

# Occasional Paper #2

## MITIGATING RISK

THE CASE FOR MORE  
ADAPTATIONS IN THE  
AUSTRALIAN FILM  
INDUSTRY

AUSTRALIAN FILM  
TELEVISION &  
RADIO SCHOOL



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This research was undertaken as part of the Master of Arts program at the Australian Film, Television and Radio School in collaboration with Screen Australia.



# Mitigating Risk

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## The case for more adaptations in the Australian film industry

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Matthew Hancock

July 2010

This research was undertaken as part of the Master of Arts program at the Australian Film, Television and Radio School in collaboration with Screen Australia. The views expressed in this paper are the author's and do not necessarily reflect those of either organisation.

Cover Image: Production still from AFTRS short film *Fallen*

## **A healthy slate needs adaptation**

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Adaptations come in all shapes and sizes from films based on books and plays to sequels and remakes. They are often referred to as crude imitations and occasionally cited as enlightened reinventions. Whether they are praised or criticised, the act of creating a second version of an original thing brings with it many artistic challenges and economic rewards. This paper aims to improve the industry's understanding of the latter.

To date, there has been very little in the way of financial analysis of Australian adaptations. To address this knowledge gap I undertook a study of all 200 Australian dramas theatrically released in the 10-year period 1999–2008. The study is based on never-before published box office and production budget data, as well as industry consultation and international comparisons.

For the purpose of this study adaptations were defined as those films based on existing creative works. The definition is not limited to films based on published or performed sources, but also includes screen remakes and franchises that extend their narrative through sequels and spin-offs.<sup>i</sup>

This paper argues that there is a latent value in films based on adapted sources. It suggests that an increase in their production may mitigate risk, benefiting audience engagement and supporting the growth of more sustainable businesses. The following is a summary of the study's findings:

### **1. Proportions of adaptations are relatively low and declining**

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There were just 38 adaptations released in 1999–2008. This marks a declining trend from one-in-three releases in the 1920s, one-in-four in the 1970s to less than one-in-five since 1999. The fall is significant because adaptations, both in Australia and in foreign markets like the US, tend to perform well, attracting a higher proportion of box office than their proportion in release.

### **2. Box office for adaptations is more consistent than for original films**

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For titles released in 1999–2008, a comparison of the typical earnings for individual films shows that adaptations perform better in the average than original films. While original films do have a greater propensity for exceptional performance, they are also very volatile and so their ability to set the benchmark for success is offset by a high failure rate.

By comparison, the box office earnings for adaptations are more consistent. Their median box office was almost triple that of original films during the study period, at \$1.1 million compared to \$370,000. Adaptations also had a broader range of performance (excluding outliers) – up to \$10 million as opposed to just \$3.5 million for original films. This range is an important indicator for future releases. It suggests that a typical adaptation has a good chance of outperforming a typical original film.

### **3. Development rates of adaptations should be increased to achieve optimal diversity**

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While the development rates for adaptations in Australia are largely unknown, the proportion released in 1999–2008 suggests that it is low when compared to the US and UK. In the US, around 70 per cent of all projects being developed by Hollywood studios are adaptations. In the UK it is just shy of 50 per cent.

Greater diversification by source material has the potential to bring greater consistency to box office performance. Australian film producers should consider these international comparisons and the consistency of box office earnings for adaptations revealed in this study when deciding what an optimal mix of projects is.

### **4. Adaptations have higher average productions costs but secure bigger releases and earn more at the box office**

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Raising money is hard. One barrier to producing adaptations may be higher production costs. In the study period, the median budget of adaptations was \$7.5 million compared to \$3.5 million for original films.

These higher budgets for adaptations might suggest that their strong box office in effect has been bought. This may be true but, if so, it has been bought at a good rate: a doubling in budget resulted in a tripling of box office.

## **5. Costs to secure underlying rights do not present a significant barrier to adaptation**

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Development costs for adaptations are higher than for original films, reflecting the costs of acquiring rights. However, there is considerable scope for negotiation, and producers pay only an option fee (usually a small fraction of the agreed acquisition cost) during the development phase. Acquisition costs, therefore, do not present a significant barrier to adaptation.

