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TELEVISION, FILM AND VIDEO PRODUCTION

AUSTRALIA

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INQUIRIES

- For further information about these and related statistics, contact the National Information and Referral Service on 1300 135 070 or Marie Apostolou on Melbourne (03) 9615 7465.

NOTES

INTRODUCTION

This publication presents results from an Australian Bureau of Statistics (ABS) survey of businesses involved in television, film and video production services. The survey was conducted in respect of the 2002–03 financial year.

The 2002–03 Television, Film and Video Production Survey is the fourth ABS survey of television broadcasting and film and video production services businesses. Previous collections were conducted in respect of 1999–2000, 1996–97 and 1993–94 financial years.

CHANGES TO THIS PUBLICATION

This publication combines the results of Television Services and Film and Video Production for the first time. Television Services results were previously published in catalogue no. 8559.0.

COMPARISONS WITH PREVIOUS SURVEY RESULTS

This survey has been designed to provide a measure of the financial and business structure of television broadcasting and film and video production services businesses operating in Australia. While comparisons are made between 2002–03 survey results and earlier iterations of these surveys, the survey has not been designed to provide highly accurate estimates of change, so any comparisons made to the previous surveys should be used with caution. For further information, see paragraphs 21–23 of the Explanatory Notes and the Technical Note.

MORE INFORMATION ON ABS SERVICE INDUSTRIES STATISTICS

Information about ABS activities in the field of service industries statistics is available from the Service Industries Statistics theme page on the ABS web site <<http://www.abs.gov.au>>. To access the theme page, select 'Themes' from the menu on the home page.

COMMENTS

The ABS welcomes comments and suggestions from users regarding future surveys of Service Industries. These comments should be addressed to the Director, Service Industries Business Statistics Centre, Australian Bureau of Statistics, GPO Box 2796Y, Melbourne, Vic. 3001.

ROUNDING

Where figures have been rounded, discrepancies may occur between the sum of component items and the total.

Dennis Trewin
Australian Statistician

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INTRODUCTION

This publication presents results of the 2002–03 Television, Film and Video Production Survey. This survey was conducted by the ABS to provide a detailed measure of the performance and structure of television broadcasting and film and video production services businesses operating in Australia. The main focus of the survey was on understanding the composition of the income generated by these businesses, details of expenses incurred, and the characteristics of television, film and video productions. A state dimension is also presented.

The survey scope for television services included employing businesses in Australia that mainly engaged in television broadcasting. These services included production of television programs, whether live or on tape or other recording medium, for own use. The survey excluded community television broadcasters.

The scope for film and video production included employing businesses in Australia that generated income predominantly from the production of motion pictures on film or video tape for theatre or television projection, and production services such as editing, duplication and film laboratory services. The scope was also extended to include businesses receiving royalties from feature film production and subscription television channel providers.

Chapter 1 contains summary information about commercial free-to-air and subscription television broadcasters and film and video production services businesses. Chapter 2 presents statistics on the production activity of the following: commercial free-to-air, public and subscription television broadcasters; subscription television channel providers; and film and video production services businesses. Chapter 3 presents statistics on film and video production services businesses, while chapter 4 presents statistics on commercial free-to-air and subscription television broadcasters.

SUMMARY

*FILM AND VIDEO
PRODUCTION SERVICES*

At the end of June 2003 there were 2,174 film and video production services businesses with employment of 16,427 persons. These businesses generated \$1,596.6m in income and incurred \$1,504.8m in expenses during 2002–03.

Operating profit before tax was \$91.7m, which represented an operating profit margin of 5.9%.

The industry value added by film and video production businesses was \$668.2m contributing the equivalent of 0.09% of Australian Gross Domestic Product (GDP) for 2002–03.

TELEVISION SERVICES

There were 9,094 employees working for 27 commercial free-to-air and 6 subscription television broadcasters at the end of June 2003.

TELEVISION SERVICES
continued

These businesses generated \$5,158.8m in income and incurred \$4,991.3m in expenses during 2002–03.

Operating profit before tax was \$207.4m, which represented an operating profit margin of 4.1%.

The industry value added by commercial free-to-air and subscription television broadcasting businesses was \$1,460.2m contributing the equivalent of 0.2% of Australian GDP for 2002–03.

1.1 SUMMARY OF OPERATIONS

		<i>Film and video production services</i>	<i>Television services(a)</i>
Businesses at end June	no.	2 174	33
Total employment at end June	no.	16 427	9 094
Total income	\$m	1 596.6	5 158.8
Total expenses	\$m	1 504.8	4 991.3
Operating profit before tax	\$m	^ 91.7	207.4
Operating profit margin	%	^ 5.9	4.1
Industry value added	\$m	668.2	1 460.2

^ estimate has a relative standard error of 10% to less than 25% and should be used with caution

(a) Includes commercial free-to-air and subscription broadcasters.

CHAPTER **2**

**TELEVISION, FILM AND VIDEO PRODUCTION
ACTIVITY**

INTRODUCTION

This chapter presents details of production activity undertaken by commercial free-to-air, public and subscription television broadcasters, and film and video production businesses. Subscription television channel providers with in-house production were also included.

PRODUCTION COSTS

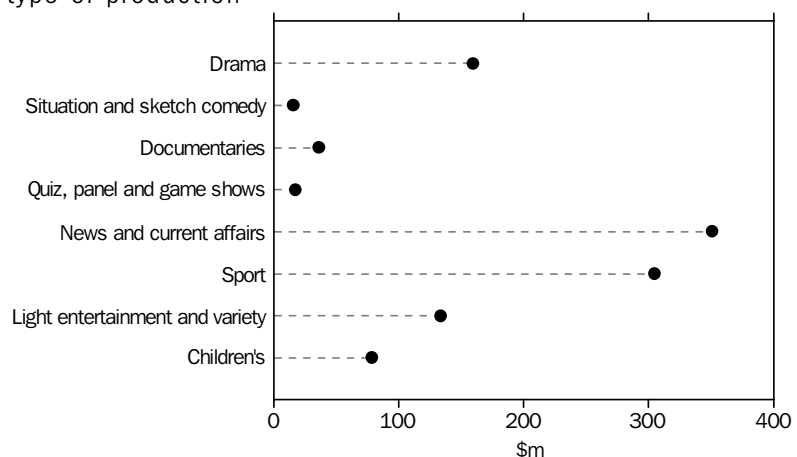
Production costs included all costs relating to development, pre-production, shoots and post-production of films and programs during 2002–03.

During 2002–03 these businesses incurred \$1,502.5m in production costs. Productions made specifically for television comprised most of these costs (75.9% or \$1,140.7m). Production of commercials, stations promotions and interstitials accounted for 14.6% (\$219.3m) and productions made other than for television accounted for 9.5% (\$142.4m).

PRODUCTIONS MADE SPECIFICALLY FOR TELEVISION

The graph below shows that of those productions made specifically for television, news and current affairs incurred the highest production costs (\$351m), followed by sport (\$305.1m), drama (\$159.5m) and light entertainment and variety (\$133.6m).

COST OF PRODUCTIONS MADE SPECIFICALLY FOR TELEVISION, By type of production

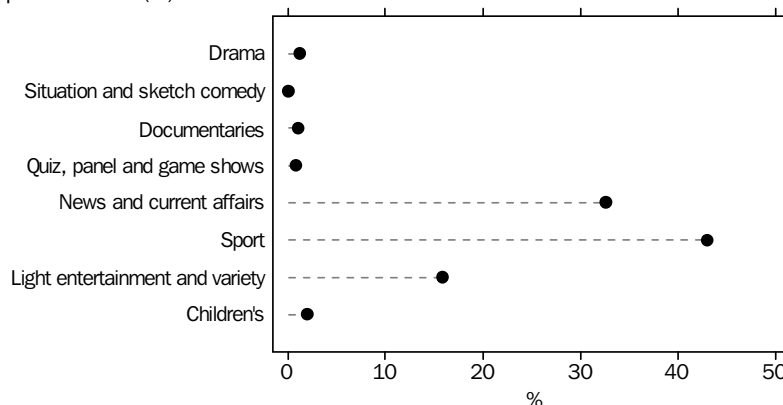


Commercial broadcast hours represent the airtime of completed first release programs, including commercial breaks. Program re-runs and the production time for commercials, advertisements and station program promotions are excluded.

PRODUCTIONS MADE SPECIFICALLY FOR TELEVISION *continued*

There were 54,743 commercial broadcast hours for first release productions made specifically for television during 2002–03. The graph below shows the number of first release commercial broadcast hours by type of production. Sport dominated, recording the highest number of broadcast hours (43% or 23,556 hours), followed by news and current affairs (32.6% or 17,837 hours).

FIRST RELEASE COMMERCIAL BROADCAST HOURS, By type of production(a)

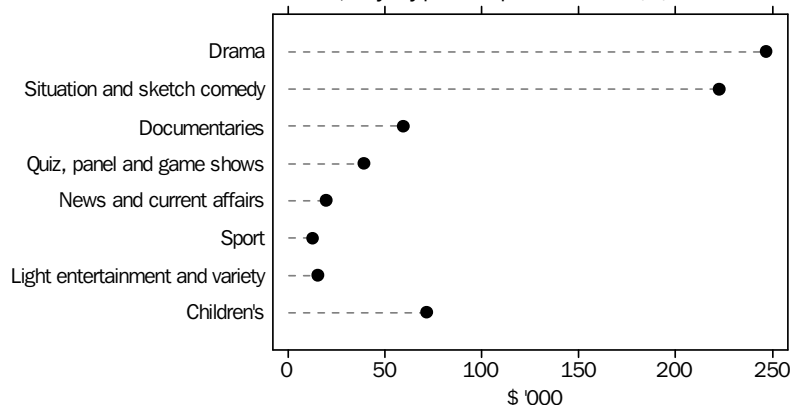


(a) For productions made specifically for television.

