

**SURVEY OF SCREEN  
PRODUCTION IN NEW ZEALAND  
2001**

**PREPARED FOR:**

**SCREEN PRODUCERS AND  
DIRECTORS ASSOCIATION OF  
NEW ZEALAND**

**WITH FINANCING ASSISTANCE FROM:**

**NZ ON AIR**

**NEW ZEALAND FILM COMMISSION  
INVESTMENT NEW ZEALAND**

**COVERING TAX YEAR  
APRIL 2000 - MARCH 2001**

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# 1. Preface

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This is the eighth year that SPADA has undertaken this survey. It's a terrible task for the survey respondents, the research company and for SPADA, in the intensive tracking and analysis of results. But it's 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 is privileged to represent is both impartial and accurate.

My heartfelt thanks to all companies and individuals who participated, including those who succumbed after some fairly serious nagging. And thanks too, of course, to the survey's key funders who understand and support the need for robust, quantifiable data.

This year, the growth of the industry continues. After last year's boom, the rate of growth has slowed, as predicted. But there have been sufficient projects proudly made in New Zealand to indicate that the screen production industry continues to be a major contributor to New Zealand's economy as well as to its cultural life.

However, there are some underlying trends that pose concern, given that the next couple of years are critical for our industry.

The growth confirmed in the survey is largely due to the survey period being a major shooting period for *The Lord of the Rings*. New Zealand is unlikely to see a project of this size again (unless Peter and Fran take on *The Bible*). The inevitable drop in a year or two will need to be seen in the context of underlying industry growth before and during the production of *The Lord of the Rings*.

It is critical that sensible Government and funding agency policies are put in place to encourage domestic film and television producers to develop and maintain their international marketing skills and relationships, to ensure that R&D for quality projects is adequately funded and to ensure there is a healthy competitive market.

Domestic funding has remained static for three years now. The first project from the new Film Production Fund will appear in next year's survey, but NZFC funding is static and private investment opportunities are few. Broadcaster funding has increased but both TVNZ and TV3 are now having difficulties in making an adequate company ROI. It is production that suffers in these circumstances.

What's been notable - and pleasing - this year is the attention given to our industry by a new and diverse set of Government officials. A few of them (disturbingly) want to fit us into tidy little boxes or to write endless reports. Others understand that the screen production industry is diverse, different and likes to kick boxes over. But the realisation that industry support mechanisms - and not just for our industry - can be a useful Government activity is a welcome advance in the search for, and encouragement of, strong entrepreneurs who provide the jobs, opportunities and ideas so necessary for a small country with big ambitions.

Sourcing screen production finance is a pig of a job. We must support and celebrate those who bring home the bacon.



**Jane Wrightson**  
**Chief Executive**  
**Screen Producers and Directors Association**

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## 2. Survey highlights

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This annual Screen Production Survey covers film, television, commercials, and multi-media production activity during 2000-2001. The results obtained in this survey show a continued growth of the production industry, albeit at a slower rate. This growth came from offshore investment.

### Key points from this year's survey

- **Company turnover topped \$1 billion** for the second year in a row, and is up 4% on 1999-2000 figures to \$1,159m.
- **Total production financing increased to over half a billion dollars** (\$572m), an increase of 15%. This increase came from an increase in foreign investment sources (up 22% on last year to \$419m, and the highest since surveying began). This increase is largely due to 2000-2001 being a major production year for *The Lord of the Rings*.
  - Foreign production financing (\$419m, primarily from USA/Canada) makes up nearly three-quarters of total screen production financing.
  - Over half of the total production financing secured was for feature films.
  - 37% of production financing secured was for television programmes.
- **Total foreign exchange earnings increased to almost half a billion dollars** (\$486m), an increase of 7%. The majority of this foreign exchange continues to come from investment in productions compared to sales of completed programmes.
  - Investment from Europe in television drama production doubled to \$27m.
  - Sales of completed films or television projects overseas nearly doubled to \$34m, up from \$18m the year before.
- **Domestic funding and investment is largely static at \$154m.**

## Notable fluctuations

- **Production financing increased:**
  - for **television drama/comedy** production, from both domestic and offshore sources, primarily because of new commitments made by NZ On Air, which in turn triggered additional foreign investment
  - for **television entertainment** programmes. This increase came from domestic sources but it is clear in this genre that more hours are being produced for less money. Production sponsorship money was also more difficult to attract
  - for **feature films** due to an increase in offshore finance. However domestic financing dropped by \$3m
  - from **public funding** (from \$49m to \$57m), due to increased funding from NZ On Air and Te Mangai Paho
  - from **domestic broadcaster** investment in television programmes (up \$3m to nearly \$45m, excluding news, current affairs and sport), a steadily increasing trend since 1997.
- **Financing decreased:**
  - for **television information/magazine** programmes due to a drop in domestic funding
  - for **television documentaries** due to a drop in offshore investment (it is unclear at this stage whether last year was an unusually high peak year or not)
  - from **non-Government domestic finance sources** (down \$7m or 7%).
- **Regional expenditure** continues to be influenced by *The Lord of the Rings*. Wellington was the main beneficiary of this major production in 2000-2001 (\$243m, up from \$143m in 1999-2000 as production commenced). Expenditure decreased in Queenstown due to the completion of production for *Vertical Limit* in 1999-2000, with expenditure at \$18m, down from \$89m in 1999-2000. However this is still considerably higher than previous years.
- **Industry employment** soared to over 31,000 positions (from over 14,000 in 1999-2000) due to *The Lord of the Rings*. Predictably, given the project-based nature of most employment in the industry, almost all of these positions are fixed term contract or freelance positions. However, full-time positions also increased slightly (1,136, up from 1,045 the previous year).
- **Production costs** increased for two in five (42%) production companies, and post-production costs increased for almost one in three (29%).