spada nz

the screen production and development association

Five principles for the future

SPADA's 2030 Screen Sector Strategy Submission

October 2019

Introduction

Further to the Government's launch of the 2030 Screen Sector Strategy earlier this year, SPADA believed it was important to undertake its own piece of work in this area and engaged Dr David Court to develop a draft discussion paper. The aim of the paper is to provoke questions, stimulate ideas, and engage with members to help formulate recommendations and policy making processes and decisions that will inform the next decade and beyond.

Principles to inform Policy Framework

While it is notoriously difficult to predict the future, we believe it is possible to construct a policy framework that is flexible and long-lasting by attending to principles rather than particulars. They are:

1. Culture is the mainspring

2. Culture and business go together

3. Format, medium and platform neutral

4. Backing talent and building on success

5. Rule-based funding

We have tried to frame the principles described here with sufficient clarity that they can guide policy choices during a period of continuing technological innovation, whose creative and business consequences are still unfolding.

With the emergence of global platforms like Netflix, we can see already that the traditional division between film and television is breaking down. Perhaps the 'feature film' will become another small-screen format, and 'cinema' a special class of film rather than the primary release format. In that case, other distinctions may come to matter more, for example between big and low budget productions (instead of big and small screens).

Similarly, as audiences spend more and more time on global platforms, it is unclear where ‘local content’ will find its place. Past successes are encouraging and suggest we may be able to build viable global niches for stories from New Zealand. But what changes will be necessary in the way we develop and fund the local industry to achieve this?

For content creators, the challenges are of navigation and scale. How can we engage successfully with the new platforms and transition safely from old business models? And how can individual creators achieve the scale necessary to thrive?

For policy makers, the challenge is to adapt our funding institutions to the new conditions. Sensitivity and pacing will be critical. We hope the policy successes that have brought us this far can be continued in the future through the 2030 review.

We invite you to join this discussion.

1. Culture is the mainspring

Storytelling, sharing and representing culture lie at the heart of the screen industries. They are the reason successive governments have chosen to support these industries. And they're the reason these industries have become so successful creatively and also commercially.

Culture was important when the Film Commission was created in 1978. It was the leading consideration when NZ On Air was created in 1989 and when Maori Television was created in 2004. It will become even more important by 2030.

More important because culture is the key local marker in an increasingly integrated, global economy. More important because culture delivers the authenticity that audiences crave. More important because the age of middle-of-the-road mass media is over, displaced by niche media and its demand for local and authentic *difference*.

A particular strength of New Zealand's screen industries is the diversity of cultural sources on which they draw. Diversity is a strength because it is fertile creatively and because diverse perspectives lead to better decisions. Policy makers should support diversity at every level: cultural, creative and institutional.

Deciding to back New Zealand culture was a bold and forward-looking decision back in 1973. It has been vindicated by great creative successes like Boy, Whale Rider, Shortland Street and Lord of The Rings. Backing local culture is a rational and successful response to the challenges of a small nation seeking to thrive in a global economy.

2. Culture and business go together

Contrary to stereotype, culture and business go hand-in-hand, the one supporting the other. A confident culture is good for business and good business underwrites a confident culture. They are mutually reinforcing.

A hit film or TV show can showcase a culture but what matters over time is the body of work, the continuity, a creative community, one generation leading to the next. Business success is crucial to this continuity.

Similarly, creative innovation doesn't happen in a vacuum, it builds on – and departs from – what came before. Once again, continuity matters and business success is the guarantor of continuity. In sum:

Business success → continuity → culture → innovation

For individual content creators, success in business is what enables the creation of a body of work, the chance to develop bigger projects, and take bigger creative risks.

We need creative policies that recognise the interdependence of culture and business. One without the other is not sustainable; the two together are hard to beat.

3. Format, medium and platform neutral

Rapid and continuing innovation in media technologies is upending business models, creative practises and audience expectations. Continuing innovation means we have to continue to be ready to make deep changes to current policies and institutions so that they remain fit for purpose. But we should resist the temptation to consolidate decision making in a single agency.

The rise of on-demand streaming services is changing audience behaviours and driving new business models, particularly subscription. It is also enabling new content formats and blurring traditional distinctions between film and television.

These changes challenge New Zealand's creative funding system – in particular the long-standing division of responsibilities between the Film Commission and NZ On Air.

A more sensible division might be one based, for example, on scale and complexity, recognising the particular needs of big budget productions* – whether destined for big or small screens – and the different needs of lower budgeted productions.

Of course, change is continuing and further, unforeseen innovations are likely. This suggests that policy should remain responsive, tracking the direction of change and taking care not to foreclose the new creative and business possibilities that technology is enabling.

Here it is very important to maintain a mix of funding institutions. Any administrative savings that might result from merging programs or agencies could never compensate for the loss of diversity in their programs and funding strategies.

*Say $ 5 million or more

4. Backing talent and building on success

Success in the content industries is unevenly distributed but repeatable: a team that has succeeded once is likely to succeed again. It follows that to build a sustainable content sector, the best strategy is to invest in success.

Success in the content industries is elusive and unevenly distributed. In the film industry the top 20 percent of films earn more than 80 percent of revenues. Similar distributions are seen in television ratings and audience shares.

Yet success in these industries is not random. It comes from talent, making good creative and business decisions, working hard – and having that extra bit of luck.

It follows that success, although elusive, is repeatable. And from that it follows that the best strategy for anyone investing in these industries is to invest in success.

In creative terms, this means funding sequels and follow-up works by successful creative teams. In business and policy terms, it means backing proven content creators and helping them build sustainable production businesses.

This applies particularly to emerging content makers when they are having success in the market and there is demand for their next production. For them, having the resources and backing to follow through is critical to long run success.

For the funding agencies, this could involve some re-weighting of funding allocations, away from project-to-project decision making and in favour of enterprise funding, with the goal of promoting continuity and sustainability.

5. Rule-based funding

As far as possible, funding should be allocated according to rules or guidelines that are transparent and predictable – and should be distributed equally to all eligible applicants.

Funding mechanisms in New Zealand as elsewhere can be divided between those where a capped fund is allocated between competing applicants, and those where an uncapped funding commitment is made to all applicants who meet funding criteria.

For content creators, a capped fund with competing applicants is 'zero sum' – one person's win is another person's loss. In contrast, an uncapped program is 'positive sum' – all eligible applicants win.

The consequences for creators are profound. In a zero-sum funding system, people are likely to be un-cooperative and secretive, since co-operating or sharing information arms a competitor – whereas in a positive-sum system, co-operation and information-sharing can be mutually beneficial.

Many observers report a noticeable increase in levels of co-operation among content creators in New Zealand (and Australia) since the introduction of the Screen Incentives (and in Australia the Producer Offset).

There are other benefits too. The greater transparency and predictability of uncapped programs ensures a level playing field among eligible applicants. It also permits greater confidence in business planning because eligibility for funding assistance can be established objectively in advance of key creative and business decisions.

These benefits are significant. Creative industries thrive when there is confidence to take risks and when competition is tempered by openness and a shared respect for creative excellence.

We note that for government, uncapped funding may produce some budgetary uncertainty; however, this is reduced over time as past applications become a reliable guide to future demand.