

AUSTRALIAN FILMS AT THE BOX OFFICE

Popcorn Taxi

Hosted by the Australian Film Commission

Valhalla Cinema, Glebe Point Road

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7:30 pm

POPCORN TAXI PRESENTATION – Kim Dalton 27/2/02

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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 which I think will give some context to the other presentations 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, which the AFC has just released, *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 arthouse, too mainstream, too quirky, too many first time directors, too many old timers ... and so on. I could quote to you from recent articles by Jane Mills in the *Sydney Morning Herald*, Philippa Hawker in the *Age* or Leo Schofield in the *Sunday Telegraph* and then add some more.

For a period in the mid 90s 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 book, a stage play, a known tv personality or a convicted criminal. And after a detailed analysis of last year's results by the AFC we are considering only funding projects which either have multiple intersecting story lines or are historical, set outside of Australia and which feature a windmill as a recurring motif.

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 at a statistical level 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 produced a strong performance in the competition for box office share in 2001. Australian films earned \$63.5 million or 7.8 per cent of the total Australian box office. This result for Australian films is the highest total ever in dollar terms.

Four Australian films earned over \$5 million each in 2001. Topping the list was *Moulin Rouge*, the third highest grossing film for the year. It is currently the third highest grossing Australian film of all time (after *Crocodile Dundee* and *Babe*).

Six Australian films earned over a million dollars each in 2001.

The top five grossing Australian films for 2001 were:

1	Moulin Rouge	\$27.5m
2	Lantana	\$9.9m
3	The Man Who Sued God	\$8.1m
4	Crocodile Dundee in Los Angeles (Aus/US)	\$7.8m
5	The Bank	\$2.5m

Source: MPDAA at 31/12/2001

You will hear this evening from the horses' mouths on the panel about 3 out of 5 of these hits.

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

Firstly, some information about the Australian theatrical marketplace.

In 1999, Australia was ranked 8th in world in terms of the size of our theatrical market. The UK was at 3 with a market twice the size of ours and the US at number 1 has a market 15 times the size of ours.

The *total* box office for 2001 increased 17.8% to \$812.4 million, up from \$689.5 million in 2000. This is the highest total box office ever and Australian films held market share despite this increase.

In terms of overall cinema admissions, there was a record 92.5 million admissions – the first time admissions have passed 90 million. Interestingly, again as of 1999, Australia was ranked number 4 in the world in terms of how often we go to the cinema. Iceland topped the chart followed by the USA and Singapore.

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 *Lord of the Rings: Fellowship of the Ring*, *Harry Potter and the Philosopher’s Stone*, *Bridget Jones’s Diary* and *Lara Croft: Tomb Raider*.

Secondly, where is the product coming from?

Last year, 245 films were released in the Australian cinema market.

27 of these – that’s 11% - were Australian. 165 or 67% were from the US and 14 or 6% were from the UK. The rest – 40 films or about 3% of the total – are from elsewhere, mainly Asia and Europe.

As we all know, the 11% of Australian films achieved an 8% market share. The 67% of US films achieved an 81% market share. The UK films took away 9% and the rest just 3%.

And the capital invested in this product?

The production value of the 27 Australian titles was \$166 million – estimated at just one per cent of the production value of the 165 US titles released in Australia in 2001.

The average budget of US studio films was just over A\$100 million in 2000.

The average budget of Australian films released last year was A\$6 million. This figure is significantly skewed of course by the \$100m *Moulin Rouge*. The majority of Australian films are made for between 1 and 6 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 23 Australian feature films were polarised into either a wide or narrow release. In 2001, only five titles were exhibited on over 100 screens with eight exhibited on 10-29 screens and a further nine exhibited on less than ten screens.

All of this leads to a very uneven market spread.

In 2001 the top 50 films took 74% of the box office. 42 of these top 50 films were from the US, with four of the remaining 8 from Australia, 3 from the UK and 1 from China.

It's interesting to note that the three UK films – Harry Potter, Bridgit Jones and Chicken Run - are all in the same category as Australia's Moulin Rouge. That is they are larger budget and studio financed.

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

In contrast to previous years, there has been an across-the-board increase in local films' market share – particularly in local language markets. France achieved a market share of 40%, Denmark 30%, South Korea 45% to name a few. You'll find a more detailed listing in our handout.

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.

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 of producers and distributors will talk about and ultimately what the evening's 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.

