Film Focus Group Response to the Screen Industry Task Force Report

The Film Focus Group is comprised of producers engaged in the development and production of New Zealand feature films, it operates under the umbrella of SPADA, the screen producers' industry organisation. As with SPADA we have sought comment from our members by emails, meetings and telephone conversations while preparing this paper.

We would like to applaud Industry NZ and the Minister for creating the Taskforce and are heartened that we have been identified as an industry with phenomenal growth potential, something that we, as practitioners, have all been keenly aware of for some time. We would also like to thank the Taskforce members for the generous donation of their time and for sharing their views and business experiences so openly, which has resulted in the creation such a milestone report. The FFG is delighted that film practitioners' voices are at last being heard at a governmental level without being filtered through an intervening bureaucratic body, if transmitted at all. We fervently hope that this is the start of a new era of synergistic cooperation between SPI practitioners and government.

Whilst in general we are extremely supportive of "Taking on the World - The report of the Screen Production Industry Taskforce" (the Report), because of its enormous breadth, we feel that some film sector specific factors have been omitted or diluted within the vast scope of the recommendations suggested. The bulk of this response will naturally concentrate on areas where we disagree with the Report or feel it has omitted key factors. This should not be construed in any way to mean we are not supportive of the Report as a whole.

Philosophically the greatest problem we have is that the Report treats the film and television sectors as essentially identical. We know that it was important for the Taskforce to try and unify the sectors as much as possible. We are also aware, that as practitioners we have the reputation of being iconic individualists with little chance of successfully agreeing with each other. However, the fact is that the film and television sectors are distinct, at the levels we are discussing in the Report, and have vastly different requirements and economic drivers.

To be simplistic, television in some ways can be analogous to a factory production scenario. The long-run series is created on a weekly basis by the same staff, following the same format, techniques, schedules and styles as the week before, the show running in many cases for years. Feature film making is not like this, it is more akin to prototyping, it never gets into manufacturing, every prototype is a one-off.

Though many members of the FFG also work in television, this response will deal only with the feature film sector. We do not intend to comment on measures regarding television and other sectors unless pertaining in some way to the film sector. We leave SPADA to fully comment on the television recommendations.

We realise that many report recommendations that we disagree with may be exceptionally valid for the television sector, and conversely many recommendations we make will be of no use or even counter-productive for the television sector. This is the nature of our two separate sectors.

GENERAL COMMENTS

"From Cottage Industry to Big Business"- (pg20)

This heading from the Report is symptomatic of a concept that we feel is inappropriate for the film sector. The Report's argument goes something like this.

1) Economic growth can only come from attracting private investors,
2) For a variety of reasons NZ based private investment is seen as unlikely.
3) Therefore foreign investment is the way forward.
4) Most producers who own large (by NZ standards) television companies are able to raise foreign financing for feature films
5) Therefore in order to attract more foreign investment for feature films we must strive for more producers to own large television-style companies.

We agree with points 1) to 3). However, we have concerns with points 4) and 5).

A symptom of a problem that plagues the industry has been mistaken for the cure. In order to operate in the international arena, the producer must have developed an international network of contacts and have extensive experience in a plethora of deal concepts, they must also know their way around multiple countries' art and tax legislation. This highly specialised and continually changing knowledge base can only be acquired after years of attendance to a variety of markets and international meetings, plus the all-important networking with foreign 'players'.

As stated in the excellent Pinflicks' Communications Capability Study (The New Zealand Screen Production Industry February 2003), our under-capitalised industry for decades has been struggling on with the "hobby-factor" and cross-subsidisation. We believe that the Report's mistaken view that feature film growth will come from large television-style companies is because the television company "day-job" has successfully cross-subsidised its producer owners in their attempts to forge international feature film links. The high turnover and consistent income of the large television entities has enabled their owners to achieve the necessary long-term presence in the international marketplace.

All power to them. We have nothing but praise for the producers who have done this, and indeed any producer who wishes to work in both sectors. But operating a large television company in order to make feature films is a form of "day-jobbing" and we are loath to recommend it as the way forward for our industry, any more than we would recommend producers become airline cabin crew to get the free international travel.

