least the acceptable level of avarice in film-land. The catch is that the British Videogram Association would not agree, even though it is almost wholly parasitic on the film industry for its wares.

ALL RIGHT then, how about re-activating the capital allowance write-offs? Yes, that would bring the bankers running. But the Treasury frowns on giving one trade or industry specific tax advantages not available to all the others. It prefers adapting the Business Expansion Scheme to film-makers' needs: which makes film people smile sickly. Let the Treasury call film-making a business: the industry knows it is a gamble.

Then why not bring back the levy on cinema tickets? It was abolished six years ago to ease the hardship of cinemas whose audiences had dropped to an all-time low of a little more than 50 million a year. With the recent explosion of multi-screen cinemas and heavily

hyped blockbuster movies, audiences have jumped back again within sight of 100 million a year.

But the cinema exhibitors would not stand for a new levy on tickets sold. Why, the Government, as part of its "free market" philosophy, even relieved them of the necessity to keep precise statistics of admissions.

So what will the Downing Street seminar bring forth? I would make the following guesses.

First, a somewhat enhanced Government subsidy for film investment. Then a promise to study ways of attracting venture capital from Europe by introducing "write offs" under some form of words that will make them sound like cultural "trade offs". Thirdly, a sincere invitation—also known as a veiled threat—to the video industry to start ploughing some of its huge revenues into British film production. If not, then that "tape tax" proposal might find a place in the next Finance Bill.

The Prime Minister's communique is likely to be of this "stick and carrot" variety. It won't really satisfy, but it will show willing and do something to feed the hungry provided they help themselves. It will be enough to demonstrate that cultural commitment can haul the Government up to the next election. And it will be just enough to be able to say to Labour with a smirk: "Who needs your lump of sugar?"



Should the thriving British video industry be doing more to promote film-making?

‘It would be easy—and simple too—to put a tax on video-cassettes. Their sale or rental is now a staggering £850 million industry in Britain’



10 DOWNING STREET
LONDON SW1A 2AA

FILE
DA.
cc Suo Rodch-1)

From the Private Secretary

7 June 1990

Dear Carolyn,

SEMINAR ON THE FILM INDUSTRY

I must start this letter by apologising to Martin Stanley: it is not usual for Private Secretaries to write directly to divisional staff in another Department. But I am sure Martin will forgive me on this occasion since the matters it deals with are essentially routine at best and boring at worst.

I attach our list of those guests attending the seminar and lunch for the film industry. There may be one late addition - Mr. Peter Owen from the Cabinet Office. If so I will make the necessary arrangements. Can you confirm this is the same as your list?

Also attached is our draft seating plan for the six round tables proposed. This has been drawn up on the basis that the four Ministers plus Peter Smith and Professor Brian Griffiths would act as hosts on the tables. Are you content with this - or would you like to propose that others such as Richard Attenborough and Simon Relph might host at tables? It is of course entirely for you to decide what seating plan you wish to adopt. But I would be grateful if you could return any revised seating plan early next week.

I am copying this letter to Peter Smith and Martin Stanley (Department of Trade and Industry).

*Yours,
Barry*

BARRY H. POTTER

Mrs. Carolyn Lambert,
Department of Trade and Industry.

LIST OF GUESTS ATTENDING THE SEMINAR AND LUNCH TO BE GIVEN BY THE
PRIME MINISTER FOR THE FILM INDUSTRY ON FRIDAY, 15 JUNE 1990
AT 9.30 AM

The Prime Minister	
Rt Hon Nicholas Ridley, MP	
Rt Hon Richard Luce, MP	
Mr Eric Forth, MP	
Sir Richard Attenborough	Marble Arch Productions Ltd
Mr John Boorman	
The Lord Brabourne	Mersham Productions Ltd
Mr Larry Chrisfield	Ernst & Yong
Mr Jake Eberts	Katevale Productions Ltd
Ms Premila Hoon	Guinness Mahon & Co. Ltd.
Mr Isaac Julien	
Mr Simon Linnett	Director, N.M. Rothschild & Sons
Mr Stephen Moore	Chairman, British Videogram Association
Ms Lynda Myles	Commissioning Editor for Drama, BBC Television
Mr Simon Perry	Director, Umbrella Films Ltd.
Mr Otto Plaschkes	Director, Ariel Productions Ltd
Mr Nik Powell	Palace Productions Ltd.
Mr David Puttnam	Enigma Productions Ltd
MMS Sarah Radclyffe	Working Title Ltd
Mr Simon Relph	Chief Executive, British Screen Finance Ltd
Mr Alan Sapper	General Secretary, Association of Cinematograph Television and Allied Technicians
Ms Ann Skinner	Skreba Films Ltd.,
Mr Nigel Stafford-Clarke	Zenith Productions Ltd
Mr Wilf Stevenson	Director, British Film Institute
Mr Jeremy Thomas	Director, Recorded Picture Co Ltd.,
Sir Ian Trethowan	Chairman, Thames Television
Mr Lew Wasserman	Chairman, MCA Inc.

Mr Michael Williams-Jones	President and Chief Executive Officer, United International Pictures
Mr John Woodward	Chief Executive, Producers' Association
Mr Peter Smith	Telecommunications and Posts Division, DTI
Mrs Carolyn Lambeth	Telecommunications and Posts Division, DTI
Miss Janet Mole	Office of Arts and Libraries
Mr Barry Potter	10 Downing Street
Professor Brian Griffiths	10 Downing Street

LIST OF GUESTS ATTENDING THE LUNCHEON FOR THE FILM INDUSTRY
ON FRIDAY, 15 JUNE 1990
Arriving at 12.30 pm

Mr James Daly	Rank Film and Television Services Division
Mr Mamoun Hassan	
Mr Barry Jenkins	Managing Director, Pathe Group (UK) Ltd
Mr Edward Lee	President, The Cinema Exhibitors' Association
Mr Percy Livingstone	President, Society of Film Distributors Ltd
Sir David Berriman	
Mr Bob Phillis	Carlton Communications plc
Mr David Plowright	Chairman, Granada Television
Mr David Rose	Head of Drama, Channel Four Television
Mr David Scott	Director of Finance, Channel Four Television
Mr Charles Wesoky	Chief Executive Officer, United Cinemas International (UK) Ltd.
Professor Colin Young	Director, National Film and Television School

SEMINAR ON THE FILM INDUSTRY: DRAFT SEATING PLAN FOR LUNCH

A. Mr. David Plowright

Mr. Lew Wasserman Mr. Simon Relph
THE RT. HON. THE PRIME MINISTER Sir Richard Attenborough
The Lord Brabourne Mr. Barry Jenkins

Sir David Berriman

B. Mr. Jeremy Thomas

Mr. Otto Plaschkes Mr. John Boorman
THE RT. HON. NICHOLAS RIDLEY Professor Colin Young
Sir Ian Trethowan Mrs. Carolyn Lambert

Mr. John Woodward

C. Mr. Charles Wesoky

Mr. Mamoun Hassan Ms. Ann Skinner
THE RT. HON. RICHARD LUCE Mr. Alan Sapper
Mr. David Puttnam Mr. Michael William-Jones

Mr. Percy Livingstone

D.

Mr. James Daly

Mr. Simon Linnett	Mr. Barry Potter
MR. ERIC FORTH	Mr. Jake Eberts
Mr. Wilf Stevenson	Mr. David Scott

Ms. Premila Hoon

E.

Mr. Nick Powell	Miss Janet Mole
MR. PETER SMITH	Mr. Edward Lee
Mr. Bob Phillis	Mr. Simon Perry

Mr. Larry Chrisfield

F.

Ms. Sarah Radclyffe

Mr. Stephen Moore	Mr. Nigel Stafford-Clarke
PROFESSOR BRIAN GRIFFITHS	Mr. David Rose
Ms. Lynda Myles	

Mr. Issac Julien

OPENING REMARKS AND INTRODUCTIONS

1 Welcome

2 Introduce Ministers:-

Nicholas Ridley, Secretary of State for Trade and Industry;

Richard Luce, Minister for the Arts;

Eric Forth, Parliamentary under Secretary of State at the Department of Trade and Industry, with responsibility for the film industry.

3 Reason for the seminar -

meeting with Sir Richard Attenborough on 5 A -11. The Government attaches considerable importance to the film production industry. This may not have been appreciated as much as it should. Hope this seminar will redress the balance. Aware of industry's concerns about present situation in the UK. Want to hear at first hand from those directly involved what these concerns are and how best they can be overcome. Look forward to constructive discussion.

4 Value of the industry -

Film production industry makes a valuable contribution to the economy: through wealth creation, employment, exports and benefit to other industries.

- 5 Recognise film industry can do much to raise the profile of Britain country throughout the world and this too has benefits through encouraging tourism, promoting culture and language, and generally "selling the UK" at home and abroad.

6 Europe

In Europe, British films increasingly popular and esteemed. Recognise aspirations of industry to work more closely with film makers there and ensure they have a place in the growing European market.

7 USA

Long tradition of links with the US industry (represented today by Mr Wasserman) and continue to welcome their film makers here. Some of the most successful films of recent years ("Indiana Jones and the Last Crusade" and "Batman") were achieved through a combination of US and British

skills and we hope this tradition will long continue to
our mutual benefit. In particular hope working
relationship may be extended if, as we hope, MCA decide
to build their theme park and studios at Rainham.

- 8 Now ask Sir Richard Attenborough to say a few words and
introduce the first presentation.

OPENING REMARKS AND INTRODUCTIONS

1 Welcome

2 Introduce Ministers:-

Nicholas Ridley, Secretary of State for Trade and Industry;

Richard Luce, Minister for the Arts;

Eric Forth, Parliamentary under Secretary of State at the Department of Trade and Industry, with responsibility for the film industry.

3 Reason for the seminar -

meeting with Sir Richard Attenborough on 5 April. The Government attaches considerable importance to the film production industry. This may not have been appreciated as much as it should. Hope this seminar will redress the balance. Aware of industry's concerns about present situation in the UK. Want to hear at first hand from those directly involved what these concerns are and how best they can be overcome. Look forward to constructive discussion.

4 Value of the industry -

Film production industry makes a valuable contribution to the economy: through wealth creation, employment, exports and benefit to other industries.

- 5 Recognise film industry can do much to raise the profile of Britain country throughout the world and this too has benefits through encouraging tourism, promoting culture and language, and generally "selling the UK" at home and abroad.

6 Europe

In Europe, British films increasingly popular and esteemed. Recognise aspirations of industry to work more closely with film makers there and ensure they have a place in the growing European market.

7 USA

Long tradition of links with the US industry (represented today by Mr Wasserman) and continue to welcome their film makers here. Some of the most successful films of recent years ("Indiana Jones and the Last Crusade" and "Batman") were achieved through a combination of US and British

skills and we hope this tradition will long continue to
our mutual benefit. In particular hope working
relationship may be extended if, as we hope, MCA decide
to build their theme park and studios at Rainham.

- 8 Now ask Sir Richard Attenborough to say a few words and
introduce the first presentation.

dti

the department for Enterprise

c.c.p.

See by MB

The Rt. Hon. Nicholas Ridley MP
Secretary of State for Trade and Industry

Barry H Potter Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON
SW1A 2AA

Department of
Trade and Industry

1-19 Victoria Street
London SW1H 0ET

Enquiries
071-215 5000

Telex 8811074/5 DTHQ G
Fax 071-222 2629

Direct line 071 215 5621
Our ref JW2ASF
Your ref
Date 6 June 1990

Draw Barry

FILM PRODUCTION SEMINAR

file with MB

Your letter of 30 May asked for an outline of the paper my Secretary of State will give at this seminar, and opening and closing remarks for the Prime Minister's use. The paper and opening remarks are being sent separately under cover of a letter to the Prime Minister from my Secretary of State. The closing remarks will have to await the Prime Minister's agreement to certain proposals he will put to her.

The seating plans you requested from Carolyn Lambert are enclosed.

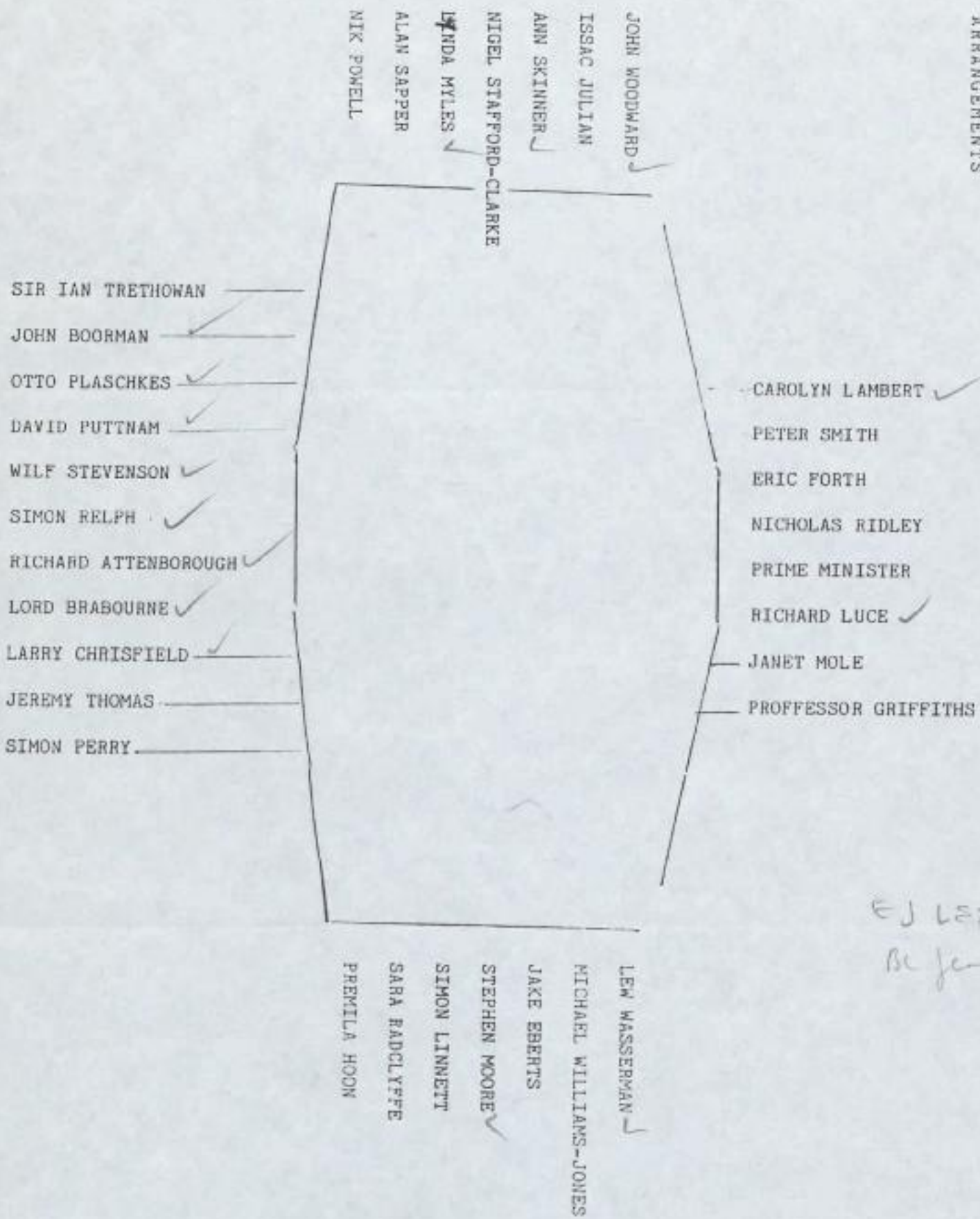
*Yours
Rosalind Cole*

ROSALIND COLE
Private Secretary



Recycled Paper

SEMINAR
SEATING
ARRANGEMENTS



EJ LEB
Be Jentou!

SEATING PLAN FOR FILM SEMINAR LUNCH

ERIC FORTH
 LEW WASSERMAN
 RICHARD LUCE
 SIR RICHARD ATTENBOROUGH
 PRIME MINISTER
 LORD BRABOURNE
 NICHOLAS WIDLEY
 SIR IAN TRETOWAN



SIR DAVID BERRIMAN	WILF STEVENSON	OTTO PLASCHKES	SIMON RELPH
DAVID PUTTNAM	JEREMY THOMAS	JOHN BOORMAN	PROFESSOR BRIAN GRIFFITHS
SIMON LINNETT	JAKE EBERTS	DAVID PLOWRIGHT	LINDA MYLES
MICHAEL WILLIAMS-JONES	DAVID SCOTT	PETER SMITH	STEPHEN MOORE
BARRY JENKINS	CHARLES WESOCKY	BOB PHILLIS	JIM DALY
JOHN WOODWARD	COLIN YOUNG	NIK POWELL	PREMILA HOON
CAROLYN LAMBERT	MAMOUN HASSAN	PERCY LIVINGSTONE	EDWARD LEE
ALAN SAPPER	LARRY CHRISFIELD	SIMON PERRY	JANET MOLE
ANN SKINNER	ISSAC JULIAN	NIGEL STAFFORD-CLARKE	DAVID ROSE

SELF

SAHAH RADCLYFFE

A PRODUCTION SLUMP IN A BUOYANT MARKET

More people in Britain today watch more films by more different means than ever before. Films are available in the cinema, on free, cable and satellite television and on video to rent or buy. There is no evidence of a shrinking interest. During the last six years cinema attendances have risen steadily. In ten years, the value of the video market has risen from under £100 million to over £800 million.

British film makers have been consistently in demand in this burgeoning market. Their association with quality film making is well publicised in multiple award successes. British film makers have won 20 Oscars over the last 4 years.

They have also been involved in some of the biggest commercial successes. The INDIANA JONES films and BATMAN were shot in Britain with largely British crews. Many other technicians and creative talents are working outside this country, especially in Hollywood. FATAL ATTRACTION was written by James Dearden and directed by Adrian Lyne. TOP GUN and BEVERLY HILLS COP II were directed by Tony Scott. The writer and producer and many of the crew of THE LAST EMPEROR were British. Between them the rentals for these 8 films in the USA alone are nearly \$1 billion.

In this market, British film production has reached an all-time low. Less than 30 feature films were made in Britain last year. It appears the total will be even lower this year. Not only do we make fewer films, we spend less on them so that the drop in production spend is even more pronounced.

The crisis is acute but the underlying problems of UK production have been endemic for the last thirty years.

THE HOME MARKET

A national film economy needs a strong home market where its films are readily accepted and where it reaps its most secure and profitable return.

British films like A FISH CALLED WANDA, WILT, SHIRLEY VALENTINE and recently THE KRAYS and NUNS ON THE RUN, are among the most successful released in the UK and British distributors are keen to handle them, although they are rarely investors in them.

The returns to the financier from the domestic market often do not reflect the size of the audience. Even with a successful film, it is rare for more than 10% of the box office to return to the producer/financier.

At the moment, America alone is able to recover production costs from its home audience because of the size of its marketplace. The prospect is in view that European producers will be able to reap a similar benefit from the European market.

The effect of such self-sufficiency, which is now enjoyed by American producers and may be available in the future to us, is to enable the release of films outside the home market on very competitive terms. British producers currently have to raise something like 70% of their budgets from overseas sales.

At the moment the free availability of popular product in the English language from outside this country makes it difficult for British producers to take advantage of their home market in quite the same way as, for example, a French producer can with an indigenous film.

Smaller British films, with less cinema and video potential, also attract large audiences on television but again the size of the audience is often not reflected in the price television pays for the films.

STRUCTURE OF FILM INVESTMENT

Investment in film production is a highly speculative business. Only slightly more than 2 out of every ten films made by the most successful Hollywood studios are profitable. It is also a business where all the finance is needed up front to fund development, production and marketing. The returns do not start to flow for up to two years, when the film reaches the cinemas.

It is rather like drilling for oil. Heavy investment and a lengthy period of "exploration" are needed before the well gushes and a great deal of money can be spent drilling wells which trickle rather than gush.

It is certainly not like manufacturing industry. A cup or a glass which cost six pence to produce can be sold on to the wholesaler for ten pence. The manufacturer immediately covers his marginal cost of production and makes a contribution to overhead and profit.

