

MELBOURNE POPCORN TAXI PRESENTATION – KIM DALTON

AUSTRALIAN FILMS – 2002 BOX OFFICE SHARE

This presentation is built around a statistical analysis of the Australian domestic theatrical market. As a result, I'm going to throw out quite a few figures that I think will give some context to comments from other panel members this evening.

However, be assured you don't have to hold any of them in your head because there is a handout available with all the statistics you will ever need to drop on Australian films at the box office. And if you are especially keen on figures, we also have handy order forms for the latest issue of the industry bible, *Get the Picture*. So be patient while I give you a dose of the facts and then Sandy will extract some humour from the rest of the panel.

Sandy has already explained something about why the AFC decided to sponsor this evening's event. It is not that the AFC has an obsession with box office – far from it. We always argue strongly that the annual aggregated box office result should not be elevated to the sole and defining indicator of success of the output of the Australian film industry. It's important to remember that aside from the individual or combined performance of our films at the box office there are other indicators to consider:

- Most of our feature films reach Australian secondary audiences through television and video releases;
- Many of our films are shown extensively at local and international festivals;
- Many receive international release and exposure – theatrical, television and video;
- Individual titles serve as stepping stones for creative talent in future projects, both local and international.

However, all too often domestic box office performance is used in a simplistic manner often as a platform to propose a theory about the poor performance of Australian films and underpin a critical analysis of the types of films we are making. You may be familiar with the criticisms: too small, too expensive, underdeveloped, over written, no understanding of genre, too confined by genre, no marquee cast,

expensive overseas cast, too urban, too historical, too art house, too mainstream, too quirky, too many first time directors, too many old timers ... and so on.

For a period in the mid nineties taking box office results as the guide, we were urged by commentators to make more off-beat romantic comedies. During the late 90s poor box office results were linked to the darkness of our films. More recently wisdom drawn from the figures suggested successful films required as their source material one or more of a TV program, a known TV personality or a book. And after a detailed analysis of last year's results by the AFC we are considering only funding projects which either are set in the outback and/or are historical and which feature gangsters, escape themes or indigenous lead cast.

Superficial commentary aside though, we can't ignore the fact that box office results do provide us with some sort of an indicator. At the very least, they provide us with a relative measure in any particular year of how popular were various titles. They report back on that most difficult and mysterious of spaces – the interface between the film and the audience. And while it is mysterious and dangerous and enticing and rich in reward or failure, that space exists in a context. It's a context to which filmmakers contribute and in which distributors work their magic and at their best, bring films to life. But it is also a context that is defined by forces bigger than us all and to better understand, to better participate, to better interpret, we need to understand this context.

My purpose then tonight is to briefly outline the broader picture and attempt to identify where Australian films sit. And to do this I want to throw out some statistics under four broad areas:

- The market;
- The product in the market;
- The capital invested in this product;
- The uneven market spread; and
- Some international comparisons.

I think many of you will be aware that Australian films earned \$41.8 million or 4.9 per cent of the total Australian box office. While the percentage is down on 2001, the

overall performance by Australian films was solid with three Australian films earning over \$5 million each and ten films taking more than \$1 million each at the box office.

Three Australian films earned over \$5 million each in 2002. Topping the list was the Mick Molloy comedy *Crackerjack* with \$7.7 million. It was closely followed by *Rabbit-Proof Fence* with \$7.5 million and *Dirty Deeds* at \$5 million. The UK/Australia official co-production *Charlotte Gray* earned \$4.2 million, *The Crocodile Hunter: Collision Course* took \$3.9 million and *The Hard Word* took \$2.9 million.

The top five grossing Australian films for 2002 were:

1	Crackerjack	\$7.7m
2	Rabbit-Proof Fence	\$7.5m
3	Dirty Deeds	\$5.0m
4	Charlotte Gray (Aus/UK)	\$4.2m
5	The Crocodile Hunter: Collision Course	\$3.9m

But what was the context in which these films achieved these results?

Firstly, some information about the Australian theatrical marketplace.

In 2001, Australia was ranked 9th in world in terms of the size of our theatrical market. The UK was at three, with a market two and a half times the size of ours and the US at number one has a market 20 times the size of ours.

The total box office for 2002 increased 4% to \$844.8 million, up from \$812.4 million in 2001. This is the highest total box office in Australia ever.

There were 92.5 million cinema admissions – the same total as last year's record. The average ticket price was \$9.13, up 4% from \$8.78 in 2001. Interestingly, again as of 2001, Australia was ranked number three in the world in terms of how often we go to the cinema. USA topped the chart followed by Iceland.

