spada nz
the screen production and development association

Friday 08 May 2020

SPADA'S FEEDBACK ON THE DRAFT SCREEN SECTOR STRATEGY 2030

Introduction

SPADA acknowledges the work undertaken to date by the Facilitation Group on the draft Screen Sector Strategy 2030 (the 'Draft Strategy'). We appreciate the challenge of processing the feedback, and collating the views of so many people from within the screen industry, however, in SPADA's opinion, it has made the document too broad-sweeping and a little soft in focus.

The Facilitation Group is aware of the concerns voiced to date regarding the timing of this Draft Strategy due to the impact of COVID-19 on the screen sector, as well as the impact on the drafting of the strategy which was all done pre-COVID.

The SPADA Executive has voiced its reservations directly as well as taking the opportunity to submit the following feedback.

The Impact of COVID-19 on the Screen Sector
Covid-19 has and is continuing to have a devastating impact on the NZ screen industry, the country and the global economy. This impact needs to be more clearly articulated at the outset of the Draft Strategy; as well as detail the work undertaken to date by both the sector and government to support the industry in the short to medium term[1].

Since the outbreak of the pandemic SPADA has focused on four key areas (full details in Appendix I):

- **Funding (Stimulus and Recovery)**
- **Health & Safety**
- **Immigration**
- **Insurance**

[1] The background and context of where our industry is now – (which is currently at the top of the strategy paper is too long) - and where it has come from can be distilled right down. T*he context is important as it is the reason we need a strategy: it could go further to define why the industry is not working as it could be now.*

FEEDBACK

SPADA believes the strategy needs:

1 Greater business/producer focus

SPADA acknowledges the significance of every role in our industry, however, producers are the key drivers for getting scripts to the screen. If you don't have producers developing projects, securing financing and making productions happen, you don't have an industry.

As one of SPADA's senior producer members articulated in her feedback:

> *Most critically it (the draft strategy) makes no mention of investment in the "business" of television - i.e. production - which is what provides jobs and on-the-job training and provides a calling card for future and international investment - our industry's most critical need to head toward self - sustainability. Without productions / commissions there are no jobs, upskilling or opportunities to build commercial relationships locally and internationally. That is a simple fact.*

2 Stronger emphasis on funding and investment

SPADA understands the three-year plan's 10 points are not listed in any particular order, but they are read in the order of the numbering, and by implication having "Funding and Investment' at the bottom of the 10-point list unintentionally diminishes its relevance.

As stated earlier, the business side of things is everything for the screen sector. And without funding and investment we don't have a business. We recommend moving funding and investment so that it is central to the strategy - securing/increasing Government funding, and working with our producers and production companies to help them secure international and other funding to ensure the industry's ongoing sustainability.

Having robust screen production businesses will ensure our industry generates projects and work for everyone in the sector – from that flows training and development of new talent, diverse voices, great New Zealand stories, development of local IP etc.

To support this, we need:

- continued Government investment in NZSPG, NZFC, NZOA and TMP – and this needs to grow and develop with the times.
- our funding agencies need to be regularly assessed to ensure they are fit for purpose.
- funding initiatives need to be agile - they need to be targeted and focused to work with trends and circumstances

3 Greater clarity and simplicity and a stronger structure

At the moment it takes too long to get to the core/the heart of the document, thus losing its impact. We suggest bringing the key messages to the front of the document.

Key questions to be asking:

- **WHAT IT IS WE WANT** and **WHY?**
  As an industry that needs to be at the top.

- **Our GOALS** as an industry
  Which is the strategy setting out to do, what is it building us up to do?

  The opportunity is immense. Never before has the demand for content been so high. This is a multi-billion-dollar industry. If we get this strategy right, we can not only build a sustainable industry domestically (which can be a fantastic training ground etc.) but a competitive and attractive one on the world stage. (But there are things that need to happen for that to be so)

  The interesting thing is, we ALREADY stand on the world stage. For example, four of the top directors in the world- James Cameron, Jane Campion, Taika Waititi and Peter Jackson work here (there are others). We know people internationally who want to work with New Zealand- these are the conversations – how do we capitalize on existing relationships and reputation?

  > How do we make this filter down in the way we need it to? And now with Covid-19 and NZ's success at recovering from this, we as a country, could be one of the only places in the world where production can happen.

- **Distinction/connection between the 10 year and 3 year plan**

  The difference, as well as the connection, between the 10-year plan and the three-year plan needs to be clearer. At the moment it feels more like a three-year plan than a 10-year strategy.

  Recommendation
  With the work required on the draft to align it with the current environment; and the COVID-19 effect playing out for some time, we recommend the Draft Strategy focus on a three-year time frame.