The film producer (manufacturer) often gets no immediate payment from the distributor (wholesaler), while the cinema (retailer) gives no guarantee to the distributor. The cinema usually covers its costs first, taking a minimum of 50% of box office revenues, which if business is good will provide a profit. The balance returns to the distributor who deducts a commission and costs. What, if anything, remains goes back to the producer and his investors.

Of course, if the film fails everybody loses thus there is risk for all parties but the first slice of the cake is the exhibitors, second the distributors and the last the producer/financiers.

The structure, in which the investor is first in and last out, is common throughout the world. It is not feasible to seek to alter this structure but an alternative tax treatment for film investment might tilt the balance of the economic equation towards the producer.

SEPARATION BETWEEN EXHIBITION, DISTRIBUTION AND PRODUCTION

The problems of the investor and producer in Britain are exacerbated by a unique separation between exhibition and distribution and production.

Just as oil companies are often involved in the whole process from exploration, drilling and refining to forecourt sales, so the major players in British exhibition and distribution used also to produce films. The spread of risk throughout the process from production to exhibition allowed them to make some return even from less successful films which underpinned the danger of box office failure.

American studios today are still all involved in production and distribution and some also have cinema interests. The link between exhibition, distribution and production died in the UK sometime ago. There was a time when both the major circuit owners, who were also distributors, maintained production divisions at the studios, Pinewood and Elstree. When they closed down these divisions, producers and their investors became divorced from the security of the distribution and exhibition chain.

INHERITED DEAL STRUCTURES

What remained when the two big distribution and exhibition chains dropped out of production on a large scale was the relic of their internal pricing structures. These were designed deliberately to delay the point when costs were recovered because then a

share of revenues became payable to individual producers, directors and artistes.

Not only did British producers lose the protection of diversification into distribution and exhibition, they were forced to accept a deal structure which pushed all the risk onto the production financier.

The example of a popular British film co-financed by British Screen illustrates the problem:

f millions	UK				FOREIGN Sales	TOTAL
	Cinema	Video	TV	Total		
RECEIPTS	3.7	1.2	1.0	5.9	2.8	8.7
LESS:						
EXHIBITOR	2.2			2.2		2.2
DISTRIBUTOR:						
Commission	0.4	0.6	0.2	1.2		1.2
Marketing	0.6	0.3		0.9		0.9
Materials	0.2	0.1		0.3	0.1	0.4
Sales agent					0.1	0.1
BALANCE TO FINANCIERS	0.3	0.2	0.8	1.3	2.6	3.9
COST OF FILM						3.9

This film has been particularly successful. Its revenues have covered its production and interest cost. British Screen recovered its investment quickly but, even with one of its most successful investments, profit, essential to the survival of any finance company, is slow to come and will be small. The UK distribution company, however, has covered its costs and made £1.2 million in commission.

MARKETING

The finance and skill devoted to marketing a film is as important to its success as the effort and cost of making it.

American major distributors spend heavily on marketing as indeed do British distributors when they have confidence that their product can reach a wide market but there is often a problem in attracting sufficient marketing funds to smaller films for a specialist audience.

The British industry would benefit from incentives to stimulate finance for marketing as well as production.

ACCESS TO CINEMAS

The two dominant chains give ready access to big budget popular British films. Stan Fishman of Rank and Stewart Hall of Cannon, who book films, are synmpathetic to British films but at present there are still too many films chasing too few screens. Cheaper films with a smaller but still clearly identifiable audience sometimes have difficulty in getting sufficient access to the market place.

UCI, Warners, Showcase and of course Rank and Cannon are investing very considerable sums both in upgrading the quality of cinemas and increasing the number of screens and this will doubtless broaden the range of films they show. This increase in investment was of course made possible by the abolition of the Eady Levy.

There is, however, a need for investment in cinemas which specialise in showing films intended for a different audience to that which frequents the new multiplexes and the improved circuit of high street and city centre cinemas.

Specialist London cinemas such as the Curzon and the Lumiere have made substantial profits showing quality art-house movies. Few such screens exist outside London, although the audience for the films does. Investment in increasing the number of these specialist cinemas would bring substantial benefits to the economy of middle and lower budget British films.

SOURCES OF FINANCE

BROADCAST TELEVISION

Television is a major user of films. It has been an important source of finance for British film in the last ten years. Channel Four particularly was responsible for a renaissance in British film making.

Recently, the supply of television revenue has become more uncertain. The recent changes in the rules on Levy relief have entailed a loss of investment for film production and the pressures have increased over the last nine months as television companies adjust to the consequences of deregulation.

Television financing takes the form of purchase of a completed film or an investment in a production.

The price paid for television film purchase is dictated by the ready supply of inexpensive American product. Additionally, the duopoly of BBC and ITV has worked against the interests of

the film maker by preventing effective price competition.

When television companies invest in film, they often contribute large sums but the amount of the investment which they allocate to the purchase of the right to show the film, and which does not have to be recovered from revenues, does not reflect the true cost of home produced films. The best available price for an independently produced film for television is £150,000 per hour for Channel Four, £125,000 per hour for the BBC, and £250,000 per hour for ITV. None of them can produce quality film drama themselves for less than £400,000 per hour and the accepted price is nearer £600,000.

Producers are forced to accept television's terms because in the current state of production finance, television has become almost a monopoly provider of finance. In other countries, producers get a better price for television rights.

The argument for paying lower prices is much diminished by the swifter availability of films for broadcast allowed by exhibitors.

If UK television could be persuaded to pay a more realistic price for the films which it co-produces with the independent sector, the prospects of attracting other financiers would be immediately enhanced.

SATELLITE TELEVISION

Satellite has brought some production money to the British industry. BSB is committed to spend £25 million over the next three years on British production.

However, the emphasis has been on the purchase of American films. Last year, SKY and BSB between them spent over \$1 billion acquiring American films to show to the British public.

VIDEO

The video industry is now in terms of aggregate revenue three times bigger than the cinema exhibition industry. It is worth £800 million a year and is still growing. It has reach a level of profitability comparable with that of the exhibition industry when it agreed voluntarily to the Eady levy.

At the moment few video companies make direct investments in production, although a number have pre-purchased rights. Recently, Parkfield

Entertainment have wholly financed a major British production, THE KRAYS.

Video is a source of finance which we need particularly to encourage.

SALES AGENTS

UK sales agents will sometimes give producers a financial guarantee against the value of overseas rights and they can often arrange for a bank to cash flow that guarantee. However, the amount of the guarantee is rarely sufficient to cover the budget, which can only be achieved if sufficient actual sales are in place.

BANKS

A number of British and European banks are actively involved in discounting pre-sale contracts. Sometimes they will underwrite arrangements with established sales agents to provide finance against sales forecasts but generally they do not take risks in film investments without significant backup security. They are not in the venture capital business.

PRIVATE INVESTMENT

There is virtually no private investment in UK production. Four of British Screen's fifty productions have involved private investors.

CO-PRODUCTION

Co-production has proved a valuable source of funds to film makers in Europe, Australia and Canada.

British producers would appear to be especially well placed to attract co-production funds. Their language commands the biggest market in the world and they have a highly development production infrastructure.

In fact they are at a marked disadvantage. Potential co-production partners can bring substantial funds because their domestic market values native product highly and is reinforced by tax incentives and other support mechanisms. British producers have none of these cards to play.

British producers also suffers from having fewer co-production treaties in place than almost any other European nation. This is a growing disadvantage, particularly, with Eastern Europe.

The experience of British Screen illustrates the problem: of the 50 films in which it has invested, only 2 are official co-productions. In contrast, there were 47 Franco-Italian co-productions last year.

GOVERNMENT ASSISTANCE

The government's involvement in production finance is through the £1.5 million a year with which it part funds British Screen and its contribution to the BFI production fund.

The investment in British Screen, a semi-privatised body, has provided an interesting example of the effect of a relatively small intervention on the economy of production finance.

In the first four years of the company's existence, the government's grant of £6 million has resulted in productions with a total value of £72 million which would not otherwise have been made. At least 30% of this expenditure, £18 million, will have found its way back to the Exchequer in taxation. To date over £40 million has been earned from overseas.

We believe that the investment in British Screen has brought a significant net benefit to the economy through additional overseas earnings, employment and tax revenues. Other interventions could equally be calculated to generate revenues which match or outweigh their cost.

PRODUCERS ROLE IN STIMULATING THE INDUSTRY

It must be admitted that British producers have sometimes tackled parochial subject matter or, on a larger scale, believed too much in their own success and over-invested.

In the celebrated case of Goldcrest three films were produced, all at the same time, with budgets in excess of the total advances obtained from overseas distributors before production. Prior to that Goldcrest had never spent more on its films than their pre-sale value. The simultaneous failure of the three films at the box office spelt disaster for the company.

Too often producers whose overwhelming priority is to get their film made, have not given sufficient consideration to its revenue potential thus disenchanted willing but less experienced investors.

It is not our wish to encourage this type of behaviour but to find ways to facilitate the real entrepreneurial talent which exists within the industry.

TRAINING

In the National Film and Television School, Britain has a training resource which is admired throughout the world. There is a proposal to set up a European school based on the British model.

The success of the School can be in part be measured by the alacrity with which the American film industry recruits its graduates. In the present state of British production there is very little opportunity for those graduates to work in the country which has trained them.

The contribution of the film industry, including exhibition, distribution and production, to the National Film and Television School is less than a third of that of the television industry.

DEVELOPMENT

Development is the process which brings an idea for a film from its origins to the point when production begins. It encompasses successive versions of the script as well as assembling the elements of direction, major cast and financing.

It is an even more risky process than production. The failure rate is high and properly so since the exercise is intended to stretch and test an idea to its limits so as to minimise those risks. Hollywood studios will develop 180 projects to achieve twelve.

The shortage of development finance is more acute than for production and has a real effect on the quality and scale of what is produced. Few British writers today produce screenplays capable of attracting a large international audience. Writers respond to the market and write the kind of small scale drama which can be made on a low budget.

Well funded development programmes are needed to alter the thrust of writers efforts towards films which are capable of large-scale commercial success and ensure that the final script is of the highest quality.

In the end, it will be the probability of such scripts being made in an adequately financed market which will stimulate writers, including major British writers many of whom currently prefer to work in the theatre or television where the flow of funding means that there is a real chance of their work being produced.

COST OF PRODUCTION

Production costs are a problem for the industry, although it costs substantially less to produce a

British film than one of the same standard made in America.

There is growing competition, particularly from Eastern Europe where costs are very low, although the quality of facilities is also lower and the production process slower.

Andrew Lloyd Weber's PHANTOM OF THE OPERA, wholly funded by Warner Bros at a budget of over £20 million, which was to be made in the UK, may be produced in Italy for cost reasons. It is a situation where the right kind of fiscal incentive might tip the balance in favour of the UK industry.

There is a particular problem with British low budget films, with a mainly domestic audience predominantly reached through television. Although television must be encouraged to pay a more economic price for them, it is necessary also to reduce costs to a level which reflects the market value of the films.

OVERSEAS PRODUCTION IN THE UK

It is important not only to stimulate investment in British films but to encourage the production of overseas movies here.

We have high quality facilities and technicians and a long and successful history of working on foreign films. Sadly last year, although BATMAN and INDIANA JONES AND THE LAST CRUSADE were made here, there were few others.

Quite small incentives such as the Eady levy encouraged American companies to produce here. Capital allowances were even more attractive. Removal of these incentives and the introduction of stricter regimes in the taxation of overseas artists and creative talent has proved a dis-incentive to overseas producers.

We have more than enough evidence that American companies and investors see Europe as an increasing opportunity but all kinds of economic incentives exist in other European centres for them to base their operations there rather than here, despite the advantage of our close ties with America and the benefit of a common language.

New incentives are needed to bring back overseas investment to the UK film economy.

TECHNICIANS, STUDIOS AND FACILITIES

The high standard of our technicians, studios and facilities has been a vital part of the British industry's appeal to overseas film makers.

The low level of film production in the UK means that that resource is wasting away. The most skilled technicians are drawn away to work on films based outside the UK. The studios and facilities houses find it difficult to keep going on the small amount of domestic work available, particularly in an environment where the commercials industry is also in recession.

AMERICAN MARKET

Although some British producers have met with great success in the American market, few have the clout to persuade American investors to buy British projects when they have a ready supply of homemade product. Literally a handful of larger budget British movies directed at the US market are made each year, but this has much to do with the lack of funding for production and development available here for this scale of production. In its early days Goldcrest proved what could be achieved with quite modest UK resources.

EUROPEAN OPPORTUNITY

1992 brings with it the possibility of a new European market equal in scale to the US with an appetite for alternatives to American product which Britain, by reason of language, technical and creative skills and cultural connection, is well placed to provide if the finance is available. Sir Richard Attenborough's paper will consider this opportunity more fully.

SUMMARY

This paper has identified:

1. A scarcity of production investment and development finance.
2. A need to increase the return from the home market to investors in production.
3. A separation between the UK exhibition and distribution industries and the production sector.
4. A need to stimulate funding for the marketing and promotion of our product.
5. A need for investment in specialist cinemas outside London.
6. A need to stimulate a greater contribution from UK television.
7. A lack of incentives to encourage overseas producers to make films here and overseas investors to support local production.

Many of these problems could be overcome by discrete and selective measures to increase the incentive to invest and to encourage our national cinema and video distribution industries and our television industry to become involved in indigenous production. The money is there in the marketplace - too much of it going elsewhere.

ANNEX

BRITISH FILMS: CATEGORIES AND FINANCING SOURCES

1. LARGER BUDGET FILMS (over £3 million)

For example: THE LAST EMPEROR, MEMPHIS BELLE, A FISH CALLED WANDA, SHIRLEY VALENTINE and THE FOOL.

Films of this type are usually pre-sold to an American major distributor for wide-scale release. Sometimes the same distributor also handles sales outside America. Otherwise, overseas rights are sold outside America territory by territory and the sales contracts are discounted by UK and European banks to provide cash for production. Usually the risk is low since the commitment from distributors equals the cost of the film.

These films have the greatest potential to benefit the balance of payments, employment and the Exchequer but usually require some passionate commitment by a UK producer to locate production here rather than in a country which offers financial incentives to film makers.

When UK producers can offer substantial production finance they are in a much stronger position to negotiate deals with US and overseas distributors and more of the rewards of success reach the UK.

2. MEDIUM BUDGET FILMS (£1.5 to £3 million)

It is not unusual for finance for these films to be pieced together from 4 or 5 different sources including some or all of:

- a) independent US distributors who may pre-buy for an advance against US rights.
- b) Pre-sale to UK television for a slot cost and an investment against revenues from the rest of the world.
- c) A guarantee from a sales agent against foreign revenues.
- d) A pre-commitment from a UK cinema distributor (rare)
- e) Selective sales for individual territories, discounted by banks or cashflowed perhaps by the television buyer.
- f) A small proportion of equity from British Screen
- g) Very rarely a private investor or the production company itself.

These films can also be effective economically on a smaller scale. Many films have won critical acclaim for Britain and our industry. Similarly many recover their cost but the potential profits are not usually though great enough to justify the considerable risks.

These films suffer particularly from the problems of limited marketing and access to cinemas.

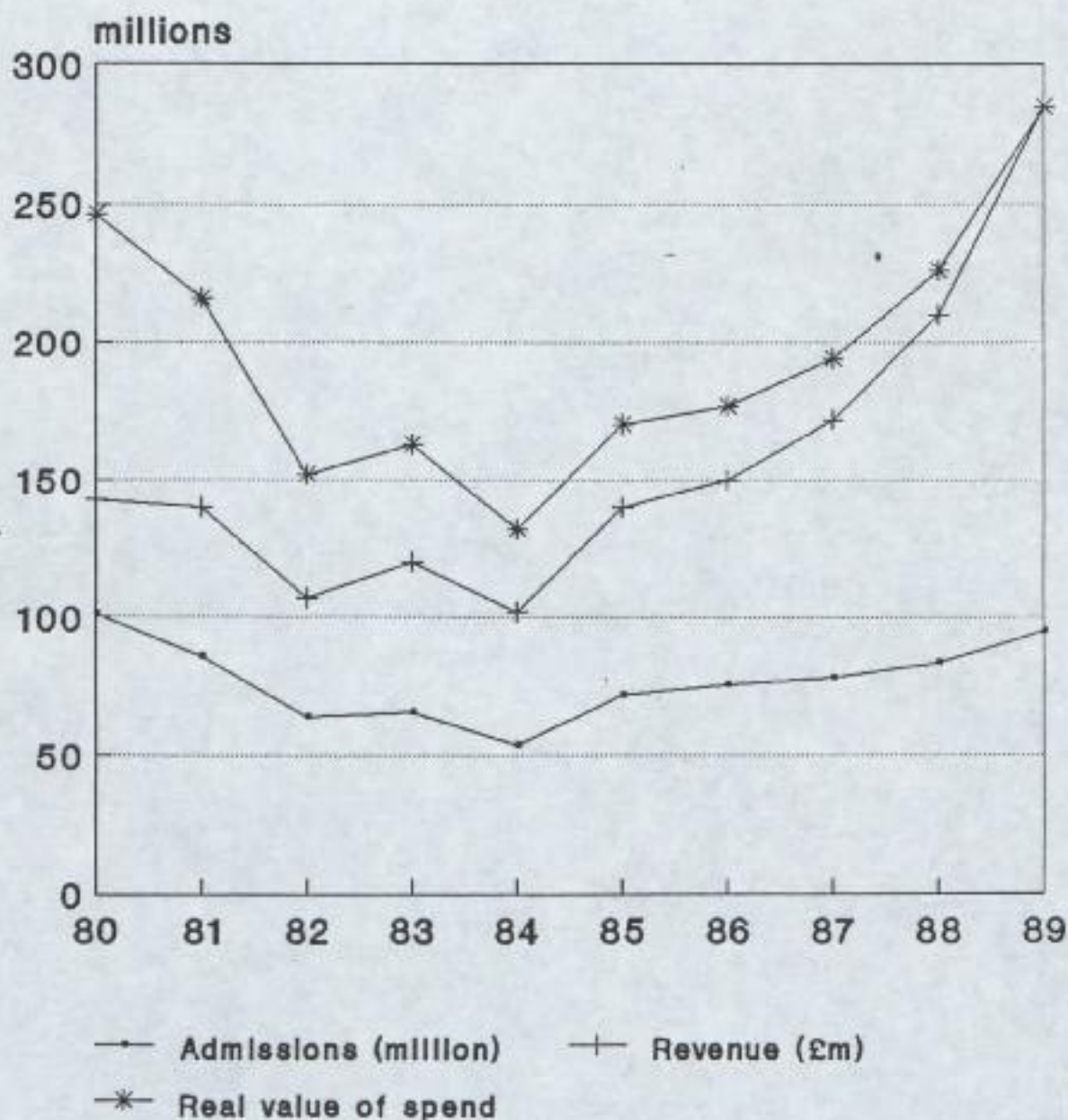
3. **LOW BUDGET FILMS** (up to £1.5 million)

Generally financed by UK television, particularly Channel Four, in partnership with an equity investor, very often British Screen. They occasionally attract advances from UK distributors and sometimes sales to European television entities like ZDF in Germany with interest in this kind of quality specialist film making.

Although these are the least commercially viable films, they are vital for the discovery and encouragement of the new talent on which the health of the industry depends.

