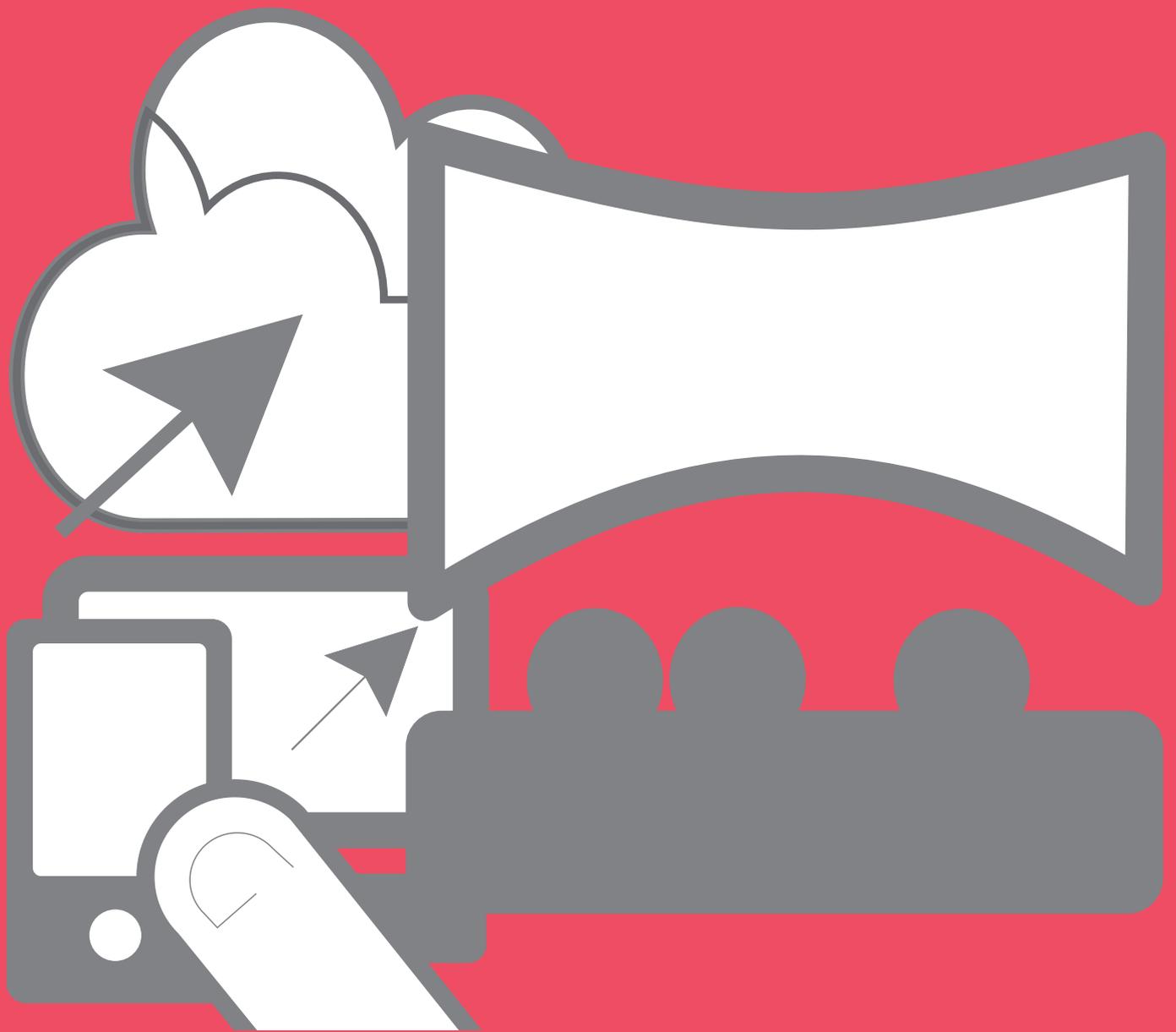


CINEMA IN AUSTRALIA

an industry profile



Spreading
Fictions DISTRIBUTING STORIES
IN THE ONLINE AGE

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SWINBURNE
UNIVERSITY OF
TECHNOLOGY

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Overview

Around three decades ago, multi-screen complexes began to transform the business and culture of cinema in Australia. New screens built in new locations and environments encouraged different patterns of distribution and eventually production. Audiences responded and theatrical exhibition revived but as part of a more diverse exhibition landscape where home video and later subscription TV and DVD generated more of the money that flowed back to distributors and filmmakers.

Cinema retained its place as the first release medium of choice for most feature filmmakers, especially those operating with big budgets. It still offered a peerless social and cultural space to watch movies and an ideal economic site to begin their commercial exploitation.

Over the last few years, the infrastructure of the cinema industry has again been transformed, this time by digital technology. As this report is being finalised, all of Australia's major exhibitors' screens and more than three-quarters of independent exhibitors' screens have been converted to digital projection. By the end of 2013, few movies are expected to be distributed in Australia as film prints. The cinema industry will no longer be a film industry.

Filmmakers have long embraced digital technology to help them tell their stories. Theatrical distributors have now supported it to reduce the cost of transporting movies to cinemas. Some exhibitors have welcomed the ability it gives them to improve image and sound quality in their cinemas, to schedule more flexibly and to screen content other than movies.

But the digital era has also brought audiences more ways to see movies, many new types of content and novel ways of spending their time. Cinema's place in the media and entertainment economy is again being challenged.

The cinemas and the exhibitors

In the first phase of the Multiplex Era – 'suburbanization' – from the mid-1980s until around 2000, new screens were built with smaller seating capacities in multi-screen complexes in suburban and regional shopping centres, especially by the incumbent major exhibitors Hoyts, Village, Greater Union and Birch Carroll and Coyle. Their truly national cinema chains synchronized releases, screening schedules and marketing campaigns, like the national television networks also assembled in the second half of the 1980s. These big Australian exhibitors also expanded aggressively overseas at this time.

In the second phase – 'diversification' – in the 2000s, the expansion slowed but a wider range of cinema types and experiences were offered to audiences. A new major exhibitor – Reading International – had arrived in the late 1990s, and the national art chains Dendy (now owned by Icon) and Palace, and mainstream independents such as Grand in Western Australia, Wallis in South Australia, Cineplex in south-east Queensland and Majestic in central NSW, built new complexes, renovated and expanded old ones, and acquired some from the majors. Some blockbusters 'crossed over' into the art chains; some more specialised movies, especially those attractive to older audiences, 'crossed over' into the mainstream multiplexes.

Major exhibitors sold out of many of their overseas chains in the 2000s. At home, they closed or sold under-performing theatres and opened a few new ones, but shifted the main focus of their investment to premium screens and operating

efficiencies in a mature industry facing new kinds of competition. Some screens got smaller and more intimate, branded with names like Gold Class, Gold Lounge, Director's Suite and La Premiere. Others got bigger and louder – Xtremescreen, Titan XC, Vmax. At least one 3D screen was installed in virtually every multiplex, starting around 2008 and accelerating before the release of *Monsters Vs Aliens* and *Avatar* in 2009. Hoyts launched the 'immersive motion technology' branded D-Box in Hamilton, New Zealand in February 2012.

Digital technology has been central to these transformations, but it has also had wider impacts. Long anticipated as a cheaper form of distribution than film prints, the introduction of digital projection and distribution has required another big program of investment in cinema infrastructure and motivated new structures of co-operation between groups of exhibitors. By the end of 2012, the major exhibition chains had converted most or all their screens to digital projection, and 72 per cent of all Australian screens were reported to be digital.

Digital technology is also allowing new forms of content to be distributed to cinemas, mainly by satellite, including live or near-live opera, dance, theatre, music, sport and other special events, although their contribution to the box office, so far, is small. Online and mobile media have been used to build and strengthen relationships between cinemas and their audiences. All these applications of digital technology have linked to its expanding role in production which some have seen as the real revolution in 21st century cinema: 'post-photographic' cinema.

The second phase of the Multiplex Era, from the early 2000s, is also the Online Age, when broadband internet access became popular and eventually almost ubiquitous.

The audiences

Australian cinema audiences grew strongly in first phase of the Multiplex Era but stabilized or, by some measures, declined in the second phase. From a low-point of about 30 million in 1984, Australian cinema admissions trebled to a little over 90 million in the early 2000s and have ranged between 82 and 93 million each year since. Many developed countries, including the US, UK and New Zealand, shared this experience.

Suburban and regional multiplexes got more people going to the movies and regular patrons seeing more movies, but in the second phase of the Multiplex Era, from about 2000, the trends varied for different age groups. Young people still go to the cinema more than older people, as they have for decades. But where the proportion of 14-24 year-olds going to the cinema, and the number of movies they see, have both declined slightly in the 2000s, cinema-going among people aged 50 and above has grown strongly and continuously.

Releasing films

Through the first phase of the Multiplex Era, release dates of the most popular movies were synchronized, first across the nation, and then across the world. Home video took the second run market from the suburban and country cinemas that previously got prints after movies had done their first release in capital city cinema strips. Once the internet was commercialized in the mid-1990s, news and opinion about an already global business moved around the world even faster. Broadband internet, increasingly popular in Australia from the early 2000s, allowed movies themselves to circulate almost instantaneously, whether distributors planned and approved it or not.

Until the mid-1990s, it was common for Australians to wait 3-5 months to see US blockbusters in their cinemas. *Titanic* in 1997, released in Australia virtually day-

and-date with the US, set a new benchmark and by the late 2000s, that had become the norm for blockbusters released by the major distributors. It is not, however, universal across the whole slate of movies released in Australia.

For the top-grossing 25 movies released by non-major distributors in 2012, the average delay between country of origin and Australian release was about 10 weeks. These more specialized titles, where local marketing campaigns can build on overseas reviews, festival screenings and awards and the target audiences are less likely to engage in unauthorized viewing, are generally still perceived to gain more than they lose from delayed release. A children's movie like *Madagascar 3* was also still perceived to benefit so much from a local holiday release that its (major) distributor Paramount delayed its Australian release until school holidays in September 2012, three months after its early summer release in the US.

Cinema has retained its place as the first release medium of choice for most filmmakers, especially those operating with big budgets, but the exclusive theatrical window has shortened and the simultaneous release of independent movies online and in theatres has been trialled.

The distributors

This report divides the distributors of films to Australian cinemas into four categories: majors, mini-majors, mini- and micro-distributors. Analysis of their activities since the mid-1980s shows the durability of almost all the major distributors – now Roadshow, Sony Pictures, Fox, Disney, Paramount, Universal and Warner Bros – although they have extensively rebranded and restructured themselves and their relationships.

Alongside this relative stability, the larger of the mini-major distributors have completely changed since the mid-1980s. Hopscotch, Madman and Eros did not exist at all; Dendy – purchased by Icon in 2008 and merged under its banner – and Palace were small. The mini distributors generally have had even shorter lives than the mini-majors. Only Potential and Sharmill were active right throughout the period from the mid-1980s to the present.

Majors released 56 per cent of the films across the period 1986-2012 but earned 90 per cent of the box office. Mini-majors are much more prominent when ranked by their share of films released than by share of box office. Palace, Icon/Dendy, eOne/Hopscotch, Eros, Madman, New Vision and Ronin released 17 per cent of the films across the whole period but they earned less than 5 per cent of the box office.

The activity of micro distributors – those releasing less than an average of four films per year – declined steeply, especially the one-film micros that were common until the late 1980s. These were often production companies distributing their own films. In the last few years, there has been a small revival in micro-distribution activities.

A feature of the latter part of the second phase of the Multiplex Era has been the breakdown of the ownership links between theatrical distribution and most of the major exhibitors. After the 2012 sale of Hoyts' distribution business to Studio Canal and the 2007 sale of Amalgamated/GU's half-share in Roadshow Distributors, the only one of Australia's four largest exhibitors owning a substantial distribution business is Village Roadshow. The situation is different for the two largest (Palace and Icon/Dendy) and some smaller art cinema chains.

The films

The number of films released commercially in Australian cinemas has grown through the Multiplex Era. The annual average in the three years 2010-2012 was around 40 per cent above the figure in the 1980s, although this was still just below the peaks of the 1940s and 50s, before and during the early days of television. That means young Australians now get the chance to see more movies in cinemas than their parents, but not quite as many as their grand-parents.

This growing number of films comes from a wider range of places. Asia, especially India, has been the major source of growth, followed by non-UK Europe. The US remains by far the largest single source of supply and its films earn the overwhelming share of the local box office. The number and proportion of films from Australia rose then fell during the period but have now returned to their late-1980s level. UK films more than doubled their share of the Australian box office in the 2000s principally because of the *Harry Potter* series.

Analysing the very top grossing films in Australia since the mid-1980s, three films stand out, one in each decade: the first *Crocodile Dundee* in the 1980s, James Cameron's *Titanic* in the 90s and *Avatar* in the 2000s. Break-out successes like these are hard to predict but they occur regularly enough that they cannot simply be treated as anomalies.

Although most of the biggest films of each period came from the US, classifying the national origins of many, like *The Lord of the Rings* trilogy and *Harry Potter* series, is complicated. Cinema in the Online Age is not wholly made in America, though the biggest blockbusters in Australian cinemas continue to be co-ordinated and financed there.

The scale of the release of films rose dramatically through the Multiplex Era, measured by the number of prints available on opening day. Of the nearly 700 cinema screens in Australia when *Crocodile Dundee* was released in 1986, around one in twelve had a print. Of the nearly 2000 screens when the last *Harry Potter* film was released in 2011, one in three had a print.

Paradoxically, although the Multiplex Era has been all about big films earning big box office fast, the share of the box office earned by the very biggest films in Australia – the Top 5 in each year – has fallen sharply since the 1980s. This is because that era is also the age of home video and later DVD and online distribution.

Films no longer stay in theatrical release for as long as there is money to be made there. Distributors move them on into these ancillary markets, making way for new first release titles at the box office. The very biggest movies still earn huge box office grosses; as a group, however, they are generally not in cinemas long enough to perform quite the way they once did. *South Pacific* played for 179 weeks at the Hoyts Mayfair in Sydney after opening on Boxing Day in 1958; *The Sound of Music*, opening in 1965, played 140 weeks at the Liberty; *Crocodile Dundee* ran for 74 weeks at Hoyts George Street in 1986-87. The biggest movie since the 1980s, *Avatar*, ran for just under a year at the Sydney IMAX. At the Melbourne theatre where *Avatar* had its longest non-IMAX run, 97 per cent of the final gross was earned by Week 20.

Comparing the performance of Multiplex Era movies with those before it using inflation-adjusted box office figures – cautiously, given the limitations of the data – we conclude that although there are now *more big films*, the very biggest individual films of the Multiplex Era are generally *smaller in cinemas* than those of the pre-Multiplex Era – films like *Gone with the Wind* and *The Sound of Music*.

(That does not necessarily mean less people see the biggest films today, because so much movie-viewing now occurs outside cinemas.)

But aggregating the inflation-adjusted box office of so-called ‘franchises’ – wholly Multiplex-Era series like *Potter*, *Shrek* and *Rings* as well as pre-and-post Multiplex-Era series like *James Bond* and *Star Wars* – we conclude that the wholly Multiplex-Era franchises have outperformed their predecessors in cinemas.

The king of franchises, *James Bond*, has grossed nearly 40 per cent more than *Harry Potter*, but it has taken three times as many films to do it. Ranking the franchises by their average box office gross per film, half of the top 10 are series that started in 1999 (*The Matrix*) or later. Of the \$3.4 billion (at 2012 prices) earned by the top twenty franchises, more than half has been earned in the 2000s.

These trends have different impacts on the different parts of the cinema industry. Distributors and producers can be agnostic about which release windows deliver them their returns; cinema exhibitors have everything riding on theatrical performance.

The stories

The concept of franchises, sequels and series is not new. What is distinctive about those of the 21st century is the scale of their commercial success and the decisions to produce them as *franchises or series of films*, rather than one-by-one: three *Star Wars* prequels then three more sequels; three *Rings* then three *Hobbits*; four *Potters* followed by another three, the last one turned into two.

Film-makers who once pitched discrete stories now offer story-worlds. Adapters of popular literary classics are less likely to think about how to compress epic reads into tight cinematic packages, and more interested in turning stories into sagas. Instead of one-off movies like *Gone with the Wind* and *The Sound of Music* that played and played through the long theatrical runs of the pre-Multiplex, pre-home-video eras, the popular movie-makers of the 21st century construct sprawling narratives and reveal them by instalment, one movie at a time. Audiences, they hope, will commit to the whole thing and build as the story reaches its climax, rather than decline, as the sequels of earlier eras ran out of puff.

By setting out to tell stories in the cinema by instalment, the most popular cinema of the 21st century has been *televisionized*.

21st century cinema

In the 21st century, when screens are everywhere and always on, what is it that will make the ones in cinemas unique?

Cinemas have plenty of challenges in the Online Age. Popular cinema’s core audience for the last 40 years – young people – are going out to see movies a little less often. They have other things to do, other things to watch and other ways to watch movies that cost less than cinemas or – if they are prepared to take on the law – nothing at all. More spectacular screens need increasingly spectacular movies to show them off. Digital technology helps reduce the cost of reproducing yesterday’s spectacles but feeds bigger expectations about tomorrow’s. Making movies as franchises reduces the risk that overloaded audiences won’t notice the next film, but magnifies the scale of the debacle if a whole project goes off the rails. Cinemas’ window of exclusivity for new movies has shrunk. Only one of Australia’s biggest exhibitors has a significant ownership stake in distribution and production that allows it to shape the fare it offers to audiences, although the smaller, art cinema chains have distribution as well as exhibition interests.

Alongside these challenges, cinemas have many things going for them. Their primary content, movies, have endured as a form of entertainment through many waves of technological and social change. The biggest blockbusters that are so important to the economics and lustre of the exhibition industry are unpredictable but they seem to turn up regularly enough. The population is aging and older people are going out to see more movies. A larger number of movies are being made, creating opportunities for festivals and events that can curate compelling collections of them. Earnings growth for commercial cinemas may be mainly in 'premium' experiences, but they deliver premium entertainment a good deal cheaper than competitors like musical theatre shows, stadium concerts and the biggest sporting events. Digital distribution and projection should improve profitability by reducing operating costs, once capital costs are amortised, and they allow cinemas to screen new kinds of content

Australia's major exhibitors have acted and spoken straight to their shareholders about these challenges and opportunities. They are all owned by groups with extensive investments beyond cinema exhibition including theme parks, hotels and property development. Amalgamated Holdings (Event Cinemas), in late-2010, said its cinemas were in 'mature markets with limited growth and expansion opportunity'. Village Roadshow told shareholders in November 2012 that theme parks, not cinemas, were the company's 'new foundation business'.

Cinemas know that, in the Online Age, their position at the start of the release chain for the popular audiovisual form we call movies is not a fixture but something that has to be earned each weekend, each week, each year.

About this project

'Spreading Fictions: Distributing Stories in the Online Age' is an Australian Research Council Linkage project supported by the Australian Broadcasting Corporation (ABC) and Screen Australia.

The central research question is: 'How do Australians get their audiovisual stories and how might they get them in the future?' Responding to the increased emphasis on audiences and distribution in government policy about audiovisual media, the goal is to quantify the changing ways Australians are watching and engaging with audiovisual stories across the cinema, free-to-air and subscription television, consumer/DVD, online and mobile sectors.

The focus on narrative fiction content reflects the high priority given by successive governments in Australia and overseas to policies encouraging the making, promotion, screening and discussion of local audiovisual works, especially feature films, adult and children's TV dramas and documentaries. These policies are based on the perceived cultural importance of these formats and their high cost relative to the revenue-earning capacity of national markets. Challenges to these underlying economics are coming from at least three related directions: technology, audience behaviour and business models.

Running from 2010 to 2013, the project is producing a series of publications analysing audiovisual distribution in Australia.

The first report, published in April 2012, explored online video, a sector where the services offered, the behavior of users and the ways of measuring them are changing rapidly and profoundly. This second report explores a very different sector: cinema. Here, the basic user experience and the methods for measuring it have been relatively stable for a long time. Audiences spend around two hours in a dark public place watching a single piece of audiovisual content from start to finish; the industry and research companies gather data on cinema admissions, box office revenue, numbers of theatres, screens and seats. This has enabled us to do a much longer-range analysis of the decades from the mid-1980s – the Multiplex Era, when exhibitors began a huge program of investment to remake the business of cinema – to the Online Age.

This report, *Cinema in Australia: An Industry Profile*, looks at the business and story-telling processes of cinema. It needs to be understood as one part of the larger project analysing several overlapping sectors – TV, retail/DVD, online and mobile.

Jock Given
June 2013

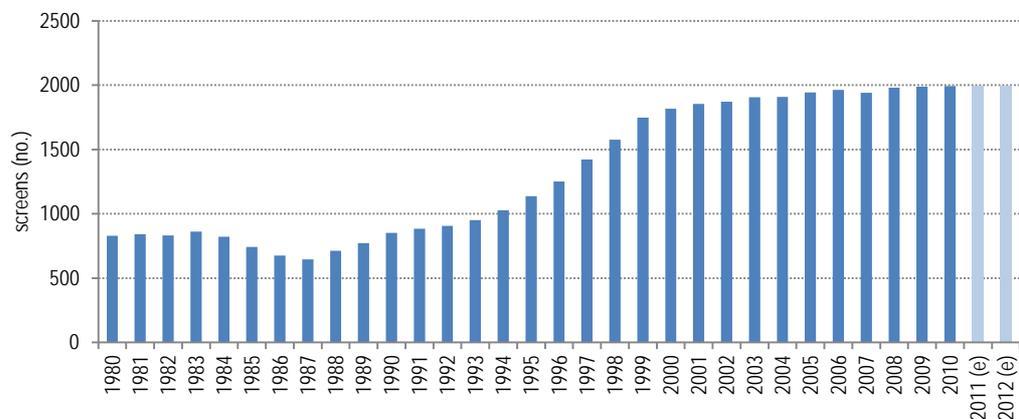
The cinemas

Australia and other developed countries experienced a cinema-building boom in the late-1980s and 1990s. This followed a crisis in the mid-1980s brought on mainly by the growth of home video.¹ In the 2000s, the expansion slowed and exhibitors shifted their investment to premium screens and operating efficiencies in a mature industry facing new kinds of competition.

Phase 1: Suburbanization, 1980s–2000

This report refers to the Multiplex Era as the period since the mid-1980s, although multi-screen theatres existed before then. In the early 1960s, the State Theatre in Flinders Street, Melbourne was converted to two cinemas: the rebuilt stalls became the Forum; the reconstructed dress circle became the Rapallo.² A series of Village Twin cinemas opened around the country in the early 1970s, including in Brisbane's New Farm (1970) and Sydney's Double Bay (1972). Twin cinemas doubled the number of screens without doubling the number of staff. Greater Union converted Brisbane's Metro into the three-screen Albert Cinemas in 1973 and Adelaide's Metro into the four-screen Hindley complex in 1975,³ not long before the seven-screen Hoyts Centre opened in Sydney's George Street. All these were operating well before the eight-screen Hoyts complex in the Chadstone shopping centre in suburban Melbourne, which opened in 1986 and is often cited as the beginning of the Multiplex Era in Australia.

Total screens, Australia, 1980–2012



Source MPDAA.

Notes The figures for 2011 and 2012 are estimates and may be revised by the MPDAA. Includes 'non-commercial' screens: see Notes on Data.

The proportion of Australian households with VCRs grew to just over half between 1983 and 1987 and kept growing. In the same short period, the number of cinema screens fell by a quarter. Over the next fifteen years, screen numbers almost

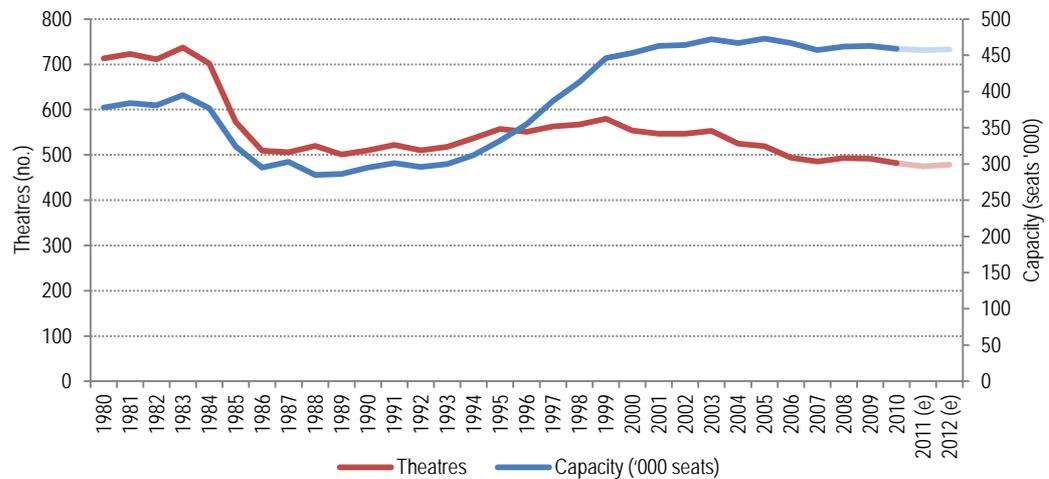
¹ Home video significantly reduced the share of studio revenues that came from the box office. By 1992, when the video sell-through sales exceeded the US box office for the first time, the domestic box office represented 25% of studio revenues, down from 80% in 1980: Young, S. M., Gong, J.J. and Van der Stede, W. (2010) 'The business of making money with movies'. *Strategic Finance*, February p. 38.

² Both were refurbished and reopened as Forum Cinemas One and Two in 1981. Thanks to Alan Bell for this information. See also O'Brien, T. (1985) *The Greater Union Story*, p 118.

³ All have now closed. The original Hindley complex expanded in 1982 with two more cinemas across the road on the old West's Theatre site but shut in 1991 when GU built a new one; it closed as well in 2008: Fenton, A. (2000), 'Adelaide to lose last CBD cinema complex, Greater Union Hindley St', *The Advertiser*, 25 August. Albert Cinemas closed in 2001, Village Twin New Farm in 2003 and Double Bay in 2004. New multiplexes opened or are planned nearby: Event Cinemas' Brisbane City Myer Centre, Palace Centro in Fortitude Valley and the proposed Palace Double Bay.

trebled. They passed 1900 in 2003 and have been steady at a little under 2000 screens since 2008.

Total theatres and seating capacity, Australia, 1980–2012



Source MPDAA.

Notes The figures for 2011 and 2012 are estimates and may be revised by the MPDAA. Includes 'non-commercial' screens: see Notes on Data, page 77.

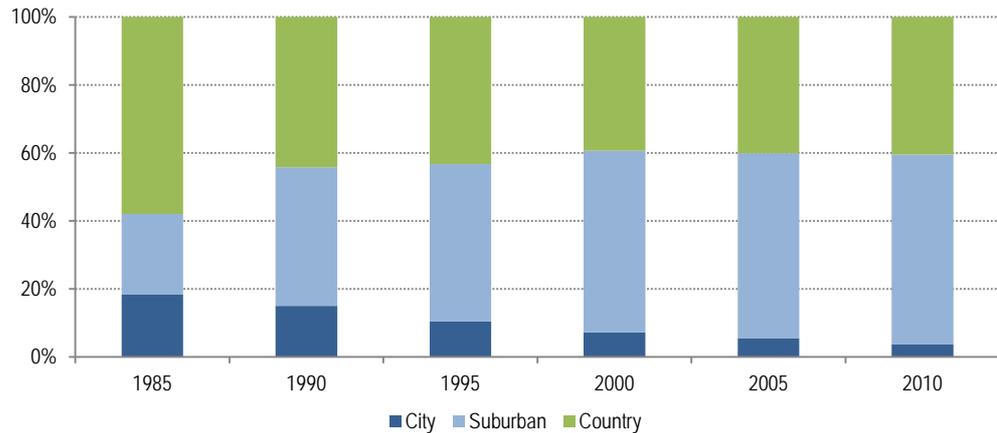
According to *IHS Screen Digest*, Australia was the sixth most heavily screened country in the world in 2010, measured by the number of screens per million head of population, with around 90 screens per million. The figure more than doubled between 1985 and the peak in the early 2000s, but has declined since. Several other countries in the Top 10 in 2010 experienced a similar trend: Iceland, the United States and Canada. New Zealand and Ireland's low points came a little later but they continued growing through the 2000s to figures higher than Australia's. Norway, Spain and France, more heavily screened than Australia in 1980, declined and rose like Australia but are now less-heavily screened than they were 30 years ago. Sweden, the most heavily screened of the 10 in 1980, has declined steadily throughout the era.

Average number of screens per million people, top 10 countries in 2010, 1980–2010

	1980	1985	1990	1995	2000	2005	2010
1 Iceland	144.1	86.8	86.3	183.5	167.3	158.8	138.4
2 USA	76.9	88.3	94.5	104.1	128.3	127.3	127.2
3 Ireland	47.3	38.2	48.4	54.6	82.8	92.8	98.7
4 New Zealand	56.9	46.2	40.3	69.4	82.2	89.3	94.1
5 France	84.0	93.2	83.7	79.5	90.9	92.2	91.4
6 Australia	56.4	44.4	49.8	62.8	94.8	95.2	89.5
7 Norway	108.5	107.7	94.1	90.2	87.1	93.4	87.9
8 Sweden	149.0	139.4	133.0	132.8	127.4	107.4	87.6
9 Spain	109.2	80.5	45.7	53.3	86.5	99.8	86.5
10 Canada	52.9	38.8	62.0	65.0	95.9	91.1	77.8

Source IHS Screen Digest.

Many of Australia's new screens were built in different places, especially the suburbs. Out of every 100 screens in 1985, around 18 were in major city centres, 24 were in major city suburbs and 58 were in the country. In 2012, 56 were estimated to be in the big city suburbs, 40 were in the country and just 4 were in capital city centres.

Cinema screens by type of location, Australia, 1985–2010

Source MPDAA.

Notes Excludes non-commercial cinemas 1985 to 2000. See Notes on Data.

'City' cinemas are in the CBDs of the five mainland state capitals: Sydney, Melbourne, Brisbane, Adelaide and Perth. 'Suburban' cinemas are in non-CBD areas of the mainland state capitals. 'Country' cinemas are outside the mainland state capitals.

The new screens were different from the ones they replaced. They generally had smaller seating capacities: seat numbers only increased by around half between 1987 and 2002 while screen numbers trebled. Because the new screens were in multiplexes, the number of theatres only increased by less than 10 per cent. Numbers have fallen since, to 478 in 2012. The average Australian theatre was a single-screen cinema in the early 1980s; in 2012, it was a four-plex. The average Australian screen had nearly 460 seats in 1983; it had 230 in 2010.

These are the essential physical features of what we call the first phase of the Multiplex Era in Australia, running from the mid-1980s until around 2000. Box office earnings dispersed away from the city centres, re-consolidating in suburban and regional multi-screen complexes. This changed the nature of the cinema experience for many people. For those in big cities, 'going to the movies' became a visit to a nearby shopping centre rather than a trip to town. For many in country towns, it became a trip to a bigger town.

Phase 2: Diversification and digital, 2000s

Since then, these essential features have survived but new developments have occurred, especially to diversify the experiences offered to cinema-goers.

