



1996-97

8654.0

MOTION PICTURE EXHIBITION

AUSTRALIA

EMBARGO: 11:30AM (CANBERRA TIME) FRI 12 JUNE 1998

CONTENTS

	<i>page</i>
Notes	2
Summary of findings	3
TABLES	
1 Key figures	5
2 Sources of income	6
3 Items of expenditure	6
4 Characteristics of employment	7
5 Business size	7
6 States and territories	8
7 Performance ratios	8
ADDITIONAL INFORMATION	
Explanatory notes	9
Glossary	10

- For further information about these and related statistics, contact David Brunt on Melbourne 03 9615 7726, or any ABS office shown on the back cover of this publication.

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INTRODUCTION

This publication presents results for the financial year 1996–97 from an Australian Bureau of Statistics (ABS) census of businesses in the motion picture exhibition services industry. This is the fourth ABS collection of this industry, with previous collections being conducted in respect of 1979–80, 1986–87 and 1993–94.

The census of motion picture exhibitors covered all businesses classified to Class 9113 of the Australian and New Zealand Standard Industrial Classification (ANZSIC). Class 9113 includes businesses mainly engaged in screening motion pictures from film and video tape. It does not include businesses or social clubs owning theatrettes who receive a minor portion of their income from screening motion pictures, or businesses operating cinema or drive-in theatres which receive the majority of their income from sources other than box office receipts, such as the sale of take-away food.

This publication is the first in a series to be issued in respect of 1996–97 covering a range of cultural industries. These surveys of cultural industries were partly funded by the Cultural Ministers Council. Other publications to be issued are:

- *Film and Video Production and Distribution, Australia, 1996–97* (Cat. no. 8679.0);
- *Radio and Television Services, Australia, 1996–97* (Cat. no. 8680.0);
- *Libraries and Museums, Australia, 1996–97* (Cat. no. 8649.0);
- *Zoos, Parks and Gardens Industry, Australia, 1996–97* (Cat. no. 8699.0); and
- *Performing Arts Industry, Australia, 1996–97* (Cat. no. 8697.0).

The ABS welcomes comments and suggestions from users recommending industries and data items for inclusion in future service industries surveys. These comments should be addressed to:

The Director, Service Industries Surveys, PO Box 10, Belconnen, ACT, 2616.



SYMBOLS AND OTHER
USAGES

ABS	Australian Bureau of Statistics
ANZSIC	Australian and New Zealand Standard Industrial Classification
n.a.	not available
n.p.	not available for publication but included in totals where applicable
..	not applicable

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

W. McLennan
Australian Statistician

SUMMARY OF FINDINGS

INTRODUCTION

This publication presents results in respect of 1996–97 from a census of businesses mainly engaged in screening motion pictures on film or video tape in cinemas or drive-in theatres.

SIZE OF INDUSTRY

There were 188 businesses in the motion picture exhibition industry at the end of June 1997, which was 16% fewer than the 224 businesses in the industry at the end of June 1994. This reduction in the number of businesses was mainly in small businesses (i.e. those with income of less than \$1 million), where the number has fallen from 162 at the end of June 1994 to 126 at the end of June 1997.

These 188 businesses operated 325 cinema sites and 28 drive-in theatre sites at the end of June 1997 compared to the 329 and 41 sites operating at the end of June 1994. While the number of cinema sites has slightly reduced, the number of screens has increased by 39% to 1,050 screens, reflecting the increasing number of multiplex cinemas, which now account for 60% of all screens. At the end of June 1997, there was an average of 3.2 screens per site compared to 2.3 screens per site at the end of June 1994.

NUMBER OF PAID ADMISSIONS

For 1996–97, there were 73.3 million paid admissions to cinemas, which was an increase of 22% since 1993–94. Cinemas operated by the eight largest businesses (each of which had income of greater than \$8 million) had 74% of these paid admissions.

The number of paid admissions represent four visits per person for 1996–97 based on the Australian population of 18.5 million at the end of June 1997.

SOURCES OF INCOME

Businesses in the motion picture industry generated \$832.2 million in income, of which \$551.8 million (66%) accrued from gross box office receipts. This proportion was similar to the 1993–94 financial year when gross box office receipts accounted for 70% of total industry income. The other major source of income in 1996–97 was from the sale of food and beverages which accounted for \$142.1 million (17%) of total income.