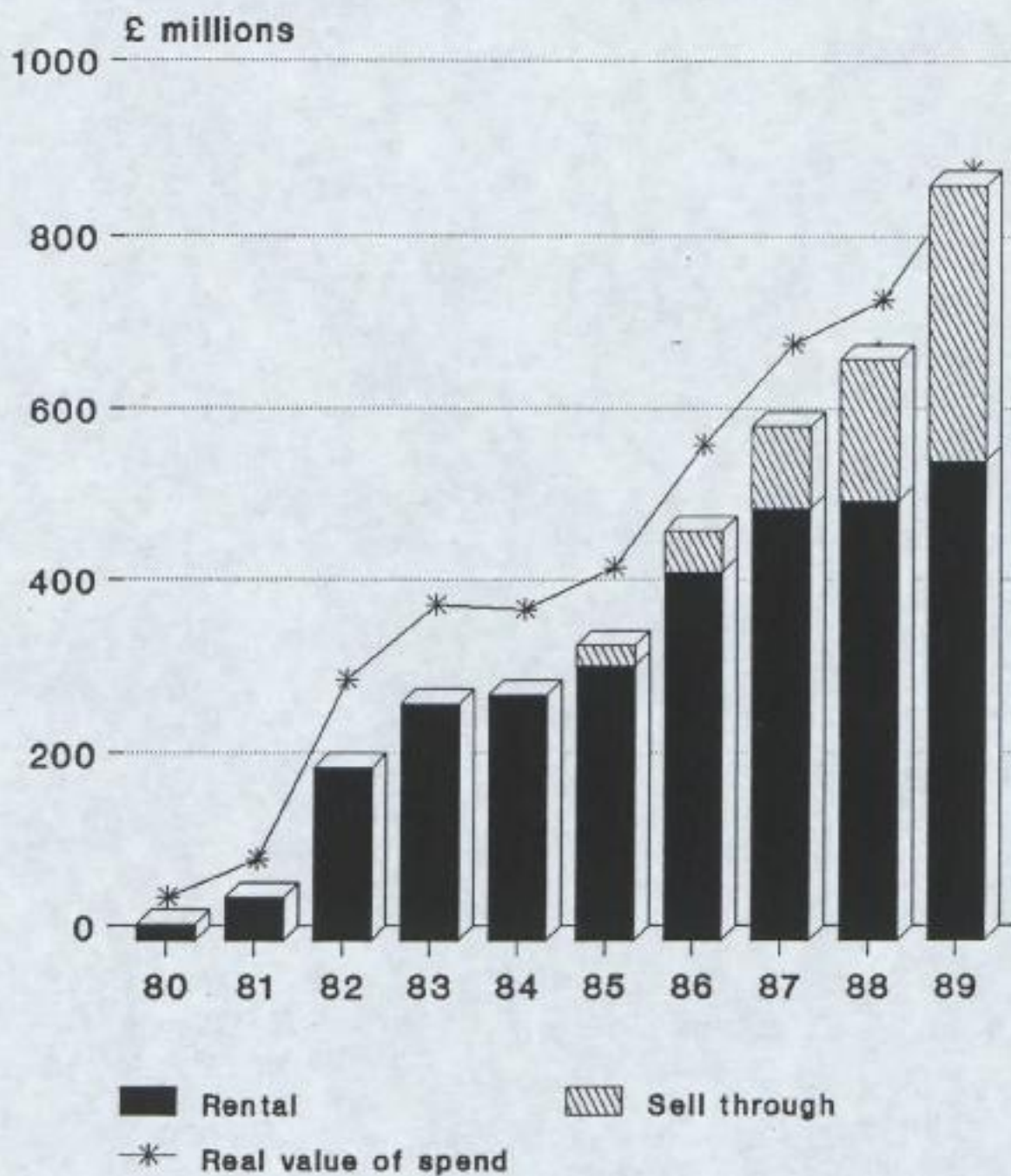
We need to find ways of producing these films less expensively and encouraging UK users, especially television where they have big audiences, to pay more of the cost.

UK cinema consumer spending Admissions and revenue



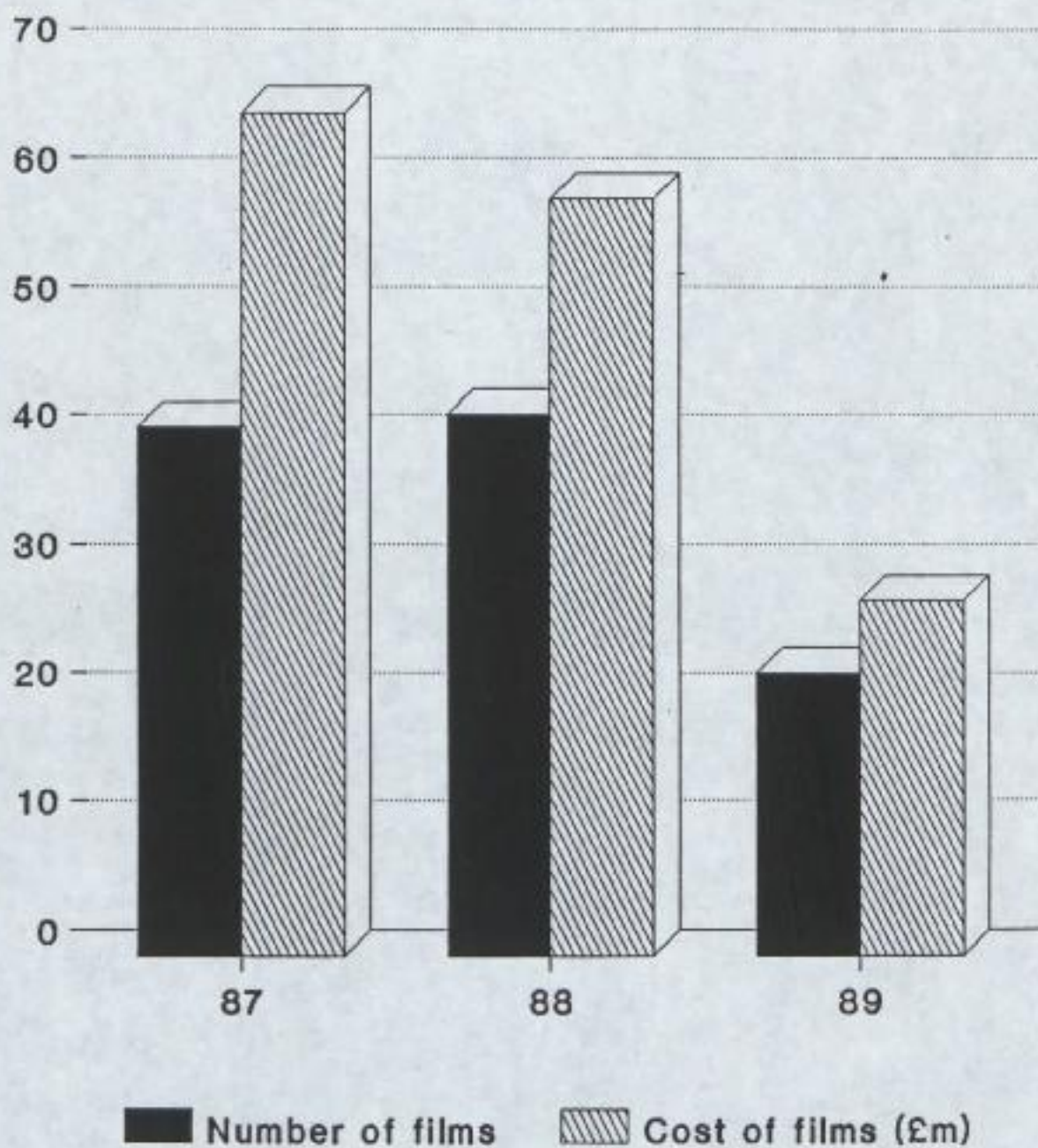
Source: Screen Digest/RPI

UK consumer spending on video



Source: Screen Digest/RPI

Films made in or from the UK by British producers



Source: The Producers Association



the department for Enterprise

CCFO

The Rt. Hon. Nicholas Ridley MP
Secretary of State for Trade and Industry

Rt Hon John Major MP
Chancellor of the Exchequer
HM Treasury
Parliament Street
London
SW1P 3AQ

Department of
Trade and Industry

1-19 Victoria Street
London SW1H 0ET

Enquiries
071-215 5000

Telex 8811074/5 DTHQ G
Fax 071-222 2629

Direct line

Our ref 071-215 5621

Your ref PE3ANX

Date

3/ May 1990

See Chancellor of the Exchequer

FILM PRODUCTION INDUSTRY

As you may be aware, the Prime Minister has convened a major seminar on 15 June to discuss the prospects for the UK film production industry. This followed a meeting with Sir Richard Attenborough on 5 April at which he claimed that, in the eyes of the industry, Government had never been fully committed to UK film production. This follows reports that investment in UK film production has fallen from £197m in 1987, when 41 films were produced, to £126m in 1988 and to just £55m in 1989 with only 23 films. This is in contrast to present trends in the US where film production continues at broadly previous levels and in other European countries where investment has increased on the back of, sometimes considerable, public sector support.

I have been reviewing the position that we can take on 15 June. There are some encouraging developments to which we can point. As with other sectors of industry in the UK, film production has benefitted from improvements in the labour market and a reduced burden of corporate and individual taxation. In addition we have some modest support measures including my Department's £2m a year to British Screen Finance (BSF) and support from the Office of Arts and Libraries for the National Film and Television School. The Broadcasting Bill will also bring some benefits over time through the requirement for 25% independent production for the BBC and independent television. These are, however, very limited means of support, at least compared to what is available in some other European countries, and only the grant to BSF is directly targeted on the film production sector. In view of the significance of the 15 June seminar and the major fall in UK film production investment over the last few years, I fear



Recycled Paper

this may be judged as a less than adequate response to the current position. I should therefore like to put to you two further proposals.

First, I believe there would be considerable merit in our announcing a modest new fund to support European co-productions. At present our producers are finding it increasingly difficult to participate in such films compared to their counterparts in other Member States which see them as an important element in progress towards 1992 and are therefore prepared to provide financial support. We have so far resisted various proposals from the EC and the Council of Europe but without reaching a final decision. There will be considerable pressure at the Prime Minister's seminar for us to go further than this. I believe we could take a significant initiative at relatively small cost. I have in mind a fund of £2m a year that the BSF would administer for the Government. This would start in 1991/92 at £1m, increasing to £2m a year thereafter. I would need to bid for these amounts in addition to the bids I have already submitted for this year's Survey. I should, however, wish to make an announcement on 15 June.

Secondly, the film production industry has put forward a number of proposals for some form of tax incentive. These range from a limited adjustment in the Business Expansion Scheme (BES) to a change in the present arrangements for first year capital allowances. We have yet to receive any detailed proposals and I would be reluctant to commit myself to any specific proposal. At this stage the most encouraging one appears to be for an increase in the upper limit for qualifying investment for the BES to £5m. Given that a major film typically costs in excess of £10m, this would seem more appropriate than the present £0.75m limit and would put film production on a par with other exceptions for high cost investments under the BES. Rather than trying to take a decision on the basis of incomplete information, however, I should like to suggest that a small working party might be formed with officials from your Department and mine and representatives from the industry with a view to seeing if there was a workable proposal that might be considered in the run-up to next year's budget. If you agree, I would like to announce this also at the Prime Minister's seminar. I believe that this recognition that we were taking seriously the industry's concern on these matters would be extremely welcome.



the department for Enterprise

I would commend both of these proposals to you. In view of the deadline towards which we are working of 15 June, I would welcome your early views.

I am copying this letter to the Prime Minister.

Yours sincerely

Se Stowell

(Approved by the Secretary of State and signed in his absence.)



Recycled Paper



File 100

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

30 May 1990

Dear Martin,

SEMINAR ON THE FILM INDUSTRY

We have spoken on a number of occasions about the importance of "stage managing" the seminar on the film industry to ensure that it is a very positive occasion and to avoid any unproductive or adverse publicity emerging at its conclusion.

I think the Prime Minister would find it helpful if the Department could provide both an early indication of what Mr. Ridley proposes to say in his paper; and some draft preliminary remarks which the Prime Minister might give at the beginning and end of the seminar.

I would be grateful if you could ensure that these papers are available in good time to go into the Prime Minister's weekend box on Thursday 7 June.

Yours ever,
Barry

(BARRY H. POTTER)

Martin Stanley, Esq.,
Department of Trade and Industry.

1. Margaret
2. Sue

cc to +sg



British Videogram Association
21/22 Poland Street
London W1V 3DD
Telephone 01-437 5722
Telex 295101

From the Chairman

30 May 1990

Mr Barry H Potter
Private Secretary
10 Downing Street
London
SW1A 2AA

Dear Mr Barry

Thank you for your letter of 24 May 1990. I have pleasure in accepting the Prime Minister's invitation to participate in a seminar on the film industry at 10 Downing Street on Friday, 15 June 1990.

Yours sincerely

A handwritten signature in blue ink, which appears to read 'Stephen Moore'.

STEPHEN MOORE
Chairman

1. Margaret
~~2. Sue~~

cc. FY
SC

The British Council



Our ref

Your ref

Direct line 071-389 4879

From the Director-General Sir Richard Francis KCMG

Promoting cultural, educational
and technical co-operation between
Britain and other countries

10 Spring Gardens
London SW1A 2BN
Telephone 071-930 8466
Telex 8952201 BRICON G
Fax 071-839 6347

Mr Barry H Potter
Private Secretary to the
Prime Minister
10 Downing Street
London
SW1A 2AA

29 May 1990

Dear Mr Potter,

I have delayed replying to the Prime Minister's very kind invitation to lunch on Friday 15 June, because I am particularly interested in the subject and wanted very much to attend. However, I have been unable to move a longstanding arrangement to visit Hungary in connection with the British Council's fast developing work there and must regretfully decline.

Yours sincerely,

Richard Francis

The British Council

Mrs Bell

*asst
PU.*

R 30/5



THE CINEMA EXHIBITORS' ASSOCIATION

1st FLOOR, ROYALTY HOUSE, 72/73 DEAN STREET, LONDON W1V 5HB

Telephone: 071-734 9551

President: E. J. Lee B.Sc. (Econ.)

29th May 1990

Barry H. Potter Esq.,
Private Secretary,
10 Downing Street,
London SW1A 2AA.

Dear Mr. Potter,

Thank you for your letter of 14th May and I am very pleased to accept the Prime Minister's invitation to the luncheon on Friday, 15th June.

Yours sincerely,

E. J. Lee
E. J. Lee



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

24 May 1990

The Prime Minister wishes to invite you to take part in a seminar on the film industry at 10 Downing Street on Friday 15 June. The seminar will begin at 9.30 am and conclude at 2.00 pm.

The purpose of the seminar is to provide a forum for discussion on the opportunities for the future development of the UK film industry. The seminar will be chaired by the Prime Minister. Papers will be presented by senior industry representatives and by a Government Minister.

I should be grateful if you could let me know by Friday 1 June whether you are able to attend the seminar.

(BARRY H. POTTER)

Stephen Moore, Esq.

Chairman, British Videogram Assoc.,
22 Poland Street, London, W1V 3DD.

1. Massenet

2. Sue

BBC
TELEVISION

CPY
87

EXTENSION:
DIRECT LINE:
FAX:

BRITISH BROADCASTING CORPORATION
TELEVISION CENTRE
WOOD LANE, LONDON W12 7RJ
TELEPHONE: 081-743 8000
TELEX: 265781
CABLES: TELECASTS, LONDON

24th May 1990

Barry H Potter
10 Downing Street
LONDON
SW1A 2AA

Dear Mr Potter

Thank you very much for your letter regarding the Prime Minister's kind invitation to take part in a seminar on Friday 15th June.

I would be delighted to attend.

Yours sincerely



Lynda Myles
Commissioning Editor for Drama

1. Mrs Beale
2. Mr Goodchild.

→ CC SG
PU

BRITISH FILM INSTITUTE



WS/FF/LEO/A/29/1.128

24th May 1990

Mr Barry H Potter
Private Secretary
10 Downing Street
LONDON
SW1A 2AA

Please note that on May
6th 1990 all our 01-
codes become 071-

British Film Institute
21 Stephen Street
London W1P 1PL
Telephone 01-255 1444
Telex 27624 BFILDNG
Facsimile 01-436 7950

Dear Mr Potter

Thank you for your letter of 10th May 1990 about the Seminar on the Film Industry to be held on Friday 15th June 1990, at Downing Street.

I am delighted to accept the Prime Minister's invitation, and note that the Seminar will commence at 9:30am and be concluded by 2:00pm.

Yours sincerely

Wilf Stevenson

Wilf Stevenson
Director

— with Ms.

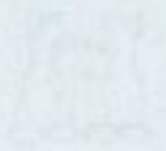
NATIONAL FILM
ARCHIVE
NATIONAL FILM
THEATRE
MUSEUM OF THE
MOVING IMAGE
BFI PRODUCTION
BFI DISTRIBUTION
BFI FUNDING &
DEVELOPMENT
BFI LIBRARY
SERVICES
STILLS POSTERS
& DESIGNS
BFI EDUCATION
BFI PUBLISHING
SIGHT & SOUND
MONTHLY FILM
BULLETIN

Patron
HRH The Prince of Wales
KG KT GCB
Chairman
Sir Richard Attenborough
CBE
Director
Wilf Stevenson
Assistant Director
Michael Prescott

EGON 1702

Foto Album Pt 2.

COMPTON



dti

the department for Enterprise

M. Beal

CCSG
PM

Barry H Potter Esq
10 Downing Street
LONDON
SW1A 2AA

**Department of
Trade and Industry**

Kingsgate House
66-74 Victoria Street
London SW1E 6SW

Switchboard
01-215 7877

Telex 936069 DTIKH G
Fax 01-931 0397

Direct line 071-215 2674
Our ref
Your ref
Date 24 May 1990

Dear Mr Potter,

will MB?

Thank you for your letter of 21 May inviting me to the film industry seminar at 10 Downing Street on Friday 15 June at 9.30 am. This is to confirm that I shall attend.

Yours sincerely,

Carolyn Lambert

CAROLYN LAMBERT

ELON POL

Film Finance PEZ-



→ Mrs Bell

CCSG
PL

OFFICE OF ARTS AND LIBRARIES
Horse Guards Road
London SW1P 3AL
Telephone 071-270 5929

From the Minister for the Arts

C90/2719

Barry Potter Esq
Private Secretary
10 Downing Street
London SW1A 2AA

23 May 1990

Dear Barry

My Minister has asked me to thank you for your letter of 21 May inviting him to take part in the seminar on the film industry at 10 Downing Street on Friday 15 June.

Mr Luce is delighted to accept.

Yours

A P BREWSTER
Assistant Private Secretary



PATHE GROUP (UK) LTD.

CCSG
PU

23rd May, 1990

Mr. B.H. Potter, Private Secretary,
10 Downing Street,
London SW1A 2AA.

Dear Mr. Potter,

Thank you very much for your kind invitation to
attend a Luncheon to be hosted by the Prime Minister
on Friday, 15th June concerning the U.K. Film Industry.

I shall be delighted to join the Prime Minister.

Yours sincerely,

B.C. JENKINS
Managing Director

CARLTON

Communications Plc

15 St. George Street, Hanover Square, London W1R 9DE Telephone: 01-499 8050 Fax: 01-895 9575 Telex: 28177

CC SG
VPH

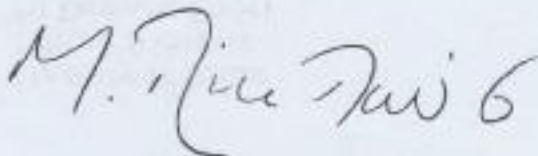
Mr Barry H Potter
Private Secretary
10 Downing Street
London SW1A 2AA

Wednesday
23 May
1990

Dear Mr Potter

In his absence from the office on business, Mr Robert Phillis has asked me to thank you for your letter of 22 May inviting him to join the Prime Minister for lunch at No. 10 Downing Street on Friday 15 June and to say he has much pleasure in accepting.

Yours sincerely



Megan Rice Davies



α 54
DU

FROM THE VICE-CHAIRMAN

BRITISH BROADCASTING CORPORATION
BROADCASTING HOUSE
LONDON W1A 1AA
TELEPHONE: 01-580 4468
TELEX: 265781

23rd May 1990

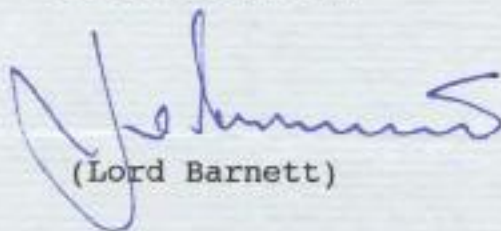
Dear Mr. Potter,

Many thanks for your letter of 14th May and the invitation to the lunch being held on Friday, 15th June for those involved in the U.K film industry.

