SMALL COUNTRY, BIG FILMS:

AN ANALYSIS OF THE NEW ZEALAND FEATURE FILM INDUSTRY (2002-2012)

BY

NATÀLIA FERRER ROCA

A thesis

submitted to the Victoria University of Wellington

in fulfilment of the requirements for the degree of

Doctor of Philosophy

Victoria University of Wellington

2015

Abstract

This thesis explores the contextual, institutional, and economic characteristics that influence contemporary feature filmmaking in New Zealand. It identifies and analyses the conditions and circumstances that have made it possible for New Zealand, as a country whose relatively small market size combines with its geographical remoteness, to not only create and sustain a feature film production industry, but also achieve unusual success for the resulting films, in critical and/or commercial terms. Applying an institutional political economy perspective to its research and analyses, this study draws on archival material, policy analysis and expert interviews with key personnel in industry and state agencies, in its undertaking of a 'value chain' examination of New Zealand feature film productions. Seven case studies are used to examine the distinguishing factors of the three kinds of productions – 'tiers' – that constitute the New Zealand feature film industry, with an emphasis on the connections between these tiers, as well as their individual significance for feature filmmaking in New Zealand.

The study's successful application of the three-tier feature film production ecology to the contemporary New Zealand filmmaking context is valuable for its capacity to add clarity to existing distinctions between the different types of film production occurring in Twenty-first Century New Zealand. Those are subject to, and emerge from, sometimes very different institutional and financing arrangements, and thus entail different expectations. Important in determining these differences is the question of whether a film's contribution to a country is primarily cultural or economic, or, is situated somewhere between these functions and expectations. Central to the study's 'value chain' structure and mode of analysis is the investigation of the priorities and motivations of the main institutions and agents involved, in recognition of their capacity to profoundly shape the possibilities for feature film production in New Zealand.

This thesis argues that New Zealand is best advised to maintain and nurture all three-tiers of feature productions, because they depend on and complement each other. Together, they have contributed significantly to the success of the New Zealand feature film industry. To sustain this competitive position and to develop the country's filmmaking potential further, it will be crucial for New Zealand's public institutions to ensure continued support for bottom- and middle-tier films in particular, both in terms of favourable policies and funding allocations. Continued support is justified not just in recognition of the important cultural contributions of bottom- and middle-tier films, but also to help these film productions overcome the financial hurdles imposed by a small domestic market and limited economies of scale.

Acknowledgements

This thesis would not have been possible without the extraordinary support received by my supervisors, Trisha Dunleavy and Peter Thompson, of the Department of Media Studies at Victoria University of Wellington. My deepest thanks for your guidance and inspiration.

I would also like to acknowledge the generous financial support received from the Victoria University of Wellington. Both the Victoria PhD Scholarship and the PhD Submission Scholarship, as well as the funding received from the Joint Research Committee for data collection and conference attendance, have been crucial for completing this research successfully.

For the extraordinary contribution they made to this study, my gratitude also goes to all industry and government professionals who were willing to participate as interview subjects for this thesis. Thank you for your time and for shedding light on some of the most challenging and stimulating issues surrounding the contemporary New Zealand feature film industry.

Thanks to all the inspiring people I met at conferences in New Zealand and overseas, in Barcelona and Tallinn (Estonia), for their advice and feedback, and to fellow doctoral student Argelia for her friendship and company. Being able to exchange ideas about our related research topics has been tremendously helpful. Many thanks also to John and Maureen for their rigorous proofreading.

I am indebted to the patience and support of my friends and family in Catalunya and Germany, who have had to cope with my absence for such a long time.

My greatest thanks of all go to Florian, for having embarked on this journey together and for having been on my side throughout. Thanks to your love, patience and support, this thesis has come to a happy end.

Table of Contents

Chapter 2 - The Feature Film Industry

Chapter 3 - Methodology

Chapter 4 - The New Zealand Case

Chapter 5 – Bottom-Tier Feature Films

Chapter 6 – Middle-Tier Feature Films

Chapter 7 – Top-Tier Feature Films

Conclusions

List of Figures

List of Tables

Glossary of Māori Terms

iwi	tribe, nation, people, nationality, race
kāwanatanga	government, dominion, rule, authority, governorship
mana	prestige, authority, control, power, influence, status, spiritual power
Māoritanga	Māori culture, practices and beliefs
marae	meeting area, courtyard
Pākehā	English, foreign, European, exotic, New Zealander of European descent
tangata whenua	local people, hosts, indigenous people of the land
te reo Māori	the Māori language
tino rangatiratanga	self-determination, sovereignty, domination, rule, control, power
whānau	extended family, family group
whenua	land, county, nation, state, ground

Definitions taken from Māori Dictionary (http://www.maoridictionary.co.nz/), accessed August 6th, 2014.

List of Abbreviations

AFI	American Film Institute
DIY	Do-It-Yourself (distribution strategy)
EU	European Union
FIA	International Federation of Actors
Film Fund 1	The New Zealand Film Production Fund Trust (FF1)
Film NZ	An independent industry-led organisation facilitating access to New Zealand as a screen production destination
GATS	The General Agreement on Trade in Services
GATT	The General Agreement on Tariffs and Trade
HEC	Human Ethics Committee
HFR	High-frame-rate
HPA	Hollywood Post Alliance
LBSPG	Large Budget Screen Production Grant (funding via MBIE)
LOTR	*The Lord of the Rings*
MBIE	Ministry of Business, Innovation and Employment
MCH	Ministry for Culture and Heritage
MEAA	Media Entertainment and Arts Alliance
MFAT	Ministry of Foreign Affairs and Trade
MFN	Most-favoured Nation
MGM	Metro Goldwyn Mayer
MTS	Māori Television Service
M&A	Mergers and Acquisitions
NWICO	The New World Information and Communication Order
NZ	New Zealand
NZAE	New Zealand Actors Equity
NZFACT	New Zealand Federation Against Copyright Theft
NZFC	New Zealand Film Commission
NZ Film	International branding for sales operation within the NZFC
NZoA	New Zealand on Air, TV funding body
NZSPG	New Zealand Screen Production Grant
OECD	Organisation for Economic Co-operation and Development

OIA	Official Information Act
OnFilm	Magazine of the New Zealand screen production industry
P&A	Prints and Advertising
PDV Grant	Post-production, Digital and Visual Effects Grant (part of the LBSPG)
PFD	Production-finance-distribution
PPV	Pay per View
QNZPE	Qualifying New Zealand Production Expenditure
SAG	Screen Actors Guild
SPADA	Screen Production and Development Association
SPIT	Screen Production Industry Taskforce
SPIF	Screen Production Incentive Fund (funding via MCH)
SPP	South Pacific Pictures
TMP	Te Māngai Pāho (Māori Broadcast Funding Agency)
TVNZ	Television New Zealand
UA	United Artists
UNESCO	The United Nations Educational, Scientific and Cultural Organisation
VoD	Video on Demand
VPF	Virtual Print Fee
WTO	World Trade Organisation

Introduction

This thesis examines the structural, institutional and policy characteristics of the feature film productions that constitute the contemporary feature film industry in New Zealand, a relatively small and English-speaking country. The American Film Institute describes the New Zealand film industry as "one of the wonders of the world, an unparalleled success story" (cited in McGrath, 2011: 31).[1] The thesis aims to explore how and why New Zealand, despite its comparatively small population and remote location, has been able to produce feature films that are successful in both international and domestic markets.

Accordingly, the primary purpose of this study is to identify and analyse the conditions and circumstances that have made it possible for New Zealand to not only create and sustain a feature film production industry, but also achieve critical and/or commercial success for the resulting films, despite the challenges of market size and geographic positioning. This thesis entails a detailed and multi-faceted exploration of the institutional field that influences New Zealand feature filmmaking, an activity that has long involved both maintaining the country's culturally distinctive locally-financed cinema, as well as exploiting the additional opportunities offered by hosting major foreign-funded film productions.

An institutional political economy of communication perspective has been adopted to explore the functions of and interactions between key institutions and industry agents – including the government and relevant ministries, public agencies and funders, along with indicative screen production companies and producers. The research contribution of this perspective, as pursued by this thesis, is original for its detailed probing of the New Zealand film industry's institutional field, its analysing of the economic and creative interplay between local and international New Zealand-produced feature films, and its application of the 'value chain' approach to the analysis of these productions. The explorations and arguments of this thesis incorporate findings from archival material, industry interviews, policy documents, and the 'value chain' analysis of

---

[1] I acknowledge that this comment is very effusive, and perhaps tells us more about positive perceptions of the NZ feature film industry than the actual reality of the industry's performance.

feature film productions. The thesis offers seven case studies of films chosen to represent the three different ‘tiers’ of filmmaking that comprise the New Zealand feature film industry.

Research Rationales

Three main research rationales can be identified. The first is derived from the following observations about existing research on New Zealand feature film production. Much academic work on this topic has focussed either on the establishment of the New Zealand feature film industry and/or on the textual analysis of indicative productions (for example, Babington, 2007; Martin and Edwards, 1997; Reynolds, 2002; Watkins, 1992). A smaller group of scholars has explored either the impact of digital technologies on New Zealand feature film production (Luke-Reid, 2007), the relationships of New Zealand-produced features with national culture, film and national identity (Huijser, 2002; Kontour, 2002), or the role that New Zealand-produced features have played in tourism (Leotta, 2011; Glen, 2008).

Little research, however, has yet focused on the institutional and industrial dimensions of feature film production in New Zealand, a notable exception being the work of Dunleavy and Joyce (2011). Accordingly, this thesis seeks to extend and/or develop the field of existing scholarship on New Zealand film production by taking an institutional political economy perspective, aiming to deploy a range of relevant case studies not only to examine how and why feature films have managed to flourish in New Zealand, but also to identify any structural, institutional or policy factors that can explain this.

The second rationale for this project finds a point of departure in an assertion by former New Zealand Prime Minister Rt. Hon. Helen Clark, that locally-produced films make “a significant contribution to New Zealand’s economy and export earnings, as well as being very powerful media through which we express our national identity and assert our unique brand” (Clark, 2003, para. 3). Clark’s assertion highlights that New Zealand film production serves the two related, yet different, objectives of commercialism and cultural identity. Whilst the first can figure the film production industry as a vehicle for economic development and growth, the second underlines the capacity of films to articulate and disseminate elements of New Zealand's distinctive culture.

Yet, in view of these mixed objectives, policy[2] measures that aim to support New Zealand's culturally specific films need to be kept in balance with those designed to facilitate the country's increasing participation in a Hollywood-dominated global feature film industry. Indeed, in a difficult economic climate, attracting large-budget, internationally-oriented screen productions has become a priority for many governments around the world, as these are considered not only to generate domestic investment and employment but also to stimulate the domestic film industry and strengthen its infrastructure. As Jones and Smith (2005: 926) argue,

> While the concern of many countries outside America to tell their own cultural stories on film has been long-running, the increasing prominence of creative industries in economic development policies has given new urgency and importance to the negotiation of the relationship between Hollywood and smaller local industries.

Given its success with *The Lord of the Rings* (LOTR) trilogy and more recently with *The Hobbit*, New Zealand provides a very strong example and thus an effective, revealing national case study through which to analyse the relationship between the global phenomenon of increasing competition between countries to host foreign-financed film productions and the interplay with the domestic film industry in those host countries. Although this global development is increasingly relevant for research into contemporary media industries, it has been under-explored in academic work.

The third rationale for this study is to address a common (international) criticism of media and/or culture scholars by people who work in the media and cultural industries, that these have neglected, if not ignored, "the industrial and commercial imperatives" in which such industries operate (Stokes, 2003: 100). For many years, as Wasko (2014: 22) explains, "it was rare to find any kind of political economy or interest even in the [screen] industry itself, in the economics and the business by film/media scholars. The interest was

[2] There are intrinsic policy tensions between cultural and economic objectives.

mainly in the text and then in audiences”.[3] Agreeing with Wasko, Garnham (cited in Cunningham, 2002: 5) called commercialism the “blind spot” of cultural analysis:

> Most people’s cultural needs and aspirations are being, for better or worse, supplied by the market as goods and services. If one turns one’s back on an analysis of that dominant cultural process, one cannot understand either the culture of our time or the challenges and opportunities which that dominant culture offers to public policy makers.

The political economy field’s initial response to these issues was, on the one hand, structural analysis in relation to cultural imperialism and, on the other, the examination of the imbalances in cultural flows. Both approaches sometimes lacked reference to institutional detail. Accordingly, this thesis examines neither texts nor audiences, but aims instead to use institutional, policy and ‘value chain’ analyses of feature films as a way to extend and develop existing political economic understandings and arguments about feature filmmaking and its industries.

Setting the Scene: National Cinema and New Zealand-Domiciled Feature Films

Providing a comprehensive definition of ‘New Zealand films’ is intrinsically problematic and depends on a range of value criteria. Such is the dispute and debate around this issue that recognised academic and government professionals disagree about what a ‘New Zealand film’ might be. For instance, New Zealand academics Zanker and Lealand (2009: 156), consider that “in terms of the norms of national cinema, [*LOTR*] is *not* a New Zealand film” (original emphasis). On the other hand, ex-NZFC CEO, Graeme Mason, affirmed that *The Hobbit* is considered to be a New Zealand film because “it is written, directed and produced by New Zealanders” (Mason, 2013). Given the contested nature of this issue,[4] the aim of this research project is not to provide a definition of what a ‘New Zealand film’ is considered to be, but to analyse the different kinds of productions that constitute the contemporary New Zealand feature film industry.