Productions made specifically for children incurred \$78.8m (6.9%) in costs and accounted for 1,100 hours (2%) of first release commercial broadcast hours. The average hourly cost of children's productions was \$72,000.

The graph below shows that the average cost per hour varied considerably by production type. Drama productions incurred the highest average cost per hour at \$247,000, followed by situation and sketch comedy at \$223,000 per hour. Although news and current affairs had the highest overall production costs, the average cost per hour was \$20,000. Sport productions also had lower costs averaging \$13,000 per hour.

AVERAGE COST PER HOUR, By type of production(a)



(a) For productions made specifically for television.

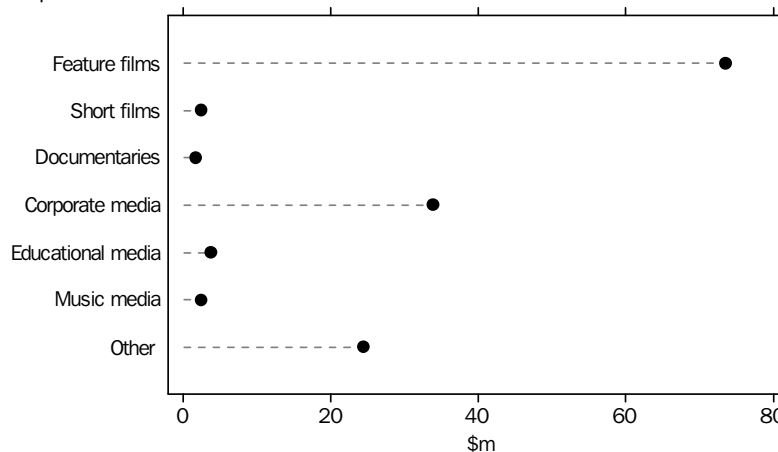
PRODUCTIONS MADE OTHER THAN FOR TELEVISION

During 2002–03, 383 film and video production businesses created 5,774 productions other than for television. These businesses incurred \$142.4m in production costs and averaged \$25,000 per production.

PRODUCTIONS MADE
OTHER THAN FOR
TELEVISION *continued*

The graph below shows the cost of productions by type of production. Feature films comprised 51.6% (\$73.5m) of the total production costs, while corporate, marketing and training media accounted for 23.8% (\$33.9m). The latter accounted for 87.6% of all productions made other than for television.

COST OF PRODUCTIONS MADE OTHER THAN FOR TELEVISION, By type of production



The average cost per feature film production was \$1.1m. Corporate, marketing and training media had the lowest average cost per production at \$7,000.

HISTORICAL COMPARISON

Comparisons with results from earlier surveys are useful as an indication of the extent and direction of change over time. However, it is important to note that the survey was not designed to provide highly accurate estimates of change, so any comparisons to results from previous surveys should be made with caution. Estimates of change can be subject to changes to scope, methodology and high levels of sampling error. Further information can be found in paragraphs 21–23 of the Explanatory Notes.

Total production costs decreased by 5.7% per annum, falling from \$1,791.7m in 1999–2000 to \$1,502.5m in 2002–03.

Feature films declined by 20.9% per annum, from \$148.6m in 1999–2000 to \$73.5m in 2002–03. Productions made specifically for television by film and video production businesses and subscription television channel providers decreased by 14% per annum (\$516m in 1999–2000 to \$328.4m in 2002–03).

2.1 SUMMARY OF PRODUCTION COSTS

	1999–2000	2002–03	Average annual percentage change 1999–2000 to 2002–03
	\$m	\$m	%
Productions made specifically for television			
By television broadcasters(a)	799.3	812.4	0.5
By other businesses(b)(c)	^ 516.0	^ 328.4	-14.0
<i>Total</i>	<i>1 315.4</i>	<i>1 140.7</i>	<i>-4.6</i>
Production of commercials, station promotions and interstitials			
By television broadcasters(a)	48.0	38.3	-7.2
By other businesses(b)(d)	^ 194.9	181.0	-2.4
<i>Total</i>	<i>^ 243.0</i>	<i>219.3</i>	<i>-3.4</i>
Productions other than for television			
Feature films	148.6	73.5	-20.9
Other(b)	^ 84.8	68.9	-6.7
<i>Total</i>	<i>233.4</i>	<i>142.4</i>	<i>-15.2</i>
Total	1 791.7	1 502.5	-5.7

^ estimate has a relative standard error of 10% to less than 25% and should be used with caution

- (a) Includes commercial free-to-air, subscription and public broadcasters. Excludes community television businesses. Also excludes co-productions between television broadcasters and other businesses.
- (b) Includes businesses whose primary activity was film and video production or subscription television channel provision with in-house production.
- (c) Includes all costs associated with co-production between television broadcasters and other businesses.
- (d) Production of commercials and advertisements produced primarily for overseas markets by other businesses accounted for \$52.7m of the total (\$181m). This amount increased from \$35m in 1999–2000.

2.2

PRODUCTIONS MADE SPECIFICALLY FOR TELEVISION

	<i>Businesses at end June(a)</i>	<i>Commercial broadcast hours(b)</i>	<i>Total cost of production</i>	<i>Average cost per hour</i>
	no.	no.	\$m	\$'000
.....				
PRODUCTIONS MADE BY TELEVISION BROADCASTERS (c)				
Type of production				
Drama	np	np	np	np
Situation and sketch comedy	4	27	5.9	220.0
Documentaries	6	60	5.5	92.0
Quiz, panel and game shows	np	np	np	np
News and current affairs	22	np	344.3	np
Sport	10	21 069	285.2	13.5
Light entertainment and variety	11	np	88.6	np
Other(d)	np	1 828	np	np
Total	27	41 217	812.4	19.7

Productions made specifically for children(e)				
"C" classification (children)	5	np	10.7	np
"P" classification (preschool)	4	np	4.9	np
Total	5	767	15.6	20.3

.....
PRODUCTIONS MADE BY OTHER BUSINESSES (f)

Type of production				
Drama	np	np	np	np
Situation and sketch comedy	*6	^ 44	*9.8	^ 224.3
Documentaries	^ 92	^ 548	^ 30.7	^ 56.1
Quiz, panel and game shows	np	np	np	np
News and current affairs	26	np	6.7	np
Sport	^ 37	^ 2 487	*19.9	^ 8.0
Light entertainment and variety	*32	np	45.0	np
Other(d)	np	1 076	np	np
Total	^ 196	13 526	^ 328.4	24.3

Productions made specifically for children(e)				
"C" classification (children)	*13	np	*54.8	np
"P" classification (preschool)	*5	np	**8.5	np
Total	*17	*333	*63.3	190.2

-
- ^ estimate has a relative standard error of 10% to less than 25% and should be used with caution
- * estimate has a relative standard error of 25% to 50% and should be used with caution
- ** estimate has a relative standard error greater than 50% and is considered too unreliable for general use
- np not available for publication but included in totals where applicable, unless otherwise indicated
- (a) As businesses may have been involved in more than one type of production, the counts of businesses do not sum to the total.
- (b) Relates to first release productions only.
- (c) Includes commercial free-to-air, subscription and public broadcasters.
- (d) Includes children's programs.
- (e) Children's productions are a subset of Other above.
- (f) Includes businesses whose primary activity was film and video production or subscription television channel provision with in-house production.

2.2 PRODUCTIONS MADE SPECIFICALLY FOR TELEVISION *continued*

	<i>Businesses at end June(a)</i>	<i>Commercial broadcast hours(b)</i>	<i>Total cost of production</i>	<i>Average cost per hour</i>
	no.	no.	\$m	\$'000
TOTAL				
Type of production				
Drama	^ 26	647	159.5	246.6
Situation and sketch comedy	^ 10	^ 71	^ 15.8	^ 222.7
Documentaries	^ 98	^ 608	^ 36.2	^ 59.6
Quiz, panel and game shows	* 14	438	17.2	39.3
News and current affairs	^ 48	17 837	351.0	19.7
Sport	^ 47	23 556	305.1	13.0
Light entertainment and variety	^ 43	8 682	133.6	15.4
Other(c)	^ 33	^ 2 904	* 122.3	^ 42.1
Total	^ 223	54 743	1 140.7	20.8
Productions made specifically for children(d)				
"C" classification (children)	* 18	^ 842	* 65.4	* 77.7
"P" classification (preschool)	^ 9	^ 258	* 13.4	* 52.1
<i>Total</i>	<i>* 22</i>	<i>^ 1 100</i>	<i>* 78.8</i>	<i>^ 71.7</i>

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- * estimate has a relative standard error of 25% to 50% and should be used with caution
- (a) As businesses may have been involved in more than one type of production, the counts of businesses do not sum to the total.
- (b) Relates to first release productions only.
- (c) Includes children's programs.
- (d) Children's productions are a subset of Other above.

2.3

PRODUCTIONS MADE OTHER THAN FOR TELEVISION (a)

	<i>Businesses at end June(b)</i>	<i>Productions</i>	<i>Total cost of production</i>	<i>Average cost per production</i>
	no.	no.	\$m	\$'000
Feature films	^ 65	^ 66	73.5	^ 1 113.8
Short films	*39	*74	^ 2.4	*32.8
Documentaries	*21	*37	*1.7	*46.5
Corporate, marketing and training media	^ 254	^ 5 057	^ 33.9	^ 6.7
Educational media	*42	*185	*3.8	*20.7
Music media	*36	*156	*2.5	*15.8
Other	*25	^ 199	24.5	*123.1
Total	383	^ 5 774	142.4	^ 24.7

^ estimate has a relative standard error of 10% to less than 25% and should be used with caution

* estimate has a relative standard error of 25% to 50% and should be used with caution

(a) Includes businesses whose primary activity was film and video production.

(b) As businesses may have been involved in more than one type of production, the counts of businesses do not sum to the total.

