



4 February 2005

Rt Hon Helen Clark, Minister for Arts, Culture and Heritage
Hon Dr Michael Cullen, Minister of Finance
Hon Jim Anderton, Minister for Economic Development
Hon Steve Maharey, Minister of Broadcasting
Hon Phil Goff, Minister of Foreign Affairs and Trade
Hon Jim Sutton, Minister for Trade Negotiations
Hon Trevor Mallard, Minister of Education
Hon Pete Hodgson, Associate Minister for Industry and Regional Development
Hon Mark Burton, Minister of Tourism
Hon Judith Tizard, Associate Minister for Arts, Culture and Heritage

Dear Ministers

Re: New Zealand Film Fund Recapitalisation

The New Zealand screen community is appreciative of the Government's support and enthusiasm for the industry, its successes and the pride that New Zealanders are taking in it and its future development.

We are writing on behalf of the New Zealand screen industry in order to draw your attention to one issue that we believe greatly impacts on the ability of the domestic industry to continue to produce successful international standard medium budget films such as *Whale Rider*. We believe that the continuance of the New Zealand Film Production Fund Trust is essential to the ability of the New Zealand industry to compete internationally, achieving both critical and commercial successes with intrinsically New Zealand films.

Without the continuance and replenishment of the capital base of the Film Fund there would be a significant loss of international face and perception of the New Zealand industry. Even taking into account the increased baseline funding of the New Zealand Film Commission, films like *Whale Rider* and *Perfect Strangers* would be unlikely to be made. An analysis of how and why budgets have gone up across the board internationally has been provided to the Government by the New Zealand Film Commission.

The Film Fund has been a demonstrable success. From a \$22million capital base it has delivered nearly \$90 million worth of production with more to come. For every \$1 invested by the Film Fund another \$2 has been raised offshore to create these productions. The Film Fund enables experienced New Zealand filmmakers to operate commercially in the highly competitive international marketplace and yet its marginal operating cost to the taxpayer is very low. It sits outside and alongside the New Zealand Film Commission, with its own board of trustees, swift decision making process, clear criteria but different outcomes from the NZFC.

The Film Commission is obliged to support a wide variety of film development initiatives with a strong cultural mandate from its still stretched funding base. The Film Fund, by contrast, has a strong global market imperative and very focussed purpose. The two are not interchangeable. This means that it would not be appropriate to try to continue the support of higher budget, internationally competitive Film Fund type New Zealand films through the NZFC, even with a much greater funding base than its already increased baseline.

The overall goal of the New Zealand Film Fund is to build a sustainable New Zealand industry and its four clear objectives which it demonstrably achieves are:

- Attracting other sources of finance into the New Zealand film industry, including off-shore capital (the minimum requirement is 40% offshore whereas actual achievement is over 60%);
- Supporting New Zealand films of a larger scale than those usually able to be supported by the New Zealand Film Commission, (i.e. usually budgets bigger than \$4.5mill);
- Developing New Zealand talent to the point where international commercial investors will be willing to finance future productions by those filmmakers;
- Fostering jobs for successful producers, writers, directors, actors and production crew who would otherwise be forced to look for opportunities overseas.

The capital base of the Film Fund is nearly at an end and we believe that it is important that an announcement is made shortly about the intention to replenish it in order that the international industry and investors do not suddenly lose confidence and interest in investing in New Zealand films. It has taken the New Zealand industry almost twenty years and the very welcome introduction of the Film Fund by the Government to recover from the sudden withdrawal of finance and confidence of the mid 1980's.

Failure to renew the Film Fund could trigger a loss of international confidence in the New Zealand domestic film industry. The Film Fund has enabled an unprecedented period of stability, consistency and opportunity and is a drawcard for international investors. Failure to renew it would have the effect of signalling a major and perplexing policy shift internationally by the New Zealand government away from its own domestic industry and could lead to a boom/bust cycle that the industry has been climbing out of over two decades of development.