---

[3] I acknowledge that there is more scholarship in the USA and Australia than these authors seem to claim. However, this thesis focusses on how these industrial and commercial imperatives play out in the much smaller market of New Zealand. Therefore, making any direct comparisons is challenging.
[4] What constitutes a NZ film varies in terms of policy across the three tiers.

Many countries and scholars have deployed the term ‘national cinema’ as one way to resolve the challenges of definition. However, as Higson (1989: 36) argues, “there is not a single universally accepted discourse of national cinema”. The term has most often been used to describe films produced by and within a particular nation-state (Higson, 2002: 52). However, this definition raises many questions, because in the globalised Twenty-first Century the cinematographic boundaries of states and nations are not always easy to define (Babington, 2007: 16). Contrary to what the term ‘nation-state’ implies, the words ‘state’ and ‘nation’ are not always directly synonymous. In international relations, as well as in the context of international film festivals, the most important unit tends to be the state – the possession of statehood – rather than the nation (Brown, 2001: 3-4).

Consequently, because the concept and discourse of ‘national cinema’ might be ambiguous in an era of increasing internationalisation for high-end screen production, a new term has been created in the context of the New Zealand feature film industry. Dunleavy and Joyce (2011: 20) coined the term ‘New Zealand-domiciled’ to “describe productions whose conception, narratives, financing, development, and completion are centred upon New Zealand culture, creative personnel and institutions”. Using this alternative rather than the contested term ‘national cinema’ allows for a clearer differentiation between the foreign-financed screen productions undertaken in New Zealand, for example *The Hobbit*, and domestically-financed feature films, such as *Boy*, whose public funding requires them to pursue some New Zealand-specific objectives. Although this differentiation constitutes a useful framework through which to explore potential industrial and policy implications associated with feature film production, the research objectives pursued by this thesis (developed below) required a more nuanced categorisation of the film productions that constitute the contemporary New Zealand feature film industry.

A Three-Tier Feature Film Production Structure

In New Zealand, the categorisation of feature films according to a three-tier structure was first outlined in 1984 by Jim Booth, the then NZFC executive director. Booth proposed that three different tiers of feature films could be produced in New Zealand (Dunleavy and Joyce, 2011: 84-5). The bottom-tier would be small budget films with a stronger proportion of NZ content, for which the NZFC would be the main investor. The middle-tier would consist of medium budget films, including foreign co-productions. Finally, the top-tier would comprise large-scale productions financed in Hollywood, in which the NZFC was envisaged as having little involvement, with crucial managerial and creative decisions tending to be made overseas. However, Booth did not elaborate on the distinguishing factors, such as the sources of capital investment, between these three-tiers. Therefore, this thesis aims to extend and develop this area of examination, especially in relation to the institutional and policy dimensions of feature films produced in New Zealand.

Thirty years on, Booth's distinction between this three-tier structure is more relevant than ever, not least because all three of these tiers have "become regular categories for New Zealand-produced features" (Dunleavy and Joyce, 2011: 85). In fact, as will be argued in the conclusion, the institutional relations embedded through those structures have proven essential, regarding both the creative process and its industrial response, for generating and sustaining a feature film industry in a small English-speaking country, such as New Zealand.

Research Questions

Following the research rationales outlined above, and in view of the overall objective of this research project to explore how and why New Zealand, a small English-speaking country, has been able to produce internationally successful feature films, this thesis pursues the following key research questions:

- What are the functions and characteristics of, as well as the relationships between bottom-, middle- and top-tier films as the three categories into which New Zealand feature film production can be divided?
- What does a 'value chain' analysis of exemplar films produced within these different tiers reveal about the kinds of challenges and opportunities that the New Zealand feature film industry is currently facing?

The first question aims not only to elaborate on the distinguishing factors of the three kinds of productions that constitute the New Zealand feature film industry, but also to examine in what ways these three-tiers are interconnected with and influenced by each other. The second question entails an investigation of, and emphasis on, the 'value chain' structure of feature films, with the aim to identify and examine characteristics and industry contributions of each production tier, the interconnections and differences between the tiers, and their respective functions within the institutional field of New Zealand feature filmmaking.

To address these questions, the study draws on archival research and expert interviews with key personnel in industry and state agencies. Archival research included both primary and secondary data, such as books and academic articles, relevant legislation, policy documents and reports, newspaper reports and news, trade journals, magazines, and statistics produced by government departments and regulatory agencies. The semi-structured interviews conducted included New Zealand producers, marketing and distribution professionals, entertainment lawyers and members of several public institutions (for more details on methodology, see Chapter 3).

Scope of the Thesis

Following a qualitative research approach, this thesis deploys an institutional political economy of communication perspective. However, this study is interdisciplinary, insofar as the research questions pursued engage with and involve academic literature emanating from several disciplines, not only from media and/or film studies. For instance, literature from management studies was used for examining the notion of 'value chain' within a feature film industry,[5] whereas publications pertaining to the field of cultural economics and cultural policy proved useful not only for exploring the economic organisation of the cultural sector, but also for understanding and analysing the behaviour and priorities of actors within the cultural sector, such as producers and governments. The analysis of consumer behaviour is beyond the scope of this thesis. It is hoped that the

[5] The notion of 'value chain' is also part of the conceptual framework that industry actors use to make sense of their own practices and markets.

interdisciplinary nature of the present research will make a useful contribution to a wide range of scholarly fields, including institutional political economy, media economics and literature on feature film production, especially in small countries.

Thesis Structure

The thesis consists of seven chapters and a conclusion. In sum:

Chapter 1 examines the theoretical framework that informs and underpins this research. It contextualises the significance of the research and presents the rationale for applying an institutional political economy of communication approach with the cultural industries as object of analysis.

Chapter 2 reviews existing literature on the international feature film industry, including exploring the historical, technological, social, cultural and economic dimensions of motion pictures. It also introduces and examines two key conceptual issues relevant to the arguments of this thesis, one being the three-tier structure, and the other, the examination of feature films through a 'value chain' rationale.

Chapter 3 presents the methodology used to answer the thesis' two research questions. It outlines the qualitative research paradigm and provides detail of the multiple case study strategy, along with the use of archival research and semi-structured interviews for data collection.

Chapter 4 explores the historical, cultural, political, economic and institutional dimensions that constitute the New Zealand feature film industry. It then provides a categorisation of New Zealand-produced feature films according to the three-tier structure introduced in Chapter 2. The chapter also defines and applies the 'value chain' concept in the New Zealand context.

Chapter 5 provides an analysis of bottom-tier feature films in New Zealand. It outlines the characteristics of these productions and their benefits for the New Zealand feature film industry. It then examines and compares three bottom-tier case studies in respect of the relevant 'value chain' processes.

Chapters 6 follows the same structure as Chapter 5, but instead focuses on middle-tier productions.

Chapter 7 presents the top-tier case study of *The Hobbit*, which stands out from the other films for its complexity as a filmmaking project and also for its range of characteristics as a large-budget, foreign-financed and internationally-oriented production. As such, *The Hobbit* has triggered some heated debate within New Zealand, some of which is reflected in the discussion of the potential impact and influence of top-tier productions in the context of small sovereign countries.

Finally, the last chapter concludes this thesis by outlining its contributions to theory, implications for policy and, in acknowledgement of its limitations, how this study could be developed further.

Chapter 1 - Theoretical Framework

Introduction

Having introduced the aims and scope of the thesis in the previous chapter, this chapter provides the theoretical framework that will inform and underpin its research. The function of this chapter within the overall thesis is twofold. First, it aims to provide the background information required to contextualise the significance of the research and to present a critical review of existing theory and previous studies. Second, the chapter will reveal the ways in which these theories are applicable to the cultural and economic environments under study in this thesis.

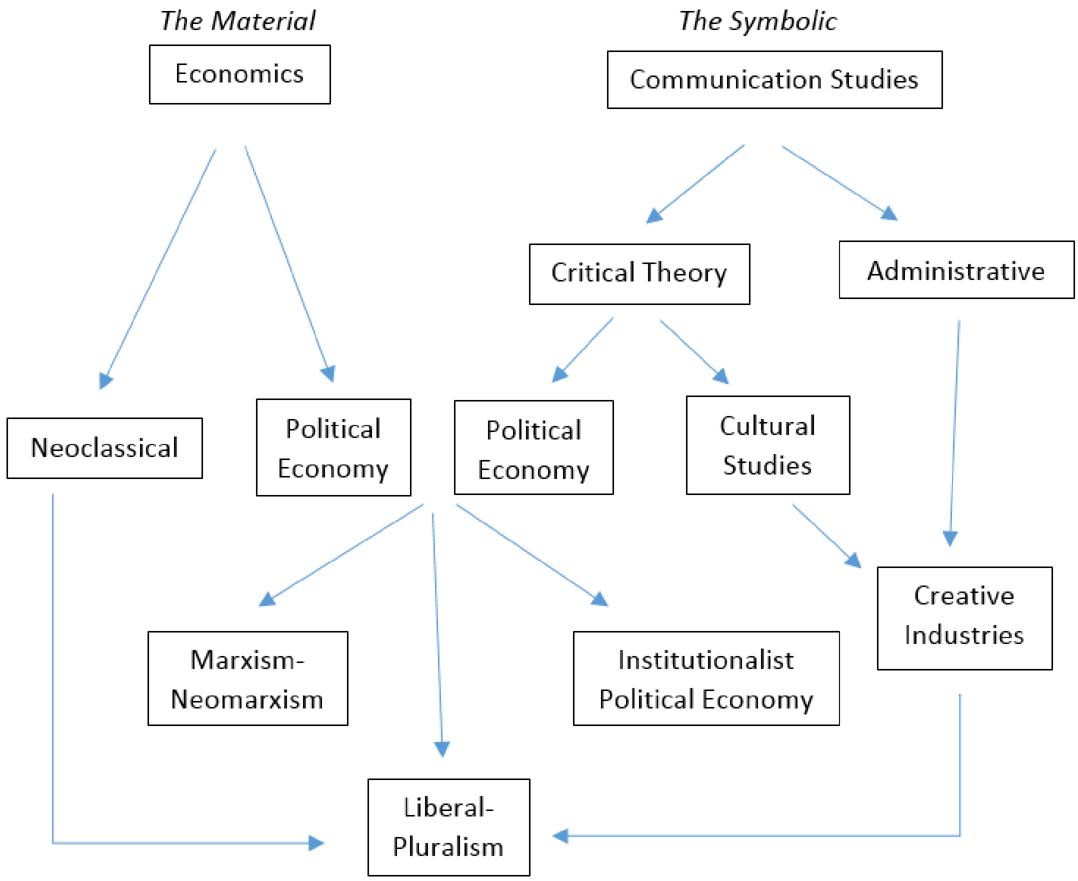
To achieve these objectives, the chapter is organised in the following way. First, the political economy approach is presented, offering a non-definitive model about its position between the economics and communication studies disciplines. Then, the main characteristics of political economy are explained, followed by the specificities of the 'political economy of communication studies' tradition and a brief review of previous studies using this approach. Second, three main perspectives on political economy – Liberal-pluralism, Marxism and Institutionalism – are examined so as to help frame a context for the critical approach of 'Institutionalism' that underpins and is most relevant to this thesis. Third, a 'cultural industries' perspective is examined in acknowledgement of its centrality to a thesis that takes the New Zealand feature film industry as its research object. Fourth, the chapter offers a summary of the macro-structure of cultural industries, the notion of cultural diversity and the influences of international trade agreements. Finally, the concepts of governance, regulation, policy and policy-making are examined, with a focus on information, cultural and media policy.

1.1. The Political Economy Approach: Between Economics and Communication Studies

Political economy is, in the narrow sense, "the study of the social relations, particularly the power relations, that mutually constitute the production, distribution, and consumption of resources, including communication resources" (Mosco, 2009: 2). By focusing on "how the communication business operates", this definition leads scholars "to examine, for example, how communications products move through a chain of producers, such as a Hollywood film studio, to distributors, and, finally, to consumers in theatres or in their living rooms" (ibid.). A more general definition of political economy is "the study of control and survival in social life", understanding control as "a *political* process because it shapes the relationships within a community", and survival as "mainly *economic* because it involves the process of production and reproduction" (Mosco, 2009: 3; original emphasis).

The political economy approach is a sub-field employed in both the economics and communication studies disciplines (Babe, 2010). While those scholars grounded in economics tend to focus on the treatment of the material (economy), those pertaining to communication studies gravitate more towards the symbolic (culture) (ibid.). Nevertheless, Babe argues that the political economy approach, which aims "to analyse the nature, sources, uses, and consequences of power, whether economic, political, communicatory, or otherwise", melds the material and the symbolic in one theoretical approach uniting these two disciplines (Babe, 1995: 51). Although there are several ways of categorising academic traditions, Figure 1.1 illustrates one way of conceptualising (non-definitive model) the typology of economics and communication studies from this perspective.