"the success of the film sector, in particular, will always depend upon the ability of often singular creative talent (mostly directors & writers) to attract funding to New Zealand. It was the talent of Peter Jackson which brought LOTR to New Zealand and strategies to support this sort of individual talent must not be overlooked." - (pg 20)

We totally agree, but feel that in the Report it has been overlooked and indeed marginalised.

It should be kept firmly in mind that Peter Jackson, like the vast majority of all independent film producers internationally, is a "front-room" producer. He literally operates out of a "cottage" in suburban Miramar. His production company Wingnut films had five employees at the time of *Lord of the Rings* and at the announcement of *King Kong* being green-lit it was no bigger. Of course Peter also owns a facilities company (TFU) and the special effects service companies Weta Physical and Weta Digital but these are totally separate from his core feature production and development business. Like all "front-room" producers his production company swells enormously during the production of his feature films, employing hundreds of film technicians, and like all "front-room" producers it prudently down-sizes to the leanest size possible during the project development phase. Like all independent film producers, Peter's business is entirely project-driven. This is the nature of the feature business internationally.

There are phenomenally successful "front -room" producers such as Peter Jackson, Grant Bradley and Sue Rogers and there are valiantly struggling domestic "front-room" producers who have yet to develop the international networks and business operating experience. It is not an "either/or" scenario, not a "*Cottage to Big Business*" scenario. All large television style infrastructure companies are not economically successful, and not all "front-room" producers are failing.

With the massive amounts of foreign exchange brought into the country by this small elite of producers operating internationally, it is clear that the way to economic growth is by elevating further domestic producers to this cadre. Elevating only two or three feature producers into the realms of international operation can have a phenomenal economic impact.

The FFG believes that the goal of economic growth in the film sector is best achieved by the upskilling of the highly skilled domestic "front-room" producers to the internationally competent level, not by changing the fundamental nature of their companies, or the sector that they work in.

What is the size of the feature industry? We don't feel that the Report takes full cognisance of the fact that the phenomenal success of the film sector is the result of a tiny handful of creative practitioners. In the last five years we made twenty-seven (27) feature films. These films were produced by barely twenty (20) producers and helmed by twenty-two (22) directors. Including writers, this is less than sixty (60) people. This small group is in effect the entire creative industry that has caused so much financial growth for this country. As Jim Anderton notes in his forward: *"Within the creative industries, the fastest growing sector was the film industry, which grew 164 percent from 1997 to 2001."* The economic benefits of our high-profile feature films are not only limited to our sector. Radio NZ reported the Minister of Tourism on April 10th stating that New Zealand has had a bumper year for Tourism which he put down to LOTR and the Americas Cup. Of these twenty-seven (27) features only five (5) were produced from within organisations with large television infrastructure. The twenty-two (22) "front-room" produced features, including as they do the two *LOTR* films, generated by far and away the higher foreign exchange earnings and included such commercial successes as *Scarfies, Stickmen* and *Rain*.

Mention should also be made of the small pool of largely unacknowledged foreign servicing line producers who again could be classed as "front-room" producers in terms of their company infrastructure but who have certainly had a significant impact on our economy far in excess of their physical size.

The terms "front-room" and "cottage" have derogatory connotations, which we feel are inappropriate given that these are the very success stories we should be championing. They are in fact the main reason behind Industry NZ's desire to set up the Task force in the first place. "Front-room" producer Peter Jackson has, before the ink dried on this Report, already met the entire economic growth targets for the film sector with his announcement of *King Kong* being green-lit. As to a nomenclature replacement, for "front-room" or "cottage" we prefer the term "independent film producers".

COMMENTS ON RECOMMENDATIONS

SCREEN COUNCIL

Recommendation: A Screen Council be established to provide a leadership voice for the industry and ongoing independent advice to Government on ways to grow the Screen Production Industry (p17)

The FFG wholeheartedly support the concept of an industry practitioners' council established as an advisory group through the Minster of Economic, Industry and Regional Development. For any further economic growth it is essential that practitioners continue to have a voice, and that this voice is heard directly by government. The council is clearly a great opportunity for this ongoing interface.