The Film Fund's disestablishment could also have a potentially negative impact on New Zealand's international desirability as a quality production destination. The Film Fund has attracted successful, experienced New Zealand filmmakers back to make New Zealand films here, such as Vincent Ward with *River Queen*, and Roger Donaldson with *World's Fastest Indian* and one of our most internationally renowned actors, Sam Neill, to work on and invest in *Perfect Strangers*. Its investment in *Whale Rider* was fundamental to that film's international success and the world's youngest Lead Actress Oscar® nomination for Keisha Castle-Hughes. New Zealand's own experienced domestic industry, and the strength of support for it here at home, is a key attraction for international production. Without its vibrancy and strong skill base to which the Film Fund has been contributing, we risk losing talent and losing our competitive advantage as both a location and a post-production destination for overseas producers.

Perceived consistency in the government's approach to film funding is essential in order to maintain our desirability and market edge. After four years and with the New Zealand industry's increased profile, the Film Fund is now recognised by the international industry and investors as a solid funding avenue and base from which they can have confidence in investing in intrinsically New Zealand films.

We support the Film Fund's replenishment of its capital base at a level of between \$20 and \$30 million.

We understand that the Government has previously received policy advice from officials that does not support continuation of the Film Fund. We believe this is based on issues of historical administrative convenience rather than a thorough analysis of the larger issues and

challenges for the New Zealand film industry within the international marketplace. The industry is emphatic that failure to renew the Film Fund will damage the New Zealand film industry, stymie the benefits it brings to New Zealand's wider international profile and confidence and stifle its potential development.

The spinoffs of recapitalisation of the Film Fund are clear:

- Increased exposure for New Zealand, as the Prime Minister noted in her Statement to Parliament on 1 February 2005: "Our film success communicates to a wide international audience...";
- Increased employment opportunities and upskilling;
- Growth in the local economy, particularly in the regions (every Film Fund film has shot on location in regional New Zealand);
- Growth of the domestic industry (realistic budgets mean crews are paid as professionals rather than subsidisers of a cottage industry);
- Continued growth in professional and technical expertise;
- Strengthening of international producer relationships and reputations and the ability to leverage more international capital into New Zealand films.

We appreciate your consideration of this important issue for the New Zealand screen industry and request that you support the continuation of the New Zealand Film Fund. Please find appended brief case studies from the producers of *Whale Rider* and *Perfect Strangers*, which illustrate the importance of the Film Fund to the New Zealand film industry.

Yours sincerely

Penelope Borland
for and on behalf of
SPADA

Penny Ehrhardt
for and on behalf of
NZ Writers Guild

John Reid
for and on behalf of
Screen Directors Guild NZ

Alun Bollinger
for and on behalf of
**NZ Film & Video
Technicians Guild**

Teresa Brown
for and on behalf of
NZ Actors Equity

Judith McCann
for and on behalf of
Film New Zealand

Robin Laing
for and on behalf of
**Film Focus Group
Wellington**

Michelle Turner
for and on behalf of
**Women in Film & TV
Wellington**

Kelvin McDonald
for and on behalf of
Nga Aho Whaakari

WHALE RIDER CASE STUDY

WHALE RIDER is one of New Zealand's most commercially and critically successful films. It grossed over NZ\$6 million at the New Zealand box office and approximately NZ\$65 million worldwide. It screened at a host of major international festivals and won numerous awards, culminating in an Oscar nomination for Keisha Castle-Hughes. It has provided the world with a unique view of New Zealand's identity and culture.

Without the establishment of the New Zealand Film Production Fund Trust, WHALE RIDER may never have come to fruition. It took over 14 years to get the film to the screen. The film's budget, high by New Zealand standards, its intrinsically New Zealand story, its lack of a named cast or high profile director, was always going to make it a challenge to finance.

But with the financial assistance of the Film Fund, producer John Barnett created a film that showcased New Zealand talent to the world, delighted and inspired audiences and profiled New Zealand as a quality filmmaking and tourist destination.

John Barnett outlines the importance of the Film Fund to WHALE RIDER and the New Zealand industry.