Figure 1.1: *Typology of Economics and Communication Studies*



Source: Own elaboration adapted from Babe (1995; 2010) and Mosco (2009).[6]

At first, one might detect some similarities between these two disciplines, with "the seller in the 'market'" (economics) being similar "to the message source or sender" (communication), and "the commodity flowing from buyer to seller" (economics) being comparable in the way "messages…link sender and receiver" (communication) (Babe, 1995: 59). However, there is one fundamental difference between these two disciplines: "communication researchers…agree that the act of communication entails the exertion of influence" (ibid.: 60), because commodities – be they manufactured materials or audiovisual products – are considered to be "message carriers" (ibid.; see also Hesmondhalgh, 2013).

[6] The classification of academic theories and traditions can be contested. Winseck (2011), for instance, suggests that the creative industries school originates from institutional political economy rather than liberal-pluralism, as suggested here. His approach is, however, closer to the new institutional economics (linked to neoclassical theory) rather than Veblenian institutionalism. Therefore, I propose that the creative industries school, which is aligned to popular cultural studies and tends to neglect structural power, is linked to liberal-pluralism.

Generally, as we can see in most commercials, consumer goods are "symbolically endowed by their manufacturers with 'magical' properties that will…alleviate or resolve the most perplexing existential needs of users" (Babe, 1995: 60). Conversely, the mainstream economic approach sees the market in perfect competition when there is absence of communication, because it is accepted that "no seller exerts any influence on any buyer or other seller" (ibid.: 61). Typically being concerned about "how media industries and companies can succeed [and] prosper", mainstream media economics tend to reinforce and celebrate "the status quo media system", with most studies being descriptive ('what is') "rather than critical" ('what ought to be'), the latter being adopted by political economists (Wasko, 2008: 18). From a 'communications' perspective, nevertheless, communication means "interdependence, influence, and control" (Babe, 1995: 62), which gives way to political economy.

Characteristics of Political Economy

According to Mosco (2009), four qualities characterise the political economy approach. First, political economy aims to understand "social change and *historical* transformation" (ibid.: 3, original emphasis). Second, it is interested in "the *totality of social relations* that make up the economic, political, social, and cultural areas of life" (ibid.: 3-4, original emphasis). Third, political economy is committed to "*moral philosophy*" (ibid.: 4, original emphasis), not only being understood as engaging in "moral questions of justice, equity and the public good" (Murdock and Golding, 2005: 61), but also being in favour "of extending democracy to all aspects of social life" (Mosco, 2009: 4). In other words, the political economy approach recognises that scholars are "social beings who make moral judgements" (Mosco, 1996: 133).

Finally, political economy is deeply committed to "*social praxis*" – the "unity of thinking and doing" of research and social intervention – by viewing intellectual life as "a means of bringing about social change and social intervention as a means of advancing knowledge" (Mosco, 2009: 4; original emphasis). In sum, political economy examines "social relations and social outcomes in their fuller context, considers how they have developed historically, evaluates them according to standards of social justice, and acts to bring about a more just and democratic world" (Mosco, 1999: 104).

Political economy is particularly interested in understanding "power[7] as embedded in markets and institutions" (Mosco, 1999: 104), which denotes "the study of the economy as a system of power" and society as undergoing continual change to explain who gains, who loses, and who decides in the local and global media sphere (Babe, 1995: 71). A common area of study in political economy research is the analysis of the relationships between political, economic and media power, "especially those relationships that involve the state" (Wasko, 2008: 16), in order to reintegrate the polity (legal/governmental processes) and the economy (business/financial affairs) (Babe, 1995). The state is not seen as an independent and neutral entity, but "as a forum within which major economic interests exercise considerable power and influence" (Boyd-Barrett, 1996: 191). Political economy also considers structures not as rigid formats, but "as dynamic formations which are constantly reproduced and altered through practical action" (Murdock and Golding, 2005: 63).

The Political Economy of Communication

Political economists in the communication studies tradition are interested in studying communication and the mass media as commercial and capitalist industries, "which produce and distribute commodities" (Golding and Murdock, 1997: 3). Therefore, because they are interested more in the context and conditions of cultural production rather than focused on the meaning of texts, they "question the justice of the current distribution of communicatory power", and analyse the consequences of the notion that cultural firms themselves are subject to economic logics (Babe, 1995: 64). The media are seen as having two economic roles: namely as "creators of surplus value through commodity production and exchange", and "through advertising, in the creation of surplus value within other sectors of commodity production" (Garnham, 1996: 219). Even though the cinema receives limited revenue from advertising – primarily at the exhibition part of the value chain, it is still vulnerable to the general economic environment, firstly because a worsening financial situation "increases production costs and therefore sales prices, and secondly because spending on luxury items such as…cinema seats is likely to be reduced" (Murdock and Golding, 1973: 206).

[7] Already in 1969, Schiller described the quintessence of power as "the fusion of economic strength and information control" (Schiller, 1999a: 98).

By examining “the role of power in the production, distribution, and exchange of mediated communication” (Mosco, 1999: 104), the political economy of communication becomes significant due to the impacts of far-reaching changes to the global media environment, including “liberalization, privatization, and deregulation” (Sussman, 1999: 86). As it aims to understand “the relationships of power, control of resources, and interplay of interests” (Thompson, 2011: 1), political-economic approaches to media research generally have as their main objects of analysis media institutions, technologies, the structure of the markets, patterns of ownerships and society (Winseck, 2011: 11). When applied to the media, a political economy perspective also accepts that the political and ideological domination of the mass media is generally executed through economic means (Garnham, 1996: 219).

Previous Studies Using a Political Economy of Communication Approach

Drawing on the political economy of communication tradition, a wide range of themes has been examined. These have included historical analyses of media, the evolution of mass communications as commodities, issues relating to international communication and globalisation, interrelationships between media power and state power, as well as issues relating resistance and opposition within media companies, especially in relation to labour and the working class (for overviews, see Mosco, 2008; 2009 and Wasko, 2008).

Political economy of communication scholars have taken a special interest in the consequences of media concentration, commercialism and convergence (Christopherson, 2011; Murdock and Golding, 2005; Wasko, 2003), as well as in the power relations that establish the exchange of resources (Mosco, 2008; 2009). Other political economy of communication scholarship has included an interest in global issues, such as media development, cultural imperialism and capitalism (Schiller, 1999b; Sparks, 2007; Wasko, 2008; 2011). Policy-making in public institutions and the blurred distinction in government activity between public and private has been given particular attention by scholars such as Braman (2003; 2004), Freedman (2006a; 2006b; 2008) and Mosco (2008). How the communications spectrum is being corporatised by prioritising the private sector and diminishing the public dimension has also been areas of study for political economy of communication researchers (Boyd-Barrett, 1996; Mosco, 1999; Murdock and Golding, 1999; Sussman, 1998; 1999). More recently, scholars have analysed Hollywood’s global dominance in political economic terms (Miller et al., 2005;

Wasko, 2003), as well as the business strategies used to restore their profitability after the recent recession (Balio, 2013; Wasko, 2011).

1.2. Political Economy Approaches: Liberal-Pluralism, Marxism, and Institutionalism

When taking a political-economy approach, researchers can explore the relations between media, politics, society, and economics from different perspectives, the leading ones being liberal-pluralism, Marxism, or institutionalism (see Babe, 1995; Mosco, 1996; 2009). Winseck (2011) argues for 'cultural industries' as the fourth most influential perspective on political economy. The importance of this cultural industries perspective (see next section) to this thesis derives from its direct relevance to the object of analysis: the New Zealand feature film industry.

Common to all four of the above perspectives (or critical 'schools') is an acceptance that the development of technologies is part "of the struggle for power – not only of humanity over nature, but also of some people, firms, and nations over others" (Babe, 1995: 82). Although all four political economy schools incorporate "considerations of conflict, power, and dynamic change" (ibid.: 72) and take "as axiomatic that the media must be studied in relation to their place within the broader economic and social context" (Winseck, 2011: 4), there are also significant differences between them.

The liberal-pluralism approach (also including neo-liberalism) was the first to be developed under the political-economic thought. Scottish economist and philosopher Adam Smith can be considered the pioneer of such liberal theory with his 1776 book *The Wealth of Nations* (Murdock and Golding, 2005). In this, he described how the 'invisible hand' of markets – a self-regulating mechanism – is able efficiently to manage competitive markets in a way to ensure the collective public interest by providing the best goods at the lowest price, so as to maximise the general welfare (Evensky, 1993; Wyatt-

Walter, 1996).[8] Assuming conditions of freedom, individuality, rationality, perfect information, perfect competition, zero transaction costs and economic nationalism (Babe, 1995; Mosco, 2009), it is argued that Smith's competitive markets "turn private vices of greed and envy[9] into the public virtue of economic prosperity for all – into a veritable 'wealth of nations'" (Babe, 1995: 73). Today's neoconservatives argue that in case of market failure, regulations can make matters worse through their capacity to distort market efficiency (Winseck, 2011: 19). However, some contemporary liberal political economists recognise the darker side of competition, and thus advocate for government regulation to discourage monopolistic behaviour and help redress social inequalities (Babe, 1995).

The liberal-pluralism school of thought – broadly corresponding to classical political economy, which includes the two wings of the neoclassical school, conservatives and liberals (Winseck, 2011: 17) – does not assess consumer tastes and preferences, because cultural goods and services are considered to be commodities that are "produced and purchased in the marketplace to satisfy *preexisting* tastes and preferences, not as factors which through use might alter consumer wants and desires" (Babe, 2010: 14-5; original emphasis). Therefore, information and communication are treated as 'price inert' and as a mere commodity exchange (Babe, 1995). In fact, for neoclassicists, the scarcity of information is considered "a delusion" (Winseck, 2011: 17). In the last half of the Nineteenth Century, this "classical political economy became economics" (Mosco, 2009: 45). Even though the liberal-pluralism approach is not deployed in the present study, some liberal concepts, such as 'residuals', 'public goods', and 'opportunity cost', are used to illustrate the workings of the value chain. Because film industries operate both internationally and under economically liberal terms and frameworks, it is necessary to use such terminology in order to explore and better comprehend the nuances of the film business from both artistic (filmmakers) and business (public institutions/investors) perspectives.

---

[8] Mosco (2009) criticises that Smith's main arguments have been generally oversimplified by his critics. Evensky (1993), for instance, describes the foundation of Smith's classical liberal vision as based on ethics and moral sentiments.

[9] Smith defended the notion of self-interest over benevolence: "It is not from the benevolence of the butcher, the brewer or the baker, that we expect our dinner, but from their regard to their own interest" (cited in Mosco, 2009: 39).

The second school of thought within a political economy approach is Marxism, also known as the radical critique or critical political economy (Mosco, 2009; Winseck, 2011), which basically shifts "attention from the realm of exchange to the organisation of property and production" (Murdock and Golding, 2005: 62). Two books, among others, have set the foundation for this school of thought: *Das Kommunistische Manifest* (Marx and Engels, 1848) and *Das Kapital* (Marx, 1867), both written by German philosopher and economist Karl Marx (Babe, 1995).

Marx offered a critique of the political economy of capitalism, arguing that there is a conflict of interest due to the unequal relationships of the economy – the proletariat being exploited and oppressed by the ruling class who control the means of production (Mosco, 2009), which leads to an unequal distribution of wealth, creating an unsustainable capitalist system.[10] While Marxism accepts that consumers are making choices, it also points out that they can only "do so within the limits set by wider structures" (Murdock and Golding, 2005: 62). The base/superstructure model of Marxism states that the mass media are ideological tools of ruling class control, either through direct ownership or via control of the state (Boyd-Barrett, 1996: 189). Therefore, the elites, who are only motivated by profit and power, control the mass media through the "'false consciousness' of the proletariat" (ibid.), and use them to reproduce existing inequalities between the social classes (Babe, 2010), failing to serve the general public interest (Herman and Chomsky, 1988). As Winseck points out, one of the main weaknesses of this view is seeing "media industries as a giant pyramid, with power concentrated at the top", without considering key players, market structure, and "the pervasive role of uncertainty across all levels of the media" (2011: 23-4; see also Bustamante, 2004).

Theodor W. Adorno, German sociologist and philosopher and leading member of the Frankfurt School[11] of critical theory (Babe, 2010), is known for developing a critique "of the political economy of the culture industry developing Marx's ideas about capitalist modes of production and the commodity form" (Cook, 1996: xiii). Through mass

[10] As some contemporary economists have pointed out when analysing the current economic crises (2008 onwards), there are enough reasons to argue that the current financial instability of the capitalist system is partly due to the accumulation of wealth in few hands (Navarro et al., 2011).

[11] Other theorists are Max Horkeheimer, Herbert Marcuse, Leo Löwenthal, and Erich Fromm (Kellner, 2007).

distribution and low-priced replication, Adorno argued that mass culture is “seen as a system of indoctrination and propaganda” (Babe, 1995: 75), which deprives individuals “from coming to consciousness of themselves as subjects” (Cook, 1996: 3; see also Babe, 2010). Developed by the Frankfurt School, this became one of the first accounts within a “critical and transdisciplinary approach to cultural and communication studies, combining critique of political economy of the media, analysis of texts, and audience reception studies of the social and ideological effects of mass culture and communications” (Kellner, 2002: 32). Two of its key critical theorists, Adorno and Horkheimer, coined the term ‘culture industries’ to represent “the industrialization and commercialization of culture under capitalist relations of production” (Kellner, 2007: 49). Basically, the culture industries are seen as “providing ideological legitimation of the existing capitalist societies and of integrating individuals into the framework of its system” (Kellner, 2002: 32). In other words, identity and cultural expression – “the creative act of the artist” – is seen as restrained by the logic of capital and industry (Schatz, 2014: 41).