## **6. Strong networks will ensure the production and release of more adaptations**

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The perception of supply constraints may be another barrier for filmmakers. In the case of publishing, there is a degree of truth to this. Some of Australia's most well-known authors are represented by international agents, increasing competition for their work.

Furthermore, most publishers and agents will only enter into agreements where there is a good chance of the project going into production.

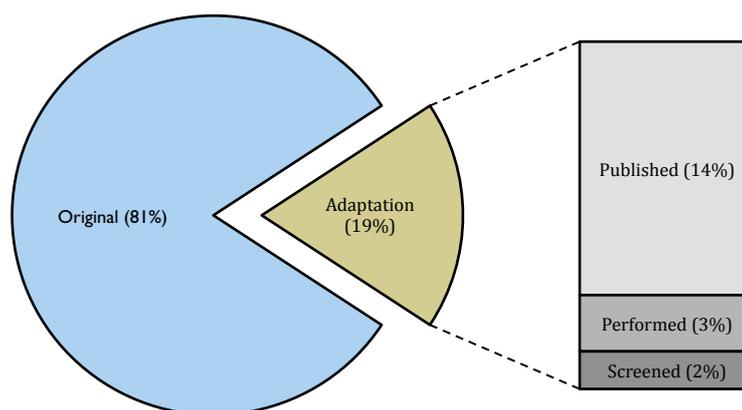
However, it may not be as competitive as some filmmakers think. Stronger relationships will open up the lines of communication, providing an opportunity to build trust, keep costs down and have a better understanding of commercially successful and critically acclaimed source material that is currently under-utilised.

## 1. Proportions of adaptations are relatively low and declining

There were dramatic fluctuations in the annual proportion of Australian adaptations released in the 10 years from 1999 to 2008. Films based on adapted sources ranged from a low of per cent in 2004 to a high of 30 per cent in 2006. More broadly, this marked a declining trend, with the proportion falling from one-in-three theatrical releases in the 1920s to one-in-four in the 1970s and one-in-five since 1999.<sup>ii</sup>

In total, there were 38 Australian adaptations released during the study period- a proportion of 19 per cent as seen in Fig 1 below. Twenty-seven were sourced from published works, with 24 films derived from novels, two from short stories and one from a poem. There were a further 11 releases based on performed and screened works, seven based on plays and two each adapted from television programs and films.

Fig 1. Releases by source (\$2008/09), 1999–2008



Source: Analysis of Motion Picture Distributors Association of Australia data.

Sample size: 200

*Lantana* (2001)<sup>iii</sup> was the highest grossing title, with adjusted earnings of \$15.3 million.<sup>iv</sup> In second place was *Looking for Alibrandi* (2000) with \$11.8 million. *Ned Kelly* (2003), *Crocodile Dundee in LA* (2001) and *Rabbit Proof Fence* (2002) were close behind with earnings of \$9–10 million each.

The top five were sourced from three novels, a play and a sequel from an earlier film. (In fact, *Crocodile Dundee in LA* (2001) was the only Australian sequel to be released that decade.)

Most adaptations were based on local source material. However, seven were adapted from international works. *Jindabyne* (2006), *Charlotte Gray* (2002), *The Children of the Silk Road* (2008), *The Old Man Who Read Love Stories* (2004), *Opal Dream* (2006) and *The Book of Revelation* (2006) were all based on novels by foreign authors, and *Unfinished Sky* (2008) was a remake of the Dutch film *The Polish Bride*.

The proportion of adaptations released during this time was not just low when compared to the past, but also low in comparison to other countries with strong domestic film industries.

For example, the release of adaptations in the US remained relatively steady in 1999–2008. They accounted for around 50 per cent of releases and 60–70 per cent of the box office each year, and eight of the top 10 grossing films were based on adapted source material.<sup>v</sup> In contrast, Australian adaptations took only 25 per cent of the total box office. Their proportion of earnings peaked at 46 per cent in 2003, with the share remaining over 25 per cent in five of the 10 years.

