



FILM AND VIDEO PRODUCTION AND DISTRIBUTION

AUSTRALIA

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- For further information about these and related statistics, contact the National Information and Referral Service on 1300 135 070 or Ann Santo on Melbourne 03 9615 7910.

INTRODUCTION

This publication presents results, in respect of the 1999–2000 financial year, from an Australian Bureau of Statistics (ABS) survey of the film and video production and distribution industries. It is the third ABS survey of these industries with the previous collections being conducted in respect of 1993–94 and 1996–97.

This publication is one of a series to be issued in respect of 1999–2000 for a range of cultural services industries. Other publications in this series, are:

- Botanic Gardens, Australia, 1999–2000* (Cat. no. 8563.0) — issued April 2001
- Video Hire Industry, Australia, 1999–2000* (Cat. no. 8562.0) — issued May 2001
- Motion Picture Exhibition, Australia, 1999–2000* (Cat. no. 8654.0) — issued May 2001
- Public Libraries, Australia, 1999–2000* (Cat. no. 8561.0) — issued June 2001
- Museums, Australia, 1999–2000* (Cat. no. 8560.0) — issued July 2001
- Television Industry, Australia, 1999–2000* (Cat. no. 8559.0) — issued July 2001
- Commercial Art Galleries, Australia, 1999–2000* (Cat. no. 8651.0)
- Performing Arts, Australia, 1999–2000* (Cat. no. 8697.0)

COMMENTS ON THIS PUBLICATION

The ABS welcomes comments and suggestions from users recommending industries and data items for inclusion in future surveys. These comments should be addressed to the Director, Service Industries Surveys, Australian Bureau of Statistics, PO Box 10, Belconnen ACT 2616.

ROUNDING

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



ABBREVIATIONS

- ABS Australian Bureau of Statistics
- ANZSIC Australian and New Zealand Standard Industrial Classification
- RSE Relative standard error
- SE Standard error

Dennis Trewin
Australian Statistician

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FILM AND VIDEO PRODUCTION INDUSTRY

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INTRODUCTION

This chapter of the publication presents results, in respect of the 1999–2000 financial year, from an Australian Bureau of Statistics (ABS) survey of businesses mainly engaged in the production of motion pictures on film or video tape for theatre or television projection. Also included are businesses mainly providing post production services such as dubbing and sub-titling and editing. These businesses are classified to Class 9111 Film and Video Production, of the Australian and New Zealand Standard Industrial Classification (ANZSIC).

Information on total film and video production costs of businesses mainly engaged in the television services industry (ANZSIC Class 9122), film and video distribution industry (ANZSIC Class 9112) and the film and video production industry are also shown in this part of the publication.

Tables 1.1 to 1.7 contain detailed information in respect of the film and video production industry and tables 1.8 to 1.12 contain information about total film and video production activity.

SIZE OF INDUSTRY

At the end of June 2000, there were 1,975 businesses in the film and video production industry, which was a decrease from the 2,004 businesses operating at the end of June 1997. Industry value added for the film and video production industry was \$607 million.

SOURCES OF INCOME

The total income of businesses in the film and video production industry during 1999–2000 was \$1,474 million.

Income from the production of television programs (\$472 million) was the main source of income of businesses in the industry, and represented 32% of industry income. The contribution of income from the production of television programs to total income varied according to the size of the business. Generally, the production of television programs was mainly carried out by the larger businesses, with 48% of the income of businesses with 100 or more persons and 58% of the income of businesses with 50–99 persons being sourced from the production of television programs. In comparison, less than 25% of the income of businesses with employment less than 20 persons was sourced from the production of television programs.

Income from the production of commercials was \$186 million and income from the production of feature films was \$74 million. These two sources of income represented 13% and 5% respectively of the industry income. Other production income included production of training and marketing videos (\$72 million) and the production of music videos (\$4 million).

Income from the provision of production services to other businesses generated \$233 million in income (16% of total industry income), with \$51 million from producers' fees and line production, and \$26 million from cinematography services. Income from

SOURCES OF INCOME

continued

this source was significant for small businesses with less than 5 persons, with 28% of their income being sourced from production services to other businesses.

Income from the provision of post production/film laboratory services to other businesses was \$263 million, or 18% of the total industry income. Income from editing at \$140 million was the main component of the post production work, and represented 53% of post production income.

EXPENSES

Businesses in the film and video production industry had total expenses of \$1,398 million during 1999–2000. The two most significant expenses were labour costs of \$427 million (31% of total expenses), and payments to other businesses for production services of \$251 million (18% of total expenses).

The ratio of labour costs to total expenses varied from 41% for businesses employing 50–99 persons, to 16% for businesses employing 10–19 persons. Wages and salaries of \$374 million was the major component of labour costs and averaged \$24,700 per employee, reflecting the high proportion of casuals in the industry.

Other major expenses incurred by the industry were payments to other businesses for post production/film laboratory services (\$88 million), rent, leasing and hiring expenses (\$66 million), amortisation of productions (\$61 million), and purchases of film stock and video tape stock (\$51 million).

PROFITABILITY

The industry recorded an operating profit before tax of \$77 million, which represented an operating profit margin of 5.4% for 1999–2000. This was a turnaround from the operating loss of \$77 million recorded in 1996–97.

While businesses in most employment size groupings recorded a profit, large businesses employing 100 or more persons recorded an operating loss of \$24 million which resulted in a negative operating profit margin of -6.0%.

EMPLOYMENT

There were 15,195 persons working for businesses in the film and video production industry at the end of June 2000. While this represents a 58% increase on the 9,591 persons recorded at the end of June 1997, it should be noted that employment in the industry can fluctuate depending on what productions are underway at that time.

Permanent full-time employees totalled 7,234 persons (48% of total persons working) and was only marginally higher than the number of casual/temporary employees of 7,103 (47% of total persons working). The remaining employment consisted of 86 working proprietors and partners, and 772 permanent part-time employees.

Males dominated the employment in the industry accounting for 9,206 persons or 61% of total employment. The number of males was evenly distributed between permanent full-time employees (4,571 persons) and casual/temporary employees (4,314 persons).

STATE AND TERRITORY
DIMENSION

The 1,112 businesses in New South Wales dominated the film and video production industry accounting for 69% of industry employment and 62% of total industry income.

This represents an increase in the contribution made by New South Wales businesses since 1996–97 when they accounted for 57% of employment and 55% of total income.

STATE AND TERRITORY
DIMENSION *continued*

In comparison, the 534 businesses in Victoria accounted for 19% and 23% respectively of industry employment and income. The 122 businesses in Queensland contributed 6% to the total employment and 10% to the total income of the industry. The contributions to industry aggregates were insignificant in other States and Territories.

BUSINESS SIZE

At the end of June 2000, there were 1,609 businesses with employment of 4 or less persons in the film and video production industry, accounting for 82% of all businesses. While these businesses accounted for 18% of the industry's employment, they accounted for 29% of total income. These small businesses recorded an operating profit before tax of \$53 million, which represented an operating profit before tax of only \$32,600 per business.