Although the Marxist framework remains relevant to a wide range of macro-level contemporary issues, such as “understanding how market and regulatory pressures are articulated through media behaviour”, institutionalist theory is required “to avoid the assumption of overly uniform or deterministic structural forces” (Thompson, 2011: 2). As Thompson argues, “the theoretical challenge here is to ground critical political-economic analysis in empirical specifics while linking institutional-level phenomena to macro-structures” (ibid.).

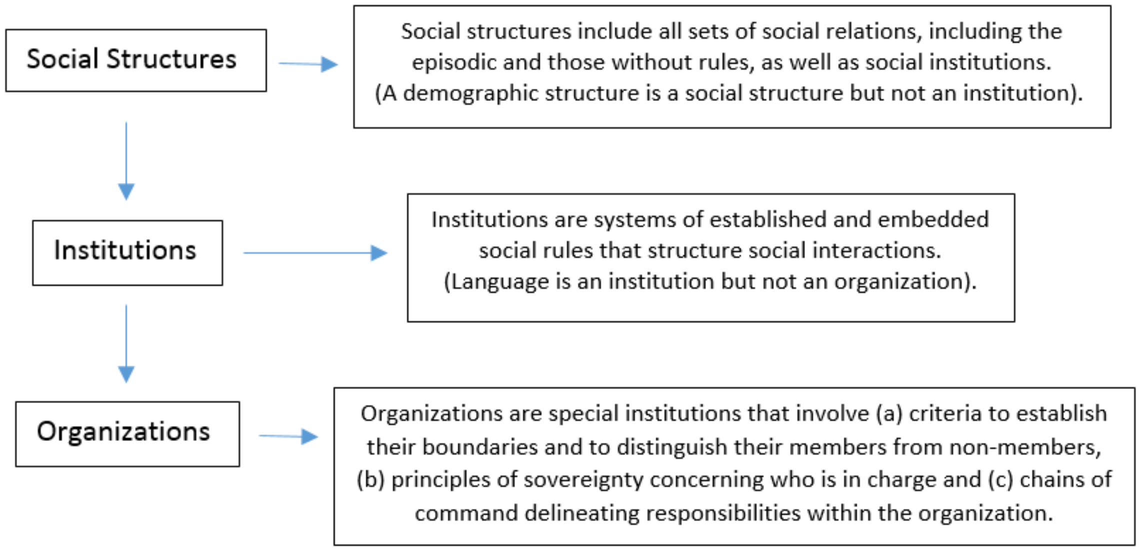
From the work of Veblen (1899)[12] and Schumpeter (1942) evolved the third political economy school of thought – institutionalism. This “meso-level” media analysis approach (Thompson, 2011: 2) offers an “holistic point of view” (Mosco, 2009: 52) in arguing that human social institutions – both the economy and society – are neither fixed nor monolithic, but ‘evolve’ (Lewis and Steinmo, 2012) by “undergoing continual and cumulative change” (Babe, 1995: 75). Thus, institutional “interests are shaped contextually” over time in relation to their “roles, interactions with other institutional agents, and their negotiation of macro-level forces” (Thompson, 2011: 3).

[12] Babe (1995; 2010) indicates that the work of Thorstein B. Veblen (1857-1929) and John R. Commons (1862-1945) set the foundation for institutionalism, which was then carried to the present by scholars such as Harold Innis, Clarence Ayres, and John Kenneth Galbraith.

Institutionalism also criticises the liberal notion that markets naturally gravitate towards efficiency and equilibrium, because it not only refuses the neutrality of money and markets as an "institution-free beginning" (Hodgson, 2007a: 326), but also recognises that the economy is populated by powerful and large institutions that frequently conflict (Babe, 1995). In other words, "the production, distribution and exchange of goods and services" is not maintained by the market, but by "the organizational structure of the economy" (Mosco, 2009: 52). Whereas institutionalism can agree, although for different reasons, with Marx's idea of the unsustainability of capitalism, it disagrees with Marx's class system analysis, because conflict is perceived as happening both within and between classes (Babe, 1995: 75). As Schumpeter (2000) argued, it is innovation and entrepreneurship that drive markets, rather than an 'invisible hand' or the elites. Institutional theory also points out that "neither rationality nor common sense [inform] consumer choice", but instead that decisions are made on the basis of irrationality (Mosco, 2009: 52). The terms 'conspicuous consumption' or 'false consciousness' describe this "lack of awareness of objective self-interest" (Tilman, 2004: 106). Therefore, commodities are not only sought out "for their utilitarian value", as argued by liberalists, but also "for their capacity to signal wealth and attract prestige" (Babe, 1995: 64).

Veblen recognised institutions ("habits of thought") as entities able to explain societal change (Babe, 1995: 64). By placing them at the centre of his analysis, Veblen explained social action by reference to institutional agents, which would apply here to being "policy makers/regulators and media executives" (Thompson, 2011: 3). The term 'institution' has created considerable controversy in academic literature (Corner, 1999; Douglas, 1987; Flew, 2007; Hodgson, 2006; 2007b; Scott, 1995). Institutions are important because they "have been the central organizational form of capitalist modernity in the 20th and early 21st centuries" (Flew, 2007: 43). Hodgson (2007b: 96) suggests three key terms that create the framework within which individuals and structures relate to each other (see Figure 1.2).

Figure 1.2: *Social Structures, Institutions and Organisations*



Source: Own elaboration, adapted from Hodgson (2007b).

Institutions,[13] in this vein, are "a subset of the set of social structures", while organisations are "a subset of the set of institutions", and every business firm is "simultaneously an organization, institution and structure" (Hodgson, 2007a: 96). For the purpose of this study, the focus of analysis is on 'institutions', the most general form of social structures,[14] which "both regulate individual conduct and enable collective action" (Flew, 2007: 44). Cinema can also be considered an institution. According to Dunleavy and Joyce, Corner's explanation of television as an institution "is equally applicable to cinema" (2011: 19):

> Television, unlike poetry, say, cannot exist *non*-institutionally since even its minimal resource, production, and distribution requirements are such as to require high levels of organisation in terms of funding, labour, and manufacturing process… Institutions act to interconnect funding, product, and use because of the strategic play-off between their investment in specific projects at the levels of station, channel, and programme and their need to gauge audience responses correctly enough to make these projects, and products, viable at a given level of production cost. (Corner cited in Dunleavy and Joyce, 2011: 19).

In other words, Corner's definition explains the range of elements that form the 'institutional ecology' or 'institutional environment', which reveals what Dunleavy and

---

[13] Big corporations, defined by Raymond Williams as "extra-parliamentary formations of political and economic power", are financial institutions (cited in Babe, 2010: 29).
[14] Social structures are also the actual relationships between institutions.

Joyce (2011: 19) explain as “the ‘brokerage’ function of institutions in enabling and instigating screen production by providing the systemic linkages between investors, production companies, creative personnel, exhibition outlets and envisaged audiences”. Accordingly, the terms ‘institutional ecology’ and ‘institutional environment’ are both useful to this study.

In summary, an ‘institutional’ political economy of communication perspective is chosen for the current project because it allows the examination of contemporary media as the products of capitalist industries and attempts to provide a critical holistic analysis of their relationships with their institutional, political, cultural, and economic environments.

1.3. The Cultural Industries School

As previously mentioned, the cultural industries approach was developed in the context of the Frankfurt School in the late 1970s, although it has developed “from different strands of political economy” (Winseck, 2011: 29). This school considers the artefacts of cultural industries as having “the same features as other products of mass production: commodification, standardization, and massification” (Kellner, 2002: 32). In the Twenty-first Century, and partly due to the proliferation and penetration of new and global communication technologies, the cultural industries are as much in the centre of economic activity and profitability as any other manufacturing industry (Fitzgerald, 2012; Hesmondhalgh, 2007). In capitalist markets, the cultural industries produce, reproduce, distribute and sell “symbolic creativity” (Hesmondhalgh, 2013: 8) – cultural products and services such as art, entertainment or information (Stokes, 2003). This process has been described by some scholars as the ‘commodification of culture’ (Schiller, 1994), because it involves “transforming objects and services into commodities” for economic exchange (Hesmondhalgh, 2013: 69).

Some contemporary cultural industry businesses are important global corporations that are generally not specialised in one single industry, but simultaneously compete across a wide range of different cultural industries, such as recording, publishing, television and film, which are circulated, borrowed and adapted across national borders in order to reduce commercial risk (Fitzgerald, 2012; Hesmondhalgh, 2013; Power and Scott, 2004). Be they profit-making companies, state organisations or non-profit organisations, the cultural industries can be defined as those institutions that are "directly involved in the production of social meaning… [and] deal primarily with the industrial production and circulation of texts" (Hesmondhalgh, 2013: 16). Therefore, for the purpose of this thesis, I adopt Hesmondhalgh's view that the term 'cultural industries'[15] includes all media such as "television (cable and satellite), radio, the cinema, newspaper, magazine and book publishing, the music recording and publishing industries, advertising and the performing arts" (ibid.).[16]

Relevant scholars (Babe, 1995; Castells, 1996; Fitzgerald, 2012) have extensively argued that we have moved from an 'industrial society' to a 'knowledge-driven economy' or the 'information age', where the role, influence and commodification of culture, information and knowledge has exponentially increased in social and economic life. This academic move has incentivised a shift in terminology from 'cultural industries' to 'creative industries', with "implications for theory, industry and policy analysis" (Cunningham, 2002: 1). Initially, the 'creative industries'[17] idea was promoted by Tony Blair's New Labour in 1997 having as a precedent the Australian Labour government's 'Creative Nation' initiative of 1994 (Garnham, 2005; Hesmondhalgh, 2007; Rodríguez-Ferrándiz, 2014). According to the Creative Industries Task Force Mapping Document in the UK (CITF, 2001), the creative industries are "activities which have their origin in individual creativity, skill and talent and which have the potential for wealth and job creation through generation and exploitation of intellectual property" (cited in Cunningham, 2002: 1). The adoption of this new term was "a way for cultural policymakers… to legitimise their concerns at the national level" (Hesmondhalgh, 2013: 174).

---

[15] Media products or media industries are therefore a sub-field of cultural industries. Bolin (2011: 8), however, suggests that the term 'cultural industries' implies "a cultural dimension of the industrial production", and instead recommends the term 'culture industries'.

[16] For further discussion of the term 'cultural industries' see Banks et al., (2000), Garnham (1990), Golding and Murdock (2000), Hesmondhalgh (2013) and Schiller (1989).

[17] The term 'creative industries' includes "advertising, architecture, art and the antiques market, crafts, design, designer fashion, film, interactive leisure software, music, the performing arts, publishing, software, television and radio" (Schlesinger, 2009: 16; see also Caves, 2000; Iosifidis, 2011). According to Schlesinger (2009: 16), the term 'creative industries' is not a concept by itself, because it is only an "arbitrary grouping of diverse cultural, communicative and technological practices".

While 'creative industries' policy is established on "an artist-centred, supply-side cultural support policy" (Garnham, 2005: 27), a 'cultural industries' policy is "audience-orientated…[focused on] infrastructural support" (Hesmondhalgh, 2013: 175). Consequently, the concept of 'creative industries' emphasises "*individuals* as creators and it subordinate[s] culture to economics" (Schlesinger, 2009: 16; original emphasis), following neo-liberal ideas "on the exploitation of intellectual property" (Garnham, cited in Hesmondhalgh and Pratt, 2005: 4). The core idea behind the shift in terminology from 'cultural industries' to 'creative industries'[18] was the belief that "protecting and promoting cultural policy by linking the arts to the economic and social benefits of a wider sector that included growing commercial industries" would contribute to the country's overall economic growth (Hesmondhalgh, 2013: 177), because it would highlight the country's "export profile and international branding" (Cunningham, 2002: 2).

In other words, 'creative' rather than 'cultural' is "an attempt by the cultural sector and… community to share in its relations with the government, and in policy presentation in the media, the unquestioned prestige that now attaches to the information society and to any policy that supposedly favours its development" (Garnham, 2005: 20). Cunningham's gentle criticism of Hesmondhalgh's work on 'cultural industries' points out that new developments are diminishing "the relation between the commercial and non-commercial… in that notion of the cultural industries", in particular because new dynamics of do-it-yourself (DIY) and participatory media are emerging, "most of which…[are] non-monetised, not-for-profit domain[s]" (Cunningham, 2007: 3). Consequently, Cunningham argues that the term 'creative industries' is more suitable.

In combination with its institutional political economy of communication perspective, this thesis will apply 'cultural industries' questions and considerations to its industry of focus: the New Zealand feature film. Basically, this approach sees the cultural industries "as complex value chains where profit is extracted at key nodes in the chain through control of production investment and distribution" (Caves, cited in Garnham, 2005: 20). Additionally, 'cultural' labour is seen not as exploited through wage

[18] Cunningham (2002: 5-6) explains that the notion of 'cultural industries' has been "developed for nation states and around the cultures of nation states", whereas 'creative industries' are "less national, and more global and local/regional".

bargaining processes, as Marxists would argue, but rather by the development of "contracts determining the distribution of profits to various rights holders negotiated between parties with highly unequal power" (Caves, cited in ibid.).