INTRODUCTION

This chapter presents results for the operations of film and video production services businesses during 2002–03.

These businesses were mainly engaged in: the production of motion picture on film and video tape for theatre; television projection; or the provision of post-production services such as editing, duplication and film and laboratory services. Businesses receiving royalties from feature film production were also included in the results.

The income and expenses of businesses undertaking these services will vary according to the stages of production of feature films, etc. In some cases, businesses may legitimately report expenses but no income in a financial year as they may be in production, while others may only report income as productions are completed. Employment numbers will also fluctuate during a financial year based on the status of production.

INCOME

Film and video production services businesses generated \$1,596.6m in income during 2002–03.

Most of this income (48.8% or \$778.6m) came from the production of films, television programs, commercials, etc. Income from the provision of post-production/film laboratory services to other businesses accounted for 22.6% (\$360.5m) of the total, and the provision of production services to other businesses 22% (\$350.9m).

The production of television programs generated \$393.6m (24.7%) in income, while the production of commercials generated \$228.4m (14.3%).

EXPENSES

Film and video production businesses incurred \$1,504.8m in expenses during 2002–03.

The largest expense item was labour costs at \$466.3m (31% of the total), followed by payments to other businesses for production services at \$215.8m (14.3%) and purchases at \$125.5m (8.3%).

PROFITABILITY

The operating profit before tax for these businesses was \$91.7m, resulting in an operating profit margin of 5.9%.

EMPLOYMENT

At the end of June 2003 there were 16,427 people employed by film and video production businesses.

The film and video production workforce was dominated by casual/temporary employees accounting for 52.6% (8,633 persons) of employment. Permanent full-time employees comprised 41.3% (6,785 persons) of total employment.

A higher proportion of males (60.1% or 9,873) worked in film and video production businesses than females (6,554).

EMPLOYMENT *continued*

The main activities of persons employed in film and video production services businesses were: artists and production related professionals (6,935 persons or 42.2%); technical and production support staff (4,524 or 27.5%) and managerial/administrative/clerical staff (4,328 or 26.3%).

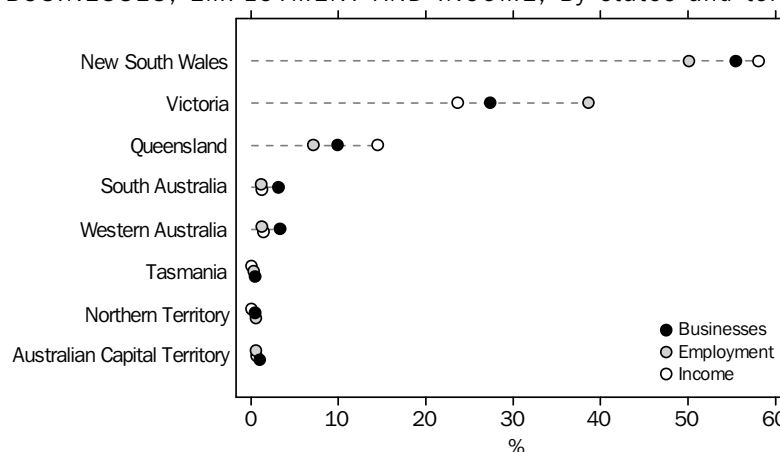
Males were largely employed in the occupation groups of artists and production related professionals (46.6%) and technical and production support (30.8%), while females largely occupied managerial/administrative/clerical positions (38.6%).

STATES AND TERRITORIES

New South Wales had the largest number of businesses, employment and income accounting for over 50% of the market share in Australia (55.5%, 50.1% and 58.1% respectively). This state generated \$928.1m in income during 2002–03.

Victoria had a large share of employment, accounting for 38.6% (6,343 persons) of total employment.

BUSINESSES, EMPLOYMENT AND INCOME, By states and territories



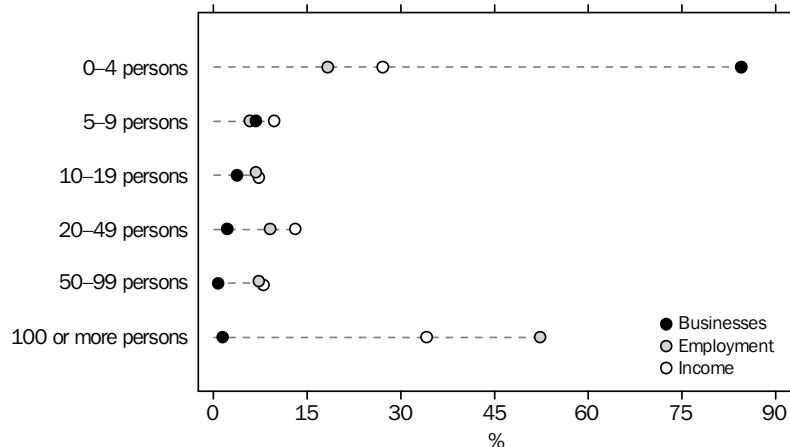
BUSINESS SIZE CHARACTERISTICS

The graph overleaf shows that film and video production services businesses were predominantly small employers. Small businesses (those with 0–4 persons employed) accounted for 84.5% of total businesses in Australia. These employers accounted for 18.4% of employment and generated \$434.9m (27.2%) in income.

Over half (52.3%) of the people working in this services sector were employed by large businesses (those with 100 persons or more employed), but these businesses comprised 1.6% of the total number of businesses in Australia. Large businesses generated the highest proportion of income (34.2% or \$546.1m).

BUSINESS SIZE CHARACTERISTICS
continued

BUSINESSES, EMPLOYMENT AND INCOME, By employment size



HISTORICAL COMPARISONS

Comparisons with results from earlier surveys are useful as an indication of the extent and direction of change over time. However, it is important to note that the survey was not designed to provide highly accurate estimates of change, so any comparisons to results from previous surveys should be made with caution. Estimates of change can be subject to changes to scope, methodology and high levels of sampling error. Further information can be found in paragraphs 21–23 of the Explanatory Notes.

Income from the production of television programs and other completed works decreased from \$472.2m and \$191.5m in 1999–2000 to \$393.6m and \$156.7m in 2002–03 respectively. Income from the production of commercials rose from \$186.2m to \$228.4m for this same period.

Income from the provision of production services to other businesses and post-production/film laboratory services grew since 1999–2000. Production services increased 14.6% per annum (from \$233.1m in 1999–2000 to \$350.9m in 2002–03), while post-production services increased by 11.1% per annum (from \$262.6m in 1999–2000 to \$360.5m in 2002–03).

Payments to other businesses for production services declined by 4.9% per annum (from \$250.8m in 1999–2000 to \$215.8m in 2002–03).

Labour costs grew by 3% per annum rising from \$426.6m to \$466.3m.

3.1 SUMMARY OF OPERATIONS, Film and video production services

		1999–2000	2002–03	Average annual percentage change 1999–2000 to 2002–03
Businesses at end June	no.	1 975	2 174	3.3
Employment at end June	no.	15 195	16 427	2.6
Income				
Production of television programs	\$m	^ 472.2	393.6	-5.9
Production of commercials	\$m	^ 186.2	228.4	7.0
Production of other completed works	\$m	191.5	156.7	-6.5
Provision of production services to other businesses	\$m	233.1	350.9	14.6
Provision of post-production/film laboratory services to other businesses	\$m	^ 262.6	360.5	11.1
Other	\$m	128.2	^ 106.5	-6.0
<i>Total</i>	\$m	1 473.8	1 596.6	2.7
Expenses				
Labour costs	\$m	426.6	466.3	3.0
Payments to other businesses for production services	\$m	^ 250.8	215.8	-4.9
Payments to other businesses for post-production/film laboratory services	\$m	^ 88.3	89.5	0.5
Other	\$m	632.2	733.1	5.1
<i>Total</i>	\$m	1 397.9	1 504.8	2.5
Operating profit before tax	\$m	^ 76.5	^ 91.7	6.2
Operating profit margin	%	^ 5.4	^ 5.9	..
Industry value added	\$m	606.8	668.2	3.3

^ estimate has a relative standard error of 10% to less than 25% and should be used with caution
 .. not applicable

3.2

SOURCES OF INCOME, Film and video production services

	<i>Businesses at end June(a)</i>	<i>Income</i>	<i>Proportion of total income</i>
	no.	\$m	%
Income from the production of			
Feature films	^ 182	59.2	3.7
Television programs			
Drama	^ 152	193.7	12.1
Other	^ 268	^ 199.9	12.5
<i>Total</i>	389	393.6	24.7
Commercials	443	228.4	14.3
Corporate, training and marketing media	451	^ 70.6	4.4
Educational media	^ 121	^ 11.3	0.7
Music media	^ 94	*3.8	0.2
Other	^ 150	*11.8	0.7
<i>Total(b)</i>	1 190	778.6	48.8
Income from the provision of production services to other businesses			
Producers' fees and line production	346	126.7	7.9
Directors' fees	^ 208	^ 15.3	1.0
Cinematography	^ 263	^ 23.2	1.5
Other production services	479	185.7	11.6
<i>Total</i>	1 004	350.9	22.0
Income from the provision of post-production/film laboratory services to other businesses			
Visual editing			
Subtitling	^ 49	^ 13.4	0.8
Other	^ 168	^ 106.4	6.7
<i>Total</i>	^ 212	^ 119.9	7.5
Sound editing			
Dubbing	*47	8.0	0.5
Other	^ 77	21.3	1.3
<i>Total</i>	^ 106	29.3	1.8
Duplication	^ 158	83.3	5.2
Film laboratory services	*11	np	np
Other post-production services	^ 151	np	np
<i>Total</i>	409	360.5	22.6
Interest	812	15.5	1.0
Other	743	^ 91.0	5.7
Total	2 174	1 596.6	100.0

^ estimate has a relative standard error of 10% to less than 25% and should be used with caution

* estimate has a relative standard error of 25% to 50% and should be used with caution

np not available for publication but included in totals where applicable, unless otherwise indicated

(a) As businesses may have had more than one source of income, the counts of businesses for each income source do not sum to the total.