Our chief concerns are not with the concept of such a council but in its pragmatic operation. For the Screen Council to work for film practitioners we require adequate representation. Our fear is that due to the small number of feature practitioners our voice will be diluted, and an absolutely vital sector to further growth will be hampered. Of course we also don't want the other SPI sectors to have their say diluted either.

Our requirement, if the council has the size of ten members, would be for two members whose core business is <u>solely</u> feature film producing. It is essential that this representation is charged with properly canvassing the feature film producers on all issues the Screen Council is engaged in relating to feature film production and development.

Given the increased scope of the council, and the benefits of having independent practitioners views uninhibitedly expressed to government, we cannot see any reason for TVNZ or TV3 being on the council. We also can see no reason to include a union representative, given that the vast majority of SPI workers belong to voluntary guilds, not unions, and none of these were represented on the Taskforce.

We fully concur with SPADA:

"The Council structure envisages a very large 10-15 member board and a very small 'secretariat'. There are governance issues which should be evaluated carefully. A board this size is generally considered unwieldy unless extensive use is made of sub-committees, perhaps with the full board meeting less often. Even then, there is a danger that the secretariat spends more time on board management than initiating and completing projects.

The above are, in essence, comments on detail. We reiterate our strong support for the creation of a Screen Council, which must be adequately resourced." - SPADA response

The FFG feel it vital the Screen Council make it a priority to tackle the issue of how NZ film producers can be competitive in the international film financing market without the tax advantages of our English language competitors (Australia, Canada, Ireland and the UK).

INCREASING GLOBAL FOCUS

Recommendation: Training and recruitment programmes in marketing and distribution for New Zealand producers developed by the Screen Council in association with Industry New Zealand and Investment New Zealand (p23)

We support this recommendation. We are unsure to what degree the Screen Council will utilise the research and involvement of existing industry bodies such as SPADA. This involvement is seen as vital by the FFG in order to tailor any programmes to fit our sector, it would also be wasteful for INZ to duplicate existing research such as SPADA's "Producer Training Overview Paper". Our general philosophy is that the practitioners and their representative guilds already possess the bulk of knowledge on what is required, but have been continually hampered by lack of funds in carrying out these strategies.

We are concerned with the statement:
"The Screen Production and Development Association, have funded producers, from time to time, to attend various international festivals and markets. But the majority of producers do not know how to operate in this environment and are ill-prepared to optimise their opportunities. (p21-22)

In most instances you are talking of first-time attendees. It is the equivalent of complaining that first-time attendees of violin lessons cannot play the instrument. There are two distinct parts to this core issue. Are the internationally neophyte producers as fully prepared as they could be before starting their assault on the world? And secondly is it reasonable to expect them to return from their first outing with a sack of foreign cash? In our view the answer to each separate question is "no".

Of course more could, and should, be done to support, prepare and encourage these producers before they head off-shore, mentoring by an internationally experienced producer is an obvious approach, but it is essential to have a realistic view of what is the likely outcome. Peter Jackson started attending markets in 1987 with his first feature. His producer, the late Jim Booth, had many years prior experience in the marketplace due to his role with the NZFC. Together they attended many markets and international meetings over the years until gaining significant international finance for *Heavenly Creatures* in 1993. It is likely it will take five to seven years before any existing domestic producer can consistently access reliable sources of foreign finance and put attractive production packages together. This is not to say a producer will never go to his/her first market and come home with a sack of money, it just hasn't happened often in the past. The ad-hoc granting of one-off market or festival attendance grants will always be too piecemeal to necessarily have any significant impact. But over time, if the producer can somehow cobble together enough funding to attend these markets regularly, then a breakthrough will eventually be made.

For a one-off grant of $100,000, an experienced domestic NZ feature film producer, who has yet to establish significant international connections, could attend 8-10 markets. This might be all that it takes for them to make the jump to the upper echelon of producing. The fact that such a relatively small amount could have such massive returns, if placed directly in the practitioners hands, makes the spending of such sums by government bodies attempting to get themselves up to speed in our industry[1] so absolutely heartbreaking.

Our recommendation is that the council makes it a priority to create the means whereby larger individual subsidies are available to support business plans involving long-term and multiple international travel arrangements.