In the context of this thesis, the term 'cultural industries' is more directly appropriate than 'creative industries' or other such labels as the 'entertainment industries' or 'leisure industries' (Hoskins et al., 1997; Schatz, 2014). The reason for this is because such terms emphasise "a crucial theoretical disagreement, and thus also policy disagreements" between 'culture' and 'industries' (Garnham, 2005: 18). In other words, the term 'cultural industries' is "meant to denounce, rather than conceal, the anomaly of...mixing…culture with industry" (Rodríguez-Ferrándiz, 2014: 2).

Importance of Cultural Industries

Cultural industries are important for three main reasons (Hesmondhalgh, 2013: 4). First, because they make and circulate texts "that influence our knowledge, understanding and experience" (ibid.). By 'texts' we understand any kind of cultural "symbolic content" (Power and Scott, 2004: 3), such as "programmes, films, records, books, comics, images, magazines, newspapers and so on produced by the cultural industries" (Hesmondhalgh, 2007: 2). Television, radio, film and music industries, print and electronic publishing, among others, are all part of the core cultural industries, which are regulated by cultural policies (ibid.). Cultural industries are therefore those institutions that primarily deal with the conception, production and circulation of cultural products, and thus are important because they "have an influence on our understanding and knowledge of the world" (Hesmondhalgh, 2013: 4).

Second, cultural industries are meaningful because they are "agents of economic, social and cultural change" through their combined provision of both employment opportunities and profitability (ibid.). Notwithstanding the difficulties of measuring wealth and employment, this has "implications for how we understand the relationships between culture, society and economy" (ibid.: 9).

Finally, cultural industries are significant because they manage and circulate the products of creativity and knowledge (Hesmondhalgh, 2013). Artists, or 'symbol creators' (ibid.: 82), are not free beings inspired by some kind of mystical creativity, but are “subject to competitive and organizational pressures” within contemporary capitalist societies (Power and Scott, 2004: 4) to the extent that this work needs to be remunerated (Hesmondhalgh, 2013). Certain cultural businesses privilege the production of certain kinds of cultural texts, some products are made available more often than others, and not all audiences have the same access to the full range of products from cultural industries (ibid.; Miège, 1979). This situation creates tension between, on the one hand, the cultural and creative objectives of cultural industries and, on the other, their economic resources and commercial imperatives.

Culture *versus* Economy, Creativity *versus* Commerce

This perceived contradiction between culture and economy, or creativity/art and commerce (Caves, 2000; 2003; Herold, 2004; Holbrook and Addis, 2008), is influenced by the “romantic movement and modernism… [which views that] symbolic creativity can only flourish” away from commerce (Hesmondhalgh, 2013: 82). Such polarisation may “confuse and mystify” the understanding of the cultural industries, because we cannot assume that “creators who reject commercial imperatives… are the best”, or that “the input of creative managers” works against commercial outcomes (ibid.). The realities for cultural industries make their operation considerably more complex than these simple assumptions might suggest. According to Miège, there is an artificial line between culture and commerce, because it cannot be ignored that “culture has developed *within* industrial capitalism for the past 150 years” (cited in Winseck, 2011: 24; original emphasis).

However, the above tension between creativity and commerce can assist understanding of the distinctive nature of cultural production, which is characterised by “negotiation, conflict and struggle” (Hesmondhalgh, 2013: 82). Almost all ‘symbol creators’ seem to experience at some stage “the constraints imposed on them in the name of profit accumulation” (ibid.). Moreover, institutions and institutional environments can themselves be determining of the kind of products and projects that are “viable at a given level of production cost” (Corner, 1999: 13). Working conditions undermined by the problem of constant employment uncertainty with freelance labour and project based work (Blair et al., 2001) can also be accepted by industry personnel, their concerns quelled somewhat by the gratifications of “being involved in creative projects and the glamour surrounding these worlds” (Hesmondhalgh, 2013: 261). Because cultural industries are sustained by both cultural and economic components, and operate in a capitalist environment, they have unique characteristics that differentiate them from other industries.

Characteristics of Cultural Industries

One particular emphasis of the cultural industries school is on the specific attributes of the media economy (Winseck, 2011). It considers the products of cultural industries as different to most consumption goods, because "their benefits are not measured solely in economic terms" (Picard, 2011: 5). Importantly, cultural products are 'symbolic goods' because they can create emotions, transmit feelings, and "in important respects they also 'produce' us", because our sense of being part of a wider community – be it "a society, a nation, a culture" – is increasingly "mediated through media" (Ó Siochrú et al., 2002: 3). Fictional and non-fictional media outputs (Golding and Murdock, 1997), such as "newspapers, advertisements, television programmes and feature films", are crucial in providing and organising the frameworks, "images and discourses through which people make sense of the world" (Murdock and Golding, 2005: 60).

Due to its 'symbolic' or 'soft power',[19] the products of cultural industries participate in social reproduction and in the exercise of political power (Miège, 1989: 13; see also Thussu, 2007), whilst shaping our reality, our ideology and arguably "all aspects of life" (Hesmondhalgh, 2007: 23). Assisted by the multi-platform accessibility they enjoy in the Twenty-first Century, cultural industries products perform the related and crucial roles of influencing public opinion and forming values; shaping cultural identities; and contributing to our sense of self-identity (Harvey and Tongue, 2006; Winseck, 2011). As such, cultural products have an important ideological dimension, because they are involved not only "in determining the forms of consciousness and the modes of expression and action which are made available to people", but also in disseminating "ideas about economic and political structures" (Golding and Murdock, 1997: 3-4).

Sometimes the products of cultural industries may result in 'external benefits' or 'positive externalities'. In economic terminology these indicate positive social side-

---

[19] According to Nye (2008: 94), 'soft-power' is "the ability to affect others to obtain the outcomes one wants, through attraction rather than coercion or payment", and culture is an important part of it. However, with contemporary informational meta-technologies, Braman (2004a: 160) highlights that a new form of power has become important: 'informational power', which "affects behaviour through manipulation of the informational bases of instrumental, structural and symbolic forms of power".

effects resulting from consuming certain educational texts, such as documentaries or news programming (Hoskins et al., 1997: 81; Power and Scott, 2004: 8). Cultural products that bring 'external benefits' to the whole of society are known in the language of neoclassical economics as 'merit goods' (Hoskins et al., 1997: 84), whose consumption, according to Musgrave (cited in Head, 1966: 3),[20] should be encouraged by governments.

The concept of external benefits of merit goods may reconcile many of the differences "between the economic and cultural development approaches to public policy relating to audiovisual industries", because the belief that some cultural products can "make viewers better citizens is at the heart of both the external benefits [economic] and the 'cultural' argument" (Hoskins et al., 1997: 82). In the language of neo-classical economics, many of these cultural products resulting in 'positive externalities' are considered 'public goods', because they provide "benefits that cannot easily be confined to a single 'buyer' (or set of 'buyers')", but to the society as a whole (Kaul et al., 1999: xx). However, as Winseck (2011: 13) suggests, the notion of 'symbolic goods' offers a broader view of the cultural industries and communication domain "than the conventional concept of 'public goods' in neoclassical economics".

Economics of Cultural Industries

The products of cultural industries have some particular economic characteristics. Distinctively, cultural products have high fixed production costs (known as 'first copy costs'), while any subsequent costs associated with reproduction, transmission, and distribution (known as 'marginal cost') are virtually negligible or almost next to zero (Doyle, 2013; Harvey and Tongue, 2006; Hesmondhalgh, 2013; Picard, 2011; Winseck, 2011). Indeed, especially media outputs seem "to defy the very premise on which the laws of economics are based – scarcity" (Doyle, 2013: 12). This is because they are 'joint-consumption' or, in neoclassical terms, 'non-rivalrous' goods: "viewers are not rivals in consumption [because] viewing by one consumer does not use up the product or detract from the enjoyment of other viewers" (Hoskins et al., 1997: 31). Due to their immateriality and symbolic environment, cultural and media products are not destroyed by the act of consuming (Babe, 1995; Doyle, 2002). Therefore, cultural and media firms

[20] Musgrave also suggested 'demerit goods' as a converse for 'merit goods', which are "those of which, due to imperfect knowledge, individuals would choose to consume too much" (cited in Head, 1966: 3).

need “to archive the scarcity that gives value to goods by limiting access to cultural goods and services by artificial means” (Hesmondhalgh, 2013: 30) in order to increase profits, because price is not an efficient way to control media consumption due to being ‘non-excludable’ (Doyle, 2002: 64).[21]

Moreover, cultural products often operate in what Picard (1989: 17-19) has described as ‘dual product’ or ‘two-sided markets’ in “the sense that media firms simultaneously produce two different commodities” (Doyle, 2013: 13). That is they can be sold to two different user groups: to listeners, viewers or readers, but also to owners, investors and managers, since the audiences themselves are also “packaged, priced and sold to advertisers” (ibid.). Especially in the era of globalisation and the Internet, cultural industries face the challenge that when audiences contract, there are few savings that can be applied (Doyle, 2013). For instance, the cost of producing and distributing a feature film is fixed, irrespective of how many viewers are reached. Because “audiences use cultural commodities in highly volatile and unpredictable ways” (Hesmondhalgh, 2013: 27), it is extremely difficult to predict consumption patterns, which include the commodity’s reception by viewers, critics and other media and cultural professionals across the value chain, including for example DVD rentals and TV licensing (ibid.; see also Harvey and Tongue, 2006). In other words, “neither producers nor consumers can know in advance what they want” (Garnham, 2005: 19).

These peculiar features mean that cultural industries face problems of high risk and great unpredictability (Doyle, 2013; Picard, 2011). Some of the strategies adopted by the cultural industries in ameliorating these high levels of risk are the conscious formatting of cultural products, the construction and exploitation of a ‘star’ system, the persistence of genre, or the production of serials narratives (Hesmondhalgh, 2013: 32). Even though formatting might be advantageous to some extent, the cultural industries tend to adopt other macro-level strategies, such as economies of scale, economies of scope, concentration and internationalisation.

[21] Television and radio are great examples of the problem of non-excludability. How can we control who listens to the radio or watch television and, thus, should be paying for it? Garnham (2005: 19) explains that in this case the “market relation between producer and consumer through the price mechanism does not apply”.

Economies of Scale and Scope

Economies of scale occur when marginal costs ("the cost of supplying a product or service to one extra consumer") of producing one extra unit is lower than average costs ("the total costs involved in providing the product or service, divided by its audience") (Doyle, 2013: 16). In other words, economies of scale materialise when "the average costs of producing one particular good is lower for firms with higher levels of output" (Hoskins et al., 1997: 22). So if a cultural company can deliver a greater number of products and services to consumers, the economics of each service will be better because the unit cost will decrease (Doyle, 2002; Straubhaar et al., 2010). Economies of scale are not unique to the cultural industries, but occur "with the benefits of specialization and division of labour that are possible within large firms" (Doyle, 2013: 15). Consequently, the bigger the audience, the lower the average costs, which means better economies of scale and higher profitability. Countries with a small domestic market, therefore, such as New Zealand, have limited economies of scale.

Savings and cost-efficiencies can also occur with economies of scope when one company simultaneously produces and distributes large-scale multi-products, making the production more efficient by, for instance, taking one product sold in one market and reformatting it to sell it into another market (Doyle, 2013). Hence, global media conglomerates enjoy greater cost-efficiency than national media companies, thanks to the increased economies of scope (Fitzgerald, 2012). Diversification is the economic strategy used to exploit economies of scope (Picard, 2011; Doyle, 2013), since it enables a cultural company "to capitalize on a commodity's success in one sector by marketing spin-offs in a number of other sectors" (Golding and Murdock, 1997: 18). For instance, the same broadcast interview can be published by a newspaper, reused on a radio programme, and also be repackaged and reformatted for another different online audience.

Concentration: Horizontal, Vertical and Diagonal Integration

Concentration of cultural and media industries – "a function of money and power" (Winseck, 2011: 39), which is often "calculated on the basis of audience shares" (Doyle, 2013: 10) – is a pattern that can take different forms, resulting from processes of horizontal, vertical and diagonal integration (Boyd-Barrett, 1996; Hesmondhalgh, 2013; Hoskins et al., 1997).

First, horizontal integration occurs when a firm acquires other companies “in the same sector to reduce the competition for audiences and audience time” (Hesmondhalgh, 2013: 30). This enables businesses “to consolidate and extend their control within a particular sector of media production and to maximize the economies of scale and shared resources” (Golding and Murdock, 1997: 11). Moreover, the enhanced firm also has “the possibility of charging more than the marginal cost” (Peltier, 2004: 262), which increases profitability and sometimes even expands market share (Doyle, 2013).

Second, vertical integration occurs when a firm buys “other companies involved in different stages of the process of production and circulation” (Hesmondhalgh, 2013: 30) or, in other words, when a company expands “into different levels of the same industry” (Hoskins et al., 1997: 22). If a company does not wish to pursue vertical integration, other “options include long-term contracts,… partial ownership agreements… or agreements for both parties to invest in offsetting relationship-specific investments” (Klein, 2000: 467). The most famous vertically integrated companies, which together created an oligopoly[22] in American cinema, are the Hollywood studios, the industrial impacts being strongly exemplified during Hollywood cinema’s ‘classical’ period, 1925-50 (Hesmondhalgh, 2013). Known as the ‘Big Five’, these studios – MGM, Paramount, Warner Bros, 20th Century Fox and RKO (Jewell, 2007: 51) – “owned and controlled many parts of the value chain, [insofar as] they ran production facilities, made the films, had creative and technical personnel signed to contracts, owned distribution networks and owned the cinemas where the films were shown” (Hesmondhalgh, 2013: 73).