(b) Of the \$778.6m received from the production of films and programs etc., \$88.9m were commissioned (i.e. the business did not retain the rights to the production).

3.3 ITEMS OF EXPENDITURE, Film and video production services

	<i>Businesses at end June(a)</i>	<i>Expenditure</i>	<i>Proportion of total expenditure</i>
	no.	\$m	%
Labour costs			
Wages and salaries	1 808	402.4	26.7
Employer contributions to superannuation funds(b)	1 775	40.4	2.7
Workers' compensation costs	1 466	4.8	0.3
Fringe benefits tax	235	3.1	0.2
Payroll tax	265	15.7	1.0
<i>Total</i>	<i>1 942</i>	<i>466.3</i>	<i>31.0</i>
Payments to other businesses for production services	1 018	215.8	14.3
Payments to other businesses for post-production/film laboratory services	662	89.5	6.0
Purchases			
Film stock and video tape stock	1 041	^ 62.4	4.1
Other purchases	688	63.1	4.2
<i>Total</i>	<i>1 299</i>	<i>125.5</i>	<i>8.3</i>
Other contract, subcontract and commission expenses	553	45.2	3.0
Rent, leasing and hiring	1 408	85.4	5.7
Depreciation and amortisation			
Amortisation of productions	^ 132	*38.7	2.6
Other depreciation and amortisation	850	47.0	3.1
<i>Total</i>	<i>917</i>	<i>^ 85.6</i>	<i>5.7</i>
Travelling, accommodation and entertainment	1 569	38.5	2.6
Royalties			
Paid to Australian businesses/individuals	^ 208	32.6	2.2
Paid to overseas businesses/individuals	^ 62	6.6	0.4
<i>Total</i>	<i>^ 228</i>	<i>39.2</i>	<i>2.6</i>
Advertising	838	8.9	0.6
Telecommunication services	1 929	19.3	1.3
Motor vehicle running expenses	1 627	14.1	0.9
Insurance premiums	1 619	19.8	1.3
Repair and maintenance	1 533	15.6	1.0
Audit and other accounting expenses	1 824	12.4	0.8
Interest	986	32.7	2.2
Bad and doubtful debts	253	^ 3.0	0.2
Other	1 535	187.7	12.5
Total	2 174	1 504.8	100.0

^ estimate has a relative standard error of 10% to less than 25% and should be used with caution

* estimate has a relative standard error of 25% to 50% and should be used with caution

(a) As businesses may have had more than one type of expenditure, the counts of businesses for each item of expenditure do not sum to the total.

(b) Includes salary sacrifice that was paid as employer contributions to superannuation funds. Other salary sacrifice was included with the relevant expense item.

3.4 CHARACTERISTICS OF EMPLOYMENT, Film and video production services

	<u>Males</u>		<u>Females</u>		<u>Persons</u>	
	no.	%	no.	%	no.	%
Working proprietors and partners	^ 66	0.7	^ 45	0.7	^ 111	0.7
Employees						
Permanent full-time	4 165	42.2	2 620	40.0	6 785	41.3
Permanent part-time	428	4.3	470	7.2	898	5.5
Casual/temporary	^ 5 214	52.8	^ 3 420	52.2	^ 8 633	52.6
Total	9 807	99.3	6 509	99.3	16 316	99.3
Total employment at end June 2003	9 873	100.0	6 554	100.0	16 427	100.0
Total employment at end June 2000	9 206	..	5 989	..	15 195	..

^ estimate has a relative standard error of 10% to less than 25% and should be used with caution .. not applicable

3.5 MAIN ACTIVITY OF PERSONS EMPLOYED, Film and video production services

	<u>Males</u>		<u>Females</u>		<u>Total</u>	
	no.	%	no.	%	no.	%
Managerial/administrative/clerical	1 798	18.2	2 530	38.6	4 328	26.3
Artists and production related professionals	^ 4 596	46.6	^ 2 339	35.7	^ 6 935	42.2
Technical and production support	3 037	30.8	^ 1 487	22.7	4 524	27.5
Other	^ 442	4.5	^ 199	3.0	^ 640	3.9
Total	9 873	100.0	6 554	100.0	16 427	100.0

^ estimate has a relative standard error of 10% to less than 25% and should be used with caution

3.6 STATES AND TERRITORIES, Film and video production services

		New South Wales	Victoria	Queensland	South Australia	Western Australia	Tasmania	Northern Territory	Australian Capital Territory	Australia
Businesses at end June(a)	no.	1 208	596	216	^ 69	^ 73	10	10	^ 22	2 174
	%	55.5	27.4	9.9	3.2	3.4	0.5	0.5	1.0	100.0
Total employment at end June	no.	8 232	^ 6 343	1 185	204	^ 218	47	96	^ 103	16 427
	%	50.1	38.6	7.2	1.2	1.3	0.3	0.6	0.6	100.0
Wages and salaries	\$m	221.8	^ 128.0	33.1	^ 8.1	^ 6.8	0.6	0.5	^ 3.4	402.4
	%	55.1	31.8	8.2	2.0	1.7	0.2	0.1	0.9	100.0
Total income	\$m	928.1	378.3	230.7	21.5	^ 23.6	2.0	1.9	^ 10.4	1 596.6
	%	58.1	23.7	14.5	1.3	1.5	0.1	0.1	0.7	100.0

^ estimate has a relative standard error of 10% to less than 25% and should be used with caution

(a) As businesses may have operated in more than one state, the counts of businesses for each state do not sum to the total for Australia.

3.7 SUMMARY OF OPERATIONS BY EMPLOYMENT SIZE, Film and video production services

		0-4 persons	5-9 persons	10-19 persons	20-49 persons	50-99 persons	100 persons or more	Total
Businesses at end June	no.	1 836	^ 150	^ 84	^ 50	*17	^ 36	2 174
	%	84.5	6.9	3.9	2.3	0.8	1.6	100.0
Total employment at end June	no.	3 025	^ 963	^ 1 131	^ 1 506	*1 208	^ 8 595	16 427
	%	18.4	5.9	6.9	9.2	7.4	52.3	100.0
Total income	\$m	434.9	156.2	118.4	211.3	^ 129.7	546.1	1 596.6
	%	27.2	9.8	7.4	13.2	8.1	34.2	100.0
Wages and salaries	\$m	109.1	24.6	25.9	51.5	*41.2	150.1	402.4
	%	27.1	6.1	6.4	12.8	10.2	37.3	100.0
Operating profit before tax	\$m	**19.8	31.1	*11.3	*11.9	^ -4.1	^ 21.8	^ 91.7
	%
Operating profit margin	%	**4.8	20.2	*9.7	*5.7	-3.2	^ 4.0	^ 5.9

^ estimate has a relative standard error of 10% to less than 25% and should be used with caution

** estimate has a relative standard error greater than 50% and is considered too unreliable for general use

* estimate has a relative standard error of 25% to 50% and should be used with caution

.. not applicable

INTRODUCTION

This chapter presents results for the operations of commercial free-to-air and subscription television broadcasting services businesses during 2002–03. Public and community television broadcasting businesses were excluded from the results of this chapter.

These businesses mainly engaged in television broadcasting. Services provided by these businesses included production of television programs, whether live or on tape or other recording medium, for own use.

At the end of June 2003 there were 27 commercial free-to-air and 6 subscription television broadcasting businesses.

INCOME

These television broadcasting businesses generated \$5,158.8m in income during 2002–03. Commercial free-to-air broadcasters generated 73.9% of this income (\$3,810.6m) and subscription broadcasters 26.1% (\$1,348.2m).

The main source of income for commercial free-to-air broadcasters was the sale of air time (\$2,817.8m or 73.9%), while subscription and membership fees were the main source for subscription broadcasters (\$1,158.7m or 85.9%).

EXPENSES

During 2002–03 television broadcasting businesses incurred \$4,991.3m in expenses. Commercial free-to-air broadcasters accounted for 63.2% (\$3,154m) of this total and subscription broadcasters 36.8% (\$1,837.3m).

The main expenses for commercial free-to-air broadcasters were labour costs (\$587.4m or 18.6%) and program rights used (\$494.8m or 15.7%).

Main expenses for subscription broadcasters were payments to channel providers (\$784.5m or 42.7%), depreciation and amortisation costs (\$278.6m or 15.2%) and labour costs (\$168m or 9.1%).

PROFITABILITY

Profitability was markedly different between commercial free-to-air and subscription broadcasters. During 2002–03 commercial free-to-air television broadcasters recorded an operating profit before tax of \$658.9m, representing an operating profit margin of 17.7%. In contrast, subscription broadcasters recorded an operating loss before tax of \$451.5m, which represented an operating profit margin of -33.6%.

EMPLOYMENT

Collectively, these businesses had a workforce of 9,094 employees. The majority (72.3% or 6,577 people) were employed in commercial free-to-air broadcasting businesses. Subscription broadcasters employed 2,517 people.

EMPLOYMENT *continued*

Employees working in commercial free-to-air businesses mainly worked on a permanent full-time basis (73.4% or 4,828 people). Casual/temporary employees made up 18.2% of the total (1,195 people).

These businesses had more males in their workforce (62.6% or 4,120 males).