Some cinemas got smaller. All the major exhibitors introduced more intimate, personalised venues or sections of venues at some of their theatres, marketing them with brands like Gold Class (Event/Village), Gold Lounge (Reading), Director's Suite, La Premiere and Bean Bag (Hoyts). They typically provide better seats, a bar and food service, and are available for private bookings. Event Cinemas partner Village introduced Gold Class at Melbourne's Crown Casino in 1997 and the brand is now used by AHL/Event in New Zealand and iPic in the US, part-owned by Village, as well.

Some screens got bigger. As the quality of TV images and sound in homes improved with the take-up of DVD after 1997, and digital, widescreen, high-definition TVs after digital terrestrial TV transmission started in 2001, cinemas tried to stay ahead by introducing their own bigger screen and sound technologies:

- In selected theatres, the major exhibitors installed screens with stadium-style seating and huge screens and sound, branded Xtremescreen (Hoyts – 18 locations in December 2012), Vmax (Event/Village – 28 locations – starting at Knox in Melbourne in 2003) and Titan XC (Reading – 3 locations).
- At least one 3D digital screen was installed in virtually every multiplex, starting around 2008 and accelerating before the release of *Monsters vs Aliens* and *Avatar* in 2009.
- Hoyts opened three IMAX screens in 2008, one each at multiplexes in Sydney, Melbourne and Perth. Australia's first IMAX screen opened at Sydney's Darling Harbour in 1996, a decade after the world's first IMAX opened at the Canadian Pavilion at EXPO '86 in Vancouver. A second, now the Reef HQ Dome Theatre in Townsville, opened in 1997, and the following year a third opened at the Melbourne Museum. The Darling Harbour and Melbourne Museum theatres screen a mix of mainstream movies (eg. *Skyfall*, *The Hobbit: an Unexpected Journey*, *Star Trek into Darkness*) and made-for-IMAX/3D nature documentaries (eg. *Under the Sea*, *Flight of the Butterflies*).
- Hoyts launched an 'immersive motion technology' branded 'D-Box' in its Te Awa multiplex in Hamilton, New Zealand in February 2012.⁴ The technology uses theatre seats that 'pitch, roll and heave in sync with the onscreen action'. In December 2012, it was being used for *The Hobbit: An Unexpected Journey* and *Wreck it Ralph*.

These developments paralleled those in the 1950s and 60s when, to differentiate the cinema experience from the new medium of television, theatres deployed technologies like wide-screen CinemaScope (Twentieth Century Fox), VistaVision (Paramount), Cinerama and 70mm projection with 4- or 6-track stereophonic sound (first used in Australia for *South Pacific* in 1958), and the studios made movies like *Spartacus*, *Cleopatra* and *Lawrence of Arabia* to show-off the capabilities. In December 2012, according to the MPDAA, 28 Australian screens still had 70mm capability, though this was well down on the 84 screens in 1994. Still used for *Titanic* (1997) and *The Lord of the Rings: Fellowship of the Ring* (2003) and occasional screenings of older classics, the 70mm format declined in popularity from the 1980s because of the cost of prints (up to 10 times the cost of 35mm), improvements in 35mm image quality, the erosion of 70mm's sound

⁴ 'Katherine' (2012) 'New technology to shake up movie industry', *Showroom*, 9 February.

quality advantage by technologies like DTS, Dolby Digital and Sony SDDS, and the industry-wide transition to digital projection.⁵

'3D has been a fantastic enhancement,' says Independent Cinemas Association of Australia CEO, Adrienne Pecotic, 'but as an exhibitor, you are always asking if it makes you any more money':

I still remember watching the 35 minutes of *Avatar* that James Cameron screened at the Movie Convention before the film was released here. It was a huge technical advance. You knew you were part of history. It was a new technology used in an incredibly creative and effective way ... But the projection equipment cost \$160,000 a screen at the time, plus the cost of the 3D gear for the audience, and it still costs about \$70,000 a screen. It's still a picture on a screen ... Exhibitors always have to ask: 'Will it bring one more person into the cinema?'⁶

Peter Cody, general manager of film and entertainment content at AHL, says:

Films like *Avatar* brought that kind of 'experience film' to market ... The studios are committed to making them and we are committed to screening them ... Some do better in 2D than 3D - typically family films, animation, where Mum with the three kids might balk at the surcharge for 3D; others do better on 3D than 2D – typically action films appealing to young adult/teen, tech-savvy audiences, like *Iron Man*, *The Avengers*, *Star Trek*.⁷

Interviewed after *The Great Gatsby's* opening weekend in June 2013, Natalie Miller, joint managing partner of the 15-screen Cinema Nova in the inner Melbourne suburb of Carlton, said the 2D version had gone 'much better' than the 3D. She didn't feel people necessarily balked at the higher ticket price: \$2 extra at the Nova, generally \$1–4, including glasses, at other cinemas. 'Some people just don't want to wear the glasses. I'd say generally for us the 2D goes better than the 3D.'⁸

The other technological transformation of the early television era, the drive-in cinema, almost disappeared during the Multiplex Era, although it has had pockets of resurgence in the 2000s and been supplemented by seasonal outdoor screenings. The mainland state capitals all still have at least one drive-in and several have added screens. Melbourne has 10 drive-in screens at three sites in outer-suburban Coburg, Dandenong and Dromana and several country towns in Western Australia (including Busselton) and Queensland (Charters Towers, Mareeba) still have drive-ins operating. Moonlight Cinema, acquired by the major exhibitor Amalgamated Holdings/Greater Union in 2010, stages nightly screenings in parks through summer in the five mainland state capitals and in winter in Port Douglas. There are also many other small local outdoor programs and one-off events. Ace Cinemas in Western Australia offers 'CinePods' to mining and other remote communities, self-contained two-screen digital entertainment facilities that can be erected and fitted out in weeks, and used to screen current release movies programmed by Ace or for special events, pay TV content and company presentations.⁹

Technological change, especially the introduction of digital technology throughout the cinema business, has been a central feature of the evolving infrastructure and business of cinema in the early 21st century. As well as enabling cinemas to offer screening environments that could not be matched by ever-improving TV and home theatre systems, digital projection of movies delivered online or via small

⁵ Hanson, I. (2005) 'The Lost World of 70mm Theatres'.

⁶ Pers comm., 15 March 2013.

⁷ Pers comm., 22 May 2013.

⁸ Pers comm., 3 June 2013.

⁹ Ace Mining Entertainment (2013).

disks promised to reduce the cost of theatrical distribution and cinema operation, to show in cinemas new content produced only in digital formats, and to enable Australian cinemas to open more films at the same time as their US release dates.¹⁰ Online and mobile applications also helped cinemas to communicate with their actual and potential audiences and so strengthen and deepen relationships.

Digital projection

Independent cinemas were early adopters of 'e-cinema' projectors that allowed them to screen digital versions of movies where 35mm prints were not available to them. According to one estimate, around half Australia's independent screens had e-cinema capabilities in early 2009. But a partnership of the major United States studios launched the Digital Cinema Initiatives (DCI) Specification in 2005, a higher resolution, more expensive format than early e-cinema systems, and by insisting on its deployment by cinemas wanting to screen their movies, drove its adoption as the industry standard.¹¹

Much of the early industry discussion of 'digital cinema' concentrated on the increased risks of piracy and who should bear the cost of new projection equipment that would save distributors the expense of producing and transporting 35mm prints, without adding much to audience experience or exhibitors' revenue. 3D shifted the discussion by providing a commercial incentive for exhibitors to install digital equipment with 3D capability, especially once *Avatar* and other titles demonstrated 3D's box office power.

Groups of exhibitors formed to negotiate the terms of digital cinema adoption with distributors and each other. These negotiations covered many issues including what projection and server technology and theatre management software would be installed, who would install and maintain it, and the level of any fees – known as 'virtual print fees'. These fees are being paid by distributors, who benefit most from the savings, to exhibitors, who have to install the equipment. They are being paid over several years based on the number of times an exhibitor screens a particular distributors' films.¹²

- **Structure:** The Australian-owned major exhibitors, Hoyts, Village and GU/BCC/Event, set up Digital Cinema Implementation Partners Australia [DCIP-A], a joint venture that negotiated virtual print fees with the US studios on their behalf. The Independent Cinemas Association of Australia (ICAA) established a subsidiary company ICAA Services Pty Limited, set up a joint venture with Los Angeles-based digital-cinema provider and VPF integrator Cinedigm, and negotiated on behalf of independent cinemas.¹³
- **Equipment and roll-out:** The major exhibitors did their own roll-outs rather than using third party providers. Hoyts, for example, bought equipment and software and installed it through its in-house Cinema Technology Group. Cinedigm, working together with ICAA Services, became the integrator for independent cinemas across Australia and New Zealand. Under the ICAA-Cinedigm VPF Program, cinemas chose their own DCI-compliant hardware; Cinedigm provides the virtual print fee contracts and administration, negotiating with studios on behalf of the ICAA-member exhibitors. ICAA commissioned production by Xenon Systems of the 'library management system', into which the movies and other digital content is injected, and on behalf of Cinedigm distributes their 'theatre command centre' software. ICAA

¹⁰ VRL Annual Report 2007/08, p 8.

¹¹ Aveyard, K. (2009) 'Coming to a cinema near you?'

¹² Prior, A. (2012) 'ICAA has minimum number of screens to proceed with VPF agreement', *Screen Hub*, 14 November; Aveyard (2009) 'Coming to a cinema near you?'

¹³ ICAA and Cinedigm announced on 30 April 2013 that their VPF program had concluded non-exclusive agreements with five of the six Hollywood studios and was in final negotiations with Warner Bros, Roadshow and several independent distributors across Australia and New Zealand: Blatchford (2013) 'Cinedigm and ICAA secure Virtual Print Fee program'. Reading Entertainment Australia declined to comment for this report.

established the Network Operations Centre (NOC) to provide the monitoring and reporting requirements of the VPF Program and coordinates the installations and service, working with local installers and technical personnel.¹⁴

- **Operation:** In 'digital cinemas', digital prints' are physically delivered on hard drives by distributors to exhibitors, either direct to cinemas or to a hub which couriers them to cinemas. Unique decryption keys are supplied separately and ensure each print is only playable in a particular theatre. Movies are not distributed online although some of the 'alternative content' described below is delivered to satellite dishes at individual cinemas. Each exhibitor or group of exhibitors established a NOC which connects to the digital projection system in each member theatre and gathers information about the screening of digital prints to trigger the virtual print fees paid by distributors. Some but not all NOCs are also able to remotely monitor the projection systems, do software updates and remote equipment servicing.
- **Timing:** Once deals were struck, the roll-outs happened quickly. By mid- or late-2012, the three major exhibitors in DCIP-A reported all or almost all their cinemas had been completely converted to digital projection.¹⁵ By December 2012, the MPDAA estimated 72 per cent of the nearly 2000 cinema screens in Australia had been converted to digital projection, and 57 per cent of these were 3D capable.¹⁶ ICAA said 75-80 per cent of its members' screens were digital in mid-March 2013.¹⁷

For independent cinemas, says ICAA CEO Adrienne Pecotic:

It's the biggest thing for the industry since sound. It's huge and expensive. It has changed our business from one that didn't have to invest in equipment every year to one that is going to have to upgrade constantly. It's completely different. You have to build a whole new scale of cost and complexity into the expense of running the business.¹⁸

Exhibitor and distributor (Sharmill Films) Natalie Miller agrees:

It's totally changed things; it's a whole new world. You can use it to put a film on a second or third screen without having to wait for another 35mm print. We started with a digital-only screen, Cinema 11, more than six years ago, then changed over progressively. We've kept a bit of 35mm equipment but we probably won't use it. In 12 months you'll be lucky to get a print. I've got a warehouse full of 35mm prints. We'll probably just have to throw them out.¹⁹

Her partner in Melbourne's Nova Cinema, Barry Peak, says one of the big advantages is the ability to set session times more flexibly, spreading the flow of customers at candy bars and car parks.²⁰

Alternative content

The new forms of content promised by digital distribution have arrived and per-screen averages can be high, but their box office contribution so far is relatively small – just over \$3 million in 2012 out of a total box office of \$1.1 billion.²¹

Melbourne's Nova, the Palace chain and others signed up to packages of live transmissions of opera from the Met in New York and the Paris Opera, plays from the National Theatre in London, dance from Nederlands Dans Theater, The Royal

¹⁴ Mead, B. (2012) 'Almost complete: Digital transition in Asia nears the finish line', *Film Journal*, 28 November; Adrienne Pecotic, CEO ICAA, pers comm., 15 March 2013.

¹⁵ *VRL Annual Report 2011/12*, p 3; *AHL Half-Yearly Report, December Half 2012*, p 4; Hoyts – Matthew Liebmann, pers comm, 25 January 2013.

¹⁶ MPDAA (2013) '2012 Film Industry Box Office Statistics', 23 January.

¹⁷ Adrienne Pecotic, pers comm., 15 March 2013.

¹⁸ Pers comm., 15 March 2013.

¹⁹ Pers comm., 3 June 2013.

²⁰ ICAA Conference 30 April 2013.

²¹ Analysis of MPDAA data.

Ballet and the Bolshoi. Event Cinemas promised live music and concerts, sporting matches and special events. One of the Event partners, Village, spoke of an 'alternative content strategy': in 2003/04, it was to be World Wrestling Entertainment, a David Bowie Concert and a Quicksilver snowboarding event, turning cinemas into 'the primary entertainment destinations for their local communities'; in 2011/12 it included sessions from Pearl Jam, PJ20, Phantom of the Opera and The Chemical Brothers.²² For New Year's Eve 2012/13, Hoyts screened a family-friendly double-bill around the country – *Toy Story 3* followed by live coverage of the 9pm Sydney Harbour fireworks. Reading offered a wider range of activities in the spaces around its cinemas, launching what it called 'entertainment-themed retail centres'.

According to Rentrak, the 25th anniversary performance of *The Phantom of the Opera*, recorded live at the Royal Albert Hall in October 2011, grossed approximately \$722,000 in Australian cinemas (very close to the £551,000 Rentrak reported for the UK). If included in the week's films, it would have been the 10th highest grossing title of the week, though only the 157th highest of the year. Other strong performers have been Andre Rieu's Maastricht Concert in June 2012 (approximately \$378,000), MET Opera's *Gotterdammerung* (\$176,000) and *Leonardo Live* (\$173,000).²³ A third of the alternative content titles earning box office revenue in Australia in 2012 were opera and nearly a quarter were theatre. Sharmill Films, established by the Nova Cinema's Natalie Miller, distributed about three-quarters of the alternative content titles that year. Miller says:

We [Sharmill as distributor, Cinema Nova as exhibitor] were one of the first to get into it with the Met Opera. The first season was about five years ago now. It's very costly, the margins are small, so it's a challenge, but it has grown enormously. We have it on about 25 screens around Australia now; places like the Cremorne Orpheum and Opera Quays in Sydney, Dendy in Canberra, Palace Nova in Adelaide, country sites like Narooma and others.

We have just announced the 2013/14 Met season, starting in October. People are subscribing to the whole season. We have the National Film Theatre [NFT] as well now. The timing is 'concurrent': it's the current season: for the NFT, that's *Frankenstein*, *This House*, *The Audience*. There are about 10 shows in the MET season; we do six to eight screenings of each, or four to six for the NFT plays, often during the day, so you can work your cinemas at quieter times.²⁴

IHS Screen Digest estimated gross revenue for all alternative cinema 'events' in the United Kingdom in 2012 at £12.5m. Across eight European countries (Austria, France, Germany, Ireland, Netherlands, Sweden, Russia, UK), opera was the most programmed alternative content (37 per cent of titles) followed by ballet (13 per cent).²⁵ In 2010, IHS Screen Digest estimated the global market for alternative content was nearly US\$200 million, of which the US accounted for 58 per cent. Live events made up the majority of events (55 per cent) in the US that year, up from 44 per cent in 2009 and 22 per cent in 2008. Across both live and recorded events, Opera was the most screened (26 per cent), followed by Sport (13 per cent) and Popular Music (13 per cent).²⁶

AHL's Peter Cody says:

We're still in a trial and error situation [with alternate content]. We'll give anything a go to see what works. The Met Opera was one of the first real

²² VRL Annual Reports 2003/04, p 8 and 2011/12, p 4.

²³ Rentrak database. Accessed 18 March 2013; MPDAA data. Accessed 7 February 2013; BFI (2012) *BFI Statistical Yearbook 2012* (London: BFI), p 108.

²⁴ Pers comm., 3 June 2013.

²⁵ Hancock, D. (2013) *Event Cinema in European Cinemas*, pp 1 and 4.

²⁶ Hancock, D. (2011) 'Alternative Content in Cinemas', *Screen Digest*, 22 March.

success stories and we think that will continue to grow. We have done State of Origin rugby league at a number of our bigger sites in NSW and Queensland over the last few years and we will do it again. With contemporary music, we've done well with Foo Fighters and Nirvana – a program that had a never-before-seen concert – but not so well with older acts like a Doors concert from the 1960s or a Wings concert from the early 80s. For the BBC's 50th anniversary of *Dr Who*, we screened some episodes and had good success but it was a special thing. We are not out there trying to source more TV programs.²⁷

Natalie Miller says:

I tried to get something [a new TV series] recently that would have worked really well for us, but they hadn't bought theatrical rights [ie, paid the actors for theatrical release] so we couldn't do it. We're very conscious of competition with TV. There's quality TV on – things like *House of Cards* – you can just IQ them, then watch when you want. So we can't be complacent, but we think nothing beats going out to see it.

Relationships with audiences

Cinemas' transformations in the Multiplex Era have not just been about infrastructure and technology. Audience segments are now targeted with combinations of scheduling, film genres, cinema styles and branding. The major exhibitors have sessions for kids or families on weekend mornings, mid-week 'Mums and Bubs', 'Babes in Arms' or 'Spit the Dummy' screenings where very young children are admitted free and the lights stay dimmed for feeding, and seniors clubs and sessions. Baby boomers are gently targeted by Village's 'Cinema Europa', appealing to 'the true movie connoisseur by screening the finest films in a sophisticated environment' and by Reading's 'Angelika' at West Lakes in Adelaide, 'for lovers of fine film'. One-off promotions are common: Event Cinemas organised 'Chicks at the Flicks' preview screenings of *Les Misérables* starring Hugh Jackman in cinemas all over the country on 30 January 2012, available in normal, Vmax and Gold Class packages.

Online and mobile digital media have been extensively used by cinemas for communicating session times and information about promotions and special events, and for ticket sales, reducing costs and helping to deepen relationships with audiences. By 2007, 8 per cent of tickets at Village Cinemas were being sold online and 20 per cent at some Gold Class locations.²⁸ By early 2013, Hoyts advised the percentage of their tickets sold online was now 'well into double figures'; the vast majority of cinema tickets was still sold at the box office.²⁹ Village launched a mobile ticketing system in 2011, allowing customers to use smartphones to purchase and redeem tickets; Hoyts introduced a Facebook application Social Tix™ allowing Facebook users to create an event, invite their friends, reserve seats and buy tickets, whilst sharing the experience with friends via their news feed and wall posts.³⁰

All these applications of digital technology have linked to the expanding role of digital technology in production which some have seen as the real revolution in 21st century cinema. 'Some films made now could not have been made, either at all or convincingly, before the 21st century', says Screen NSW chief executive, Maureen Barron. 'When *Life of Pi* was published, it was hard to see how it could

²⁷ Pers comm. 22 May 2013. AHL managing director David Seargeant says opera has been even more successful at AHL's cinemas in Germany where the transmissions from theatres in the same time zone are simultaneous: pers comm., 28 May 2013.

²⁸ VRL Annual Report 2006/07, p 12.

²⁹ Matthew Liebmann, pers comm, 25 January 2013.

³⁰ Banks, L. (2011) 'Village rolls out Australia's first mobile movie ticketing system', *ComputerWorld*, 3 June; Hoyts (2011) 'Hoyts launches cinema ticket booking Facebook application', 19 August.

be made into a film. But 10 years on, it is plausible and enchanting due to technology and a master filmmaker who has made full use of that technology.³¹

For former *Village Voice* movie critic J. Hoberman, it is the final, irreversible uncoupling of computer-generated cinema images and sounds from the real world – the creation of what he and others have called ‘post-photographic cinema’ – that means ‘the nature and development of the motion picture medium has become irrevocably altered’.³²

³¹ Pers comm., 28 March 2013.

³² Hoberman, J. (2012) *Film after Film Or, What Became of 21st-Century Cinema?*, p vii.

The exhibitors

In the first phase of the Multiplex Era, from the mid-1980s to around 2000, most of the new screens were built by the big, established cinema chains Greater Union, Hoyts, Village and Birch Carroll and Coyle (BCC) – sometimes in partnership with each other and, for a time, Warner Brothers – and the larger independents. A three-way partnership between Amalgamated Holdings (owner of GU and, since 1991, BCC), Village and Warners to develop multiplex cinemas in Australia from the late-1980s became a 50/50 joint venture in 2003 when the two local partners bought out Warners' share. Amalgamated and Hoyts later unwound their joint ventures in Sydney, Brisbane and Perth.³³ In the second phase, from around 2000, growth in screen numbers slowed, and other exhibitors were prominent alongside the incumbent majors, especially the new entrant Reading and, in the major cities, the art cinema chains Palace and Dendy. Some of the first phase multiplexes closed, because of competition from newer ones built nearby or because their aging infrastructure and location could not justify the looming need to upgrade to digital/3D.

Number of cinema screens by exhibitor, Australia, 1990–2010

	1990	1995	2000	2005	2010
Birch Carroll & Coyle	70	115	214	218	193
Greater Union	81	121	217	245	295
Hoyts	121	150	341	347	351
Reading	-	n.a.	81	138	154
Village	100	136	222	229	219
Independent					
Australian Multiplex Cinemas (AMC) [1]	-	[2]	[2]	[2]	49
Dendy	[2]	[2]	[2]	[2]	26
Grand	[2]	[2]	[2]	[2]	37
Palace	[2]	[2]	[2]	50	83
Wallis	15	21	19	32	24
Other Independent[2]	404	539	684	684	563
Non-commercial	60	55	39	[2]	[2]
Total screens	851	1,137	1,817	1,943	1,994

Source MPDAA; 2000-2010 from Screen Australia Research Statistics online; 1995 from *Get the Picture* 4th edition, p 142; 1990 from PSA (1991), p 26; 1990 non-commercial screens from *Get the Picture* 2nd edition, p 74.

Notes Number of screens each year is based on annual data accessed the following January/February in the MPDAA theatre count by circuit report.

[1] AMC started in 1995 with an eight-screen complex, accumulating 49 screens before selling to Hoyts/Pacific Equity Partners at the end of 2010 (Hawkins, M., pers comm., 17 May 2013).

[2] AMC, Dendy and Grand: screens allocated to 'Other independent' before 2008.
Palace: screens allocated to 'Other independent' before 2005.
'Non-commercial screens': allocated to 'Other independent' from 2004.

³³ VRL *Annual Report 2002/03*, p 3; AHL *Annual Reports 2003/04*, p 13 and *2005/06*, p 16. AHL acquired Hoyts' interests in Sydney's George Street complex and Brisbane's Myer Centre and Regent (which it later closed) sites; Hoyts took over Sydney's Broadway and Perth's City theatres.

Phase 1: Incumbent major exhibitors

The incumbent major exhibitors added more than 600 of the nearly 1000 new screens through the 1990s. Independents, including Grand in Western Australia and Wallis in South Australia, added almost 300 and the new entrant Reading just over 80. From 2000 to 2010, a net 177 screens were added, nearly two-thirds of them by Reading (+73) and independents (+40). Of (net) 33 multiplexes added between 2000 and 2010, 24 were built or acquired by independents and 10 by Reading. Three of the four incumbent major exhibitors slightly reduced theatre numbers in this decade. The volatility of the screen numbers for some exhibitors during this period reflects the reconfiguration of some theatres, as well as openings and closures of whole sites.

The biggest multiplexes have mostly been built or acquired by the established major exhibitors and the newer arrival, Reading. Just three of the 48 theatres with 10 or more screens in 2010 were operated by others – the Loganholme Hyperplex south of Brisbane, the Nova in Melbourne and the Dendy in Newtown, Sydney.³⁴ The ‘megaplex’ trend, anticipated in some parts of the world from the mid-90s, took hold only briefly in Australia. *Variety* declared ‘Here Come the Megaplexes’ in 1994 when a series of theatres with 24 or more screens were proposed across North America.³⁵ Australia got one in 1997, the 30-screen Megaplex Marion in Adelaide, later reduced to 26 after seven were remodeled as three Gold Class cinemas. GU opened several 16-screen complexes in Brisbane, Sydney and Melbourne from the late 90s, but its Marion Event complex remains the only Australian theatre with more than 24 screens in December 2012.

Multiplexes and megaplexes, 2000–2010

	Number of multiplexes with 4+ screens			Multiplexes with 10+ screens		
	2000	2005	2010	2000	2005	2010
Birch Carroll & Coyle	28	28	26	5	6	5
Greater Union	19	22	26	6	8	12
Hoyts	42	39	39	10	12	14
Reading	11	19	21	3	4	4
Village	26	24	23	9	11	10
Other [1]	48	82	72	2	10	3
Total	174	214	207	35	51	48

Source Analysis of MPDAA data.

Notes Number of multiplexes each year is based on annual data accessed the following January/February in the MPDAA multiplexes report.

[1] Includes Dendy, Grand, Palace, Wallis and Australian Multiplex Cinemas (AMC), acquired by Hoyts' owner Pacific Equity Partners in 2010.

Australia's incumbent major exhibitors already had long histories in cinema at the start of the Multiplex Era. **Greater Union** was the descendant of Spencers Pictures, which began exhibiting films in 1910 and became part of Union Theatres and Australasian Films, ‘the Combine’.³⁶ Greater Union Theatres was half-owned by the British Rank Organisation from 1945 until its full acquisition by the current owner Amalgamated Holdings Ltd (Amalgamated) in 1984. Amalgamated owns the State Theatre in Sydney, one of the country's great picture palaces, opened in 1929 and still used for the Opening Night and other screenings at the Sydney Film Festival. **Hoyts** also began exhibiting films before the First World War. The

³⁴ The Loganholme Hyperplex is categorized as ‘independent’ by the MPDAA but now appears as part of the Event Cinemas website. Village Roadshow retained an interest in the Nova Cinema in Carlton when it disposed of its stake in Palace Cinemas in 2006/07: *VRL Annual Report 2006/07*, p 12. Village and Palace are ‘silent partners’ in the Nova, shareholders without management control: Natalie Miller, pers comm., 3 June 2013.

³⁵ Nogglows, P. (1994) ‘Here come the megaplexes’, *Variety*, 22-8 August, pp 1, 65, 66.

³⁶ Bertrand, I. and Routt, W. (1989) ‘The Big Bad Combine’.

Hollywood studio Twentieth Century Fox held a major stake in the company from the 1930s until the early 1980s. A close relationship between GU and the Queensland chain **Birch Carroll and Coyle** began in the 1920s. After opening its first cinema, a drive-in at Croydon in Melbourne in 1954, **Village** expanded its drive-in circuit and then acquired 'hardtop' cinemas, entering film distribution in the 1960s and production in the 1970s.³⁷

Through the Multiplex Era, the ownership, structures, business strategies and relationships between these companies changed in many ways. Hoyts has had a series of owners since the 1980s, including a partnership of the US investment company Hellman and Friedman and property developer Lend Lease, the Packers' Consolidated Press Holdings, and a joint venture of CPH and West Australian Newspapers, which sold Hoyts to the private equity group Pacific Equity Partners in 2007. Village Roadshow became a publicly-listed company in 1988, taking over De Laurentiis Entertainment Limited and raising additional capital. GU's owner Amalgamated wholly acquired Birch Carroll and Coyle in 1991.

Greater Union was an early shareholder in Village and the two companies merged their distribution interests into Roadshow Distributors in 1987. Amalgamated held a third of the shares and provided two directors for Village Roadshow Corporation, the biggest shareholder in Village Roadshow Limited, until 2003. It also sold its half of Roadshow Distributors to Village, which assumed full ownership of this business in 2007.³⁸ The partnership in exhibition remained. Since buying Warner Bros out of the 1987 three-way deal to build and operate multiplex cinemas in Australia in 2003, Village Roadshow and Amalgamated have continued to run most of their multiplex cinemas through jointly-controlled companies, mainly the 50/50 joint venture Australian Theatres.³⁹ Village runs its cinemas in Tasmania with a different partner, WIN Corporation. The new cinema brand launched by Amalgamated in May 2009, Event Cinemas,⁴⁰ shares the Gold Class and Vmax brands with Village. 'Event' is being progressively deployed across the renovated Amalgamated and Village multiplexes, except in Victoria, Tasmania and Albury where the venues remain 'Village' cinemas.

At different times, all three of the major exhibitors have been involved together. They were equal partners in Movieline, a telephone and later online information and ticketing service for movies from the late 90s until the mid-2000s and have initiated a new scheme open to all exhibitors, called Movie Times, which is expected to be launched in late May 2013. They jointly acquired the Val Morgan Cinema Advertising business in 2002: the ACCC required two to sell their stakes, and Amalgamated and Village sold theirs to Hoyts, the current owner. Amalgamated is still a 50/50 partner with Fox in the film and newsreel archive business Cinesound Movietone Productions. It has also been a major supplier of technology and services to the exhibition and distribution industry. Wholly-owning the film processing and multiple release print business Atlab in the 1990s and equipping many of the new screens, it profited from the first phase of the Multiplex Era, but sold out of the film side in two stages in 2002 and 2008 while developing, retaining and rebadging the Edge Digital Technology business. Edge reported over 1100 completed digital cinema installations by March 2012 and Amalgamated established EdgeDP in 2010, a production facility specialising in content creation, encoding and distribution for digital cinemas.⁴¹

³⁷ Village Roadshow (2012) *Company profile: history*.

³⁸ VRL (2007) 'Village Roadshow buys Amalgamated's 50% stake in Roadshow Film Distributors', media release, 15 August. Amalgamated sold its shareholdings in Village Roadshow Corporation and Village Roadshow Limited a few months earlier in April 2007: *AHL Annual Report 2006/07*, p 27.

³⁹ *VRL Annual Report 2011/12*, p 3 and *2002/03*, p 17; AAP (2007) 'Amalgamated sells stake in Roadshow', *Herald Sun*, 15 August.

⁴⁰ *AHL Annual Report 2008/09*, p 10.

⁴¹ Edge Digital Technology (2013) Corporate profile; AHL (2013) Edge Digital Production.