Recommendation: The Screen Council and Industry New Zealand review the market intelligence requirements of the industry and recommend ways in which such information can be collected and disseminated (p23).

We support this recommendation. Involving FFG, SPADA and the other guilds would be essential.

OFFICIAL CO-PRODUCTIONS

Recommendation: The Screen Council works with the Ministry for Culture and Heritage and MFAT to facilitate the wider use and advantages of co-production treaties (p25).

We agree that co-productions, both official and un-official are invaluable tools in the producer's arsenal. We cannot see any reason for another body other than the NZFC to administer them, but it may be a television sector problem. We are of the mind, "if it ain't broke, don't fix it", the NZFC have the experience with co-productions so why waste time and resources tinkering?

IP HELD BY GOVERNMENT AGENCIES

Recommendations (p30):
A review of the role of the funding agencies with respect to their intellectual property claims over productions to ensure that agency practices do not impede the exploitation of intellectual property for the benefit of New Zealand producers and the maximising of New Zealand commercial activities

The review investigates the removal of the recoupment requirement from Ministry of Culture and Heritage-funded projects that have a primarily cultural imperative.

We totally support these Taskforce recommendations. Along with the formation of the Screen Council and some form of tax incentives, this recommendation is considered by the FFG as the singularly most important for sustained future growth.

The major constraint on film sector growth has always been the lack of capital for development and sustainability. The lack of profit margins when a feature is produced completes the vicious cycle and returns the practitioner to the undercapitalised position with

[1] A classic example is the $100,000 awarded in January by Industry NZ to REDA in Wellington for yet another scoping study. The Minister's press release was headed "Wellington screen production industry gets $100K". In fact it is the ratepayer-funded REDA and the private consultancy (PWC?) who 'get' the $100K and it is our industry organisations and personnel that are expected to provide the advice and input on yet another of these projects for free!

no adequate funds to develop the next project. To quote from the Pinflicks' Communications Capability Study:

Sustainability and the 'hobby' factor

Because the New Zealand screen production industry is heavily reliant on public funding the prices that are being paid are low by international standards. They are also low by New Zealand cost standards. We believe that many of the television and film projects are being bought at marginal rather than average cost. In effect this means that there is an ongoing deficit in the SPI revenue. It is typically being made up of the following:

- *Owners of the capital equipment (and associated firms) not gaining an adequate return on their investments;*
- *Individuals working for rates below their opportunity cost (a form of hobbying); and*
- *Cross-subsidisation from other activities (such as commercials and international work).*

The issue this raises is [snip] the sustainability of the businesses. Looking at the scale of the industry under these conditions, it seems difficult to see how the burden of fiscal consolidation could be carried in the long term by the SPI participants. -(pg46)

For producers to operate in a commercially healthy way, it is vital that commercial success is rewarded. Returning 100% from first dollar to the producer for films that are primarily funded for their cultural imperative is, in our view, a simple and much needed mechanism to increase industry sustainability. The long-term effect of this initiative will provide commercially successful independent producers with an increased capitol base with the ability to grow and develop their business without further recourse to the funding agencies.

We do note that far from being of *"minimal loss to the funder"* the effect on the NZFC will be sizeable in terms of their small budget. Though it varies from year to year it can occasionally go as high as 20% of their total operating revenue.

In the short term we recommend that the government seriously consider directly funding the NZFC for any such loss of revenue, something in the order of $2M annually.

BUSINESS SKILL DEVELOPMENT

The absence of "professional" chief executives and the standard practices which such professionals bring to business has led to the industry being perceived as "cottage". It has also contributed to the view by capital investors that the industry is too creative driven, too unpredictable and too high risk" - (pg 31)

We find this statement ridiculous in relation to the feature film sector. Peter Jackson does not have a professional CEO in his company, few if any feature film producers do. The reason that the industry is perceived as being "cottage" is that feature film making it **<u>is</u>** "cottage". **The international film industry <u>is</u> creatively driven, unpredictable and high risk. That is the nature of our world. We cannot change this.**

Recommendations (p32):
The Screen Council, in consultation with Industry New Zealand, identifies appropriate training programmes both in New Zealand and overseas for industry practitioners – not just producers but also entrepreneurs, lawyers, and financial managers

Business skills become an integral part of tertiary training courses related to the industry.