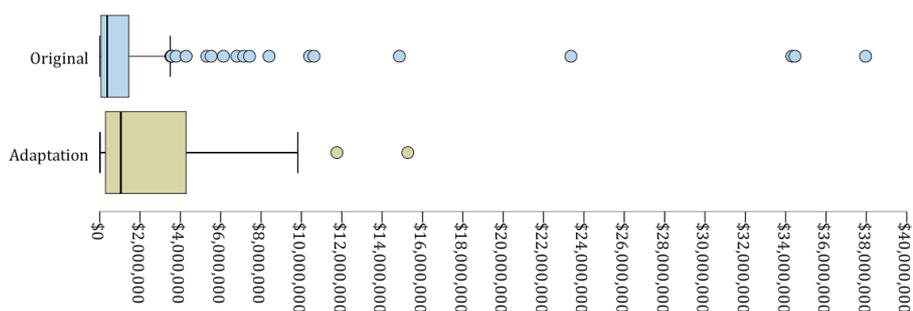
However, aggregate figures such as these only tell one part of the story. The key to understanding the real potential of adaptations is to consider their typical returns.

## **2. Box office for adaptations is more consistent than for original films**

Domestic earnings in 1999–2008 were underpinned by the exceptional performance of original films. However, a closer look at the range of box office by source material indicates that adaptations generally performed better by comparison. This is a vital piece of information for investors. Many backers are risk-averse and ideally looking for a stable return on investment, rather than an all or nothing gamble in the hope of finding a standout performer.

Seventeen original films and two adaptations were defined as statistical outliers in the study period. Outliers, represented by coloured circles in Fig 2, are those films that achieved a box office that was so high that it deviated markedly from other observations in the sample.<sup>vi</sup>

Fig 2. Box office ranges by source (\$2008/09), 1999–2008



Circles = outliers, coloured box = interquartile range, t-bars = range excluding outliers

Source: Analysis of Motion Picture Distributors Association of Australia data.

Sample size: 196 - four films (one adaptation and three original) did not report box office.

When adjusted for inflation, original films accounted for four of the top five grossing films. *Australia* (2008), *Moulin Rouge* (2001) and *Happy Feet* (2006) all took more than \$30 million at the box office, followed by *The Dish* (2000) with a gross in excess of \$20 million. Yet, for all their rewards, original films were also extremely volatile. As a group they had a high rate of failure, accounting for 46 of the bottom 50 earning films.

The most important measurement when comparing the two is the median, represented in Fig 2 by the black line inside the coloured boxes. It is a preferable measure to averages as it is less susceptible to the distortion of outliers. It measures the central tendency of adaptations and original films, showing the halfway-point in box office earnings.

The typical performance of each source is underlined by looking at the other measurements available in Fig 2. The ‘interquartile range’ is indicated on the chart by the coloured box. This is a conservative range that shows the high and low point of box office for films that were ranked within the middle 50 per cent of releases, excluding the top and bottom 25 per cent of earners. The t-bars give a broader range, where the majority of films fell. They show the minimum and maximum box office results, excluding only outliers. In this case, the range accounts for 90 per cent and 95 per cent of original and adapted films respectively.

In the study period, not only was the median for films based on adapted source material almost triple that of original films – \$1.1 million compared to \$370,000 – the typical range was also much broader, taking up to \$10 million as opposed to just over \$3.5 million. Together these measures provide an indication of what a reasonable expectation of box office might be for future releases.

The point is not that filmmakers should stop developing original films, and just make adaptations. That would be a misreading of the data. Rather, the point is to seek a balance between the two, recognising the value of the consistency and relative predictability of adaptations in a slate that also makes room for the riskiness and potential outperformance of original films. It is a question of portfolio mix.

### **3. Development rates of adaptations should be increased to achieve optimal diversity**

The need for diversification across an investment slate has been the mantra of investors since Harry Markowitz made the case in the 1950s. His portfolio theory went on to win him the Nobel Prize in 1990. Markowitz suggested that financial returns can be maximised through a minimisation of risk.<sup>vii</sup> But of course, that's easier said than done. How does one go about choosing films so as to minimise risk?

Screenwriter William Goldman famously stated in his memoir, *Adventures in the Screen Trade: A Personal View of Hollywood and Screenwriting*, that 'with all due respect, nobody knows anything'.<sup>viii</sup> It is a claim levelled at those in the film industry who believe they can predict success. The statement still divides opinion almost three decades later.