  Rather than being *reviewed* after three years – change it to:

  > "the strategy will be *built on and refined t*o make sure it is in line with achieving the high-level goals of the industry, after three years. *Because this is a fast-moving industry".*

  Conversely, if it is a 10-year strategy:
  a) use it as a guiding principle document[2]
  b) keep it high level enough that it sustains a decade
  c) have specific, measurable, tangible goals that fall out of it along the way as we circle back to it.

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[2] Appendix II: *Five Principles for the Future - SPADA's 2030 Screen Sector Strategy Discussion Paper*, September 2019).

5.0 Other Comments

5.1 *Pan Sector Body Recommendation*

SPADA believes in the work and efficacy of the industry guilds and organisations; these entities reflect the diversity and various needs of the sector. There is strong communication established and there are pan-sector approaches adopted as and when required (e.g. the work of the Film Industry Working Group).

At the moment, the responsibility for carrying out the majority of the recommendations of the Draft Strategy rest with a new pan sector body. Given the volume of work proposed, SPADA is concerned at the potential size and cost of the organisation.

Not only will there be the cost of establishing a new organisation, there will exist a year on year funding requirement. In these challenging financial times, with well-established guilds and industry organisations facing a drop in revenue due to COVID-19, it is unclear where these funds will come from, and how they will be sustained.

Therefore, SPADA recommends a reboot of Screen Industry New Zealand (SINZ) with funds set aside to bring in additional support (point person/lobbyist/researcher/specialist advice) as and when needed to help implement some of the strategy's recommendations.

5.2 Training is over-stated

SPADA supports the need for high-level training to maintain a highly skilled sector; but it also believes that there need to be jobs for those people to go to once they have completed their training. A balance needs to be struck. SPADA notes the reviews currently being undertaken in the training space and is involved in those discussions.

SPADA believes mentoring, on-the-job training and internships are highly effective training approaches for the screen sector, and these must be adequately supported.

However, how we best continue to support and create opportunities for new talent and creatives coming through, as well as continued upskilling of existing practitioners in the sector, is by continuing to invest in, and support, a robust and sustainable screen production sector.

6.0 CONCLUSION

Thank you once again for the opportunity to provide feedback on the Draft Strategy. In summation, if the draft can't be delayed due to Covid-19, this document outlines SPADA's feedback, as well as recommends refining the 10 points in the 3-year plan as follows:

FOUR KEY POINTS THAT WILL ACT AS AN ECONOMIC DRIVER FOR THE SECTOR

1. *Strengthen existing, and secure new, funding and investment*
2. *Work with the Government to modernise the regulation that shapes the sector*
3. *Boost the sector's capacity and capability*
4. *Encourage greater co-ordination and consensus to strengthen the government-sector relationship*

SECONDARY POINTS THAT SIT UNDERNEATH

1. *Develop a national screen infrastructure plan*
2. *Re-establish a survey for evaluating the sector's performance and progress*
3. *Develop an environmental and social sustainability framework*
4. *Work towards easier, clearer rules on access to filming locations*

END.

APPENDIX I

WORK TO DATE

1. Ongoing discussions on NZSPG New Zealand settings, as well as the following suggested amendments to NZSPG New Zealand:
    - Interim claims for projects that have suspended production but are assured to continue production (i.e. productions that demonstrate no risk of abandonment).
    - Interim claims to be assessed by NZFC consultants rather than auditors.
    - Relax extensions in regard to provisional certificates and applications for final certificates.
    - Relaxing of the theatrical intent requirement within the distribution guidelines.
    - Flexibility if the threshold is not met.
    - Flexibility with the assessment of QNZPE if work had to be done offshore of if personnel were able to come to NZ.

2. Cover more costs in pre-closing (e.g. line producer, scheduling, legal fees) to help get productions up quickly when situation stabilises.

3. Increased development funding:
    - Enhanced **BOOST** +
    - Loosen development funding criteria

4. Underwriting **of Insurance**
    - Similar to EQC arrangement
    - Producers, completion guarantors and Government via reallocation of NZSPG International monies (already on the books a matter of reallocating funds due to suspension of NZSPG International productions for up to 24 months)
    - Producer takes out insurance and "COVID-19" insurance (at a higher premium).
    - Whilst there may be at any one time up to $100m in production, the parties would be carrying less than that in risk; as more likely coverage would be needed for suspension (as opposed to abandonment), so risk sitting in the $5-20m bracket.
    - SPADA currently working on a proposal.

5. Bolster P&A Fund

Appendix II

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Five principles for the future

SPADA's 2030 Screen Sector Strategy

Discussion Paper

September 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.