Industry New Zealand co-ordinates dissemination of information brochures, and ensures there is a wider understanding of economic development programmes already available.

Special BIZ courses targeting the screen production industry are run by Industry New Zealand.

We support these recommendations under the proviso that they are developed, organised and run under film practitioner control. There must be substantial consultation about any training initiative with the client body before it is committed to. Often in the past resources have been squandered when non-practitioner bodies try to deliver training that is incorrectly targeted. Involving SPADA and the FFG would be valuable.

Recommendations (p34):
Upskilling the business capability in the industry by initiating special business training courses for experienced industry practitioners with an emphasis on a global perspective.

Attracting business professionals from outside the Screen Production Industry.

We support the first recommendation with the provisos as above.

We are not sure if the second statement has any pragmatic point. Surely 'business professionals' will be naturally attracted to any sector like ours with rapid growth potential? Like all 'new-comers' to our industry there will be a long and hard learning process in which they gain experience and knowledge of how this unique sector works (typically five to ten years) before they are competent. If there is a belief that these 'business professionals' will somehow manage a 'quick fix' then we fear it will be disappointed.

While, as business professionals, we offer no objection to increased opportunities to develop our business skills, we see the development of key creative talent (writers, directors) as the most direct and immediate route to growth in our industry. Initiatives that provide additional resources to foster and develop creative talent are, in our view, a priority.

INVESTMENT

Recommendations (p36):

The Screen Council pursues the establishment of a film/television capital investment fund based on a portfolio of projects, and works with producers, cultural funders and private and Government financial investors to achieve this.

The Screen Council encourages one or more of the trading banks to establish at least one specialist entertainment finance division, or subsidiary company, modeled on the international entertainment finance banks.

The Screen Council is charged with showcasing key companies to financial capital providers.

While totally supportive and committed to a film/television capital investment fund, we are not convinced that the Screen Council managing a portfolio of projects and showcasing key companies to investors is a sound idea. The potential for patronage is worrying. We think this is overstepping the bounds of a representative Screen Council.

A capital investment fund is regarded as essential to further growth by the FFG.

We fully support the recommendations to do with specialist banking.

We also note, like SPADA, that there is unlikely to be any significant domestic private investment in screen productions if the current taxation uncertainty remains unresolved and the proposed Mass Market Tax Scheme rules are enacted.

INCENTIVES

Recommendation: The Screen Council works with Government to establish an industry incentive scheme that benefits both domestic producers and foreign productions (p37).

We fully concur with SPADA:

"We support this recommendation. We especially support the concept of requiring local entities to be used and we are also anxious to ensure that any incentives apply equally to New Zealand producers as well as offshore producers. It is critical that this is taken in context - namely, a mechanism such as in Australia where an incentive applies to productions with A$15m budgets, effectively excluding almost all domestic product in that country, must not be used here in such a form.

We are one of the only countries in the world where some kind of screen industry-specific incentive package is generally unavailable. The Report suggests that the USA does not provide incentives (p36). This is of course not the case - most states in America offer tax, payroll and/or location incentives at the very least.

We noted Dr Cullen's comments on Radio New Zealand the day after the Report was released. He is correct in saying that the industry had not been able to put up a comprehensive case for incentives. This does not mean that there is not a case for incentives; it means simply that the screen industry does not have the necessary financial and technical resources to carry out the required analysis.

The key difficulty is that no agency has been willing, or charged with, looking at a strategic overview of incentives and tax policy. It is not the IRD's job, and other government agencies have been unwilling to take up the issue and drive solutions. Put simply:

- Industry growth is dependent on expanding revenue sources
- The two key such new sources are domestic private investment and foreign investment
- Domestic private investment is hampered by lengthy disputes with the IRD driven by zealous investigators and inconsistent policy, often introduced with retrospective clauses
- Foreign investors are offered significant deals in other territories, making the case for production investment in New Zealand weaker
- So the case for growth becomes very difficult.