"In order to do justice to Witi Ihimaera's story, WHALE RIDER needed to be made at a budget level well in excess of the average New Zealand film. Because of the New Zealand specific elements (story, cast, director, etc), it was always going to require a significant proportion of the finance from New Zealand – international financiers wanted comfort that it was both viable and supported in its home market. The NZ Film Commission's budgetary constraints meant it was not in a position to offer that level of support."

"The Film Fund's purpose is different to the NZFC's. The NZFC has a broad remit. Short films, training, marketing, development etc, are all areas which must be supported by its budget. When the NZFC is making production decisions these other areas often influence the decision. The Film Fund however makes production investments based solely on the merits of the project before it. In respect of WHALE RIDER, the different focus of the Film Fund meant that it was able to act decisively and quickly when required, while still being well informed of the issues we faced."

"Without the continuance and increased funding of the Film Fund, even taking into account the increased funding of the NZFC, films like WHALE RIDER are unlikely to be made. It is true that the NZFC has recently had an increase in funding. But at the same time it has introduced new initiatives such as Signature TV, digital films, low budget projects, increased its marketing department and most significantly has had to accommodate the rapid rise in costs of the New Zealand films it already supports."

"The establishment of the Film Fund specifically aimed at funding bigger budget films and experienced personnel has lifted the whole New Zealand film game."

"To remove this avenue would be detrimental not only to the domestic industry but also the international perception of the New Zealand film industry."

"For the New Zealand film industry to continue to develop and grow it must move away from the boom and bust cycles of its past and towards consistent periods of stability."

"The Film Fund has engendered a belief in their industry amongst emerging New Zealand filmmakers. It is vital that this confidence is not shattered."

John Barnett
Producer
WHALE RIDER

PERFECT STRANGERS CASE STUDY

PERFECT STRANGERS would not and could not have been made without the financial support of The Film Fund.

A previous project at a similar budget level, developed for this film's director, had to be abandoned after four years because adequate funding was not available for the domestic contribution to the budget. By the time PERFECT STRANGERS was ready to seek production financing the very existence of a fund with the potential to allow the leveraging of a range of financing options, not previously available without exhausting the New Zealand Film Commission's coffers, made all the difference to its progress. The level of potential funding available, both directly as investment and provisionally as an incentive to attract the talent and expertise that provides entrée at an appropriate level to foreign investors and sales companies is vital if New Zealand producers are to produce bigger or more ambitious films with experienced directors and name actors. The resource of domestic finance at a sufficient level to attract talent and lever foreign finance was a restraining factor in the growth of our industry until the advent of the Film Fund in 2002.

During the development of PERFECT STRANGERS we were able to write a meaningful budget and to promote the film in confidence that we would be able to afford the level of casting required for a three-hander to be filmed on location.

Shooting on location is expensive but it can add an extraordinary dimension to visual storytelling. Our filming activities in the Buller region of the West Coast resulted in \$1 million expenditure in this small community over a concentrated eight week period – a total which includes employment of locals, the personal spending of a fifty strong crew, purchasing of food, accommodation, services and supplies. All five Film Fund films have shot on location in the regions – East Coast, West Coast, Taranaki, Oamaru and Invercargill – providing an opportunity for the regions of New Zealand to benefit from the film industry in a way that is not possible when only low budget films are produced. While the lingering attention this attracts can sometimes be unwelcome, in the case of PERFECT STRANGERS the West Coast tourism agency used the promotional opportunities available to it via the film in both Australia and the UK.

Experienced directors need to progress their careers, and this has been particularly problematic when they are committed to remaining in New Zealand to make New Zealand films. The Film Fund has, uniquely, provided an opportunity for this reality while also attracting New Zealand's Hollywood directors back home to make New Zealand stories.

Arguably, none of the films funded by the Film Fund to date would have been made in New Zealand without the environment created by the fund. Cultural impetus and commercial focus have combined in the Film Fund to create enhanced investment possibilities, more equal international relationships, employment and career opportunities, resulting in a more professional industry, a variety of significant and acclaimed product and a worldwide perception that the New Zealand punches well above its weight.

As members of the New Zealand film industry, we strongly urge the government to recapitalise the New Zealand Film Fund.

Robin Laing & Gaylene Preston
Producers
PERFECT STRANGERS