There were 25 businesses at the end of June 2000 with employment of 100 persons or more, and these businesses contributed 47% to the industry employment and 27% to the industry's income.

FILM AND VIDEO
PRODUCTION COSTS

Film and video production activity is not only undertaken by businesses in the film and video production industry, but also by businesses in the television services industry and the film and video distribution industry.

During 1999–2000, businesses in the film and video production industry, film and video distribution industry and the television services industry incurred total film and video production costs of \$1,792 million.

The most significant component of these costs was on productions made specifically for television (\$1,315 million), of which 61% was accounted for by businesses in the television services industry. Other major contributors to production costs were the production of feature films (\$149 million), and production of commercials (\$243 million).

With regard to programs made specifically for television, the most significant costs were incurred on the production of news and current affairs (\$354 million) and drama (\$319 million). These costs accounted for 27% and 24% respectively of the total production costs on programs made specifically for television of \$1,315 million. In terms of average cost per commercial broadcast hour, production costs varied significantly. The average cost per commercial broadcast hour for drama was \$335,300 compared to \$16,900 for news and current affairs.

Production costs by television broadcasters of \$799 million were incurred mainly in the production of news and current affairs (\$333 million) and sport (\$248 million). In comparison, production costs on programs for television made by non-television businesses were \$516 million. The majority of these costs (53%) were incurred in the production of drama at \$273 million while the production costs of making sport programs were \$41 million.

The production costs for productions made for other than television were \$233 million, with the production costs for feature films being \$149 million (or 64% of total costs). These production costs were incurred on 51 feature film productions, representing an average cost per film of \$2.9 million. These feature film productions represented the

FILM AND VIDEO
PRODUCTION COSTS*continued*

number of productions which, at least, commenced development during 1999–2000. The production costs only relate to those costs associated with 1999–2000.

There were 298 businesses involved in the production of 4,727 corporate, marketing, and training videos during 1999–2000, a slight increase on the 4,560 corporate, marketing and training videos produced in 1996–97. In 1999–2000 the average cost per production of corporate, marketing and training videos was \$9,500.

Total funding received during 1999–2000 for the production of feature films was \$136 million, a significant decrease on the \$209 million of feature film funds received in 1996–97. The most significant source of funding was from overseas, contributing \$87 million (or 64%) of total funding. Funding received from the Australian Film Finance Corporation was \$27 million while a further \$18 million was received from private investors in Australia.

1.1

KEY FIGURES, Historical comparisons

| | | 1996-1997 | 1999-2000 | % change |
|---|-----|-----------|-----------|-------------|
| Businesses at end June | no. | r2 004 | 1 975 | -1.4 |
| Total employment at end June | no. | r9 591 | 15 195 | 58.4 |
| Income | | | | |
| Income from the production of television programs | \$m | 377.8 | 472.2 | 25.0 |
| Income from the production of commercials | \$m | 258.1 | 186.2 | -27.9 |
| Income from the production of other completed works | \$m | 216.3 | 191.5 | -11.5 |
| Income from the provision of production services to other businesses | \$m | 122.3 | 233.1 | 90.6 |
| Income from the provision of post-production/film laboratory services | \$m | r146.6 | 262.6 | 79.1 |
| Other income | \$m | r63.4 | 128.2 | 102.2 |
| <i>Total</i> | \$m | r1 184.5 | 1 473.8 | 24.4 |
| Expenses | | | | |
| Wages and salaries | \$m | r335.7 | 373.5 | 11.3 |
| Payments to other businesses for production services | \$m | 199.8 | 250.8 | 25.5 |
| Payments to other businesses for post-production/film laboratory services | \$m | 83.6 | 88.3 | 5.6 |
| Other expenses | \$m | r642.5 | 685.3 | 6.7 |
| <i>Total</i> | \$m | r1 261.6 | 1 397.9 | 10.8 |
| Operating profit before tax | \$m | r-77.0 | 76.5 | .. |
| Operating profit margin | % | r-0.1 | 5.4 | .. |
| Industry value added | \$m | na | 606.8 | na |

r revised

.. not applicable

na not available

1.2

SOURCES OF INCOME

| | <i>Businesses at end June</i> | <i>Value</i> | <i>Percentage contribution</i> |
|---|---------------------------------------|----------------|------------------------------------|
| | no. | \$m | % |
| Sales of goods and services | | | |
| Income from the production of: | | | |
| Feature films | 116 | 74.0 | 5.0 |
| Television programs | 249 | 472.2 | 32.0 |
| Commercials | 318 | 186.2 | 12.6 |
| Training and marketing videos | 357 | 72.0 | 4.9 |
| Music videos | *29 | *4.1 | 0.3 |
| Other | 196 | *41.4 | 2.8 |
| <i>Total(a)</i> | <i>879</i> | <i>849.9</i> | <i>57.7</i> |
| Income from the provision of production services to other businesses | | | |
| Producers' fees and line production | 363 | 50.9 | 3.5 |
| Directors' fees | 246 | 19.7 | 1.3 |
| Cinematography | 294 | 25.7 | 1.7 |
| Other production services | 617 | 136.7 | 9.3 |
| <i>Total</i> | <i>1 176</i> | <i>233.1</i> | <i>15.8</i> |
| Income from the provision of post production/film laboratory services to other businesses | | | |
| Dubbing and sub-titling | 76 | 15.2 | 1.0 |
| Editing | 349 | 140.1 | 9.5 |
| Duplication | 136 | np | np |
| Film laboratory services | *19 | np | np |
| Other post-production services | 154 | 27.8 | 1.9 |
| <i>Total</i> | <i>471</i> | <i>262.6</i> | <i>17.8</i> |
| Other income | | | |
| Interest income | 743 | 15.8 | 1.1 |
| Other | 667 | 112.5 | 7.6 |
| <i>Total</i> | <i>1 016</i> | <i>128.2</i> | <i>8.7</i> |
| Total income | 1 951 | 1 473.8 | 100.0 |

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

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

(a) Of the \$849.9m received from the production of completed works, \$44.7m were commissioned (i.e. the business did not retain the rights to the production).

