



Australian Films - 1999 box office share

During 1999 two Australian films -*Two Hands* and *The Craic* - earned over \$5 million at the box office and were amongst the top 50 films.

The low budget family film *Sally Marshall is not an Alien* broke through the \$1million threshold to take \$1.3million in the very competitive family movie market.

The top 5 grossing Australian films were:

Two Hands \$5,441,578
The Craic \$5,265,935
Babe: Pig in the City \$3,443,240*
Paperback Hero \$1,369,280
Sally Marshall is not an Alien \$1,291,802

(* 1999 result only; total earnings \$7.8million)

A number of films achieved considerable critical recognition here and overseas-eg. *Praise*, *Feeling Sexy*, *Erskineville Kings*, *Soft Fruit*, *Two Hands* and *Siam Sunset*.¹

While the '99 crop achieved some commercial success, the overall results at the box office were disappointing.

A detailed analysis reveals this is related to the difficulties faced by small independent films in a market increasingly dominated by big budget films from the major Hollywood studios.

As the UK Financial Times recently stated:

Australia is no different from any other country with a domestic film industry in the age of globalisation. Audiences turn out in bigger numbers for the heavily marketed, big budget blockbusters than the relatively low budget films produced at home. It is something both the British and French industries have been battling with for years.
(6/1/2000)

¹ *Praise* was selected for 14 international festivals and won the International Critics Award at Toronto. *Siam Sunset* won the Rail d'Or at Cannes. *Soft Fruit* won the Critics Award at the San Sebastian International Film Festival.

The figures

Total box office was just over \$704 million (up from \$629 million in 1998.)

A total of 258 films were released in the Australian market in 1999. The breakdown is as follows:

	No. of films	% share ²
Australia	24 ³	3.0
US (mainly studio films)	176	84.1
UK films	25 ⁴	9.5
Other (mainly Europe)	33	3.4

Once again US films dominated the market- taking 84% of the total box office.

The 1999 3% result has to be seen in the context of the "David and Goliath" situation that exists between the output of the Australian industry and that of the major Hollywood studios, and in the changing exhibition patterns which have made it increasingly difficult for small independent films.

The production value of the 24 Australian films was \$75 million - estimated to be in the vicinity of a mere 0.5 % of the production value of the total slate of films released in 1999.⁵

Uneven Playing Field

The Australian market like most others, is dominated by big budget US studio films which can run vigorous and well resourced marketing campaigns.

- The top 5 films (all US studio backed) each grossed more than \$20 million- compared to 1998 when only one film, *Titanic* grossed more than \$20 million.
- The average budget of US studio films is A\$81 million (US\$52.7 million)- the average budget of the 24 Australian films released in 1999 was A\$ 3.1 million.
- The marketing budgets of US studio films for their Australian campaigns are usually considerably more than those of most Australian films.⁶
- Most significantly, studio backed films come to the Australian market with a huge amount of hype following their release in the US market.

² The % share figures are calculated on the total box office figure of \$704 million which includes revenue from films released towards the end of 1998 which carried over into 1999.

³ Five films released at the end of 1998 and carried over into '99 are included in the total box office result of \$21.2 million for Australian films. The 24 films released in 1999 took \$17.5 million.

⁴ Includes the Bond movie, *The World is Not Enough*, a UK/US co-production, distributed by UIP/UA and included by the MPDAA in the UK figures.

⁵ The total value of all films released in 1999 is estimated to be \$14,497 million, based on average budget figures for US studio and independent films.

⁶ Mainstream titles are supported by P&A (Print and Advertising) budgets of \$1-2 million. While some Australian titles receive a mainstream type release involving a large number of prints(75+) and bigger P&A budgets than in the past, many are seen as falling into the specialist category - around 10 to 25 prints and marketing budgets of less than \$1million.

- In 1999 the top 50 films took 77% of the box office (73% in 1998).
- 45 of the top 50 films were from the US. (Of the remaining five, two were Australian - *Two Hands* and *The Craic*, 2 British, *Notting Hill* and *Shakespeare in Love*) and 1 Italian - *Tea with Mussolini*.⁷

The performance of Australian films compares favourably with other low budget, independently produced films.