By reducing transaction costs and thus increasing efficiency (Doyle, 2013; Klein, 2000), vertically integrated businesses can decrease their vulnerability to unexpected fluctuations both in the supply and cost of certain materials and services, and can also “regulate and rationalize production more precisely” (Golding and Murdock, 1997: 12). Cultural companies that are vertically integrated are not only able “to control strategic complementary assets” and sell around the world, but also increase their control over the market by excluding “rival firms… by reducing their supply of raw materials or their outlets” (Peltier, 2004: 262-3). Vertical integration might be ‘upstream’ or ‘backward’, such as when a distribution company buys a production company, or ‘downstream’ or

[22] Oligopoly occurs when “there are only a few sellers in a market but some competition exists for their products, either homogeneous or differentiated” (Doyle, 2013: 9).

'forward', when, for instance, Hollywood studios acquire TV networks (Doyle, 2013; Hesmondhalgh, 2013; Peltier, 2004; Winseck, 2011).

Finally, diagonal integration or 'conglomerate' expansion, which also favours diversification, "occurs when firms diversify into new business areas", which might create synergies, spread risk and generate economies of scope (Doyle, 2013: 37). For instance, a television network can expand diagonally into radio, or print publications and broadcasting can partner together (Hardy, 2010). Diversification allows a firm to extend its "control *within* and *across* the various media sectors" (Golding and Murdock, 1997: 19; own emphasis).

Be it horizontal, vertical or diagonal integration, these forms of media conglomeration all provide the potential to re-use the content in different formats (Picard, 2011). This gives a special advantage to companies in larger countries that can cover 'first copy costs' in their home market and then sell their cultural products overseas at a lower cost.[23] The reverse is true in countries with comparatively small populations, as is the case for New Zealand, where domestic productions can be "economically unviable" and therefore challenging to finance (Harvey and Tongue, 2006: 227). That is why trading media goods internationally has become so attractive in the international sphere: "the cost of replication and distribution is insignificant compared to the original production cost" (Hoskins et al., 1997: 31).

All three types of integration strategies are accomplished through mechanisms of mergers and acquisitions (M&A) (Peltier, 2004). These might occur "both internally among the media themselves, and externally, between media and non-media companies" (Boyd-Barrett, 1996: 189). Across the cultural and media industries, expansion through M&A has become widespread (Hesmondhalgh, 2013: 187), creating enormous transnational conglomerates in order to either "increased efficiency or increased market power" (Davies and Lam, cited in Doyle, 2013: 178). One of the reasons for this tendency is because the notion of 'power' in cultural industries "inheres in the control of

[23] Some countries have accused the USA of 'dumping' movies and television programmes, which is the strategy defined as "selling US programmes below cost in export markets in a deliberate attempt to stifle the efforts of foreign competitors to introduce their own programming", which is "a price below production cost" (Hoskins et al., 1997: 68,80). This is unfair competition because you sell below the cost, mainly "to gain greater market share" (Picard, 2011: 225).

distribution or circulation" (Hesmondhalgh, 2013: 198), which can only be controlled by big conglomerates. Continuing media conglomeration has created a small group of globally powerful mega-cartels, the main ones being Comcast Corporation, Disney, Time Warner, Viacom and News Corporation (Milord, 2013). Recent examples of M&A include AT&T's acquisition of DirectTV, and Comcast acquiring Time Warner Cable.

Nevertheless, some scholars, such as Doyle (2002), Peltier (2004) and Hardy (2010), have indicated that there is not always a positive correlation between media firm size and economic performance. In other words, in some countries the deregulation of cross-ownership rules[24] to allow diversification and concentration to be able to have simultaneous presence in different cultural industries does not always improve the overall economic performance of the company by bringing claimed efficiencies, economies of scale, economies of scope or other economic benefits.[25] A good example of this is the split between AOL and Time Warner. Conversely, Doyle suggested that "such benefits were more likely to be realised with increasing multimedia convergence" (cited in Hardy, 2010: 102). However, there seems to be a positive correlation between internationalisation and economic performance (Peltier, 2004).

Internationalisation

Internationalisation occurs when a company buys or partners with other companies situated abroad (Hesmondhalgh, 2013). This involves not only exports and foreign investment, but also foreign ownership of media companies (Golding and Murdock, 1997). Although high levels of concentration do not always improve the overall economic performance of a firm, there seems to be a correlation between internationalisation and economic performance (Peltier, 2004). Some M&A deals among specialised cultural and media firms seem to bring more efficiency (Fitzgerald, 2012). If they did not do so, such important mergers as those of News Corporation and 20th Century Fox (1985); Vivendi and Seagram/Universal (2000); Sony and Bertelsmann (2003); Disney and Pixar (2006);

[24] This is based on a neoliberal approach that believes that "'free', unregulated competition will produce efficient markets" (Hesmondhalgh, 2013: 40).

[25] In the same way, unregulated markets do not always increase "the welfare of media users" (Doyle, cited in Downing, 2011: 157), because "increased market power in the hands of individual firms… [damages] the public interest" (Doyle, 2013: 179).

Google and YouTube (2006); Disney and Marvel (2010), may not have occurred (Hardy, 2010; Hesmondhalgh, 2013).

As Hesmondhalgh (2013) argues, key objectives for internationalisation are to achieve higher profits by spreading fixed costs, to take advantage of cheaper labour conditions in other markets, and to increase market share. In other words, some of the synergies of M&A at international level not only focus on economic efficiency, such as the possibilities of cross-promotional arrangements and cost-savings over the creation, distribution and marketing of products, but also the increase of market power (Hardy, 2010).[26]

Since the late 1990s and early 2000s, the expansion of the internationalisation of the cultural industries was favoured by convergence, "the notion that the lines between different forms of media and communication [are] blurring" due to the combination between the Internet and telecommunications networks (Hesmondhalgh, 2013: 318; see also Castells, 2013; Dwyer, 2007). The notion of emergent convergence was supported by, first, the digitalisation[27] of telecommunications; second, the development and dissemination of information and communication technologies; and third, the new opportunities offered by the massive expansion of the Internet, as well as specific policy changes worldwide, such as the 1996 USA *Telecommunications Act* 1996 (Hesmondhalgh, 2013; Picard, 2011).

In the Twenty-first Century, convergence in the cultural industries is becoming widespread, mainly because "the barriers to consolidation, cross ownership and vertical integration" have been drastically reduced, especially in the USA (Hesmondhalgh, 2013: 153). Although convergence can be seen as allowing the cultural products to "flow between and across media in an increasingly fluid way" (Murdock and Golding, 2005: 68), the Twentieth Century's notion of cultural imperialism argues that the current global institutional environment privileges certain 'western' media products in order to transmit "hegemonic messages" (Crane, 2013: 13) and thus maintain the traditional *status quo* (Hesmondhalgh, 2013: 272), which creates an unbalanced global flow of mass media (Carlsson, 2003; Padovani and Nordenstreng, 2005).

[26] Stokes (2003: 101) points out that, in the context of cultural industries, "market forces and economics are the most significant forces determining what is done".
[27] Digital systems (convertible into binary code) as opposed to analogue ones (Hesmondhalgh, 2013: 311).

Internationalisation is often linked to the USA's domination of the international trade in cultural products (Hesmondhalgh, 2013), although "the dominant ownership of media and content firms is increasingly non-American" (Picard, 2011: 228). Three main factors assist our understanding of the USA's position within the global media system. First, after the Second World War, the internal American market was "larger and wealthier than any other in the world", which allowed its firms to cover production costs (first copy costs) in the home market while treating "overseas markets as sources of further profit" (Hesmondhalgh, 2013: 270-1). Due to economies of scale, the bigger the internal market, the larger the potential budget of a production becomes, which in turn "increases the proportion of the potential audience" to which it is likely to appeal (Hoskins et al., 1997: 41). By contrast, the limited economies of scale for small media markets like New Zealand, entails a reduced potential to recoup the first copy cost of domestic screen productions in the home market.

Second, the sales of American cultural products are boosted by virtue of their being produced in English, which "in terms of buying power [is] the largest language market in the world" (ibid.: 42). Due to the unusual diversity of the American media market – the so-called 'melting pot' – American cultural products easily "appeal to a variety of different audiences abroad", favouring cultural exports around the world (Hesmondhalgh, 2013: 271). Finally, it is important to note that the American government has played a central role in promoting its cultural industries abroad, especially those of Hollywood, in bilateral and international trade negotiations (Hesmondhalgh, 2013; Hoskins et al., 1997).

1.4. Macro-Structures: Cultural Diversity and International Trade Agreements

During the last decade of the Twentieth Century, many initiatives at an international level set out to reregulate[28] the products of the cultural industries, with a special emphasis on media and cultural goods (Freedman, 2006b). During the 1986-1994 Uruguay Round of the older General Agreement on Tariffs and Trade (GATT) negotiations, the USA tried to liberalise information and entertainment products (including film) and services without success (Picard, 2011), after Canada, France and other European Union (EU) countries – but not New Zealand – fought to have the sector exempted from free trade rules (Freedman, 2006b). Former American President Bill Clinton's remark "we agreed to disagree" summarises the compromise reached in this ideological battle (Puttnam, cited in Harvey and Tongue, 2006: 225). These tortuous negotiations over trade in services demonstrated that "both the developed and developing [countries] are...aware of the…importance of information and its processing, flows, and use" (Braman, 2004b: 35).

Achieved as part of the Uruguay GATT Round, the 1994 General Agreement on Trade in Services (GATS) illustrates the pressure for a globalised, liberalised and privatised market for the audiovisual services sector (Flew, 2007: 192).[29] Canada and the European Commission pushed to include in the GATS a clause "that would exempt cultural services from the most-favoured nation (MFN) obligation to treat services suppliers from all foreign countries equally" (Kelsey, 2003: 5).[30] Nevertheless, the real significance is the "trend towards thinking about media and communications as being essentially service industries", subject to competition, thus camouflaging traditional communications policy values, such as diversity, pluralism, freedom of expression, and "the promotion of national culture and cultural identity" (Flew, 2007: 193).

In each of these trade negotiations there has been almost no space for reflecting on and exploring the importance of the audiovisual sector as a "distinctive means of human expression and communication, reflecting the values and beliefs of their culture of origin"

[28] Iosifidis (2011: 243) highlights the difference between 'deregulation' and 'reregulation': while 'reregulation' calls for "the relaxation of strict rules", 'deregulation' refers to "the abandonment of such rules".

[29] Due to digital convergence, distinguish between telecommunications and broadcasting is more difficult (Freedman, 2006b).

[30] Even if the GATS offers some flexibility, there is a "threat to the regulatory sovereignty of member states", with the likelihood that some "developing countries will be forced to trade off some sectors against others" (Freedman, 2006b: 23-4).

(Harvey and Tongue, 2006: 222). For this reason, in October 2001 the General Conference of the United Nations Educational, Scientific and Cultural Organisation (UNESCO) adopted the 'Universal Declaration on Cultural Diversity',[31] and in 2005 the 'Convention on the Protection and Promotion of the Diversity of Cultural Expressions' was approved (Harvey, 2006: 8). Its purpose was to function as "a legal instrument that would safeguard the rights of individual states to take necessary steps to support their cultural industries and to protect [the] diversity of cultural expression" (Freedman, 2006b: 29; see also Crusafon, 2012). The Convention received large support: 148 of 192 countries voted in favour.[32] The pre-history of this 2005 Convention "can be traced back to the MacBride Report (*Many Voices, One World*) produced for UNESCO in 1980 and linked at that time to a ferocious debate about the possibilities of constructing a 'New World Information and Communication Order' (NWICO)" (Harvey and Tongue, 2006: 222). This Convention also put into effect some of the goals of NWICO, especially with regard to the unbalanced global flow of mass media (Carlsson, 2003; Padovani and Nordenstreng, 2005).

With this powerful analogy, the Convention signalled a new way of thinking: "Cultural diversity is as necessary for humankind as biodiversity is for nature" (Article 1; UNESCO, 2005). It also acknowledges that "market forces alone cannot guarantee the preservation and promotion of cultural diversity" (Article 11; UNESCO, 2005), and accepts the legitimate role of each state "to define its cultural policy and to implement it through the means it considers fit, whether by operational support or appropriate regulations" (Article 9; UNESCO, 2005). Although UNESCO has no real political enforcement power, the UNESCO Convention may slow down trade negotiations conducted through the WTO for two reasons. First, it links cultural content "to cultural diversity and therefore, potentially, to human rights" (Harvey and Tongue, 2006: 226). Second, the UNESCO Convention "aspires to the status of international law" even if it is non-binding, which means that the UNESCO is not in a position to enforce these

[31] For dimensions on cultural diversity see Moreau and Peltier (2004).
[32] The USA and Israel voted against, while Australia, Honduras, Liberia and Nicaragua abstained (Carnaghan, 2006).

principles (ibid.: 225-6). Perhaps hardly surprisingly, the USA did not support the convention and was hostile to NWICO goals.[33]

This thesis strongly agrees with the assertion in the preamble of the UNESCO Convention, which states that "cultural activities, goods and services have both an economic and a cultural nature, because they convey identities, values and meanings, and must therefore not be treated as solely having commercial value" (UNESCO, 2005). Following UNESCO's principle, consequently, governments around the world have the right to protect their own cultural activities via national and regional governance, regulations and policy initiatives.