In the 80s and 90s, the major exhibitors chose both different and common strategic directions alongside their similar investment in multiplexes. Hoyts split into separate media and cinema companies, but, wholly or partly-owned by the Packers and WAN in the 2000s, stayed close to traditional media until acquired by Pacific Equity Partners where it is held alongside unrelated businesses like Peters Ice Cream and the personal care and tissue products manufacturer, SCA Hygiene Australia. It later acquired a DVD rental business and developed plans to enter the streaming or video-on-demand business, while disposing of its theatrical distribution business to Studio Canal in 2012.⁴² Amalgamated chose hotels and leisure resorts and now brands itself 'one of Australia's premier entertainment, hospitality, and tourism and leisure companies'. It still considers cinema exhibition its 'core business', but owns the Thredbo Alpine Resort and Rydges Hotels and Resorts in Australia, New Zealand and the United Arab Emirates. Its flagship QT Sydney Hotel, on the corner of Market and George Streets adjacent to the State Theatre, opened in September 2012.⁴³

Village Roadshow chose horizontal integration into theme parks and radio, and vertical integration into film production.⁴⁴ It sold the Austereo FM radio network to Southern Cross in 2011 after nearly two decades of ownership, soon after its chairman told the AGM:

All of our businesses are in the business of entertainment. In an increasingly uncertain and troubled world people are seeking escape in the form of low cost entertainment whether it is buying a movie ticket, renting a DVD or going to a theme park.⁴⁵

Two years later, the chairman declared an historic shift in Village Roadshow's business: 'We see our theme parks as not only our largest business; it is what we call the new foundation business of VRL: it will be the biggest engine of growth in the coming decade and beyond'.⁴⁶

The common choice made by Australia's major exhibitors in the 1990s was to expand their cinema interests overseas. Anticipating the maturing of the business in Australia once the big program of multiplex-building tapered off, by July 1998, either directly or in partnership, Hoyts owned 1273 screens in six countries including nearly 1000 in the US, Village owned 594 screens in 15 countries and GU owned 141 screens in two countries.⁴⁷ Hoyts and Village pulled back sharply and AHL/GU now has by far the biggest overseas operations.

Amalgamated's wholly owned Cinestar chain in Germany operated 422 screens at 55 locations at 31 December 2012. In New Zealand, it acquired the SKYCITY group's cinema business in 2010, rebranding it Event Cinemas as in Australia. It includes an IMAX screen at the Queen Street multiplex in central Auckland. Together with the small NZ art cinema chain, Rialto Cinemas, which Amalgamated/Event Cinemas manages and half-owns (with Reading), Amalgamated had interests in 124 screens at 17 locations in New Zealand and Fiji at 31 December 2012.⁴⁸ Hoyts sold down its overseas interests rapidly from the late 1990s, but still operates in New Zealand, where it closed or sold several sites, but added the Berkeley Cinema Group in 2010. It had a total of 10 theatres in four cities in late 2012. Hoyts, Event and Reading are now the major competing cinema chains in New Zealand as well as Australia.

⁴² Canning, S. (2012) 'Hoyts bid to rule film streaming', *The Australian*, 10 September; Bodey, M. (2012) 'Studio Canal buys Hoyts distributor', *The Australian*, 18 July.

⁴³ AHL Half-Yearly Report, December Half 2012, p 5.

⁴⁴ It completed shooting on *Great Gatsby* and *Mad Max Fury Road* in the second half of 2012: VRL (2013) 'Village Roadshow records 11% earnings growth', media release, 21 February.

⁴⁵ VRL (2010) Chairman's Address to 2010 AGM, 25 November.

⁴⁶ VRL (2012) Chairman's Address to 2012 AGM, 15 November.

⁴⁷ *Get the Picture* 5th ed page 11.

⁴⁸ AHL Annual Report 2011/12, p 19; AHL Half-Yearly Report, December Half 2012, p 4.

Village and a local partner, trading as Golden Village, operated 81 screens at 10 sites in Singapore at June 2012. Village also has 12 screens in the UK and a 30 per cent stake in the iPic chain, which launched Gold Class cinemas in the United States in 2007 and now operates 67 screens at nine sites. Village sold out of its cinema joint venture with SKYCITY in New Zealand and Fiji in 2006 – the same chain later sold by SKYCITY to AHL.⁴⁹

Amalgamated declared, late in 2010, that ‘The cinema exhibition markets in Australia, and those international locations in which the Group currently operates, are considered to be mature markets with limited growth and expansion opportunity’. It anticipated achieving growth primarily through ‘providing consumers with a demonstrably superior experience in the cinema to that which can be achieved in the home’, especially the further expansion of the premium cinema concepts Gold Class and Vmax, building higher frequency through loyalty programs, and rationalising under-performing cinema sites.⁵⁰

Phase 2: New entrants, independents and consolidation

Late in the first phase of the Multiplex Era, a major new foreign exhibitor, Reading International, arrived in Australia and New Zealand. It now operates 20 multiplexes in all Australia’s mainland states and seven in New Zealand. With Event Cinemas, it jointly owns the Rialto chain, which controls multiplexes in Auckland and Dunedin and a screen in the Downtown Cinemas complex in Palmerston North. The NASDAQ-listed Reading International operates cinemas under various brands in the United States, including Angelika – the original Angelika Film Centre in Manhattan, two in Texas and a fourth opened in the Washington D.C. area in 2012. It also develops, owns and operates retail and commercial real estate in all three countries, including what it calls ‘entertainment-themed retail centres’ in Australia and New Zealand, and live theatre in Manhattan and Chicago.

Several mainstream independents each own or operate several complexes, generally in close proximity:

- Grand, in Western Australia, started out operating picture palaces in the centre of Perth in the 1920s and 30s, then built drive-ins from the 1950s and multiplexes in the 1990s. It now operates six, including two acquired from Amalgamated/GU at Joondalup and Whitford City in 2004.
- Wallis in South Australia, like Village in Victoria, began in drive-ins in the 1950s. At one stage it operated more than a dozen in Adelaide and the country. In the Multiplex Era, it renovated theatres and built new multiplexes in Adelaide but later closed its City (2007) and Glenelg (2009) sites, the latter a casualty of Event’s nearby Marion Megaplex. At the end of 2012, it operated four multiscreen complexes plus the Mainline Drive-In.
- Cineplex operates five theatres in Brisbane and the Gold Coast including the renovated single-screen Hawthorne and Balmoral theatres in East Brisbane and the newer Southbank multiplex acquired from GU in 2003/04.
- Majestic operates five theatres along the NSW central coast at The Entrance, Port Macquarie and Nambucca Heads and inland at Singleton and Inverell.
- Australian Multiplex Cinemas (AMC), operating mainly in South-east Queensland and northern NSW, started in 1995 with an eight-screen location at Sunnybank, accumulating 49 screens by adding locations at Stafford,

⁴⁹ SKYCITY Entertainment Group (2013) Company History.

⁵⁰ AHL Annual Report 2010, p 16.

Redcliffe, Noosa, Tweed Heads and Frankston in Victoria, before selling to Hoyts at the end of 2010.⁵¹

Alongside the strengthening of the major national exhibition chains, a vital feature of the Multiplex Era has been the creation of two national art cinema chains, Palace and Dendy. While these take only a small proportion of the total box office, they are important for specialist films: Palace, for example, represents four per cent of the national box office but, in 2009, supplied 44 per cent of *Beautiful Kate's* revenue, 42 per cent of *Samson & Delilah's* and about a third of *Balibo* and *Bright Star's*.⁵²

- Palace: The bigger of the two, Palace began in the 1970s with single screens in Melbourne's city and suburbs. In the Multiplex Era, it took over existing sites in Melbourne and Sydney, upgrading, remodelling and adding screens to them, and built new complexes in those cities and the other mainland capital cities. It has grown to six theatres in Melbourne, three in Sydney, two in Brisbane and from January 2013, one in Canberra's New Acton precinct. It took over Dendy's 10-year old Byron Bay site in late-2012.⁵³ It is also a partner in a 10-screen joint venture with Nova and IMAX in central Adelaide and has relationships with several local cinema operators in Perth – Luna (including outdoor), Paradiso, Windsor, Camelot and the Margaret River outdoor screenings. The national circuit places a big emphasis on foreign language film festivals, like the annual Lavazza Italian Film Festival and Alliance Francaise French Film Festival.
- Dendy: The smaller Dendy expanded from its single screen in Sydney's Martin Place, which it eventually closed, opening new multiplexes in Newtown and Circular Quay ('Opera Quays'), Canberra and Brisbane's Hamilton ('Portside'). Plus involvement in the Bridgeway Cinema and Tauranga Cinema in New Zealand. Together with its distribution business, bought by overseas operator Icon Films in 2008.

Major new public screening venues opened in the second phase of the Multiplex Era, including the Australian Centre for the Moving Image (ACMI) in Melbourne in 2002 and the Gallery of Modern Art (GOMA) in Brisbane in 2006. Here, diverse seasons and sessions of film screenings are curated with and alongside other kinds of visual art and moving image exhibitions.

While some independent circuits expanded and some blockbuster titles 'crossed over' onto their screens, some more specialised movies 'crossed over' into at least some of the mainstream multiplexes. AHL's Peter Cody says:

We have some crossover sites that we program differently from others in our circuit: sites like Macquarie in Sydney and Indooroopilly in Brisbane that are near universities, Inaloo in Perth, Manuka in Canberra and we have recently shifted our programming at Newcastle City. We'll show films at those sites that won't necessarily play across our whole circuit, films like the French film *The Intouchables*, *My Week with Marilyn*, *The Artist* (at first).⁵⁴

Natalie Miller describes Cinema Nova as 'the cinema that's not playing *Iron Man*', but it does play some 'tentpole' films:

If they are based on a book, that seems to be a factor: *Harry Potter*, *Lord of the Rings*. That gives it a literary angle. *Skyfall* was the first James Bond film we've ever played. The things people were saying about it made us think it would work for us and we were right. Or a 'cult' director like Wes Anderson - we took nearly \$250,000 for *Moonrise Kingdom*. But we don't show *Twilight*, that kind of thing.

⁵¹ Hawkins, M. (2013), Executive Director, NACO and former head of AMC, pers comm, 17 May.

⁵² George, S. (2011) 'AIMC 2011: rushing to digital without smashing the windows', *Screenhub*, 29 August.

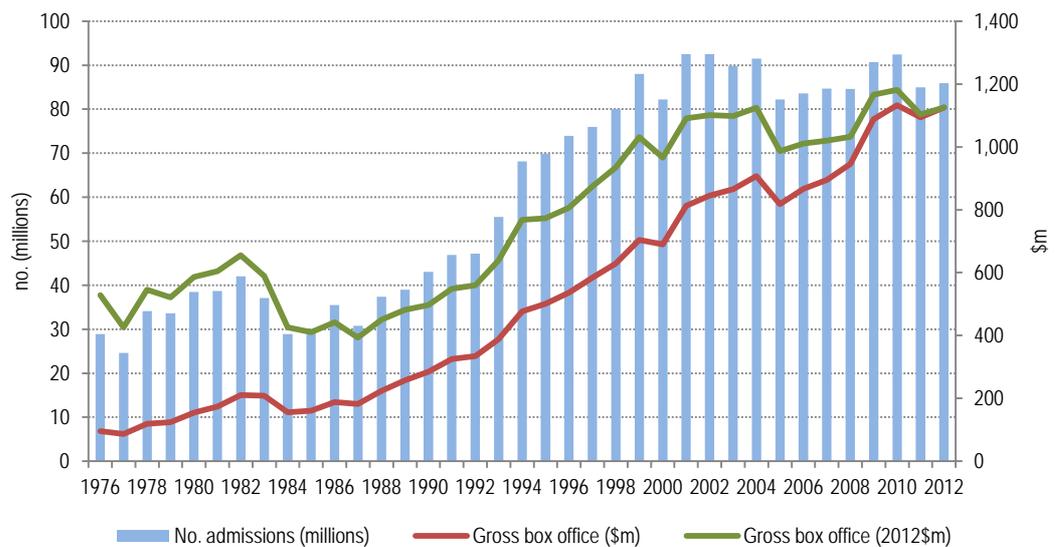
⁵³ Easton, A. (2012) 'Byron Dendy's last day', *Northern Star*, 23 October.

⁵⁴ Pers comm., 22 May 2013.

The audiences

Cinema admissions followed a similar pattern to screen numbers.⁵⁵ They fell to around 30 million from the peak of 42 million that went to see *The Man from Snowy River*, *Mad Max 2*, *Raiders of the Lost Ark* and other movies in the boom year 1982. Over the next 15 years, they trebled to a little over 92 million. Since 2002, they have ranged between that figure (2004, 2010) and 82 million (2005). The annual box office passed a billion dollars for the first time in 2009, a six-fold increase on 1987. Adjusting for inflation, the 2012 total of \$1,125 million was 2.9 times higher than in 1987.

Cinema admissions and box office revenue (\$m and 2012\$m), 1976–2012



Source MPDAA

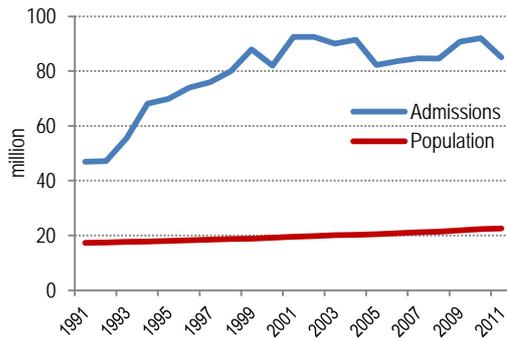
Note Admissions and box office are for calendar years. See also 'Box office, rentals, inflation and blockbusters – a note on the data', p 60.

Many developed countries shared the experience of a sharp rise, then gentle decline, of cinema admissions through the two phases of the Multiplex Era. In the United States, United Kingdom and New Zealand, like Australia, admissions grew strongly in the decade to 2001, and faster than the rate of population growth. In the decade since, admissions have fallen while population has continued to rise.

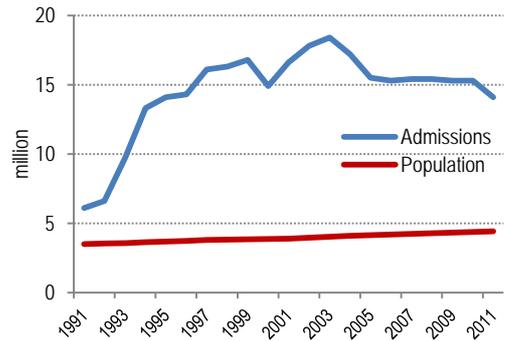
⁵⁵ Admission figures are not available directly. They have been estimated by dividing the gross box office per film by the average ticket price for the release period(s). See 'Notes on Data' at the end of this report and Box office, inflation, rentals and blockbusters: a note on the data', p.58

Annual cinema admissions and population estimates, 1991–2011

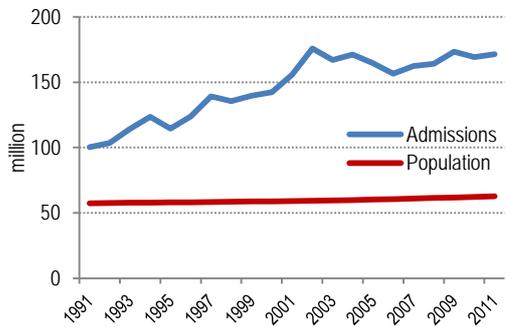
Australia



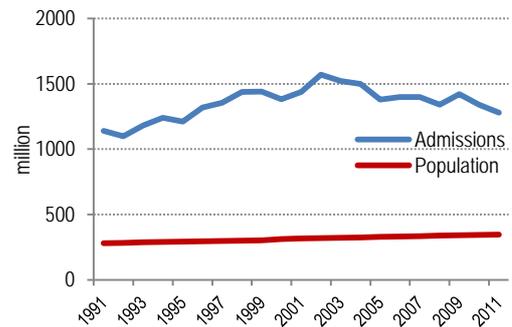
New Zealand



United Kingdom



US/Canada

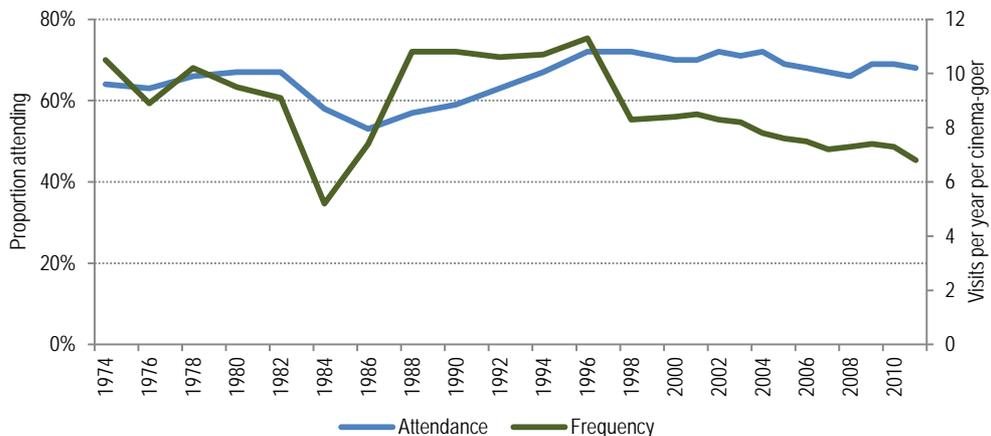


Source MCAA, Val Morgan & Co (Aust) Pty Ltd/Roy Morgan Research Centre, <http://www.launchingfilms.com>, MPDANZ, National statistics agencies.

Suburban and regional multiplexes got more people going to the movies. When Hoyts Chadstone opened in 1986, just 53 per cent of Australians had been to the cinema in the previous 12 months (see ‘attendance’ on the charts below). Within a decade, this had grown to 72 per cent. It ranged around that figure for the next decade but has fallen a little since, to 68 per cent in 2011.

Multiplexes also got people seeing more movies. The average Australian cinema-goer made around five visits to the cinema in 1984 (see ‘frequency’ on the charts). That doubled by the end of the decade, reaching a peak of just over 11 in 1996. It has fallen since to a little under seven in 2011.

Cinema attendance and frequency, Australia, 1974–2011



Source Val Morgan & Co (Aust) Pty Ltd/Roy Morgan Research Centre

Notes Attendance is the proportion of Australians attending the cinema at least once a year. Frequency is the average number of visits to the cinema per year per cinema-goer.

Using the different, lower metric of average admissions per head of population, Australia ranked second in the world in 2010 according to *IHS Screen Digest*, although this figure, like Morgan's frequency metric (average number of admissions per cinema-goer), fell in the 2000s.

Cinema admissions per capita for top 10 countries in 2010, 1980–2010

Rank	Country	1980	1985	1990	1995	2000	2005	2010
1	Iceland	11.35	5.87	4.84	4.53	5.58	4.76	4.91
2	Australia	2.62	1.88	2.52	3.86	4.29	4.03	4.13
3	USA	4.46	4.41	4.74	4.21	4.47	4.29	3.98
4	Singapore	16.78	8.87	6.48	4.94	3.33	3.24	3.87
5	Ireland	2.76	1.27	2.10	2.72	3.91	3.94	3.69
6	France	3.24	3.17	2.26	2.36	2.95	3.01	3.45
7	Hong Kong	11.85	10.63	9.84	4.15	3.23	2.61	3.19
8	Canada	4.11	3.11	2.93	2.98	3.91	3.26	3.08
9	Republic of Korea [S]	1.43	1.18	1.26	1.01	1.41	2.98	3.05
10	UK	1.79	1.27	1.68	2.00	2.44	2.73	2.72

Source IHS Screen Digest.

The average Australian household increased its spending on cinema attendance by a little over 70 per cent during the first phase of the Multiplex Era, between 1984 and 1998/99 (after adjusting for inflation), according to the ABS's regular survey of household expenditure. It has declined slightly since but the average household still spent more than twice as much on cinema attendance each week in 2009/10 as it did on live theatre or sporting events. The average amount spent on music concerts more than doubled between 2003/04 and 2009/10.

Average weekly household expenditure on admission fees to selected events, 1984–2009/10 (2012 dollars)

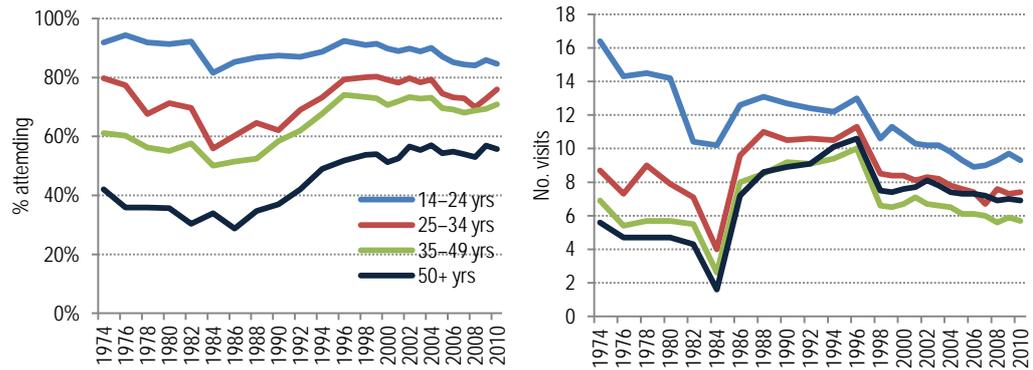
	1984	1988-89	1993-94	1998-99	2003-04	2009-10
Live theatre	1.87	1.80	2.14	2.21	1.10	1.11
Music concerts [included in live theatre until 2003/04]	na	na	na	na	0.91	2.01
Cinema	1.46	1.39	1.97	2.50	2.44	2.44
Sport	0.99	0.96	0.87	1.09	0.92	0.99

Source ABS (1986–2011) *Household Expenditure Survey, Australia, 1984–2009/10*, cat no. 6535.0 (1984–2003/04); cat. no. 6530.0 (2009/10).

Young people go to the cinema more than older people. That is as true now as it was at the start of the Multiplex Era. What has changed is the difference between the habits of young and older people.

At the low point in 1984, 82 per cent of Australians aged 14-24 had been to the cinema in the previous 12 months. This grew to 92 per cent in 1999 but has since fallen back to 86 per cent in 2011. Throughout the period 1984-2011, cinema-goers in that age-group made between 9 and 13 visits per year.

Cinema attendance and frequency by age, Australia, 1974–2011



Source Val Morgan & Co (Aust) Pty Ltd/Roy Morgan Research Centre.

Notes Attendance is the proportion of Australians attending the cinema at least once a year.
Frequency is the average number of visits to the cinema per year per cinema-goer.

Cinema-going among older people has grown strongly and continuously. Of those aged 50 and above, a third had been to the cinema in the previous 12 months in 1984 and they had been an average of twice. In 2011, more than half (56 per cent) were cinema-goers and they went an average of seven times each.

This trend is being observed overseas as well. David Cox called the arrival and success of movies like *Tinker Tailor Soldier Spy*, *The Descendants*, *The Iron Lady*, *The Artist* and *The Best Exotic Marigold Hotel* – where ‘a cast of national treasures grapple with the tribulations of later life’ – an ‘historic ... change of tack’ for a business fixated on young people since the 1970s. That was when the multiplex boom began in the United States and films like *Jaws* and *Star Wars* started drawing teenage baby boomers to cinemas deserted by the working class audiences that filled them before television arrived. ‘When baby boomers become empty-nesters, they refuse to languish on the sofa like their predecessors ... To them, cinemas seem like good value ... and they recall affectionately their youthful delight in the medium.’⁵⁶

AHL’s Peter Cody says the ‘narrow range of product made and available for the older audience’ is ‘one of the banes of our programming lives ... If we could have a *Best Exotic Marigold Hotel* four or five times a year we would love it.’⁵⁷

Exhibitor/distributor Natalie Miller says:

It depends on the film. They will go out if they feel the film is for them. *Song for Marion* did very good business, *Marigold Hotel*, *The King’s Speech*, *Les Misérables* ... *Argo*, *The Intouchables*; they came out for *The Sapphires*. But we [Nova Cinema] can do cult, late night screenings like *The Room*, and young people will come out for that. *Evil Dead* is playing extremely well for that audience. It all gets back to the movie. Audiences are savvy.⁵⁸

Screen NSW chief executive Maureen Barron says:

It is of much greater interest now to understand more fully the nature of cinema-going by over 50s. While Oscar winners such as *The King’s Speech* will attract this demographic, they are also looking for more, what we would call, arthouse fare. But this cohort grew up without the number of screens their children and grandchildren have, so we can’t assume their behaviour will set a trend for the medium-term.⁵⁹

⁵⁶ Cox, D. (2012) ‘How older viewers are rescuing cinema’, *The Guardian*, 8 March.

⁵⁷ Pers comm., 22 May 2013.

⁵⁸ Pers comm., 3 June 2013.

⁵⁹ Pers comm., 28 March 2013.

The cinema-going boom of Multiplex Era is still well below the pre-television peak of the 1920s-50s, when Cork and Thorne's analysis of NSW cinema admissions tax data found that 'the whole population [of NSW] attended from 19 up to 30 times a year'.⁶⁰

⁶⁰ Cork, K. and Thorne, R. (2006) 'The social significance of the picture theatre'. In addition, the authors concluded people 'were also watching movies en masse before 1921'.

The distributors

Distributors co-ordinate the release of films to the public through exhibition outlets. In the Online Age, the range and complexity of outlets has increased. When the first suburban multiplexes were built in Australia in the 1980s, distributors released films to cinemas ('theatrical distribution'), video rental and sell-through, broadcast television and 'non-theatrical' outlets like airlines, clubs and film societies. All these outlets remain, but subscription TV supplemented broadcast from the mid-90s; video was supplemented and eventually replaced by DVD from the late-90s, and more recently BluRay; online distribution became feasible in the 1990s and grew rapidly in the 2000s once broadband take-up surged and average access speeds increased.

Forms of online exploitation have multiplied. Licensed uses now typically include download-to-own (or electronic sell-through) rights, mobile rights, streaming rights, cross-platform rights, pay-per-view rights and video-on-demand (VOD) rights.⁶¹ Unauthorized use also proliferated in the 2000s once file-sharing applications and faster broadband made it accessible and feasible for individual users. A small challenge for film distributors when cinemas and television stations were the only outlets for movies, and a larger problem when home video was introduced, unauthorized access to movies, especially first release blockbuster titles, has become an enormous issue for cinema exhibitors in the Online Age.

Timing of releases

Despite the proliferation of ways of seeing movies and the challenge of unauthorized file-sharing, cinema has retained its place as the first release medium of choice for most feature film makers, especially those operating with big budgets. Through the first phase of the Multiplex Era, release dates of movies were synchronized, first across the nation, and then across the world. Home video took the second run market from the suburban and county cinemas that once got prints after movies had done their first release business in CBD cinema strips. A central part of the multiplex strategy was to allow simultaneous national releases, backed by national advertising campaigns delivered by the national TV networks assembled after broadcast ownership rules were liberalized in 1987. Once the internet was commercialized in the mid-1990s, news and opinion about a business that had long been global moved around the world even faster; broadband internet, from the beginning of the second phase of the Multiplex Era, allowed the movies themselves to circulate almost instantaneously, whether distributors planned it or not.

⁶¹ Grinston, E. (2013) General Counsel, Screen Australia, pers comm, 23 January; Kelly, M. (Senior Legal Counsel, Foxtel) (2012) 'Media Rights in the Digital Age'.

Time between US and Australian theatrical release – Top 5 films per five-year periods, Australia, 1986–2010

Period	Title [ranked by total Gross Box Office, 2012\$m] [1]	Primary country of origin	Distributor	Australian release date	US release date	Days between US and Aust. release [2]
1986-1990	Crocodile Dundee	Australia	Hoyts	30/04/86	26/09/86	149
	Crocodile Dundee 2	Australia	Hoyts	26/05/88	25/05/88	-1
	Pretty Woman	USA	BVI/Disney	3/05/90	23/03/90	-41
	Fatal Attraction	USA	UIP	31/12/87	18/09/87	-104
	Ghost	USA	UIP	25/10/90	13/07/90	-104
1991-1995	Babe	Australia	UIP	14/12/95	4/08/95	-132
	Jurassic Park	USA	UIP	2/09/93	11/06/93	-83
	Forrest Gump	USA	UIP	17/11/94	6/07/94	-134
	The Lion King	USA	BVI/Disney	25/08/94	15/06/94	-71
	Mrs. Doubtfire	USA	Fox	16/12/93	24/11/93	-22
1996-2000	Titanic	USA	Fox	18/12/97	19/12/97	1
	Star Wars: Episode I – The Phantom Menace	USA	Fox	3/06/99	19/05/99	-15
	Independence Day	USA	Fox	29/08/96	3/07/96	-57
	Gladiator	USA	UIP	4/05/00	5/05/00	1
	The Sixth Sense	USA	BVI/Disney	7/10/99	6/08/99	-62
2001-2005	The Fellowship of the Ring	USA	Roadshow	26/12/01	19/12/01	-7
	Shrek 2	USA	UIP	17/06/04	19/05/04	-29
	The Return of the King	USA	Roadshow	26/12/03	17/12/03	-9
	The Two Towers	USA	Roadshow	26/12/02	18/12/02	-8
	Harry Potter and the Philosopher's Stone	UK	WB	29/11/01	16/11/01	-13
2006-2010	Avatar	USA	Fox	17/12/09	18/12/09	1
	The Dark Knight	USA	WB	16/07/08	18/07/08	2
	Pirates of the Caribbean: Dead Man's Chest	USA	BVI/Disney	6/07/06	7/07/06	1
	Toy Story 3	USA	BVI/Disney	24/06/10	18/06/10	-6
	Harry Potter and the Deathly Hallows: Part 1	UK	WB	18/11/10	19/11/10	1

Source Analysis of MPDAA; Boxoffice mojo.com data.

Notes [1] Films released within each five-year period. Box office earned to 12 July 2012.

[2] A positive number means the film was released in Australia before the US; a negative number means the US release came first.

Until the mid-1990s, it was common for Australians to wait 3–5 months to see US blockbusters in their cinemas. Even the Australian-made *Babe* took four months to make it into home cinemas after its US release. But *Titanic* in 1997, released in Australia virtually day and date with the US, set a new benchmark and by the late 2000s, that had become the norm for blockbusters released by the major distributors.

Michael Hawkins, executive director of the National Association of Cinema Operators - Australasia, and former head of Australian Multiplex Cinemas, says:

There is an almost universal view now that theatrical releases are a 52-week-a-year undertaking. We seem to have moved away from seasonal release, albeit the US summer release schedule dominates, and our Christmas holiday period dominates here. But more and more we are seeing franchises 'claiming' dates that were earlier regarded as dark areas. *Twilight* took on early November. May is the start of the US summer period which translates here due to day and date release. We are seeing February and March, traditionally quiet 'post-holiday' periods becoming key dates for older themed movies and quality fare.⁶²

ICAA CEO Adrienne Pecotic says US films still 'come in clusters' to some extent. 'But we [Australian exhibitors] have the rest of the year to fill. That's a problem, but maybe it's a space for Australian producers, especially working with independent exhibitors.'⁶³

The tables showing the time between primary-country-of-origin and Australian theatrical release for the top 25 films released by major distributors and the top 25 released by other distributors in 2012 reveal that although day-and-date is now the norm for major distributors' releases, it is not universal across the whole slate of movies released in Australia:

For the top 25 releases by major distributors:

- About half were effectively released day-and-date with the country-of-origin, usually the US.
- The average delay was about two weeks – one-and-a-half weeks if the outlier *Madagascar 3: Europe's Most Wanted* is removed from the calculation.
- A small number of films including *The Avengers* and *Ice Age 4* were released in Australia before their country of origin.

For the top 25 releases by other distributors:

- Only two movies, both from India, were effectively released day-and-date with the country-of-origin.
- The average delay between country of origin and Australian release was about 10 weeks.
- Two films were released in Australia before their country-of-origin, *Hysteria* and *Take This Waltz*.
- Of the five Australian films in the Top 25 releases in 2012, *The Sapphires* was released in the United States in March 2013 by the Weinstein Company, and had grossed US\$1.1m by 21 April. *Wish You Were Here* is scheduled to be released theatrically in the US in June 2013 by eOne.

This suggests that although the desire to reduce the scope for piracy and maximize the impact of global advertising and word-of-mouth has compressed international release schedules for almost all blockbusters, the box office in

⁶² Pers comm., 17 May 2013.