There is no overseas model that can be instantly adopted in New Zealand. But neither are we aware of any ‘compare and contrast’ work being done here to provide policy makers with a case for action.

This kind of project is difficult, technical and expensive. This is a key output for the Screen Council: to put a cogent case, supported by intensive research, for a package of options which will assist companies in attracting project investment. It is also incumbent on the Government to consider this with an open mind as an important new initiative." - SPADA response

TAX POLICIES AND PRACTICES

Recommendation (p37):
Clarification of taxation rules in the following areas:

- *The interpretation of ‘double head fine cut’, especially given that film production techniques have changed markedly in the past 20 years;*
- *The definition of limited recourse loans;*
- *Inland Revenue’s non-standard balance date policy;*
- *The tax treatment of shelf companies;*
- *Inconsistent interpretations between different offices of Inland Revenue; and*
- *The amount of time it takes to obtain binding rulings.*

We concur with SPADA:
"We support this recommendation. The lack of consistency and clarity in taxation policy and treatment has been a longstanding and significant problem for many of our members. This problem has been exacerbated by constant changes to the legislation and will only be made worse if the Mass Marketed Tax Scheme rules are enacted. Again, a piecemeal approach is being adopted, right at the time when the industry is seeking a coherent overview." - SPADA Response

FOREIGN PRODUCTIONS

Recommendation: Foreign productions utilise and develop New Zealand’s capability and infrastructure as a pre-requisite for any future Government incentive or assistance schemes (p42).

We support this recommendation, and have a further one of our own. It is common knowledge that any increase in foreign production serviced in this country, comes at a cost to local production.

"Any significant shift to be a home for 'runaways' may well drive up local costs and price New Zealand out of what is a basically cost-driven commodity market. Also domestic production companies who often train at entry (and other) levels have to compete with this demand for staff, whilst being primarily responsible for maintaining the work supply in the downtimes." (Pg 46) Pinflicks Communications Capability Study

We would suggest that government consider a direct industry subsidy based on a percentage of the foreign exchange earnings bought into the country. This subsidy would in some way compensate for the impact of significant cost increases that foreign productions cause to domestic producers.

FILM NEW ZEALAND

Recommendations (p43):
Film New Zealand be responsible for developing the marketing package and plan for New Zealand Screen Production.

Film New Zealand be allocated long-term Government funding to implement a co-ordinated New Zealand film industry marketing plan.

All regional film offices are co-ordinated under Film New Zealand in order to qualify for Government funding and for the New Zealand Local Government Film Protocol Compliance Certificate.

Clarification and rationalisation of the roles and responsibilities of Film New Zealand and the various Government agencies involved in attracting foreign production.

We concur with SPADA:
"We support these recommendations with one proviso. The wording of the first two recommendations has an unclear meaning. Film New Zealand is not responsible for marketing in the way described: it should be responsible for developing, implementing and servicing a plan (presumably in consultation with the Screen Council?) for marketing New Zealand offshore as a filming destination.

Requiring the regional film offices to work in with Film New Zealand, especially if government funding is offered, is vital for coordination and delivery of a coherent marketing message to the world.

The clarification of Film New Zealand's role and responsibility along with those of the government agencies is critical." SPADA response

REVIEW OF GOVERNMENT FUNDING AGENCIES

Recommendations (p47):
A review be led by the appropriate ministries (Ministry for Culture and Heritage and Te Puni Kokiri) to assess the following:

- *The relevance of the governing legislation of NZ On Air, the New Zealand Film Commission and Te Mangai Paho; and*
- *The funding required by Government funding agencies in order to adequately carry out the range of responsibilities with which they are charged*

We support this recommendation for a review of the NZFC, but under what terms will the review be conducted? The goal of the Taskforce is economic growth, the primary focus of the Ministry for Culture and Heritage is not.

As a result of any review of the NZFC, the FFG hope for an outcome that:
- Maintains the flexibility of the current Act;
- Ensures that there is a high level of regularly rotated feature film producer representation on the board;
- Outlines a clear separation between the NZFC and the Film Fund.

- Changes the NZFC internal culture from one of being a 'studio' enacting producer responsibilities and decisions to that of supporting their client film-makers in <u>their</u> role as producers.