I should very much have enjoyed attending but unfortunately I have a long-standing engagement out of London at that time.

Needless, to say, I am terribly sorry and I should be glad if you could give my apologies to The Prime Minister.

Yours sincerely,



(Lord Barnett)

Barry H. Potter Esq.,
The Private Secretary,
10, Downing Street,
London SW1A 2AA.

MRS. BELL

SEMINAR ON THE FILM INDUSTRY

Mr. Lew Wasserman's secretary telephoned me today to confirm that he will attend the Seminar.

You might like to note, however, that he has a London address to which any further correspondence (and there will be some) should be sent. This is 24 Wilton Row: I am sorry I do not know the appropriate postcode.

BHP

(BARRY H. POTTER)

22 May 1990

PRIME MINISTER

SEMINAR ON THE FILM INDUSTRY

You will be pleased to hear that Mr. Lew Wasserman's office took the trouble to telephone today, in order to confirm that Mr. Wasserman will attend the Seminar.

BHP

L. Wasserman mt

(BARRY H. POTTER)

22 May 1990

David Howright
Chairman

GRANADA TELEVISION

Manchester M60 9EA. Telephone 061-832 7211. Telex 668859

cc SG
LPH

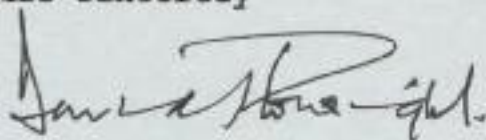
22 May 1990

Dear Mr Potter

Thank you for the invitation to lunch with the Prime Minister at 10 Downing Street on Friday 15 June.

I have put the date in my diary and look forward to an interesting discussion.

Yours sincerely



Mr B H Potter
Private Secretary
10 Downing Street
LONDON
SW1A 0AA

DP/sab

→ Margaret Bell

cc Jy G
PY



**Office of
Arts and
Libraries**

Horse Guards Road, London SW1P 3AL
Telephone 071-270 5865

Barry H Potter Esq
10 Downing Street
LONDON SW1A 2AA

22 May 1990

Dear Barry

Done with MB.

PRIME MINISTER'S SEMINAR ON THE FILM INDUSTRY

Thank you for your letter of 21 May inviting me to attend the seminar on the film industry at 10 Downing Street on Friday 15 June. I am able to attend the seminar and look forward to what I am sure will be an interesting and informative occasion.

Yours sincerely

J. C. Mole

MISS J C MOLE

ECON POL. Film Finance Pt. 2.



ASSOCIATION of CINEMATOGRAPH
TELEVISION and allied TECHNICIANS



111 WARDOUR STREET, LONDON W1V 4AY

Telephone: 071-437 8506

Facsimile: 071- 437 8268

May 22, 1990

Mr. Barry H. Potter
Private Secretary
10 Downing Street
London SW1A 2AA

Dear Mr. Potter,

Many thanks for your letter of May 16 inviting me to take part in a seminar on the film industry with the Prime Minister, on Friday June 15.

I confirm I will be in attendance at the seminar which I understand is due to commence at 9.30 a.m.

Yours sincerely,

ALAN SAPPER
General Secretary



10 DOWNING STREET
LONDON SW1A 2AA

C.F.
(new letter to
correct address
shall)

BHP
24/5

c: / economic / phillis

From the Private Secretary

22 May 1990

The Prime Minister is hosting a lunch at No. 10 Downing Street on Friday, 15 June to provide an opportunity for discussion of the UK film industry. (The lunch will follow a small seminar for a limited number of those involved in the development of the UK film industry; invitations to those concerned have already been issued.)

The Prime Minister wishes to invite you to the lunch from 12.30 pm onwards.

I would be grateful if you could let me know by Friday 25 May whether you are able to attend.

BARRY H. POTTER

Bob Phillis, Esq.
15 St. George St.
Hanover Sq
London W1



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

14 May 1990

Dear Mr Phillis,

The Prime Minister is hosting a lunch at No.10 Downing Street on Friday, 15 June to provide an opportunity for discussion of the UK film industry. (The lunch will follow a small seminar for a limited number of those involved in the development of the UK film industry; invitations to those concerned have already been issued.)

The Prime Minister wishes to invite you to the lunch from 12.30 pm onwards.

I would be grateful if you could let me know by Friday 25 May whether you are able to attend.

Yours sincerely,

Barry H. Potter

BARRY H. POTTER

Bob Phillis, Esq.

C.F.)for file)

file

I have today despatched two more letters of invitation to the seminar on 15 June, as follows:

Ms Carolyn Lambert
Telecommunications and Posts
Division
DTI
66-74 Victoria Street

Peter Smith
Telecommunications and Posts
Division
DTI
66-64 Victoria St.

Lizzie
21 May



FUE AM

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

21 May 1990

Dear Minister,

The Prime Minister wishes to invite you to take part in a seminar on the film industry at 10 Downing Street on Friday 15 June. The seminar will begin at 9.30 am and conclude at 2.00 pm.

The purpose of the seminar is to provide a forum for discussion on the opportunities for the future development of the UK film industry. The seminar will be chaired by the Prime Minister. Papers will be presented by senior industry representatives and by a Government Minister.

I should be grateful if you could let me know by Friday 25 May whether you are able to attend the seminar.

Yours sincerely,

Barry H. Potter

BARRY H. POTTER

The Rt. Hon. Richard Luce, M.P.

BFI PRODUCTION

BRITISH FILM INSTITUTE



cc S.G.
P.U.

Mr Barry H Potter
Private Secretary
The Prime Minister's Office
10 Downing Street
LONDON
SW1A 2AA

British Film Institute
29 Rathbone Street
London W1P 1AG
Telephone 01-636 5587
Telex 27624 BFILDNG
Facsimile 01-436 7950

May 21 1990

Dear Mr Potter,

Mr Isaac Julien thanks the Prime Minister for her invitation to attend a seminar on the film industry at 10 Downing Street on Friday 15 June at 9.30 am and will be delighted to attend.

Yours sincerely,

Rosemarie Hudson

NATIONAL FILM
ARCHIVE
NATIONAL FILM
THEATRE
MUSEUM OF THE
MOVING IMAGE
BFI DISTRIBUTION
BFI FUNDING &
DEVELOPMENT
BFI LIBRARY
SERVICES
STILLS POSTERS
& DESIGNS
BFI EDUCATION
BFI PUBLISHING
'SIGHT & SOUND'
MONTHLY FILM
BULLETIN

Patron
HRH The Prince of Wales
KG KT GCB
Chairman
Sir Richard Attenborough
CBE
Director
Anthony Smith
CBE
Deputy Director
Will Stevenson



cc S.G.
P.U.

Barry H. Potter,
10 Downing Street,
London, SW1A 2AA.

21st May, 1990.

Dear Sir,

With reference to your letter of 10th May, I can confirm that I will be attending the seminar.

Yours faithfully,

Nik Powell

PALACE PRODUCTIONS LIMITED

16/17 Wardour Mews, London W1V 3FF. Telephone 01-734 7060. Telex 263900 Palace G. Fax 01-437 3248
8170 Beverley Blvd., Suite 203, Los Angeles CA, 90048 U.S.A. Telephone 213 655 1114

Registered at above London address No. 1574950 Directors: N. Powell, S. Woolley

NFTS

The National Film and Television School

Beaconsfield Studios, Station Road, Beaconsfield, Bucks, HP9 1LG
Telephone: 0494 671234 Fax: 0494 674042

19/5
18th May, 1990.

Mr. Potter to see

Barry H. Potter,
Private Secretary,
10 Downing Street,
London SW1A 2AA.

Dear Mr. Potter,

Colin Young thanks the Prime Minister for her kind invitation to lunch on Friday, 15th June at 12.30, and is delighted to accept.

Yours sincerely,

Audrey Campbell

Audrey Campbell.
Assistant to the Director.

NFTS

The National Film and Television School

Beaconsfield Studios, Station Road, Beaconsfield, Bucks, HP9 1LG
Telephone: 0494 671234 Fax: 0494 674042

19/5
18th May, 1990.

Mr. Potter to see

Barry H. Potter,
Private Secretary,
10 Downing Street,
London SW1A 2AA.

Dear Mr. Potter,

Colin Young thanks the Prime Minister for her kind invitation to lunch on Friday, 15th June at 12.30, and is delighted to accept.

Yours sincerely,

Audrey Campbell

Audrey Campbell.
Assistant to the Director.



R215

GUINNESS MAHON & CO. LIMITED

PH/HM/0454L

21st May, 1990

Barry H. Potter Esq.
Private Secretary to the Prime Minister
10 Downing Street
London SW1A 2AA

Dear Mr Potter,

Thank you very much for your letter of the 10th May. I shall be honoured to accept the Prime Minister's invitation to take part in the seminar on the film industry on the 15th June.

I would be most grateful if you would send me further details on the seminar such as a list of the other participants and the proposed agenda for the seminar.

I look forward to hearing from you.

Yours sincerely,

Premila Hoon
Director
Entertainment Finance

32 ST MARY AT HILL LONDON EC3P 3AJ
TELEPHONE: 01-623 9333 TELEX: 854035 FAX: 01-528 0881 AND 01-283 4811
REGISTERED OFFICE AS ABOVE REGISTERED NO. 205468 ENGLAND
MEMBER OF THE SECURITIES ASSOCIATION

GUINNESS MAHON & CO LIMITED IS A SUBSIDIARY OF GUINNESS MAHON HOLDINGS plc



R22/S ^{ce}SLG

31 PERCY STREET, LONDON W1P 9PG, ENGLAND
TELEPHONE: 01 637 1169, 01 631 0625
TELEX: 296538 DISCP.G

21 May 1990

Please reply to:

Barry Potter
10 Downing Street
London SW1A 2AA

Twickenham Film Studios
St Margarets
Twickenham
Middlesex TW1 2AW
Tel 081 892 4477

Dear Mr Potter

Thank you for your invitation to attend the seminar on the film industry on Friday 15 June.

I am delighted to accept.

Yours sincerely

Simon Perry



UNITED INTERNATIONAL PICTURES

R22/5 *ajg*

MICHAEL WILLIAMS-JONES
President & Chief Executive Officer

MWJ/JL

21 May 1990

Barry H Potter, Esq.
Private Secretary
10 Downing Street
London SW1A 2AA

Dear Mr Potter,

I have received the Prime Minister's invitation of May 10th
and am pleased to accept.

Yours sincerely,

Michael Williams-Jones

R2245
Katevale
Productions
Limited

Representative for
Allied Filmmakers N.V.

8 Queen Street
London W1X 7PH
Telephone: 01-493 3362
Facsimile: 01-499 4120
Telex: 8950483

21 May 1990

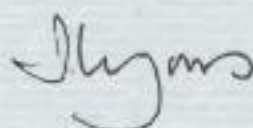
Mr. Barry H. Potter
Private Secretary to the Prime Minister
10 Downing Street
London SW1A 2AA

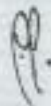
Dear Mr Potter:

Thank you for your letter of 10 May.

I will be happy to attend the film industry seminar on 15 June.

Yours sincerely,



 Jake Eberts

/il

RR215

RECORDED
P
PICTURE
C
COMPANY

cc: JG

Mr Barry H Potter
10 Downing Street
London SW1A 2AA

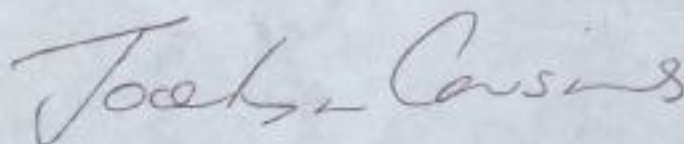
21st May 1990

Dear Mr Potter

Thank you for your letter dated 10th May inviting Mr Jeremy Thomas to take part in a seminar on the film industry.

I would like to confirm that he will be able to attend the meeting on Friday 15th June at 9.30 a.m. at 10 Downing Street.

Yours sincerely



Jocelyn Cousins
Secretary to Jeremy Thomas

call
R2245

Mamoun Hassan

9 South Hill Park Gardens
London NW3 2TD

01 435 4019

Barry H. Potter
Private Secretary
10 Downing Street
LONDON SW1A 2AA

20 May 1 990

Dear Mr Potter,

Thank you for your letter of 14 May, and
for the invitation to attend the lunch
hosted by the Prime Minister on 15 June.

I accept with pleasure.

Yours Sincerely

Mamoun Hassan.

dti

the department for Enterprise

G.P. 2/5 cepu. LSG
Can you arrange for
further standard minutes
at Selwyn place?

The Rt. Hon. Nicholas Ridley MP
Secretary of State for Trade and Industry

Barry H Potter Esq
10 Downing Street
LONDON
SW1A 2AA

RHP
2/5

Department of
Trade and Industry

1-19 Victoria Street
London SW1H 0ET

Enquiries
071-215 5000

Telex 8811074/5 DTHQ G
Fax 071-222 2629

Direct line 071 215 5623
Our ref JW6AJ0
Your ref
Date 18 May 1990

Barry

SEMINAR ON THE FILM INDUSTRY

Your letter of 14 May asked which Ministers and officials should be invited to this seminar.

The DTI Ministers taking part will be my Secretary of State and Eric Forth; the officials who should be invited are Peter Smith and Carolyn Lambert, both are in Telecommunications and Posts Division at Kingsgate House, 66-74 Victoria Street. Of the other departments canvassed only the Office of Arts and Libraries wishes to be represented and invitations should go to Mr Luce and, at official level, Janet Mole. All should be invited to both the seminar and lunch.

Martin Stanley

MARTIN STANLEY
PRINCIPAL PRIVATE SECRETARY



Econ Pac: Film End.
Pt 2



CONSERVATION



From SIR IAN TRETHOWAN
CHAIRMAN

17 May 1990

Barry H Potter Esq
Private Secretary
10 Downing Street
London
SW1A 2AA

Thank you for your letter of 10 May. I should be delighted to take part in the Seminar on Friday 15 June but I should perhaps explain that I am in a wheelchair and I would of course understand if this made my presence physically difficult.

Car No: E 433GRK

Levy Board
730 4540
Caroline

dae Sue S.
Yes please 19-5.
BHP
21/5

M. Potter
to see

no problem regarding
wheelchair. Would
you like me to
ring his secretary?
Sue



THAMES TELEVISION PLC 305-316 Euston Road
London
NW1 3BB
Telephone 071 387 9494
Telex 22816

Registered Address: 305-316 Euston Road
London NW1 3BB
Registration Number 325655 Registered in England

As from 6th May 1990
our London Prefix Code changes
from 01 to 071

The Rank Organisation

Film & Television Services Division

17 May 1990

Mr Barry H Potter
Private Secretary to the Prime Minister
10 Downing Street
London SW1A 2AA

Dear Mr Potter

Thank you for your letter of 14 May 1990 to Mr J Daly
extending an invitation from the Prime Minister to attend
lunch at No. 10 on Friday, 15 June 1990 from 12.30 pm
onwards.

Mr Daly will be delighted to attend.

Yours sincerely



J DAVIS (MISS)
Acting Secretary to J Daly



Sir David Berriman

CS
Ashenden
Plaxtol Sevenoaks
Kent TN15 0QA
Telephone: Plaxtol (0732) 810363
Facsimile : (0732) 810916

18/5
Barry H. Potter, Esq.,
Private Secretary to
The Rt. Hon. Margaret Thatcher MP,
10 Downing Street,
London SW1A 2AA

17 May, 1990

Barry H. Potter
Thank you for your letter of the 14 May inviting me to a lunch being hosted by the Prime Minister to discuss the UK film industry.

I accept the invitation with much pleasure and will be returning to London that morning from Sheffield arriving at St. Pancras at 11.53 and will go on to Downing Street.

I am
as per -
Sir David Berriman



17th May 1990

Mr Barry H. Potter
Private Secretary
10 Downing Street
London
SW1A 2AA

Dear Mr Potter,

Thank you very much for the invitation to the lunch on Friday, 15th June at 10, Downing Street.

I would be very pleased to attend, and am looking forward to the occasion.

Yours sincerely

CHARLES J. WESOKY
CHIEF EXECUTIVE OFFICER



DAVID SCOTT DIRECTOR OF FINANCE

17th May 1990

B A Potter Esq
Private Secretary
10 Downing Street
London
SW1A 2AA

Dear Mr Potter

Thank you for your letter of 14th May and invitation to lunch at 12.30 pm on Friday 15th June following the Seminar on the UK film industry.

I am delighted to accept and look forward to the discussions.

Yours sincerely

D R A Scott

Note for the Record

P.M. agreed to the
invitation going to Mr Sapper.
BHP 16/5

PRIME MINISTER

SEMINAR ON THE FILM INDUSTRY

Sir Richard Attenborough telephoned me this afternoon to express strong concern that Mr. Alan Sapper's name had been left off the list of invitees to the Seminar.

It was evident from my conversation with him that DTI officials had, disloyally, indicated that the decision to exclude him from the list had come from No.10 (I refused to confirm or deny that.)

It would appear that Mr. Sapper's name was put forward by the film industry side. Sir Richard argued that, whatever his political affiliations, Mr. Sapper had made a considerable contribution to the development of the film industry. Specifically:

- (1) he was a useful member of both the BFI and the British Screen Advisory Council;
- (2) he had been solely responsible for negotiating the conditions that had allowed the 'Film on Four' series of feature films to be made in the UK;
- (3) he had increasingly seen the role of craft unions as participating in measures that would stimulate the industry, not place barriers in the way of its further development.

Assessment

It is most unfortunate that DTI failed to warn us of the possible repercussions from taking Mr. Sapper's name off the list. (It would have been quite easy for them to do so in response to earlier minutes from here.)

You will wish to judge whether Mr. Sapper's name should be added. Clearly there is the danger of this appearing to be a reversal of

an earlier decision in response to outside lobbying. On the other hand, I did not send out all the invitations on the same day; and the only reason that Sir Richard knows Mr. Sapper is not being invited is because he had a list of the invitees given to him by the DTI. In short, if the invitation were issued today or tomorrow, no damage would be done.

Do you wish me to issue an invitation to Mr. Sapper?

BHP

(BARRY H. POTTER)

16 May 1990

a:\economic\Sapper (srw)



cc85
L18/5

Zenith Productions Limited

43-45 Dorset Street
London W1H 4AB
Telephone 071 224 2440 Telex 23348 Zenith
Cables & Telegrams Zenithfilms London W1
Fax 071 224 3194

16th May 1990

Barry Potter
Private Secretary
10 Downing Street
London SW1A 2AA

Dear Mr Potter,

Regarding your letter of 10th May, may I accept the invitation to attend the UK Film Industry seminar at 9.30 on Friday 15 June.

Yours sincerely,

Nigel Stafford-Clark

NIGEL STAFFORD-CLARK



127715

SOCIETY OF FILM DISTRIBUTORS LIMITED

Royalty House - 72/73 Dean Street - London W1V 5HB - Telephone 01-437 4383
FAX 071 437 0912

From The President's Office

16th May 1990

Mr Barry H Potter
Private Secretary
10 Downing Street
LONDON
SW1A 2AA

Dear Mr Potter

Thank you for your letter of May 14th advising me of the lunch to be hosted by the Prime Minister at N° 10 Downing Street on Friday, 15th June.

I am delighted to accept such an invitation, and I am looking forward to being present on that day.

Yours sincerely

PERCY LIVINGSTONE
President

MEMBERS OF COUNCIL

Columbia Tri-Star Films Uk
Guld Film Dist. Ltd.
Hobo Film Enterprises Ltd.
Pathe Releasing Ltd.
Gala Film Dist.

Curzon Film Distributors Ltd.
Enterprise Pictures Ltd.
Entertainment Film Distributors Ltd.
Vestron Pictures (UK) Ltd.
Virgin Vision Ltd.

Rank Film Distributors Ltd.
Twentieth Century Fox Film Company Ltd.
United International Pictures (UK)
Warner Bros. Distributors Ltd.

B1715

SKREBA

Skreba Films Limited

5a Noel Street
London W1V 3RB
Tel: 01-437 6492
Tlx: 264218 Noel G
Fax: 01-437 0644

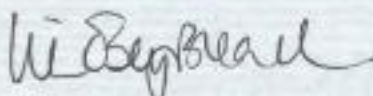
Barry H Potter
Private Secretary
10 Downing Street
London SW1A 2AA

16th May 1990

Dear Mr. Potter,

Thank you for inviting Ann Skinner to take part in the film industry seminar on 15th June at Downing Street. She is pleased to accept.