⁶³ Pers comm., 15 March 2013.

different territories retains important seasonal elements. A children's movie like *Madagascar 3* is still perceived to benefit so much from a local holiday release that its Australian release was delayed until school holidays (13 September), three months after its early summer release in the US (8 June). More specialized titles released by distributors other than the majors, where local marketing campaigns can build on overseas reviews, festival screenings and awards and the target audiences are less likely to engage in unauthorized viewing, are generally still perceived to gain more than they lose from delayed release.

Top 25 grossing films released in Australia by major distributors, 2012

Rank	Title	Primary country of origin	Distributor	Australian release date	Country of origin release date	Days between release dates [1]
1	The Avengers	USA	Disney	25/04/12	04/05/12	9
2	Skyfall	UK	Sony Pictures	22/11/12	26/10/12	-27
3	The Dark Knight Rises	USA	WB	19/07/12	20/07/12	1
4	Ted	USA	Universal	5/07/12	29/06/12	-6
5	The Hunger Games	USA	Roadshow	22/03/12	23/03/12	1
6	The Twilight Saga: Breaking Dawn – Part 2	USA	Hoyts/ StudioCanal	15/11/12	16/11/12	1
7	Ice Age 4: Continental Drift	USA	Fox	28/06/12	13/07/12	15
8	Madagascar 3: Europe's Most Wanted	USA	Paramount	13/09/12	08/06/12	-97
9	The Best Exotic Marigold Hotel	UK	Fox	22/03/12	07/02/12	-44
10	Sherlock Holmes: A Game of Shadows	USA	Roadshow	5/01/12	16/12/11	-20
11	Snow White and the Huntsman	USA	Universal	21/06/12	01/06/12	-20
12	Taken 2	France	Fox	4/10/12	30/10/12	-1
13	Alvin and the Chipmunks: Chipwrecked	USA	Fox	1/01/12	16/12/11	-16
14	The Hobbit: An Unexpected Journey	USA	WB	26/12/12	14/12/12	-12
15	Prometheus	USA	Fox	7/06/12	8/06/12	1
16	Men In Black 3	USA	Sony Pictures	24/05/12	25/05/12	1
17	The Amazing Spider-Man	USA	Sony Pictures	4/07/12	3/07/12	-1
18	Brave	USA	Disney	21/06/12	22/06/12	1
19	Dr. Seuss' The Lorax	USA	Universal	29/03/12	2/03/12	-27
20	The Descendants	USA	Fox	12/01/12	16/11/11	-57
21	21 Jump Street	USA	Sony Pictures	15/03/12	16/03/12	1
22	American Pie: Reunion	USA	Universal	5/04/12	6/04/12	1
23	Dictator	USA	Paramount	16/05/12	16/05/12	0
24	The Bourne Legacy	USA	Universal	16/08/12	10/08/12	-6
25	Magic Mike	USA	Roadshow	26/07/12	29/06/12	-27

Source Analysis of MPDAA; Boxoffice mojo.com data.

Notes Ranked by box office earned in 2012.

[1] A positive number means the film was released in Australia before the release in the country of origin; a negative number means the country of origin release came first.

Top 25 grossing films released in Australia by distributors other than majors, 2012

Rank	Title	Primary country of origin	Distributor	Australian release date	Country of origin release date	Days between release dates [1]
1	The Sapphires	Australia	eOne /Hopscotch	09/08/12	na	na
2	A Few Best Men	Australia	Icon	26/01/12	na	na
3	Arbitrage	USA	Madman	27/09/12	14/09/12	-13
4	Bachelorette	USA	eOne /Hopscotch	01/11/12	07/09/12	-55
5	The Grey	USA	Icon	16/02/12	27/01/12	-20
6	Dredd	UK	Icon	25/10/12	07/09/12	-48
7	The Way	USA	Umbrella Ent.	25/04/12	07/10/11	-201
8	Margin Call	USA	Becker	15/03/12	21/10/11	-146
9	Seven Psychopaths	USA	eOne /Hopscotch	08/11/12	12/10/12	-27
10	To Rome with Love	USA	eOne /Hopscotch	18/10/12	22/06/12	-118
11	Wish You Were Here	Australia	eOne /Hopscotch	25/04/12	na	na
12	Hysteria	UK	eOne /Hopscotch	12/07/12	21/09/12	71
13	A Royal Affair	Denmark	Madman	21/06/12	29/03/12	-84
14	A Separation	Iran	eOne /Hopscotch	01/03/12	16/03/11	-351
15	Housos vs Authority	Australia	Paramount/ Transmission	01/11/12	na	na
16	Monsieur Lazhar	Canada	Palace	06/09/12	13/04/12	-146
17	Safe	USA	Icon	10/05/12	27/04/12	-13
18	A Dangerous Method	Canada	Paramount/ Transmission	29/03/12	23/11/11	-127
19	Bel Ami	UK	eOne /Hopscotch	24/05/12	09/03/12	-76
20	Take This Waltz	Canada	eOne /Hopscotch	14/06/12	29/06/12	15
21	Jab Tak Hai Jaan	India	Mindblowing Films	13/11/12	13/11/12	0
22	Beasts of the Southern Wild	USA	Icon	13/09/12	27/06/12	-78
23	Storm Surfers 3D: The Movie	Australia	Madman	14/08/12	na	na
24	Get the Gringo	USA	Icon	31/05/12	01/05/12[2]	-30
25	Talaash	India	Mindblowing Films	29/11/12	30/11/12	1

Source Analysis of MPDAA data; Boxoffice mojo.com data.

Notes Ranked by box office earned in 2012.

[1] A positive number means the film was released in Australia before the release in the country of origin; a negative number means the country of origin release came first.

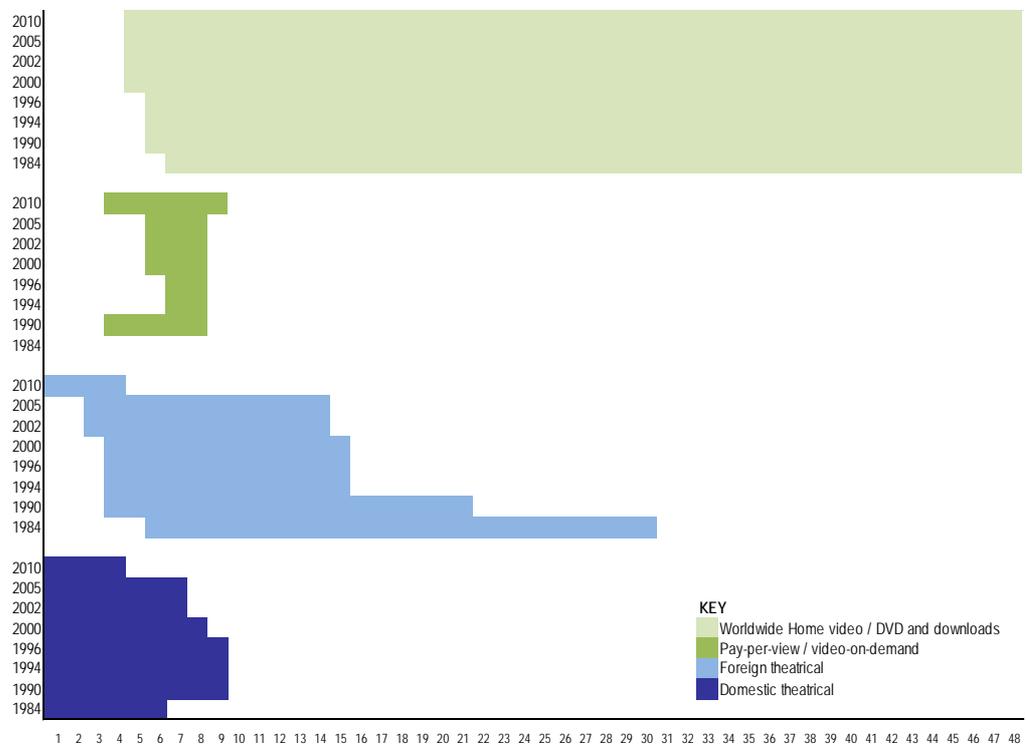
[2] VOD release date as not released theatrically in the US.
na: not applicable.

Release windows

US entertainment economist Harold Vogel has been publishing estimates of release windows for US studio movies since the mid-1980s. Consolidating his estimates into a single chart shows:

- The domestic [US] theatrical window has halved over the last two decades, to about 4 months.⁶⁴
- The foreign theatrical window has been brought forward and dramatically shortened, aligning it with the US domestic theatrical window.
- The pay-per-view/video-on-demand [PPV/VOD] windows have been sites of experimentation, as discussed below. By 2010 this window overlapped with last month of theatrical release.
- The home video/DVD window has been brought forward and now begins as theatrical ends, four months after release in cinemas.

Selected release windows for US studio films, 1984–2010 (months from theatrical release)



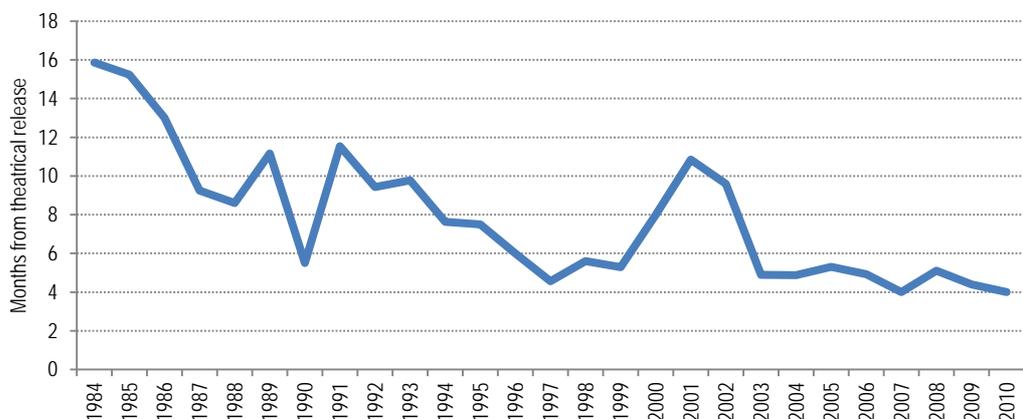
Source: Consolidated from Harold Vogel (1986-2011), *Entertainment Industry Economics: a guide for financial analysis*, 1st to 8th editions.

⁶⁴ The average for studio films fell from 5 months 16 days in 2000 to 3 months 29 days in 2012: NATO (2012), *Average video release window by year (as of 9/24/12)*.

Australia has shared some of these trends but not all:

- The domestic theatrical window has halved over the last two decades, to about four months.⁶⁵
- Foreign theatrical window: As explained above, the Australian data shows that, for non-studio films and even an occasional studio film, the pattern is more complex than the precise alignment that Vogel reports for studio films.
- PPV/VOD: Experimentation has also occurred in Australia, especially with independent movies, like the day-and-date theatrical and VOD release of Jon Hewitt's low-budget Australian thriller "X" in 2011. Michael Hawkins, executive director of the National Association of Cinema Operators – Australasia (NACO), however, told the AMIC Conference in 2011 that 'windows have not been challenged in Australia as they have in the US'.⁶⁶ This may be at least partly because the take-up of Netflix-style VOD services and the decline of DVD sales in Australia, so far, have been slower than in the US and some European countries.
- Home video/DVD window: Analyzing all drama feature films receiving both a theatrical and video/DVD release in Australia from 1984-2010, we found the average number of months between theatrical and video/DVD release in 2010 was four months, exactly the same as Vogel estimated for studio movies in the US. The figure has been fairly steady since the late 1990s, apart from the spike in the early 2000s, which coincides with the introduction of the DVD format, and reflects some titles taking a bit longer to negotiate release in the new format.

Home video/DVD release windows for Australian films, 1984–2010 (months from theatrical release)



Source Analysis of Screen Australia data 2011.

Note Chart shows the average number of months from theatrical release to home video/DVD release by year of theatrical release. Includes drama feature films released in Australian cinemas between 1984 and 2010. Some extreme outliers have been removed from the calculation of the annual averages. Only a very small number of films were released in 1990.

⁶⁵ Swift, B. (2012) 'NATO's John Fithian on why theatrical distribution windows should be maintained', *IF*, 29 August.

⁶⁶ George, S. (2011) 'AMIC 2011: Rushing to digital', *Screenhub*, 29 August.

Cinema has broadly prevailed as the preferred first release window for premium movies so far, as it did in the face of the earlier challenges of VHS and DVD. Exhibitors generally oppose day-and-date cinema and VOD releases and some will not screen movies that are available on VOD. But the larger number of movies being made and the high cost of theatrical release, may make this strategy seem attractive to independent filmmakers with small budgets. In Australia, however, this strategy would be less appealing because the Producer Offset tax incentive varies depending on the release platform. Feature films 'produced for exhibition to the public in cinemas' are eligible for a 40 per cent offset while features released on other platforms are eligible for 20 per cent.

Rain Man director Barry Levinson released his ecological thriller *The Bay* simultaneously in cinemas and on VOD in the US in late 2012. In November, the sister companies handling the theatrical and VOD releases of Richard Gere's *Arbitrage*, Roadside Attractions and Lions Gate Entertainment Corp, reported VOD sales, via the Internet and cable and satellite television, of about US\$11 million (projected US\$12 million) against US\$7.3 million at the box office (projected) US\$7.5 million. This beat the companies' previous release of *Margin Call*, which achieved VOD sales of about US\$6 million and a box office of US\$5.4 million. (NACO's Michael Hawkins points out that *Margin Call* only received a limited theatrical release because many exhibitors took a stand against simultaneous theatrical/PVod release and refused to play it: 'We can only speculate about how much better the theatrical release might have been had it gone wider. Equally, might it have performed as well as it did on PVod because of that limited theatrical release?'⁶⁷)

Where not that long ago, according to the *LA Times*, 'many filmmakers saw VOD releases the way a kid with a cavity sees the dentist: an admission that they could have done a better job', Levinson told the newspaper VOD distribution provided 'an economical end run around the traditional exhibition model, which excludes from movie theaters all but a fraction of finished films'. VOD and digital filmmaking together were 'probably the biggest revolution in the history of the movie business ... There's a huge change that's in the process of taking place.'⁶⁸

Distribution companies

Australia's theatrical distributors can be divided into four categories: majors, mini-majors, mini- and micro-distributors. This section uses those categories to analyze theatrical distribution in Australia from 1986-2010 in five-year periods. Broadly, it shows the durability of the major distributors, although they have rebranded and restructured themselves and their relationships, and the volatility of the enterprises in the other categories.

We allocate theatrical distributors into the four categories according to the largest number of films they released in any five-year period:

- *Majors*, generally, released 100 or more films in at least one of the five-year periods.
- *Mini-majors* released 50-99 films in at least one of the five-year periods.
- *Minis* released 20-49 films in at least one of the five-year periods.
- *Micros* released less than 20 films in all the five-year periods.

The table allocates films to the distributors attributed to them in the MPDAA database, with some important exceptions:

⁶⁷ Pers comm., 22 May 2013.

⁶⁸ Horn, J. (2012) 'Film studios starting to release video-on-demand sales figures', *Los Angeles Times*, 1 November.

- Where distributors have changed their names through acquisition (Hopscotch by Entertainment One – eOne – in 2011) or rebranding (Walt Disney Motion Picture Studios – ‘Disney’ – succeeding Buena Vista International in 2007), we have used the amalgams BVI/Disney, eOne/Hopscotch across all periods. Where the merger, reorganization or rebranding has been more complex, we have left films assigned to distributor as it was known at the time, and explain the change below.
- Joint ventures, partnerships and other kinds of relationships between two or more theatrical distributors are common. They help distributors to minimise the direct and indirect costs of distributing films by sharing personnel and administrative facilities. We have treated the main examples in the following ways:
 - UIP: a company jointly-owned by Paramount, Universal, MGM and United Artists, formed in 1981. Films are assigned to UIP until its break-up in 2007, after which they were released by and therefore assigned to Paramount or Universal, as identified by the MPDAA.
 - Roadshow and Warner Bros: Roadshow has distributed Warner Brothers films in Australia since 1971. Films are assigned to Roadshow or Warner Bros, as identified by the MPDAA.
 - Paramount and Transmission: Films are assigned to Transmission, including *The King's Speech*, *Beneath Hill 60*, *The Kings of Mykonos: Wog Boy 2*, *The Painted Veil*, *An Education*, *Charlie and Boots*, *Made in Dagenham* and *Broken Embraces*.
 - Paramount/Transmission/Footprint: Films are assigned to Footprint.
 - Roadshow/Hopscotch: Two films were theatrically released on a joint venture basis in 2009: one by Roadshow and one by Hopscotch.

The main changes are summarized below. More details about individual distributors are set out in the Appendix.

Majors

This term is commonly used and understood in the industry to apply to the companies that distribute movies produced by the major Hollywood studios. We have stretched our numerical definition to include Paramount and Universal, which were part of larger groups that satisfied the definition of ‘majors’ in at least one five-year period and Warner Bros because its share of total box office across the period, as shown below, makes it clearly and consistently a major distributor. We have also included Hoyts, because although not a Hollywood studio, it was by a large margin the most active distributor of movies in the second half of the 1980s, measured by number of films released.

The table shows the durability of the major distributors, but highlights their rebranding, restructuring and altered relationships: the rebranding of Columbia Tristar by Sony Pictures in 2005, long after it acquired them in 1989; Hoyts’ exit from distribution in the mid-1990s and return in the 2000s; the break-up of UIP in 2007. The table doesn’t show directly the important relationships between some of the majors, especially Roadshow’s relationship with Warner Bros throughout the period, or BVI/Disney’s shift from a similar relationship with Roadshow until 1998 to independent distribution of its films since then.

Mini-majors

The larger of the mini-major distributors have completely changed since the mid-1980s. Hopscotch, Madman and Eros did not exist at all; Dendy – purchased by Icon in 2008 and merged under its banner – and Palace were small. Filmpac, a film and video distributor half-owned by Tasmanian-based media group ENT Ltd,

collapsed in March 1990 and its film library was taken over by Roadshow International; GU merged its distribution business with Roadshow's in 1987; New Vision's Frank Cox co-founded one of the new mini-majors, Hopscotch, although he left the business in 2012; key people at Ronin went to Dendy and then founded Transmission, while Ronin ceased theatrical distribution to concentrate on non-theatrical.

Minis

The mini distributors have generally had even shorter lives than the mini-majors. Only Potential and Sharmill were active in all five periods plus IMAX in three of the five periods.

Micros

These are discussed in more detail on p 44.

Films released by major, mini-major and mini distributors, Australia, 1986–2010

	1986-1990	1991-1995	1996-2000	2001-2005	2006-2010
Majors					
BVI/Disney	56	88	99	151	73
CTS	98	110	172	114	
Fox	48	74	113	147	111
Hoyts	216	51		31	60
Paramount*					83
Roadshow	114	186	226	167	185
Sony Pictures				25	112
UIP	148	164	188	176	40
Universal*					69
WB*	74	73	59	53	51
Mini-majors					
Dendy	12	47	53	52	36
eOne/Hopscotch				33	76
Eros				10	63
Filmpac	69				
Greater Union	60	6		1	
Icon				43	94
Madman				28	71
New Vision	42	69	68	11	
Palace	11	38	56	59	35
Ronin	56	51	10	14	4
Minis					
CEL	27				
Globe Film Co		5	38	8	
Imax			43	35	26
MG				41	38
Mind Blowing Films					31
Orion	46	15			
Polygram			45		
Potential	2	23	37	33	20
Premium	13	39			
REP		43	42		
Rialto				40	45
Saini					20
Sharmill	6	12	8	20	21
Transmission					23

Source Analysis of MPDAA data.

Definitions

Majors: companies releasing 100 or more films in any period, plus some included because of the substantial share of box office they earned or because of an earlier or subsequent merger with a major (marked *).

Mini-majors: companies releasing 50-99 films in any period.

Minis: companies releasing 20-49 films in any period.

Top 20 distributors ranked by number of films released and box office, Australia, 1986–2012

Rank	Distributor	No. films released	% of total no. films	Rank	Distributor	Total box office (2012\$m)	% of total box office
1	Roadshow	927	12.3	1	UIP	3,958.8	17.5
2	UIP	716	9.5	2	Roadshow	3,206.1	14.2
3	Fox	528	7.0	3	BVI/Disney	3,183.1	14.1
4	BVI/Disney	486	6.4	4	Fox	2,942.6	13.0
5	CTS	494	6.5	5	WB	2,173.4	9.6
6	Hoyts	367	4.9	6	CTS	1,713.8	7.6
7	WB	334	4.4	7	Sony Pictures	919.8	4.1
8	Palace	209	2.8	8	Paramount	901.3	4.0
9	Dendy	200	2.7	9	Universal	684.4	3.0
10	New Vision	190	2.5	10	Hoyts	677.6	3.0
11	Sony Pictures	166	2.2	11	Icon	309.5	1.4
12	Icon	163	2.2	12	IMAX	200.7	0.9
13	Madman	137	1.8	13	REP	162.5	0.7
14	eOne/ Hopscotch	135	1.8	14	Polygram	160.4	0.7
	Ronin	135	1.8	15	Dendy	155.3	0.7
16	Potential	120	1.6	16	eOne/ Hopscotch	150.4	0.7
17	Paramount	113	1.5	17	Orion	134.1	0.6
18	IMAX	110	1.5	18	New Vision	126.6	0.6
19	Eros	100	1.3	19	Palace	122.8	0.5
20	Rialto	100	1.3	20	Ronin	74.3	0.3
In top 20 by box office				In top 20 by no. films released			
21	Universal	98	1.3	23	Madman	58.5	0.3
23	REP	85	1.1	24	Rialto	51.8	0.2
27	Orion	61	0.8	30	Potential	21.4	0.09
31	Polygram	45	0.6	35	Eros	12.6	0.06
<i>Others</i>		1,523	20.2	<i>Others</i>		469.8	2.1
Total		7,542	100.0	Total		22,571.4	100.0
Top 10		4,450	59.0	Top 10		20,344.2	90.1
Top 20		5,730	76.0	Top 20		21,957.3	97.3

Source Analysis of MPDAA data.

Notes Films released to 30 June 2012. Box office earned to 12 July 2012.

Includes the Top 20 Distributors by total number of films released and by total box office. Companies on one list but not the other have been added at the appropriate rank.

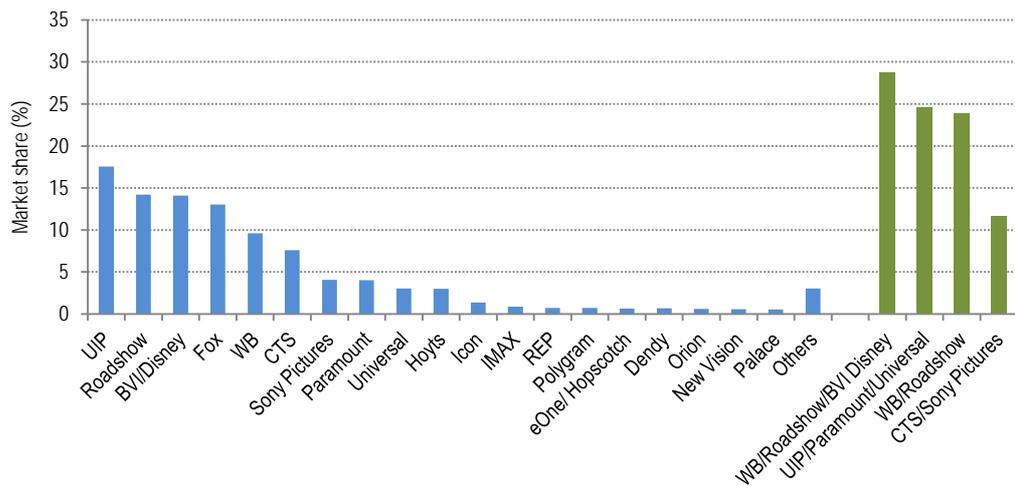
For further information about these companies, see Appendix.

The major distributors dominate the top of the lists of Top 20 distributors ranked by the number of films released or by box office earned, and they hugely dominate the share of box office earned over the whole period and in each five year period:

- Majors released 56.1 per cent of the films across the whole period 1986-2012 but earned 90.2 per cent of the box office. The Top 10 distributors earned 93-96 per cent of the box office in each five year period.
- UIP and the two main companies that comprised it until 2007, Paramount and Universal, released 12.3 per cent of the films over the whole period but took a quarter of the inflation-adjusted box office. This was just ahead of Roadshow/Warner Brothers' share: these two released 16.7 per cent of the films and took 23.8 per cent of the inflation-adjusted box office. Adding the share earned by BVI from 1988-98, the years when Roadshow handled its films as well, makes this combination the biggest of all, releasing 19.4 per cent of the films and earning 29 per cent of the box office over the whole period.

Mini-majors are much more prominent when ranked by their share of films released than by share of box office. Palace, Icon/Dendy, eOne/Hopscotch, Eros, Madman, New Vision and Ronin released 16.9 per cent of the films across the whole period but earned 4.5 per cent of the box office.

Distributors' market share as a proportion of inflation-adjusted gross box office, Australia, 1986–2012



Source Analysis of MPDAA data.

Notes Films released to 30 June 2012. Box office earned to 12 July 2012.

Columns in green represent the combined results of the listed companies. WB/Roadshow/BVI/Disney includes WB/Roadshow from 1986 to 2012 and BVI/Disney from 1988 to 1998.

Top 20 distributors by gross box office, five-year periods, Australia, 1986–2010

Rank	1986–1990			1991–1995			1996–2000		
	Distributor	Box office*	%	Distributor	Box office'	%	Distributor	Box office*	%
1	UIP	603.4	27.5	UIP	790.5	23.9	UIP	1,126.6	24.5
2	BVI/Disney	344.1	15.7	Roadshow	544.1	16.5	Roadshow	685.2	14.9
3	Hoyts	305.2	13.9	BVI/Disney	470.0	14.2	BVI/Disney	662.6	14.4
4	WB	256.3	11.7	WB	431.8	13.1	Fox	637.9	13.9
5	CTS	156.9	7.1	CTS	368.6	11.2	CTS	620.2	13.5
6	Fox	155.5	7.1	Fox	292.1	8.8	WB	331.8	7.2
7	Roadshow	114.4	5.2	REP	86.2	2.6	Polygram	160.4	3.5
8	Orion	76.9	3.5	Hoyts	84.8	2.6	IMAX	107.2	2.3
9	Greater Union	53.5	2.4	Orion	57.2	1.7	REP	76.2	1.7
10	Filmpac	38.0	1.7	Ronin	48.1	1.5	Dendy	51.1	1.1
11	New Vision	29.0	1.3	New Vision	46.2	1.4	New Vision	43.8	1.0
12	Carolco	23.1	1.1	Dendy	36.7	1.1	Palace	25.3	0.5
13	CEL	14.9	0.7	Palace	17.4	0.5	Globe	20.4	0.4
14	Ronin	8.1	0.4	Premium	9.4	0.3	Ronin	17.0	0.4
15	Premium	4.8	0.2	Greater Union	6.7	0.2	ABC Films	8.1	0.2
16	DEL	3.1	0.1	Potential	2.4	0.1	Potential	6.4	0.1
17	Vestron	1.9	0.1	HAYDEN	2.3	0.1	Pinefilm	5.5	0.1
18	Palace	1.8	0.1	Footprint	1.3	0.0	Sharmill	5.1	0.1
19	Dendy	1.4	0.1	Warren Miller	1.1	0.03	Beyond	3.2	0.1
20	Filmways	1.2	0.1	Magic Boot	1.1	0.03	Chapel	1.7	0.0
<i>Others</i>		1.4	0.1		4.2	0.1		6.9	0.1
Total		2,194.9			3,302.0			4,602.5	
Top 10 share			95.9			96.1			96.9

Rank	2001–2005			2006–2010		
	Distributor	Box office*	%	Distributor	Box office*	%
1	UIP	1,229.5	22.7	Fox	887.6	16.4
2	Roadshow	980.1	18.1	Roadshow	684.0	12.7
3	BVI/Disney	898.9	16.6	Paramount	671.1	12.4
4	Fox	712.8	13.1	Sony Pictures	647.7	12.0
5	CTS	568.2	10.5	BVI/Disney	602.0	11.1
6	WB	439.9	8.1	WB	505.2	9.4
7	Icon	106.6	2.0	Universal	466.7	8.6
8	Sony Pictures	103.2	1.9	UIP	208.7	3.9
9	IMAX	62.9	1.2	Hoyts	191.8	3.5
10	Hoyts	58.3	1.1	Icon	170.4	3.2
11	eOne/Hopscotch	57.1	1.1	eOne/ Hopscotch	66.8	1.2
12	Dendy	48.3	0.9	Transmission	59.5	1.1
13	Palace	45.5	0.8	Madman	42.9	0.8
14	Becker	23.6	0.4	Rialto	33.7	0.6
15	Rialto	11.7	0.2	Palace	28.2	0.5
16	Potential	9.2	0.2	IMAX	27.6	0.5
17	Sharmill	9.1	0.2	Dendy	17.9	0.3
18	Footprint	8.8	0.2	Magna	11.4	0.2
19	New Vision	7.7	0.1	Becker	9.7	0.2
20	Magna	7.2	0.1	Footprint	9.0	0.2
<i>Others</i>		38.3	0.7		60.4	1.1
Total		5,426.9			5,402.5	
Top 10 share			95.1			92.9

Source
Analysis of MPDAA data.

Notes

*Total box office in 2012\$m

Box office data is not available for 1,400 films released by 248 companies between 1986 and 2010. This means that performance for some distributors may be understated. For example, box office is not available for 112 titles distributed by Hoyts and 50 by Filmpac in the period 1986–1990. Most of the companies affected are small: 238 companies are missing box office for 15 or less films; of these 204 companies released only one film in the period.

The tables showing the numbers of films released and the box office earned by distributors in the different categories reveal that, over the period 1986–2010:

- The share of all films released by major and mini-major distributors was just under two-thirds at the beginning and end of the period, but increased to three-quarters in the middle. The share of the box office they earned grew steadily.
- The share of films released by mini distributors grew but the share of box office they earned fell.
- The share of films released by micro distributors fell, but that was because the number released by companies that released only a single film fell sharply: the numbers released by companies releasing 2–9 and 10–19 films were stable. The share of box office earned by films released by micros peaked at 3 per cent in the late 1990s, but fell back to just over 1 per cent in 2006–10.

Micro distributors – those releasing less than 20 films each in all the five-year periods – include companies such as Gil Scrine’s Antidote, Becker and Footprint. But of the 328 micros identified over the whole period, 80 per cent distributed only one film. Often, these were production companies distributing their own films. The number of one-film micros declined sharply from the late 1980s. In the five years 1986–90, there were 102 of them, 74 per cent of all companies that released films in that period. From 2006 to 2010 there were only 42 one-film micros, 41 per cent of all distribution companies. The decline is mainly caused by a fall in the number of overseas films being distributed by one-film micros. Few micros earn much at the box office – only 0.04 per cent of the total box office from 1986 to 2010. Two of the most successful titles were Avalon Films’ 2003 release *Liquid Bridge* and Intertropic’s 2002 *The Pact* which both earned 2012\$1.3m. Not all one-film micros are Australian.