The average cinema box office takings per paid admission was \$7.50 in 1996–97 compared to \$7.30 in 1993–94.

EXPENSES

The two major expenses of businesses in the industry in 1996–97 were film hire/rental and labour costs. Film hire/rental costs of \$211.2 million accounted for 30% of total expenses and represented a film hire cost per admission of \$2.90.

Labour costs for the industry in 1996–97 were \$123.1 million and represented 17% of total expenses. Labour costs per employee in the industry were \$16,100, reflecting the high proportion of part-time employees.

SUMMARY OF FINDINGS *continued*

PROFITABILITY

The industry recorded an operating profit before tax of \$119.9 million for the 1996–97 financial year, which represented an operating profit margin of 14.9% compared with an operating profit margin of 12% recorded in 1993–94. The main contributors to this increased profit margin were the eight largest businesses (each of which had income of greater than \$8 million), which increased their operating profit margin from 12.3% in 1993–94 to 16.2% in 1996–97.

EMPLOYMENT

There were 7,739 persons employed in the motion picture exhibition industry at 30 June 1997, an increase of 35% since the end of June 1994. Part-time employment accounted for 80% (6,194 persons) of total employment compared to 79% (4,523 persons) working part-time in 1993–94.

Females accounted for 56% (4,302) of the persons employed in the industry at the end of June 1997, of which 87% worked on a part-time basis. The proportion of males who worked part-time was 72%.

Labour costs per employee were \$12,600 for small businesses (i.e. businesses with income less than \$1 million), which was considerably lower than the industry average of \$16,100.

BUSINESS SIZE

At the end of June 1997, there were eight businesses with income greater than \$8 million. These businesses dominated the industry in that they accounted for 68% of industry employment, contributed 78% (\$651.8 million) to total income of the industry, had 65% of cinema/drive-in screens and accounted for 74% of paid cinema admissions. In 1993–94, there were 9 businesses with income greater than \$8 million which accounted for 56% of industry employment and 72% of total income of the industry.

The eight largest businesses had a labour costs to total expenses ratio of 16% (compared to an average of 17% for the rest of the industry) and a total income per person employed of \$123,100 (compared to an average of \$107,500 for the rest of the industry).

There were 126 businesses (67%) at the end of June 1997 with total income of less than \$1 million. These businesses accounted for 12% of industry employment and contributed 6% (\$46.9 million) to total industry income. The operating profit margin of these 126 businesses was 3%.

STATE DIMENSION

The proportion of industry employment in each State and Territory was broadly in line with the population distribution. While the distribution of total income varies from the population distribution in New South Wales, Victoria and Queensland, it should be noted that total income not only reflects box office receipts but also includes other sources of income of businesses such as income items which can only be attributed to head offices.

1

KEY FIGURES

	1993-94	1996-97	% change
Businesses at end June (no.)	224	188	-16.1
Cinemas			
Sites			
Multiplex (no.)	n.a.	91	n.a.
Other (no.)	n.a.	233	n.a.
Total (no.)	329	325	-1.2
Screens			
Multiplex (no.)	n.a.	625	n.a.
Other (no.)	n.a.	425	n.a.
Total (no.)	754	1 050	39.3
Seats ('000)	227	323	42.3
Paid admissions ('000)	60 047	73 262	22.0
Drive-in theatres			
Sites (no.)	41	28	-31.7
Screens (no.)	52	36	-30.8
Employment at end June			
Full-time (no.)	1 205	1 545	28.2
Part-time (no.)	4 523	6 194	36.9
Total (no.)	5 729	7 739	35.1
Income			
Gross box office receipts (\$m)	447.5	551.8	23.3
Other income (\$m)	187.7	280.5	49.4
Total (\$m)	635.3	832.2	31.0
Expenses			
Labour costs (\$m)	99.0	123.1	24.3
Film hire/rental (\$m)	168.1	211.2	25.6
Other expenses (\$m)	293.0	378.9	29.3
Total (\$m)	560.1	713.2	27.3
Operating profit before tax (\$m)	75.1	119.9	59.7
Operating profit margin (%)	12.0	14.9	..
Industry gross product (\$m)	238.5	276.2	15.8

2

SOURCES OF INCOME

	<i>Value</i>	<i>Percentage contribution</i>
<i>Sources of income</i>	\$m	%
<hr/>		
Sales of goods and services		
Gross box office receipts	551.8	66.3
Sales of food and beverages from owner-operated refreshment bars	142.1	17.1
Screen advertising	16.1	1.9
Rent, leasing and hiring income	20.6	2.5
Other operating income	76.4	9.2
<i>Total</i>	<i>807.0</i>	<i>97.0</i>
Non-operating income	25.2	3.0
Total	832.2	100.0