Yours sincerely,



Lindsey Bleach

Assistant to Ann Skinner

21715

British Screen
Finance Limited

37-39 Oxford Street
London W1R 1RE
Telephone 01 434 0291
Telex 888694 BRISCR G
FAX 434 9933

Barry H. Potter
Private Secretary
10 Downing Street
London
SW1A 2AA

BRITISHscreen

15 May 1990

Dear Mr Potter

Simon Relph wishes to accept the Prime Minister's invitation to take part in a seminar on the film industry at 10 Downing Street on Friday 15 June.

Yours sincerely

Ann Mc Grory

ANN MC GRORY
Assistant to Simon Relph

Registered Office
37-39 Oxford Street
London W1R 1RE
Registered in
England No 191094E

Chairman
Lord Bennett
Chief Executive
Simon Relph
Directors
David Benjamin
Jane Headland
David Ploewright
David Scott
Kate Wilson

OLD FRIARS · RICHMOND GREEN · SURREY

01-940 2572

^{CC25}
R16/5
15th May
1990

Barry H. Potter, Esq.,
Private Secretary,
10 Downing Street,
London SW1A 2AA

Barry H. Potter,

Thank you so much for your letter.

I would be most grateful if you would convey my thanks to the Prime Minister and say that I have the greatest possible pleasure in accepting her invitation to participate in the Seminar at Downing Street on 15th June.

Kind regards,

Yours sincerely,
Richard Attenborough

Richard Attenborough

THE GLEBE, ANNAMOE, CO. WICKLOW, IRELAND.

FAX: (0404) 5359

121715
9005

Mr. Barry H. Potter,
Private Secretary,
No. 10, Downing Street,
London SW1A 2AA,
England.

15th. May 1990.

Dear Mr. Potter,

I am very glad to accept the Prime Minister's
invitation to take part in the film seminar on June 15th.

Yours sincerely,



John Boorman.

MERSHAM
PRODUCTIONS
LIMITED

41 MONTPELIER WALK, LONDON SW7 1JH

Telephone: 071-589 8829

Fax: 071-584 0024

R. H. G. S.

Self

Barry Potter Esq
10 Downing Street
LONDON SW1A 2AA

15th May 1990

Dear Mr Potter, Please see SP

Thank you for your letter dated 10th May.

I was very pleased to hear that the Prime Minister has invited me to take part in the seminar to be held on the Film Industry on 15th June and I confirm that I am very pleased to accept this invitation.

Yours sincerely

Braburne,

Ernst & Young

R/16/5.0009

May 15, 1990
Our ref LJC/JM

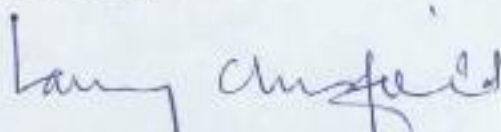
Chartered Accountants
Rolls House
7 Rolls Buildings
Fetter Lane
London EC4A 1NH
Telephone 01-928 2000
Telex 888604
Fax 01-405 2147/4610
LDE 213 CDE 777

B.H. Potter, Esq
Private Secretary
The Prime Minister
10 Downing Street
London
SW1A 2AA

Dear Mr. Potter

Thank you for your letter of May 10 and the invitation to the seminar on Friday, June 15 which I am pleased to accept.

Yours sincerely



L.J. Chrisfield.



THE PRODUCERS ASSOCIATION

Barry H Potter
Private Secretary
10 Downing Street
LONDON
SW1A 2AA

14 May 1990

Our Ref: JWC/mh

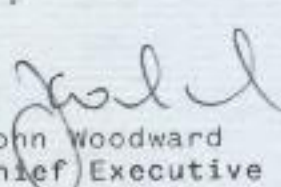
Dear Mr Potter

Approved

Thank you for your letter of 10 May inviting me to take part in the seminar on the film industry at 10 Downing Street on Friday 15 June.

I would be delighted to attend this seminar and look forward to meeting you then.

Yours sincerely


John Woodward
Chief Executive

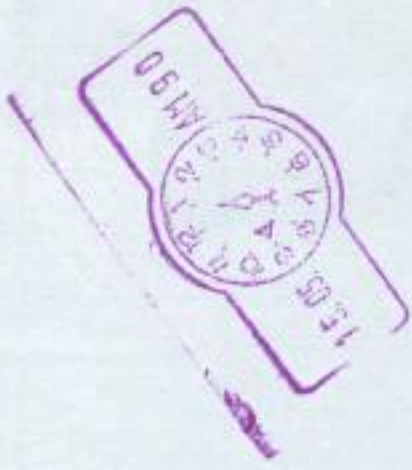
Representing British Film, Television and Video Producers

Paramount House, 162-170 Wardour Street, London W1V 4LA Tel: 071-437 7700 Industrial Relations: 071-494 4965 Fax: 071-734 4564

Honorary President: Lord Brabourne Chief Executive: John Woodward Director of Administration: Andrew Patrick Director of Information: Jose Williams

The Producers Association Limited Registered in England Registration No 1275298 Registered Office as above Incorporating the BFPA and AIP

ECON POL: KIMM PVT



Ariel Productions Ltd

CINEMA HOUSE, 83 WARDOUR STREET, LONDON W1V 3TE
TELEPHONE: 071-4942169 FAX: 071-4942695



14th May 1990

Barry H Potter Esq.,
Private Secretary
10 Downing Street
London SW1A 2AA

Dear Mr. Potter,

Thank you for your letter of the 10th May inviting me to take part in a seminar on the film industry at 10 Downing Street on Friday June 15th.

I am both honoured and delighted to accept.

Yours sincerely,
Otto Plaschkes

(OTTO PLASCHKES)

ECON 10 L - Films 1/2



ENIGMA PRODUCTIONS LIMITED

Pinewood Studios, Pinewood Road, Iver, Bucks SL0 0NH. Tel: 0753 630555. Fax: 0753 630393. Telex: 849577 Enigma G.

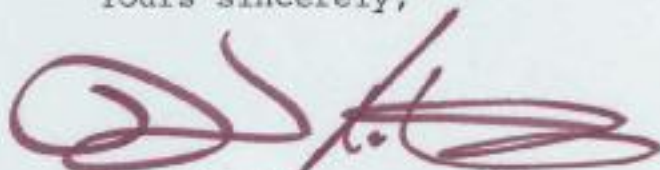
Barry H. Potter
Private Secretary
10 Downing Street
London SW1A 2AA.

14 May 1990

Dear Mr. Potter,

Thank you for your letter dated 10th May, and I'm delighted to accept the invitation to take part in a seminar on the film industry to be held at 10 Downing Street on Friday, 15th June.

Yours sincerely,



David Puttnam

DP/vk

ECON POC: Kline pt 2



[Faint, illegible handwriting]

[Faint, illegible handwriting]



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

14 May 1990

Dear Martin,

SEMINAR ON THE FILM INDUSTRY

The Prime Minister has now seen and approved the programme for the Seminar on the UK film industry. The invitations to the Seminar were issued on Friday 11 May; and the invitations to the lunch will be sent out today.

I would be grateful if you could let me know which Ministers (DTI and others) and senior officials should also be invited to the Seminar (and if appropriate only to the lunch), so that we can make the necessary domestic arrangements for the Seminar and the lunch.

Yours ever,

Barry

(BARRY H. POTTER)

Martin Stanley, Esq.,
Department of Trade and Industry.

MS



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

14 May 1990

The Prime Minister is hosting a lunch at No.10 Downing Street on Friday, 15 June to provide an opportunity for discussion of the UK film industry. (The lunch will follow a small seminar for a limited number of those involved in the development of the UK film industry; invitations to those concerned have already been issued.)

The Prime Minister wishes to invite you to the lunch from 12.30 pm onwards.

I would be grateful if you could let me know by Friday 25 May whether you are able to attend.

BARRY H. POTTER

PRIME MINISTER

SEMINAR ON THE FILM INDUSTRY

You asked for the Seminar programme to be revised, so that it would provide opportunities for discussion of each paper. Mr. Ridley has now revised the programme accordingly. I attach a copy.

Mr. Ridley has also agreed that Mr. Sapper should not be invited either to the seminar or the lunch, and that Mr. Wasserman should be invited both to the seminar and lunch. Accordingly I issued invitations to the seminar on your behalf yesterday. The invitations to the lunch will go out today.

BHP

BARRY H. POTTER

11 May 1990

A:\seminar (tw)

UK FILM PRODUCTION SEMINAR

Proposed format

09.30 - 09.40	Opening remarks - Prime Minister
09.40 - 09.50	Introductory remarks - industry speaker
09.50 - 10.10	First paper, on Government policies - Secretary of State for Trade & Industry
10.10 - 10.30	Discussion
10.30 - 10.45	Break
10.45 - 11.05	Second paper, on opportunities for future growth - industry speaker
11.05 - 12.10	Discussion
12.10 - 12.20	Concluding remarks - Prime Minister
12.20 - 12.30	Press opportunity
12.30 - 14.00	Lunch



1015



n. b. P.M.
BHP 10/5

OFFICE OF ARTS AND LIBRARIES
Horse Guards Road
London SW1P 3AL
Telephone 071-270 5929

From the Minister for the Arts

C90/2503

Ian Gibbons Esq
Assistant Private Secretary to the
Parliamentary Under Secretary of State
for Industry and Consumer Affairs
Department of Trade and Industry
1-19 Victoria Street
London SW1H 0ET

10 May 1990

Dear Ian

PRIME MINISTER'S SEMINAR ON THE FILM INDUSTRY

Thank you for copying Martin Le Jeune your letter of 27 April to Barry Potter.

My Minister was grateful to be informed about the arrangements and very much looks forward to attending the seminar.

I am copying this letter to Barry Potter (Nol0), Jane Harrison (Home Office), Carys Evans (Treasury) and Simon Fraser (Foreign Office).

Yours
A P Brewster

A P BREWSTER
Assistant Private Secretary

File with SP

Elon Poir: Film Finance

P 2



dti

the department for Enterprise

CCPA

The Rt. Hon. Nicholas Ridley MP
Secretary of State for Trade and Industry

Barry H Potter Esq
Private Secretary to
the Prime Minister
10 Downing Street
LONDON SW1

Department of
Trade and Industry

1-19 Victoria Street
London SW1H 0ET

Enquiries
071-215 5000

Telex 8811074/5 DTHQ G
Fax 071-222 2629

Direct line 071 215 5622
Our ref PB4ANE
Your ref
Date 10 May 1990

Pa Baum

SEMINAR ON THE FILM INDUSTRY

FILE WITH SP.

Thank you for your letters of ~~30~~ April and 3 May on the arrangements for this seminar.

We have reconsidered the proposed format of the seminar and I attach a revised programme. This allows for an earlier start and two periods of discussion. We suggest the first session take the form of two sets of non-contentious opening remarks, rather than the formal presentation of a paper as originally proposed. Both we and our industry contacts are keen that this session should be disposed of fairly swiftly so that discussion does not become bogged-down in past issues. More time has been allowed for the presentation and discussion of two papers, the first by the Secretary of State for Trade and Industry and the second by an industry spokesman (probably Sir Richard Attenborough). As in the previous version of the programme, the main discussion will be on opportunities for the future.

We are content that Lou Wasserman should be invited to the seminar as well as the lunch and that Alan Sapper should be invited to neither. We would also like to add Sir David Berriman to the list of the lunch guests. Sir David is the Government nominated director of the British Screen Finance Ltd board. (British Screen is a private sector film investment company which receives funding from this Department). Sir David's address is:



dti

the department for Enterprise

Chairman
North East Thames Regional Health Authority
40 Eastbourne Terrace
LONDON W2

Finally, I confirm that Russell Edey should be invited in place of Michael Richardson, who has now retired from Rothschilds.

I hope the way is now clear for the invitations to issue as soon as possible.



MARTIN STANLEY
Private Secretary





10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

10 May 1990

The Prime Minister wishes to invite you to take part in a seminar on the film industry at 10 Downing Street on Friday 15 June. The seminar will begin at 9.30 am and conclude at 2.00 pm.

The purpose of the seminar is to provide a forum for discussion on the opportunities for the future development of the UK film industry. The seminar will be chaired by the Prime Minister. Papers will be presented by senior industry representatives and by a Government Minister.

I should be grateful if you could let me know by Friday 25 May whether you are able to attend the seminar.

(BARRY H. POTTER)

SENT TO ALL THOSE ON THE ATTACHED LIST

SEMINAR - 15 JUNE

INVITEES

MASTER

✓ Isaac Julian Esq
18 Richmond Avenue
London N1

✓ Sir Richard Attenborough CBE
Marble Arch Productions Ltd
Beaver Lodge
Richmond Green
Surrey
TW9 1NQ

✓ Ms Linda Myles
BBC TV
Wood Lane
LONDON
W12

✓ John Boorman Esq
"The Glebe"
Annamoe
Co Wicklow
IRELAND

✓ Simon Perry Esq
31 Percy Street
LONDON
W1P 9FG

✓ The Viscount Blakenham
Pearson PLC
17th Floor
Millbank Tower
Millbank
LONDON
SW1P 4QU

✓ Mr Otto Plaschkes
Ariel Productions
162-170 Wardour Street
LONDON
W1

✓ The Lord Brabourne
G W Films Ltd
14 Montpelier Walk
London SW7

✓ Nik Powell Esq
Palace Pictures
16-17 Wardour Street
LONDON
W1V 3FF

✓ Larry Chrisfield Esq
Ernst and Young
Becket House
Lambeth Palace Road
LONDON
SE1

✓ David Puttnam Esq CBE
Enigma Productions Ltd
15 Queensgate Place Mews
LONDON
SW7 5BG

✓ Jake Eberts Esq
Katevale Productions
8 Queen Street
LONDON
W1X 7PH

✓ Ms Sarah Radclyffe
Working Title Ltd
10 Livonia Street
LONDON
W1V 3FF

✓ Ms Premila Hoqn
Guinness Mahon & Co Ltd
32 St Mary at Hill
LONDON
EC3P 3AJ

✓ Simon Relph Esq
Chief Executive
British Screen Finance Ltd
37-39 Oxford Street
LONDON
W1R 1RE

~~Russell Edey Esq~~ SIMON LINNETT
Managing Director
N M Rothschild & Sons
New Court
St Martins Lane
LONDON
EC4P 4DV

✓ Mr Lew Wasserman
Chairman
MCA Inc
100 Universal City Plaza
Universal City
California 991608
UNITED STATES OF AMERICA
24 WILTON ROAD
W.I.

✓ Ms Ann Skinner
Skreba Productions
5A Noel Street
LONDON
W1V 1RB

✓ Alan Sapper Esq
Association of Cinematography,
Television and Allied Technicians
111 Wardour Street
London W1V 4AY

✓ Nigel Stafford-Clarke Esq
Zenith Productions
15 St George Street
LONDON
W1R 9DE

Miss Hole
Arts + Libraries

✓ Wilf Stevenson Esq
Director
British Film Institute
21 Stephen Street
LONDON
W1P 1PL

Pete Smith
BTI

✓ Jeremy Thomas Esq
Recorded Picture Co Ltd
8-12 Broadwick Street
LONDON
W1V 1PH

John Ridley
In FORTH

✓ Sir Ian Trethowan
Chairman wheelchair
Thames Television
Thames Television House
306-315 Euston Road
LONDON
NW1 3BB

Carolyn Lambert

Ann Luce

✓ Michael Williams-Jones Esq
United International Pictures UK
Mortimer House
37-41 Mortimer Street
LONDON
W1A 2JL

✓ STEPHEN MOORE
BRITISH VIDEOGRAM ASSOC.
21/22 POLAND ST
W1V 3DD

✓ John Woodward Esq
Producers' Association
Paramount House
Wardour Street
LONDON
W1

LUNCH INVITEES

- ~~1.~~ Lord Barnett
Chairman
British Screen Finance Ltd
37-39 Oxford Street
London W1R 1RE
2. James Daly
Managing Director
Rank Film and Television Services Division
6 Connaught Place
London W2 2EZ
- ~~3.~~ Sir Richard Francis
Director General
The British Council
10 Spring Gardens
London SW1A 2BN
4. Mamoun Hassan
9 Southill Park Gardens
London NW3 2TD
5. Barry Jenkins
Managing Director
Pathe House
76 Hammersmith Road
London W14 8YR
6. Edward Lee
President
Society of Film Distributors Ltd
1st Floor
Royalty House
72-73 Dean Street
London W1V 5HB
7. Percy Livingstone
President
Society of Film Distributors Ltd
Royalty House
72-73 Dean Street
London W1V 5HB

✓ Sir David Ferriman
Chairman N-E Thames Regional Health Authority
90 Eastbourne Terrace
London W2

8. ✓ Bob Phillis
Managing Director
Carlton Communications Plc
New Roman House
10 East Road
London N1 6AJ

sent to: 15 St. George Jr
Hanover Square
W.1.
on 22/5/90

9. ✓ David Plowright
Chairman
Granada Television
36 Golden Square
London W1R 4AH

10. ✓ David Rose
Head of Drama
Channel Four Television
60 Charlotte Street
London W1P 2AX

11. ✓ David Scott
Company Secretary
Channel Four Television
60 Charlotte Street
London W1P 2AX

12. ✓ Lew Wasserman
Chairman
MCA Inc
100 Universal City Plaza
Universal City
California 991608
USA

on other list

13. ✓ Charles Wesoky
Managing Director
CIC/UA (UK) Ltd
Parkside House
51-53 Brick Street
London W1Y 7DU

14. ✓ Professor Colin Young
Director
National film and Television School
Beaconsfield Studios
Station road
Beaconsfield
Bucks HP9 1LG

UNCLASSIFIED



CEPU
n. b. P.M.
BHP
4/5

Treasury Chambers, Parliament Street, SW1P 3AG

Ian Gibbons Esq
Assistant Private Secretary to the
Parliamentary Under Secretary of State
for Industry and Consumer Affairs
Department of Trade and Industry
1 - 19 Victoria Street
London
SW1H 0ET

4 May 1990

Dear Ian

PRIME MINISTER'S SEMINAR ON THE FILM INDUSTRY

file with B.P.

Thank you for copying to me your letter of 27 April to Barry Potter.

The Chief Secretary was grateful to be informed about the arrangements but does not wish to attend the seminar.

I am copying this letter to Barry Potter, Jane Harrison (Home Office), Martin Le Jeune (Arts and Libraries) and Simon Fraser (Foreign Office).

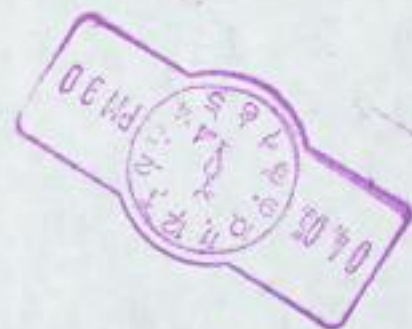
Yours

Carys E

MISS C EVANS
Private Secretary

ELON POL: FIVE FIVE

R2





FILE

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

3 May 1990

Dear Martin,

SEMINAR ON THE FILM INDUSTRY

I was grateful to Mark Carvell in Mr. Forth's Private Office for sending me earlier a copy of the proposed invitation to the seminar on the film industry; the list of proposed invitees for the seminar itself and for the lunch; and a draft press notice. I have also seen the minute from Rosalind Cole setting out your Secretary of State's views.

I submitted the relevant papers again to the Prime Minister last night to confirm that she was happy with the list of proposed invitees. The Prime Minister has commented as follows.

- (i) She would prefer not to invite Alan Sapper to the seminar.
- (ii) Lou Wasserman should be invited to the seminar as well as to the lunch.
- (iii) The invitation should be drafted as attached.
- (iv) There should be no press notice issued at this stage.

My earlier letter of 30 April to Mark Carvell noted that the Prime Minister had suggested certain changes to the programme for the seminar.