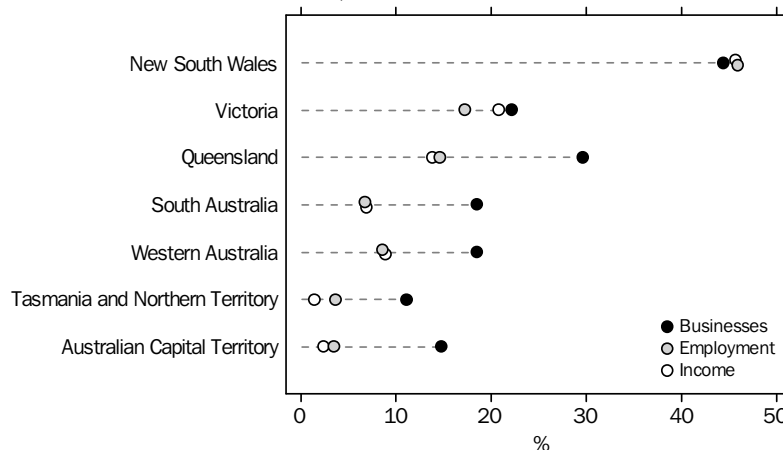
STATES AND TERRITORIES

Employees and income for New South Wales was higher than its population share (33.6%) accounting for 45.9% and 45.7% of the market share respectively. Queensland on the other hand had lower shares for these items (14.6% and 13.8% respectively) compared to its population (19%).

Victoria's share of income (20.8%) and employment (17.2%) was below its population share (24.7%).

The three largest states (New South Wales, Victoria and Queensland) accounted for 80.3% (\$3,061.1m) of the total income.

STATES AND TERRITORIES, Commercial free-to-air broadcasters



HISTORICAL COMPARISONS

Comparisons with results from earlier surveys are useful as an indication of the extent and direction of change over time. However, it is important to note that the survey was not designed to provide highly accurate estimates of change, so any comparisons to results from previous surveys should be made with caution. Estimates of change can be subject to changes to scope, methodology and high levels of sampling error. Further information can be found in paragraphs 21–23 of the Explanatory Notes.

Historical data are not comparable for commercial free-to-air broadcasters. Further information can be found in the Technical Note.

The number of employees in subscription broadcasting businesses declined by 4.2% per annum since 1999–2000.

Income grew by 14% per annum while expenditure grew by 4.4% per annum for this same period.

Subscription and membership fees grew annually by 13.7%.

Payments to channel providers rose significantly (18.6% per annum) across the three years, while depreciation and amortisation decreased by 10.6% per annum.

HISTORICAL
COMPARISONS
continued

Subscription broadcasters reported a significant operating loss before tax of \$451.5m in 2002–03, however this was smaller than the loss recorded in 1999–2000 (\$675.8m). This resulted in an improved operating profit margin, rising from -74.3% to -33.6%.

4.1

SUMMARY OF OPERATIONS, Television services(a)

		Commercial free-to-air broadcasters	Subscription broadcasters	Total
Businesses at end June	no.	27	6	33
Employees at end June	no.	6 577	2 517	9 094
Income				
Gross income from the sale of airtime	\$m	2 817.8	na	2 817.8
Subscription and membership fees	\$m	. .	1 158.7	1 158.7
Other(b)	\$m	992.8	189.5	1 182.2
<i>Total</i>	\$m	3 810.6	1 348.2	5 158.8
Expenses				
Labour costs	\$m	587.4	168.0	755.4
Program rights used/payments to channel providers	\$m	494.8	784.5	1 279.4
Depreciation and amortisation	\$m	387.2	278.6	665.8
Other	\$m	1 684.5	606.2	2 290.7
<i>Total</i>	\$m	3 154.0	1 837.3	4 991.3
Operating profit before tax	\$m	658.9	-451.5	207.4
Operating profit margin	%	17.7	-33.6	4.1
Industry value added	\$m	1 657.5	-197.3	1 460.2

. . not applicable

na not available

(a) Excludes public television broadcasters.

(b) For subscription broadcasters, other income included gross income from the sale of airtime.

4.2 ITEMS OF EXPENDITURE, Commercial free-to-air broadcasters

	<i>Businesses at end June(a)</i>		<i>Proportion of total expenditure</i>	
	<i>no.</i>	<i>\$m</i>	<i>%</i>	<i>%</i>
Labour costs				
Wages and salaries	27	500.8	15.9	
Employer contributions to superannuation funds(b)	27	43.4	1.4	
Workers' compensation costs	22	2.9	0.1	
Fringe benefits tax	26	10.5	0.3	
Payroll tax	26	29.9	0.9	
<i>Total</i>	27	587.4	18.6	
Program rights used				
Commissions to advertising agencies/brokers	23	225.0	7.1	
Other advertising expenses	27	53.7	1.7	
Television licence fees	26	224.4	7.1	
Affiliation fees paid	16	121.6	3.9	
Other management and administrative fees	21	np	np	
Rent, leasing and hiring	27	69.4	2.2	
Telecommunication services	27	30.9	1.0	
Travelling, accommodation and entertainment	26	32.4	1.0	
Interest	18	100.9	3.2	
Amortisation of programs	6	301.8	9.6	
Other	27	np	np	
Total	27	3 154.0	100.0	

np not available for publication but included in totals where applicable, unless otherwise indicated

(a) As businesses may have had more than one type of expenditure, the counts of businesses for each item of expenditure do not sum to the total.

(b) Includes salary sacrifice that was paid as employer contributions to superannuation funds. Other salary sacrifice was included with the relevant expense item.

4.3 CHARACTERISTICS OF EMPLOYEES, Commercial free-to-air broadcasters

	<i>Males</i>		<i>Females</i>		<i>Persons</i>	
	<i>no.</i>	<i>%</i>	<i>no.</i>	<i>%</i>	<i>no.</i>	<i>%</i>
Employees at end June						
Permanent full-time	3 165	76.8	1 663	67.7	4 828	73.4
Permanent part-time	290	7.0	264	10.7	554	8.4
Casual/temporary	665	16.1	530	21.6	1 195	18.2
Total	4 120	100.0	2 457	100.0	6 577	100.0

4.4 STATES AND TERRITORIES, Commercial free-to-air broadcasters

		New South Wales	Victoria	Queensland	South Australia	Western Australia	Tasmania	Northern Territory	Australian Capital Territory	Australia
Businesses at end June(a)	no.	12	6	8	5	5	np	np	4	27
	%	44.4	22.2	29.6	18.5	18.5	np	np	14.8	100.0
Total employees at end June	no.	3 016	1 128	960	440	566	np	np	230	6 577
	%	45.9	17.2	14.6	6.7	8.6	np	np	3.5	100.0
Wages and salaries	\$m	265.8	84.6	68.4	26.8	32.6	np	np	12.8	500.8
	%	53.1	16.9	13.7	5.3	6.5	np	np	2.6	100.0
Total income	\$m	1 741.0	792.7	527.4	261.6	338.9	np	np	93.1	3 810.6
	%	45.7	20.8	13.8	6.9	8.9	np	np	2.4	100.0

np not available for publication but included in totals where applicable, unless otherwise indicated

(a) As businesses may have operated in more than one state, the counts of businesses for each state do not sum to the total.

4.5 SUMMARY OF OPERATIONS, Subscription broadcasters

		1999–2000	2002–03	Average annual percentage change 1999–2000 to 2002–03
Businesses at end June	no.	7	6	-5.0
Employees at end June	no.	2 861	2 517	-4.2
Income				
Subscription and membership fees	\$m	789.1	1 158.7	13.7
Other(a)	\$m	121.7	189.5	15.9
<i>Total</i>	\$m	910.9	1 348.2	14.0
Expenses				
Labour costs	\$m	185.6	168.0	-3.3
Payments to channel providers	\$m	469.8	784.5	18.6
Depreciation and amortisation	\$m	390.0	278.6	-10.6
Other	\$m	570.3	606.2	2.1
<i>Total</i>	\$m	1 615.7	1 837.3	4.4
Operating profit before tax	\$m	-675.8	-451.5	12.6
Operating profit margin	%	r-74.3	-33.6	. .
Industry value added	\$m	na	-197.3	na

. . not applicable

na not available

r revised

(a) Includes gross income from the sale of airtime.

EXPLANATORY NOTES

INTRODUCTION

1 This publication presents results from a survey of television broadcasting and film and video production services businesses for the reference year 2002–03. This is the fourth time the ABS has conducted this survey. Previous statistics related to 1999–2000, 1996–97 and 1993–94 reference periods.

SCOPE

2 The scope of the survey was all employing units on the ABS Business Register, classified to the following classes of the Australian and New Zealand Standard Industrial Classification (ANZSIC):

- **9111 – FILM AND VIDEO PRODUCTION:** This class consisted of employing businesses in Australia that were primarily engaged in the following: production of motion pictures on film or video tape for theatre or television projection; or the provision of production services such as editing, duplication and film laboratory services. The scope was also extended to include businesses that generated income from feature film production, and subscription television channel providers producing in-house productions, not classified to this ANZSIC class.
- **9122 – TELEVISION SERVICES (PART):** The scope included only a subset of the ANZSIC class 9122 TELEVISION SERVICES. The scope included businesses in Australia that generated income predominantly from commercial free-to-air, public and subscription television broadcasting. Services provided by these businesses included the production of television programs, whether live or on tape or other recording medium, for own use. Community broadcasters were excluded.

STATISTICAL UNITS DEFINED ON THE ABS REGISTER

3 The ABS uses an economic statistics model on the ABS Business Register to describe the characteristics of businesses, and the structural relationships between related businesses. The units model is also used to break groups of related businesses into relatively homogeneous components that can provide data to the ABS.

4 In mid-2002, to better use the information available as a result of The New Tax System, the ABS changed its economic statistics units model. The new units model allocates businesses to one of two sub-populations. The vast majority of businesses are in what is called the Australian Taxation Office (ATO) Maintained Population, while the remaining businesses are in the ABS Maintained Population. Together, these two sub-populations make up the ABS Business Register population.