1.3

ITEMS OF EXPENDITURE

| | Value | Percentage contribution |
|---|----------------|----------------------------|
| | \$m | % |
| | | |
| Labour costs | | |
| Wages and salaries | 373.5 | 26.7 |
| Employer contributions to superannuation funds | 30.3 | 2.2 |
| Workers' compensation costs | 3.2 | 0.2 |
| Fringe benefits tax | 3.5 | 0.3 |
| Payroll tax | 16.2 | 1.2 |
| <i>Total</i> | 426.6 | 30.5 |
| Selected expenses | | |
| Payments to other businesses for production services | 250.8 | 17.9 |
| Payments to other businesses for post production/film laboratory services | 88.3 | 6.3 |
| Repair and maintenance expenses | 13.5 | 1.0 |
| Royalties expenses | | |
| Paid to Australian businesses/individuals | 7.1 | 0.5 |
| Paid to overseas businesses/individuals | *5.5 | 0.4 |
| <i>Total</i> | 12.6 | 0.9 |
| Telecommunications services | 14.5 | 1.0 |
| Rent, leasing and hiring expenses | 65.5 | 4.7 |
| Motor vehicle running expenses | 13.6 | 1.0 |
| Audit and other accounting expenses | 9.2 | 0.7 |
| Travelling, accommodation and entertainment expenses | 34.8 | 2.5 |
| Payments to employment agencies for staff | 4.2 | 0.3 |
| Other contract and sub-contract expenses | 69.4 | 5.0 |
| Other operating expenses | 149.4 | 10.7 |
| <i>Total</i> | 725.7 | 51.9 |
| Other costs | | |
| Purchases | | |
| Film stock and video tape stock | 50.6 | 3.6 |
| Other purchases | 45.8 | 3.3 |
| <i>Total</i> | 96.4 | 6.9 |
| Insurance premiums | 14.1 | 1.0 |
| Interest expenses | 26.8 | 1.9 |
| Amortisation of productions | 61.1 | 4.4 |
| Other depreciation and amortisation | 40.3 | 2.9 |
| Bad and doubtful debts | 6.8 | 0.5 |
| <i>Total</i> | 245.5 | 17.6 |
| Total expenses | 1 397.9 | 100.0 |

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

1.4 CHARACTERISTICS OF EMPLOYMENT

| | Males | | Females | | Persons | |
|--|--------------|--------------|--------------|--------------|---------------|--------------|
| | no. | % | no. | % | no. | % |
| Working proprietors and partners | 58 | 0.6 | 29 | 0.5 | 86 | 0.6 |
| Employees | | | | | | |
| Permanent full-time | 4 571 | 49.7 | 2 663 | 44.5 | 7 234 | 47.6 |
| Permanent part-time | 263 | 2.9 | 509 | 8.5 | 772 | 5.1 |
| Casuals/temporaries | 4 314 | 46.9 | 2 789 | 46.6 | 7 103 | 46.7 |
| Total | 9 148 | 99.4 | 5 961 | 99.5 | 15 108 | 99.4 |
| Total employment at end June 2000 | 9 206 | 100.0 | 5 989 | 100.0 | 15 195 | 100.0 |
| Total employment at end June 1997 | na | .. | na | .. | r9 591 | .. |

na not available
 .. not applicable
 r revised

1.5 STATES AND TERRITORIES

| | Businesses at end June(a) | | Employment at end June | | Wages and salaries | | Total income | |
|------------------------------|---------------------------|---------------|------------------------|--------------|--------------------|----------------|--------------|--|
| | no. | no. | % | \$m | % | \$m | % | |
| New South Wales | 1 112 | 10 513 | 69.2 | 241.3 | 64.6 | 916.6 | 62.2 | |
| Victoria | 534 | 2 876 | 18.9 | 88.5 | 23.7 | 339.4 | 23.0 | |
| Queensland | 122 | 879 | 5.8 | 23.8 | 6.4 | 146.1 | 9.9 | |
| South Australia | 85 | 377 | 2.5 | 8.4 | 2.2 | 31.2 | 2.1 | |
| Western Australia | 86 | 429 | 2.8 | 9.0 | 2.4 | 32.3 | 2.2 | |
| Tasmania | 9 | 36 | 0.2 | 0.4 | 0.1 | 2.0 | 0.1 | |
| Northern Territory | 7 | 27 | 0.2 | 0.8 | 0.2 | 2.2 | 0.1 | |
| Australian Capital Territory | 21 | 58 | 0.4 | 1.3 | 0.3 | 4.1 | 0.3 | |
| Australia | 1 975 | 15 195 | 100.0 | 373.5 | 100.0 | 1 473.8 | 100.0 | |

(a) Multi-State businesses are counted in each State in which they operated. Hence, the counts of businesses for States and Territories do not sum to the total of Australia.

1.6 CHARACTERISTICS OF PRODUCTION BUSINESSES, By employment size

EMPLOYMENT SIZE

| | | 0-4 persons | 5-9 persons | 10-19 persons | 20-49 persons | 50-99 persons | 100 or more persons | Total |
|-----------------------------|-----|----------------|----------------|------------------|------------------|------------------|---------------------------|---------|
| Businesses at end June | no. | 1 609 | 177 | 77 | 68 | 19 | 25 | 1 975 |
| | % | 81.5 | 9.0 | 3.9 | 3.4 | 1.0 | 1.3 | 100.0 |
| Employment at end June | no. | 2 654 | 1 140 | 1 063 | 1 901 | 1 235 | 7 202 | 15 195 |
| | % | 17.5 | 7.5 | 7.0 | 12.5 | 8.1 | 47.4 | 100.0 |
| Total income | \$m | 433.0 | 104.9 | 237.0 | 175.8 | 124.5 | 398.6 | 1 473.8 |
| | % | 29.4 | 7.1 | 16.1 | 11.9 | 8.4 | 27.0 | 100.0 |
| Wages and salaries | \$m | 98.0 | 24.3 | 31.3 | 45.4 | 39.3 | 135.3 | 373.5 |
| | % | 26.2 | 6.5 | 8.4 | 12.2 | 10.5 | 36.2 | 100.0 |
| Operating profit before tax | \$m | 52.5 | **5.4 | **9.7 | 17.2 | 15.2 | *-23.6 | 76.5 |
| | % | 68.6 | 7.1 | 12.7 | 22.5 | 19.9 | -30.8 | 100.0 |

** estimate has a relative standard error greater than 50% and is considered too unreliable for general use
 * estimate has a relative standard error of between 25% and 50% and should be used with caution

1.7 SELECTED RATIOS, By employment size

EMPLOYMENT SIZE

| | | 0-4 persons | 5-9 persons | 10-19 persons | 20-49 persons | 50-99 persons | 100 or more persons | Total |
|--|--------|----------------|----------------|------------------|------------------|------------------|---------------------------|-------|
| Wages and salaries per employee | \$'000 | 38.0 | 21.5 | 29.5 | 23.9 | 31.8 | 18.8 | 24.7 |
| Labour costs to total expenses | % | 30.0 | 28.6 | 15.7 | 32.3 | 41.2 | 36.0 | 30.5 |
| Total income per person employed | \$'000 | 163.1 | 92.0 | 222.9 | 92.5 | 100.8 | 55.4 | 97.0 |
| Total expenses per person employed | \$'000 | 143.3 | 87.3 | 214.2 | 83.5 | 88.5 | 58.6 | 92.0 |
| Operating profit margin | % | 12.5 | 5.3 | 4.3 | 10.2 | 12.6 | -6.0 | 5.4 |
| Income from feature film production to total income | % | 9.0 | 6.3 | np | 6.5 | np | np | 5.0 |
| Income from the production of television programs to total income | % | 24.7 | 9.5 | 14.7 | 33.4 | 58.0 | 47.5 | 32.0 |
| Income from the production of commercials to total income | % | 13.7 | 20.2 | 26.1 | 11.1 | 4.7 | 4.7 | 12.6 |
| Income from the provision of production services to other businesses to total income | % | 28.3 | 9.8 | 7.7 | 16.3 | np | np | 15.8 |
| Income from the provision of post-production services to total income | % | 10.3 | 17.3 | 21.0 | 17.0 | 22.8 | 23.0 | 17.8 |