Once any appropriate changes to the programme for the seminar have been made and, subject to your Minister's views on whether Mr. Sapper should be invited to attend, I will be able to issue invitations to the seminar.

I am copying this letter to Mark Carvell (PUSS for Industry and Consumer Affairs' Office, Department of Trade and Industry).

Yours

Barry

BARRY H. POTTER

Martin Stanley, Esq.,
Department of Trade and Industry.

PRIME MINISTER

SEMINAR ON THE FILM INDUSTRY

I have passed on your suggestions for changes to the programme for the seminar to DTI. They are taking these on board and revising the programme accordingly.

It is necessary to issue the invitations to the seminar as soon as possible. I attach a copy of the draft invitation supplied by DTI (though I have re-drafted it).

Also attached is the list of invitees to the seminar (Flag A) and the additional invitees to the lunch (Flag B). You may want to check through the names on each list to ensure that you are content with the proposed invitees.

BHP

BARRY H. POTTER

1 MAY 1990

| don't think we
should have Men Sapper.
not

c:\wpdocs\economic\film.mrm

| think New Walkman
should be on the main list
not

a:\economic\seminar (ECL)



10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

1 May 1990

DRAFT

The Prime Minister wishes to invite you to take part in a seminar on the film industry at 10 Downing Street on Friday 15 June. The seminar will begin at 9.30 am and conclude at 2.00 pm.

The purpose of the seminar is to provide a forum for discussion on the opportunities for the future development of the UK film industry. The seminar will be chaired by the Prime Minister. Papers will be presented by senior industry representatives and by a Government Minister.

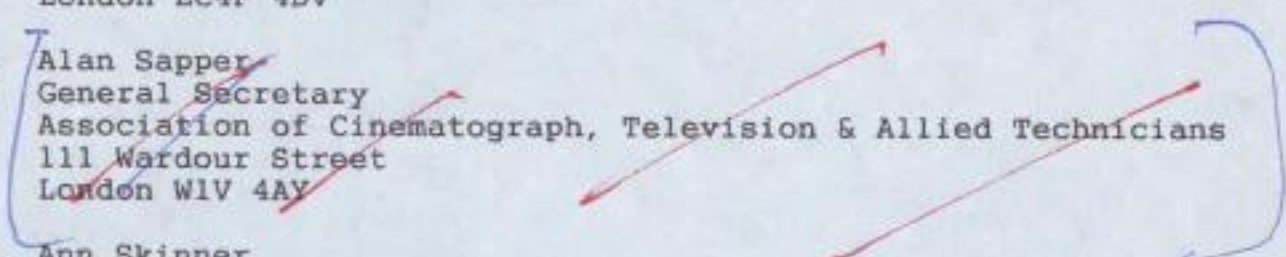
I should be grateful if you could let me know by whether you are able to attend the seminar.

*two weeks to
Fri 25 May*

(BARRY H. POTTER)

SEMINAR INVITEES

1. Sir Richard Attenborough *CBE*
Marble Arch Productions Ltd
Beaver Lodge
Richmond Green
Surrey TW9 1NQ
2. John Boorman
"The Glebe"
Annamoe
Co Wicklow
Ireland
3. *The Viscount*
Lord Blakenham
Pearson Plc
17th Floor
Millbank Tower
Millbank
London SW1P 4QU
4. Lord Brabourne
G W Films Ltd
14 Montpelier Walk
London SW7
5. Larry Chrisfield
Ernst and Young
Becket House
Lambeth Palace Road
London SE1
6. Jake Eberts
Katevale Productions
8 Queen Street
London W1X 7PH
7. Premila Hoon
Guinness Mahon & Co Ltd
32 St Mary at Hill
London EC3P 3AJ
8. Isaac Julian
18 Richmond Avenue
London N1

9. Linda Myles
BBC TV
Wood Lane
London W12
10. Simon Perry
31 Percy Street
London W1P 9FG
11. Otto Plaschkes
Ariel Productions
162-170 Wardour Street
London W1
12. Nik Powell
Palace Pictures
16-17 Wardour Street
London W1V 3FF
13. David Puttnam CBE
Enigma Productions Ltd
15 Queensgate Place Mews
London SW7 5BG
14. Sarah Radclyffe
Working Title Ltd
10 Livonia Street
London W1V 3FF
15. Simon Relph
Chief Executive
British Screen Finance Ltd
37-39 Oxford Street
London W1R 1RE
16. ~~Michael Richardson~~ *Russell Edey*
Managing Director
NM Rothschild & Sons
New Court
St Swithins Lane
London EC4P 4DV
17. ~~Alan Sapper~~
General Secretary
Association of Cinematograph, Television & Allied Technicians
111 Wardour Street
London W1V 4AY
18. Ann Skinner
Skreba Productions
5A Noel Street
London W1V 1RB
- 

19. Nigel Stafford-Clarke
Zenith Productions
15 St George Street
London W1R 9DE
20. Wilf Stevenson
Director
British Film Institute
21 Stephen Street
London W1P 1PL
21. Jeremy Thomas
Recorded Picture Company Ltd
8-12 Broadwick Street
London W1V 1FH
22. Sir Ian Trethowan
Chairman
Thames Television
Thames Television House
306-315 Euston Road
London NW1 3BB
23. Michael Williams-Jones
United International Pictures UK
Mortimer House
37-41 Mortimer Street
London W1A 2JL
24. John Woodward
Producers' Association
Paramount House
Wardour Street
London W1

25. + Lew Wasserman from next list.

26.

file

DRAFT LETTER FROM BARRY POTTER RE SEMINAR ON THE FILM INDUSTRY

The Prime Minister wishes to invite you to take part in a seminar on the film industry at 10 Downing Street on Friday 15 June. The seminar will begin at 0930 and conclude at 1400.

The purpose of the seminar is to provide a forum for discussion of the UK film industry and the opportunities for future development and expansion. The seminar will be chaired by the Prime Minister. Papers will be presented, by senior industry representatives and by a Government Minister, followed by a discussion of each paper.

I should be grateful if you could let me know whether you are able to attend the seminar.



DRAFT

G.R.
Pl. type
as a
draft.
BHP
115

File No.

Addressed to:

To all on the attached list.

Copies to:

Originated by:
(Initials and date)

Seen by:
(Initials and date)

Enclosures:

Type for signature of
PS/Prime
Minister

C/Economic
film, das

(Initials and date)

DEPARTMENT OF TRADE AND INDUSTRY

The Prime Minister ~~has asked me~~ ^{wishes} to invite you to take part in a seminar on the film industry at 10, Downing Street on Friday 15 June ~~at 10.00am~~ ^{beginning 9.30 am} and afterwards ~~for lunch~~. ^{The seminar will begin at 9.30 am and conclude at 2.00 pm.}

The purpose of the seminar is to provide a forum for discussion of ^{the UK} film industry ^{and the} opportunities for the ^{development and expansion} future ~~and the Government's role in helping its~~ industry to realise these opportunities. The seminar will be chaired by the Prime Minister.

Three ^{papers} papers will be presented, ~~two~~ by senior industry representatives and ~~one~~ by a Government Minister, followed by a discussion of each paper. ~~In due course, if you accept this invitation, I will send you further information.~~

I should be grateful if me

Please could you let [name/tel. No.] know by [date]

^{whether} ^{one able to} if you will attend the seminar.

C.F.

not card

BHP 2/5

DRAFT PRESS NOTICE

PRIME MINISTER TO HOST TOP LEVEL FILM INDUSTRY SEMINAR

A seminar to discuss the UK film industry will be held at 10 Downing Street next month.

The Prime Minister, the Rt. Hon. Margaret Thatcher MP, today invited Sir Richard Attenborough and other key film industry figures to discuss the UK film industry and opportunities for growth in British film production.

"The film industry has an important contribution to make to the UK economy", said the Prime Minister. "I am looking forward to a constructive debate on how the industry can build on past successes and work towards a prosperous future".

Around 30 film industry leaders will be on hand for the seminar, to be held at No.10 on Friday 15 June. One area for discussion is how the industry can attract further joint production ventures to the UK.

The seminar, the first of its kind, follows on from a meeting between the Prime Minister and Sir Richard Attenborough. Nicholas Ridley, Secretary of State for Trade and Industry, who has responsibility for the film industry will be attending the seminar.

24 senior industry figures have been invited to participate; a list is attached. The Prime Minister will host a lunch for senior guests and other representatives from the industry.

CONFIDENTIAL



File

MM

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

30 April 1990

Dear Mark,

SEMINAR ON THE FILM INDUSTRY

The Prime Minister has now seen the draft programme for the seminar on the film industry and the lists of proposed invitees to the seminar itself and to the lunch.

The Prime Minister has noted without comment the invitees proposed for the seminar itself and for the lunch.

The Prime Minister has, however, commented that the programme for the seminar is rather short. She also has doubts about the proposed format. Specifically, the Prime Minister wonders whether it might not be better to arrange the programme so that there was a paper followed by discussion on two or three main subjects - rather than having all the papers first followed by the discussion.

I would be grateful if you could consider again how the programme might best be structured taking into account the above comments from the Prime Minister.

Yours

Barry

BARRY H. POTTER

Mark Carvell, Esq.,
Department of Trade and Industry

M

CONFIDENTIAL

TO:

MR SMITH
TP1

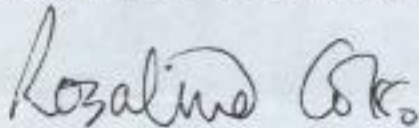
FROM:

ROSALIND COLE
PS/Secretary of State
Room 803
1 Victoria Street
01 215 5622cc PS/Mr Forth
PS/Sir Peter Gregson
Mr Macdonald
Mr Salvidge TP
Miss Maclean Inf
Mrs Lambert TP1
Mr Potter Downing Street

30 April 1990

MEETING WITH SIR RICHARD ATTENBOROUGH: 10 APRIL

The Secretary of State has seen APS/Mr Forth's note of the meeting with Sir Richard. The Secretary of State has commented that the Prime Minister should chair the seminar, and if she were unable, to then the Secretary of State himself should do so. He does believe that Mr Sapper should be invited and has also suggested that it is important that MCA should also be represented.



ROSALIND COLE

PB1ALX

PRIME MINISTER

SEMINAR OF THE FILM INDUSTRY

You will recall that following the discussion with Sir Richard Attenborough, Mr. Ridley and Mr. Forth on 17 April, you agreed to host a seminar on the UK film industry at No.10.

Subsequently we identified Friday, 15 June as an appropriate date.

Mr. Forth's office have now provided an outline of the seminar. This is at Flag A. It is proposed that you would open and close the seminar, which will begin at 1000 and end at 1400.

The seminar itself will be relatively small with no more than about 30 invitees. I attach a proposed invitation list at Flag B. There would be some additional guests drawn from wider film industry interests for the lunch only; these are listed at Flag C.

Are you content with:

- a) the date, times and form of the seminar;
- b) the proposed programme at Flag A;
- c) the list of invitees for the seminar itself (Flag B) and the lunch (Flag C)?

If so, and subject to any changes you propose, I will arrange for invitations and a suitable Press Notice to be sent out next week.

BHP

BARRY H. POTTER
27 APRIL 1990

a:\economic\film.mrm

*This seems a
very short programme?*

*I expect the papers will
take more than 10 mins each.*

*U could perhaps divide the papers & discussion
into 2 papers - not all papers, followed by all discussion*

dti

the department for Enterprise

CEPW

Eric Forth MP
Parliamentary Under Secretary of State for
Industry & Consumer Affairs

Barry H Potter Esq
10 Downing Street
LONDON
SW1A 2AA

Department of
Trade and Industry

1-19 Victoria Street
London SW1H 0ET

Enquiries
01-215 5000

Telex 8811074/5 DTHQ G
Fax 01-222 2629

Direct line 01-215 4301

Our ref AM8

Your ref

Date

27 April 1990

Dear Barry,

PRIME MINISTER'S SEMINAR ON THE FILM INDUSTRY

Thank you for your letter of 18 April¹¹⁰⁹ about the arrangements for this seminar.

We are proceeding on the basis that the seminar will take place on Friday 15 June. It is extremely helpful that the Prime Minister should be able to commit herself for the whole of that morning.

I attach a revised note on the organisation of the seminar with outlines of the proposed contents of the three papers (annexes A-C). As you will see, we are proposing that it should start at 10.00am and end at about 2.00pm. Subject to the Prime Minister's views we would propose that she should chair the full seminar and give the opening and concluding remarks. We suggest that Mr Forth should present paper (ii) on Government policies, and industry representatives papers (i) and (iii). We are aiming to keep the seminar itself relatively small, with no more than about 30 invitees; I attach a list at Annex D. The list is focused on film producers and the bright, newer entrants into the profession rather than just the established figures. We would then propose some additional guests - drawn from wider industry interests - for the lunch only, as at annex E.

We hope that a number of announcements might be made at the end of the seminar. Officials here are considering what might

the
Enterprise
Initiative



Recycled Paper



the department for Enterprise

be included. I should be grateful if copy recipients could also consider carefully any announcements which their Departments might be able to make. We need to maximise the benefits of this seminar by co-ordinating our input. These announcements, together with the agreed conclusions of the seminar, would form the basis of a press release or communiqué, the main elements of which we would expect to draft in advance for release at the conclusion of the seminar.

We recommend that you write as soon as possible to those at annex D along the lines of the attached draft and that a formal invitation only is sent to the lunch guests at annex E. Also attached, at annex F, is a draft press notice. I recommend that you should issue this on the same day as the invitations. There is already media speculation about Government/industry meetings and we need to maintain the initiative.

I also enclose (annexes G and H) the information on Elstree Studios and film industry statistics which the Prime Minister requested at her meeting with Sir Richard Attenborough.

I am copying this letter and the enclosures to Carys Evans, HM Treasury, Jane Harrison, Home Office, Martin Le Jeune at the Office of Arts and Libraries and Simon Fraser, Foreign Office, in view of Mr Waldegrave's responsibilities for the British Council. They will wish to consider whether their Ministers should participate in the seminar or the lunch.

Yours,

Ian.

IAN GIBBONS
ASSISTANT PRIVATE SECRETARY



FILM INDUSTRY SEMINAR

1 Proposed format

- | | |
|-------------|--|
| 10.00-10.10 | Opening remarks |
| 10.10-10.40 | Presentation of papers |
| 10.40-11.00 | Break |
| 11.00-12.00 | Discussion |
| 12.00-12.10 | Concluding remarks |
| 12.10-12.30 | Release of communiqué; press opportunity |
| 12.30-2.00 | Lunch |

2 Papers

- (i) State of the feature film industry - industry speaker (Annex A).
- (ii) Government policy toward the economy and industry - government speaker (Annex B).
- (iii) Opportunities for growth - industry speaker (Annex C).

State of the feature film industry

1. Investment in production

- levels of investment in recent years;
- sources of investment (i) - US, EC, other Europe; elsewhere;
- factors which affect investment from these sources;
- sources of investment (ii) - distributors, TV, video;
- factors which influence/determine pre and post-production sales, eg track record, stars, state of overseas markets, perception of UK product, and their implications;
- compare traditional and new sources; long-term contracts, one-off deals.

2. Outlets

- Current key international markets for UK product;
- cinema audiences - here and overseas, rising, falling demographic factors, site and product appeal;

- growth in UK cinema screens - implications for getting UK product shown here;
- video market - trends in rental/sell through; life of the product;
- television, appetite for films, variety of product.

Government policy toward the economy and industry

1. Introduction - outline of broad economic policy and market objectives - level playing field/wealth creation. Advantages of investing in UK industry.

2. The economy
 - fiscal measures - neutrality, few special reliefs but generally low rates; market forces to determine spending and investment decisions not industry specific schemes;

 - corporation tax - UK one of lowest rates of any major industrial country;

 - personal taxation - incentive through major reductions since 1979;

 - film and capital allowances - discredited "tax shelter" effect of 100% allowance;

 - comparison with other EC countries.

3. Deregulation
 - commitment to relieve administrative and legislative burdens on business, particularly small ones

- welcome abolition of regulatory/levy burdens on film industry

4. Labour

- costs compared with other developed countries
- employment policy
- flexibility and skill of labour in film industry
- training policy - generally and specific provision for film; pre and post entry training; involvement of industry - financial and otherwise

5. State aids

- EC rules to prevent unfair competition
- EC Commission looking at level of aids for film and TV production
- DTI will take up complaints of unfair competition if producers think adversely affected by level of state aids available in other EC countries

6. DTI role

- Emphasis on competition and open markets

- how objectives apply to film industry - limited pump-priming support for British Screen Finance - to encourage new entrants to industry

- Broadcasting Bill and 25% independent production initiative

7. Conclusion

Refer back to overall Government objectives and successes.

Opportunities for growth

1. A paper to discuss the scope for growth in British film production and identify ways of attracting investment and international production to the UK.

2. Market indications

- the growing international market - Europe, US, English speaking Commonwealth;
- renewed US interest in investment in European production - where, why?
- international co-productions - producer arrangements and treaty-based productions;

3. European initiatives

- EC - MEDIA programme, forward look to self-financing;
- Audiovisual Eureka - industry involvement and expectations;
- impact of EC Broadcasting Directive on European production and sales;

4. Relationship between film and television

- growth in TV channels, terrestrial and satellite, renewed interest in cable; technological developments; "movie" channels;
- implications for feature film production - increased investment and competition for product - how can UK benefit?
- impact of independent access (25%) initiative;

5. Action to increase UK production.

- marketing and business strategies.

BACKGROUND NOTE ON ELSTREE STUDIOS

Current position

- Rumours of management buy-out of Goldcrest Films and TV (part of the Brent Walker Group) still persist. Goldcrest owns a substantial library, facilities, distribution and production divisions, including Elstree studios. Goldcrest's turnover was £8.7m in 1988 (£8.0m in 1987) with profit before tax of £4.26m (£1.1m loss in 1987).

Background

1 Elstree studios was built in 1925 and has since been associated with many leading British films. During the 1970's it established a reputation for the making of high budget, high tech films, including the 'Star Wars' series and 'Raiders of the Lost Ark'.

2 In May 1986 Cannon UK Ltd (now Pathe UK ltd) acquired Elstree studios when it bought Thorn EMI's Screen Entertainment (TESE). The purchase gave Cannon ownership of the largest cinema chain in the UK as well as Elstree.

3 The sale and closure of Elstree studios was announced by the Cannon Group UK in June 1988. The announcement, which caused many expressions of concern in the film industry, was followed by significant parliamentary and press interest. At the end of October 1988 the studios were to transfer to a consortium fronted by Tranwood Earl, a merchant bank. In September, Brent Walker agreed to buy a half share in the studios from the consortium; and subsequently in October, they bought out Tranwood Earl's interest in the site entirely, to become sole owners.

4 Brent Walker had already acquired extensive film and tv interests including Goldcrest Films and Trillion the TV production company. Goldcrest is now based at Elstree which has continued to operate as a studio and is now mainly used for tv production and commercials rather than feature film.

FILM STATISTICS

Film production, distribution and exhibition forms Group 971 of the Standard Industrial Classification. Within this grouping only exhibition has ever been covered in any detail by official statistics.

For many years cinema statistics were available in great detail, collected as a by-product of the administration of the Eady levy. They were wide ranging and accurate, since the coverage of cinemas was virtually complete. With the demise of the Eady levy in 1985 it was decided that there was insufficient need for the data to justify the considerable costs, and substantial burden on business, that would be involved in continuing to collect the statistics in the existing form.

After representations from interested parties, both inside and outside the department, a quarterly inquiry on a voluntary basis was launched in 1987 to collect broad summary statistics for the cinema exhibitions sector. The information provided by this inquiry is very much more limited in scope than was the administrative data for the Eady levy, and the number of contributors to the inquiry is also much smaller. Some additional information about the moving picture industries is collected in the annual inquiry into the overseas transactions of UK film and television companies, and the Annual Service Trades Inquiry.

