



YOU SAY YOU (DON'T) WANT A REVOLUTION THE RESISTANCE TO DIGITAL CINEMA IN AUSTRALIA

THE DIGITAL CINEMA REVOLUTION IS UPON US. CHAMPIONING ITS ROLLOUT IS THE DIGITAL CINEMA INITIATIVE (DCI), A JOINT VENTURE BETWEEN SOME OF THE UNITED STATES' LARGEST MOTION PICTURE STUDIOS: DISNEY, FOX, MGM, PARAMOUNT, SONY PICTURES ENTERTAINMENT, UNIVERSAL AND WARNER BROS.

FOUNDED IN 2002, the DCI's main objective was to establish a digital cinema framework that would ensure a universally standardized model for technical performance, reliability and quality control. With only approximately 600 screens installed worldwide to date, it is still unclear what impact digital cinema will have on the global film market. What is certain is that, like many technologies preceding it, the introduction of digital cinema will polarize the international industry and generate heated debate about its value.

Since the Internet revolutionized mass communication, major technological developments have been accompanied by utopian visions of social change. But for all the predictions of a paperless society and the global village, new technologies often fail to meet such grandiose expectations. For the proponents of digital cinema – most of whom, espe-

NATASHA GADD

cially the motion picture consortiums and digital technology giants, have a vested financial interest in its implementation – this new technology is now capable of ending celluloid's 100 year reign over film production, distribution and exhibition. One of the most famous advocates for conversion from celluloid to digital is *Star Wars* creator George Lucas. Before releasing *Star Wars: Episode II – Attack of the Clones* (George Lucas, 2002), Lucas declared that the film would only be screened in cinemas equipped with digital projection facilities. But with so few cinema screens fitted out for digital delivery, Lucas later swallowed his words and released the film globally on 35mm film prints.

In September 2005, the Digital Cinema Initiative aims to deliver recommenda-

tions for industry-wide standards, at which stage the official rollout of the new technology will commence. Currently there are only two screens in Australia with high-end digital projection facilities: Hoyts at Fox Studios in Sydney and the Australian Centre for the Moving Image (ACMI) in Melbourne. For Andre Bernard, ACMI's Cinema Technical Manager, digital cinema is a complex concept and one that is often misunderstood:

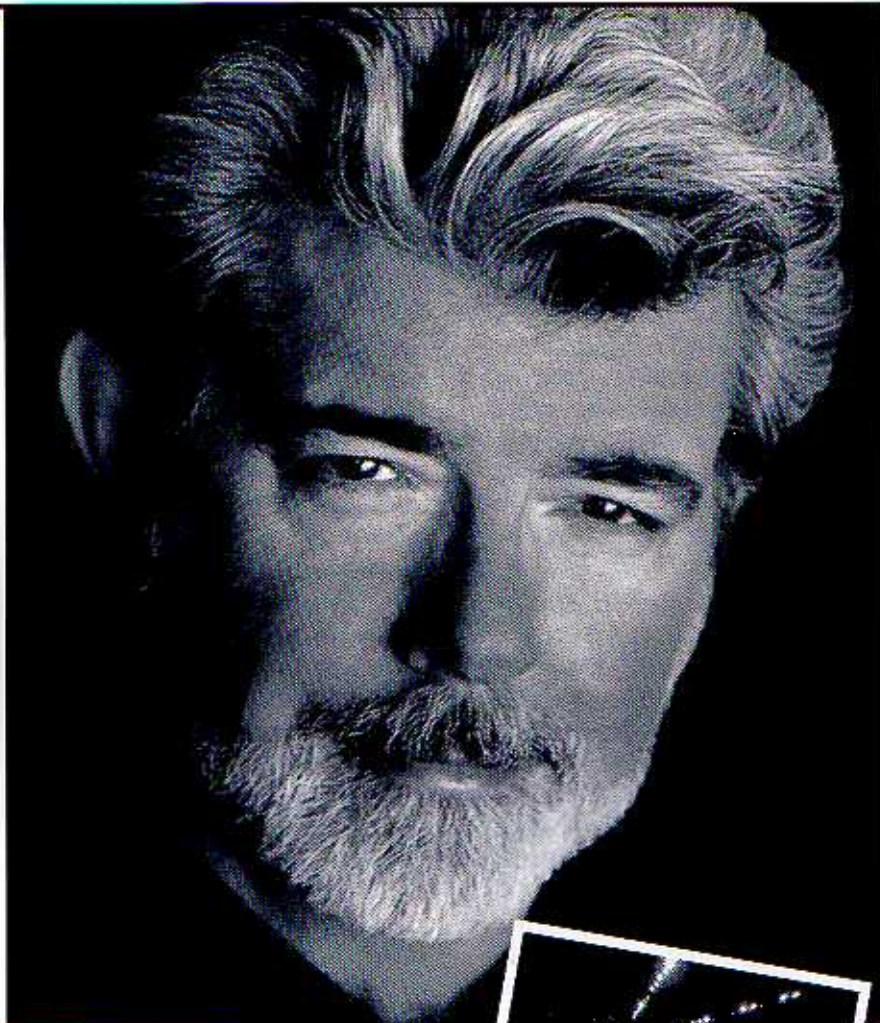
There are so many tags for digital cinema, such as e-cinema and d-cinema and at the moment it can refer to everything from a \$10,000 LCD projector to a high-tech plant valued at half a million dollars and everything in between. It is this quantum gap and the loose use of language that causes much of the confusion.

