SURVEY OF SCREEN PRODUCTION IN NEW ZEALAND 2000

PREPARED FOR:

SCREEN PRODUCERS AND DIRECTORS ASSOCIATION OF NEW ZEALAND

WITH FUNDING ASSISTANCE FROM:
NZ ON AIR
NZ FILM COMMISSION
TRADE NEW ZEALAND

COVERING TAX YEAR
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Preface

Each year, the Screen Producers and Directors Association undertakes this survey with considerable trepidation. We are utterly reliant on the goodwill of producers and line producers in spending a fair bit of time filling out a questionnaire which is never easy (no matter how many re-designs we do). And because we don't see the raw data (and do not wish to, as we recognise the commercial sensitivities involved), the trends analysis is not simple.

However, the results are always worth the effort. There is no other way to size the screen production industry and SPADA is fiercely interested that data about the industry it represents is both impartial and accurate.

My heartfelt thanks to all companies and individuals who participated, including those who succumbed after some fairly serious nagging.

This year, as expected, the results are staggering. New Zealand has been fortunate to secure two significant feature film projects: the large *Vertical Limit* project shot in Queenstown; and the largest film project in the history of the universe, *The Lord of the Rings*. Both are anomalies, in the sense that projects this size come about rarely (and in the case of *Rings*, perhaps once in a working lifetime, twice if we're lucky). However, both highlight how screen production benefits a wide range of New Zealand regions and businesses and how a strong domestic industry is needed to support projects like these.

Insufficient public funding continues to be a worry. In part, this has been addressed by the Government this year, with the creation of the Film Production Fund. Films from that initiative will probably not appear until the 2002/2003 surveys. But the increasing difficulties faced by NZ On Air are in need of urgent attention. The key drivers of screen production growth this year are television drama, documentary and feature film production. Without adequate, contestable funding for television programmes we continue to threaten the production infrastructure.

Screen production is an obvious contributor to the New Zealand economy. We've been around for many decades, began to achieve critical mass from the late 1970s and are now poised to provide attractive, skilled jobs for a range of New Zealanders, generate high levels of foreign exchange and contract an enormous range of services. A big drama production provides business for accommodation suppliers, vehicle hire companies, timber merchants, equipment manufacturers and rental companies, builders, electricians, paint suppliers, caterers, accountants, lawyers, artisans, designers, IT developers, and DOC; the list is endless before we even start on the creative and technical opportunities for actors, writers, directors, crew and facilities houses. Plus our ongoing support of the wine industry, of course.....

We’re a half-billion dollar industry (without using economic multipliers). We can get bigger with careful planning, industry-led to keep our feet on the ground. Film New Zealand needs proper funding to market New Zealand as a locations base for foreign-funded projects, and to support the work of New Zealand producers in bringing home the bacon. NZ On Air needs secure, dedicated and contestable funding to provide the backbone for diverse New Zealand programmes on our screens. Television New Zealand needs to have a Charter which includes production industry support as a goal. The New Zealand Film Commission needs ongoing support. And of course we need local programmes quotas for television so we can get all television operators to focus on how we make different types of programmes for different types of audiences and increase our skill base into the bargain.

It’s not hard.

Jane Wrightson
Chief Executive
Screen Producers and Directors Association

Survey highlights

This annual Screen Production Survey covers film, television, commercials, and multi-media production activity during 1999-2000. The results obtained in the 1999-2000 survey clearly show the continuing growth of the production industry. All of the key performance indicators such as total production expenditure and foreign exchange earnings are at the highest level since surveying began.

Key highlights from this year's survey are as follows:

- In a fitting start to the new millennium, recorded company turnover topped $1 billion – the highest since the survey began (up 38% on 1998-99 figures).
- Total production financing was up 62% on 1998-99 figures, to almost $0.5 billion – again the highest recorded since the survey began. This is largely due to the production of *The Lord of the Rings* and *Vertical Limit*, two large feature film projects financed out of America. Only the first year's production expenditure for *Rings* has been estimated, and this project will be reported for at least the next two annual surveys.[1]
- Foreign exchange earnings almost tripled since 1998-99 figures, to $455m. Consistent with past survey results, the majority of foreign exchange earned by the industry took the form of investment in productions, rather than sales of completed films or television projects. The United States and the United Kingdom continue to be the main sources of foreign exchange earnings. However, with the production of *The Lord of the Rings* and *Vertical Limit*, the United States is now by far the biggest investor.
- Improvements in category definitions this year mean that some apparent fluctuations are not as significant as they may seem (eg. the increase in the television 'entertainment' category is more related to the re-categorisation of 'information/magazine', which itself duly records an ostensible decrease).

[1] Neither of the producers of these projects were able to supply financial data so relatively educated (and conservative) 'guesstimates' have been used. While we would not normally use this approach, the scale of both these projects is too large to overlook.

- However, notable fluctuations include:

– a significant decrease in funding for television drama/comedy, both domestic and offshore

– a moderate increase in domestic documentary funding (mostly from broadcasters) but a very large increase in hours made, reflecting the recent trend for lower-cost reality series

– a significant increase in domestic funding for feature film (from last year's $8.6 million to $18.3 million). Some of this is related to timing of production

– broadcaster funding has increased by more than $10 million over the past three years, which compensates for the continued decline of public funding ($49 million in 2000 compared to $57 million in 1997). Thus the television funding situation is static overall, if not in decline. This is a clear indication that real growth in television continues to be driven by interest from offshore investors and in commercial sponsorship

– regional expenditure has been mostly enhanced by *Rings* and *Vertical Limit*. Auckland remains the largest production centre but experienced a drop in production expenditure (from $203 million last year to $180 million this year). Wellington and Queenstown clearly benefited from their two large feature projects, as well as ongoing other production work, and there was a significant increase in expenditure in Christchurch/Canterbury (from $8.9 million last year to $19.5 million this year

– industry employment has also significantly increased, rising from over 7,500 positions last year to over 14,000 positions this year. As usual, the vast majority of these jobs are fixed term contract positions. However part-time and full-time employee numbers also increased.