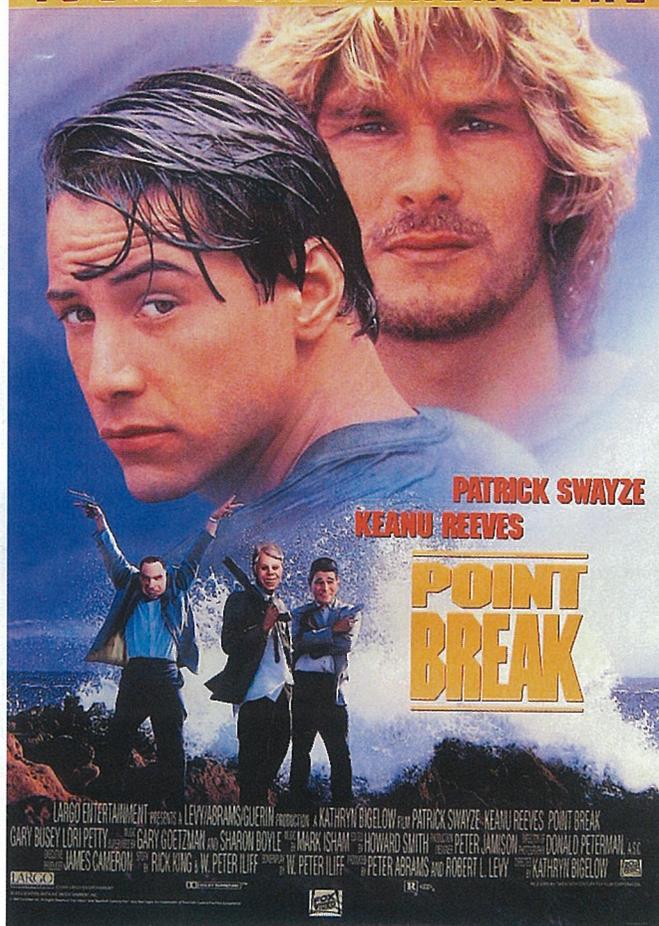


AGENTS OF INFLUENCE

TALENT AGENTS MANAGE STARS AND STARS CAN BANKROLL A PRODUCTION. BUT WHAT HAPPENS WHEN AGENTS BECOME PRODUCTION HOUSES? BRENDAN SWIFT INVESTIGATES.

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MOVIE PACKAGING BY talent agencies is unusual in Australia. Not so in the US where companies such as Creative Artists Agency and William Morris Endeavor Entertainment frequently kick off a film or TV project using their own clients.

But as the local market increasingly focuses on sustainability and building larger production houses, the situation is changing.

RGM Media is one such company that has unveiled grand plans to become a production house, attempting to raise up to \$6 million in public financing, at the time of press.

It plans to use the cash to produce films such as *Point Break 2* as well as launch a TV joint venture with Mark Burnett International.

The company is in the throes of being listed on the Australian Securities Exchange (after a reverse takeover of tech company Biosignal) and plans to release about five mainstream films (budgeted at under \$US60 million each), per year.

"RGM will be able to plan for the development and production of two television products by the end of calendar 2010, increasing to four series in calendar 2011," the company says.

Among its proposed slate is action movie *Bullet Run* (which has an indicative budget of \$US30 million with Eric Bana attached) and an untitled Lasse Hallstrom picture.

Whether RGM can achieve its production goals is a matter of debate. The company expects to take 25 per cent of any profit generated by *Point Break 2* and a healthy \$US1 million in executive production fees.

Its prospectus is a labyrinthine affair characterised by several interrelated company agreements and options.

Managing the inherent conflict of interest created by an agency-production house model is another challenge.

RGM is licensed as a "manager" rather than an "agent" in the US, where agents are barred from producing or owning interests in projects which involve their own clients.

(Some US agencies have close ties to separate financing entities such as the former Endeavor Talent Agency (acquired by William Morris Agency last year) and Media Rights Capital. And William Morris also co-launched the \$100 million Incentive Filmed Entertainment fund in 2008.)

RGM's talent management business posted a net profit before tax of \$623,000 over the year ended June 30, 2009, according to independent expert WHK Horwath Corporate Finance.

While RGM is well established as an agent,

its production track record is slim (the production business was not valued in the prospectus) with executive producer credits on Rowan Woods' *Winged Creatures*, *The Girl in the Park* (starring Sigourney Weaver and Kate Bosworth), and *Just Buried* (starring Rose Byrne).

However, the concept remains sound as Screen Australia prepares to close submissions to its second round of Enterprise Program funding next month.

It has already invested some \$9 million across 12 production houses in an effort to create sustainable and commercially focused businesses. Agents are arguably closer to the commercial side of the business whereas the local film industry has been largely dominated by ad-hoc projects created by sole producers.

Another relatively new agency is also delving into production. It is not attempting to raise public finance but has instead teamed up with well-established accounting firm BDO.

Talent agent Woodburn Sweitzer Management – which has about 50 local actors on its books – is planning to produce films, TV and web series.

The company – started late last year by former Encompass Entertainment Group executive Rob Woodburn and Fort Hill Productions (Warner Bros) executive Keith Sweitzer – is currently developing two TV shows and two features.

"It really is content first," Sweitzer says. "We want to break films out of here which aren't really straight horror or straight drama. The whole point of this is to bring global eyes to Australian movies."

Woodburn (who handles the talent side) and Sweitzer (who concentrates on literary management and production) were both schooled in the tough US market and plan to use those US-based connections to grow the business.

"We want to utilise our contacts in the US to help produce projects here in Australia," Woodburn says.

The bulk of production funding is likely to be sourced from Australia. WSM is also a client of accounting firm BDO's private and entrepreneurial clients division (the firm also provides WSM with back office and accounting support).

"We don't want just passive investors, we want strategic investors," Woodburn says.

WSM will derive revenue from production fees on any projects it makes as well as commissions from its talent – however, both fees would not apply on the same project. **fi**