Goldman's claim has been explored by economist Arthur De Vany in *Hollywood Economics: How Extreme Uncertainty Shapes the Film Industry*. De Vany models a number of scenarios, identifying several variables that can reduce financial uncertainty.<sup>ix</sup> While De Vany ultimately supports the claim that nobody can predict which films will be breakout successes and which will be failures, he does suggest that adaptations can play a part in boosting earnings of a slate. He states that sequels 'are often regarded as the safest movies to make.'

The Hollywood studios obviously agree. Adaptations of screen works are in vogue – particularly sequels. In 2009, five per cent of films theatrically released in the US were sequels. They accounted for almost 20 per cent of the box office, more if the definition were broadened to include franchises based on published works, like *Harry Potter and the Half-blood Prince* (2009).<sup>x</sup>

Currently, new sequels are in development for *Beverly Hills Cop* and *Ghostbusters*, and remakes of *Short Circuit*, *Policy Academy*, *Escape from New York* and *Robocop* are also in the pipeline.<sup>xi</sup> All hot on the heels of *Toy Story 3* (2010) and *Shrek Forever After* (2010).

According to a survey by the UK Film Council, approximately 70 per cent of projects being developed by the Hollywood studios are based on adapted source material.<sup>xii</sup> In the UK there is also a high proportion with adaptations accounting for 45 per cent of the development slate.

The UK survey shows the different development activities undertaken by the major developers. Major developers were characterised as being more sustainable: they were larger, more established and had higher work volumes. These companies favoured the development of adaptations, while smaller companies favoured original films.

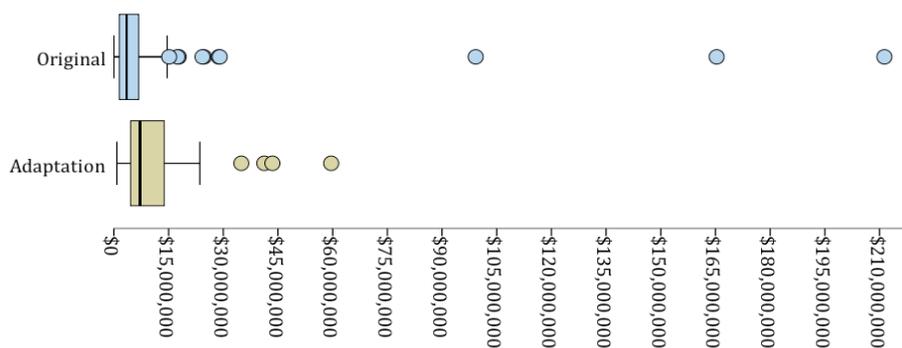
Development rates in Australia are still unmapped, but the indications are that local filmmakers are not embracing adaptation to the same extent as their US and UK counterparts. That said, there are some notable recent counter-examples, such as *Kings of Mykonos: Wog Boy 2* (2010). Kennedy Miller Mitchell, one of Australia's largest production companies, is currently in production on *Happy Feet 2* and planning *Fury Road* – the next instalment of the *Mad Max* franchise.<sup>xiii</sup>

If economic theory isn't enough, a combination of international comparisons and local box office performance (as revealed in this study) might spur filmmakers to lift the production of adaptations. But are there reasons why more are not being made? Are the costs of adaptations prohibitive? Are there supply constraints in accessing underlying material?

#### **4. Adaptations have higher average production costs but secure bigger releases and earn more at the box office**

When adjusted for inflation, regression analysis reveals a significant, positive correlation between budgets, opening day prints and the box office for theatrical releases in the period 1999–2008.<sup>xiv</sup> This supports what many in the industry already know: bigger budgets tend to bring scale and spectacle, and distributors are more likely to support them with bigger advertising spends and wider release strategies.

Fig 3. Budget ranges by source (\$2008/09), 1999–08



Source: Analysis of Screen Australia data.