In spite of the expectation of lower box office receipts due to the economic slowdown and world events, the Australian box office has performed well. This has been attributed to a combination of factors including successful industry-wide marketing initiatives and the increasing number of 'event' films, particularly those based on already established 'brands' including *Spiderman*, *Lord of the Rings: The Two Towers*, *Harry Potter and the Chamber of Secrets*, *Star Wars Episode II: Attack of the Clones*; *The Scorpion King*, *Scooby-Doo*, *Men in Black II*, *Austin Powers in Goldmember* and the James Bond film, *Die Another Day*.

Secondly, where is the product coming from?

Last year, a total of 259 films were released in the Australian cinema market in 2002

22 of these – that's 8.5% - were Australian. 170 or 66% were from the US and 24 or 9.3% were from the UK. The rest – 43 films or about 16.6% of the total – are from elsewhere, mainly Asia and Europe.

As we all know, the 8.5% of Australian films achieved an 4.9% market share. The UK films took away 10.5% and the rest just 1.2%.

Significantly the 66% of US films achieved an 82.3% market share. 42 of the top 50 films were from the US. These figures are particularly significant in the context of the current negotiations for a Free Trade Agreement between the United States and Australian Governments and serve as a potent reminder that the US is the dominant force in the audiovisual industry.

The Australian Film Commission has taken a leading role in representing to the Australian government the fundamental importance in refraining from making any commitments to liberalise support for the Australian film industry in the current Free Trade Agreement negotiations. This vigilance has paid off with the Federal Trade Minister Mark Vaile announcing earlier this month that the government will ensure that the negotiations will preserve its ability to regulate and support Australia's audiovisual industry through measures such as government film funding and the Australian content rules for free-to-air television and advertising.

And the capital invested in this product?

The production value of the 19 Australian feature productions and co-productions released in 2002 was \$148 million - an average budget of \$7.8 million. According to the Motion Picture Association of America (MPAA) the average budget for a major US studio (eg, Disney, Warner Bros, Universal) film in 2002 was \$95.9 million (US\$58.8 million) with the average for a minor US studio (eg, Miramax, New Line) film at A\$55.5 million (US\$34.0 million).

The majority of Australian films are made for between one and six million dollars.

The bigger US budgets of course buy bigger production values, special effects and action, and marquee cast. But as well as the larger production budgets, these US films for the most part also come with high budget marketing campaigns and larger releases.

Release patterns for the 19 Australian feature films were polarised into either a wide or narrow release. 9 titles (47 per cent) were exhibited on 100 or more screens with 5 (26 per cent) exhibited on 10-29 screens and a further four (21 per cent) exhibited on less than ten screens. This is very similar to the release patterns for the Australian features released in the three previous years (1999, 2000 and 2001).

All of this leads to a very uneven market spread.

In 2002 the top 50 films took 72.2% of the box office (73.6% in 2001). 42 of the top 50 were from the US. Of the remaining eight, three were Australian, four were British (*Bend it like Beckham*, *Gosford Park*, *Harry Potter and the Philosopher's Stone* (UK/USA) and *Harry Potter and the Chamber of Secrets* (UK/USA)) and one was French (*Amélie*).

The performance of Australian films when compared with lower budget independently produced films from other countries, including the UK, continues to be strong.

And so finally, some international comparisons

There has been mixed results for local films at domestic box offices in 2002, following the across-the-board increase in the market share of local films in 2001. This has largely been the result of a lack of local breakout films successes as seen in 2001 with Japan's *Spirited Away* (*Sen to Chihiro No Kamikakushi*), France's *Amelie*, Germany's *Manitou's Shoe* (*Der Schuh des Manitu*), Spain's *The Others* and from Australia, *Moulin Rouge*.

Language in many of these markets serves to 'protect' local films. However, it's also worth noting that many of these countries have screen quota systems in place, most have a regulated association between television and feature film financing, in addition to significant levels of direct or indirect subsidy. All of which results in a larger presence of local films in the domestic marketplace both in terms of number of titles and total capital invested in these films.

US films continue to dominate at the local box-office worldwide with few local film break-outs in 2002, the major exception being the Japanese film *Spirited Away*. The top films worldwide are also largely franchise films.

The purpose of these comments and of throwing all these figures at you is to provide some context to what will follow which I am sure will be a highly informed exposition and discussion of the detail of getting a film out to audiences – with or without success. We should pour over the minutiae of this process. We should also argue about the systems and approaches employed by our film agencies to making investment decisions. About the abilities of our creative talent; the willingness of writers and directors to engage with audience; producers to take the bold creative decisions; distributors to see the potential in scripts and devise successful campaigns. That's what our panel will talk about and ultimately what the evening is about. But we should do this, and we should encourage our media colleagues and commentators to do this, with some understanding of the broader context, a very difficult context, and one in which over the years, and particularly the last couple, the Australian film industry has performed well.

Thank you.