Number of films released by categories of distributor, five-year periods, Australia, 1986–2010

	Number of films					Total	Proportion of films (%)					Total
	Micros		Minis	Mini-majors & Majors	Total		Micros		Minis	Mini-majors & Majors	Total	
	1 film	2-9					10-19	20-49				
1986-90	102	63	100	163	891	1319	7.7	4.8	7.6	12.4	67.6	100
1991-95	63	73	40	190	866	1232	5.1	5.9	3.2	15.4	70.3	100
1996-00	41	64	10	205	1034	1354	3.0	4.7	0.7	15.1	76.4	100
2001-05	32	71	115	329	919	1466	2.2	4.8	7.8	22.4	62.7	100
2006-10	42	139	63	335	1049	1628	2.6	8.5	3.9	20.6	64.4	100

Box office earned by categories of distributor, five-year periods, Australia, 1986–2010

	Box office earned (\$m)					Total	Share of total box office earned (%)					Total
	Micros		Minis	Mini-majors & Majors	Total		Micros		Minis	Mini-majors & Majors	Total	
	1 film	2-9					10-19	20-49				
1986-90	0.3	28.4	9.9	276.3	1,879.9	2,194.9	0.01	1.3	0.5	12.6	85.7	100
1991-95	1.6	14.1	58.1	152.1	3,076.1	3,302.0	0.05	0.4	1.8	4.6	93.2	100
1996-00	1.6	29.0	17.0	370.6	4,184.3	4,602.5	0.03	0.6	0.4	8.1	90.9	100
2001-05	4.3	28.9	44.6	425.9	4,923.2	5,426.9	0.08	0.5	0.8	7.8	90.7	100
2006-10	1.6	50.1	9.1	397.8	4,943.9	5,402.5	0.03	0.9	0.2	7.4	91.5	100

Source Analysis of MPDAA data.

Relationships between distribution and exhibition

A striking feature of the Multiplex Era has been the increased separation of ownership of theatrical distribution and exhibition.⁶⁹ This occurred in the 1950s in the United States, as a result of anti-trust regulation. In Australia, however it endured.⁷⁰ In the late-1980s, the biggest exhibitors were the busiest distributors, measured by numbers of films released. Hoyts distributed more films than any other distributor operating in Australia and Roadshow and Greater Union, together, were the second most active distribution group. (They are shown separately in the tables but combined their distribution businesses in 1987.) After the 2012 sale of Hoyts' distribution business to Studio Canal and the 2007 sale of Amalgamated/GU's half-share in Roadshow Distributors, the only one of Australia's four largest exhibitors with a substantial distribution business is Village Roadshow, which also controls a large production company.⁷¹

The situation is different for the two largest and some smaller art cinema chains. Palace, Icon/Dendy, the Amalgamated/Reading-controlled Rialto and Natalie Miller (owner of distributor Sharmill Films and joint managing partner of the Nova Cinema) all have distribution as well as exhibition interests.

To the extent that local exhibitors are mainly takers rather than makers of the highest-grossing movies, their revenues and profits, and indeed the structure of their offerings, can fluctuate widely according to the movies being produced. AHL reported a poor September quarter in 2012 but a much improved December quarter, mainly because of the performance of its exhibition business, driven by 'the standout performance of *Skyfall*, *The Twilight Saga: Breaking Dawn – Part 2* and *The Hobbit: An Unexpected Journey*'.⁷²

⁶⁹ The Prices Surveillance Authority noted as early as 1991 the trend for suburban multiplexes to obtain product from every distributor and screen virtually every new release: PSA (1991) *Inquiry into Cinema Admission Prices*, p 34.

⁷⁰ Smyth, T.M. (1976) Economic aspects of film and distribution in Australia, p 77. Australian Film Commission (1986) Film assistance: future options, p 27.

⁷¹ The NASDAQ-listed exhibitor Reading International formally acknowledges (Terms of Use 2013) the risks for exhibitors of this dependence on distributors and their movies. In the qualifications it makes to any 'forward-looking statements' in media releases and other company documents, it says: 'Among the factors that could cause actual results to differ materially from those expressed in or underlying our forward-looking statements are ...

- The number and attractiveness to movie goers of the films released in future periods;

- The amount of money spent by film distributors to promote their motion pictures;

- The licensing fees and terms required by film distributors from motion picture exhibitors in order to exhibit their films...'

⁷² AHL (2013) ASX Announcement, 21 February.

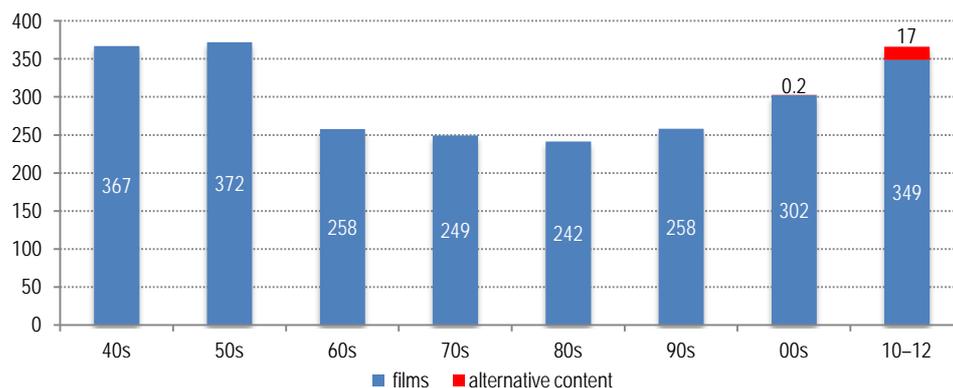
The films

How many films – the long view

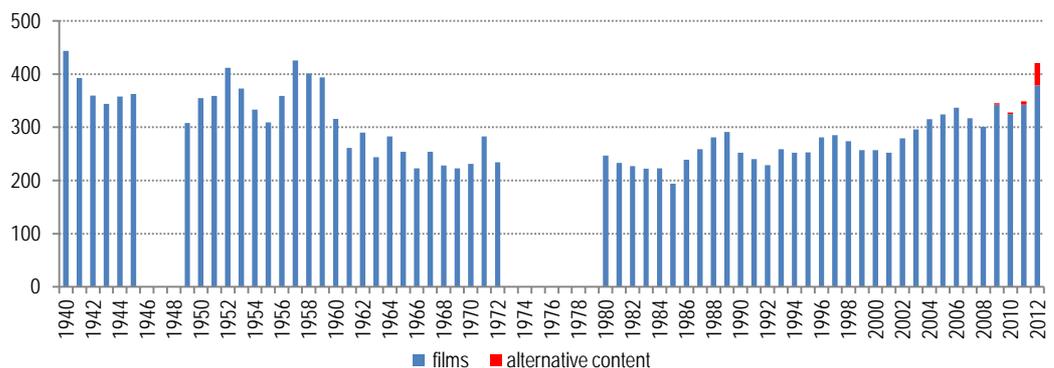
The number of films released commercially in Australian cinemas has grown through the Multiplex Era. The annual average in the three years 2010–2012 was around 40 per cent above the figure in the 1980s, although this was still just below the peaks of the 1940s and 50s before and during the early days of television. That means young Australians now get the chance to see more movies in cinemas than their parents, but not quite as many as their grand-parents.

From a low-point of just under 200 films released in 1984, between 230 and 290 films were released in Australian cinemas each year from 1985 to 2003. Since then, there have been more than 300 films titles released each year. In 2012, 379 films were released, the highest since 1959 when 394 films were released.⁷³ If the 42 ‘alternative content’ titles released and grossing at least \$1000 in 2012 are included, the total number of titles released increases to 421 titles.

Total films titles released in cinemas, Australia, 1940–2012 (annual average per decade)



Total titles released in cinemas, Australia, 1940–2012 (per year)



Source 1940 to 1954 Reid, J.H. (1996) *1,001 Nights at the Cinema*, p 17.
 1955 to 1972 Hodsdon, B. (1973) *The Australian film industry – a case study*, pp 127-128.
 1980 to 1983 MPDAA in AFC (1989) *Get the Picture*, 1st edn, p 65.
 1984 to 1992 MPDAA in Screen Australia (2012) Number of Australian and overseas films released in Australian cinemas.
 1993 to 2012 Analysis of MPDAA data 8th February 2013.

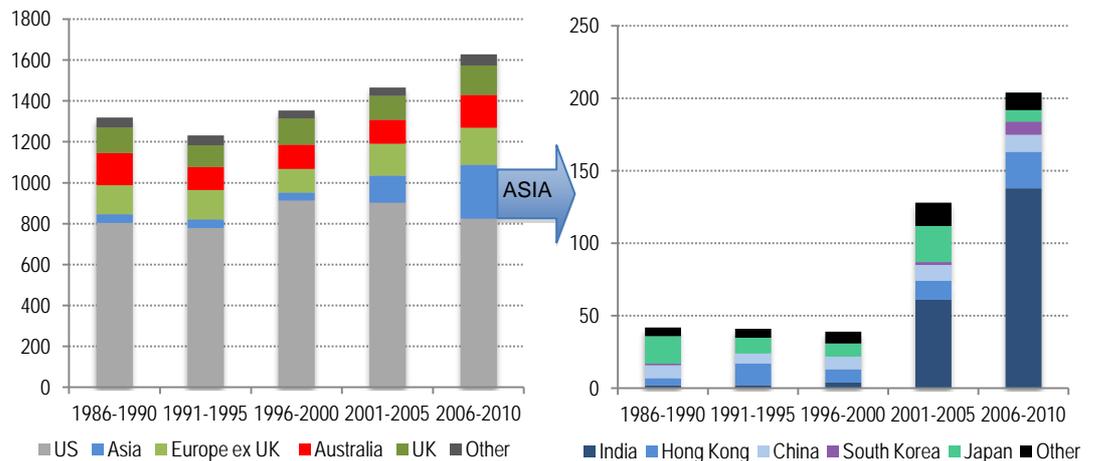
Notes Data for some decades is incomplete:
 1940s: 7 years only, 1939/40 to 1944/45; 1949/50.
 1970s: 3 years only, 1969/70 to 1971/72.
 1940-72 data is for financial years. From 1980, data is for calendar years.

⁷³ Data is not available for 1973-79 but the trends before and after make it very unlikely that the 1950s peaks were exceeded.

Where the films come from

Looking more closely at the Multiplex Era, the growing number of films released in Australian cinemas each year came from a wider range of places. The overwhelming share of the box office, however, continued to be taken by movies from the United States.

Number of films released theatrically in Australia by primary region of origin, five-year periods, 1986–2010



Source Analysis of MPDAA data.

The US has been by far the largest single source of supply of films to Australian cinemas throughout the Multiplex Era. It peaked in late 1990s, when two-thirds of the films released each year were from the US. The proportion of films from the US fell to around half in 2006-10. The Motion Picture Association of America (MPAA) reported that the number of films its members released around the world dropped 52 per cent from 2003 to 2012.⁷⁴ Asia, especially India, has been the major source of growth, followed by non-UK Europe.

Change in number of films released in cinemas by primary region of origin, Australia, 1985 and 2012

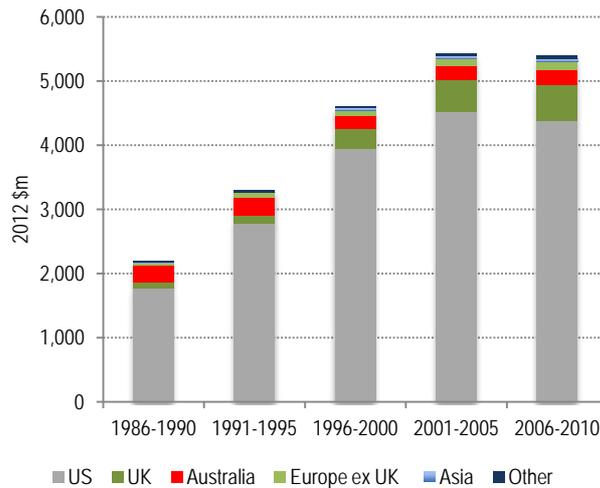
Year	US	Asia	Australia	UK	Other Europe	Other	Total
1985	136	2	17	25	9	5	194
2012	155	101	25	32	49	17	379
Change	+19	+99	+8	+7	+40	+12	+185

Source Analysis of MPDAA data.

The number and proportion of films from Australia rose then fell during the period but has now returned to its late-1980s level. From the annual peak of 39 (27 feature films, 11 documentaries, 1 short) at the end of the 10BA era in 1989, it fell as low as 14 in 1995, then returned to a new peak of 41 (36 features and 5 documentaries) in 2009 after the introduction of the refundable tax offset, a rebate for producers of Australian feature films, television and other projects.

⁷⁴ MPAA (2012) Theatrical Market Statistics 2012, p 120.

**Box office in Australia by primary region of origin,
five-year periods, 1986–2010 (2012\$m)**



	1986-1990	1991-1995	1996-2000	2001-2005	2006-2010	1986-2010
Asia	13.0	9.5	34.8	51.7	50.9	159.9
Australia	257.6	271.4	214.8	220.2	236.7	1,200.9
Europe excl UK	43.7	79.4	79.4	97.4	120.7	420.7
UK	95.2	139.9	305.7	508.2	560.4	1,609.4
US	1,765.9	2,770.3	3,942.8	4,516.2	4,381.7	17,377.0
Other	19.5	31.5	25.0	33.0	52.0	160.9
Total	2,194.9	3,302.0	4,602.5	5,426.9	5,402.5	20,928.8

Source Analysis of MPDAA data.

US films have earned an average of 84 per cent of the Australian box office throughout the period, reaching a peak of nearly 87 per cent in 1996–2000. The slight decline in the 2000s mainly reflects the rise of UK films, which more than doubled their share, principally because of the *Harry Potter* series. The MPDAA classifies the UK as the primary country of origin for the eight *Potter* films, like the British Film Institute, which calls them UK/US co-productions or ‘inward investment films’.⁷⁵ If their box office was allocated to the US instead, the US share of the Australian box office would be 87.4 per cent in 2001–05 and 85.4 per cent in 2006–10.

Despite the increase in the number of films from Asia and non-UK Europe, there has not been much change in the share of the box office they have earned. Australian films’ share of the local box office fell from its 1980s peak but stabilized and rose slightly in 2006–10.⁷⁶

⁷⁵ BFI (2011) BFI Statistical Yearbook 2011, p 18.

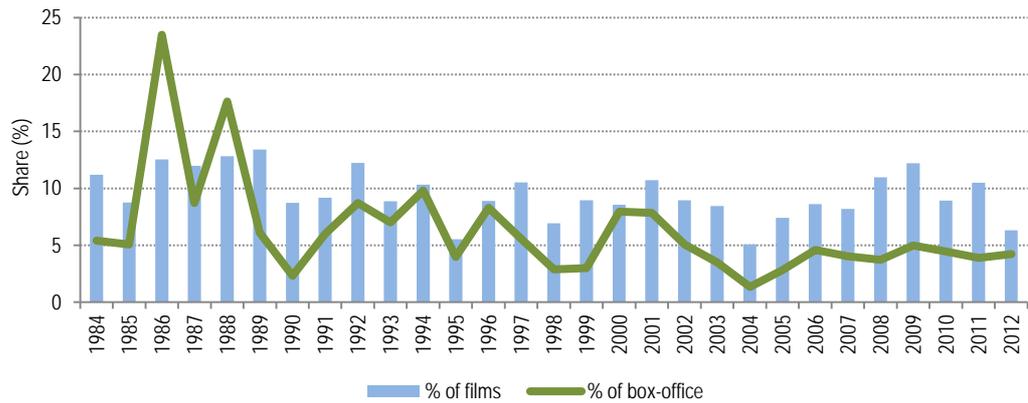
⁷⁶ Screen Australia found below-average grossing Australian features performed far better on television than their theatrical release would indicate: Screen Australia (2011) *Beyond the Box Office*.

Share of box office by primary region of origin, five-year periods, Australia, 1986–2010

	1986-1990	1991-1995	1996-2000	2001-2005	2006-2010	1986-2010
Asia	0.6%	0.3%	0.8%	1.0%	0.9%	0.8%
Australia	11.7%	8.2%	4.7%	4.1%	4.4%	5.7%
Europe excl UK	2.0%	2.4%	1.7%	1.8%	2.2%	2.0%
UK	4.3%	4.2%	6.6%	9.4%	10.4%	7.7%
US	80.5%	83.9%	85.7%	83.2%	81.1%	83.0%
Other	0.9%	1.0%	0.5%	0.6%	1.0%	0.8%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source Analysis of MPDAA data.

Australian films’ share of total films released and gross box office, 1984–2012



Source Analysis of MPDAA data.

Notes Results differ slightly to Screen Australia’s annually reported share of gross box office and total films released because of subsequent box office updates by the MPDAA and a small number of films recorded as US by the MPDAA: *Dark City*, *Africa’s Elephant Kingdom*, which Screen Australia records as Australian, and *Fortress* (1993) recorded as Australian by the MPDAA and US by Screen Australia. This analysis follows the MPDAA classifications.

Excludes alternative content titles.

The neighbours: New Zealand and Australia

The Australian and New Zealand audiovisual markets have increasingly integrated since the 1980s, but there are notable differences in the theatrical performance of New Zealand movies in Australian and New Zealand cinemas. Between 1986 and 2011, 41 New Zealand films were released theatrically in Australia, earning a total of \$57 million, in 2012 \$A. In each year since 1986, generally one to three films from New Zealand have been released theatrically in Australia, though it has been as high as five in 2006. A further six films with close connections to New Zealand have earned over \$10 million each in 2012 \$A – *The Lord of the Rings* trilogy, *The Chronicles of Narnia*, *King Kong* and *The Piano*. These were largely shot there, with extensive local crew, directed by locally-based or expatriate directors, with the involvement of local production companies.

The lists of Top 10 grossing New Zealand movies in Australian and New Zealand cinemas (unadjusted for inflation) contain seven films in common. The three films on the Australian list but not the New Zealand list, are more specialized titles – Jane Campion's *An Angel at my Table*, Peter Jackson's early film *Heavenly Creatures*, and Brad McGann's film *In My Father's Den*. The three films on the New Zealand list but not the Australian, are the 2006 *Sione's Wedding* and its 2012 sequel; *Second-Hand Wedding*; and the movie-of-the-TV-series, *Topp Twins*.

Top 10 grossing New Zealand films in New Zealand and Australia, 1986–2012

New Zealand					Australia				
Rank	Title	Year	Distributor	NZ\$m	Rank	Title	Year	Distributor	A\$m
1	Boy	2010	Transmission / Madman	9.2	1	Whale Rider	2003	BVI/ Disney	8.2
2	The World's Fastest Indian	2005	Beckers	7.0	2	The World's Fastest Indian	2006	Becker	6.6
3	Once Were Warriors	1994	Footprint	6.8	3	Once Were Warriors	1994	Dendy	6.1
4	Whale Rider	2003	Disney	6.4	4	Footrot Flats: The Dog's Tale	1987	Hoyts	4.3
5	Sione's Wedding	2006	South Pacific Pictures	4.1	5	What Becomes of the Broken Hearted?	1999	Polygram	3.2
6	What Becomes of the Broken Hearted?	1999	REP / Polygram	3.2	6	Boy	2010	Paramount	1.9
7	Footrot Flats: The Dog's Tale	1987	Endeavour	2.4	7	Heavenly Creatures	1995	BVI/Disney	1.9
8	Second-Hand Wedding	2008	Metropolis	1.9	8	An Angel At My Table	1990	Ronin	1.8
9	Topp Twins: Untouchable Girls	2009	Rialto Distribution	1.8	9	In My Father's Den	2004	Icon	0.9
10	Sione's 2: Unfinished Business	2012	Sony Pictures	1.8	10	Sione's Wedding	2006	BVI/Disney	0.5
<i>On Australian top 10 list</i>					<i>On New Zealand top 10 list</i>				
12	In My Father's Den	2004	Icon	1.5	20	Sione's 2: Unfinished Business	2012	Pinnacle Films	0.1
17	Heavenly Creatures	1994	Roadshow	1.0	22	Topp Twins: Untouchable Girls	2009	Rialto	0.1
[1]	An Angel At My Table	1990	Maynard	0.6	23	Second-Hand Wedding	2010	Potential	0.1

Source Analysis of MPDAA data; flicks.co.nz (2012); MPDANZ.

Notes Films released to 30 June 2012. Australian box office earned to 12 July 2012. NZ box office at July 2012. Peter Jackson's films *The Frighteners*, the *Lord of the Rings* series and *King Kong* are categorised as US films, adopting the New Zealand Film Commission's categorisation.

[1] Outside the Top 20 compiled by the New Zealand Film Commission published by www.flicks.co.nz.

Long films?

One very recent claimed ‘trend’, much discussed for the Academy Award–nominated films in early 2013, is towards longer movies. *Lincoln* was 150 minutes, *Les Misérables* and *Zero Dark Thirty* both 157 minutes, *Django Unchained* 165 minutes and *The Hobbit: An Unexpected Journey* 169 minutes. *Skyfall*, at 143 minutes, was the second-longest-ever Bond film; and only a minute shorter than *Casino Royale*, released in 2006. Ramin Setoodeh (who thought *Cloud Atlas*, at 172 minutes, felt more like 172 days) finds it explicable though counter-intuitive, in an era of short messaging and supposedly miniscule attention spans. As TV dramas have become more like blockbuster movies, he argues, movies have tried to compete by becoming even bigger. Multiplexes have made it possible to accommodate them. Bob Birchard, editor of the American Film Institute Catalog of Feature Films, told Setoodeh: ‘In the old days, exhibitors used to bitch and moan if the pictures were too long because they couldn’t get enough shows in a day. Now, if you’ve got a big picture, you can book it on multiple screens and show it every half hour without worrying how long the picture is.’ But Setoodeh also notes that it’s an old comment about award-winning movies, citing *Rolling Stone’s* Peter Travers:

Hollywood studios believe movies are weighed by the pound when it comes to Academy thinking. If it ain’t long, it ain’t winning. Stupid, I know, since *The Artist* and *The King’s Speech* weren’t long. But ever since *Gone with the Wind* and *Ben-Hur* and *Lawrence of Arabia*, continuing through *Titanic*, *Braveheart*, *Gladiator*, and *Lord of the Rings*, they think Oscar will not take any epic seriously if it’s under two hours.⁷⁷

It’s also an old claim about the key to commercial movie success, at least as old as *Gone with the Wind*, though no less credible for that. The Perth *Daily News* commented in 1940:

[*Gone with the Wind*] takes just under four hours to screen and so in itself is an exceptionally long programme. Some critics are contending that its success will usher in a new order of screen fare — a programme featuring one long-length film. Already there is talk of the production of other films on the lines of *Gone with the Wind*. That the one-film programme will ever supplant the present two-feature programme rule seems extremely unlikely.⁷⁸

A long tail?

Although more films from a wider range of places are now being released in Australian cinemas than at the beginning of the Multiplex Era, cinema, as measured by the MPDAA’s data, continues to be a blockbuster rather than a niche business.

In the mid-2000s, *Wired* editor Chris Anderson popularised the concept of the ‘Long Tail’.⁷⁹ He showed how online retailers were generating new supply economics, offering a wider range of physical and digital goods and services with reduced storage and transactions costs. Customers were buying a wider range of products using search engines and recommendation tools, pushing demand away from hit-driven blockbusters into a ‘long tail’.

⁷⁷ Setoodeh, R. (2012) ‘Why are 2012’s holiday movies so damn long?’, *The Daily Beast*, 17 December.

⁷⁸ ‘One-feature Bills’ (1940) *The Daily News* (Perth), 27 March, p 16.

⁷⁹ Anderson, C. (2006) *The Long Tail*.

Separate research conducted for the Spreading Fictions project has found no evidence of a 'long tail' emerging in Australian cinemas in the 2000s using MPDAA box office data. From 2002 to 2011:

- The top 20 releases each year generated an average of 44 per cent of total box office revenue.
- The top 40 releases generated an average of 63 per cent of revenue.
- The top 80 titles generated an average of 84 per cent of revenue.
- The 'tail', defined as the bottom half of titles, generated no more than two per cent of revenue.⁸⁰

Concluding that cinema is still a blockbuster business, according to analysis of the MPDAA's data, does not mean there are not significant long tail elements in the movie business, for two reasons. First, 'the cinema' is not 'the movies'. The movies do have a long tail – on DVD and now online – just not in commercial theatrical release. The scale of that tail in the future may pose a challenge for the blockbuster business of cinema.

Second, the MPDAA data captures films that receive individual commercial release, so it excludes most films screened in the large number of film festivals now held around the country. Attendance at the major festivals in the five state capital cities totaled nearly 380,000 in 2011 (190,000 in Melbourne and 110,000 in Sydney) including patrons who attend anything from a single session to the whole festival.⁸¹ TropFest claimed a live national audience of 150,000 in 2012, including the host site in Sydney and outdoor locations around the country linked by satellite.⁸² Kirsten Stevens identified more than 30 festivals in 2010 in the Melbourne metropolitan area alone. 'A decade into the 21st century, the film festival seems to have found its place, and seemingly its place is everywhere'.⁸³

MIFF has greatly increased the number of features screening in the festival through the Multiplex Era. Of the 252 screened in 2012, only a few were subsequently released theatrically or were revivals of older works.

Number of films screened at Melbourne International Film Festival, selected years

	1952	1980	1985	1990	1995	2000	2005	2010	2012
Features	8	73	79	71	100	166	276	215	252
Shorts	79	107	98	127	171	111	132	84	103

Source: MIFF (2012).⁸⁴

The increased number of titles is part of the changed role film festivals now play. According to former Adelaide Film Festival director Katrina Sedgwick (now Head of Arts at ABC TV):

Fifty years ago festivals were about bringing films that were rare and unattainable to a country that wouldn't ever see them otherwise. Now we've got such an absolute frenzy of content at our disposal that you don't know where to start, so what festivals do is find content for you. We curate, refine and select content for an audience. [The ultimate goal is] to create a critical

⁸⁰ McCutcheon, M. and Given, J. (forthcoming) 'Heads and tails: the long tail in Australian media'. Two different metrics are used in the article's analysis of cinema, DVD and book sales. For cinema, the results produced by the two metrics are similar and steady over the period.

⁸¹ Notable overseas film festival attendances include Berlin (485,000 in 2011), the Tribeca Film Festival in New York (410,000), Shanghai (260,000), São Paulo (250,000), the Festival Cinéma en plein air au Parc de la Villette in Paris (152,000), Istanbul (150,000), London (132,000) and Tokyo (121,000): BOP Consulting (2012) *World Cities Culture Report* (London: Mayor of London), p 126.

⁸² Tropfest (2013) 'Tropfest now free to air, partnering with SBS', media release, Sydney, 31 January.

⁸³ Stevens, K. (2011) 'Fighting the festival apocalypse' and see Barber, L. (2008) 'A Fistful of Festivals'.

⁸⁴ Known as the Melbourne Film Festival from 1952 to 1988.

mass of energy that mobilises an audience to take risks and see things they wouldn't normally see, and then provide a context for them to talk about.⁸⁵

This strategy is different from the general operations of art cinema multiplexes. Stevens says these cinemas 'rely on an audience of regular patrons who will attend their local cinema to watch the latest movies, but travel no further'. They 'provide easy access for patrons of all venues to a similar range of titles rather than providing a larger range of films to a citywide audience'. The 'event programming strategy' of festivals, by contrast:

allows for multiple titles to screen over a limited time and on limited screens, ensuring that a diverse range of cinema is available for a delocalised audience for the length of the celebrations ... The sense that a festival offers a temporary experience of cinema that is here one day and gone the next motivates not only local audiences but an increasing number of cultural event tourists to move beyond their own locality to access a diverse range of cinematic experiences.⁸⁶

The 'event programming' strategies of festivals may be different from the general operations of art cinemas but the two are closely related, because some festivals are run by the cinema chains, especially Palace. Some 'sleeper' films are received so well at their limited festival screenings that distributors decide they are worth commercial theatrical release.

⁸⁵ Gonzales, M. (2011) 'How big is your festival?', *Encore*, 1 June.

⁸⁶ Stevens, K. (2011) 'Fighting the festival apocalypse'.

The blockbusters

Cinema brings people together to share an experience in physical space. The Online Age promises individuals an almost infinite capacity to fragment their experiences in virtual space.

Exhibitors got this kind of competition first from television. The channel choices were limited but the impact was profound. When home video offered audiences even more viewing options plus control over scheduling, exhibitors overhauled their infrastructure, allowing them to offer a wider range of movies and session times at a single location. Now, as the Online Age delivers unparalleled choice and flexibility and home theatres offer large screens and surround sound, cinema's physical spaces are again threatened.

The architecture and cost of running limited physical spaces in popular precincts mean the content cinemas can offer will always be restricted. They will be able to offer an ever-decreasing portion of the content others have available. So the future of cinema is crucially tied to the ability of exhibitors and distributors to draw audiences to shared experiences. These need not all be 'blockbusters', but if audiences liberated from the constraints of limited choice do not often want to see the same films or alternative content, the economic fate of cinemas is perilous.

To test the durability of the old concept of the theatrical blockbuster, we explored the performance of the biggest films in Australia over a long period. The table 'Top 5 films in 5 year periods' sets out the major blockbusters of the two phases of the Multiplex Era – the top five grossing films in each of the five year periods. Several observations can be made. First, three films stand out even in this elite box office company, one in each decade: the first *Crocodile Dundee* in the 1980s, and James Cameron's *Titanic* in the 90s and *Avatar* in the 2000s. Break-out successes like this are hard to predict but they occur regularly enough that they cannot simply be treated as anomalies.

Second, although most of the biggest films of each period came from the US, and there is no Australian film since *Babe* in 1995, classifying the national origins of many is complicated. Cinema in the Online Age is not wholly made in America, though a good deal of its biggest blockbusters continue to be co-ordinated and financed there.⁸⁷ Principal photography and a lot of the CGI for *The Lord of the Rings* trilogy were done in New Zealand. The *Harry Potter* films were UK/US co-productions. Though not making the Top 5s, the second and third *Star Wars* prequels, *Episode II: Attack of the Clones* (in 2000) and *Episode III: Revenge of the Sith* (in 2003) were primarily shot at Fox Studios in Sydney. Screen NSW chief executive, Maureen Barron, says: 'An important feature for us is not just where a film is made but where it is developed and by whom, which is not always the same as the makers and place of making.'⁸⁸

⁸⁷ Miller, T. et al (2005) write: 'Los Angeles-New York culture and commerce dominate screen entertainment around the globe, either directly or as an implied other, and the dramatic success of US film since the First World War has been a model for its export of music, television, advertising, the Internet and sport': *Global Hollywood 2*, p 9.

⁸⁸ Pers comm., 28 March 2013.