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

1.8

SUMMARY OF FILM AND VIDEO PRODUCTION COSTS

| | <i>Total costs of production</i> |
|--|--|
| | \$m |
| | |
| Productions made specifically for television | |
| By television industry businesses | 799.3 |
| By other businesses(a) | 516.0 |
| <i>Total</i> | <i>1 315.4</i> |
| Production of commercials and advertisements | |
| By television industry businesses | 48.0 |
| By other businesses(b) | 194.9 |
| <i>Total</i> | <i>243.0</i> |
| Other productions | |
| Feature films | 148.6 |
| Other | 84.8 |
| <i>Total</i> | <i>233.4</i> |
| Total | 1 791.7 |

-
- (a) Includes businesses in the film and video production industry and pay television channel providers in the film and video distribution industry.
- (b) Of the total production of commercials and advertisements, \$35.0m was produced primarily for overseas markets.

1.9 PRODUCTION COSTS OF PROGRAMS MADE SPECIFICALLY FOR TELEVISION

| | PRODUCTIONS MADE BY TELEVISION INDUSTRY BUSINESSES . . . | | PRODUCTIONS MADE BY OTHER BUSINESSES (a) | | TOTAL | |
|---|--|--------------|--|--------------|--|----------------|
| | <i>Businesses at end June(b)</i> | | <i>Businesses at end June(b)</i> | | <i>Businesses at end June(b)</i> | |
| | no. | Value \$m | no. | Value \$m | no. | Value \$m |
| Drama | 3 | 46.0 | 38 | 272.8 | 41 | 318.8 |
| Situation and sketch comedy | 4 | 16.3 | 4 | 4.0 | 8 | 20.3 |
| Documentaries | 10 | np | 123 | np | 133 | 70.1 |
| Quiz, panel and game shows | 3 | 10.1 | 5 | np | 8 | np |
| News and current affairs | 33 | 333.2 | *11 | 20.7 | 44 | 353.9 |
| Sport | 19 | 248.4 | 43 | *40.7 | 62 | 289.1 |
| Light entertainment and infotainment | 17 | 103.1 | 36 | 35.4 | 53 | 138.5 |
| Other | 8 | np | *24 | 71.2 | 32 | np |
| Total | 36 | 799.3 | 235 | 516.0 | 271 | 1 315.4 |
| Productions made specifically for children | | | | | | |
| "C" classification (children) | 4 | 6.9 | 11 | np | 15 | np |
| "P" classification (pre-school) | 4 | 5.2 | *2 | np | 6 | np |
| <i>Total</i> | 5 | 12.1 | 11 | 76.3 | 16 | 88.4 |

- np not available for publication but included in totals where applicable, unless otherwise indicated
- * estimate has a relative standard error of between 25% and 50% and should be used with caution
- (a) Includes businesses in the film and video production industry and pay television channel providers in the film and video distribution industry.
- (b) Businesses may be involved in more than one type of production. Hence, the counts of businesses do not sum to the total.

1.10

AVERAGE PRODUCTION COST PER COMMERCIAL BROADCAST HOUR(a)

| | <i>Commercial broadcast hours</i> | <i>Total costs of production</i> | <i>Average cost per hour</i> |
|--|---|--|--|
| | no. | \$m | \$'000 |
| Drama | 951 | 318.8 | 335.3 |
| Situation and sketch comedy | 146 | 20.3 | 139.1 |
| Documentaries | 879 | 70.1 | 79.7 |
| Quiz, panel and game shows | np | np | 28.9 |
| News and current affairs | 20 899 | 353.9 | 16.9 |
| Sport | 30 923 | 289.1 | 9.3 |
| Light entertainment and infotainment | 7 697 | 138.5 | 18.0 |
| Other | np | np | 77.7 |
| Total | 63 541 | 1 315.4 | 20.7 |
| Productions made specifically for children | | | |
| "C" classification (children) | np | np | 161.4 |
| "P" classification (pre-school) | np | np | 22.6 |
| <i>Total</i> | 784 | 88.4 | 112.8 |

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

(a) These data include all productions made for television.

1.11

SELECTED STATISTICS FOR PRODUCTIONS MADE OTHER THAN FOR TELEVISION .

| <i>Type of production</i> | <i>Businesses at end June</i> | <i>Productions</i> | <i>Total costs of production</i> | <i>Average cost per production</i> |
|-------------------------------------|---------------------------------------|--------------------|--|--|
| | no. | no. | \$m | \$'000 |
| Feature films | 50 | 51 | 148.6 | 2 889.8 |
| Short films | 53 | *102 | *3.5 | *34.5 |
| Documentaries | 30 | *114 | 4.3 | 37.3 |
| Corporate/marketing/training videos | 298 | 4 727 | 45.0 | 9.5 |
| Educational | *20 | *122 | *1.7 | 14.4 |
| Music/video clips | *37 | *268 | *3.2 | *12.0 |
| Other | *22 | *27 | *27.1 | *1 013.0 |
| Total | 426 | 5 410 | 233.4 | 43.1 |

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

1.12

SOURCES OF FUNDS AND FINANCES (a), For feature films

| | Value | Percentage contribution |
|-------------------------------------|--------------|----------------------------|
| | \$m | % |
| | | |
| Government | | |
| Australian Film Finance Corporation | 26.9 | 20.0 |
| Other Federal government | **1.3 | 1.0 |
| State/Territory government | 2.2 | 1.6 |
| Total | 30.4 | 22.6 |
| Non-government | | |
| Australia | 18.2 | 13.4 |
| Overseas | 87.1 | 64.0 |
| Total | 105.3 | 77.4 |
| Total | 135.7 | 100.0 |

.....

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

(a) Includes equity, loans/borrowings and distributors' advances/pre-sales.

INTRODUCTION

This chapter of the publication presents information about the film and video distribution industry. The information relates to employing businesses mainly engaged in leasing or wholesaling motion pictures on film, video tape and DVD to organisations for exhibition or sale. These businesses are classified to Class 9112 Film and Video Distribution, of the Australian and New Zealand Standard Industrial Classification (ANZSIC).

SIZE OF INDUSTRY

At the end of June 2000, there were 58 businesses operating in the film and video distribution industry, which was a reduction from the 66 businesses operating at the end of June 1997, and the 69 businesses at the end of June 1994.