Sample size: 200

As seen in Fig 3, the study showed that the median budget for adaptations was more than double that of original films, at \$7.2 million compared to just \$3.5 million.<sup>xv</sup> The typical ranges displayed a similar increase. In terms of opening day release prints, the median for adaptations was also higher, at 41 screens compared to 28 for original films.<sup>xvi</sup>

These higher budgets for adaptations might suggest that their strong box office, in effect, has been bought. This may be true, but if so, it has been bought at a good rate: a doubling in budget resulted in a tripling of box office. Looking at medians, the box office return for every dollar of budget expenditure by adaptations was 44 percent higher than the median of original films.<sup>xvii</sup> However, raising money is hard and filmmakers (and their investors) might be alarmed at these higher budgets. But the prospect of higher and safer average returns should give them comfort when considering adaptations.

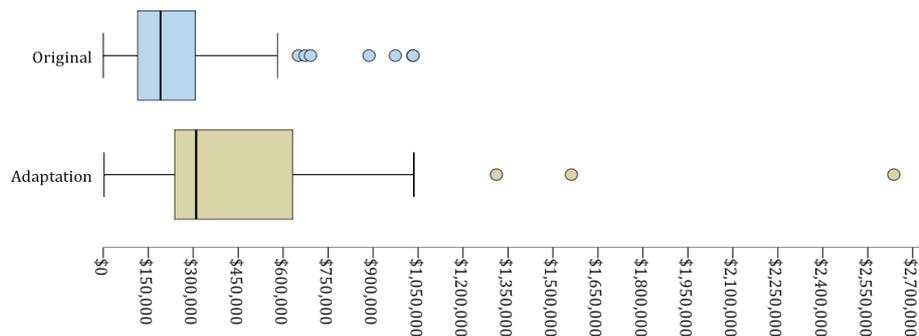
## 5. Costs to secure underlying rights do not present a significant barrier to adaptation

The study isolated script and development costs for a sub-set of 117 films released in 1999–2008, that received production funding from Screen Australia’s predecessor agencies. Of the 117 films, 78 per cent were original and 22 per cent adapted.<sup>xviii</sup>

As with total budgets, Fig 4 below shows that the cost ranges for script and development are higher for adaptations, with a median of \$310,000 compared to \$181,000 for originals. It is probably reasonable to expect an increase in the script and development costs for adaptations. Not only are there the standard scriptwriter fees, but also option and purchase fees payable to the author of the underlying work.

These costs are negotiated. The purchase fee is generally two to three per cent of the total production budget. Importantly, this is paid only at the commencement of production, when the project has been financed. During development, the producer pays only an option fee, typically between \$500 and \$3,000. Usually there will be option renewals, if the development period extends beyond a year. The extent to which the filmmaker is able to win the trust of the author, agent or publisher is important in securing favourable terms. Under the right circumstances, option fees can be as low as \$1.<sup>xix</sup>

Fig 4. Script and development costs by type (\$2008/09), 1999–2008



Source: Analysis of Screen Australia data.

Sample size: 117 - 91 original and 26 adapted

Examples show that adaptations are not beyond the reach of young filmmakers. Consider the short film *The Water Was Dark and It Went Forever Down* (2009), adapted from Tim Winton’s story of the same name. This was not a multimillion-dollar production; its total cost was \$30,000.<sup>xx</sup>

## 6. Strong networks and partnerships will ensure the production and release of more adaptations

The publishing industry continues to be the primary supplier of source material for film adaptations in Australia. Despite the perception of supply constraints, securing rights to underlying material may not be as competitive as one might think.

*Books at MIFF* goes some way to addressing these concerns. This networking event is held annually as part of the 37<sup>th</sup> South Market at the Melbourne International Film Festival. It includes case studies and panel discussions on latest adaptations, as well as pitching sessions by publishers and agents to promote those works they believe will succeed on screen. Most importantly, it facilitates meetings between publishers and agents, filmmakers and financiers. Each year there are over 80 manuscripts and novels submitted, though this is just a fraction of the works that are available.