- The 24 Australian films released in 1999 took \$17.472 million- an average of \$728,000 each.
- The average result for UK films in Australia(excluding the US studio backed *Notting Hill* and *Shakespeare in Love*, and the US/UK co-production *The World is Not Enough*⁸) was \$594,249.
- The average take of the 31 other foreign films (non UK/non US) was \$428,000 per film.

Changing Exhibition patterns

The multiplex environment favours and supports the release of blockbusters with marquee names and big budgets. Turnover is rapid with the average period of release being 3 weeks and a film's results in the first few days of release regarded as the indicator of whether it will succeed.

This pattern has replaced the traditional 'platform' release – the path travelled by breakout Australian hits such as *Strictly Ballroom* – where a film starts on a small number of screens then moves wider on the strength of good 'word of mouth' publicity.

International comparisons

The Australian industry is in a similar position to other comparable national industries - local films are dwarfed at the box office by the heavily marketed US studios films.

In Canada the local industry has a 2-3% share of the box office, in New Zealand the figure is 1-2%. In the UK, with around the same number of total releases, but a bigger slate of local films(80), the domestic share is 14%. (1998 figures)

⁷ This is according to the categorisation used by the MPDAA. There was also considerable UK involvement in the *Tea With Mussolini*.

⁸ The budget of *Shakespeare in Love*, distributed by Miramax and Universal and UIP, was reported as being between US\$35 and \$41million- that of *Notting Hill*, distributed by Universal and UIP, as being between US\$40 and \$43 million. *Notting Hill* had a P&A budget of US\$70 million.

Overall audience reach of Australian films

It is not only box office breakouts which are seen by large numbers of Australians. While media reports tend to focus on box office performance, this provides a partial picture of the number of Australians who view a particular film.

Even a film which earns a relatively small amount at the box office by mainstream exhibition standards, is likely to be viewed by large numbers of Australians once video and television audiences are taken into account.

Dating the Enemy with a cinema audience of 368,524 people was ultimately seen by 6.6 million when video and television figures are added.

Even a film with a cinema audience of just over 100,000 people can be seen by around 2 million in total.⁹

Structural Problems for Australian films

The box office results show again that very big budget films with high production values have the greatest success in the current hit driven environment. With a few exceptions - the Australian films, *Two Hands*, and *The Craic* and the break through US cult movie *Blair Witch Project* - most of the top 50 are in this category.

Australian films continue to be primarily low budget and indeed budgets appear to be static or even on the decline.

The average budget of the 24 new films released in 1999 was \$3.1 million. The average budget of all Australian films produced in the nineties was \$3.5 million - virtually the same as that in the 80's when the figure was \$3.6 million (adjusted to '97 dollars).

Consequently our most successful filmmakers tend to move overseas to pursue their careers and to have the creative opportunities afforded by higher budgets.

Development

In the niche market in which independent films operate, the script (or screenplay) is of paramount importance to the quality of the final product. Independent films cannot rely on major stars or big-budget effects to attract audiences.

However, the crucial development phase – in which projects are originated, scripts are written and edited, and marketplace attachments are secured – is currently under-resourced in Australia.

A survey of feature films backed by the FFC over the last three years shows that an average of only 1.4 per cent of the total budget of these films was spent on development. This compares with an average of 2 per cent spent on development in the UK, 5 per cent in Canada and approximately 10 per cent in the US.

⁹ For more detail see AFC/FFC, *Report on the Film and Television Production Industry*, prepared for the Minister for the Arts and the Centenary of Federation, The Hon. Peter Mc Gauran, November 1999, p 29.

The way forward

As is the case with comparable countries, it is unlikely that the Australian share of the box office will increase dramatically in the future. As a small producer in an environment dominated by major international media conglomerates, we will continue to have modest shares, enhanced from time to time by a 'break out' film.

That being said there is no doubt the current position could improve if the structural problems identified were addressed. In their recent report to the Minister for the Arts and the Centenary of Federation, the AFC and FFC recommended increased government funding for development purposes, and to enable support for some higher budget films.

At the same time the agencies are addressing the issues surrounding the development, financing and marketing of Australian films.

The AFC has increased development funding by \$1 million and has adopted a range of new programs including a producer based development fund.

The FFC has proposed new initiatives including better overhead compensation for producers to strengthen their position in the marketplace, and continues to work closely with Australian producers to maximise international financing and sales opportunities.

Australian Film Commission, 21/1/2000.