The vast majority of businesses operated in New South Wales, Victoria and Queensland, with these three States accounting for 98% of industry employment and 96% of industry income. Industry value added for the film and video distribution industry was \$281 million.

SOURCES OF INCOME

The total income for businesses in the film and video distribution industry was \$1,142 million during 1999–2000. This income represented a 17% increase on \$974 million recorded in 1996–97.

The two main sources of income were from the rental or lease of pre-recorded video tapes, DVDs, films and video games (\$581 million) which accounted for 51% of the industry income, and sales of pre-recorded video tapes and DVDs (\$260 million) which accounted for 23% of industry income.

Most of the income from the lease of pre-recorded video tapes and DVDs was generated from rentals to motion picture exhibitors (\$289 million) and to television businesses (\$173 million).

The major sources of income generated from the sales of pre-recorded video tapes and DVDs were to retail outlets (\$157 million) and video hire stores (\$100 million).

The income from the provision of channels to pay television stations was \$169 million, which represented 15% of industry income.

EXPENSES

Businesses in the film and video distribution industry had total expenses of \$1,038 million. The three major expense items were copyright fees and licences of \$236 million (23% of total expenses), advertising expenses of \$127 million (12% of total expenses), and program rights used of \$124 million.

Labour costs of \$79 million accounted for 8% of total expenses and the high incidence of permanent full-time employees resulted in an average wages and salaries per employee of \$46,900.

EXPENSES *continued*

Other major expense items of the industry included amortisation of program rights and licence fees (\$98 million), and payments to other businesses for dubbing, duplication and film printing (\$78 million).

PROFITABILITY

The industry recorded an operating profit before tax of \$104 million which represented a significant increase on \$3 million recorded in 1996–97. This operating profit represented an operating profit margin of 9.3% during 1999–2000.

Businesses with 20 or more persons contributed significantly to the profitability of the industry, recording an operating profit before tax of \$86 million (83% of the industry operating profit before tax).

EMPLOYMENT

At the end of June 2000, there were 1,426 persons working in the film and video distribution industry, an increase of 6% since June 1997. At the end of June 2000, 1,059 persons worked on a permanent full-time basis which represented 74% of total persons working in the industry.

STATE AND TERRITORY
DIMENSION

The majority of businesses (47) in the film and video distribution industry operated from New South Wales, and these businesses accounted for 65% of the industry employment and 61% of the industry income. There were 19 businesses operating in Victoria at the end of June 2000 which accounted for 21% of the total employment and 27% of the industry income. Although there were 20 businesses operating in Queensland, their contribution to industry employment and income was much lower at 11% and 8% respectively.

BUSINESS SIZE

At the end of June 2000, there were 21 businesses in the industry with employment of 20 or more persons. These businesses dominated the industry, accounting for 87% of persons employed, 82% of industry income, and contributed 83% to the industry's operating profit. While there were 20 businesses with employment of 4 or less persons, their contribution to the industry's income and operating profit were negligible, with each at less than 1%.

2.1 KEY FIGURES, Historical comparisons

| | | 1993-1994 | 1996-1997 | 1999-2000 | Percentage change 1996-1997 to 1999-2000 |
|--|-----|-----------|-----------|-----------|---|
| Businesses at end June | no. | 69 | 66 | 58 | -12.1 |
| Employment at end June(a) | | | | | |
| Permanent full-time | no. | 808 | 1 107 | 1 059 | -4.3 |
| Permanent part time and casuals | no. | 173 | 234 | 366 | 56.4 |
| Total | no. | 981 | 1 341 | 1 426 | 6.3 |
| Income | | | | | |
| Income from the rental/lease of pre-recorded video tapes, DVDs, films and video games | \$m | 324.5 | 434.1 | 580.8 | 33.8 |
| Income from the sale of pre-recorded video tapes, DVDs, films and video games | \$m | 227.1 | 254.3 | 260.3 | 2.4 |
| Income from the provision of channels to Pay TV operators | \$m | 6.1 | 156.0 | 169.2 | 8.5 |
| Other income | \$m | 83.0 | 129.5 | 131.5 | 1.5 |
| Total | \$m | 640.7 | 973.9 | 1 141.8 | 17.2 |
| Expenses | | | | | |
| Wages and salaries | \$m | 34.2 | 62.1 | 66.8 | 7.6 |
| Copyright fees/licences for film and video distribution(b) | \$m | na | na | 235.6 | na |
| Program rights/licence fees used | \$m | — | 136.1 | 124.4 | -8.6 |
| Payments to other businesses for dubbing, duplication and film print costs | \$m | 46.4 | 59.2 | 77.7 | 31.3 |
| Other operating expenses | \$m | 520.5 | 713.4 | 533.8 | -25.2 |
| Total | \$m | 601.1 | 970.8 | 1 038.4 | 7.0 |
| Operating profit/loss before tax | \$m | 39.6 | **3.1 | 103.6 | na |
| Operating profit margin | % | 6.9 | **0.3 | 9.3 | na |
| Industry value added | \$m | na | na | 281.1 | na |

na not available

— nil or rounded to zero (including null cells)

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

(a) For 1993-1994 and 1996-1997 employment at end June excluded casual employees.

(b) For 1993-1994 and 1996-1997 Copyright fees/licences were published under licence fees.

2.2

SOURCES OF INCOME

| | <i>Businesses</i> | <i>Value</i> | <i>Percentage contribution</i> |
|--|-------------------|----------------|--------------------------------|
| | no. | \$m | % |
| Sales of goods and services | | | |
| Sales of pre-recorded video tapes and DVDs to: | | | |
| Video hire stores | 11 | 100.4 | 8.8 |
| Retail outlets | 13 | 157.0 | 13.8 |
| Direct marketing and other businesses | 4 | 2.9 | 0.3 |
| <i>Total</i> | 20 | 260.3 | 22.8 |
| Income from the rental/lease of pre-recorded video tapes, DVDs and films to: | | | |
| Motion picture exhibitors | 12 | 289.4 | 25.3 |
| Television businesses | 14 | 172.5 | 15.1 |
| Video hire stores | 7 | 94.9 | 8.3 |
| Other businesses | 10 | 24.0 | 2.1 |
| <i>Total</i> | 26 | 580.8 | 50.9 |
| Other operating income | | | |
| Other rent, leasing and hiring income | *6 | **1.5 | 0.1 |
| Income from sub-licensing | 8 | np | np |
| Other royalties income | 11 | 24.1 | 2.1 |
| Income from the provision of channels to Pay | | | |
| TV stations | 17 | 169.2 | 14.8 |
| Other | 27 | np | np |
| <i>Total</i> | 40 | 293.4 | 25.7 |
| Other income | | | |
| Interest income | 46 | np | np |
| Other | 8 | np | np |
| <i>Total</i> | 47 | 7.2 | 0.6 |
| Total | 58 | 1 141.8 | 100.0 |

* estimate has a relative standard error of between 25% and 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