There are two divergent sets of opinions within the FFG regarding the funding levels of the NZFC. On the one hand, many strongly support an increase in the woeful levels of government funding. The other commonly held opinion is that the current levels of NZFC funding while minimal, could be adequate if they were better focused on a solely cultural imperative. It is perceived that the government would achieve better results both culturally and economically if the much required further investment was delivered via a mechanism of direct practitioner control along the lines of the 'industry consortiums' which so effectively and successfully manage the distribution of the UK Lottery money. Proven industry practitioners have developed first hand experience and clearly have the best skills to determine what gets developed and what eventually goes into production for the most successful outcomes.

We do not feel that there is anything wrong with the legislation the NZFC works under, and feel it would be a waste of resources not to mention years of delay in attempting to change it. We believe the problems come from the current interpretation by the agency of the act, along with the meager level of funding received by the NZFC to carry out a wide range of requirements. We would recommend a review of the Memorandum Of Understanding (MOU) for the agency as a more fruitful exercise in accessing their internal corporate culture, strategic and operating plans.

THE NEW ZEALAND FILM COMMISSION

Recommendations (p52):
The New Zealand Film Commission recognises risk and reward when negotiating producer recoupment and profit positions.

All funding allocations by the New Zealand Film Commission are made public at the time of decision making.

The Board of the New Zealand Film Commission is weighted heavily with experienced film practitioners.

We support all these recommendations.

FILM PRODUCTION FUND

The New Zealand Film Production Fund be maintained beyond the eight year period and is funded on a three year commitment for a minimum of two three-year periods. - (p52)

The continuance of the Film Production Fund is considered absolutely vital by the FFG. We applaud the government initiative to establish a commercially driven fund, to operate independently from the NZFC under different guidelines. Therefore, as mentioned above, we are concerned with any linkages to the NZFC and its operational procedures. For this fund to deliver the best outcomes, it is necessary that it maintain the initial focus of its establishment.

We value a fund that contributes to bigger budgets for established New Zealand filmmakers. We are concerned that the current Film Fund Board does not interpret “producers” as “filmmakers”. We consider producers to be as significant as directors in the process of film-making and most particularly for the growth of our industry. Therefore, it is relevant to also provide them with “a tier of opportunity… to enable them to work on a larger scale”. The responsibility should rest with the industry practitioner to determine the best make up of their project. It should, naturally, remain a requirement of the producer to deliver a commercially attractive submission to lever a funding commitment from the Film Production Fund. A broader interpretation of the Film Production Fund Operating Policies and its continuation, beyond its initial term, would prove a highly positive step for the overall advancement and growth of the industry.

DEVELOPING SKILLS & TALENT

Mention the word 'training' and eight different producers will instantly relive eight different nightmares. There seems to be enormous confusion in this area mainly because the terms of the discussion are usually not fully defined.

Frankly, the only training that will <u>grow</u> the industry is in developing the skills and talents of the key creatives - the producer, director and writer. It is only by the efforts and reputations of these 'players' that films are initially created and funded. All other employment flows from these three.

Our general philosophy is that the primary form of training is hands-on, in-the-field, real world experience. In other words, you learn by making feature films. A distant second form would be practitioner-led formal training and by far the distant third is formal tertiary courses. For the vast majority of individuals currently working in film, tertiary training is considered at best an interesting sidebar, at worst - useless. This philosophy has led to our past reticence to be caught up in pointless bureaucratic exercises in the education sector, realising that phenomenal hours of input would result in almost no appreciable gain for the industry.

Producers
As mentioned under Business Skills Development, practitioners, the FFG and SPADA are well aware of what could be done to develop producer talent and increase skills, the shortage of funding is the only road-block.

Writers & Directors
Like producers, the industry guilds representing writers and directors have researched the issues and are fully cognisant of the many courses, speakers and seminars they could be organising. They have been hampered by chronic lack of funds. The extremely useful and successful programmes organised by the Writers Foundation show what can be achieved when industry groups receive a small amount of funding.