Top 5 films in five-year periods, Australia, 1986–2010

	Title	Primary country of origin	Year of release	Distributor	Boxoffice		Admissions m	Opening day prints	
					\$m	2012\$m		no.	as % of total screens
1986-1990	Crocodile Dundee	Australia	1986	Hoyts	47.7	110.4	8.8	54	8.0
	Crocodile Dundee 2	Australia	1988	Hoyts	24.9	50.1	4.1	103	14.5
	Pretty Woman	USA	1990	BVI/Disney	26.2	45.6	4.0	67	7.9
	Fatal Attraction	USA	1987	UIP	18.3	36.8	3.0	53	8.2
	Ghost	USA	1990	UIP	21.3	36.7	3.2	91	10.7
1991-1995	Babe	Australia	1995	UIP	36.8	55.7	5.1	206	18.1
	Jurassic Park	USA	1993	UIP	33.0	54.2	4.7	192	20.2
	Forrest Gump	USA	1994	UIP	30.6	48.3	4.4	164	16.0
	The Lion King	USA	1994	BVI/Disney	31.8	48.3	4.2	123	12.0
	Mrs. Doubtfire	USA	1993	Fox	26.2	42.5	3.7	118	12.4
1996-2000	Titanic	USA	1997	Fox	65.0	93.1	8.0	227	16.0
	Star Wars: Episode I – The Phantom Menace	USA	1999	Fox	42.7	60.7	5.2	372	21.3
	Independence Day	USA	1996	Fox	29.5	44.3	4.1	351	28.1
	Gladiator	USA	2000	UIP	31.1	43.6	3.7	287	15.8
	The Sixth Sense	USA	1999	BVI/Disney	29.3	42.8	3.7	311	17.8
2001-2005	The Fellowship of the Ring	USA	2001	Roadshow	47.5	62.5	5.3	405	23.8
	Shrek 2	USA	2004	UIP	50.4	62.4	5.4	437	21.8
	The Return of the King	USA	2003	Roadshow	49.4	61.7	5.1	453	22.9
	The Two Towers	USA	2002	Roadshow	45.8	58.7	4.8	424	22.6
	Harry Potter and the Philosopher's Stone	UK	2001	WB	42.4	56.5	4.8	476	25.7
2006-2010	Avatar	USA	2009	Fox	115.6	121.7	9.6	588	29.6
	The Dark Knight	USA	2008	WB	46.1	50.3	4.1	434	21.9
	Pirates of the Caribbean: Dead Man's Chest	USA	2006	BVI/Disney	38.1	44.4	3.7	488	24.8
	Toy Story 3	USA	2010	BVI/Disney	42.4	44.2	3.5	466	23.4
	Harry Potter and the Deathly Hallows: Part 1	UK	2010	WB	42.3	44.0	3.4	609	30.5

Source Analysis of MPDAA data.

Notes Box office earned to 12 July 2012.
See Notes on Data for description of the process of estimating admissions.

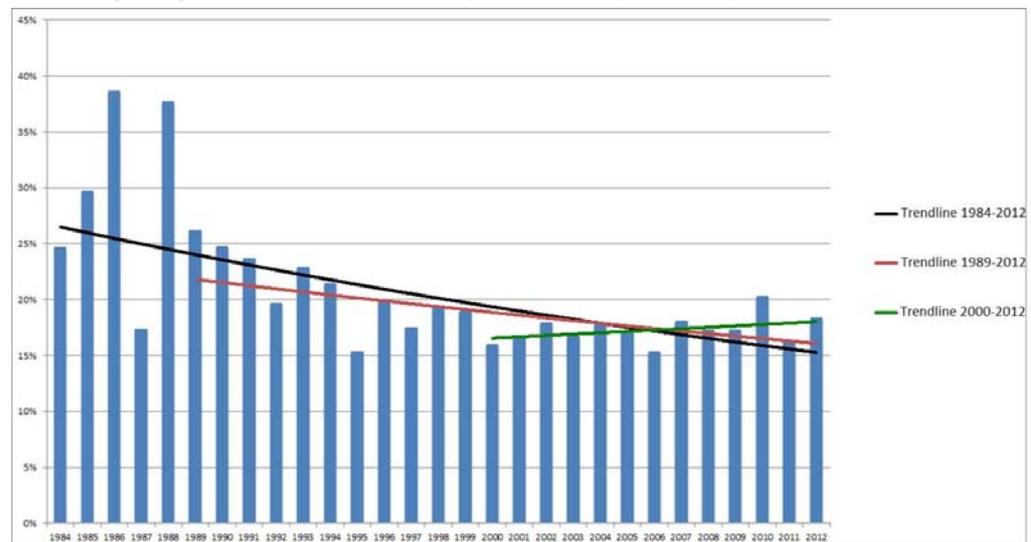
Third, the scale of the release of films rose dramatically through the era, measured by the number of prints available on opening day. The first *Crocodile Dundee* film, around the start of the suburban Multiplex Era, opened on 54 prints. The sequel two years later had twice that many. Two decades on, *Avatar* and the last *Harry Potter* film were released with around 10 times the number of opening day prints of the first *Crocodile Dundee*. This means that of the nearly 700 cinema

screens in Australia when *Dundee* was released, around one in twelve had a print of the big film. Of the nearly 2000 screens when the last Potter film was released, one in three had a print.

This shows clearly the distribution strategy of the Multiplex Era – a much larger number of screens and prints, enabling many more screening sessions of big titles, concentrating the advertising and box office earnings in a shorter theatrical window.

Paradoxically, although the Multiplex Era has been all about big films earning big box office fast, the share of the box office earned by the very biggest films – the Top 5 in each year – has fallen sharply since the 1980s. This is not because a substantial ‘Long Tail’ has emerged in the films receiving commercial release in Australian cinemas, as noted above. And it is not just because the share earned by the Top 5 has fallen from the high peaks of the two *Crocodile Dundees* at the start of the Multiplex Era, extraordinary though they were. (The box office gross earned by the first one is still twice the inflation-adjusted gross of the next biggest Australian films of all time, *Babe* and *The Man from Snowy River*.)

Percentage of gross box office earned by Top 5 films, Australia, 1984–2012



Source – Analysis of MPDAA data.

Notes – Films can earn revenue in more than one year. If all revenue for each film was allocated to the year of its release, the peaks would be more marked, especially when the biggest films were released at the end of a year: eg. 1997 (*Titanic* released 18 December) would increase from 17.5 per cent to 24.8 per cent; 2009 (*Avatar* released 17 December) would rise from 17.3 per cent to 24.4 per cent. 1986 (*Crocodile Dundee* released 24 April) would increase from 38.6 per cent to 46.4 per cent, showing the large share of the film's total gross that was earned more than eight months after its release at a time when the theatrical window was much longer.

The exponential trend line shows average compound growth through the time series. The exponent provides an estimate of the growth rate.

The share of the box office earned by the very biggest films – the Top 5 in each year – fell during the Multiplex Era because that era is also the age of home video and later DVD and online distribution, where the life of movies in cinemas is deliberately curtailed. Films don't stay in theatrical release for as long as there is money to be made there – even where box office earnings exceed the high cost of keeping the film running. Distributors move them through cinemas, on into these ancillary markets, making way for new first release titles at the box office. The very biggest movies still earn huge box office grosses, but, as a group, they generally don't stay long enough in cinemas to perform quite the way they once did.

South Pacific played for 179 weeks at the Hoyts Mayfair in Sydney after opening on Boxing Day in 1958; *The Sound of Music*, opening in 1965, played 140 weeks at the Liberty; *Crocodile Dundee* ran for 74 weeks at Hoyts George Street in 1986-

87⁸⁹. The only Australian cinema where the biggest movie since the 1980s, *Avatar*, lasted longer than 33 weeks was the IMAX venue in Sydney. It ran there for just under a year but had earned 86 per cent of its final gross by Week 20, according to Rentrak. At the Melbourne theatre where *Avatar* had its longest non-IMAX run, 97 per cent of the final gross was earned by Week 20.⁹⁰ (Notable exceptions include *As it is in Heaven*, which played for around two years at the Cremorne Haydn Orpheum in Sydney from 2006-08 and *Eternal Sunshine of the Spotless Mind*, which played for more than a year at Melbourne's Nova in 2004-05. In each case, the cinema kept screening the movie long after it was available on DVD.)

Michael Hawkins, executive director of NACO and former head of Australian Multiplex Cinemas, says:

I can recall numerous instances of having to take off solidly performing content only because I did not have enough screens to keep it on – even at 8 screen complexes. The next wave of blockbusters were coming through, and as many required multiple screens, there just weren't enough screens to allow a lot of movies to properly play out. My best recollection of a long tail was *The Full Monty*. It played for six months, right up to the day of video release. *Titanic* had a long run as well. That movie just kept on giving. I don't think it is completely correct to say that DVD release dates dictate the run of a movie. It is more a case of the law of the jungle – if a movie 'has legs', or is still performing, it will be kept on screen. If it doesn't, something else will replace it.⁹¹

AHL's Peter Cody says:

At most of our sites we have eight or more screens. We can accommodate films for as long as people want to come to see them. I think the shorter runs are more a by-product of the way the audience consumes movies and other experiences now. You've got to be there, be first, get in early, be part of the conversation. We are so attuned to being first! Films get released on lots of screens, there are lots of sessions, everything plays everywhere. The days when you could do a press release, then the review would come out in the weekend papers, word of mouth would start after the first weekend and the second weekend would be bigger ... It's a different world now.⁹²

Exhibitor/distributor Natalie Miller says:

There are too many films being released on too many screens, especially with digital, because they don't have to pay for 35mm prints anymore. *Life of Pi* went super wide [261 theatres (Rentrak) and 549 'prints' (MPDAA) on opening day]. They would never have gone that wide if they had had to pay for all those 35mm prints. It worked for that film. But then you go too wide and it can kill a film. You've got to know what you've got in the can.

We [Cinema Nova] try to hold onto films. We've got 15 screens so we can do it. *Silver Linings Playbook* came out in January this year and we're still playing it more than four months later. *Amour* [11 weeks], *The Intouchables* [21 weeks], *Argo* [26 weeks], they all had good runs ... I used to run a single screen, the Longford in South Yarra. We played *My Left Foot* and *Truly Madly*

⁸⁹ 'First in Todd-AO', (1958) *Sydney Morning Herald [SMH]*, 4 December, p 39. 'South Pacific: last 21 days' (1962) *SMH*, 12 May, p 23. (1965) 'Separations bridged by recordings', *SMH*, 1 April, p 28. Keavney, K. (1968) 'The Sound of Music: greatest film bonanza', *The Australian Women's Weekly*, 5 June, p 4. 'Advertisement' (1974) *SMH*, 5 April, p 32. 'Advertisement' (1975) *SMH*, 26 March, p 15. 'Advertisement' (1987) *Sun Herald*, 20 September, p 109.

⁹⁰ Rentrak (2013) 'Avatar: All Theatres Historical By Week report', Australia, 18 March.

⁹¹ Pers comm., 17 May 2013.

⁹² Pers comm., 22 May 2013.

Deeply for months, but they weren't available on so many other screens then.⁹³

Asked if she is comfortable about continuing to play a film at the Nova that has been released on DVD or iTunes, Miller says:

I wouldn't say comfortable. As a principle, we'd rather they weren't released if they are still earning at the cinema, but we will continue to play a film if the audience is still coming. We have done some exclusives [to Melbourne]: Joss Whedon's *The Cabin in the Woods*, *Margaret* ... If a film is showing on more screens, it's going to have a shorter run. If no-one else has got it, you hope you can keep it on longer.⁹⁴

Shorter theatrical runs have different impacts on the different parts of the cinema industry. Distributors and producers can be more agnostic about which release windows deliver them their returns; cinema exhibitors have everything riding on theatrical performance.

To investigate the differences between the biggest films of the Multiplex Era and those of the decades before it, we analysed the *Top 50 grossing films, 1984 to June 2012* and a *Selection of 50 high-grossing films, 1939 to 1983* – the MPDAA does not have complete data on all films from the earlier decades, including data on less than 3 per cent of all films released between 1940 and 1972.

The Top 10 Blockbusters

Selection of top grossing films 1939-1983			Top grossing films, 1984-June 2012	
Title	Box office (2012\$m)	Rank	Box office (2012\$m)	Title
<i>Gone with the Wind</i> (1940)	[1] 444	1	122	<i>Avatar</i> (2009)
<i>The Sound of Music</i> (1965)	155	2	110	<i>Crocodile Dundee</i> (1986)
<i>Star Wars</i> (1977)	102	3	93	<i>Titanic</i> (1997)
<i>E.T. the Extra-Terrestrial</i> (1982)	96	4	62	<i>The Fellowship of the Ring</i> (2001)
<i>The Sting</i> (1974)	90	5	62	<i>Shrek 2</i> (2004)
<i>Dr. Zhivago</i> (1966)	88	6	62	<i>The Return of the King</i> (2003)
<i>Jaws</i> (1975)	84	7	61	<i>Star Wars: Episode 1 – The Phantom Menace</i> (1999)
<i>My Fair Lady</i> (1964)	74	8	59	<i>The Two Towers</i> (2002)
<i>Grease</i> (1978)	72	9	57	<i>Harry Potter and the Philosopher's Stone</i> (2001)
<i>Mary Poppins</i> (1964)	69	10	56	<i>Babe</i> (1995)

[1] *Gone with the Wind*. See 'Box office, rentals, inflation and blockbusters – a note on the data', p. 60.

Comparing these two lists, we see that the very biggest individual films were generally bigger *before* the Multiplex Era:

- The biggest, *Gone with the Wind*, took nearly three times the inflation-adjusted box office of the biggest Multiplex Era movie, *Avatar*. Even using the most conservative assumptions explained in 'Box office, rentals, inflation and blockbusters – a note on the data',⁹⁵ *Gone with the Wind* still earned more than twice *Avatar* and more than three times *Titanic*.

⁹³ Pers comm., 3 June 2013.

⁹⁴ Pers comm., 3 June 2013.

⁹⁵ See p. 58.

- In 2012 dollars, eight pre-multiplex movies (that we know of) took more than \$70 million (compared with three Multiplex Era movies) and 13 took more than \$60 million (compared with six Multiplex Era movies).
- No. 20 of the selected pre-multiplex movies took \$53 million (*A Clockwork Orange*); No. 20 of the Multiplex Era movies took \$44 million (*Pirates of the Caribbean: Dead Man's Chest*).

But below the very biggest films, the Multiplex Era movies are bigger – although in drawing this conclusion, we must stress the limited coverage of films before the 1980s and especially before the 1970s:

- Below No. 25 on the two lists (*Raiders of the Lost Ark, Gladiator*), the box office for the Multiplex era movies starts getting bigger.
- By No. 50 – *Fatal Attraction* at \$37 million (2012\$m) earned around 15 per cent more than the pre-Multiplex *Oliver* (\$32 million).

We conclude that although there are now more big films, the very biggest individual films of the Multiplex Era are generally smaller *in cinemas* than those of the pre-Multiplex Era. That does not necessarily mean that less people see them, because there are now many more ways to see movies outside cinemas. But it does provide a clue to something crucial about the nature of storytelling in the cinemas of the Online Age.

Box office, rentals, inflation and blockbusters – a note on the data

Two important qualifications need to be made to inflation-adjusted box office earnings cited for older films. First, the MPDAA only began releasing lists of top films based on national gross box office earnings in 1989. In the 1980s, limited unranked reports based on weekly results in Sydney and Melbourne were available. Lists of the 'top films of all-time' were reported as 'gross rentals' up to the mid-1990s. 'Rental' is the amount paid by exhibitors to distributors for the hire of a film. In Australia, it is generally estimated to be about 35-40 per cent of a film's gross box office, although this varies according to the precise deal terms, the length of a film's run and many other factors.⁹⁶

When the MPDAA began reporting the gross box office of films, it created an historical series up to that time by estimating box office earnings of earlier films from their 'gross rentals', usually applying a rental rate of 35 per cent. This means that the box office earnings cited for most films released before 1983 are estimates. We believe the use of a standard rental rate of 35 per cent may particularly affect the estimates for the very highest-grossing films, including the stand-out *Gone with the Wind*, where higher rental rates are likely to have been set, especially for cinemas receiving first release prints. Figures as high as 70 per cent were reported at the time;⁹⁷ a later study found 52 per cent was charged for first release cinemas in Sydney for *The Sound of Music*.⁹⁸ If the actual average rental rate achieved for a particular film was higher than the assumed 35 per cent, the box office estimated from the rental would be lower. Even if these high rates were achieved in first release, it is very unlikely the same rental rates were charged for all cinemas across the films' entire runs over many years in country as well as city cinemas, so 35 per cent may well be a reasonable average.

The second factor affecting box office earnings is the length of time films were in release and the years to which earnings are allocated. This affects the adjustment for inflation. For example, *Gone with the Wind* was first released in Sydney in May 1940 but did not premiere in Albany, WA, until four years later. A widescreen version screened in Australia from 1954 to 1956, and one-off screenings are still occurring. Most of the earnings in the MPDAA data set are allocated to 1940 and 1941.

To assess the impact of these issues, we calculated estimates for *Gone with the Wind* under different scenarios with a higher rental rate and earnings spread over a longer period. Using an average rental of 52.5 per cent (midway between 35 per cent and 70 per cent), the inflation-adjusted box office falls from \$443.7m to \$296.2m in 2012\$m. Spreading earnings on a steadily reducing scale from 1941 to 1985, where the bulk of the earnings still occurs in the first few years, the inflation-adjusted box office falls from \$443.7m to \$425.1m in 2012\$m, or from \$296.2m to \$283.8m if the higher average rental rate is used. Even the lowest of these four estimates is still more than twice the 2012\$m inflation-adjusted earnings of the nearest Multiplex Era movie, *Avatar*, and more than three times *Titanic*'s.

⁹⁶ De Roos, N. and McKenzie, J. (2011) 'Cheap Tuesdays and the Demand for Cinema', p 4.

⁹⁷ 'Gone With The Wind was one picture exhibited on a percentage basis, 70 per cent, of the takings being asked. The Motion Picture Exhibitors' Association has a ceiling of 40 per cent, so the picture was screened only in the distributor's own theatres and by exhibitors outside the Association': Cannon, M. (1946) 'How Films Are Distributed', *Sydney Morning Herald*, 18 December Supplement: Playtime, p 4. Exhibitors 'were up in arms at the prospect of being required to pay from 50 per cent to 70 per cent of their gross takings as hire for three new films from the United States – *Gone With the Wind*, *Pinocchio* and *Gulliver's Travels*': 'Trailer' 1940 "'Gone With The Wind" may cost 70 per cent of takings', *Recorder* (Port Pirie, SA), 13 February, p 3.

⁹⁸ 'Hoys Theatres – Theatre summaries', quoted in Hodsdon, B. (1973), *The Australian film industry – a case study*, p 154.

Top 50 grossing films, 1984–2012 (June), Australia

Rank	Title	Country of origin	Release year	Distributor	Box office (\$m)	Box office (2012\$m)	Admissions (m) [1]
1	Avatar	USA	2009	Fox	115.6	121.7	9.5
2	Crocodile Dundee	Australia	1986	Hoyts	47.7	110.4	8.8
3	Titanic	USA	1997	Fox	65.0	93.1	8.0
4	The Fellowship of the Ring	USA	2001	Roadshow	47.5	62.5	5.3
5	Shrek 2	USA	2004	UIP	50.4	62.4	5.1
6	The Return of the King	USA	2003	Roadshow	49.4	61.7	5.0
7	Star Wars: Episode 1 – The Phantom Menace	USA	1999	Fox	42.7	60.7	5.2
8	The Two Towers	USA	2002	Roadshow	45.8	58.7	4.8
9	Harry Potter and the Philosopher's Stone	UK	2001	WB	42.4	56.5	4.8
10	Babe	Australia	1995	UIP	36.8	55.7	5.1
11	Jurassic Park	USA	1993	UIP	33.0	54.2	4.7
12	Avengers, The	USA	2012	BVI/Disney	53.3	53.3	4.1
13	Harry Potter and the Deathly Hallows: Pt 2	UK	2011	WB	52.6	53.1	4.1
14	The Dark Knight	USA	2008	WB	46.1	50.3	4.1
15	Crocodile Dundee 2	Australia	1988	Hoyts	24.9	50.1	4.1
16	Harry Potter and the Chamber Of Secrets	UK	2002	WB	37.4	48.5	4.1
17	Forrest Gump	USA	1994	UIP	30.6	48.3	4.3
18	The Lion King	USA	1994	BVI/Disney	31.8	48.3	4.2
19	Finding Nemo	USA	2003	BVI/Disney	37.4	47.4	3.9
20	Pretty Woman	USA	1990	BVI/Disney	26.2	45.6	4.0
21	Pirates of the Caribbean: Dead Man's Chest	USA	2006	BVI/Disney	38.1	44.4	3.7
22	Independence Day	USA	1996	Fox	29.5	44.3	4.1
23	Toy Story 3	USA	2010	BVI/Disney	42.4	44.2	3.5
24	Star Wars: Episode II – Attack of the Clones	USA	2002	Fox	33.9	44.1	3.7
25	Harry Potter and the Deathly Hallows: Pt 1	UK	2010	WB	42.3	44.0	3.4
26	Gladiator	USA	2000	UIP	31.1	43.6	3.7
27	Harry Potter and the Half Blood Prince	UK	2009	WB	40.6	43.6	3.4
28	Transformers: Revenge of the Fallen	USA	2009	Paramount	40.3	43.3	3.4
29	Ghostbusters	USA	1984	CTS	16.5	43.1	3.1
30	Shrek	USA	2001	UIP	32.1	43.1	3.7
31	Harry Potter and the Goblet of Fire	UK	2005	WB	35.8	43.0	3.6
32	The Sixth Sense	USA	1999	BVI/Disney	29.3	42.8	3.7
33	Star Wars: Ep. III – Revenge of the Sith	USA	2005	Fox	35.5	42.8	3.6
34	The Matrix Reloaded	USA	2003	Roadshow	33.6	42.6	3.5
35	Meet the Fockers	USA	2004	UIP	35.0	42.6	3.5
36	Mrs. Doubtfire	USA	1993	Fox	26.2	42.5	3.7
37	The Chronicles of Narnia: The Lion, The Witch and the Wardrobe	USA	2005	BVI/Disney	35.2	41.6	3.4
38	The Twilight Saga: New Moon	USA	2009	Hoyts	38.7	41.5	3.2
39	Harry Potter and the Prisoner of Azkaban	UK	2004	WB	33.1	41.1	3.3
40	Australia	Australia	2008	Fox	37.6	40.8	3.3
41	Harry Potter and the Order of the Phoenix	UK	2007	WB	35.6	40.5	3.4
42	Spider-Man	USA	2002	CTS	30.8	40.2	3.4
43	Alice in Wonderland	USA	2010	BVI/Disney	37.6	39.2	3.1
44	Shrek the Third	USA	2007	Paramount	33.7	38.4	3.2
45	Transformers: Dark of the Moon	USA	2011	Paramount	37.5	37.9	2.9
46	Pirates of the Caribbean: At World's End	USA	2007	BVI/Disney	33.0	37.6	3.1
47	Casino Royale	USA	2006	Sony Pictures	32.2	37.3	3.1
48	Moulin Rouge	Australia	2001	Fox	27.7	37.2	3.2
49	Inception	USA	2010	WB	35.7	37.2	2.9
50	Fatal Attraction	USA	1987	UIP	18.3	36.8	3.0

Source
Analysis of MPDAA data.

Notes

Films released to 30 June 2012. Box office earned to 12 July 2012.

[1] Admissions are not available directly. They have been estimated by dividing the gross box office per film by the average ticket price for the release period(s). See Notes on Data.

See 'Box office, rentals, inflation and blockbusters – a note on the data', p 60.

If ranked by admissions instead of inflation-adjusted box office, the following films would drop out of the top 50: *Alice in Wonderland*, *Fatal Attraction*, *Ghostbusters*, *Inception* and *Transformers: Dark Of The Moon*. The following films would be added: (no.41) *Twister* 3.2m, (no. 44) *Ghost* 3.17m, (no. 48) *The Full Monty* 3.078m, (no.49) *Strictly Ballroom* 3.074m, (no. 50) *Four Weddings and a Funeral* 3.067m.

Selection of top-grossing films, Australia, 1939–1983

Rank	Title	Country of origin	Release year	Distributor	Box office (\$m)	Box office (2012\$m)
1	Gone with the Wind [1]	USA	1940	UIP	13.0	443.7
2	The Sound of Music	USA	1965	Fox	13.0	155.2
3	Star Wars	USA	1977	Fox	29.6	102.1
4	E.T. The Extra-Terrestrial	USA	1982	UIP	33.8	95.5
5	The Sting	USA	1974	UIP	12.6	89.9
6	Dr. Zhivago	UK	1966	UIP	7.8	87.8
7	Jaws	USA	1975	UIP	13.6	84.2
8	My Fair Lady	USA	1964	WB	6.1	74.5
9	Grease	USA	1978	UIP	18.5	72.1
10	Mary Poppins	USA	1964	BVI/Disney	11.1	69.2
11	Towering Inferno	USA	1975	WB	11.3	68.1
12	South Pacific	USA	1958	Fox	4.7	64.7
13	Those Magnificent Men in their Flying Machines	UK	1965	Fox	5.2	61.7
20	A Clockwork Orange	UK	1972	WB	11.0	60.4
14	Ten Commandments	USA	1958	UIP	4.3	58.6
15	Ryan's Daughter	UK	1971	UIP	6.1	58.1
17	Ben Hur	USA	1959	UIP	4.5	57.4
16	Poseidon Adventure	USA	1973	Fox	7.2	57.1
18	The Pink Panther	USA	1964	UIP	4.6	57.0
19	The Man From Snowy River	Australia	1982	Hoyts	17.2	53.6
24	The Exorcist	USA	1974	WB	9.8	49.9
21	Fiddler on the Roof	UK	1971	UIP	4.8	46.7
22	Earthquake	USA	1974	UIP	6.7	45.9
23	Superman	USA	1978	WB	10.1	45.7
25	Raiders of the Lost Ark	USA	1981	UIP	13.9	44.9
39	The Empire Strikes Back	USA	1980	Fox	15.1	44.8
26	What's Up Doc	USA	1972	WB	4.9	43.4
27	Paint Your Wagon	USA	1970	UIP	4.2	42.3
29	Lawrence of Arabia	UK	1963	CTS	3.6	41.8
28	Butch Cassidy and the Sundance Kid	USA	1970	Fox	4.1	41.8
37	Return of the Jedi	USA	1983	Fox	16.2	40.9
30	Around the World in 80 Days	USA	1968	UIP	3.7	40.7
31	Gallipoli	Australia	1981	Roadshow	11.7	39.5
32	Alvin Purple	Australia	1973	Roadshow	4.7	39.3
33	Love Story	USA	1971	UIP	4.0	38.1
34	Tom Jones	UK	1964	UIP	3.0	37.7
35	It's a Mad Mad Mad World	USA	1971	UIP	3.9	37.2
36	Flying High	USA	1980	UIP	9.9	36.8
44	Papillon	USA	1974	CTS	5.4	36.6
38	Blazing Saddles	USA	1974	WB	5.3	35.9
40	Monty Python's Life of Brian	UK	1979	Greater Union	9.2	35.2
41	Cleopatra	USA	1963	Fox	2.7	34.6
42	Guess Who's Coming to Dinner	USA	1968	CTS	3.2	34.5
43	Mad Max 2	Australia	1981	WB	10.8	34.2
45	To Sir with Love	UK	1967	CTS	3.0	34.0
46	Saturday Night Fever	USA	1978	UIP	7.6	33.7
47	Bridge on the River Kwai	UK	1958	CTS	2.4	33.6
48	Kramer Vs. Kramer	USA	1980	CTS	8.8	33.3
49	Close Encounters of the Third Kind	USA	1978	CTS	7.5	32.7
50	Oliver	UK	1968	CTS	3.0	32.1

Source
Analysis of MPDAA data.

Notes:
Box office earned to 12
July 2012.

[1] See 'Box office,
rentals, inflation and
blockbusters – a note on
the data', p. 60.

Distributing Australian films

Roadshow tops the lists of distributors of Australian movies throughout the period from 1986 to 2012. It released around one in every nine of the roughly 700 Australian movies that made it into cinemas, and they earned 30 per cent of the total box office earned by those Australian movies. Ronin was the second-most active distributor by number of films released; its films were the fifth-highest grossing. Hoyts' prolific activity and success with the two *Crocodile Dundee*'s and *The Man from Snowy River* sequel at the start of the period were the main reasons it remained the second-highest grossing and third-most active distributor of Australian films between 1986 and 2012.

Top 20 distributors of Australian films, Australia, 1986–2012

Rank	Distributor	Total films	Proportion (%)	Rank	Distributor	Box office (2012\$m)	Proportion (%)
1	Roadshow	84	11.8	1	Roadshow	371.7	29.5
2	Ronin	60	8.4	2	Hoyts	227.6	18.0
3	Hoyts	52	7.3	3	Fox	118.1	9.4
4	Palace	39	5.5	4	UIP	117.4	9.3
5	UIP	30	4.2	5	Ronin	57.7	4.6
6	AFI	24	3.4	6	Palace	54.7	4.3
	Dendy	24	3.4	7	BVI/Disney	41.2	3.3
8	Icon	20	2.8	8	WB	38.8	3.1
9	eOne/Hopscotch	18	2.5	9	Icon	32.0	2.5
10	Fox	16	2.2	10	Footprint	20.4	1.6
	Madman	16	2.2	11	Madman	20.3	1.6
12	Greater Union	13	1.8	12	Becker	16.5	1.3
13	BVI/Disney	12	1.7	13	Transmission	16.3	1.3
	REP	12	1.7	14	Paramount	14.6	1.2
	Footprint	12	1.7	15	eOne/Hopscotch	14.4	1.1
16	Globe	11	1.5	16	Dendy	13.8	1.1
	New Vision	11	1.5	17	REP	13.0	1.0
	Transmission	11	1.5	18	Greater Union	10.0	0.8
19	Antidote	9	1.3	19	IMAX	9.7	0.8
20	Film Australia	7	1.0	20	New Vision	8.8	0.7
	Polygram	7	1.0				
In top 20 by box office				In top 20 by number films			
22	Becker	6	0.8	21	Globe	6.5	0.5
25	Imax	5	0.7	22	Polygram	6.3	0.5
31	Paramount	4	0.6	39	AFI	0.4	0.03
	WB	4	0.6	40	Film Australia	0.3	0.03
				43	Antidote	0.2	0.02
	<i>Others</i>	205	28.8		<i>Others</i>	31.1	2.5
	Total	712	100.0		Total	1,261.9	100.0
	Top 10	367	51.5		Top 10	1,073.7	85.1
	Top 20	488	68.5		Top 20	1,217.1	96.4

Source Analysis of MPDAA data.

Notes Films released to 30 June 2012. Box office earned to 12 July 2012.

Australian films co-distributed by Paramount, Transmission Films and Footprint Films are attributed to Footprint Films including *Balibo*, *My Year Without Sex*, *Samson & Delilah* and *Lucky Country* in 2009.

Titles co-distributed by Footprint Films with Dendy Films, *Romulus My Father*, *Three Dollars* and *Look Both Ways* are attributed to Footprint Films.

Films handled through the Paramount/Transmission partnership are attributed to Transmission eg *Beneath Hill 60*, *The Kings of Mykonos*: *Wog Boy 2*, *Charlie* and *Boots*.

Box office is not available for 108 Australian titles in this period: 62 feature films, 38 documentaries and 8 short dramas. The 62 feature films are mainly low-budget with limited release and so are unlikely to have a significant impact on the results per distributor.

The tables breaking the era down into five-year periods show the rise of Palace, Icon/Dendy/Globe, eOne/Hopscotch, Madman, Footprint, Antidote and Transmission, as distributors of the much larger number of Australian films released theatrically in the five years 2006-10 – roughly double the number in each of the previous three five-year periods. They also show the decline of Hoyts and Ronin, the disappearance of AFI Distribution, Filmpac, Film Australia, REP and others, and the reduced number of Australian films released by Roadshow in the 2000s.