2.3

ITEMS OF EXPENDITURE

| | <i>Value</i> | <i>Percentage contribution</i> |
|---|----------------|------------------------------------|
| | \$m | % |
| | | |
| Labour costs | | |
| Wages and salaries | 66.8 | 6.4 |
| Employer contributions to superannuation funds | 4.4 | 0.4 |
| Workers' compensation costs | 0.6 | 0.1 |
| Fringe benefits tax | 3.3 | 0.3 |
| Payroll tax | 4.1 | 0.4 |
| <i>Total</i> | 79.2 | 7.6 |
| Selected expenses | | |
| Payments to other businesses for dubbing, duplication and film print costs | 77.7 | 7.5 |
| Program rights/licence fees used | 124.4 | 12.0 |
| Copyright fees/licences for film and video distribution | 235.6 | 22.7 |
| Other royalties expenses | 29.5 | 2.8 |
| Freight and cartage expenses | 21.5 | 2.1 |
| Telecommunication services | 4.4 | 0.4 |
| Rent, leasing and hiring expenses | 18.1 | 1.7 |
| Audit and other accounting expenses | 1.9 | 0.2 |
| Advertising expenses | 127.1 | 12.2 |
| Marketing and promotion expenses | 26.1 | 2.5 |
| Travelling, accommodation and entertainment expenses | 7.7 | 0.7 |
| Payments to employment agencies for staff | 1.4 | 0.1 |
| Other operating expenses | 125.5 | 12.1 |
| <i>Total</i> | 800.8 | 77.1 |
| Other costs | | |
| Purchases | np | np |
| Insurance premiums | 1.1 | 0.1 |
| Interest expenses | 4.6 | 0.4 |
| Amortisation of program rights/licence fees | 98.4 | 9.5 |
| Other depreciation and amortisation | 11.8 | 1.1 |
| Bad and doubtful debts | np | np |
| <i>Total</i> | 158.2 | 15.2 |
| Total | 1 038.4 | 100.0 |

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

2.4 STATES AND TERRITORIES

| | <i>Businesses at end June(a)</i> | | <i>Employment at end June</i> | | <i>Wages and salaries</i> | | <i>Total income</i> | |
|------------------------------|----------------------------------|--------------|-------------------------------|-------------|---------------------------|----------------|---------------------|--|
| | no. | no. | % | \$m | % | \$m | % | |
| New South Wales | 47 | 932 | 65.4 | 46.5 | 69.6 | 694.8 | 60.9 | |
| Victoria | 19 | 303 | 21.2 | 14.0 | 21.0 | 309.0 | 27.1 | |
| Queensland | 20 | *160 | 11.2 | 5.2 | 7.8 | 87.6 | 7.7 | |
| South Australia | 7 | 10 | 0.7 | 0.4 | 0.6 | np | np | |
| Western Australia | 9 | 21 | 1.5 | 0.7 | 1.0 | 31.3 | 2.7 | |
| Tasmania | 1 | — | — | — | — | np | np | |
| Northern Territory | — | — | — | — | — | — | — | |
| Australian Capital Territory | — | — | — | — | — | — | — | |
| Australia | 58 | 1 426 | 100.0 | 66.8 | 100.0 | 1 141.8 | 100.0 | |

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

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

— nil or rounded to zero (including null cells)

(a) Multi-State businesses are counted in each State in which they operate. Hence the counts of businesses for States and Territories do not sum to the total for Australia.

2.5 CHARACTERISTICS OF BUSINESS, By employment size

EMPLOYMENT SIZE

| | | 0-4 | 5-9 | 10-19 | 20 or more | Total |
|-----------------------------|-----|---------|---------|---------|------------|---------|
| | | persons | persons | persons | persons | |
| Businesses at end June | no. | 20 | 10 | 7 | 21 | 58 |
| | % | 34.5 | 17.2 | 12.1 | 36.2 | 100.0 |
| Employment at end June | no. | 40 | 71 | 80 | 1 234 | 1 426 |
| | % | 2.8 | 5.0 | 5.6 | 86.5 | 100.0 |
| Total income | \$m | 10.0 | 90.6 | 104.8 | 936.4 | 1 141.8 |
| | % | 0.9 | 7.9 | 9.2 | 82.0 | 100.0 |
| Wages and salaries | \$m | 1.6 | 3.5 | 4.8 | 57.0 | 66.8 |
| | % | 2.4 | 5.2 | 7.2 | 85.3 | 100.0 |
| Operating profit before tax | \$m | **0.1 | 14.0 | *3.1 | 86.4 | 103.6 |
| | % | 0.1 | 13.5 | 3.0 | 83.4 | 100.0 |

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

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

2.6

SELECTED RATIOS, By employment size

EMPLOYMENT SIZE

| | | 0-4 persons | 5-9 persons | 10-19 persons | 20 or more persons | Total |
|---|--------|----------------|----------------|------------------|--------------------------|-------|
| Income per person employed | \$'000 | 249.2 | 1 275.9 | 1 310.6 | 758.8 | 800.7 |
| Wages and salaries per employee | \$'000 | 40.6 | 48.9 | 59.4 | 46.2 | 46.9 |
| Labour costs to total expenses | % | 17.8 | 5.3 | 5.3 | 8.0 | 7.6 |
| Income from the rental of videos, DVDs, films to total income | % | 26.3 | np | np | 49.6 | 50.9 |
| Income from the sale of videos, DVDs, films to total income | % | 23.0 | np | np | 26.0 | 22.8 |
| Program rights/licence fees used to total expenses | % | — | 13.4 | 69.8 | 5.1 | 12.0 |
| Operating profit margin | % | 1.1 | 15.6 | 2.9 | 9.4 | 9.3 |

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

— nil or rounded to zero (including null cells)

EXPLANATORY NOTES

- INTRODUCTION**
- 1** This publication presents results in respect of the 1999–2000 financial year from a survey of employing businesses engaged in the film and video production and distribution industries.
- SCOPE**
- 2** The collection was a survey of all businesses classified to the following two ANZSIC classes.
- Film and Video production, ANZSIC Class 9111, consists of businesses mainly engaged in the production of motion pictures on film or video tape for theatre and television projection. The class also includes businesses mainly providing production services such as casting, film editing and titling.
 - Film and Video distribution, ANZSIC Class 9112, consists of businesses mainly engaged in leasing or wholesaling motion picture on film or video tape to organisations for exhibition or sale.
- 3** In addition, this publication also includes details on film and video total production costs. Data on film and video production costs were sourced from a separate survey of businesses in the Television Services industry, as well as the Film and Video production industry and the Film and Video Distribution industry. Businesses in the Television Services industry are classified to ANZSIC Class 9122, Television Services.
- IMPROVEMENTS TO COVERAGE**
- 4** 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 business register. The majority of businesses affected and to which the adjustments apply, are small in size.
- 5** 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 business register.
- 6** Further adjustments have been made for businesses which had been in existence for several years, but, for various reasons, were not previously added to the ABS register.
- 7** For more information on these adjustments, please refer to the ABS publication *Information Paper: Improvements to ABS Economic Statistics, 1997* (Cat. no. 1357.0).
- STATISTICAL UNIT**
- 8** The unit for which statistics were reported in the survey was the management unit. The management unit is the highest-level accounting unit within a business, having regard for industry homogeneity, for which accounts are maintained. In nearly all cases it coincides with the legal entity owning the business (i.e. company, partnership, trust, sole operator, etc.). In the case of large diversified businesses, however, there may be more than one management unit, each coinciding with a 'division' or 'line of business'. A division or line of business is recognised where separate and comprehensive accounts are compiled for it.
- STATE DATA**
- 9** Data were collected from the Australia-wide operations of each business. Businesses which operated in more than one State or Territory were asked to provide a dissection of the number of locations, total income, employment, and

