

2004 BOX OFFICE BACKGROUNDER

Summary version, 27 January 2005



Australian films earned \$11.9 million in 2004 or 1.3 per cent of the total Australian box office. This represents a drop from last year's 3.5 per cent and constitutes the lowest market share since records began 27 years ago. In terms of gross box office earnings, the total for Australian films remains slightly above the 1990 low of \$9.2 million (CPI adjusted).

This backgrounder provides preliminary information regarding the market context. A comprehensive report will be made available once further international data has been received and analysed.

1 THE FIGURES

KEY POINTS

Increase in total Australian box office to \$907,218 million
Decrease in number of Australian releases from 23 to 16
Increase in number of non-Australian releases from 245 to 302
Decrease in Australian box office share

1.1 Total box office

According to the MPDAA, the total box office for 2004 was \$907,218 million, an increase of 4.79 per cent on the previous year and the highest total box office in Australia ever. This figure incorporates the earnings of 318 '2004 releases' as well as a further 111 titles that were released in previous years but continued to generate income at the Australian box office last year.

Australian films' share of the Australian box office in 2004 was \$11.9 million or 1.3 per cent.

Australian films' share of the Australian box office 1994 to 2004

Year	Australian films box office gross (\$million)	Australian films box office share (%)
1994	46.6	9.8
1995	19.8	3.9
1996	43.7	8.3
1997	28.4	4.9
1998	25.6	4.0
1999	21.1	3.0
2000	54.2	7.9
2001	63.4	7.8
2002	41.8	4.9
2003	30.3	3.5
2004	11.9	1.3

Source: MPDAA and AFC

For results from 1977 see Get the Picture <http://www.afc.gov.au/gtp/wcboshare.html>

The top-grossing Australian film, with \$4.8 million, was *Strange Bedfellows*, a comedy written and directed by Dean Murphy and starring Paul Hogan and Michael Caton. It was followed by the multi-award winning *Somersault*, starring newcomer Abbie Cornish, at \$2.0 million. *One Perfect Day*, took \$1.2 million, and *Love's Brother* and *Thunderstruck* each took close to \$1 million.

Top five grossing Australian films in 2004

	Film	Release date	Distributor	Box office
1	Strange Bedfellows	22 April	Becker	\$4.8m
2	Somersault	16 September	Hopscotch	\$2.0m
3	One Perfect Day	19 February	Roadshow	\$1.2m
4	Love's Brother	1 April	Palace	\$0.9m
5	Thunderstruck	20 May	Icon	\$0.9m

Source: MPDAA

Four out of five of the top-grossing Australian films last year were released by small, independent distributors. This contrasts with 2003, where four out of the top five releases were handled by larger distributors.

US films have again dominated the Australian market, taking 85.9 per cent of the total box office, up from 83.8 per cent in 2003 and 76.5 per cent in 2002.¹

Box office shares by country

Country	Box office earned		Films screening*	
	\$m	Share (%)	No.	%
Australia	11.9	1.3%	24	5.6%
US	779.4	85.9%	265	61.8%
UK	46.1	5.1%	32	7.5%
Other	69.8	7.7%	108	25.2%
<i>Total</i>	<i>907.2</i>	<i>100%</i>	<i>429</i>	<i>100%</i>

Source: MPDAA and AFC

* Includes a total of 111 titles released pre-2004, mostly in 2003: 8 Australian, 65 US, 10 UK, 28 other.

1.2 2004 releases

A total of 318 films were released in the Australian cinema market in 2004, an increase of 50 on the previous year. 302 (95 per cent) of these films were international titles, up from last year's 245.

As was the case in 2003, approximately two-thirds (200) of all 2004 releases were of US origin.

16 new Australian films were released last year, down from 23 in 2003. Of the 16 Australian films released in 2004, 12 were feature films. The remaining four were documentaries. This compares with 22 feature films and one documentary in 2003.

The number of releases from the UK remained stable, whilst the number of releases coming from countries other than Australia, US or UK almost doubled from 43 in 2003 to 80.

¹ 2002 and 2003 are amended figures, incorporating the classification of the *Lord of the Rings* trilogy as a NZ/US production.

The average box office per film for US and UK titles remained relatively steady, whilst the average earnings of Australian and 'other' films was almost half that of 2003.

Comparative box office for new releases by country of origin

Country	2003*			2004*		
	No. films	Box office earned	Average per film	No. films	Box office earned	Average per film
Australia	23	\$28.8m	\$1.2m	16	\$11m	\$0.7m
US	178	\$695.3m	\$3.9m	200	\$746.3m	\$3.7m
UK	24	\$30.2m	\$1.3m	22	\$33.3m	\$1.5m
Other	43	\$42.1m	\$1.0m	80	\$36.8m	\$0.5m
Total	268	\$796.4m		318	\$827.4m	

Source: AFC analysis of MPDAA data

* Includes only those films released in that calendar year and the box office they earned in that year. Does not include any titles released in previous years that continued to earn that year.

2 DOMESTIC CONTEXT

KEY POINTS

Continuing downturn in local production
 Decreasing investment in Australian films
 Australian budgets significantly lower than the films with which they're competing
 Majority of box office taken by small number of mega-budget titles
 Australian releases outnumbered 20:1 by foreign titles, with a majority from the US
 Australian films' box office compares well with independent titles with similar release patterns

2.1 The market

The Australian market in 2004 was dominated by sequels and/or films related to established brands (such as *Spider Man 2*, *Harry Potter and the Prisoner of Azkaban* and *Scooby-Doo: Monsters Unleashed*) franchised by US majors. This is consistent with past years.

The top 10 films watched by Australians grossed an average \$24.7 million in 2004, up from \$23.8 million for 2003's top titles. *Shrek 2* was ranked number one at the Australian box office with \$50.3 million, outstripping last year's top performer by more than \$10 million (*Finding Nemo* earned \$37.1 million in 2003).