ATO Maintained Population

5 Most businesses and organisations in Australia need to obtain an Australian Business Number (ABN), and are then included on the ATO Australian Business Register. Most of these businesses have simple structures; therefore the unit registered for an ABN will satisfy ABS statistical requirements. For these businesses, the ABS has aligned its statistical units structure with the ABN unit. The businesses with simple structures constitute the ATO Maintained Population, and the ABN unit was used as the economic statistics unit for all economic collections.

ABS Maintained Population

6 For the population of businesses where the ABN unit is not suitable for ABS statistical requirements, the ABS maintains its own units structure through direct contact with the business. These businesses constitute the ABS Maintained Population. This population consists mainly of large, complex and diverse businesses. The new statistical units model described below has been introduced to cover such businesses:

ABS Maintained Population
continued

- Enterprise Group: This is a unit covering all the operations in Australia of one or more legal entities under common ownership and/or control. It covers all the operations in Australia of legal entities which are related in terms of the current Corporations Law (as amended by the *Corporations Legislation Amendment Act 1991*), including legal entities such as companies, trusts, and partnerships. Majority ownership is not required for control to be exercised.
- Enterprise: The enterprise is an institutional unit comprising (i) a single legal entity or business entity, or (ii) more than one legal entity or business entity within the same Enterprise Group and in the same institutional sub-sector (i.e. they are all classified to a single Standard Institutional Sector Classification of Australia sub-sector).
- Type of Activity Unit (TAU): The TAU is comprised of one or more business entities, sub-entities or branches of a business entity within an Enterprise Group that can report production and employment data for similar activities. When a minimum set of data items are available, a TAU is created which covers all the operations within an industry subdivision (and the TAU is classified to the relevant subdivision of the ANZSIC). Where a business cannot supply adequate data for each industry, a TAU is formed which contains activity in more than one industry subdivision.

7 For more information on the impacts of the introduction of the new economic statistics units model, refer to *Information Paper: Improvements in ABS Economic Statistics [Arising from The New Tax System]* (cat. no. 1372.0).

8 Prior to the 2002–03 cycle, the Television, Film and Video Production Survey used the management unit as the statistical unit. For issues of this publication relating to 2002–03 onwards, the statistical unit in the Television, Film and Video Production Survey is the ABN unit for businesses with simple structures, and the TAU for businesses with complex structures. In most cases, ABN/TAU units concord with the management units used in the 1999–2000 cycle.

COVERAGE

9 The frame used for the Television, Film and Video Production Survey, like most ABS economic surveys, was taken from the ABS Business Register. The ABS Business Register is primarily based on registrations to the Australian Taxation Office's Pay As You Go Withholding (PAYGW) scheme (and prior to 1 July 2000, the Group Employer (GE) scheme). The frame is updated quarterly to take account of new businesses and businesses which have ceased employing.

10 Businesses which have ceased employing are identified when the Australian Taxation Office cancels their PAYGW registration (or previously their GE registration). In addition, from July 1999 to the end of June 2000, businesses which did not remit under the GE scheme for the previous five quarters were removed from the frame. A similar process has recently been adopted to remove businesses which do not remit under the PAYGW scheme.

11 The introduction of The New Tax System has a number of significant implications for ABS business statistics, and these are discussed in: *Information Paper: ABS Statistics and The New Tax System* (cat. no. 1358.0) and *Information Paper: Improvements in ABS Economic Statistics [Arising from The New Tax System]* (cat. no. 1372.0).

IMPROVEMENTS TO
COVERAGE

12 Data in this publication have been adjusted to allow for lags in processing new businesses to the ABS Business Register, and the omission of some businesses from the register. The majority of businesses affected, and to which the adjustments apply, are small in size.

IMPROVEMENTS TO
COVERAGE *continued*

13 Adjustments have been made to include new businesses in the estimates in the periods in which they commenced operations, rather than when they were processed to the ABS Business Register. Adjustments of this type will continue to be applied in future periods.

14 For more information on these adjustments, please refer to the ABS publication *Information Paper: Improvements to ABS Economic Statistics, 1997* (cat. no. 1357.0).

COMPARISON WITH OTHER
ABS STATISTICS

15 Annual industry data for television and film and video production services is published in *Australian Industry* (cat. no. 8155.0). There are important differences between the statistics published in the *Australian Industry* and *Television, Film and Video Production* publications and users should exercise caution when making comparisons between the two sets of estimates.

16 The *Australian Industry* publication presents annual summary statistics at the ANZSIC class level. It shows the relative performance of each industry class, and allows patterns of change or growth to be analysed across particular segments of the Australian economy. The industry estimates presented in *Australian Industry* are used in the compilation of the National Accounts, and in the derivation of economy-wide indicators such as gross domestic product (GDP).

17 The *Television, Film and Video Production* publication supplements the annual industry summary statistics with a detailed examination of the structure and performance of businesses involved in television broadcasting services and film and video production services for the reference year of the survey.

18 One reason the two sets of estimates vary relates to the use of different industry coding practices. For the *Australian Industry* publication, businesses are coded to ANZSIC industry classes on the basis of the activity reported to the ATO when they registered for an ABN, or for more complex businesses, information reported directly to the ABS (see paragraphs 6–8). On the other hand, *Television, Film and Video Production* presents estimates for industry classes based on detailed financial data reported in the survey. Approximately 9% of film and video production services businesses, originally coded to ANZSIC Class 9122, were found to have predominant activity outside the scope of the collection (see paragraph 2), and have consequently been excluded from the results presented in this publication.

19 Television services estimates presented in *Television, Film and Video Production* are only a subset of the businesses coded to ANZSIC Class 9111. The *Australian Industry* scope includes all television services businesses classified to ANZSIC Class 9111 therefore their estimates are expected to be higher than the estimates released in this publication.

20 Other differences in results relate to further scope variations between the two surveys. Non-employing units were included in scope of *Australian Industry*, but generally excluded from *Television, Film and Video Production*. An additional 36 businesses from outside ANZSIC class 9111 (25 businesses involved in feature film production, 6 subscription television channel providers and 5 other non-feature film production businesses) were included in the film and video production component of the survey. These businesses contributed approximately 11% to the total film and video production income.

HISTORICAL COMPARISONS

21 While comparisons are made between 2002–03 survey results and the earlier iterations of the Television, Film and Video Production Survey, the reader should bear in mind that the survey was not designed to support accurate estimates of change, and should exercise caution when comparing 2002–03 results to 1999–2000 results.

HISTORICAL COMPARISONS

continued

22 Historical comparisons are not made for commercial free-to-air broadcasting businesses due to significant changes in the collection methodology since the conduct of the last Television Services Survey in 1999–2000. For 2002–03 all data for these businesses were directly collected by the ABS. In 1999–2000 financial data (income, expenditure, operating profit before tax, etc.) were sourced from the Australian Broadcasting Authority (ABA), while employment and television production data were obtained directly from television broadcasting businesses. Historical data are presented in the Technical Note in this publication.

23 Readers should exercise caution if comparing historical state estimates as data for multi-state businesses were compiled differently. In 2002–03 data for these units were assigned according to the state of actual operations, known as State of Location. In 1999–2000, estimates for multi-state businesses were assigned to the state with the main business address of that business, known as the State of Head Office, rather than the state of actual operations.

RELIABILITY OF THE DATA

24 When interpreting the results of a survey it is important to take into account factors that may affect the reliability of estimates. Such factors can be classified as either sampling or non-sampling error.

25 The estimates are based on information obtained from a randomly selected stratified sample of film and video production services businesses in the Australian business population. The estimates for television services are not subject to sampling errors as a census of these businesses was conducted. Consequently, the estimates for film and video production services businesses in this publication are subject to sampling variability, that is, they may differ from the figures that would have been obtained if all units had been included in the survey (that is, if a census was conducted). One measure of the likely difference is given by the standard error (SE), which indicates the extent to which an estimate might have varied by chance because only a sample of units was included.

26 There are about two chances in three that a sample estimate will differ by less than one SE from the figure that would have been obtained if a census was conducted and approximately 19 chances in 20 that the difference will be less than two SEs.

27 Sampling variability can also be measured by the relative standard error (RSE) which is obtained by expressing the SE as a percentage of the estimate to which it refers. The RSE is a useful measure in that it provides an immediate indication of the sampling error in percentage terms, and this avoids the need to refer also to the size of the estimate. The following table contains estimates of RSEs for a selection of the statistics presented in this publication.

RELIABILITY OF THE DATA
continued

RELATIVE STANDARD ERRORS FOR TABLE 1.1 SUMMARY OF OPERATIONS

	Film and video production services	Television services
	%	%
Businesses at end June	1.6	..
Total employment at end June	7.4	..
Total income	3.3	..
Total expenses	3.4	..
Operating profit before tax	18.0	..
Operating profit margin	17.9	..
Industry value added	3.7	..

.. not applicable

28 As an example of the above, an estimate of total income for film and video production businesses in 2002–03 was \$1,596.6m and the RSE was estimated to be 3.3%, giving a SE of approximately \$52.7m. Therefore, there would be two chances in three that, if all units had been included in the survey, a figure in the range of \$1,543.9m to \$1,649.3m would have been obtained, and 19 chances in 20 (i.e. a confidence interval of 95%) that the figure would have been within the range of \$1,491.2m to \$1,702m.

29 The sampling variability for film and video production estimates at the state/territory level were higher than for Australian level aggregates. Within states/territories, the sampling variability, and therefore the RSEs of estimates for smaller states and territories, are higher than for the larger states. Survey estimates for the smaller states and territories should therefore be viewed with more caution than those for other states. RSEs for New South Wales, Victoria and Queensland are typically 1 to 2.3 times greater than the corresponding national figure for employment and financial estimates, and 0.5 to 1.5 times higher for estimates of numbers of businesses. RSEs in the other states and territories are typically 1 to 4.7 times greater than the corresponding national figure for employment and financial estimates, and 1 to 9 times higher for estimates of numbers of businesses (the wide range of values is a result of the different market shares of small and large businesses in each state/territory).