| | |
|-----------------------------------|---|
| STATE DATA <i>continued</i> | wages and salaries to enable State and Territory statistics to be compiled and comparisons undertaken. |
| REFERENCE PERIOD | 10 Data contained in the tables of this publication relate to all businesses which operated in Australia at any time during the year ended 30 June 2000. Counts of businesses include only those businesses that were operating at 30 June 2000. |
| BUSINESSES CEASED DURING THE YEAR | 11 A small number of businesses ceased business during the 1999–2000 reference period. It is normal ABS procedure to include the contributions of these businesses in the survey output. |
| RELIABILITY OF DATA | <p>12 The estimates in this publication are subject to sampling and non-sampling error.</p> <p>13 The estimates in this publication are based on information obtained from a sample of 1,087 businesses in the surveyed population. Consequently, the estimates 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. 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.</p> <p>14 There are about 2 chances in 3 that a sample estimate will differ by less than one SE from the figure that would have been obtained if a census had been conducted, and approximately 19 chances in 20 that the difference will be less than two SEs.</p> <p>15 Sampling variability can 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 percentage errors likely to have occurred due to sampling, and this avoids the need to refer also to the size of the estimate.</p> <p>16 The following table contains estimates of RSEs for a selection of the statistics presented in this publication.</p> |

RELATIVE STANDARD ERRORS FOR TABLE 1.1, Key figures, historical comparisons

| | <i>Film and video production</i> |
|---|----------------------------------|
| | % |
| Businesses at end June 2000 | 2 |
| Total employment at end June 2000 | 9 |
| Income | |
| Income from the production of television programs | 12 |
| Income from the production of commercials | 21 |
| Income from the production of other completed works | 8 |
| Income from the provision of production services to other businesses | 6 |
| Income from the provision of post-production/film laboratory services | 10 |
| Other income | 2 |
| <i>Total</i> | 5 |
| Expenses | |
| Wages and salaries | 5 |
| Payments to other businesses for production services | 12 |
| Payments to other businesses for post-production/film laboratory services | 11 |
| Other expenses | 3 |
| <i>Total</i> | 5 |
| Operating profit before tax | 18 |
| Operating profit margin | 13 |
| Industry value added | 6 |

17 As an example of the above, an estimate of total income for the film and video production industry is \$1473.8 million and the RSE is 5%, giving a SE of \$73.7 million. Therefore, there would be 2 chances in 3 that, if all units had been included in the survey, a figure in the range of \$1400.1 million to \$1547.5 million 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 \$1326.4 million to \$1621.2 million.

18 Errors other than those due to sampling may occur because of deficiencies in the register of units from which the sample was selected, non-response, and imperfections in reporting by respondents. Inaccuracies of this kind are referred to as non-sampling errors and they may occur in any collection, whether it be a census or a sample. Every effort has been made to reduce non-sampling error to a minimum by careful design and testing of questionnaires, efficient operating procedures and systems, and appropriate methodology.

ACKNOWLEDGMENT

19 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 *Census and Statistics Act 1905*.

GLOSSARY

| | |
|---|---|
| Advertising expenses | This item includes payments to advertising agencies, commissions to accredited advertising agencies and the cost of advertising via television, print media, outdoor advertising, or a stand at a film festival, etc. Advertising expenses do not include the wages and salaries paid to employees of the distributor who is engaged in advertising activities. |
| Amortisation of productions | This item refers to the financial charges made to the accounts to reflect that part of the value of rights/licence fees for program rights which have been used up in producing revenue in the accounting period. |
| 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 | This item refers to the amount of accounts receivable that are either written off, or estimated to be uncollectible during an accounting period, that are expensed in a period's profit calculations. |
| Casual employees | This item refers to employees who are not entitled to take paid leave. |
| Commercial broadcast hours | This item refers to the length of a completed program produced, including time taken for advertisements (i.e. airtime for a completed program). Programs are counted only once, regardless of the number of times they may be aired. |
| Depreciation | This item refers to the financial charges made to 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. |
| Employees | This item includes working directors, and other employees working for a business during the last pay period in June. Employees absent on paid or prepaid leave are included. Working proprietors and partners of unincorporated businesses are excluded. |
| Employer contributions to superannuation funds | This item includes all employer contributions to superannuation schemes (including the employer productivity contribution). |
| Fringe benefits tax | This item includes the tax 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. |
| Funding from government | This item includes funding from all forms of government. It includes appropriations from government as bounties, subsidies and export grants, and wages and salaries payments reimbursed under government programs such as trainee and apprenticeship schemes. It excludes equity investments by government agencies. |
| Income from sub-licensing | A distributor may sell the rights to exhibit a film directly to an exhibitor or they may on-sell the distribution and exhibition rights to another distributor. A distributor who negotiates to purchase all the distribution rights may then on-sell the rights to a sub-distributor who specialises in one of these markets. This is known as sub-licensing. |

| | |
|--|---|
| Income from the production of feature films, television programs, commercials, training and marketing videos and music videos | 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 | The final stage in the production cycle is known as post-production, and is where a film is drawn together. Certain businesses specialise in providing post-production services. This item includes dubbing, duplication, sub-titling, editing, film printing, film processing, film/video conversions, post-production sound services, 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 includes producers' fees, line production, directors' fees, lighting services, cinematography and other production services, fees received by incorporated freelancers, and rental of facilities and/or equipment with crew. The item relates to businesses that provide services to production houses and businesses in the television services industry. |
| Income from the rental/lease of pre-recorded video tapes, disks, films and interactive software | This item refers to the income derived by the distributor from the rental/lease of pre-recorded video tapes, disks, films and interactive software to motion picture exhibitors, television broadcasters, video hire stores, etc. |
| Income from the sale of pre-recorded video tapes, disks, films and interactive software | This item refers to the income derived by the distributor from the sale of pre-recorded video tapes, disks, films and interactive software to video hire stores, direct marketing businesses, retail outlets, etc. |
| Income from the sale of rights for completed works | This item refers to the sale of the right to distribute/exhibit a production via a licence arrangement and not to the outright sale of a production. Income from this source includes: <ul style="list-style-type: none"> (a) Advances (i.e. a sum of money given by a distributor to the producer for all or part of the minimum guarantee prior to the production of the film). This is then deducted from future receipts of the film. (b) Minimum guarantee payments (i.e. the guarantee given to the producer by a distributor stating that the producer's share from the exploitation of the rights will reach the guaranteed amount). (c) Program licence fees (i.e. the owner of the production will receive income from selling the 'right to broadcast the production' to a television station). (d) Pre-sales (i.e. the production company may be able to secure a sale, usually by way of exclusive licence of certain rights to the film (such as theatrical exhibition or television), prior to the production commencing). |
| Industry value added | This item represents the value added of the industry to the economy and is calculated as the sales of goods and services, plus government subsidies and changes in levels of trading inventories, minus purchases of goods and selected expenses. |
| Insurance premiums | This item refers to payments made by a business in respect of different types of insurance policies but excluding workers' compensation and compulsory third party motor vehicle insurance. |
| Interest expenses | This item includes interest on bank loans, loans from partners, and loans from government funding bodies, interest in respect of finance leases, interest equivalents such as hedging costs, and expenses associated with discounted bills. |
| Interest income | This item includes interest from loans, finance leases, deposits in banks and non-bank financial institutions. |