Roadshow's fewer Australian releases still grossed more than any other distributor's in the 2000s. Titles like *Happy Feet*, *Mao's Last Dancer*, *Crackerjack* and *Bran Nue Dae* kept its combined total for 2001-10 ahead of Fox's, which released Baz Luhrmann's *Australia* and *Moulin Rouge*. Roadshow also released three of the top four most successful Australian films in 2011 and 2012 *Red Dog*, *Happy Feet 2* and *Kath and Kimbderella*. In the 1990s, Roadshow dominated the distribution of Australian movies with hits like *Priscilla Queen of the Desert*, *Muriel's Wedding*, *The Castle*, *Green Card* and *Lightning Jack*. Other distributors had success with the two *Babe* films (UIP), *Strictly Ballroom* and *Shine* (Ronin) and *The Piano* (BVI/Disney, through Roadshow, its Australian partner at the time). In 2000, *The Dish* and *Looking for Alibrandi* were big successes for Roadshow and *Wog Boy* for Fox.

Of the top grossing Australian movies since 1966, 30 were released in the Multiplex Era, the 27 years from 1986 to June, 2012, and 20 in the two decades 1966-85.⁹⁹

⁹⁹ 285 Australian feature films were made between 1966/67 and 1984/85 and 787 between 1985/86 and 2011/12. Source: Pike, A. and Cooper, R. (1998) *Australian Film 1900–1977* and Screen Australia (2012) 'Features: Australian production summary'.

Top distributors of Australian films by total films, Australia (five-year periods), 1986–2010

1986–1990				1991–1995			1996–2000		
Rank	Distributor	no.	%	Distributor	no.	%	Distributor	no.	%
1	Hoyts	31	19.6	Roadshow	24	21.2	Roadshow	23	19.3
2	Ronin	24	15.2	Ronin	20	17.7	UIP	16	13.4
3	AFI	15	9.5	Hoyts	7	6.2	Palace	9	7.6
4	Greater Union	12	7.6	UIP	7	6.2	Fox	8	6.7
5	Roadshow	8	5.1	AFI	6	5.3	Globe	8	6.7
6	Filmpac	6	3.8	Film Australia	5	4.4	REP	7	5.9
7	Yoram Gross	4	2.5	REP	5	4.4	Polygram	7	5.9
8	CEL	3	1.9	Beyond	4	3.5	New Vision	5	4.2
9	Filmways	3	1.9	Dendy	2	1.8	Ronin	4	3.4
10	WB	3	1.9	New Vision	2	1.8	AFI	3	2.5
11	Capricorn	2	1.3	BVI/Disney	2	1.8	Dendy	3	2.5
12	Dendy	2	1.3	CTS	2	1.8	CTS	2	1.7
13	Film Australia	2	1.3	Fatal Vision	2	1.8	Carrington Road	2	1.7
14	New Vision	2	1.3	Palace	2	1.8	Footprint	2	1.7
15	Tofu	2	1.3	Premium	2	1.8	Potential	2	1.7
16	UIP	2	1.3				IMAX	2	1.7
17	Valhalla	2	1.3				Sharmill	2	1.7
	<i>Others</i>	35	22.2		21	18.6		18	15.1
	Total	158	100		113	100		119	100

		2001–2005		2006–2010		
Rank	Distributor	no.	%	Distributor	no.	%
1	Palace	15	12.8	Icon	14	8.8
2	Roadshow	12	10.3	Palace	13	8.1
3	Dendy	9	7.7	Roadshow	12	7.5
4	Ronin	8	6.8	eOne/ Hopscotch	11	6.9
5	Hoyts	8	6.8	Madman	11	6.9
6	UIP	5	4.3	Dendy	8	5.0
7	Fox	5	4.3	Footprint	5	3.1
8	eOne/ Hopscotch	5	4.3	Antidote	5	3.1
9	Footprint	4	3.4	Transmission	5	3.1
10	BVI/Disney	4	3.4	Ronin	4	2.5
11	Becker	4	3.4	Hoyts	4	2.5
12	Icon	4	3.4	BVI/Disney	4	2.5
13	IMAX	3	2.6	AFS	4	2.5
14	Sharmill	3	2.6	Paramount	3	1.9
15	New Vision	2	1.7	Fox	3	1.9
16	Globe	2	1.7	Pack Screen	3	1.9
17	Antidote	2	1.7	Titan View	3	1.9
18				Sony Pictures	2	1.3
19				Filmways	2	1.3
				A.I. Ent.	2	1.3
				Jump	2	1.3
	<i>Others</i>	22	18.8		40	25.0
	Total	117	100		160	100

Source: Analysis of MPDAA data.

Note: Includes distributors releasing 2 or more Australian films in each 5 year period.

Top distributors of Australian films by total box office, Australia, five-year periods, 1986–2010

Rank	1986–1990			1991–1995			1996–2000		
	Distributor	Box office 2012\$m %		Distributor	Box office 2012\$m %		Distributor	Box office 2012\$m %	
1	Hoyts	198.3	77.0	Roadshow	128.2	47.2	Roadshow	83.2	38.7
2	WB	36.0	14.0	UIP	63.4	23.4	Fox	29.7	13.8
3	Greater Union	9.8	3.8	Ronin	38.2	14.1	UIP	24.1	11.2
4	CEL	3.2	1.2	BVI/Disney	22.9	8.4	Ronin	16.8	7.8
5	Roadshow	2.8	1.1	Hoyts	8.6	3.2	Palace	12.5	5.8
6	UIP	2.4	1.0	WB	2.8	1.0	REP	10.6	4.9
7	Ronin	2.1	0.8	REP	2.4	0.9	IMAX	8.2	3.8
8	Filmways	1.2	0.5	Dendy	1.4	0.5	New Vision	7.0	3.2
9	New Vision	0.6	0.2	Footprint	1.3	0.5	Polygram	6.3	2.9
10				Premium	0.7	0.3	Globe	5.2	2.4
11							BVI/Disney	3.8	1.8
12							Sharmill	3.4	1.6
13							CTS	3.3	1.5
14							Footprint	1.3	0.6
15							Dendy	1.2	0.6
16							Niche	0.7	0.3
	<i>Others</i>	1.2	0.5		1.4	0.5		1.0	0.5
	Total	257.6	100	Total	271.4	100	Total	218.2	100

Rank	2001–2005			2006–2010		
	Distributor	Box office 2012\$m %		Distributor	Box office 2012\$m %	
1	Fox	45.5	20.7	Roadshow	83.7	35.3
2	Roadshow	37.2	16.9	Fox	43.0	18.2
3	Palace	27.6	12.6	Madman	17.8	7.5
4	UIP	27.5	12.5	Icon	16.1	6.8
5	Hoyts	16.7	7.6	Palace	14.6	6.2
6	Becker	16.1	7.3	Paramount	14.5	6.1
7	BVI/Disney	12.1	5.5	Transmission	13.2	5.6
8	Footprint	8.8	4.0	eOne/Hopscotch	9.2	3.9
9	Icon	6.4	2.9	Footprint	9.0	3.8
10	Dendy	6.1	2.8	Dendy	4.8	2.0
11	eOne/Hopscotch	3.6	1.6	Hoyts	3.5	1.5
12	Sony Pictures	2.7	1.2	Sony Pictures	2.0	0.8
13	Magna	1.9	0.9	BVI/Disney	1.7	0.7
14	IMAX	1.5	0.7	AFS	1.1	0.4
15	Intertropic	1.3	0.6	Titan View	0.5	0.2
16	Avalon	1.3	0.6			
17	Globe	1.2	0.6			
18	New Vision	0.9	0.4			
19	Ronin	0.6	0.3			
	<i>Others</i>	1.3	0.6		2.1	0.9
	Total	220.2	100	Total	236.7	100

Source Analysis of MPDAA data.

Notes Includes companies distributing Australian films that grossed \$0.5m or more in each 5 year period.

Box office is not available for 108 Australian titles in this period: 62 feature films, 38 documentaries and 8 short dramas. The 62 feature films are mainly low-budget with limited release and so unlikely to have significant impact on the results per distributor.

Top 50 grossing Australian films, 1966 to June 2012

Rank	Title	Year	Distributor	Box office (\$m)	Box office (2012\$m)
1	Crocodile Dundee	1986	Hoyts	47.7	110.4
2	Babe	1995	UIP	36.8	55.7
3	The Man from Snowy River	1982	Hoyts	17.2	53.6
4	Crocodile Dundee 2	1988	Hoyts	24.9	50.1
5	Australia	2008	Fox	37.6	40.8
6	Gallipoli	1981	Roadshow	11.7	39.5
7	Alvin Purple	1973	Roadshow	4.7	39.3
8	Moulin Rouge	2001	Fox	27.7	37.2
9	Happy Feet	2006	Roadshow	31.8	36.5
10	Strictly Ballroom	1992	Ronin	21.8	36.3
11	Mad Max 2	1981	WB	10.8	34.2
12	Picnic at Hanging Rock	1975	Greater Union	5.2	32.1
13	They're a Weird Mob	1966	Greater Union	2.4	28.0
14	The Adventures of Priscilla: Queen of the Desert	1994	Roadshow	16.5	26.4
15	Phar Lap	1983	Hoyts	9.3	26.1
16	Young Einstein	1988	WB	13.4	25.5
17	Muriel's Wedding	1994	Roadshow	15.8	25.3
18	The Dish	2000	Roadshow	18.0	25.2
19	Red Dog	2011	Roadshow	21.3	21.5
20	Mad Max	1979	Roadshow	5.4	21.0
21	The Piano	1993	BVI/Disney	11.2	18.4
22	Green Card (Australia/France)	1991	Roadshow	10.6	17.9
23	Breaker Morant	1980	Roadshow	4.7	17.6
24	Mao's Last Dancer	2009	Roadshow/Hopscotch	15.4	16.5
25	Lantana	2001	Palace	12.3	16.4
26	The Wog Boy	2000	Fox	11.4	16.0
27	The Castle	1997	Roadshow	10.3	15.5
28	Shine	1996	Ronin	10.2	15.3
29	Caddie	1976	Roadshow	2.8	15.1
30	The Man from Snowy River 2	1988	Hoyts	7.4	14.9
31	Storm Boy	1976	Roadshow	2.6	14.2
32	Tomorrow When the War Began	2010	Paramount	13.5	14.1
33	Alvin Rides Again	1974	Roadshow	1.9	13.6
34	Puberty Blues	1981	Roadshow	3.9	13.5
35	My Brilliant Career	1979	Greater Union	3.1	11.9
36	Looking for Alibrandi	2000	Roadshow	8.3	11.6
37	Babe: Pig in the City	1998	UIP	7.8	11.5
38	The Man Who Sued God	2001	BVI/Disney	8.5	11.5
39	Stone	1974	Greater Union	1.6	11.4
40	Crackerjack	2002	Roadshow	8.6	11.2
41	Mad Max Beyond Thunderdome	1985	WB	4.3	10.9
42	Happy Feet 2	2011	Roadshow	10.7	10.7
43	Ned Kelly	2003	UIP	8.4	10.6
44	Crocodile Dundee in L.A.	2001	UIP	7.8	10.4
45	Age of Consent	1969	CTS	1.0	10.4
46	Lightning Jack	1994	Roadshow	6.4	10.4
47	Barry Mckenzie Holds His Own	1974	Roadshow	1.4	10.2
48	Rabbit Proof Fence	2002	Becker	7.6	9.9
49	Petersen	1974	Roadshow	1.4	9.8
50	We of the Never Never	1982	Hoyts	3.1	9.7

Source Analysis of MPDAA data.

Note Films released to 30 June 2012. Box office earned to 12 July 2012.

Franchise films

The larger research project that this report forms part of, 'Spreading Fictions: Distributing Stories in the Online Age', asks a central question: 'How do Australians get their audiovisual stories and how might they get them in the future?' Even if the very biggest individual films of the Multiplex Era are generally smaller *in cinemas* than those of the pre-Multiplex Era, it might not mean that the 'story worlds' of the multiplex and online eras are smaller, because so many of the biggest films are parts of film series or 'franchises': *Harry Potter*, *Star Wars*, *Shrek* and *The Lord of the Rings*.

The concept of the series or franchise is widely used, although definitions of it vary. Arguing that the term franchise is used 'rather loosely', Kristin Thompson says:

Essentially it means a movie that spawns additional revenue streams beyond what it earns from its various forms of distribution, primarily theatrical, video and television. These streams may come from sequels and series or from the production company licensing other firms to make ancillary products: action figures, video games, coffee mugs, T-shirts, and the hundreds of other items that licensees conceive of. In the ideal franchise, they come from both.¹⁰⁰

Karen Krizanovich emphasizes the serial nature of film franchises:

As a word originally applied to fashion, fast food chains and sports teams, franchise applies to a series of films based on the same Underlying Material, produced in chronological story order or with a reference to that order; to events or characters in the previous instalment(s). A franchise can include remakes, prequels and sequels, as well as other terms (trilogy, series, episodes, etc).¹⁰¹

Linden Dalecki too stresses the sequel element:

In Hollywood parlance a franchise film is any film title that is itself a sequel, or a title that has one or more sequels that follow from it—obviously, sequels are at the core of that which constitutes a film franchise.¹⁰²

To explore the franchise concept, we calculated and inflation-adjusted the combined grosses for the most successful film series or franchises at the Australian box office.¹⁰³ For this analysis, we defined a franchise as:

A series of films produced from the same underlying material by the same or a related production entity and/or under licence from the holder of rights in the underlying material. Underlying material means narrative, characters and/or milieu.

As well as series that tell a continuous narrative like the Potter, Rings and Star Wars movies, this definition includes remakes and 'reboots'¹⁰⁴ undertaken by the same or a related production entity, and films that are narratively discrete but based around a single character or group of characters (eg. James Bond, Batman, Crocodile Dundee). It does not include groups of films that originate in

¹⁰⁰ Thompson, K. (2007) *The Frodo Franchise*, p 4.

¹⁰¹ Krizanovich, K. (2010) 'The Reboot: Franchise Rejuvenation in the Film-Product Life Cycle', p 15.

¹⁰² Dalecki, L. (2008) 'Hollywood Media Synergy as IMC', p 48.

¹⁰³ Box Office Mojo (boxofficemojo.com) and The Numbers (thenumbers.com) were used to assist in identifying franchises and the films that comprise them.

¹⁰⁴ Krizanovich defines a 'reboot' as 'a film product renewed primarily by changing two factors recognisable to the audience: actor/character and ... tone. This design strategy allows the audience to enjoy a story/character/concept with which they are already familiar and to positively anticipate the novelty of new elements embedded within.' She argues that a 'reboot' is not just a 'remake' but 'a film product which retains some elements while jettisoning others, yet one which remains identified with the same creative concept of its parent property': 'The reboot', p 10.

related underlying material (eg. movies of Shakespeare's plays or Jane Austen's novels, or films made by Merchant Ivory).

The complexity of the definition highlights the fact that the idea behind franchises is not new. Kristin Thompson likens the creative borrowing and repetition they involve to the 'air with variations' genre in classical music, the exquisite but formulaic reliefs carved on the walls of Egyptian tombs and the multiple versions of compositions painted by assistants in the studios of Rubens and Rembrandt.¹⁰⁵ Motion picture producers have long understood the benefits of building brands that identify and familiarize 'new' products and shape their reception. Walt Disney's animated features of Felix the Cat and Mickey Mouse in the 1920s and 30s were a kind of franchise, regularly produced, released and re-released complete with matching merchandise. Studios with proud names like Pathé, MGM, Twentieth Century Fox and Warner Brothers or, much later, Pixar, were themselves franchises. They signed stars – another kind of franchise – to multi-picture contracts. Directors from Renoir, Ray and Kurosawa to Woody Allen and Jane Campion created an on-going identity and demand for their new work that outlasted the golden age of studio brands. By drawing on material made familiar in other media – books (*Gone with the Wind*), musicals (*South Pacific*), plays (*My Fair Lady*) or real life (Titanic) – even one-off films could be a kind of franchise.

Early Australian film series included 'The Hayseeds' and 'Dad and Dave' movies. Six silent and one sound Hayseeds films were made between 1917 and 1933, drawing on Steele Rudd's 1895 stories, popularised on stage by Bert Bailey from as early as 1912, and another series of books about a rural family, 'The Waybacks'. Rudd's characters Dad and Dave appeared in a silent movie in 1920, four Cinesound comedies produced between 1932 and 1940, a 14-part TV series *Snake Gully With Dad 'n' Dave* produced by ATN7 Sydney in 1972, and a feature film starring Leo McKern and Dame Joan Sutherland in 1995. The classic bushranger novel *Robbery under Arms* was made into a movie four times (1907, 1911, 1920, 1957) before a TV series and another feature film were made in 1985; a silent *The Man from Snowy River* was made in 1920 and a TV series in the 1990s, as well as the blockbuster movie and sequel in the 1980s.¹⁰⁶ Films sometimes feed subsequent adaptations such as the musicals *Priscilla, Queen of the Desert* and *Chitty Chitty Bang Bang*.

But while the concept of franchises, sequels and serials is old, two things seem distinctive about the film franchises of the 21st century: first, the scale of their commercial success; and second, the decision to produce them *as franchises or packages of films*, rather than one-by-one.

Commercial performance of franchises

The table *Top grossing films and film franchises, 1939 to June 2012, Australia* shows that, of the top 30 grossing franchises in Australia across the five decades for which the MPDAA holds box office data (using inflation-adjusted data), 11 only started in the 2000s, including three of the top five – *Harry Potter*, *Shrek* and *The Lord of the Rings*. Six started in each of the 1990s and 1970s, five in the 1980s and two in the 1960s. The king of franchises, *James Bond*, has grossed nearly 40 per cent more than *Harry Potter*, but it has taken three times as many films to do it. Ranking the franchises by their average box office gross per film, half of the top 10 are series that started in 1999 (*The Matrix*) or later. Of the \$3.4 billion (at 2012 prices) earned by the top twenty franchises, more than half has been earned in the 2000s.

¹⁰⁵ Thompson, K. (2007) *The Frodo Franchise*, pp 6-7.

¹⁰⁶ Byrnes, P. (nd) 'The Hayseeds'; Australian Screen (nd-b) 'Australian film and television chronology – the 1920s'. Citing Pike, A. and Cooper, R. (1998) *Australian Film 1900–1977: A Guide to Feature Film Production*, p 99.

The table *Top 10 grossing films, Australia, 1981–2011, categorised as original, adaptation, re-make or sequel/series/franchise* shows the rising dominance of franchise movies, although it also confirms that adaptations and franchises were common even before the Multiplex Era. This is especially so if one adds to the movies formally categorized as sequels those based on true stories, which brought a kind of ‘brand awareness’ even when they arrived in cinemas as ‘originals’ – *Gallipoli* and *Chariots of Fire* in 1981, *Moulin Rouge* and *Pearl Harbour* in 2001.

Top-grossing film franchises, 1961 to June 2012, Australia

Rank	Title	Year of first release	No. of films	Box office (2012\$m)	Box office average per film (2012\$m)	Rank by box office average per film
1	James Bond	1961	24[1]	513.6	21.4	21
2	Harry Potter	2001	8	370.1	46.3	4
3	Star Wars	1977	7	338.9	48.4	3
4	Shrek	2001	5	188.1	37.6	6
5	Lord of the Rings	2001	3[2]	182.8	60.9	1
6	Crocodile Dundee	1986	3	171.0	57.0	2
7	Batman	1989	6	158.7	26.5	17
8	Pirates of the Caribbean	2003	4	141.7	35.4	7
9	Indiana Jones	1981	4	139.2	34.8	8
10	Marvel Cinematic Universe [3]	2008	6	137.3	22.9	20
11	Twilight	2008	4	128.1	32.0	12
12	Jaws	1975	4	115.8	29.0	14
13	Pink Panther	1964	8	114.9	14.4	29
14	Transformers	1986	4	112.9	28.2	15
15	Rocky	1977	6	107.1	17.8	26
16	Ice Age	2002	4	106.6	26.7	16
17	Superman	1978	5	105.3	21.1	23
18	Matrix	1999	3	99.5	33.2	9
19	Jurassic Park	1993	3	98.6	32.9	10
20	Spider-Man	2002	3	97.8	32.6	11
21	Toy Story	1995	4	95.4	23.9	19
22	Meet the Parents	2000	3	91.2	30.4	13
23	X-Men	2000	5	90.2	18.0	25
24	Mission Impossible	1996	4	84.9	21.2	22
25	Fast and the Furious	2001	5	84.6	16.9	28
26	Star Trek	1979	11	81.1	7.4	30
27	Grease	1978	2	76.0	38.0	5
28	Men In Black	1997	3	74.4	24.8	18
29	Terminator	1984	4	72.4	18.1	24
30	American Pie	1999	4	70.4	17.6	27

Source Analysis of MPDAA data.

Notes Films released to 30 June 2012. Box office earned to 12 July 2012.

Includes all versions of a film eg 3D versions, re-releases. A re-release is not counted as a separate version.

[1] Includes 22 James Bond films produced by Eon Productions (released up to July 2012) plus the two James Bond films *Never Say Never Again* (1983) and *Casino Royale* (1967) not made by Eon Productions.

[2] The extended version of *The Two Towers* is not counted as a separate version. *Lord of the Rings* 1978 version is not included as box office is not available.

[3] The ‘Marvel film franchise’ is a super franchise made up of several franchises (*Iron Man*, *Hulk*, *Thor*, and *Captain America*) plus *The Avengers* which combines the characters from these 4 films into one movie. Total Australian gross for *The Avengers*, *Iron Man 1 and 2*, *Hulk*, *Thor* and *Captain America* is 2012\$137.3m (as at June 2012).

Top 10 grossing films, Australia, 1981–2011, categorised as original, adaptation, re-make or sequel/series/franchise

1981	1991	2001	2011
Raiders of the Lost Ark *	Dances with Wolves	The Fellowship of the Ring *	Harry Potter and the Deathly Hallows: Part 2
Gallipoli	Robin Hood: Prince of Thieves	Harry Potter and the Philosopher's Stone*	Transformers: Dark Of The Moon
Mad Max 2	Terminator 2: Judgment Day	Shrek *	The Hangover Part II
For Your Eyes Only [James Bond]	The Silence of the Lambs	Moulin Rouge	Twilight Saga: Breaking Dawn – Part 1, The
Arthur	Kindergarten Cop	Monsters Inc.	Pirates of the Caribbean: on Stranger Tides
Chariots of Fire	Green Card	What Women Want	Bridesmaids
An American Werewolf in London	Father of the Bride	Bridget Jones' Diary	Fast and Furious 5
Elephant Man	The Addams Family	Cast Away	Tangled
Flash Gordon	City Slickers	Miss Congeniality	Red Dog
Puberty Blues	Sleeping with the Enemy	Pearl Harbor	Cars 2

LEGEND

	Original: no direct antecedent in film or other medium. May be the first film in a sequel/series/franchise, marked
	Adaptation: direct antecedent in another medium but not film. May be the first film in a sequel/series/franchise, marked *.
	Re-make: re-make of an earlier film with the same or similar title.
	Sequel, series, franchise: a film in a series of films produced from the same underlying material by the same or a related production entity and/or under licence from the holder of rights in the underlying material. Underlying material means narrative, characters and/or milieu.

Source Analysis of MPDAA data based on Allen, A.S. (2012) 'Has Hollywood Lost its Way?'

Note Films ranked by box office earned to 12 July 2012, not just in the years of release.

Producing franchise films

Until the 2000s, franchises generally developed one film at a time. A big success motivated a sequel; a successful sequel motivated another. Each sequel typically earned less than its predecessor, and the series stopped when the box office for the latest film demonstrated it was losing its appeal. Even if a property like the Batman comics was acquired hoping that more than one movie would be made from it, in practice, the movie budgets were committed one at a time. From the late-1990s, that changed:

- Three prequels to the *Star Wars* trilogy were produced by Lucasfilm and released in 1999, 2002 and 2005. The original movie, released in 1977, was followed by two sequels, *The Empire Strikes Back* in 1980 and *Return of the Jedi* in 1983. When writing the sequels, the plot evolved to provide a back-story as well, seeding the idea for the three prequels eventually produced from the mid-late 1990s. A further film was produced and released in 2008; by then, another set of three sequels was being discussed. In 2012, Disney bought

Lucasfilm and has been announcing details of the creative line-ups for the three sequels. The inflation-adjusted US box office of the franchise has followed the old rule-of-thumb: the first two sequels earned less than the previous film, and the three prequels earned less than the original trilogy.¹⁰⁷

- In 1998, New Line, the makers of the *Nightmare on Elm Street*, *Teenage Mutant Ninja Turtles* and *House Party* movie series, committed to produce three *The Lord of the Rings* movies. This followed the structure of J.R. Tolkien's three books but expanded the compressed two-movie proposal Peter Jackson pitched to New Line. Principal photography was undertaken in a single shoot but the extensive CGI, editing and post-production targeted sequential release over what became three successive Christmases in 2001, 2002 and 2003. Unlike the old expectation, each movie grossed more than the previous one at the US and worldwide box office.¹⁰⁸ New Line Cinema and MGM Pictures committed to a package of two movies based on Tolkien's Rings 'prequel', *The Hobbit*, in December 2007, with Jackson as executive producer. A third film was confirmed in July 2012. The first *The Hobbit: An Unexpected Journey* was released at Christmas 2012; the other two are expected in December 2013 and July 2014.
- The phenomenal success of *The Matrix*, released in 1999, encouraged its co-producers, Village Roadshow Pictures and Warner Bros, to make two sequels in a single shoot. *The Matrix Reloaded* and *The Matrix Revolutions* were released in the US and Australia in 2003 about six months apart: the first took much more at the box office than the original film, the second less.
- J.K Rowling's first Harry Potter book was published in the UK in 1997 and the US in 1998. Warner Bros committed to make them into movies in two stages: the first four, then the final three, the last of which became two movies shot back to back. This delivered close to a Potter movie a year throughout the early 21st century: 2001, 2002, 2004, 2005, 2007, 2009, 2010, 2011. According to Box office Mojo, the unadjusted worldwide gross box office of the last was the highest of the eight.¹⁰⁹

Of these four 21st century franchises, film historian Kristin Thompson says *Rings* – the 'Frodo Franchise' – 'can fairly claim to be one of the most historically significant films ever made. It is difficult to grasp the overall impact that it has had and will go on having.' The *Star Wars*, James Bond and *Star Trek* franchises were more extensive:

but *Rings* appeared over such a short period of time – three long films in twenty-four months – that its earning power was concentrated. The enormous affection that its fans felt for the film meant that the franchise will live on well after *Return's* departure from theatres. In a way, *Rings* is the perfect franchise – strong enough to maintain its commercial potential and yet self-contained enough as a narrative not to beget a series that outstays its welcome.¹¹⁰

Adam Smith, too, calls the *Rings* trilogy:

Without any doubt the single most important event in popular cinema of the 21st century so far ... [I]t stands in relation to American cinema in the 2000s as the *Star Wars* series did in the 1970s and early 80s. It turned a generation on to film; radically altered the kinds of films that were being made [...] has been resold, pimped out and marketed to within an inch of its life ...¹¹¹

¹⁰⁷ Block, A.B. and Wilson, L.A. eds. (2010) *George Lucas's Blockbusting*, p 519.

¹⁰⁸ *The Fellowship of the Ring* grossed US\$315.5m in the US and US\$556.0m in the rest of the world; *The Two Towers*: US\$342.6m; US\$583.5m; *The Return of the King*: US\$377.8m; US\$742.1m (not adjusted for inflation). Source: Box Office Mojo, 13 February 2013.

¹⁰⁹ Box-office Mojo (2013), *Harry Potter series*, 18 March.

¹¹⁰ Thompson, K. (2007) *The Frodo Franchise*, pp 7-9.

¹¹¹ Smith, A. (2012) *The Rough Guide to 21st Century Cinema*, p 163.

Yet all four franchises described above seem to offer influential models of the way the franchise concept is and might be deployed in the cinema in future:

- *Star Wars* revived and extended a movie franchise a generation after it began.
- *The Matrix* created a new franchise, short and sharp, by producing two sequels simultaneously.
- *The Lord of the Rings* turned an old, celebrated book franchise into a contemporary movie franchise once digital movie-making technology could deliver the kind of experience for audiences' eyes and ears that Tolkien's story had offered to readers.
- *Harry Potter* started turning a new book franchise into a movie franchise before all the promised books were even written: cinema audiences had seen four Potter movies before Rowling's readers had got hold of the seventh and last book in 2007. Potter became a decade-long cascade of book and movie launches, a single narrative that advanced in parallel in different media, the cinema a few dozen plot twists behind the books.

The decision to turn *The Lord of the Rings*' literary prequel, *The Hobbit*, into three more movies from the same story-world confirmed the transformation of a good deal of popular story-telling for the big screen in the 21st century. Film-makers who once pitched discrete stories in famously-compact grabs now offer vast story-worlds. Adapters of popular literary classics are less likely to think about how to compress epic reads into tight cinematic packages, and more interested in turning stories into sagas. Instead of one-off movies like *Gone with the Wind* and *The Sound of Music* that played and played through the long theatrical runs of the pre-Multiplex Era, the popular movie-makers of the 21st century are constructing sprawling narratives that they tell by instalment, one movie at a time, hoping audiences will commit to the whole thing and build rather than decline as the story reaches its climax.

We concluded earlier that 'although there are now more big films, the very biggest individual films of the Multiplex Era are generally smaller in cinemas than those of the pre-Multiplex Era'. We thought this did 'not necessarily imply that less people see them, because there are now many more ways to see movies outside cinemas'. It did, however, 'provide a clue to something crucial about the nature of story-telling in the cinemas of the Online Age'.

That crucial element, we think, is the idea of setting out to tell stories in the cinema by instalment. In this way – to adapt an awful but useful piece of jargon – the popular cinema of the 21st century has been *televisionized*.¹¹²

¹¹² The term 'televisionization' has been used by others to describe different trends, including the commercialization of the internet and the use of small mobile screens to watch TV.

Events and flows in the Online Age

In the 21st century, when screens are everywhere and always on, what is it that will make the ones in cinemas unique?

The rebranding in 2009 of some of Greater Union's and Birch Carroll and Coyle's sites as 'Event Cinemas' was a clear signal about how Australia's biggest – and one of its longest-established – exhibition chains would position itself in the media mix of the Online Age. AHL managing director David Seargeant says:

When we started to put in digital projection, we knew it was about other things as well - 3D, bigger screens and sound, alternate content ... We wanted to say: 'Cinema has changed. It's now far more about entertainment as an *event*, a *destination*.' Bigger TV screens have lifted the experience people can get at home, but they want to get out of their homes, to see things in the best possible environment, and in the company of others.¹¹³

Cinemas would distinguish themselves as sites for 'events':

- the event of 'going out' ...
- the event of being around other people ... but in darkness ...
- the event of seeing a first release movie, or live or near-live content, that wasn't available in the home yet or ever ...
- the event of watching a screen bigger and more spectacular than the most sophisticated home theatre system ...
- the event of service-at-your-seat – with no trips to the fridge or washing up afterwards ...
- the event of dinner and a show ... all at once ...
- the event of a one-off screening with something special added – a star present or Q&A with the director.

Some of these forms of event were novel; others were already well established at some cinemas: 'We do events, director's screenings, Q&As,' says Cinema Nova's Natalie Miller. 'Yes they are "events", but we do them because that's what the Nova is about.'¹¹⁴ The broad idea was familiar from cinema's long experience dealing with competition from older 'new' media – first TV, then home video, multi-channel TV and DVD. Cinema's magic would endure: it would be both bigger and more intimate, more public and more private.

