



BRITISH SCREEN ADVISORY COUNCIL FILM CONFERENCE

ED VAIZEY MP, MINISTER FOR CULTURE, COMMUNICATIONS & CREATIVE INDUSTRIES

3 March 2011

Below is a summary of the Minister's speech at the BSAC Film Conference on 3 March 2011. It is not a verbatim account.

The Minister's speech

Let me start by offering huge congratulations to *The Kings Speech* which is part of a success story for British film in its broadest definition. *Harry Potter 7* broke box office records in November, *Made In Dagenham*, *127 Hours* were fantastic critical successes, *The Kings Speech* won 7 out of 14 BAFTA nominations and 4 out of 12 Academy Awards, Double Negative's visual effects team was another winner as well, and the National Film & Television School (NFTS) won a BAFTA and was nominated for an Oscar. All of this shows the breadth, success and quality of our film industry. I gather *The Kings Speech* has now grossed over £30m in the UK box office and \$230m worldwide. This is a huge sign of success on the part of *The Kings Speech*, and as Tanya Seghatchian, who deserves an enormous amount of credit as being one of the early funders of *The Kings Speech* via the UK Film Council (UKFC), has said, this will be a wonderful dowry for the newly merged UKFC and BFI. As you know, *The Kings Speech* and many other successful films have been supported by lottery funding. The early changes we made to the lottery when we came into power mean that lottery funding is going to increase from £27m a year to about £43m a year by 2014. So there will be substantially more money for British film. In an age of austerity it is nice to say that funding is actually increasing by 60% which I think shows our commitment to the success of British film. But I also think that the changes and the vigorous debate that was sparked off when we announced the abolition of the UKFC have also brought forward many other positive initiatives. Companies like Odeon, for example, have come forward with their own proposals to promote British film, Channel 4 has increased its funding for film from £10m to £15m a year, and of course, BBC Worldwide has become part of that conversation. I hope and expect that Sky will be investing in British film very shortly.

I think that there shouldn't be an artificial divide between the UK film industry and the Hollywood industry, so I very much welcome Warner Bros commitment to invest £100m in

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Leavesden, the first Hollywood studio to be built outside Hollywood in a century. This is another sign of the confidence of inward investors in the UK industry. Leavesden will take its place alongside the fantastically successful Pinewood Shepperton and Elstree studios. I think the reason that Warner Bros were happy to go ahead with the commitment was that the key mechanism to support the film industry remains, the film tax credit. We have been clear that we are absolutely committed to the film tax credit and it is vital, not just for inward investment, but also for the independent British film sector. International filmmakers brought in £780m to the British economy last year, and that is the highest investment we have ever had.

So, to bring you up to date with our plans, with the coming together of the UKFC and BFI, from 1 April, the BFI will be appointed the lottery distributor for film, the Statutory Instrument will be laid in Parliament within the next few days. Other key functions, in particular Certification, will transfer at the same time to the BFI, while the Office of the British Film Commissioner will transfer to Film London. I would like to thank the UKFC, the BFI and Film London, for their absolutely tremendous work in ensuring that this transfer can be achieved from the first day of the new financial year. I know a lot of people have worked incredibly hard to make that happen as well as my own officials at the DCMS, and I am grateful for all their work. When we had our first Ministerial Film Forum, it was heartening to see that the most used phrase during those two hours was seamless transition, which I think it is proving to be. After the transfer, our expectation is that the UKFC will be formally closed on 1 July. The UKFC, the BFI and Film London have published relevant information on these dates and on the processes to ensure that all stakeholders are properly informed. We want to maintain the momentum of change and renewal. I think that despite the success of *The Kings Speech*, there remains a debate to be had about creating that Holy Grail, a sustainable British film industry. So, with the BFI, we are going to take forward a review of film policy. We want to continue to engage with the industry on how lottery distribution and recoupment policy can better contribute to support the British film industry and how the industry needs to change to adapt to the new challenges and opportunities offered by the digital revolution. We are keen to continue to work closely with the industry and as I indicated earlier, we have established a Ministerial Film Forum which will meet on regular occasions for people to air their concerns but also to exchange information with each other across the diverse parts of the film industry.

Another issue which concerns the film industry as a whole is the continuing implementation of the Digital Economy Act. We recognise the huge problems that are caused to the film industry by online copyright infringement. That is something where both government and industry have a role to play. Government has played its part by introducing the Act, but I'm not going to pretend that this has been a trouble free process. We have had the major distraction of a judicial review and it has taken longer than we had hoped to get the essential underpinning of secondary legislation in place. That's because when you produce things like an Initial Obligations Code, you have to spend a great deal of time consulting first of all with industry but also there has to be a formal notification to Europe as well, so there were in-built

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delays to the process in any event. The Initial Obligations Code is being carefully examined within government. We do need to amend the cost sharing Statutory Instrument for technical reasons, so these have added to the delays, but we remain committed to the Act. Of course, as we have said from the start, the film industry and other copyright owners must also play their part. We have been holding regular roundtables with ISPs, search engines and right holders to look at self-regulatory solutions where both sides work in partnership. We recognise that taking action against infringement is one side of the coin but producing attractive legitimate alternatives is the other side. There are good services out there which enable people who love films to find any film. We do understand that change is not straightforward and that theatrical release is important and indeed, is by far the best way of experiencing film.

I want to pay tribute to the digital funding partnership, which aims to convert cinemas to digital technology and allow an enhanced experience for audiences as well as more cost effective business models. I also think it is fantastic that cinemas open their screens to live content such as opera. I recently attended a live screening of ENO's *Lucrezia Borgia* at the Vue Cinema in Westfield. Cinema is a space that connects with wide audiences and is perceived as more approachable and easier to engage with than many other arts venues. British cinemas are great pioneers in providing their audiences with new experiences and new ways to enjoy film. There are other innovative experiments taking place in the market, led for example, by Curzon, offering the public an immediate experience.

After the turbulence of last year, we have come through on the other side. We are not complacent, we want the coming together of the UKFC and the BFI to work, and we continue to work closely with them both. I would like to thank Tim Cagney and Amanda Nevill for all the work that they are doing. We think the increase in lottery funding is going to underpin the continued success of British film. Creative England will ensure that film and the creative industries are supported throughout the country. We welcome the increased commitment from Film4 and the BBC and we look forward to Sky engaging in that as well. We welcome the support of Odeon, Vue Cinemas and Cineworld. We welcome the participation of BBC Worldwide. We continue to work closely with Skillset and the NFTS, in order to ensure that we continue to train first class filmmakers. There is a vibrant, sustainable and important ecology out there. As I say, we don't want to lose the momentum. We are going to have a serious policy debate about the future of British film. I hope that everyone will participate in the spirit in which that policy debate is intended. We will welcome all ideas and proposals that can ensure that we continue to build on the success of the last few years.

Thank you very much.