For Bernard, Hoyts is the only digital cinema in this country that is permanently set up to exploit the possibilities of the



technology by delivering digital content via a server. Bernard sees the slow development of digital cinema in Australia as a combined result of the lack of technical standards, the small market for manufacturers to sell into, the lack of digital features available, and the high costs of conversion, particularly for independent and regional exhibitors.

Robert Ward, an independent exhibitor with interests in hundreds of screens across Australia, including Australian Country Cinemas and Cmax Entertainment, believes he has a solution. Over



ONE OF THE MOST FAMOUS ADVOCATES FOR CONVERSION FROM CELLULOID TO DIGITAL IS STAR WARS CREATOR GEORGE LUCAS [PICTURED ABOVE]

the past seven years, Ward has followed the developments in digital cinema with great interest and is currently assisting Cinematica, a US/UK-based organization, with the rollout of digital cinema in Australia. Local exhibitors, however, are not as enthusiastic, with many believing it is the distributors and film studios that stand to benefit from the conversion.

One of the biggest points of contention has been who will pay for the costs of hardware, installation and maintenance of digital cinema. Cinematica has devised a business model that will see these costs shared between the various stakeholders, with the exhibitor bearing the smallest load. Cinematica is proposing to fit out Australian cinemas with digital projection plants valued at US\$150,000, which will be then leased to distributors on a 'screen week' basis. Under this new

model, for example, 20th Century Fox would rent a cinema from Rialto Cinemas for one screen week at \$300-\$350, approximately the same costs the distributor would be paying to the studio for a 35mm print. Despite the resistance to digital cinema amongst Australian exhibitors, Ward believes that the rollout will commence in early 2006:

It has taken Cinematica five years to come up with this business model. We are trying to change an industry that has been locked in for over 105 years and that hasn't been easy. In the past there was a lot of resistance. A lot of people were scared of it. A lot of people were badmouthing it. I have spoken to the major exhibition circuits in Australia and they can see some advantages, particularly now it is not going to cost them anything and I actually think they are looking forward to it.

For many smaller exhibitors, particularly in regional areas, these advantages are yet to be proven, and at this stage are nothing more than a clever marketing ploy. Ward, however, insists that recent developments in digital cinema will eradicate these concerns and give all parties good cause to convert.

The greatest advantage of digital cinema is the projection quality. Earlier models of digital projectors were considered to project a picture quality substandard to 35mm film, giving exhibitors little reason to invest in the new technology. With the release of the 2k projector, believed to exceed the quality of 35mm film, and the 4k projector, believed to rival the 70mm large format, there is no doubt that the quality of the image will be dramatically improved. In addition, prints will no longer succumb to repeated run damage, ensur-

ing crystal clear image and sound quality with each screening.

Cost savings are another major benefit being touted by the digital cinema proponents. It currently takes a projectionist approximately five hours to make up and break down a feature film for screening. With digital delivery via satellite or fibre optic cable, this process will be reduced to a matter of minutes. In addition, freight of 35mm prints, which currently costs the global industry US\$3 billion per year, will be significantly reduced with digital delivery. In the early stages of digital cinema, it is envisaged that content will be delivered from distributors via digital tape, as satellite delivery will not be economically viable until multiple exhibitors can receive content. For regional cinemas in extremely remote areas, these reduced delivery costs – whether tape, fibre optic or satellite delivery – could represent a significant saving.

For Ward, one of the biggest drawbacks for exhibitors concerned about the costs of conversion to digital cinema will be the alternative revenue streams this new technology can generate. Studio Eight, a new organization founded by Elton John, has 6000 programs available each year for live delivery via satellite, which can range from prize fights to musicals, theatre shows, classical concerts and football matches. As Ward sees it, digital cinema will enable cinema owners to program alternative screening content to generate other business during the typical cinema down times, so that, 'On a slow Monday night you might want to screen the *Pirates of Penzance* from the West End in London.'

Digital cinema will also enable exhibitors to generate greater advertising revenue, as screen advertisers will no longer have to supply advertisements on expensive 35mm film. With the Cinematica business model, cinema owners will be able to lease the projector for the duration of the pre-screening advertisements.

Despite the cost savings and alternative revenue streams offered by digital cinema, it is still unclear how the actual ongoing operational costs will affect the cinema owner. For Andre Bernard,

Even if an entire plant was installed at the cost to an external party, that is the projector, server and network connection, then there would still be additional costs to the cinema owner. For example, the lamps in the projectors are more expensive and have a shorter lifespan, maintaining the light on screen at a THX or SMPTE level will be far more expensive, and of course the equipment is going to require a much higher skill base for their operators.