Always the 'event' medium, cinema would do this while 'televisionizing' itself, increasingly telling its biggest stories by instalment. Big screen narratives would be kept in the public eye not by moving a select number of analogue copies progressively across physical space but by unleashing a regular flow of digital chapters, each released simultaneously and everywhere, advancing the narrative, reaffirming the brand, updating the conversation.

For David Denby, writing in *The New Yorker*, this is 'movies as a kind of environment, a constant stream'.¹¹⁵ For Emily Bull in *Mumbrella* it's 'branded entertainment': 'I believe branded content isn't just one film on its own: it's a body

¹¹³ Pers comm., 28 May 2013.

¹¹⁴ Pers comm., 3 June 2013.

¹¹⁵ Denby, D. (2012) *Do the Movies Have a Future?*, pp 10-11.

of work; it's tiers of continually updated content that transforms the brand into a broadcaster.'¹¹⁶

But the event game is not only being played by cinema. While the most popular cinema has been 'televisionizing', television, the quintessential 'flow' medium, has been emphasizing itself as a destination for events like live sport, blockbuster drama series, and reality TV programs that dominate the schedules of particular broadcasters for weeks. Sharing with cinema the struggle for attention in a frenetic media landscape, 'Event Television' has become one of small screen strategists' most-repeated catchphrases.

For its recent entry into original production, US online video company Netflix chose a TV-like production, the 13-part political drama *House of Cards* (a remake of a British show) but released it like a movie – all at once.¹¹⁷

Does this mean 'cinema', 'television' and everything else are somehow converging in the Online Age?

Yes and no. Yes because of striking similarities in the ideas that are informing their future strategies – ideas about screens, programming, viewing and listening experiences, and the communities that energise and form around them.

CINEMA		TELEVISION
Bigger: 3D, Vmax/ExtremeScreen/Titan XC, IMAX	Screens	Bigger: widescreen, HD, 3D, home theatre
Smaller: 'Gold Class', Gold Lounge, Director's Suite	Experience	Smaller: second screen, multi-screening – the tablet and the TV
More than the movie – retail and entertainment precincts		More than the shows – Foptel IQ, VOD, DVD extras
More than the popcorn – quality food and drink		It's not TV, it's HBO/Foptel
Rewards Clubs	Community	TV-driven social media: Fango, ZeeBox, #qanda, Facebook
Cinema as flow: National exhibition networks, international programming Regular instalments of franchise movies	Programming	TV as [controlled] flow: Catch-up TV Online video
Cinema as event: Franchise and one-off movies Festivals Live events		TV as event: Franchise and one-off programs Blockbuster drama series Live events

No because cinemas, self-evidently, remain distinct, physical locations. Householders might install 'home cinema' systems and cinemas might sell some tickets to TV-like events or content streams, and they might screen movies in theatres smaller than living rooms, but the line between buying a ticket at a cinema and other ways of experiencing audiovisual content remains fairly bright.

¹¹⁶ Bull, E. (2012) 'Brands becoming broadcasters: what does quality branded entertainment really look like?', Mumbrella, 27 November.

¹¹⁷ Nussbaum, E. (2013) 'On Television: Shark Week', *The New Yorker*, 25 February. NACO's Michael Hawkins speculates that episodes of high budget blockbuster TV dramas of the ilk of *Homeland*, *Game of Thrones* or *Newsroom* could be released weekly in cinemas: pers comm., 22 May 2013.

Cinemas have plenty of challenges in the Online Age. Popular cinema's core audience for the last 40 years – young people – are going out to see movies a little less often. They have other things to do, other things to watch and other ways to watch movies that cost less than cinemas or nothing at all. More spectacular screens need increasingly spectacular movies to show them off. Digital technology helps reduce the cost of reproducing yesterday's spectacles but feeds the expectation that tomorrow's will be even more extraordinary. Making movies as franchises reduces the risk that overloaded audiences won't notice the next film, but magnifies the scale of the debacle if a whole project goes off the rails. (An earlier *The Lord of the Rings*, planned as two movies, didn't get past the first, a 'critical and commercial failure'.¹¹⁸) Cinemas' window of exclusivity for new movies has shrunk. Only one of Australia's biggest exhibitors has a significant ownership stake in distribution and production that allows it to shape the fare it offers to audiences, although this is not the case for the smaller, art cinema chains.

Alongside these challenges, cinemas have many things going for them. Their primary content, movies, have endured as a form of entertainment through many waves of technological and social change. The biggest blockbusters that are so important to the economics and lustre of the exhibition industry are unpredictable but they seem to turn up regularly enough. The population is aging and older people are going out to see more movies. The larger number of movies being made creates opportunities for festivals and events that can curate and draw bigger audiences to collections of them. Earnings growth for commercial cinemas may be mainly in 'premium' experiences, but they can deliver their premium entertainment a good deal cheaper than competitors like musical theatre shows, stadium concerts and the biggest sporting events. Digital distribution and projection should improve profitability by reducing operating costs, once capital costs are amortised.

Australia's major exhibitors have acted and spoken straight to their shareholders about these challenges and opportunities. Though all still have international exhibition interests, the biggest of them Amalgamated Holdings' German chain, they have mainly pulled back from the big investments they made in the 1990s at the height of the first phase of the Multiplex Era. All Australia's major exhibitors are owned by groups that have extensive investments beyond cinema exhibition including theme parks, hotels and property development. Amalgamated, in late-2010, said its cinemas were in 'mature markets with limited growth and expansion opportunity'. Village Roadshow told shareholders in November 2012 that theme parks, not cinemas, were the company's 'new foundation business'.

Cinemas know that, in the Online Age, their position at the start of the release chain for the popular audiovisual form we call movies is not a fixture but something that has to be earned each weekend, each week, each year.

¹¹⁸ Thompson, K. (2007) *The Frodo Franchise*, p 20.

Notes on data

Data sources

MPDAA: The principal source of data in this report is the Motion Picture Distributor's Association of Australia (MPDAA) a non-profit organisation which collects film exhibition information relating to box office, admissions and admission prices, theatres, release details and censorship classifications to provide meaningful statistics on the film industry in Australia to members, the media and trade publications. MPDAA members at April 2013 are Twentieth Century Fox Film Distributors, Paramount Pictures Australia, Sony Pictures Releasing, Universal Pictures International Australasia, Walt Disney Studios Motion Pictures Australia and Warner Brothers Entertainment Australia.

Rentrak: US company Rentrak Corporation tracks overnight box office in more than 20 countries including Australia. Data is primarily collected through an electronic connection with theatre box offices throughout Australia. Data is available from 1997. Rentrak acquired Nielsen EDI including the Australian-based service early in 2010. Nielsen acquired Entertainment Data in 1997.

Roy Morgan: Cinema audience data has been collected by research company Roy Morgan and released by Val Morgan Cinema Advertising since 1974.

Abbreviations and acronyms

ABS	Australian Bureau of Statistics
ACCC	Australian Competition and Consumer Commission
A.I. ENT.	All Interactive Entertainment
AFC	Australian Film Commission
AFI	Australian Film Institute
AFS	Australian Film Syndicate
AHL	Amalgamated Holdings Limited (ASX: AHD)
BCC	Birch Carroll and Coyle
BFI	British Film Institute
BVI	Buena Vista International
CEL	Communications and Entertainment Ltd
CPI	Consumer Price Index
CTS	Columbia TriStar
DEL	De Laurentiis Entertainment Group
GU	Greater Union
ICAA	Independent Cinemas Association of Australia
m	million
MPAA	Motion Picture Association of America
MPDAA	Motion Picture Distributors Association of Australia
MPDANZ	Motion Picture Distributors Association of New Zealand
NACO	National Association of Cinema Operators – Australasia
na	not available
UIP	United International Pictures
VRL	Village Roadshow Ltd (ASX: VRL)
WB	Warner Bros

Data definitions

Cinema screens: Figures include drive-ins. 'Non-commercial' screens are included in different ways: see notes on individual tables. Non-commercial screens are not generally open to the public. They include screens at army, naval and air force bases, mining camps, film societies, colleges and universities.

Cinema box office: Box office earnings for individual films in Australia are collated by the MPDAA from data supplied by member companies and independent distributors. The data covers all titles recorded by the MPDAA as released in cinemas in Australia including: movies, documentaries, Imax-distributed titles, short films, re-releases. Since 2009, it has also included 'alternative content' titles reporting box office of at least \$1,000: these include live and recorded events such as opera, plays, concerts, art exhibitions with a limited number of screenings.

Box office for individual titles includes all earnings from re-releases, special editions, extended and 3D versions.

Data is aggregated for calendar years and includes titles from 1939, but is most comprehensive from 1984.

No box office is recorded for 631 titles (8 per cent) between 1986 and 2008, as follows:

- 361 titles 1986–1989
- 229 titles 1990–1999
- 41 titles 2000–2008 (no box office data available from Rentrak either).

These titles tend to be 'smaller' releases of documentaries, short films, or self-distributed feature films and thus are unlikely to have a significant impact on reported trends. Instances where the results could have a significant impact have been noted at the relevant tables.

Box office for titles released before 1983 has been estimated from distributors' film rentals: see 'Box office, rentals, inflation and blockbusters – a note on the data', p. 60. Box office has also been estimated for 409 titles released from 1983 to 1994 as the industry moved from rental to gross box office reporting.

The box office results are for the **gross box office**: the total revenue received by cinemas from selling tickets for movies. Gross box office revenue is shared between a range of stakeholders: very broadly, the exhibitor takes the first cut and pays to the distributor the agreed 'film rental'; the distributor recoups advances, marketing expenses and fees and pays the rest to the producers or their agent(s); the producers repay the investors. In practice, specific arrangements can be much more complex: see Reid (1999) p 20, Jones (1998) p 18. Box office revenue does not include revenue from ancillary markets (DVD, TV, online, mobile), merchandising or other sources.

Inflation adjustment: Box office earnings have been adjusted for inflation to 2012 prices. For earnings from 1948, the Consumer Price Index: All groups has been used (ABS cat no. 6401.0, June 2012). For 2012, the index number used is the average of the first two quarters, matching the box office data which was current at 12 July 2012. For earnings before 1948, composite index numbers have been derived from the Retail/Consumer Prices indices published in ABS (2012), *Year Book Australia 2012*, cat no. 1301.0 (Canberra: ABS), May.

Where a film has earned box office revenue in more than one calendar year, earnings have been adjusted using the separate price indices for each year.

Cinema Admissions: Admission figures are not available directly. Estimates have been made by dividing the total gross box office per film by the average ticket price for the release period. This method is also used by the Motion Picture Association of America, which derives annual total admissions for the US/Canada using 'Rentrak Corporation – Box Office Essentials calendar year box office data, and National Association of Theatre Owners (NATO) average annual ticket price': see MPAA 2011, p 9.

If the release spans more than one year, the average ticket prices for each year have been applied to the relevant box office earnings. We have not estimated admissions for films where the recorded box office for the film is itself an estimate derived from the distributor's rental figure – this includes most films released before 1983.

Countries and regions of origin: The MPDAA assigns up to three countries per title. This report analyses the primary country of origin only. It uses the primary country assigned by the MPDAA other than for the many James Bond films. We have allocated all these to the UK: the MPDAA assigns some to the UK and some to the US. For 667 titles 1986–2010 where MPDAA shows country of origin 'Unknown', this analysis allocates them to 'Other'. Countries included in the regions are shown below.

Asia	Australia	Europe excl UK	UK	US	Other
Afghanistan		Austria			Argentina
Bhutan		Belgium			Brazil
China		Czech Republic			Canada
Hong Kong		Denmark			Chile
India		Finland			Croatia
Indonesia		France			Cuba
Iran		Germany			Fiji
Iraq		Greece			Iceland
Israel		Holland			Ivory Coast
Japan		Hungary			Mexico
Kazakhstan		Ireland			Mongolia
Lebanon		Italy			New Zealand
Nepal		Netherlands			Papua New Guinea
Pakistan		Norway			Puerto Rico
South Korea		Poland			Russia
Taiwan		Spain			Senegal
Thailand		Sweden			South Africa
Turkey		Switzerland			Tunisia
Vietnam		Yugoslavia			Unknown
					Venezuela
					West Africa

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Appendix:

Profiles of major, mini-major and mini distributors

Company/Description	Start date	End date	Total films 1986–2012 only
<p>Communications and Entertainment Limited (CEL)</p> <p>Mainly a video distributor, CEL released films theatrically in Australia from 1984 to 1990.</p> <p>According to Molloy and Burgan (1993) 'CEL experienced significant difficulties in breaking into the mainstream segment of the distribution sector, leading ultimately to its withdrawal from the market'.</p>	1984	1990	27
<p>Columbia TriStar Film Distributors International (CTS)</p> <p>In 1982 US companies, Columbia, CBS and Home Box Office launched a new motion picture studio called TriStar Pictures. In 1987 Columbia and TriStar became one company Columbia-TriStar. Purchased by Sony Pictures Entertainment in 1989.</p> <p>Columbia TriStar Film Distributors International renamed Sony Pictures Releasing International from 2005. Member of the MPDAA.</p> <p>Joint Ventures/Agreements: From 1978 to 1996 Twentieth Century Fox and Columbia TriStar operated as a single distribution unit. In October 1996, the companies dissolved their longstanding Australian distribution joint venture to operate independently.</p> <p>Jones (1998) reports 'the joint venture distributed the films of the Sony owned Columbia and TriStar, and the News Corporation owned Twentieth Century Fox. Under arrangements similar to those of UIP the joint venture shared distribution operating expenses, while costs and box office revenue for the theatrical release of each film remained specific to the partner owning the copyright of the film'.</p>	Columbia: 1935; CTS: 1987	2004	396
<p>Dendy Films</p> <p>Dendy Films' first theatrical releases date from 1986.</p> <p>Became a distribution label of the Becker Group when acquired by the Becker Group in 1997.</p> <p>Purchased by Icon in 2008, when Icon Distribution and Dendy Films slates were merged under the Icon banner.</p>	1986	2008	200
<p>eOne/Hopscotch</p> <p>Established in 2002 by Troy Lum, former head of Dendy Films, and Frank Cox, founder of NewVision Films.</p> <p>Acquired by Toronto-based Entertainment One Ltd April 2011. The deal allowed eOne to expand its international film distribution infrastructure, adding to its operations in Canada, the UK, Benelux and the US.</p> <p>Joint Ventures/Agreements: Universal Pictures International signed a two-year first-look deal with Hopscotch Features to develop and produce Australian films with international appeal November 2010.</p> <p>Hopscotch signed a three-year output deal with independent studio Summit Entertainment in April 2011 for Hopscotch to distribute Summit films in all media across both Australia and New Zealand. Entertainment One has had a distribution deal with Summit since 2007 for Canada and the UK.</p> <p>Twentieth Century Fox Home Entertainment (TCFHE) signed to distribute Hopscotch/Entertainment One's DVD and Blu-ray products in Australia and New Zealand from February 2012. The deal ended Hopscotch's six-year partnership with Roadshow Entertainment.</p>	2002		136

Company/Description	Start date	End date	Total films 1986–2012 only
<p>Eros Australia</p> <p>Eros International was incorporated in Mumbai in 1994. Eros Australia incorporated October 2004. Eros is a major content provider of Bollywood movies across the globe. Corporate headquarters are in London.</p>	2005		100
<p>Filmpac</p> <p>Film and video distributor Filmpac, half-owned by Tasmanian-based media group ENT Ltd, collapsed March 1990; Filmpac's film library was taken over by Roadshow International.</p>	1986	1990	69
<p>Fox Film Distributors (20th Century Fox Australia)</p> <p>Australian company wholly-owned by US studio Twentieth Century Fox Film Corporation. A founding member of the MPDAA (from 1926).</p> <p>Joint Ventures/Agreements: The co-venture between Fox and Columbia TriStar which started in 1978 was dissolved in 1996, leaving the two former partners to operate independently.</p> <p>Twentieth Century Fox Home Entertainment (TCFHE) and Hopscotch announced a partnership November 2011 to cover new releases, TV and library titles in Australia and New Zealand (from February 2012).</p> <p>Reid (1999) reports 'NewVision had a deal with 20th Century Fox to handle the physical theatrical distribution of its titles, while NewVision retained acquisition and marketing, and distribution in ancillary markets'.</p> <p>In 2000, when MGM left UIP, MGM rights were passed on to 20th Century Fox.</p>	1916		528
<p>The Globe Film Co</p> <p>Run by Andrew Mackie and Richard Payten, Globe specialised in distribution of feature films, audience research to determine the potential of feature films prior to release, and marketing operations within the film industry for feature films.</p> <p>Joint Ventures/Agreements: 'Globe worked through an arrangement with UIP, which cashflowed its P&A and physically distributed its films' reports Reid (1999).</p>	1994	2004	51
<p>Greater Union Film Distributors</p> <p>GU sold their first distribution company Australasian Films in 1928. They re-entered distribution in 1930 with Union Theatres Feature Exchange which was restructured to become British Empire Films (BEF) in 1932.</p> <p>In 1976 BEF (Film Distributors) was renamed Greater Union Film Distributors, and became the distribution arm of Greater Union cinemas. In 1987, Greater Union Film Distributors merged with Village Roadshow Distributors.</p>	1932	2001	67

Company/Description	Start date	End date	Total films 1986-2012 only
<p>Hoyts Distribution</p> <p>Hoyts Distribution initially ran from 1979 to the mid 90s.</p> <p>The Hoyts Corporation – bought by Packer's Consolidated Press Holdings in 1999 – revived Hoyts Distribution from 2002.</p> <p>The Hoyts Corporation was sold to Pacific Equity Partners in 2007. Hoyts was valued at \$380 million.</p> <p>Hoyts Distribution was sold to French company Studio Canal July 2012.</p> <p>The buy includes Hoyts' 120-title film library for Australia and New Zealand, including four Saw instalments and the Twilight franchise.</p> <p>Joint Ventures/Agreements: In 2004 established joint ventures with the Australian home entertainment arms of Universal and MGM.</p> <p>Hoyts Distribution has had joint ventures with PolyGram and have a continuing partnership with Sony Pictures and also distributed all Cannon productions. Hoyts handled distribution of Summit Entertainment films in Australia including the Twilight series.</p> <p>The PSA (1991) reports 'Hoyts Fox Columbia Tri-Star [was] a joint venture between Hoyts Distribution and Fox Columbia Tri-Star Films from 1989 to the mid 90s. The distribution arrangements, costs and revenue of the two organisations remained specific to each company. Hoyts Distribution acted as an independent distributor, actively seeking Australian distribution rights for independently produced films; with Fox Columbia Tri-Star Films distributing films produced by the Twentieth Century Fox, Columbia, Tri-Star and Orion film studios. It normally used release strategies designed in the US'.</p>	1979	1979-1994; 2002+	368
<p>Icon Film Distribution</p> <p>Icon Film Distribution (IFD) is part of the group which includes Icon Productions. Top grossing titles include The Passion of the Christ, Death at a Funeral, Slumdog Millionaire.</p> <p>In September 2008, IFD entered the exhibition business by purchasing Dendy, one of Australia's largest independent film distributors and quality cinema chains. Overnight IFD Australia expanded from one to five sites, from 8 to 200 staff, and moved head office from the Sydney CBD to Newtown.</p> <p>In November 2009, Stewart Till's Stadium Entertainment bought the UK operations of the Icon Group. According to Kay (2009) the deal did not include the Australian distribution company and cinemas, which were retained by The Icon Group.</p>	2002		163
<p>IMAX</p> <p>IMAX Corporation is a publicly traded company listed on both the Toronto and New York stock exchanges.</p> <p>IMAX Film Distribution distributes approximately 25% of the 200 films in the large-format library: some of the titles are produced by IMAX, some by independent producers.</p> <p>Cinema joint venture: IMAX Corporation and Hoyts Cinemas Ltd., one of the largest exhibitors in Australia, announced a joint venture agreement to install four IMAX theatres in the cities of Perth, Melbourne and Sydney July 2008. Under the terms of the joint venture agreement, IMAX and Hoyts Cinemas share the cost and profitability of the theatres.</p>	1996		110
<p>Madman Entertainment</p> <p>Independent theatrical, home entertainment distribution and rights management company, specialising in the wholesale distribution of DVD and BLU RAY product into sales channels throughout Australia and New Zealand. Beginning in 1996 as an anime-only distribution company, in 2012 Madman offered 4,500 titles across Anime, Independent film, Asian Cinema, National Geographic, Cartoon Network and other special interest genres.</p> <p>Bainbridge & Norris (2012) report 'From 10 May 2008, the company became a subsidiary of Funtastic Ltd, one of Australia's largest distributors of toys and children's media'.</p>	1996		137

Company/Description	Start date	End date	Total films 1986–2012 only
<p>MG Distribution</p> <p>Swish MG Distribution: Distributor of Indian Bollywood Cinema, films and productions. In 2009 Australian digital media firm Swish Group entered into voluntary administration after being unable to raise essential funds in the current 'continuing difficult economic environment'.</p>	2002	2009	79
<p>Mind Blowing Films</p> <p>Mind Blowing Films is a media content distributor of theatrical, television/cable broadcast content and physical media (CDs/DVDs) to Australia, New Zealand and Fiji, specialising in Indian films.</p>	2009		54
<p>NewVision Film Distributors</p> <p>Film distribution company NewVision, founded in Melbourne in 1983 by Frank Cox, specialised in quality features. In 2002 Cox founded Hopscotch Films with Troy Lum.</p> <p>Joint Ventures/Agreements: Reid (1999) reports '[In 1998] NewVision negotiated a deal with 20th Century Fox to handle the physical theatrical distribution of its titles, while NewVision retained acquisition and marketing, and distribution in ancillary markets.'</p>	1983	2002	190
<p>Orion Pictures International</p> <p>Orion Pictures Corporation was an American independent mini-major company that produced movies from 1978 until 1998. It was formed in 1978 as a joint venture between Warner Bros. and three former top-level executives of United Artists.</p> <p>Orion Pictures International was a member of the MPDAA.</p> <p>Joint Ventures/Agreements: Orion's films were distributed by Roadshow up to 1991, when Orion ended its deal with Warner. Distributed by Fox Columbia Tri-Star Films from 1992, normally using the release strategies designed in the US.</p>	1978	1998	61
<p>Palace Films</p> <p>Boutique film distribution company releasing films across Australia and New Zealand since 1965, the sister division of Palace Cinemas.</p> <p>Joint Ventures/Agreements: Palace Cinemas had an equity partnership with Village Roadshow until 2007 when Village disposed its interests in Palace cinema joint venture, except for Carlton Nova.</p>	1985		209
<p>Paramount Pictures Australia (see also UIP)</p> <p>'The first branch of a US studio to open in Australia was Biblical Biographs (later known as Paramount Pictures), which established an Australian base in 1913' according to Australian Screen Online.</p> <p>Famous Players-Lasky, a three-way merger of Zukor's Famous Players, the Lasky Company and Paramount [and a founding member of the MPDAA in 1926] was reorganized under the name Paramount Famous Lasky Corporation in September 1927, later becoming the Paramount Pictures Corporation. From 1970 to 1980 Paramount films were distributed by the Cinema International Corporation, then by UIP from 1981 to 2006.</p> <p>From 2007, Universal and Paramount each assumed sole ownership and operation of multiple countries previously overseen by UIP. Paramount wholly owns and operates in Australia, Brazil, France, Ireland, Mexico, New Zealand and the United Kingdom.</p> <p>Joint Ventures/Agreements: In 2008 Paramount Pictures International and Transmission Films commenced a distribution pact in Australia and New Zealand. Renewed in 2011.</p>	1913		113 (2007+)

Company/Description	Start date	End date	Total films 1986–2012 only
<p>Polygram Filmed Entertainment</p> <p>UK/Dutch company Polygram Filmed Entertainment set up an Australian division in September 1996.</p> <p>PolyGram Films was sold to Seagram (owner of Universal Studios) in 1999 and subsequently merged with the international distribution operations of Universal Studios.</p> <p>Joint Ventures/Agreements: Polygram Films distributed by REP in Australia prior to establishment of own office.</p>	1996	1999	45
<p>Potential Films</p> <p>Established by Mark Spratt in the late 1980s, Potential Films specialises in contemporary foreign cinema.</p> <p>Also distributes films theatrically through Chapel Distribution (a partnership with Astor Theatre owner George Florence) founded in 1998 when Warner Bros decided to divest itself of its library, which comprised film prints of all Warner films made prior to 1950. In 2000, Chapel completed a similar deal to purchase film prints of all MGM/UA titles up to 1986.</p>	1989		120
<p>Premium Films</p> <p>Arthouse distributor based in Melbourne.</p>	1989	1995	52
<p>REP Film Distribution</p> <p>REP, a film distribution division within the Becker Organisation. Top films: Four Weddings and a Funeral, Drop Dead Fred, Scream. Films released through 'Becker' from 2001.</p> <p>Joint Ventures/Agreements: Long term output deal between Polygram Films and REP prior to establishment of own office.</p>	1991	2000	85
<p>Rialto Entertainment</p> <p>Rialto specialises in cinema exhibition, film distribution, home entertainment and other media activities and has offices in Melbourne and Auckland. Rialto holds the rights to over 300 feature films.</p>	2002		100
<p>Roadshow Films</p> <p>Village Roadshow commenced operating as an exhibitor in 1954, owning and managing one of the first drive-in cinemas in Australia in the Melbourne suburb of Croydon.</p> <p>The Company commenced distributing films under the Roadshow brand in 1970. In August 2007 Roadshow Films became a wholly owned subsidiary of Village Roadshow when VRL acquired the 50% shareholding held by Amalgamated Holdings Limited. Roadshow Films distributes theatrical movies to cinema, video, DVD, pay television and free to air television in Australia and New Zealand. In addition to holding the exclusive distribution rights for movies produced by Village Roadshow Pictures, Roadshow Films has contracts to distribute movies from Warner Bros (since July 1971), the Weinstein Company and other independent production houses.</p> <p>Joint Ventures/Agreements: In 1987, Greater Union Film Distributors merged with Village Roadshow Distributors to form Roadshow Distributors.</p> <p>'Lionsgate Entertainment signed a long-term output deal with Roadshow Films September 2012. Twiss (2012) advises the deal 'complements but is separate from Summit Entertainment's ongoing output deal with Hopscotch, as the two brands continue to operate independently'. Summit was acquired by Lionsgate in January 2012.</p> <p>Lionsgate previously had a long-term output deal with Hoyts Distribution and Sony Pictures, although Roadshow has handled the release of some of the company's most recent hits, including Hunger Games.</p> <p>Distributed Disney films from 1988 to 1998.</p>	1970		926

Company/Description	Start date	End date	Total films 1986–2012 only
<p>Ronin Films</p> <p>Ronin's distribution activity began in 1974. Between 1974 and 1998, over 120 feature films were imported for distribution in Australia and New Zealand from such diverse countries as China, America, Great Britain, Japan, France, Russia, Thailand, Spain, Germany, Papua New Guinea and New Zealand. Top titles: Strictly Ballroom, Shine.</p>	1974		135
<p>Saini</p> <p>Distributor of Indian films.</p>	2006		21
<p>Sharmill Distribution</p> <p>Established in 1967 by Natalie Miller, Sharmill Films specialises in European, often foreign-language films and alternative content. Miller and Barry Peak are joint managing partners of the 15-screen Cinema Nova in the inner Melbourne suburb of Carlton. Palace and Village are also shareholders in the Nova but do not exercise management control.</p>	1967		94
<p>Sony Pictures Releasing (Australia)</p> <p>Sony Pictures Releasing is electronics/audiovisual giant Sony Corporation's film distribution arm, and is based in California. It distributes in-house productions such as Spider-Man 3 and The Da Vinci Code as well as titles from its specialty divisions—Sony Pictures Classics, Screen Gems, and Tristar. Its Australian arm, Sony Pictures Releasing (Australia) is headquartered in Sydney and handles the Australian distribution for around 20 films a year and a back catalogue of over 4,000 titles. Member MPDAA.</p>	2005		166
<p>Transmission</p> <p>Launched by Richard Payten and Andrew Mackie in 2008 in partnership with Paramount Pictures Australia. Joint Ventures/Agreements: Paramount Pictures Australia and Transmission collaborate on acquisitions with Transmission overseeing the creative marketing and Paramount bringing their muscle and expertise to all stages of the release.</p>	2008		36
<p>United International Pictures (UIP)</p> <p>(see also Paramount and Universal)</p> <p>UIP was formed in 1981 as a joint venture of four major U.S. distributors; Universal, Paramount, MGM, and United Artists, for global distribution of their films. In 2000, MGM/UA exited the agreement, leaving Paramount and Universal as sole partners in the international operation. From 2007, Universal and Paramount each assumed sole ownership and operation of multiple countries previously overseen by UIP.</p>	1981	2006	716
<p>Universal Pictures International (see also UIP)</p> <p>Films from Universal Studios were distributed in Australia by Universal up to 1970, by Cinema International Corporation to 1980, then by UIP up to 2006. From 2007, Universal and Paramount each assumed sole ownership and operation of multiple countries previously overseen by UIP. Universal wholly owns and operates in Austria, Belgium, Germany, Italy, Netherlands, Russia, Spain, and Switzerland. Founding member of MPDAA (1926) as Universal Film Manufacturing Co. (A/Asia) Ltd.</p>	1921		98 (2007+)

Company/Description	Start date	End date	Total films 1986–2012 only
<p>Walt Disney Studios Motion Pictures Australia; Buena Vista International Australia (BVI); Touchstone; Disney</p> <p>Member of the MPDAA.</p> <p>Joint Ventures/Agreements: Disney films have been distributed in Australia through a range of distributors including Union Theatres Exchange in 1929; United Artists 1933 to 1937; RKO 1937 to 1954; Metro-Goldwyn-Mayer 1959 to 1972; BEF-MGM 1973 to 1975.</p> <p>From 1976 to 1987 Disney (and later Touchstone) titles were distributed in Australia by Greater Union Film Distributors (after their merger with BEF). By Roadshow from 1988 to 1998 (following merger with GUOFD). 'When Warner Bros bought the world-wide (outside North America) distribution rights to Disney and Touchstone product in 1987, their Australian rights remained with Roadshow through its connection with Warner' reports the PSA (1991). From 1999 to 2007, handled directly by Buena Vista International Australia. In 2007, BVI was renamed and rebranded as Walt Disney Studios Motion Pictures.</p> <p>Miramax films were distributed through BVI from 1993 to 2010.</p>	1939 (as Walt Disney Productions Pty Ltd)		486
<p>Warner Bros. Entertainment Australia</p> <p>Member of the MPDAA.</p> <p>Joint Ventures/Agreements: Roadshow has had an agreement with the major US studio Warner Bros to distribute their films theatrically in Australia since July 1971.</p>	1923		334
<p>Source Compiled from an extensive number of sources including company announcements, press releases, trade magazine articles and industry studies and reports. See References.</p> <p>Notes Includes companies distributing 20 or more films to cinemas in any 5 year period between 1986 and 2010.</p> <p>Joint ventures: Distributors enter into joint ventures with other distributors in order to minimise the direct and indirect costs of distributing films by making use of shared personnel and administrative facilities.</p> <p>Start date; End date: Dates distribution company started and stopped operating in Australia. Main sources include the ASIC Companies Database and MPDAA data for years releasing films theatrically.</p>			