30 Errors other than those due to sampling may occur in any type of collection and are referred to as non-sampling error. For this survey, non-sampling error may result from such things as deficiencies in the register of businesses from which the sample was drawn, non-response, imperfections in reporting and/or errors made in compiling results. The extent to which non-sampling error affects the results of the survey is not precisely quantifiable. Every effort was made to minimise non-sampling error by careful design and testing of the questionnaire, efficient operating procedures and systems and the use of appropriate methodology. Survey estimates subject to a high level of non-sampling error have been suppressed or provided with relevant cautions.

31 Estimates that have an estimated relative standard error between 10% and 25% are annotated with the symbol '^'. These estimates should be used with caution as they are subject to sampling variability too high for some purposes. Estimates with an RSE between 25% and 50% are annotated with the symbol '*', indicating that the estimate should be used with caution as it is subject to sampling variability too high for most practical purposes. Estimates with an RSE greater than 50% are annotated with the symbol '**' indicating that the sampling variability causes the estimates to be considered too unreliable for general use.

ROUNDING	32 Where figures have been rounded, discrepancies may occur between the sum of the components and the total. Similar discrepancies may occur between a proportion or ratio, and the ratio of the separate components.
REFERENCE PERIOD	33 Financial estimates included the activity of any business that ceased or commenced operations during the year. Counts of businesses included only those that were operating at 30 June 2003. Employment included only those persons working for a television or film and video production services business during the last pay period ending in June 2003.
ACKNOWLEDGMENT	34 ABS publications draw extensively on information provided freely by individuals, businesses, governments and other organisations. Their continued cooperation is very much appreciated; without it, the wide range of statistics published by the ABS would not be available. Information received by the ABS is treated in strict confidence as required by the <i>Census and Statistics Act 1905</i> .
DATA AVAILABLE ON REQUEST	35 Inquiries about these statistics and more detailed statistics than those presented in this publication should be made by telephoning the contact shown on the front page.
ABBREVIATIONS	<p>\$'000 thousand dollars</p> <p>\$m million dollars</p> <p>ABA Australian Broadcasting Authority</p> <p>ABN Australian Business Number</p> <p>ABS Australian Bureau of Statistics</p> <p>ANZSIC Australian and New Zealand Standard Industrial Classification</p> <p>ATO Australian Taxation Office</p> <p>GDP gross domestic product</p> <p>GE group employer</p> <p>IVA industry value added</p> <p>no. number</p> <p>PAYGW pay-as-you-go withholding</p> <p>RSE relative standard error</p> <p>SE standard error</p> <p>TAU type of activity unit</p>

INTRODUCTION

- 1** Historical comparisons are not made for commercial free-to-air broadcasting businesses due to significant changes in the collection methodology since the conduct of the last Television Services Survey in 1999–2000.
- 2** Estimates for the 1999–2000 survey comprised a combination of directly collected survey data by the ABS on business counts, employment and production activity, while financial estimates were produced using aggregate estimates from another source – the Australian Broadcasting Association (ABA). This methodology changed for the 2002–03 survey. All data were directly collected by the ABS.
- 3** The change in methodology results in a change in statistical units. The ABS statistical unit used for the 2002–03 survey was the Type of Activity Unit (TAU) (refer paragraph 6 of the Explanatory Notes for more detail). Each business in the ABS collection had at least one licensed television broadcaster. A reconciliation of business units could not be made as ABS only had access to 1999–2000 aggregated financial data from the ABA.
- 4** Non-sampling error, data item definitions, and treatment of certain business transactions (e.g. inter-company transactions) would also be impacted by the change to methodology. ABS also included more detailed financial items which were not collected by ABA.
- 5** Readers are cautioned against making comparisons to historical financial data.

SUMMARY OF OPERATIONS, Commercial free-to-air broadcasters

		1999–2000	2002–03
Income			
Gross income from the sale of airtime	\$m	2 821.1	2 817.8
Other	\$m	449.9	992.8
<i>Total</i>	\$m	3 271.0	3 810.6
Expenses			
Labour costs	\$m	384.6	587.4
Program rights used/amortisation of programs	\$m	863.9	796.7
Other amortisation and depreciation	\$m	68.9	85.4
Other	\$m	1 150.1	1 684.5
<i>Total</i>	\$m	2 467.5	3 154.0
Operating profit/loss before tax	\$m	803.5	658.9
Operating profit margin	%	24.6	17.7

GLOSSARY

Advertising expenses	This item refers to all costs incurred by a business for promotional and publicity campaigns aimed at bringing the activities and services of the business to the attention of consumers for the purpose of increasing sales. Commission payments are included in 'commissions to advertising agencies/brokers'.
Affiliation fees paid	This item refers to fees paid by regional services to their affiliated network or network services for the right to broadcast the network's programs.
Amortisation of productions	This item refers to the purchase of production rights via a licence arrangement from the copyright owner, for a specified period. Productions that are licensed are treated as a capitalised expense. The amortisation charge is expensed through the business financial statements and represents the diminution in the value of production rights over time (generally several years).
Amortisation of programs	This item refers to the purchase of program rights via a licence arrangement from the copyright owner, for a specified period and/or number of screenings. Programs that are licensed for multiple screenings are treated as a capitalised expense. The amortisation charge is expensed through the business financial statements and represents the diminution in the value of program rights over time (generally several years).
Artists and production related professionals	This includes actors, film and video editors, directors of art, film, television, cinematography, casting, program, technical, lighting, other artists and production related professionals.
Audit and other accounting expenses	This item refers to the costs incurred for the professional advice and skills of an auditor or accountant.
Bad and doubtful debts	Bad and doubtful debts is the amount of accounts receivable that are either written off, or estimated to be uncollectable during an accounting period, and are expensed in a period's profit calculations.
Casual/temporary employees	Casual/temporary employees are those persons directly employed by the business who are not entitled to paid leave.
Children's programs 'C' classification	This refers to programs which meet the criteria of suitability for children (other than preschool children) as classified by the Australian Broadcasting Authority.
Children's programs 'P' classification	This refers to programs which meet the criteria of suitability for preschool children as classified by the Australian Broadcasting Authority.
Cinematography	The process of photographing and lighting motion pictures.
Commercial broadcast hours	This item represents the airtime of completed first release programs, including commercial breaks. Program re-runs and the production time for commercials, advertisements and station program promotions are excluded.
Commercial free-to-air broadcasters	This item refers to commercial free-to-air broadcasters licensed with the Australian Broadcasting Authority to broadcast. These businesses operate on a profit-making basis and generate the majority of their income from the sale of airtime.
Commercials, station promotions and interstitials	This item includes advertisements, community service announcements, television station identifiers and program promotions.
Commissions to advertising agencies/brokers	This item includes commissions paid to accredited agencies of the Australian Accreditation Authority for advertisements placed. Payments to advertising agencies for promotion of the business or its products are included in 'Other advertising expenses'.

Corporate/marketing/training media	This item represents media produced specifically for the corporate sector clientele, and includes media produced for marketing and training purposes.
Depreciation	See 'Other depreciation and amortisation'.
Directors' fees	Fees received by directors of film which are pre-determined prior to the commencement of the film and can be a combination of fees, commissions or profit sharing.
Documentaries	This item represents programs (other than news, current affairs, magazine or infotainment) that provide a creative treatment of actuality.
Drama	This item represents programs that have a fully scripted screenplay in which the dramatic elements of character, theme, and plot are introduced and developed to form a narrative structure. This can include animated drama and dramatised documentaries.
Duplication	The process of copying film.
Educational media	This item includes media produced for schools, tertiary and other educational institutions.
Employees	Employees are all persons working for a business who receive remuneration in any part of the reference period, excluding working proprietors and partners.
Employer contributions to superannuation funds	Employer contributions to superannuation funds are the cost of the employer's contributions during the reference period made on behalf of employees including salary sacrificed amounts.
Employment at end June	Employment represents all employees and working proprietors and partners on the payroll for the last pay period ending in June. Employees absent on paid or prepaid leave are included. Non-salaried directors, subcontractors and persons solely paid by commission without a retainer are excluded.
Feature films	This item includes feature films produced for cinematic release. Features made for television are included under television programs. Feature film productions represent the number of productions which commenced development, pre-production, principal photography or post-production in 2002–03.
Film and video production businesses	This item includes businesses mainly engaged in the production of motion pictures on film or video tape for theatre or television projection. Businesses mainly engaged in providing post-production services such as dubbing, subtitling and editing, are also included.
Fringe benefits tax	Fringe benefits tax is payable by employers when certain benefits in excess of normal wages or salaries (e.g. free or discounted goods or services) are received by their employees (or associates of employees) in connection with their employment.
Gross income from the sale of airtime	This item refers to the sale of airtime or 'space' on television for the broadcasting of advertisers' commercials or sponsors' messages.
Income from affiliation fees	This item refers to income received from other businesses for the right to access and broadcast the network's programs.
Income from the production of feature films, television programs, commercials, corporate/marketing/training media and music media	This item refers to all income received during the reference period from production activity. It includes licensing fees, distribution advances and pre-sales, private investment and minimum guarantee payments.
Income from the provision of post-production/film laboratory services	This item represents income earned from the final stage in the production process and includes visual editing (subtitling), sound editing (dubbing), duplication, film printing, processing, film/video conversions, fees received by incorporated freelancers, and rental of facilities and/or equipment with crew.