Film Crew
Film crew training is the perennial red-herring that for some reason never dies. No film was ever cancelled, or failed to be completed for lack of a First Assistant Director or Wardrobe Supervisor. Never happened, never will. Conversely no film was ever made solely because of the sudden availability of a great crew. When Peter Jackson announced the start of *LOTR*,

he didn't have 400 Visual Effects technicians living in Miramar - the film got made nevertheless. When our industry suddenly ramped into the 'tax break years' in the eighties, we went from making less than 5 features per year to more than 15 instantly. Where did the crew come from? Where did Peter get his Visual technicians? Same answer, it's a no-brainer, it's almost automatic. When key skills are missing, there are a variety of paths, some crew are usually imported from Australia and the UK, some are promoted from within the same field and in a short time many have trained on the job, and then been promoted. The key is having the work. If you have the work, you will have the crew. This is not to say that lack of key skills isn't a problem, however, it is an economic problem. It costs the producer more to import foreign skilled crew, and it also costs more (due to faulty, inexperienced decisions and techniques) to utilise crew that are not yet 'A-List'. It is an economic problem to do with our under-funded feature budgets, but it is not a training problem per se. Nor can it be solved with tertiary training. 'A-List' crew are created by experience and work, nothing else.

Tertiary Training

Though in theory encompassing all of the above, the area is a mess, many producers going so far as believing it being tantamount to a scam perpetrated on unfortunate students and their financial backers. It is not hard to justify this view with the figures of 2200 students annually competing for what is realistically 20-40 positions. The recent court case of the man employed on *LOTR* who wrongly assumed it was a job for life, also highlights the gross ignorance of the general public in relation to opportunities, scope and conditions of film employment. Many feel it is this public ignorance of our industry which is preyed upon by educational institutions seeking student dollars.

The converse however is that these students are excited and interested in joining our industry. They are the film-makers of the future so they should be provided with the first-class courses that they are certainly being charged for.

Recommendations (pp59,60):

The implementation of the Tertiary Education Strategy in relation to the Screen Production Industry – must be planned and managed in a way that gains maximum benefit for the various stakeholders.

A "Screenmark Federation" be set up within the Screen Council to provide the primary mechanism for Screen Production Industry participation in the implementation of the TES.

We support these recommendations. We were initially loath to support the creation of yet another "bureaucratic body", but know that something has to be done. Presumably the Screenmark Federation will only be interested in education as it pertains directly to industry or craft skills, as opposed to general film or media studies?

MODERN APPRENTICESHIP SCHEME

Government works with the Screenmark Federation to develop ways of adapting the Modern Apprenticeship Scheme or developing an alternative tailored to the creative sector. - (p61)

We wholeheartedly support this recommendation. This is the crux of how film personnel are trained and any advance in this area would be ten thousand times more useful than any changes in the tertiary sector. We think this should receive the fullest attention from the Screen Council with a priority far higher than that for the Screenmark Federation or tertiary training.

PROFESSIONAL UPSKILLING

Recommendations (p61):
More government resources be devoted to up-skill industry professionals with a particular emphasis on areas that will help the industry achieve the maximum revenue growth in the short and medium term.

The Screenmark Federation, working in conjunction with relevant Government agencies, should identify needs, plan and co-ordinate existing and new initiatives with selected training providers for up-skilling industry professionals.

We support these recommendations, again predicated on substantial consultation with relevant film practitioners.

OTHER

Recordable media levies.
The colossal extent of CD Music piracy and music file swapping copyright abuses on the net has cost music companies billions of dollars and severely damaged the entire industry. With the introduction of broadband and DVD distribution, the same copyright abuses are starting to have similar effect on the film industry. The FFG recommends that the Screen Council be a vehicle for lobbying government for the establishment of a recordable media levy to directly reimburse the copyright holders so affected.

CONCLUSION

The FFG lauds the Screen Production Industry Taskforce Report as a landmark in the history of our industry. The vast scope of the report is breathtaking. Our criticisms and comments are mainly based on film sector specific exigencies that are naturally not covered by the generalities of the Report.

We fully support the creation of a Screen Council and look forward to fully participating in the ongoing partnership with Industry NZ and government, a partnership we believe will be extremely beneficial to both our industry and New Zealand as a whole.

Thank you for the opportunity to comment.

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