For many exhibitors, it is not just these costs that they will have to bear, as it is likely that many cinemas will have to operate dual systems – both traditional film and digital projection – until enough digital content becomes available. Since the release of *Attack of the Clones*, there have been three times as many digital cinemas installed and only double the number of digital features released.

As Head Projectionist for Echuca Paramount cinemas, Grant Davies has been following the developments in digital cinema with a close eye. Over the past two years, Davies has been attending regular information sessions and demonstrations organized by the Independent Cinema Association of Australia to inform cinema owners of changes in digital cinema technology. Despite the recent improvements to the technology, Davies is yet to be convinced that digital cinema is close to a rollout phase in Australia.

I just cannot foresee digital cinema rolling out in Australia early next year. I think it is more like five to six years away. Everything is just too premature, too untested. Having said that, obviously if the studios start releasing content digitally, I will have no choice but to convert.

At this stage there is no organization to facilitate the development of digital cinema in Australia. In the US, Europe and Asia, a number of bodies have been established to manage the research, development and implementation of digital cinema, including the European Digital Cinema Forum in Sweden, The Digital Cinema Consortium of Japan, the DTI/DCMS Group on Digital Film Production and Distribution in the UK, and Groupe de Travail Cinéma Numérique in France.

The Australian Film Commission is currently developing a digital cinema trial to take place at the end of 2005 in order to research and evaluate the potential for a digital cinema network in Australia. The trial will be delivered in partnership with a digital cinema technology supplier and will explore delivery via both satellite and digital disk. Twelve cinemas located in both metropolitan and regional Australia will take part in the trial, which will run for a period of three months. Sabina Wynn, the AFC's Industry and Cultural Development Manager, says:

This trial will provide the AFC with direct experience of a digital delivery model to evaluate, in terms of both its future viability as a tool for expanding access to a whole range of diverse Australian programs, including documentaries, short films and features, and its possible impact on traditional distribution and exhibition.

The AFC is optimistic about the implementation of digital cinema in Australia, seeing it as an opportunity to increase Australia's presence and performance in the global digital media market, and also to increase the quantity and diversity of Australian content on our cinema screens. For Wynn:

Audiences in the smallest and most remote country towns in Australia, that currently do not get to see many programs due to a business model that can't economically support them, would be able to view a film on the same day as its release in Sydney.

While projectionist Grant Davies is generally supportive of the transition to digital, he believes that there are currently not enough incentives for independent exhibitors to make a significant investment in the new technology. At this stage, the potential costs to the exhibitor far outweigh the proposed benefits, particularly for smaller regional independents.

Most of these cinemas could not bear any additional operating costs. They are struggling as it is and often only run about two or three days per week with an average of thirty or forty people per session.

For Davies, one of the biggest problems

with Ward's financial model is that it presupposes significant cost savings coupled with increased income from alternative revenue streams.

That is just not the case at all. Savings on budget items such as freight will be fairly insignificant for exhibitors. We currently spend about \$5000-\$6000 on return freight per annum for a courier service from our distributor in Melbourne to Echuca. While the revenue that is proposed from alternative content, like live sporting events or concerts, would probably exceed a full day's box office revenue in our four cinemas, we could not actually afford the license fees that go with them.

Despite the lack of support from the Australian exhibition sector, there is no doubt that digital cinema will eventually become the dominant global cinema delivery system. With so many financial benefits to the industry, mounting pressure from the studios and distributors will inevitably drive this change.

One of the key losses that Davies will be mourning with the conversion to digital

is exhibitors' lack of control over cinema operations. With digital delivery via satellite, external leasing of equipment and scheduling content off-site, he feels that the exhibitor will be nothing more than a homogenized satellite receiver for content.

Ward is prepared for this kind of resistance:

A lot of people will disagree with this because it is in their interest to disagree but I think they are on a losing battle. Digital is here to stay. It is not going anywhere and it can only get better.

One of the most exciting developments for Ward is 3D digital projection. At the recent ShoWest convention in Las Vegas, Ward attended a demonstration by George Lucas and *Titanic* (1997) director James Cameron:

We saw excerpts from Polar Express, Aliens of the Deep, Star Wars: Episode IV and The Sound of Music. It was just mind-blowing. Everyone watching the demo said it was the only wow factor of the conference. That is going to be one of the

major, major, major pluses for digital.

And once again, George Lucas was there championing the cause, claiming that all future Lucasfilm productions will be released in 3D and audiences will miss out on viewing them if the industry does not embrace these new technological developments. However, looking at the current state of digital cinema in Australia, it seems unlikely that digital delivery of these new Hollywood blockbusters – let alone their 3D counterparts – will reach our shores anytime soon.

Natasha Gadd is a Melbourne-based filmmaker, writer and curator. Before moving into production, she was a Cinema Programmer at the Australian Centre for the Moving Image and the Festival Programmer for REAL: life on film documentary festival. Natasha is currently co-directing a feature documentary about Australian hip hop.

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