1.5. Governance and Policy

The cultural industries are not only influenced by international agreements and institutions, but also by supranational, national and regional governance, regulations and policies. While policies are "the broader field where a variety of ideas and assumptions about desirable structure and behaviour circulate" (Freedman, 2008: 13), regulations are "the specific institutional [state]-mechanisms" – often formal and legally binding rules – for supervising, controlling, or curtailing "the activities of non-state actors in accordance with policy" (ibid.). Such regulations, for example, might include screen quotas, restrictions on foreign ownership, and/or rules to prohibit anti-competitive agreements.

As previously explained, although media products have unique characteristics (Hesmondhalgh, 2013; Picard, 2011; Winseck, 2011), they are also an important economic activity, and therefore are "subject for industry regulation" (Ó Siochrú et al., 2002: 5). Although regulatory bodies – like Ofcom[34] in the UK – are mostly independent from the state, they nevertheless operate within a certain environment and thus are responsible for achieving state objectives "subject to the codes, laws and regulations

[33] The UK withdrew its membership from UNESCO in 1985 and the USA in 1984 because "that body [UNESCO] recommended that information be treated more as resource and less as commodity" (Preston, Herman, and Schiller, cited in Babe, 1995: 207). The UK re-joined UNESCO in 1997 and the USA in 2003. During that time away from UNESCO, the USA and the UK – ignoring NWICO – promoted trade forums as the primary frameworks for negotiating the rules of cultural exchange.

[34] Ofcom is the independent regulator and competition authority for the UK communications industries.

drawn up in response to specific media policy concerns and the ideological frameworks on which [such policies] are based" (Freedman, 2008: 14).

Governance, "the formal and informal institutions, rules, agreements, and practices of state and non-state actors, the decisions and behaviours of which have a constitutive effect on society" (Braman, 2004b: 13), is the term that includes all these multi-level policy dimensions.[35] Therefore, it is "broader both spatially and instrumentally than regulation" (Freedman, 2008: 14), because it includes not only "formal and binding rules, but also the numerous informal mechanisms, internal and external to the media, by which they are 'steered' towards multiple (and often inconsistent) objectives" (McQuail, cited in Freedman, 2008: 14). Calabrese and Briziarelli (2011: 392) suggest that trade agreements are instruments of media governance that promote policy imperialism, because states tend to accommodate "hegemonic trade frameworks". When analysing the governance of the cultural industries (Crusafon, 2012), it is necessary not only to take into consideration the influence of governments, private sector[36] and civil society roles, norms and principles in shaping policy, regulation, and decision-making procedures (Dwyer, 2007), but also to understand the elements that constitute 'governance'.

The two elements on which governance is sustained are policy and policy-making. While policy is territorial, politically-influenced, needs legitimation, and can be seen "as an exercise in boundary definition" (Stone, cited in Volkerling, 2001: 440), policy-making[37] is a collective exercise of decision-making, involving multiple actors, which try to solve problems in "an attempt to make sense of a partially comprehensible world" (Zahariadis, cited in Volkerling, 2001: 448). Policy is territorial because it is created to protect national interests (Jackel, 2007). A good example is the French film policy, which aims to support French cinema. This is proclaimed as 'a protected national institution' from American imports (Danan, cited in Jackel, 2007: 22).

---

[35] For a brief history on global governance see Ó Siochrú et al. (2002: 17-21).
[36] Parallel to the media industries pressuring politicians and the government for pro-industry regulation, the government also pressures the media industries for favourable coverage (Calabrese and Mihal, 2011).
[37] According to Freedman (2008: 54), the four main foundations that guide media policy-making are "freedom, the public interest, pluralism and diversity".

Even though globalisation has affected national policy (O'Regan and Potter, 2013), nation-states are still the main actors in forming and implementing policy within their limited territorial area (Van Cuilenburg and McQuail, 2008; Iosifidis, 2011). Because "policy is nothing without implementation" (Hesmondhalgh and Pratt, 2005: 11), policies not only "shape the relevant cultural field but are themselves shaped by the [economic, social, cultural, technological and political] contexts in which they are employed" (Hill, 2004: 39).

As institutional theory suggests, policy formation and its implementation is shaped by multiple – formal and informal, state and non-state – institutional agents, the influential power of which is exerted and negotiated contextually between and within them, as well as with macro-level forces (Braman, 2011; Freedman, 2008; 2010; Thompson, 2011). Therefore, although these institutional agents have unequal power, there is "no single dominant voice" or concentration of power in a policy-making process (Freedman, 2010: 348). So, for example, the outcomes of policy-makers "depend on aggregations of other agents' positions", interests and priorities, which might "reflect actual policy rationales only indirectly" (Thompson, 2011: 4). As Thompson (2011) points out, the institutional agents involved in policy-making are influenced by their own interests and priorities, and their preferences evolve in response to other stakeholders both within and between key institutions. For instance, even within a single government, several intra-cabinet, inter-ministerial or even parliamentary interests might converge while dealing with a specific policy issue (Davis, 2010; Thompson, 2011).

In some circumstances, nevertheless, and depending on the contextual framework and the specific policy issue at stake, "international organizations are as important, or more so, than national governments in shaping their media policy" (Braman, 2004a: 166; see also Calabrese and Briziarelli, 2011). Although not all institutions, agents and businesses have the means or opportunity to directly intervene in the policy process (Hesmondhalgh, 2007: 108), some actors, such as "supranational corporations, multilateral clubs, the industry and the global civil society" (Iosifidis, 2011: 1), are able to have a significant, but unequal presence (Freedman, 2010), both directly or indirectly, in policy-making processes (Braman, 2011).

Therefore, contemporary analysis of communication, information, cultural and media policy needs to include not only the formal and informal decisions, decision-making processes, and government, but also the "private and public sector entities of governance" and "the cultural habits and predispositions of governmentality that sustain and enable both governance and government" (Braman, 2011: 4). For example, although copyright laws are legislated and subject to judicial decisions, "the practices about which corporate content providers are concerned are culturally based" (ibid.). Due to this interdependence between a range of actors with different, if not competing, interests, "it is becoming increasingly hard [for any of them] to be… [influential] in the world of media and cultural policy formation" (Iosifidis, 2011: 11).

The question of how a policy issue is identified also has political implications, "because it determines who participates in decision-making, the rhetorical frames and operational definitions applied, the analytical techniques and modes of argument used, and the resources – and goals – considered pertinent" (Braman, 2004a: 154). So for example, if a policy issue concerning public film funding is identified by the Minister of Culture, its conceptual and analytical framework and policy priorities will be considerably distinctive as if the Minister of Finance had selected it. As Freedman suggests, policy silences, opacity and non-decision making are also important to examine, because they reflect the ideological "environment in which policies are developed" (2010: 347) by undermining certain "alternative paradigms and policy outcomes" (ibid.: 344). Policy opacity, together with the formal and informal institutional agents involved in policy-making, make the study of policy challenging.

The invisibility of policy is one of the main problems for policy-making processes, because it is not public and transparent, but is instead developed within government departments and agencies (Braman, 2004a: 166-9). This insulation of the policy elites, as described by Davis (2010), is exemplified by *The Hobbit* dispute and the consequent change to New Zealand employment law (see Chapter 7). Significantly, much of the work involved in policy formation is traditionally not performed by politicians but rather by senior policy officials and other – internal and external – advisers (Louw, 2005: 15). This can cause tensions because generally policy-makers and politicians "tend to look across [different] types of law and sources of law when they are seeking to achieve particular goals", whereas policy analysts are apt to "focus on individual laws or regulations in isolation" (Braman, 2007: 142).

Furthermore, the number of stakeholders involved in policy-making has increased in recent years, "crossing both geographical and departmental borders" (Freedman, 2006a: 910). The traditional civil servant, legislator and industry players need now to work "with the interventions of personnel from other domestic government departments, [professional spin-doctors and] supra-national institutions and processes" (ibid.),[38] together with international agencies and negotiations from GATS or WTO, which increases the contemporary complexity and challenging nature of policy formation processes. However, in the local scene policies are implemented through legislation, regulation or subsidies. These are the instruments used by governments around the world to intervene in media and cultural markets.

Information, Cultural and Media Policy

There are numerous levels of policy interventions. In general terms, cultural industries are regulated by governments that legislate, regulate or subsidise cultural and media markets (Hesmondhalgh, 2013). To 'legislate' is "to create laws", and via these laws governments 'regulate' by creating "agencies that monitor a particular industry", which at the same time might also 'subsidise' – directly or indirectly – the provision of cultural works (ibid.: 123). Several labels, such as 'information', 'cultural' and 'media' policy, have been deployed in academic literature to describe the policies that legislate, regulate or subsidise the cultural industries, the definitions of and difference between which are not always clear. This situation is exacerbated by technological convergence (Braman, 2004a), and also influenced by the extent to which "culture is a fluid term" (Doyle, 2010: 246).

On a broader level, information policy is "comprised of laws, regulations, and doctrinal positions – and other decision making and practices with society-wide constitutive effects – involving information creation, processing, flows, access, and use" (Braman, 2011: 3). Information policy is therefore more broad in scope than cultural and media policy, because it comprises "matters pertaining to global flows of information, communication, and culture" (Braman, 2004b: 12). It is on this global level that international trade rules and agreements, like WTO and GATS, are trying to limit the influence of national cultural policies (Cunningham, 2002). In parallel, the institutions

[38] Other actors might be government advisers, consultants, enforcement agencies, regional and local governments, business enterprises, political parties, PR agencies, trade unions, industry associations, business journalists, research teams or even academics, among others.

and actors at supranational and country level attempt as well to influence international rules and agreements at this global information policy level, as well as the national cultural policy dimension.

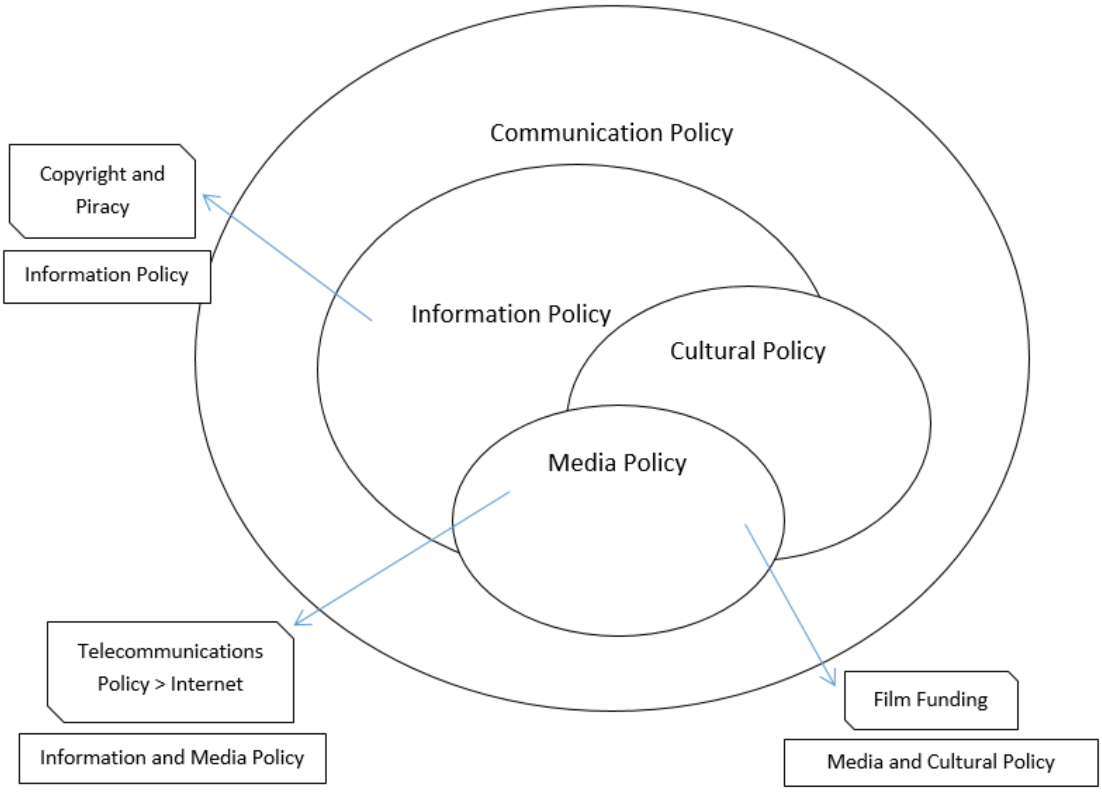
Intersecting with information policy, cultural policy[39] refers to nation-state specific regulation “that has an impact on the primarily symbolic domain” (Hesmondhalgh, 2013: 166; see also Cunningham, 2002). Although the boundaries around the activities that are considered ‘cultural’ are not entirely clear (Doyle, 2010), cultural policy can be seen as legislating, regulating and subsidising the cultural industries at country level, which includes, as already mentioned in section 1.3, “television (cable and satellite), radio, the cinema, newspaper, magazine and book publishing, the music recording and publishing industries, advertising and the performing arts” (Hesmondhalgh, 2013: 16). Because some of these industries combine to constitute ‘the media’, there is another intersection with cultural policy called ‘media policy’, which may include, for instance, “public broadcasting, the use of quotas and scheduling limitations to protect ‘national’ culture, national ownership rules, subsidies and so on” (ibid.: 166).