3

ITEMS OF EXPENDITURE

	<i>Value</i>	<i>Percentage contribution</i>
<i>Type of expense</i>	\$m	%
<hr/>		
Labour costs		
Wages and salaries	114.1	16.0
Employer contributions to superannuation funds	7.4	1.0
Workers' compensation costs	1.6	0.2
<i>Total</i>	<i>123.1</i>	<i>17.3</i>
Selected expenses		
Film hire/rental	211.2	29.6
Other rent, leasing and hiring expenses	70.6	9.9
Repair and maintenance expenses	18.1	2.5
Advertising expenses	38.9	5.5
Cleaning services	12.5	1.8
Other operating expenses	124.5	17.5
<i>Total</i>	<i>475.8</i>	<i>66.7</i>
Other costs		
Goods for resale at owner-operated refreshment bars	40.1	5.6
Electricity, gas and water charges	15.1	2.1
Interest expenses	23.3	3.3
Depreciation and amortisation	32.1	4.5
Other	3.7	0.5
<i>Total</i>	<i>114.3</i>	<i>16.0</i>
Total	713.2	100.0

4

CHARACTERISTICS OF EMPLOYMENT

Type of employment	FULL-TIME.....			PART-TIME.....			TOTAL.....		
	Males	Females	Persons	Males	Females	Persons	Males	Females	Persons
Working proprietors and partners (no.)	32	16	48	16	16	32	48	32	80
Employees (no.)	934	563	1 497	2 455	3 707	6 162	3 389	4 270	7 659
Total employment end June 1997 (no.)	966	579	1 545	2 471	3 723	6 194	3 437	4 302	7 739
Proportion of total (%)	12.5	7.5	20.0	31.9	48.1	80.0	44.4	55.6	100.0
Total employment end June 1994 (no.)	729	477	1 205	1 776	2 747	4 523	2 505	3 224	5 729
Proportion of total (%)	12.7	8.3	21.0	31.0	47.9	78.9	43.7	56.3	100.0
Change from end June 1994 (%)	32.5	21.4	28.2	39.1	35.5	36.9	37.2	33.4	35.1

5

SELECTED STATISTICS BY BUSINESS SIZE

Income size category	Businesses at end June no.	Total cinema/drive-in screens.....		Paid cinema admissions.....		Employment at end June.....		Total Income.....		Operating profit margin %
		no.	%	'000	%	no.	%	\$m	%	
\$1-\$99,999	33	33	3.0	201	0.3	81	1.0	1.3	0.2	-14.7
\$100,000-\$499,999	52	72	6.6	2 025	2.8	329	4.3	15.4	1.9	4.4
\$500,000-\$999,999	41	81	7.5	3 080	4.2	522	6.7	30.2	3.6	3.0
\$1,000,000-\$7,999,999	55	193	17.8	13 907	19.0	1 510	19.5	133.4	16.0	12.8
\$8,000,000 or more	8	708	65.1	54 049	73.8	5 297	68.4	651.8	78.3	16.2
Total	188	1 087	100.0	73 262	100.0	7 739	100.0	832.2	100.0	14.9

6

SELECTED STATISTICS BY STATES AND TERRITORIES

State/Territory	Businesses at end June(a)			Employment at end June.....		Wages and salaries.		Total income.....	
	no.	Cinema screens.... no.	%	no.	%	\$m	%	\$m	%
New South Wales	61	326	31.0	2 549	32.9	42.4	37.2	343.1	41.2
Victoria	44	290	27.6	2 069	26.7	25.9	22.7	180.1	21.6
Queensland	39	204	19.4	1 272	16.4	18.5	16.2	136.8	16.4
South Australia	30	65	6.2	670	8.7	9.5	8.3	51.4	6.2
Western Australia	25	115	11.0	837	10.8	13.1	11.5	85.1	10.2
Tasmania	3	n.p.	n.p.	n.p.	n.p.	n.p.	n.p.	n.p.	n.p.
Northern Territory	3	n.p.	n.p.	n.p.	n.p.	n.p.	n.p.	n.p.	n.p.
Australian Capital Territory	4	25	2.4	167	2.2	2.3	2.0	18.3	2.2
Australia	188	1 050	100.0	7 739	100.0	114.1	100.0	832.2	100.0

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

7

PERFORMANCE RATIOS

INCOME SIZE CATEGORY.....