HLA Management and The Cameron Creswell Agency are two agents that have built a diverse client list, each representing authors and scriptwriters, directors and creative heads for stage and screen, plus comedy performers. Both have been directly involved in many successful Australian adaptations released theatrically in the past decade – HLA through its representation of Gillian Armstrong, Andrew Bovell, Luke Davies and John Curran, and Cameron Creswell through its representation of Peter Duncan, Melina Marchetta and Phillip Noyce. Neither agent believes there are significant supply constraints.<sup>xxi</sup>

When looking at the list of releases in 1999–2008, Sophie Hamley of the Cameron Creswell Agency commented that a lot of books adapted ‘were not what we’d classify as bestsellers, which suggests filmmakers are looking for story first. *Candy* (2006), for example, did well but was not a massive hit, the same with *Three Dollars* (2005). These books did well within their target audience but they did not move into the mainstream like a Bryce Courtenay or Di Morrissey novel.’

Hamley continued: ‘This bodes well for the potential of adaptation. If filmmakers are looking for stories, they can start looking before the books are even published, or even if they’re not going to get published due to the size of the market here. So the relationships the producers need to make are not just with publishers (but also) agents and possibly writers’ centres.’<sup>xxii</sup>

Curtis Brown literary agency offers further insights to the work of established authors. They cite Markus Zusak, Nick Earls, Melanie La’Brooy and Andrew McGahan as examples of high-profile Australian authors who are under-represented on screen. Each has many rights currently available.<sup>xxiii</sup>

For example, Zusak is the internationally best-selling author of five novels, with a sixth to be published this year. To date, only two of his works have been optioned for screen, *The Book Thief* and *The Messenger*. The latter was only optioned for the first time in 2010, some eight years after its original release.

In contrast, McGahan has already had an adaptation of one novel released on screen, *Praise* (1999). However, he has written five more books, with *Last Drinks* and *1988* the only two currently under option. Interestingly, his Miles Franklin Literary Award winning novel *The White Earth* has gone untouched.

Foreign agents represent the film rights of some of Australia’s most internationally successful authors such as David Malouf, Joan London and Richard Flanagan. As a result of their international standing there is obviously more competition which may push up prices. However, it does not mean that adaptations of these works are beyond the grasp of

local producers; rather it presents an opportunity to create Australian films that bring with them an inherent appeal to overseas markets.

In recent years a number of films by classic Australian authors have appeared on screen. For example, Peter Carey and Tim Winton have each had three adaptations from their work theatrically released since the 1980s.

In Winton's case, there has also been a short film and several seasons of the highly successful television series *Lockie Leonard*, with *Cloudstreet* and *Dirt Music* both in development.

Arguably, the creative death knell for any young filmmaker is to fixate on a single project. The economic merits of diversification by source material, as well as genre, production scale and release platform, should be emphasised through education and training.

This will help build a better understanding of the box office potential of adaptations and see more filmmakers either extend the brand of existing screen works through sequels and remakes, or embrace stories beyond their own by turning to published and performed works. This will increase the depth of their canon, a vital asset in a career spent in perpetual development.

Most importantly, young filmmakers must also understand the role of negotiation in securing financial agreements relating to option and purchase fees, and the importance of communication skills in building trust and long-term partnerships.

Adaptations to look out for include Patrick White's *The Eye of the Storm*, now in production, while John Marsden's *Tomorrow When the War Began* is set for release, and a version of Robert Drew's *The Drowner* is on the horizon. And there are more adaptations on the way from directors Gillian Armstrong, Jane Campion and Rachel Ward, and writers Andrew Bovell, Laura Jones, Brendan Cowell and Keith Thompson.<sup>xxiv</sup>

## More to adaptation than meets the eye

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You don't have to look far to find criticism of adaptations. Salman Rushdie recently entered the fray with a lampooning of several adaptations, including the winner of Best Adapted Screenplay at the 2009 Academy Awards, *Slumdog Millionaire* (2008).<sup>xxv</sup> The much-lauded author of classics such as *Midnight's Children* and *The Satanic Verses* attacked the film on many fronts, from its tourist-like view of India's harsh underbelly, to its opulent photography and director Danny Boyle's insincerity to his subject matter.

These salvos were contextualised in Rushdie's summation of the inherent complexities of adaptation. Central to his argument was the question: can a second version carry with it 'the essence, the spirit, the soul of the first thing, the thing that you yourself, or your book or poem or film, originally were'?