| | |
|--|--|
| Labour costs | This item includes wages and salaries (including monies paid directly to freelancers via the payroll), employer contributions to superannuation funds, and workers' compensation costs. Payments to freelancers who are paid via an incorporated company are excluded. |
| Licensing costs | This item refers to royalty payments by the distributor to the film copyright owners for the rights to reproduce and distribute the production. Other royalties include payments made under music rights, literary rights and options. Withholding tax is not deducted. |
| Management fees/charges from related and unrelated businesses | 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. |
| Marketing, promotion and sponsorship expenses | This item refers to expenses that relate to the marketing and promotion of the business. Sponsorship expenses are the actual funds paid for the sponsorship of sporting, arts or cultural organisations and/or their activities. It does not include wages and salaries of employees who are engaged in promotional activities. |
| Motor vehicle running expenses | This item includes fuel, registration fees, compulsory third party insurance and repair and maintenance expenses. |
| Net profit/loss on the sale of capitalised productions | This item is the net amount of income received/lost after selling productions for which the production costs have been capitalised. The sale of capitalised productions is an infrequent occurrence in the industry, but is more likely to occur with feature films than with any other type of production. |
| Operating profit before tax | This item is the measure of profit before extraordinary items are brought to account and prior to the deduction of income tax and appropriations to owners (e.g. dividends paid). |
| Operating profit margin | Operating profit margin of a business represents that percentage of its 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 (OPBT) as a percentage of total sales of goods and services (i.e. $OPBT \times 100 / \text{Sales of goods and services}$). |
| Other contract and sub-contact expenses | This item includes payments to freelancers and contractors for non-production work (e.g. set/costume design, casting agents, catering services and consultants). |
| 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 non-operating income | This item includes dividends received, income from net profit/loss on sale of fixed tangible assets, and net profit/loss on foreign loans as a result of variations in foreign exchange rates/transactions. The item does not include extraordinary profit/loss or government subsidies. |
| Other operating expenses | This item includes waste management and environmental protection expenses, and other business expenses not specified elsewhere in the table. |
| Other operating income | This item is used as a residual item for all other operating income items not separately included in the tables. |
| 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 purchases | This item includes purchases of materials, components, containers, packaging materials and other production consumables. It excludes purchases of film stock |

| | |
|---|--|
| Other purchases <i>continued</i> | and video tape stock, office supplies, motor vehicle running expenses etc., and capitalised purchases of materials. |
| Other royalties expenses | This item includes payments made for music rights, literary rights and options. Withholding tax is not deducted. |
| 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. |
| Payments to other businesses for dubbing, duplication and film print costs | This item refers to costs involved in reproducing sufficient quantities of a film to maximise its distribution and hence potential returns from exhibition. |
| Payments to other businesses for post-production/film laboratory services | The final stage in the production cycle is known as post-production. This is where a film is drawn together. Certain businesses specialise in providing post-production services to production businesses. This item measures the payments to those businesses. |
| Payments to other businesses for production services | This item includes payments to freelancers/contractors from whom PAYE tax is not deducted (e.g. producers, on-air talent, etc). It also includes rental of facilities and/or equipment with crew. |
| Payroll tax | This item refers to a tax levied by State and Territory governments upon the amount of wages and salaries paid by a business. It becomes payable when the annual salaries and wages bill exceeds a set amount. |
| Pay television channel providers | This item refers to businesses that provide programs as blocks or channels for pay television broadcasters. |
| Payments to employment agencies for staff | This item includes payments to employment agencies for procuring the services of staff. This is commonly a temporary contract between the client and the employment agency. |
| Permanent full-time employees | This item refers to persons who worked 35 hours per week or more, and were entitled to paid holidays and sick leave. |
| Permanent part-time employees | This item refers to persons who worked less than 35 hours per week, and were entitled to paid holidays and sick leave. |
| Program rights/licence fees used | This item refers to a royalties expense for the rights to a program for a specified period and/or number of showings. An alternative accounting procedure adopted by some businesses is to capitalise these rights and then amortise them over a period of time. |
| 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. |
| Rent, leasing and hiring expenses | This item includes operating lease expenses (e.g. fleet leasing), rental of facilities and/or equipment without crew, (i.e. dry hire), and all expenses paid/payable to landlords. 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. Includes payments under licensing arrangements, music rights, literary rights and |

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| Royalties expenses <i>continued</i> | options, and payments for the right to use motion picture or television films or video tapes. Withholding tax is not deducted. |
| Subscriber income from pay television stations | This item refers to income received by distributors of television programs and/or channels from pay television stations. It is based on the number of subscribers to a given channel, or is a negotiated fixed sum. |
| Telecommunications services | This item refers to payments (of a non-capital nature) for telecommunication services which engage wire, cable or radio transmission. It includes fixed and mobile phones, facsimile, Internet services, leased lines for computers etc. |
| Total costs of production | This item includes production costs of projects expended during 1999–2000. It includes all production costs associated with development, pre-production shoot, and post-production for which businesses had prime responsibility. This item excludes projects that had not progressed past the development of pre-production stages, and projects for which the business provided freelance production services, or film laboratory services to other production houses. |
| Total employment at end June | This item includes working proprietors and partners, working directors, and other employees (including freelancers paid directly via the payroll) working for a business during the last pay period in June. Employees absent on paid or prepaid leave are included. Freelancers paid via an incorporated company are excluded. |
| Travelling, accommodation and entertainment expenses | This item includes reimbursement or allowances to employees for travel, entertainment etc. It excludes motor vehicle running expenses. |
| Wages and salaries | This item refers to gross earnings of all employees before taxation and other deductions. Drawings of working proprietors and working partners of unincorporated businesses are excluded. |
| Workers' compensation costs | This item refers to 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. |

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