Income from the provision of production services to other businesses	This item relates to businesses that provide services to production houses and businesses in the television services industry. Services include producers' fees, line production, directors' fees, cinematography and other production services, fees received by freelance businesses, rental of facilities and/or equipment with crew and production services provided to overseas companies. The item relates to businesses that provide services to production houses and businesses in the television services industry.
Industry value added (IVA)	Industry value added for market producers is an estimate of the difference between the value of the output of an industry and the purchases of materials and selected expenses incurred in the production of that output. For market producers, it has been derived by determining the income associated with the production (in this case sales of goods and services, changes in level of trading stock inventories, operational funding from government and capital work done by own employees for own use or for rental or lease), and subtracting the direct costs of producing these outputs (purchases of goods and services used in production of goods for resale and selective expenses related to the sale of goods and administrative expenses, exclusive of indirect taxes such as payroll tax, fringe benefits tax, land tax and land rates).
Insurance premiums	Insurance premiums are expenses incurred by an organisation in respect of different types of insurance policies but excluding workers' compensation and compulsory third party motor vehicle insurance.
Interest expenses	Interest expenses are outflows of funds related to the cost of borrowing money.
Interest income	Interest income is income earned through the lending out of funds owned by the entity.
Labour costs	These include staff related costs such as wages and salaries (including monies paid directly to freelancers via the payroll), fringe benefits tax and payroll tax, employer contributions to superannuation funds, workers' compensation premiums and provision expenses for employee entitlements.
Large employers	Large employers are businesses with employment of 100 or more persons.
Light entertainment and variety	This represents live entertainment such as infotainment and lifestyle programs and today/tonight shows. This item also includes programs which contain a mixture of live entertainment forms or a series of short performances which may include comedy, music, dancing, gags and patter.
Management fees/charges	This item refers to income from management services provided, revenue sharing arrangements and other income treated as management-related by the business in its profit and loss statement.
Managerial/administrative employees	This item refers to managers, administrators, film and television producers, executive producers and clerical and other administrative staff.
Motor vehicle running expenses	Motor vehicle running expenses are the costs incurred using 'on-road' motor vehicles owned by the business for business purposes.
Music media	This item refers to music based productions including film clips.
News and current affairs	This item refers to programs reporting on current or recent happenings, including film coverage of international, national and local events, reports on weather and essential services. This item also includes programs which report on local and world events of a newsworthy nature or which interpret such events by interviews or discussions with acknowledged experts in the field.
Operating profit before tax	This item is a measure of profit (or loss) during the reference period, taken before extraordinary items are brought into account and prior to the deduction of income tax and appropriations to owners (i.e. dividends paid, drawings). It is generally derived by subtracting total expenses from total income, and adding the difference between closing inventory and opening inventory for the period.

Operating profit margin	This represents the percentage of a business's sales of goods and services which becomes profit after all operating expenses have been deducted. It is derived by expressing total operating profit before tax as a percentage of total sales of goods and services.
Other contract, subcontract and commission expenses	These include payments to other businesses and self-employed persons for work done or sales made on a contract or commission basis and payments to persons paid by commission without a retainer. Payments to contractors and consultants for repair and maintenance are excluded, as are commissions paid to employees or persons receiving a retainer.
Other depreciation and amortisation	This item refers to the financial charges made in the accounts to reflect that part of the value of the asset which may be regarded as having been used up in producing revenue in a particular accounting period. They represent the accounting process of systematically allocating the cost of a non-current asset over its expected useful life. This item excludes amortisation of productions.
Other management and administrative fees	See management fees/charges.
Other post-production services	This item includes all categories of post-production services other than visual editing, sound editing, duplication and film laboratory services.
Other production services	This item includes rental of facilities and/or equipment with crew, lighting services, art direction, special effects, model making and animatronics.
Other productions specifically made for television	This item includes all categories of television programming not separately specified including: children's programs, educational programs, music programs, etc.
Other purchases	This item includes purchases of materials, components, containers, packaging materials and other production consumables. It excludes purchases of film stock and video tape stock, office supplies, motor vehicle running expenses, etc.
Other royalties expenses	This item refers to payments made to Australian or overseas companies/individuals for the use of rights owned by another company/person. It also includes payments under licensing arrangements, music rights, literary rights and options, and payments for the use of intellectual property. Withholding tax is not deducted. This item excludes royalties paid as part of program rights.
Other royalties income	This item includes revenue under licensing arrangements, sale of ancillary rights, soundtrack and literary rights. Excludes sale of rights resulting in a change of ownership of assets and program sales.
Payments to channel providers	This item represents the payments made by pay television broadcasters to television channel providers for the provision of a channel containing pre-packaged programs ready for broadcasting.
Payments to employment agencies for staff	These are payments made to an employment agency for the supply or recruitment of staff.
Payments to other businesses for post-production/film laboratory services	This item represents payments by production businesses to other specialist businesses, freelancers/contractors for the provision of post-production services, such as visual and sound editing, duplication, etc. completed during the final stage of the production process.
Payments to other businesses for production services	These include payments to freelancers/contractors (e.g. producers, directors, cinematographers, casting, lighting, etc.). It also includes rental of facilities and/or equipment with crew.
Payroll tax	Payroll tax is a tax levied by state and territory governments upon the amount of wages and salaries paid by a business.
Permanent full-time employees	This item refers to persons who worked 35 hours or more per week, and are entitled to paid leave.

Permanent part-time employees	This item refers to persons who work less than 35 hours per week, and are entitled to paid leave.
Post-production/film laboratory services	See 'Payments to other businesses for post-production/film laboratory services'.
Producer fees and line production	This item includes fees paid for the provision of production services, including the rental of facilities and/or equipment with crew.
Production costs	This item includes production costs of projects expended during 2002–03. It includes all production costs associated with development, pre-production, shoot, post-production and labour costs. It excludes costs associated with the production of commercials and advertisements, and projects for which the business provided freelance production, post-production or film laboratory services to other production houses.
Program rights used	This item refers to the purchase of program rights via a licence arrangement from the copyright owner, for a specified period and/or number of screenings. Programs that are licensed for a single screening are expensed here.
Program sales	This item refers to income generated from program sales including pre-sales and overseas sales.
Public broadcasters	This item refers to television broadcasters which operate on a 'not for profit' basis and whose main source of income is from government funding.
Purchases of film stock and video tape stock	This item is a component of total purchases of goods and services used in the production of the final output of a business.
Quiz, panel and game shows	Quiz and game shows are television program formats in which contestants or guests compete for prizes or financial rewards. Panel shows are television programs where an issue (or issues) are discussed by a group of people.
Rent, leasing and hiring expenses	Rent, leasing and hiring expenses are the cost of the rent, leasing (excluding finance leases) and hiring of vehicles, land, buildings, machinery, equipment and any other property from other businesses or individuals. This item includes operating lease payments and rental of facilities and/or equipment without crew. Expenses related to the rental of facilities and/or equipment with crew are included in payments to freelancers who are paid via an incorporated company.
Rent, leasing and hiring income	This item includes income derived from renting, leasing or hiring of assets such as land, buildings, vehicles, or equipment to other businesses or individuals.
Repair and maintenance expenses	This item includes costs associated with work undertaken on plant and machinery, etc. to maintain normal business operations.
Royalties expenses	This item refers to payments made to Australian or overseas companies/individuals for the use of rights owned by another company/person. This item includes payments under licensing arrangements, music rights, literary rights and options, and payments for the right to use motion picture or television films or video tapes. Withholding tax is not deducted.
Short films	Short films are films of 59 minutes or less, excluding documentaries or telemovies.
Situation and sketch comedy	This item includes comedy programs comprising sketches that are short, self-contained stories or plots. They exclude stand-up comedy programs or incidental components of a program of another kind.
Small employers	Small employers are businesses with 0–4 persons employed.
Sound editing	The process of arranging a film's soundtrack to decide its final order and content.
Sport	Live or delayed coverage of competitive sport. This item also includes programs such as sporting previews, summaries, news and talk in which replays of events are incidental.

Subscription and membership fees	This item refers to fees paid by viewers to subscription television broadcasters for access to channel services.
Subscription broadcasters	This item refers to commercial broadcasters which operate on a profit-making basis and receive the majority of their income from subscription and membership fees.
Subtitling	Subtitling refers to the process of preparing a printed translation of dialogue in a film or television program.
Technical and production support employees	This item refers to sound and lighting technicians, camera operators, production assistants, make-up artists, special effects technicians, grips, costume/wardrobe coordinators and other technical and production support staff.
Telecommunication services	Telecommunication services are all payments (of a non-capital nature) for telecommunication services which engage wire, cable or radio transmission. They include fixed and mobile phones, facsimile, Internet services and leased lines for computers, etc.
Television licence fees	This item refers to fees paid by broadcasters for a television licence which is issued by the Australian Government via the Australian Broadcasting Authority. These licences may be expensed or capitalised.
Television programs	Television programs include Australian productions made specifically for television.
Travelling, accommodation and entertainment expenses	Travelling and accommodation expenses are costs incurred for transportation services or in providing accommodation to staff when business activities occur away from the normal place of business. Entertainment expenses are the costs incurred for the provision of entertainment activities, either for staff of the business or clients.
Visual editing	This refers to the process of cutting and arranging a film to decide its final order and content.
Wages and salaries	This item refers to the gross wages and salaries (including capitalised wages and salaries) of all employees of the business. The item includes severance, termination and redundancy payments, salaries and fees of directors and executives, retainers and commissions of persons who received a retainer, bonuses, and annual and other types of leave. Provision expenses for employee entitlements (e.g. provisions for annual leave and leave bonus, long service leave, sick leave, and severance, termination and redundancy payments) are also included. Payments related to salary sacrifice and payments to self-employed persons such as consultants, contractors and persons paid solely by commission without a retainer are excluded.
Workers' compensation costs	Workers' compensation is a compulsory insurance cover taken out by all employers, except self-insured workers, according to legislative schemes to cover employees suffering injury or disease in the course of, or arising out of, employment.
Working proprietors and working partners of unincorporated businesses	A working proprietor operates his or her own business (a sole proprietorship), while a working partner, along with one or more other partners, operates a partnership. Working proprietors and working partners are the owners of their business and as such, they are not considered to be employees of that business.

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