A fascinating example is provided by *The Sound of One Hand Clapping* (1998), a perplexing case study that blurs the lines of the distinction between first and second versions.

Richard Flanagan, the writer behind both book and film, is an award-winning novelist, journalist, environmental campaigner and occasional filmmaker. His novels, among them *Death of a River Guide* and *Gould's Book of Fish*, have established him as a leading literary force both here and overseas.

In light of its many accolades as a novel, it might surprise some to learn that the first incarnation of *The Sound of One Hand Clapping* was as a script. It was created via a fractured writing process: as the novel was written the script was polished; as the film was cut the book was edited. Despite their concurrent construction and similarities, Flanagan is quick to emphasise the differences between script, novel and film.

'Their infidelity to each other makes them seem like a quarrelsome ménage à trois,' Flanagan wrote in the introduction to the published screenplay.<sup>xxvi</sup> He continued: 'Each tells a different version of the same story: to my mind, such unreliability makes each more, rather than less, appealing... if the story has any worth it will become apparent in its ability to transcend the freedoms each form offers, to escape the shackles each form necessarily imposes'.

As Flanagan suggests, there are many creative challenges associated with adapting source material that are not addressed in this paper. However, Flanagan's assertion that an

adaptation can be a complementary work to the original is fundamental to highlighting its artistic and economic merits.

Filmmakers should not feel that their creativity is being threatened as they look to other source material. Instead they should consider an active approach in seeking out not only novels in publication, or plays in release, but also manuscripts. In turn, publishers and agents might increase the take-up of rights if they actively promoted the right types of works to filmmakers.

Past credits and funding support are not the only elements that publishers and agents consider in evaluating the potential of an option pitch. Filmmakers need the skills to write proposals that clearly identify their approach to adapting the material and the reasons that they believe their approach will do the original material justice on screen. Both need to develop a common language.

Stronger relationships within the creative industries will contribute to a healthier industry, one that engages more audiences and sustainable businesses through diversification of screen content.<sup>xxvii</sup>

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Matthew Hancock is currently Assistant Manager, Strategy and Research at Screen Australia, the Federal Government's primary support agency for screen content. Prior to this he was Senior Analyst with Mediascape, a private research firm measuring the impact of print and broadcast media on community perception of public policy. He holds Arts and Masters degrees in media production and education as well as a Graduate Certificate in screen business administration.

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<sup>i</sup> Adaptation classifications were assigned by cross-referencing several sources: Neilsen EDI, Screen Australia and general research of publicity material and reviews. They are defined as those derived from published works (novels, short stories, poems, comic books and articles), performed works (plays and musicals) and screened works (sequels and remakes). Films based on actual events are only classified as adaptations if they were based on another narrative source and those based on earlier short films, like *Kenny* (2007), have also been excluded due to potential inconsistencies in their identification.

<sup>ii</sup> Pike, A. and Cooper, R., 'Australian Film, 1900–77: A Guide to Feature Film Production', Melbourne: Oxford University Press, 1998; Murray, S., 'Australian Film, 1978–94: A Survey of Theatrical Features', Melbourne: Oxford University Press, 1995; Neilsen EDI; Screen Australia; and general research of publicity material and reviews

<sup>iii</sup> Indicates the year of Australian theatrical release.

<sup>iv</sup> Box office was adjusted CPI, base year 2008/09.

<sup>v</sup> Nash Information Services (<http://www.the-numbers.com/market/2009.php>), accessed 24 May 2010.

<sup>vi</sup> Outliers are those values between one and a half and three times the interquartile range, and extreme values are those that are more than three times the interquartile range. University of Dayton (<http://academic.udayton.edu/gregelvers/psy216/spss/graphs.htm#tukey>), accessed 6 June 2010.

<sup>vii</sup> Nobel Foundation ([http://nobelprize.org/nobel\\_prizes/economics/laureates/1990/markowitz-autobio.html](http://nobelprize.org/nobel_prizes/economics/laureates/1990/markowitz-autobio.html)), accessed 13 June 2010.

<sup>viii</sup> Goldman, W., 'Adventures in the Screen Trade: A Personal View of Hollywood and Screenwriting', New York: Warner Books, 1983.