The amount of data currently available for cinema statistics is, therefore, both of lower quality and lesser quantity than before 1985. Although the information is adequate for official purposes there have been several complaints from the British Screen Advisory Council (chaired by Sir Richard Attenborough) that the present situation is not satisfactory. The last was a letter to Mr Forth from David Fisher (Chairman of the (Minister's) Statistics Committee of BSAC) dated 23 November 1989. The Minister's reply followed the established line that the Government's major concern has been to reduce the administrative burdens imposed upon industry. It did, however, include an offer to discuss the Council's proposals in detail at official level which was subsequently taken up. The department has not, however, received detailed proposals for the collection of the data BSAC want and BSAC have at no time produced convincing arguments why comprehensive cinema or production statistics should be collected at Government expense.



CONFIDENTIAL



10 DOWNING STREET
LONDON SW1A 2AA

file JD
(c: Seminar)

bc: PU

From the Private Secretary

18 April 1990

Dear Mark,

SEMINAR FOR THE BRITISH FILM INDUSTRY

We spoke last week about the proposed seminar for the British Film Industry. I have now had an opportunity to discuss further with the Prime Minister what role she might play.

The Prime Minister is willing to take a leading role at the seminar and to devote a Friday morning and lunch time to it. Accordingly, a provisional slot has been fixed in her diary for Friday, 15 June. However, the Prime Minister will not be able to attend before 9.30 a.m., and must leave the seminar no later than 2 p.m.

The Prime Minister envisages that most of the proceedings would take place in No.10, although - depending on the numbers and format - No.12 might have to be used for one or more of the seminar sessions. I would be grateful if you could provide an outline programme for the seminar as soon as possible.

I am sending a copy of this letter to Carys Evans (HM Treasury).

Yours,

Barry

BARRY H. POTTER

Mark Carvell, Esq.,
Department of Trade and Industry.

CONFIDENTIAL

DTJ

n. b. P.M.

BHP

2574

TO: PETER SMITH
TP1

FROM: IAN GIBBONS
APS/Mr Forth
Room 821
1 Victoria Street
215 4302

cc Secretary of State
Sir Peter Gregson
Mr Macdonald
Mr Salvidge TP
Miss Maclean Inf
Mrs Lambert TPld
Mr Potter
10 Downing St

|| April 1990

MEETING WITH SIR RICHARD ATTENBOROUGH : 10 APRIL

You and Mrs Lambert were present when Mr Forth met Sir Richard as a follow up to their recent meeting with the Prime Minister to discuss the Film Industry.

Summary

Mr Forth explained to Sir Richard the initial plans for holding a seminar at which leading figures from the Film Industry and Government would be present. Mr Forth added that the Prime Minister was keen to be personally involved and that the seminar would hopefully be held at No.10. The date most likely was 15 June but this would be confirmed by No.10. It was proposed that the day would be structured to take the form of the attached papers. It was envisaged that the seminar would run from approximately 10.30 - 2.00. No.10 had indicated that the Prime Minister would be involved in as many of the sessions as possible.

Subject to the views of the Prime Minister Mr Forth suggested that Sir Richard should chair the seminar. As far as numbers were concerned Mr Forth stated that between 20-30 people could be accommodated at No.10. It was agreed by all parties that the numbers should be kept as tight as possible. Sir Richard was content with the outline programme and agreed to work out further details as appropriate with you and Mrs Lambert. Sir Richard made the point that 22 June was the only date at around that time which he could not make.

Detail

Sir Richard expressed his gratitude at the positive attitude the Prime Minister, the Secretary of State and Mr Forth had shown towards his Industry at their recent meeting. He stressed that it was vital that the proposed seminar should be seen as a success. It was an excellent opportunity for the Film Industry to see that Government took its responsibilities towards them seriously and should not be wasted. Mr Forth suggested that he would be looking to Sir Richard to put forward names of who should be invited. Sir Richard was content to do so and felt it would be appropriate for BSAC (British Screen Advisory Council) to provide the bulk of invitees. All the leading players in the Industry were members. Names such as David Puttnam, Lord Brabourne were amongst those mentioned. Mr Forth thought this was a good idea and added that Mr Luce and maybe a Home Office Minister should also be invited in addition to some MP's who were keen on this area. Mrs Lambert made the point that while it was sensible to keep numbers as tight as possible it was important that all those who ought to be involved would be invited to attend. In response to Sir Richard's question regarding the make-up of those invited from BSAC (ie should they be comprised of only those from film or film, television and video Mr Forth believed that the latter would be best with perhaps a 4 to 1 split in favour of film. On a related point Sir Richard felt that Alan Sapper should be invited to the seminar. Mr Forth was content to agree, subject to any views the Prime Minister might have, but felt that it was important for Mr Sapper to be "briefed" accordingly prior to the seminar. This could be worked out between Sir Richard and officials. It would be somewhat blinkered if television were excluded. Mr Forth suggested that there could be merit in opening up the numbers over the lunch period.

There followed general discussion on how the day should be structured. The attached paper prepared by you and Ms Lambert was agreed as an excellent starting point which could be worked up as necessary. Mr Forth stated that, at this stage, it was envisaged that Government would present the second paper. It was agreed that it was important for Government to be in a position to respond positively to the proposals put forward by the Industry. Full consultation would take place between Sir Richard and officials beforehand to ensure this was the case. You suggested that an agreed statement could perhaps be issued at the end of the seminar. This would hopefully deflect the media from creating a division between the parties. Sir Richard agreed that this was sensible.

Further work would be carried out with officials to determine the final guest list, and develop the detailed arrangements for the seminar.

Summing up Mr Forth said that it was important for work to begin quickly on the detail of the seminar. Mr Forth also felt it would be useful if overseas participants were included in the seminar in order to gain a wider perspective. This would give the advantage of having on board those with real practical skills.

It would be useful if the Secretary of State and Prime Minister could indicate, as early as possible, whether they are content with the outline indicated, whether the seminar should be chaired by the Prime Minister or Sir Richard, the date, and whether Mr Sapper should be included.

Ian Gibbons

IAN GIBBONS

FILM INDUSTRY SEMINAR

Structure

- 1 To agree with Sir Richard -
 - (i) numbers attending
 - (ii) sectors of industry to be represented -
eg financiers, producers (established and up-and-coming), distributors.

- 2 Suggested format -
 - 10.30 - 10.40 opening address (PM)
 - 10.40 - 11.10 paper and discussion
 - 11.10 - 11.30 break
 - 11.30 - 12.00 paper and discussion
 - 12.00 - 12.30 paper and discussion
 - 12.30 - 2.00 lunch, closing remarks.

- 3 Papers
 - (i) current state of the UK market -
production investment and level of production;
impact of 25% initiative; studios and facility
houses; sales and distribution; UK consumption
through cinema, video and television.
 - (ii) - the economic climate in UK, advantages of
investment in UK:- tax structure, labour costs,
labour relations; labour skills/training;
- comparison with conditions in Europe.

(iii) Opportunities for growth

- the international market; in other European countries; US; *Old Commonwealth*;
- international co-production:- treaty based productions and producer arrangements;
- relationship between film and television

CONFIDENTIAL



SUBJECT cc MASTER

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

5 April 1990

Dear Martin,

MEETING WITH SIR RICHARD ATTENBOROUGH

The Prime Minister held a discussion with Sir Richard Attenborough, your Secretary of State and the Parliamentary Under Secretary of State for Industry and Consumer Affairs today about the British film industry and film production in the United Kingdom.

Sir Richard said that a substantial increase in the volume of joint ventures between United States' and European companies in film production was now underway. The French were taking the lead partner role in Europe; but Germany and Scandinavian countries were also prominent. There was a huge market for co-productions in Europe, particularly with the European market now extending to the East. England was the prime location for such joint ventures and the English language was a particular advantage. Already the film industry accounted for some £200 million per annum net income to the United Kingdom. But the UK film industry could make an even larger contribution to UK invisible earnings.

The key to stimulating more joint production between UK and US firms was stronger advocacy and support for the UK film industry from central government. Responsibility for the film industry and broadcasting was spread amongst a number of government Departments. In the eyes of the industry central government had never been fully committed to UK film production. Without clear evidence of a strong commitment, the British film industry could not compete on a level playing field against the formidable efforts of the French. The French companies were also helped by the availability of government financial assistance.

Commitment to the UK industry could be demonstrated in the immediate future by a major seminar led at the very highest levels within Government. That could make a real impact on perceptions and hence on the mobile American investment. The objective should be to attract more joint production ventures to the United Kingdom.

The news that the Environment Secretary had raised no planning objections to the proposed development by MCA at Rainham Marshes was very welcome. He hoped that the project would now go ahead. Yet, in some respects the UK industry was still

CONFIDENTIAL

handicapped. There were fewer statistics available on the industry than there used to be and much less sound information than in the United States. The number of film studios had fallen: and there was a danger that the Elstree Studios would fall into disuse. A prominent supportive role by Government, rather than more Government money, was needed now to seize new opportunities.

The Secretary of State for Trade and Industry said that, whereas ten or fifteen years ago the development of the UK film industry has been hampered by the small domestic market, film production in the United Kingdom could now be directed at a much larger market. This should make the prospects much more attractive to UK investors. The European Commission were currently investigating the French government's assistance to the industry: this could well lead to the availability of such state aids being withdrawn in France, and ensure competition for joint ventures was on a more even basis in future.

The Parliamentary Under Secretary of State said he was attracted to the idea of a seminar. It would provide the opportunity for Government to take the more prominent role which Sir Richard was advocating. It would be important to manage such an event carefully: papers for the seminar would have to be well constructed; the concluding statements would have to be suitably up-beat; and attendance at the seminar should cover all major figures in the industry. The seminar might usefully be held at a prestigious Government location, such as Lancaster House.

Summing up the discussion, the Prime Minister said that the profile of the film industry in the United Kingdom needed to be raised. The idea of a seminar to pull together the various parts of the industry and with a top-level contribution from Government should be pursued.

The Prime Minister would be grateful if the Secretary of State for Trade and the Parliamentary Under Secretary of State could take the lead in making preparations for the seminar. It would be important to find a date before the Summer Recess. The Prime Minister would also be grateful for a note on developments at Elstree Studios.

I am copying this letter to Mark Carvell (Office of the Parliamentary Under Secretary of State for Industry and Consumer Affairs), Carys Evans (Chief Secretary's Office) and to Sonia Phippard (Cabinet Office).

*Yours
Barry*

BARRY H POTTER

Martin Stanley, Esq.
Department of Trade and Industry

BRIEF FOR PRIME MINISTER'S MEETING WITH SIR RICHARD ATTENBOROUGH
5.00PM THURSDAY 5 APRIL 1990

PURPOSE OF THE MEETING

1. Sir Richard Attenborough has requested this meeting to discuss the British film industry. Although the precise focus of the meeting is vague, the largest film industry project within DTI at present is MCA's proposal for a theme park and film studio complex at Rainham.

THE MCA PROJECT

2. The Prime Minister will recall her meeting with MCA's President, Mr Lew Wasserman on 4 September 1989 when this project was discussed, and her subsequent exchange of correspondence with him.

3. MCA, the parent company of Universal Studios of Hollywood, propose to build a major theme park and film studio complex in Europe. A site at Rainham Marshes is being considered, as is a site near Paris. A final locational decision by MCA is unlikely before June. The UK is thought to be favoured.

4. The project will involve an investment of £1.5 billion. Over 20,000 jobs are expected to be created directly and indirectly within the East Thames corridor; (4,000 on site). 5 million visitors to the development are anticipated in its first year of operation (1995). The film studios will be the largest such development ever built outside Hollywood.

5. Ministers and officials from a number of Departments have cooperated to promote the UK as a location for this project. An outline planning application is currently before the Secretary of State for the Environment for consideration; ^[as will] ~~and a~~ ^{announcement} ~~announcement is expected shortly.~~ ~~Subject to a positive decision,~~ Mr David Hunt (Minister of State at DOE) is to lead a team of Ministers and officials on a visit to the USA to emphasise HMG's commitment to the project and to offer assistance in overcoming the remaining difficulties within a timescale acceptable to MCA.

6. The matters still to be resolved include the negotiation of the final terms of sale with the Ministry of Defence, who own the site; the capacity, funding and timing for construction of the new A13 road to serve the development; final negotiation of a mitigation package of conservation management to satisfy the Nature Conservancy Council and other ecology and wildlife groups (who have been the main opponents of the scheme); alternative arrangements for the Port of London Authority's silt dumping activities, and relocation of a waste disposal company who currently occupy part of the site.

copy sent
copy DOE
with out
text
planning
permission

LIKELY IMPACT ON THE FILM AND TELEVISION INDUSTRY.

7. The BBC are in active negotiation with MCA and could transfer up to a third of their TV production to the new studios. MCA are putting forward a proposal, supported by film producer David Puttnam, to locate the National Film and Television School on the Rainham site. MCA are seeking a meeting with Mr Richard Luce to discuss this latter proposal.

(More specific briefing on the British Film Industry is being supplied separately by TP Division).

FILM AND T.V. STUDIOS AND THEME PARK AT RAINHAM MARSHES

Background Brief for Meeting with Sir Richard Attenborough:
Thursday 5 April

1. Mr Spicer on behalf of Mr Patten will today announce that it is not proposed to call-in the MCA/Rank planning application for production studios and a theme park at Rainham Marshes. This will allow the approval of development given previously by Havering and Thurrock Councils.
2. This project is a joint one of the American and British partners. The main features would be -
 - 100 acres of film/TV studios (with BBC participation) and a theme park
 - 4 hotels: 4000 bedrooms
 - 1.2m sq ft business park
 - ½m sq ft offices
 - 2000 dwellings
 - An endowment to support nature conservation along the Thames
 - 428 acres of nature reserve
 - 175 acres riverside park
 - Monorail link to new BR station.
3. MCA/Rank have not yet committed themselves to the project. They are holding out the alternative of going to a site south of Paris. A decision is promised by June. Mr David Hunt and Lord Strathclyde plan a flying visit in late April to see Mr Lew Wasserman, the MCA Chairman, to demonstrate UK Ministers commitment to the project. An inter-departmental group led by DOE will be set up to push along the public sector elements of the project.
4. Sir Richard's interest will be on behalf of the T.V. and film industries. MCA are talking about putting a UK film training school at Rainham. Given today's announcement (copy enclosed) Sir Richard can be assured of HMG's commitment to the project.

LRO/DOE

5 April 1990

ENVIRONMENT

NEWS RELEASE

243

5 April 1990

RAINHAM MARSHES : MINISTERS NOT TO CALL IN
MCA THEME PARK PROPOSAL

Michael Spicer, Minister for Planning, announced today that the Secretary of State for the Environment has decided not to intervene in the planning application submitted to the London Borough of Havering by MCA Enterprises International for proposed film and television studios, and theme park, at Rainham and Wennington Marshes.

Mr Spicer said:

"My Rt. Hon. Friend has decided not to call in this planning application for his own determination. In making his decision, my Rt. Hon. Friend gave careful consideration to all the relevant facts, to see if the circumstances were such that the case should be called in. He noted that development in the area would be consistent both with his strategic guidance for London, which seeks to redress the economic imbalance between the east and west of the region, and with the Greater London Development Plan. He considered carefully the fact that the development proposal would have significant effects for nature conservation, in particular within a site of special scientific interest. My Rt. Hon. Friend has concluded that it is appropriate for the application to be decided by the local planning authority."

-1-

NOTES TO EDITORS

MCA Enterprises International, in conjunction with the Rank Organisation, submitted on 12 December 1989 a planning application to the London Borough of Havering for a development at Rainham and Wennington Marshes, the main elements of which are as follows:

- 428 acre nature reserve;
- 110 acres of film and television studios and theme park;
- 4 hotels providing some 4000 bedrooms;
- 1.2m sq ft of landscaped business park;
- 0.5m sq ft of prestige office buildings;
- 350,000 sq ft of speciality and local retail shopping;
- 2000 units of housing;
- 1.2m sq ft landscaped commercial and industrial park;
- 175 acre riverside nature and leisure park and wetlands and saltings.

In addition, extensive infrastructure works, including highway, services and a monorail connection to a new railway station would be provided. There would also be a substantial area for commercial development in the longer term. The scheme is envisaged to be generally low rise with the highest part being no more than six storeys.

The application site, on the north bank of the River Thames, extends across the boundary of the London Borough of Havering into the area of Thurrock Borough Council and covers an area of 1650 acres, 1342 of which are within Havering. The site is bounded to the north by the London to Tilbury Network Southeast railway line, to the east by Purfleet village, to the south by a frontage of nearly 2.75 miles to the River Thames, and to the west by Ferry Lane and its industrial estate. About 70 per cent of the application site, totalling some 1200 acres, has been notified as the Inner Thames Marshes Site of Special Scientific Interest.

On 22 February 1990, Thurrock Borough Council granted planning consent to the part of the application situated in their area. On 27 February, the London Borough of Havering resolved to grant planning permission to the bulk of the application subject to its reference to the Secretary of State under The Town and Country Planning (Development Plans) (Greater London) Direction 1986 as a departure from the Initial Development Plan as under The Town and Country Planning (Shopping Development) (England and Wales) Direction 1986 as a development exceeding 250,000 sq ft. The Department received the application and supporting documents on 2 March. The 21 day period for deciding whether or not to call-in was extended on 21 March by means of a direction issued under Article 14 of the Town and Country Planning General Development Order 1988.

The Secretary of State's decision not to call-in the planning application for public inquiry means that the London Borough of Havering are now free to grant planning permission for the development.

Press Enquiries: 01 276 0920
(Out of Hours: 01 276 4120)
Public Enquiries: 01 276 3000
(Ask for Public Enquiries Unit)

-3F-



PRIME MINISTER

MEETING WITH SIR RICHARD ATTENBOROUGH

Following the letter from Lord McAlpine of 22 March (Annex A), you agreed to meet Sir Richard Attenborough tomorrow to discuss US involvement in the UK film industry. Nicholas Ridley and Eric Forth - the DTI Minister on the film industry - will also attend.

Sir Richard's letter said he was seeking help in "other ways" rather than Government funding. It seems very likely, however, that Sir Richard is planning to press one particular case - the MCA project to build film studios on Rainham Marshes. Sir Richard has also been lobbying Mr. Patten.

(You have already of course discussed this project with Mr. Wasserman from MCA. Attached at Annex B are previous notes from Paul Gray and Dominic Morris which briefly set out the background.)

A critical potential stumbling block to the project is getting planning permission. ^{Havering} ~~Thurrock~~ District Council, the local planning authority, is said to be content for the project to go ahead. The key issue is whether the Environment Secretary will call in the planning application. It is probably this which is the "other way" referred to in Sir Richard's letter.

I understand Mr. Patten took the decision today that he would not call in the planning application and would leave it to the local planning council. Mr. Patten's decision will be announced tomorrow. It is intended that the announcement will be made before your meeting with Sir Richard.

You can therefore make Sir Richard aware of the decision (if he does not know of it already). The discussion may then range into whether the MCA project will come to the UK and more widely into issues about investment in the film industry in the UK.

I will provide copies of the announcement on the planning application and supporting material for you and Sir Richard, when it arrives tomorrow.

BHP

(BARRY POTTER)

4 April 1990

c:\wpdocs\economic\attenbor.dca

To:

Rosalind Cole
 PS/Secretary of State
 (through Mr Smith)

From:

Carolyn Lambert
 TP1d
 Room 125
 Kingsgate House
 Ext 2674

cc Mr Forth
 Sir P Gregson
 Mr MacDonald
 Mr Salvidge TP
 Miss MacLean Inf
 Mr Burleigh IBB

4 April 1990

PRIME MINISTER'S MEETING WITH SIR RICHARD ATTENBOROUGH: 5
 APRIL AT 5.00

As requested, I attach briefing for the Prime Minister's meeting with Sir Richard Attenborough, which I understand the Secretary of State and Mr Forth will also be attending.

2 The briefing consists of lines to take/background notes as follows:

- Annex 1 - Investment in Film Production/British Screen Finance Ltd.
- Annex 2 - Tax treatment of expenditure on film production.
- Annex 3 - International Co-production.
- Annex 4 - Government support for film production in other countries.
- Annex 5 - International initiatives.
- Annex 6 - Euro-fund proposal.
- Annex 7 - Cinema Admissions.
- Annex 8 - Levy on blank video tapes.
- Annex 9 - Biographical note on Sir Richard Attenborough.

