

Fast facts

Economic contribution (Production and release)	Gross output	\$20.2 billion
	Direct and indirect contribution to GDP	\$6.2 billion
	Direct and indirect employment	49,000 people
Production characteristics (Independent production activity only, excluding in-house production by television broadcasters)	Businesses	2,773
	Profit margin	8.2 per cent
	Employment	15,760 people
	Production costs	\$3.0 billion
	Avg. cost per hour: television adult drama	\$560,700
	Avg. cost per hour: television children's drama	\$550,400
	Avg. cost per hour: television documentary	\$280,200
	Avg. cost per hour: feature film	\$4.0 million
Participation and performance (Rates of participation in 2012 for people aged 14 years or older)	Viewing television: weekly	94 per cent
	Time spent viewing television: daily	3 hours
	Attending cinema: monthly	27 per cent
	Downloading/streaming online: monthly	29 per cent
	Renting/purchasing a DVD/Blu-ray: quarterly	44 per cent
	Highest grossing Aust. feature film: <i>The Sapphires</i>	\$14.5 million
	Highest rating television program: <i>The Voice</i>	3.3 million
Spending and advertising (Compound annual growth rates, 2013-17)	Free-to-air television: advertising	1.7 per cent
	Subscription television: advertising	9.6 per cent
	Subscription television: subscriptions	3.3 per cent
	Cinema: box office	4.4 per cent
	DVD/Blu-ray: rental	-6.1 per cent
	DVD/Blu-ray: retail	-11.9 per cent
	Digital downloads: rental and retail	29.1 per cent
Productivity trends (Avg. annual production by titles and hours)	Feature films: 1990s	27 titles
	Feature films: 2000s	30 titles
	Feature films: 2010s	25 titles
	Adult and children's television drama: 1990s	44 titles, 730 hours
	Adult and children's television drama: 2000s	42 titles, 664 hours
	Adult and children's television drama: 2010s	42 titles, 565 hours
	Documentary: 2000s	201 titles, 346 hours
	Documentary: 2010s	179 titles, 410 hours

Industry Overview

CULTURAL IMPACT

The Australian people are proud of their screen content, with nine in ten people believing that it is important for Australia to have a film and television industry producing local content.

Overall, 91 per cent of people believe it is quite important or very important that Australia has a film and television industry producing local content. This sentiment is similar across all age groups. Even among people classified as 'low' consumers of Australian content, 87 per cent felt it was important.

The single most important benefit of having a film and television industry is to make sure that Australian culture isn't overwhelmed by American culture on account of the amount of movies and television series that Hollywood produces. This is reinforced by the vast majority of people agreeing that Australian screen stories are vital for contributing to our sense of Australian national identity.

Data source: Auspoll, Screen Australia

ECONOMIC CONTRIBUTION

The screen industry not only contributes to Australia's culture, it also accounts for the largest proportion of GDP from all creative industries.

Estimates of the economic value of gross product for the creative industries have been in excess of \$30 billion dollars in recent years.

The film and television industry accounts for the majority of this value. The total gross output of the industry totals \$20.2 billion. The contribution to GDP is \$6.2 billion of which \$5.1 billion is direct value added with more than 40,000 people directly employed.

In particular, production of feature films, television drama and documentaries generated \$709 million worth of investment annually, including \$124 million in overseas finance. This level of investment in narrative production positively contributes \$331 million to GDP, taking into account the direct and indirect impacts of production activity on the overall economy.

Data source: Access Economics, PricewaterhouseCoopers, Screen Australia

PRODUCTION CHARACTERISTICS

On a daily basis screen businesses are small enterprises, but each year a combination of targeted incentives and an entrepreneurial spirit see them raise billions of dollars in private investment and employ thousands of people on their productions.

In 2011/12, businesses involved in the creation of film, television and interactive content incurred production costs of \$2,974.1 million. Television programs and feature films accounted for 71 per cent (\$2,099.5 million) and 18 per cent (\$540.4 million) respectively. These costs were inclusive of development, pre-production, shoot and post-production expenses.

In terms of commercial television production, there were 78,622 broadcast hours for first release programs. News and current affairs programs accounted for the largest proportion of these hours at 46

per cent with an average cost per hour of \$14,000. This contrasts with television drama and documentary programs that accounted for just over 1,000 hours and the highest costs per hour: adult drama at \$560,700, children's drama at \$550,400 and documentaries at \$280,200.

At the end of June 2012, there were 15,760 persons employed across 2,773 businesses. Employment among businesses independently producing film and television content (i.e. excluding broadcasters) was 13,414, up 23 per cent from 2006/07. Softer growth occurred among commercial free-to-air broadcasters (12 per cent) and there were employment falls in post-production, digital and visual effects and games development as a result of structural change in their sectors.