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<sup>ix</sup> De Vany, A., 'Hollywood Economics: How Extreme Uncertainty Shapes the Film Industry', New York: Routledge, 2003.

<sup>x</sup> Nash Information Services, <http://www.the-numbers.com/market/2009.php>, accessed 24 May 2010.

<sup>xi</sup> Graser, M., 'Hollywood Heads Back to the '80s', *Variety*, 16 April 2010.

<sup>xii</sup> Attentional for UK Film Council and Skillset, 'A Study of Feature Film Development and Screenwriter and Development Training in the UK', September 2007.

<sup>xiii</sup> Collins, A., 'Sydney welcomes patter of Happy Feet 2', ABC News Online, 4 February 2010; and Hildebrand, J., 'Mad Max: Fury Road to begin production immediately', *Daily Telegraph*, 29 October 2009.

<sup>xiv</sup> Assumptions in regression analysis led to a logarithmic transformation of the variables to reduce skewness and the number of outliers while improving normality and linearity. For both budget and the number of opening day release prints, the direction, form and strength of the relationship with box office indicates a significant, moderate-to-strong positive association ( $R=.607/\text{budget}$ ,  $R=.625/\text{release prints}$ ). In each case over a third of the variability in the log of box office (Adjusted  $R^2=.365/\text{budget}$ , Adjusted  $R^2=.387/\text{release prints}$ ) was predicted by change in either the log of budget or release prints. Box office was adjusted using CPI and budgets were adjusted using non-farm GDP, base year 2008/09.

<sup>xv</sup> Budgets were adjusted using non-farm GDP, base year 2008/09.

<sup>xvi</sup> Sample size: 184, sixteen films (all original) did not report opening prints.

<sup>xvii</sup> Analysis of more variables is required to better understand return on investment. The calculations used in this discussion paper rely on domestic theatrical release as a lead indicator of total performance. Ancillary release and overseas sales may alter the findings.

<sup>xviii</sup> These 117 films account for all films with Australian Film Commission and Film Finance Corporation production investment theatrically released in 1999–08.

<sup>xix</sup> Interview, 29 April 2009 (The Cameron Creswell Agency, Cameron's Management) and 11 May 2009 (Random House)

<sup>xx</sup> Pepper, D., 'Tim Winton's story comes to life at Lancelin', *WA Today*, 17 December 2008.

<sup>xxi</sup> Interview, 24 February 2010 (HLA Management) and 19 April 2010 (The Cameron Creswell Agency). This was also supported in conversations with representatives of Curtis Brown (Interview, 25 February 2010) and Random House (Interview, 11 May 2009).

<sup>xxii</sup> Email, 6 May 2010 (The Cameron Creswell Agency).

<sup>xxiii</sup> Interview, 25 February 2010 (Curtis Brown); Email, 29 April 2010 (Curtis Brown).

<sup>xxiv</sup> Email, 28 May 2010 (HLA Management).

<sup>xxv</sup> Rushdie, S., 'Lost in Translation: Salman Rushdie on the Art of Adaptation', *The Australian*, 28 March 2009.

<sup>xxvi</sup> Flanagan, R., 'The Sound of One Hand Clapping: The Film Script', Sydney: Pan Macmillan, 2000.

<sup>xxvii</sup> Matthew Hancock would like to acknowledge David Court, Head of the Centre for Screen Business at the Australian Film, Television and Radio School (AFTRS), for his assistance in preparing this discussion paper. Special thanks are also extended to Karen Pearlman, Lyn Norfor, Lori Flekser and Sandra Levy of the AFTRS; Martha Coleman, Ruth Harley and Matthew Deaner of Screen Australia; Sophie Hamley, Jane Cameron and Anthony Blair of The Cameron Creswell Agency; Jean Mostyn of HLA Management; Pippa Masson and Grace Heifitz of Curtis Brown; Nerrily Weir of Random House; Mark Woods and Catriona Mitchell of the 37°South Market; Rosemary Curtis; and, Nicola Sutton.



AUSTRALIA'S NATIONAL SCREEN ARTS AND BROADCAST SCHOOL