3 Copies of the correspondence which prompted the meeting are at Annex 10.

Carolyn Lambert
 CAROLYN LAMBERT

INVESTMENT IN FILM PRODUCTION/BRITISH SCREEN FINANCE LTD

Line to take

- Any new investment by American distributors in UK production is clearly to be welcomed.
- Past evidence suggests that investment in film production in the UK is cyclical. Nevertheless, we recognise that the present, temporary uncertainty in the broadcasting sector may have an adverse effect on feature film investment. This was taken into account when we announced our intention last year to continue funding of British Screen at the present level for a further 3 years from 1990 to 1993.

Background

1 In his letter to Lord McAlpine, Sir Richard has referred to the imminent investment of 'billions of dollars' in UK studios/production, by three of the major US distributors. These are MCA, who have sought planning permission for a theme park at Rainham Marshes, and Paramount and Twentieth Century Fox, both of whom have recently set up new European production arms.

2 Investment in film production fell from £197m in 1987 to £126m in 1988 (see table attached - Source: the Producers Association - formerly the British Film and Television Association). Industry sources suggest that investment in 1989 was significantly lower (the Producers Association estimates that some £55 million - combined US and UK - was invested in 23 films). It is also understood that there have not been any film starts at UK studios to date this year. The industry attributes this decline largely to the phasing out of 100% capital allowances (now 25% pa) and \$/£ exchange rates which have acted as a discentive to US investment in production and use of UK studios.

3 Investment by television companies (eg Channel 4) has become a mainstay of low-medium budget production but the industry claims that the proposed changes to the ITV levy will inhibit investment from ITV/Channel 3. There is also evidence that the proposed re-organisation of the commercial television sector has led to a marked reduction in investment in high-cost projects because companies are restricting their spending in order to maximise their bids for the new franchises. These companies are unlikely to engage in film investment until

their future is more settled and secure. The current uncertainty in the television sector was one factor taken into account when further funding for BSF was under discussion.

British Screen Finance Ltd (BSF)

4 BSF is the private sector company, which operates HMG's three film support schemes. It was set up in January 1986 to continue those activities (investment in low/medium budget British films, short films and script development) previously undertaken by the National Film Finance Corporation. To date BSF has invested in 49 feature films, 27 shorts and supported 57 script development projects.

5 The Department's present contractual commitment to BSF is to provide total funding of up to £2m pa for 5 years (1986-1990 inclusive). It was announced in July last year that funding will continue at the same level for a further 3 years until the end of 1993. The terms and conditions of this continued support have not yet been decided.

Department of Trade and Industry
April 1990

FILMS COMMENCED BY MEMBERS OF THE PRODUCERS ASSOCIATION DURING THE RESPECTIVE CALENDAR YEARS MADE IN OR FROM THE UNITED KINGDOM

	1988 £m	1987 £m	1986 £m	1985 £m	1984 £m	1983 £m
CINEMA FILMS EXPENDITURE						
UK	58.93	65.5	94.2	66.9	65.8	32.9
US	66.77	131.4	175.9	153.7	140.1	132.9
TOTAL	125.70	196.9	270.1	220.6	205.9	165.8
TV FILMS EXPENDITURE						
UK	10.8	13.6	13.1	21.2	15.3	24.5
US	7.96	11.0	3.2	31.4	42.6	2.2
TOTAL	18.76	24.6	16.3	52.6	57.9	26.7
NO. OF CINEMA FILMS MADE						
UK	35	26	N/A	N/A	N/A	N/A
US	6	15	54	31	46	N/A
TOTAL	41	41	54	31	46	-
NO. OF TV FILMS MADE						
UK	10	9	N/A	N/A	N/A	N/A
US	4	5	11	27	21	N/A
TOTAL	14	14	11	27	21	-

(Source: Producers Association)

TAX TREATMENT OF EXPENDITURE ON FILM PRODUCTION

Line to take

The film industry must not expect to be treated more advantageously than other sectors under the Government's neutral fiscal strategy.

However the unusual nature of film investment has been recognised by the special methods approved by the Inland Revenue under which film companies write off investment.

Background

1 Prior to 1979 the Revenue treated expenditure on film production as being on revenue account. Write-off was therefore allowed over the revenue producing life of a film - at rates negotiated with the individual inspector concerned. In 1979 the Revenue conceded to the view that film production expenditure was on capital account and qualified for capital allowances as plant and machinery. At the time, plant and machinery capital allowances were at the rate of 100% in the year in which the expenditure was incurred. So the switch to capital allowance treatment meant earlier write-off for film production expenditure.

2 In 1982, because of abuse of the first year capital allowance for film production expenditure, expenditure on non-Eady levy films was removed from the capital allowance regime and a new system of write-off, known as the income-forecast method, was enacted in its place (Section 72 Finance Act 1982). The income forecast method provides that expenditure should be written-off over the income producing life of a film, having regard to the rate at which the value in the film is expected to be realised. Broadly, it restored the treatment of non-Eady levy films to the pre-1979 basis, but with a codified rather than an ad-hoc method of calculating the rate of write-off.

3 Section 62 of the Finance Act 1984 introduced two new sub-sections, 4A and 4B, to Section 72. Sub-section 4A provides that, in addition to the expenditure which may be allocated to a "relevant period" under the main provisions of Section 72, an additional amount may be allocated, subject to the total amount allocated not exceeding the income from the film etc brought into account.

Department of Trade and Industry
April 1990

VJLABN

Annex 3

INTERNATIONAL CO-PRODUCTION

Line to take

- We welcome industry initiatives towards international co-production and are actively supporting this through the negotiation of co-production treaties.

Background

- 1 Co-productions are films or TV programmes made with the financial, technical and artistic co-operation of individuals from two or more countries. Most are entirely intra-industry arrangements and the number is increasing as the costs of producing films and quality TV drama and documentaries escalate. There are also inter-governmental Film Co-production Agreements (the UK has five) which for most countries means that co-productions which conform to certain criteria may have access to government support, usually financial, although such support is not available to UK producers.
- 2 Films Branch administers the UK's Agreements (ie treaties) and is currently negotiating with Canada at their request to make our existing Agreements more flexible. We are also negotiating Agreements with Australia and New Zealand. The industry want these changes to assist them in maintaining a higher level of production than might otherwise be the case. From government's viewpoint this work assists the industry at a small cost in terms of staff resources only.
- 3 Sir Richard, and others, have expressed concern that production will go overseas where there are fiscal and other incentives for film production.

Department of Trade and Industry
April 1990

Annex 4

GOVERNMENT SUPPORT FOR FILM PRODUCTION IN OTHER COUNTRIES

Line to take

- We do not believe that industry, including the film industry, needs wholesale subsidy in order to operate effectively.

Background

1 Most other developed countries, except the USA, offer substantial financial support for their film industries, for cultural and linguistic reasons. Films which appeal mainly to domestic audiences rarely recoup their cost since they are unattractive to the largest and sole self-supporting market: the USA.

2 The two EC countries which have a reputation for film making which extends beyond national boundaries, France and West Germany both have schemes for giving tax relief for direct investment in films and make substantial grants, low interest loans available for qualifying films. These can include films made in English, and therefore make them attractive co-production partners. All other EC countries, with the exception of Portugal, have support schemes offering a greater level of subsidy than the UK.

3 The EC Commission is contemplating the introduction of a 30% ceiling on state subsidies (including fiscal measures) for film production. This ceiling would reduce the level of support available in a number of other Member States but have no impact on the main UK scheme, operated by British Screen.

Department of Trade and Industry
April 1990

INTERNATIONAL INITIATIVES

MEDIA programme

Line to take

- The MEDIA programme should be industry-led with minimal Commission spending.
- We will resist commitment to an enlarged programme until a full assessment of the first phase has been made and properly costed proposals have been put forward.

Background

1 The pilot phase of the MEDIA programme was set up by the European Commission in 1987 to support film and TV production, distribution, exhibition, training and financing. EC Ministers have yet to endorse this programme which is currently running at a cost of approximately 10 mecu per year. The programme is presently funded under the "action ponctuelle" mechanism.

2 An independent review of the MEDIA schemes is currently being undertaken on behalf of the Commission. Once the outcome of this review is known, the Commission is likely to seek Ministers' approval for a significant increase in MEDIA's budget and to place the programme on a formal legal footing.

3 There are 11 pilot schemes under MEDIA. Sir Richard Attenborough chairs the European Script fund project which offers ^(financial) support (in the form of loans) for script development for film and television.

Audio-visual Eureka

Line to take

- UK happy with the way Audio-visual 'EUREKA' is progressing. National Co-ordinators will assess the compliance of proposed projects with Audio-visual EUREKA objectives and criteria - but it will be for companies to initiate projects or to decide whether to join those already proposed.

Background

4 At the Paris Audio-visual Conference in September 1989 Ministers of EC and Council of Europe Member States and of the USSR, Hungary, Poland and Yugoslavia (26 countries in all) agreed to a number of measures to establish an audio-visual EUREKA framework. The objectives of Audio-visual EUREKA are, through greater and closer co-operation between professionals in the European audio-visual industries, to encourage the development of an open, competitive European audio-visual market. The idea is based on existing EUREKA which promotes European collaborative R&D projects.

5 A committee of EUREKA framework Co-ordinators from participating Governments and a small EUREKA Secretariat has been set up to encourage industry to implement projects and to monitor progress with these. A feasibility study is also being undertaken into the setting up of an 'observatory' to collect and hold data on the audio-visual sector and to promote transparency in the audio-visual market.

6 The secretariat's administrative costs will be borne by the 26 participating governments on a scale of contributions which puts the UK's at 12.25%. Costs are estimated at 1 mecu per year with a further 0.3 mecu in the first year to cover the cost of the feasibility study.

7 There will be no specific Government funding for audio-visual EUREKA projects in the UK on the grounds that the industry itself is best placed to determine what its needs are and to put solutions into practice.

Department of Trade and Industry
April 1990

Annex 6

'EUROFUND' PROPOSAL AND "EURIMAGES FUND"

Lines to take

- while the Government recognises the need for a competitive and self sufficient European audiovisual production industry to develop, it is a matter for the industry itself to take forward.

Background'Eurofund'

1 The industry under the auspices of the British Screen Advisory Council (BSAC) proposes that HMG set up a "Euro-fund" on the same basis that funding is made available to British Screen Finance Ltd ie with private sector money in the fund. The fund would be used to support international co-productions involving two or more Member States and other European states. The BSAC suggests public sector funding of £5 million a year for a minimum 3 year period.

2 Underlying this proposal is the notion that feature films are now increasingly funded and organised as co-productions, and that the BSAC are concerned that unless the UK is able to contribute to this process (*ie it has some form of financial package to bring to the negotiating table with prospective co-production partners), then its opportunities will become increasingly restricted. Other Member States have larger scale state support schemes than the one represented by British Screen Finance in the UK. European producers therefore find it easier to raise finance for joint ventures than their would-be UK co-producers.

3 A Euro-fund proposal was first considered in July, when Sir Richard Attenborough (Chairman of BSAC) and others met Lord Young. Lord Young subsequently wrote to Sir Richard indicating that it was not appropriate for Government to decide what should be spent on European co-production.

EURIMAGES Co-production Fund

4 EURIMAGES, which was set up under the auspices of the Council of Europe, is an international funding pool for film and television programmes produced by consortia with members from at least three different countries. All the EC Member States - except the UK - and some Council of Europe states are committed to the fund. The UK declined to contribute on the grounds that initiatives of this type are for industry to pursue.

Department of Trade and Industry
April 1990

CINEMA ADMISSIONS

Line to take

- I am pleased to see that cinema admission figures have risen consistently since the passing of the Films Act 1985. I hope that this trend continues.

Background

1 Following a steady decline over a number of years, UK cinema admissions reached a low of 53 million in 1984. The Films Act 1985 effected a major deregulation of the industry. The Eady levy on cinema admissions was abolished, as was the compulsory licencing (by DTI) of film distributors and all cinemas, and the compulsory registration (with DTI) of all films released for public exhibition. (The Act also abolished two public bodies - the National Film Finance Corporation, which invested in UK film production and the Cinematograph Film Council, which advised on film industry issues).

2 Cinema admissions have risen every year since 1984, reaching over 80 million in 1989. Improved confidence in the cinema industry has been borne out by increased investment in cinema refurbishment and, in particular, by the building of new (mostly US-owned) multi-screen cinemas ('multiplexes').

Department of Trade and Industry
April 1990

LEVY ON BLANK VIDEO TAPES

Line to take

- Our position on this is clear: enabling powers were not included in the Copyright Bill because the adverse affect on consumers would outweigh any advantage to copyright owners.

Background

1 Many film industry interests consider that a levy on video tapes should have been included in the Copyright, Designs and Patents Bill - and, before that, in the Films Bill. Despite the fact that the inclusion of such a levy was considered and rejected during the passages of both, it seems that the film industry are likely to continue to lobby on this issue, in the hope that HMG will revise its present policy.

Department of Trade and Industry
April 1990

Annex 9

SIR RICHARD ATTENBOROUGH - BIOGRAPHICAL NOTE

He started his career as an actor and went on to produce and direct, winning many awards over the years, most notably for "Ghandi" (8 Oscars), which he produced and directed.

OTHER FILMS INCLUDE:

- "In Which We Serve" - actor
- "Brighton Rock" - actor
- "The Angry Silence" - actor and co-producer
- "Oh What a Lovely War" - co-producer and director
- "A Chorus Line" - director
- "Cry Freedom" - director

APPOINTMENTS INCLUDE:

- British Screen Advisory Council - Chairman
- British Film Institute - Chairman
- Royal Academy of Dramatic Arts - Chairman
- British Academy of Film and Television Arts - Vice
President and a fellow
- Channel 4 - Deputy Chairman and director

Department of Trade and Industry
April 1990

PRIME MINISTER

Lord McAlpine has written to you suggesting that you should see Sir Richard Attenborough.

Sir Richard has written to Alistair to say that he would like to discuss with you the new opportunities for film production in the UK following substantial investment in the film industry from the US. He also says that he is not requesting government funding, rather "assistance in other ways".

Paul Gray does not feel it is necessary for you to see him and certainly he is no supporter of ours. However, the tone of his letter is friendly and Alistair does recommend that a meeting would be helpful.

Would you like to see him?

Yes - of course

Can Nick Ridley come

Yes - I think the industry

comes within the purview of

his department
not

JOHN WHITTINGDALE

30th March, 1990

The Lord McAlpine of West Green

R26/3



House of Lords
London S.W.1

As from: 32 Smith Square London SW1P 3HH

The Rt Hon Mrs Margaret Thatcher FRS MP
Prime Minister
10 Downing Street
London
SW1

22nd March, 1990

Dear Prime Minister

I attach a letter which I have received from Sir Richard Attenborough which is self-explanatory.

It would, I believe, be very helpful for a number of reasons if you were able to see him.

*Best Wishes
Alan*

Lord McAlpine of West Green



BEAVER LODGE · RICHMOND GREEN
SURREY TW9 1NQ

01-940 7234

Sir Richard Attenborough, C.B.E. · Lady Attenborough, J.P. · Claude Fielding

16th March
1990

The Lord McAlpine of West Green,
Conservative Central Office,
32 Smith Square,
London SW1P 3HH

Mr Minister,

I understand from Peter Palumbo that you might be kind enough to see if it were possible to arrange for me to have a brief meeting with the Prime Minister in relation to future film and television production in the U.K. To the best of my knowledge, this is not a case that has been put to any Minister following the announcement of a massive injection of American funding into this country.

Indigenous film production, as you will probably be aware, is not and has not been in a very healthy state for some years. This has been due to a number of circumstances with which I will not bore you; suffice to say that the situation has in large measure been transformed by the developments in Western Europe, followed obviously by those that have emerged in Eastern Europe.

Three of the major American distribution companies are about to invest billions of dollars in studio facilities and production funding in this country. They are only too aware that the opportunities for co-production now evident in the European scene offer them a vastly increased market at a time when cinema attendances are rising steadily and it is a circumstance they would certainly not wish to ignore.

There is not, in my opinion, a requirement for major government funding in order to take advantage of this burgeoning opportunity, but it is necessary for government to offer assistance in other ways. We have a unique card in our hand of the English language. Every country in Europe is anxious to be involved in co-production with the U.K. rather than with

/Cont.

other countries and to allow this chance to slip between our fingers would be a major tragedy.

I believe the only person who could change overall government attitudes in regard to this matter is the Prime Minister herself and consequently I would be deeply grateful were she able to grant me a few minutes of her time.

Needless to say, I am enormously in your debt for offering to attempt to further this request.

I greatly look forward to seeing you on 15th May.

Kindest regards,

Mrs.
Julie A.

Richard Attenborough



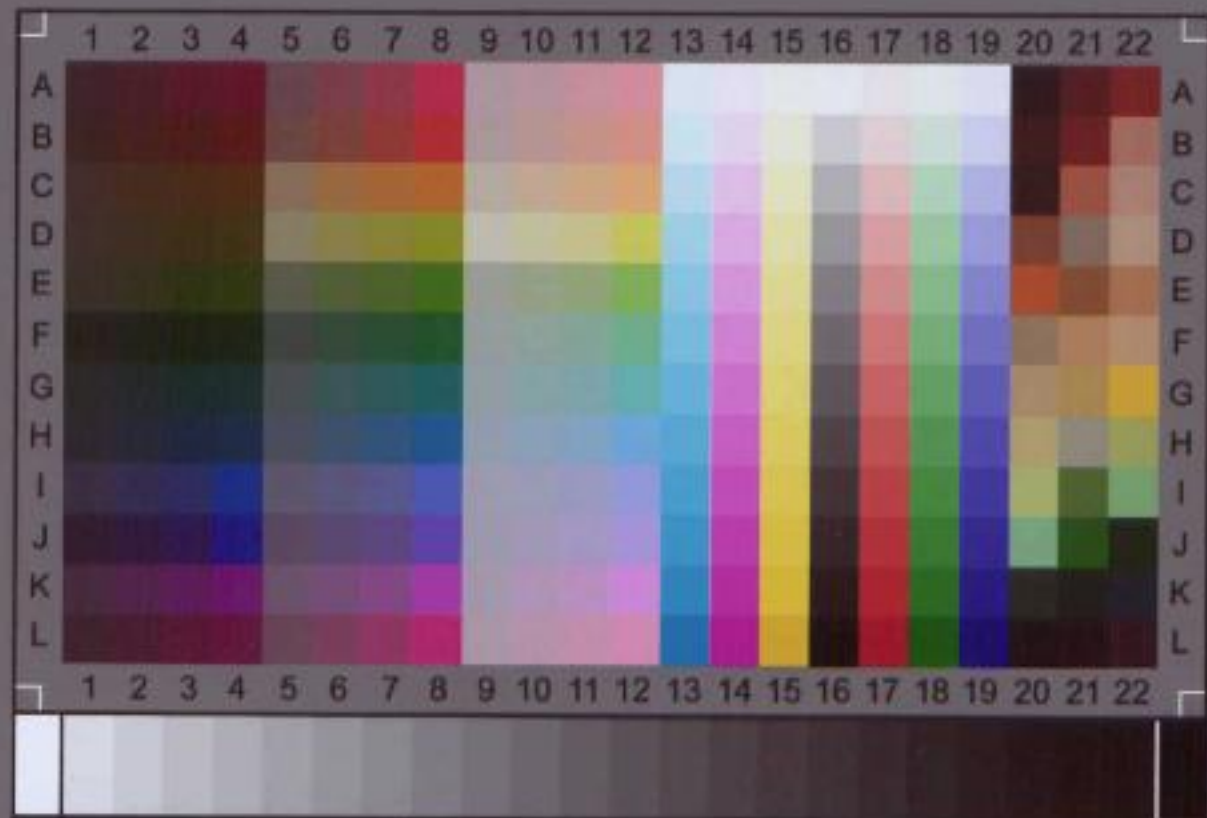
PART 1 ends:-

LPC to MS/DTI. 13.12.86

PART 2 begins:-

LOLD HEALPING TO PM 22.3.90

~~BP TO DTI. 18.4.90~~



IT8.7/2-1993
2009:02

Image
Access

IT-8 Target

Printed on Kodak Professional Paper
Charge: R090212