In 2004 the top 50 films took \$613.2 million or 67.6 per cent of the total 2004 box office (compared to 70.1 per cent in 2003).

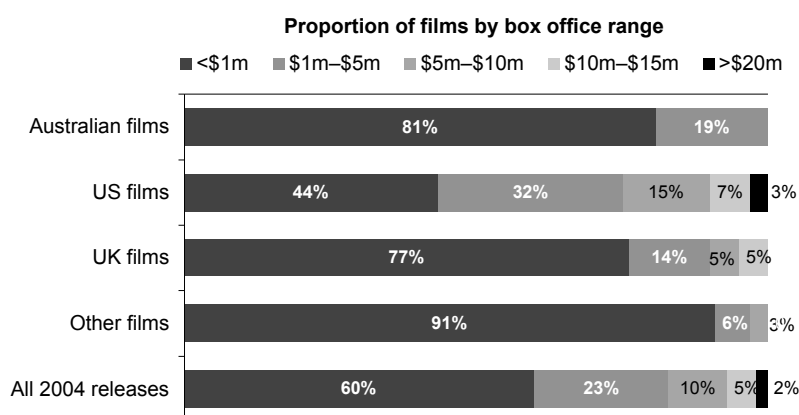
Forty-six of the top 50 films were US productions. Two of the remaining four – *Lord of the Rings: Return of the King* and *Love Actually* were US co-productions.

There were only two non-US titles ranked in the top 50 – the UK-financed film *Bridget Jones: The Edge of Reason* and *King Arthur*.

The majority of films released last year earned less than \$1 million at the Australian box office. Only 17 per cent, or 53 films, earned more than \$5 million; 49 of these were US films.

Box office by range and country of origin for films released in 2004

Country	No. films by box office range				
	<\$1m	\$1m–\$5m	\$5m–\$10m	\$10m–\$20m	>\$20m
Australia	13	3	-	-	-
US	88	63	30	14	5
UK	17	3	1	1	-
Other	73	5	2	-	-
<i>Total</i>	<i>191</i>	<i>74</i>	<i>33</i>	<i>15</i>	<i>5</i>



Source: AFC analysis of MPDAA data

2.2 Production context

A downward trend in the number of local features being produced has continued in 2004, dropping from an average of 28 per year in the second half of the 1990s to just 15 in 2003/04.

Investment in Australian features from the local film/TV industry and private sources has been falling for the past three years, from \$45.5 million in 2001/02 to \$17.2 million in 2003/04.

The production value of the 12 Australian feature productions released in 2004 was \$57 million i.e. an average budget of \$4.75 million, down from \$6.4 million in 2003.

According to the Motion Picture Association of America (MPAA) the average budget for a major US studio (eg, Disney, Warner Bros, Universal) film in 2003 was \$82.1 million (US\$63.8 million), with the average for a 'minor studio' film (Miramax, New Line) of \$60.4 million (US\$46.9 million).

2.3 Release context

Multiplex exhibition chains, which have proliferated over the past decade, have been found to favour large-budget productions with wide release patterns.²

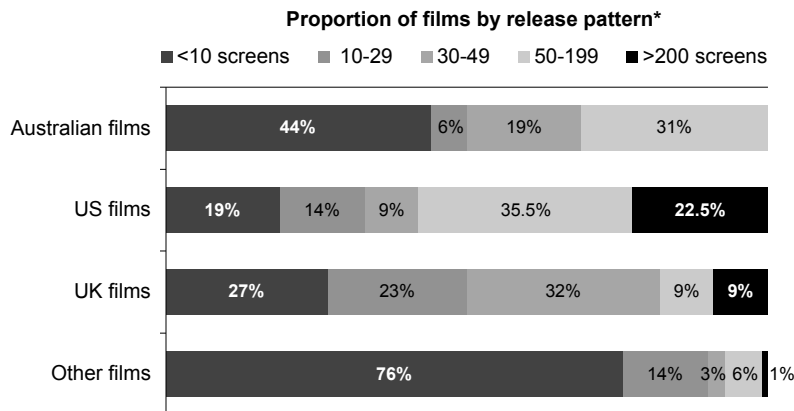
Of the 200 US films released in Australia in 2004, 58 per cent were showing on more than 50 screens at the widest point of their release, with 22.5 per cent reaching more than 200 screens. Releases for Australian films tend to be much narrower, with 44

² *Distributing Australian Films: A Survey of Current Market Conditions and Distributors' Perceptions.* AFC, August 1999.

per cent (seven of the 16 films) in 2004 showing on less than 10 screens at their widest point, 56 per cent on between 10 and 200 screens, and none on more than 200.

Release patterns by country of origin for films released in 2004

Country	Number of films by release pattern*				
	<10 screens	10–29	30–49	50–199	>200 screens
Australia	7	1	3	5	-
US	38	28	18	71	45
UK	6	5	7	2	2
Other	61	11	2	5	1
Total	112	45	30	83	48



Source: AFC analysis of MPDAA and Nielsen EDI data

* Number of screens at point of widest release

When release patterns are considered, last year's top Australian films compared favourably with other independent titles produced and distributed on a similar scale. *Somersault*, a financially modest Australian title with a first-time director and no international stars, and *Girl with a Pearl Earring*, the UK feature starring Scarlett Johansson, both screened on 41 screens at their widest point of release (not including previews) in 2004 (compared to *Shrek 2*'s 437 screens). The Australian film took \$2 million over 19 weeks, for a theatre average of \$4678, while *Girl with a Pearl Earring* took \$3.1 million over a longer period (29 weeks) for a theatre average of \$4,185.³

³ MPDAA