The operating profit margin in the independent film and television production sector remained steady at 8.2 per cent. This contrasts with commercial free-to-air broadcasters who recorded an increase in income, and a decrease in expenses, seeing their profit margin rise from 19.2 per cent to 21.5 per cent.

Data source: Australian Bureau of Statistics

AUDIENCE PARTICIPATION AND PERFORMANCE

The enduring strength of cinema and television, combined with the increased flexibility and integration of new technology, has ensured that screen content will be an even more important source of information and entertainment in the future.

The overwhelming trend of recent years has been the addition of new screen activities to old. This has seen the proportion of people watching free-to-air and subscription television remain steady over the last few years, while cinema and console gaming have slightly increased. Participation in DVD or Blu-ray video has seen significant falls during this time, but there has been growth in online viewing.

In 2011/12, 94 per cent of Australians aged 14 years and over watched television on a weekly basis with an average viewing time in excess of three hours per day. At the cinema, monthly attendance was 27 per cent, monthly downloading or streaming of a program online was 29 per cent and quarterly rental or purchase of a DVD/Blu-ray was 44 per cent.

In 2012, Australian films at the box office took \$47.9 million at local cinemas. *The Sapphires* was the top grossing Australian feature film at the local box office in 2012, taking \$14.5 million. For television, the top-rating program was *The Voice (Grand Final Winner Announced)*, drawing 3.3 million viewers. The highest rating Australia drama was *Howzat! Kerry Packer's War* with a series average of 2.4 million viewers and the highest documentary was *Anh Does Vietnam* with series average of 1.6 million viewers.

Data source: Screen Australia, OzTAM, Motion Picture Distributors Association of Australia, Roy Morgan

CONSUMER SPENDING AND ADVERTISING

Despite softer growth across some revenues streams, consumer spending and advertising remains strong. However, there remains downward pressure on budgets due to technological uncertainty and fragment audiences.

Advertising revenues for commercial free-to-air television \$3.3 billion in 2012 and are expected to increase at a compound annual growth rate of 1.7 percent to reach \$3.6 billion by 2017. This follows a decreased by 1.2 per cent in 2012 due to advertisers reconsidering how they spend their advertising dollar given the challenging retail and consumer markets.

The subscription television market will increase at a rate of 4.1 percent from \$3.5 billion to reach \$4.2 billion in 2017. The majority of this value comes from consumer spending on subscriptions that are expected to grow at a 3.3 per cent to reach \$3.6 billion. The advertising market will grow at a 9.6 per cent to reach \$645 million during this time.

Australia's filmed entertainment market is expected to turn around by 2015 and hold steady at a compound annual growth rate of 0.4 percent from 2012 to reach \$2.9 billion by 2017. In 2012, the market decreased by 3 percent, due to declines in the home entertainment market.

Box office spend in Australia will continue to grow at a projected 4.4 per cent compound annual rate to \$1.4 billion in 2017 from \$1.1 billion in 2012. Cinema advertising in Australia will continue to grow at a projected 5.1 per cent compound annual rate to \$126 million in 2017 from \$98 million in 2012.

Spending on rental and retail purchases of DVDs and Blu-rays are valued at \$437 million and \$1,057 million respectively. They will continue to experience sharp declines over the next five years. Rental will experience -6.1 per cent in growth and retail will be at -11.9 per cent. In contrast, online and digital downloads will rise by 29.1 per cent, but from a much smaller base of just \$143 million.

Data source: PricewaterhouseCoopers

PRODUCTIVITY TRENDS

Increased distribution opportunities have not yet resulted in an increased rate of production in the more financially and culturally vulnerable genres. The right industrial policy settings and support mechanisms will stimulate greater productivity to maximise the industry's potential.

In the last five years the number of free-to-air channels has increased from four to twenty-two and there has been a countless array of new internet-enabled services and hardware introduced to the market. This has increased viewing opportunities dramatically but has not uniformly increased production levels. While news, current affairs and sport have all recorded significant increases, feature film, television drama and documentaries are at best static.

For example, there was an annual average of 27 feature films in the 1990s that rose to 30 in the 2000s but has fallen to just 25 over the last couple of years. For TV drama, the average was 44 titles and 739 hours annually in 1990s, then 42 titles and 664 hours in the 2000s and while titles have held firm more recently, hours have dropped further to just 565. And, for documentary, the annual average in the 2000s was 201 titles and 346 hours, and while the number of hours has actually increased to 410, titles has dropped to 179.

The Producer Offset has been an overwhelming success, improving the producer's leverage and equity position in their work, but has unfortunately had little impact on the rate of production. As to keep step with changing audiences and an increasingly global marketplace, the industry needs to make appropriate adjustments to its industrial frameworks, commercial terms and support mechanisms to address emerging issues around use, cost and financing to ensure that our productivity and revenue is maximized.

Data source: PricewaterhouseCoopers, Screen Australia