	\$1-\$999,999	\$1,000,000-\$7,999,999	\$8,000,000 or more	All businesses
Employment ratios				
Labour costs per employee (\$'000)	12.6	16.7	16.5	16.1
Labour costs to total expenses (%)	23.5	21.6	15.8	17.3
Total income per person employed (\$'000)	50.4	88.4	123.1	107.5
Part-time to total employment (%)	78.7	78.9	80.6	80.0
Paid cinema admissions per person employed ('000)	6.4	9.4	10.2	9.7
Operating profit margin (%)	3.0	12.8	16.2	14.9
Cinema ratios				
Number of seats per screen (no.)	291.9	244.1	328.3	307.4
Box office takings per paid admission (\$)	6.0	7.0	7.8	7.5
Film hire per paid admission (\$)	2.3	2.7	3.0	2.9
Film hire to total expenses (%)	29.8	32.7	29.2	29.8
Total expenses per paid admissions (\$)	7.6	8.3	10.2	9.6

EXPLANATORY NOTES

SCOPE

- 1** This publication contains data for the motion picture exhibition industry for 1996–97.
- 2** The collection was a census of all businesses classified to Class 9113, Motion Picture Exhibition, of the 1993 edition of the Australian and New Zealand Standard Industrial Classification (ANZSIC). This class includes all units mainly engaged in screening motion pictures on film or video tape. It does not include businesses or social clubs owning theatrettes who receive a minor portion of their income from screening motion pictures, or businesses operating cinema or drive-in businesses which receive the majority of their income from sources other than box office receipts, such as the sale of take-away food.

STATISTICAL UNIT

- 3** 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

- 4** 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 number of cinema screens, total income, employment, and wages and salaries to enable State and Territory statistics to be compiled and comparisons undertaken.

REFERENCE PERIOD

- 5** 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 1997. Counts of businesses include only those businesses that were operating at 30 June 1997.

BUSINESSES CEASED DURING THE YEAR

- 6** A small number of businesses ceased business during the 1996–97 reference period. It is normal ABS procedure to include the contributions of these businesses in the survey output.

RELIABILITY OF DATA

- 7** Because the census does not have a sample component, the data are not subject to sampling variability. However, other inaccuracies collectively referred to as non-sampling error may affect the data. These non-sampling errors may arise from a number of sources, including:

- errors in the reporting of data by respondents;
- errors in the capturing or processing of data;
- estimation for missing or misreported data; and
- definition and classification errors.

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.

GLOSSARY

Advertising expenses	This item includes payments to advertising agencies, commissions to accredited advertising agencies, and the cost of advertising in the press. Advertising expenses do not include the wages and salaries paid to employees of the exhibitor who is engaged in advertising activities.
Box office takings per paid admission	Gross box office receipts divided by number of paid admissions.
Businesses at end June	Count of management units operating at the end of June. A management unit is the highest-level accounting unit within a business, having regard for industry homogeneity, for which accounts are maintained.
Cinema sites	Are the number of separate locations operated as cinemas by a particular business.
Cleaning services	The expenses incurred when the business' premises are cleaned by an external business.
Depreciation and amortisation	This item includes depreciation/amortisation expenses in respect of assets acquired under finance leases, and depreciation allowed on buildings and other fixed tangible assets.
Drive-in theatre sites	The number of separate locations operated as drive-ins by a particular business. Some businesses operate multiple drive-in sites.
Employees	This includes working directors, and other employees working for a business during the last pay period in June each year. Employees absent on paid or prepaid leave are included. Excludes working proprietors and partners of unincorporated businesses.
Employer contributions to superannuation funds	This item includes the costs of the employer's superannuation contributions during the reference period (including contributions made by the employer on behalf of employees).
Employment at end June	This item includes working proprietors and partners, working directors, and other employees working for a business during the last pay period in June each year. Employees absent on paid or prepaid leave are included.
Film hire/rental	Film hire/rental is the fee paid by an exhibitor to a distributor for the right to exhibit a film. It is generally a percentage of the gross box office taken for a particular film by an exhibitor.
Film hire per paid admission	Expenditure on film hire/rental divided by number of paid admissions.
Film hire to total expenses	Film hire divided by total expenses.
Full-time employees	Employees who work 35 hours per week or more.
Gross box office receipts	The money actually paid by the public for admission to cinemas or drive-in theatres. This item excludes revenue from owner-operated refreshment bars.
Industry gross product	This item is the sales of goods and services plus government subsidies plus capital work done by own employees for own use or for rental or lease minus purchases of goods for resale at owner-operated refreshment bars minus selected expenses.
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.

GLOSSARY *continued*

Labour costs	This item includes wages and salaries, employer contributions to superannuation funds, and workers' compensation costs.
Labour costs per employee	Labour costs divided by total number of employees.
Labour costs to total expenses	Labour costs divided by total expenses.
Multiplex cinema screens	The number of screens at multiplex cinema sites.
Multiplex cinema sites	The number of cinema sites with four or more screens operated by a particular business.
Number of seats per screen	The number of seats divided by the number of screens.
Operating profit before tax	A 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	The percentage of sales of goods and services available as operating profit, i.e. (operating profit before tax times 100) divided by sales of goods and services.
Other expenses	This item includes insurance, bad debts and royalties expenses, purchases of goods and materials, electricity, gas and water charges, repair and maintenance expenses, advertising expenses, marketing, promotion and sponsorship expenses and other operating expenses.
Other income	This item includes sales of food and beverages from owner operated refreshment bars, screen advertising, royalties, government subsidies, dividends and other operating and non-operating income.
Other operating expenses	This item includes motor vehicle running expenses, legal expenses, security services, training expenses and stationary expenses.
Other operating income	This item includes revenue from amusement machines, merchandising fees, and other revenue not included elsewhere. Excludes extraordinary profit (loss).
Other rent, leasing and hiring expenses	This item excludes film hire/rental and includes operating lease expenses (e.g. fleet leasing) and rent, leasing and hiring of vehicles, land, buildings, machinery, and equipment.
Paid admissions	The total number of paid admissions to cinemas.
Paid cinema admissions per person employed	Number of paid cinema admissions divided by number of persons employed in cinemas.
Part-time employees	Employees who work less than 35 hours per week.
Persons employed at end June	This item includes working proprietors and partners of unincorporated businesses, working directors of incorporated companies and trusts, and other employees working for a business during the last pay period ending June.
Purchases of goods for resale at owner-operated refreshment bars	This item includes purchases of foodstuffs for resale at owner-operated refreshment bars and for use in preparing meals and purchases of beverages, where such services are operated by the exhibitor.
Rent, leasing and hiring income	This item includes income derived from the renting, leasing or hiring of assets such as land, buildings, vehicles, or equipment to other businesses or individuals.

GLOSSARY *continued*

Repair and maintenance expenses	This item includes costs associated with work undertaken on plant and machinery etc. to maintain normal business operations.
Sales of food and beverages	This item includes income derived from the provision of bistro/restaurant services, licensed bars, and snack bars owned and operated by the motion picture exhibition business. Sales of food and beverages from bars not owned by the motion picture exhibition business, e.g. concessions, are not included although rent, leasing and hiring income obtained from these businesses are included in the rent, leasing and hiring income data item.
Sales of goods and services	This item includes gross box office receipts, sales of food and beverages from owner-operated refreshment bars, screen advertising, income from rent, leasing and hiring, and other operating income.
Screen advertising	This item includes income derived from the display of advertising on screens.
Seats	The total number of seats available in cinemas.
Selected expenses	This item includes rent, leasing and hiring expenses, motor vehicle running expenses, other business expenses, film hire/rental, advertising expenses, and electricity charges.
Total expenses	The sum of expense items. Includes wages and salaries, employer contributions to superannuation funds, workers' compensation costs, depreciation and amortisation, film hire/rental, purchases of goods for resale, advertising, bad debt written off, royalties, insurance premiums, interest, rent, leasing and hiring expenses, and other business expenses.
Total income	The sum of all income items. Includes income from gross box office receipts, sales of food and beverages from owner-operated refreshment bars, screen advertising, income from rent, leasing and hiring, government subsidies, interest income, dividends received, royalties income, and other non-operating income.
Total income per person employed	The sum of all income items divided by total number of persons employed.
Wages and salaries	This item is the 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	Workers' compensation is a compulsory insurance cover to be taken out by all employers, except for 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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2865400007961
ISBN 0 642 25675 6

RRP \$16.00