Some areas of telecommunications policy, such as those regulations in relation to the Internet, are considered part of both the broader information and macro-economic policy as well as media policy due to digitalisation, convergence and globalisation (see Figure 1.3). Since most, if not all, industries gathered under the cultural and media policy umbrella are now using the Internet as another dissemination and distribution platform, the boundaries between policy areas are becoming blurred (Iosifidis, 2011: 71). According to Van Cuilenburg and McQuail (2008: 57), “media policy and telecommunications policy are still on course towards an integrated communications policy”. However, in the context of this study, communications policy is the general term that includes all previous policy terms, these being information, cultural and media policy (Figure 1.3).

---

[39] Cultural policy is also shaped by the ideological bent of successive governments.

Figure 1.3: *Communications Policy Levels*



Source: Own elaboration based on Braman (2004b; 2004a; 2011); Van Cuilenburg and McQuail (2008); Hesmondhalgh (2013) and Iosifidis (2011).

In terms of the relationship between policy levels and the value chain of cultural products, issues of copyright and piracy are usually regulated by information policy, while public funding, such as film funding, falls within a media policy dimension, which may overlap with cultural policy, these all occurring within a communication policy framework.

Some scholars suggest that cultural and media policy areas should be considered together, both in relation to each other and in relation to public policy (Hesmondhalgh, 2005: 97), while others see media policy as "co-extant with… information policy" (Braman, 2004a: 153). Be this as it may, Braman argues that "contemporary media practices make the problem of defining media policy more difficult because there is constant innovation, genres are blurred, players have multiplied, and policy subjects are now often networked rather than autonomous entities" (ibid.:161). Originally, cultural policy has been linked to preserving and promoting democracy and citizenship, history and heritage, and the fostering of a sense of cultural identity (Hesmondhalgh, 2013). Although there are some areas of overlap with cultural policy, media policy has been considered in terms of the political environment, economic imperatives and provisions, “freedom, diversity, quality of content and public accountability”, and the role of different media institutions within a particular country (Van Cuilenburg and McQuail, 2008: 45). Thus, media policy suggests “the broader field where a variety of ideas and assumptions about desirable structure and behaviour circulate” (Freedman, 2008: 13). Media policy deserves attention in the Twenty-first Century, because it directly influences “discourse from and to the public and within the public sphere” (Braman, 2004a: 180), with implications for issues surrounding identity, public interest, social change, and more generally, our understanding of the world.

From the 1980s up to the early 2000s, cultural policy experienced a significant shift – especially in the UK and Australia – due to industrial and cultural changes (Cunningham, 2002; Garnham, 2005; Hesmondhalgh, 2013). Where there had been a tendency to marginalise this area of policy-making, it was in these decades that politicians and policy advisors started to consider cultural policy – and cultural industries – to be economically “regenerative” (Hesmondhalgh and Pratt, 2005: 5) at a local, national and international level. According to Braman (2011: 2), the perception of information policy also changed from being “considered ‘low policy’ of relative unimportance…[to] ‘high policy’ of overarching strategic importance”, and with it also the values and rationales shifted.

In 1996, UNESCO published a report called ‘Our Creative Diversity’ (UNESCO, 1996), which looked at cultural democracy and suggested to take issues of power, such as multi-lateral institutions, into account when discussing cultural industries policies. Indeed, nowadays – at least in some respects – the economy can be viewed as “a communication system”, considering “the role of information flows in shaping economic power…and…that significant asymmetries in access to information have socioeconomic consequences” (Braman, 2005: 37). It is noteworthy that an international organisation, such as UNESCO, recognised the “economic dimension [of] culture and its impact on development, and began to analyse its industrial characteristics” (Hesmondhalgh and Pratt, 2005: 3). These issues of power among multi-lateral institutions and the economic dimension of culture directly relate to the institutional political economy of communication approach taken in this thesis.

Conclusion

This first chapter has contextualised the current research not only by examining existing theoretical approaches, but also by reviewing previous studies. Theories, terminologies and policy frameworks are neither neutral nor unbiased, because they shape the object of analysis under study. In the case of the current research, an institutional political economy of communication approach is taken with the cultural industries as object of analysis. The main argument here is that the products of the cultural industries cannot be treated like most other consumption goods, because they have unique economic characteristics. They hold a huge symbolic power both culturally and socially; they are immaterial and 'non-rivalrous', so need to create artificial scarcity; and they operate in a highly insecure and uncertain market environment with high fixed costs, which induce them to implement economies of scale, economies of scope, concentration and internationalisation.

National and local governments around the world legislate, regulate and/or subsidise the cultural industries via communication, information, cultural and media policy frameworks. The contemporary policy-making process of such initiatives involves multiple actors, including formal and informal, state and non-state institutional agents, the power of which is exerted and negotiated contextually between and within them, as well as with macro-level forces. Consequently, contemporary analysis of communication policy, in the context of cultural and media policy formation, is increasingly challenging. A clear terminology of terms used might help to shed light on some of these issues. In the context of the present study, the terminological selection of 'cultural industries' – rather than 'creative industries' – is, as has been argued, a frame better positioned to demonstrate the theoretical and policy-making tensions between 'culture' and 'industries'.

These disagreements, in the framework of this study, are precisely analysed in the context of the feature film industry, as will now be illustrated in the following chapter.

Chapter 2 - The Feature Film Industry

Introduction

While the previous chapter has analysed the theoretical framework that informs this thesis, this chapter introduces and examines the specific type of cultural industry under study: the feature film industry. The function of this chapter within the overall thesis is twofold. First, it offers a critical review of previous studies of the feature film industry, investigating its historical as well as contemporary characteristics. Second, the chapter examines two key conceptual issues relevant to the arguments of this thesis, one being the three-tier investment and production structure that this thesis foregrounds in the case of New Zealand, and the second being the operation of the feature film market through the 'value chain' applying to feature film productions in general.

To achieve these objectives, the chapter is organised as follows. First, existing scholarly literature on the feature film industry is analysed. The chapter explores the dimensions that constitute the contemporary feature film industry, these being the historical, technological, social, cultural, economic and international dimensions of motion pictures. Second, the segmentation of New Zealand's feature film industry into a three-tier structure is explained and examined, with a special emphasis on the differences between American and non-American film industries. Finally, the feature film value chain is investigated so as to help reveal its importance to film production industries.

2.1. The Feature Film Industry

A substantial amount of academic literature has focused on the feature film industry. Some studies have specifically targeted the labour and employment conditions of the filmmaking personnel (Barrett, 2011; Blair et al., 2001; Christopherson, 2011; Jones and Pringle, 2013; Scott and Pope, 2007), while others have looked at motion pictures from an economic perspective (De Vany, 2004; McKenzie, 2012; Wasko, 2011). By far the most commonly analysed part of a film's value chain has been distribution (Albert, 1998;

Cones, 1997; Cunningham et al., 2010; Papies and Clement, 2008; Parks, 2007; Sedgwick and Pokorny, 1999; Scott, 2002; 2004; Ulin, 2010; Walls, 2005).

The institutional political economy approach taken in this thesis has also been extensively employed in relation to film. Although there are some country-specific studies, such as the Canadian (Pendakur, 1990) and South Korean film industries (Ryoo, 2008), most of these studies emphasise the specific characteristics of Hollywood (Aksoy and Robins, 1992; Balio, 2013; Grainge, 2008; Leaver, 2010; McDonald and Wasko, 2008; Miller et al., 2005; Miller, 2009; Scott, 2002; 2004; Wasko, 2003; 2011). The most recent research done on the New Zealand feature film industry from a political economy perspective is the 2011 book authored by Dunleavy and Joyce, *New Zealand Film and Television: Institution, Industry and Cultural Change*. Aside from this, there appears to be no other relevant research in this area of study, especially in relation to examining New Zealand feature films using a value chain analysis in the context of an institutional political economy of communication perspective.

Many scholars have also discussed the contemporary characterisation of feature films (Babington, 2007; Bolin, 2011; Horrocks, 1999; Wasko, 2003). According to Kallas (2014, para. 5), cinema is "storytelling… a medium which can penetrate deep into reality by challenging familiar ways of thinking and feeling – by questioning the very frameworks of reality". Alternatively, Babe (2010: 29) suggests that although "many feature films today contain 'excesses' to attract audience interest… in the end they support existing distributions of political and economic power". Taking a similar view to that of Babe, Squire (2004: 4) asserts that the motion picture industry's business mainly exists "to make money", while Wasko (2003: 221) agrees that its main objective is to manufacture and market commodities. In other words, according to these authors a film's value is based as much on its profit potential than on any specific cultural priorities. As explained in the previous chapter, these commodities are dual, because cultural content is not only sold directly to listeners, viewers or readers, but audiences themselves are also aggregated and 'sold' to advertisers (Doyle, 2013; Picard, 1989). And with digitalisation, Internet traffic is itself becoming a commodity to be aggregated, delivered and 'sold' (Bolin, 2011: 130).

The contemporary cinema experience can be understood as not simply "two uninterrupted hours in the dark" (Kallas, 2014, para. 4) or "the arranging of light images to win hearts in dark rooms" (Squire, 2004: 1), but one equally likely to involve exhibition and consumption on either DVD, free to air TV, subscription TV, online streaming, or video on demand (VoD) (ibid.). Because new technologies and platforms are blurring older distinctions between film and other media (Scott, 2013), the definition of 'feature film' is no longer linked to the traditional categorisation of medium (35mm film) or exhibition platform (theatrical cinema).[40] The purposes of and outlets for cinema/film are now far more diverse than "the technical means used" to create a feature film (Kallas, 2014, para. 5). Indeed, the term 'film' is becoming more problematic. Some scholars, educators and government bodies[41] prefer 'screen' over 'film' to express "the range of screen possibilities now possible from [for] 'movies' released and consumed online" (Ryan, 2010: 85).

What follows in this section is an analysis of the dimensions that constitute the feature film industry. Because the motion picture industry cannot be understood without reference to Hollywood, the focus of the historical dimension is on the Hollywood[42] studio system, from its emergence after World War I to the 'New Abnormal' system developed after the economic crisis in 2008. This is followed by an investigation of the technological, social, cultural, economic and international dimensions of contemporary motion pictures.

Historical Dimension

Hollywood has experienced several structural adjustments during its history. The studio system first emerged after World War I and dominated production until the 1940s (Caves, 2000). This era, known as 'old Hollywood' (Scott, 2002), was characterised not only for being oligopolistic, because the film market was dominated by only six big Hollywood firms,[43] but also for being vertically integrated through the crucial feature film' value chain steps of development, production, distribution and exhibition (Caves, 2000; Scott, 2004; Squire, 2004). Just after World War II, the six Hollywood companies enjoyed their most successful financial years due to a combination of the opening of European and

[40] Television has been a secondary outlet for feature film exhibition since the 1950s.
[41] For instance, 'Screen Australia' was established as a combination of the Australian Film Commission and Film Finance Corporation (Ryan, 2010).
[42] American film studios tend to produce in Hollywood, but are sometimes headquartered in New York.
[43] MGM, Paramount, RKO, 20th Century Fox, United Artists and Warner Bros (Caves, 2000: 88).

Asian markets and the robust domestic ticket sales, making it impossible to anticipate the coming events that would convulse the foundation of the American studio system (Jewell, 2007: 299).

In the late 1940s several events occurred, two of which are of special importance. First, the introduction of television as a major entertainment technology in the early 1950s caused a significant market disturbance for the studio system (ibid.: 301). Television not only "drained off the audiences that had previously flocked to motion-picture theatres" (Scott, 2002: 958-9), but also "pushed Hollywood toward making fewer films of higher quality" to compete against television (Caves, 2000: 94). These two events generated "two decades of vertical disintegration in the motion picture industry" (Christopherson and Storper, 1989: 334).

Second, the 1948 Paramount antitrust decree against major studios "forced the majors to divest themselves of their extensive theatre (cinema) chains" to enhance competition (Scott, 2002: 958), because the US Department of Justice concluded that such vertical integration was "a monopolistic restraint of trade" (Squire, 2004: 5). The Paramount decision not only "lowered entry barriers into the industry and undermined the basis for cooperative oligopolistic behaviour among the major theatre-owning studios" (Caves, 2000: 93), it also forced the classical studio system to restructure, a process that lasted from the 1950s into the 1970s, resulting in the so-called 'new Hollywood' from the 1980s onward (Scott, 2002: 958).

In the 1980s, however, "the Reagan administration adopted a more tolerant interpretation of the *Paramount* decision", allowing Hollywood majors to vertically re-integrate by re-entering the exhibition business once again (Blackstone and Bowman, cited in Scott, 2004: 41). Vertically integration reduced a studio's commercial risk, because in-house products were guaranteed "a minimum market in the studio-owned up-scale theatres", as well as being able to exclude competitors from theatres (Hoskins et al., 1997: 53).

From the mid-1980s on, these transformations developed into a new form of industrial organisation in the film industry called 'flexible specialisation': As vertically disintegrated industries, "individual firms [were] specialized but the complex as a whole [was] flexible" (Christopherson and Storper, 1989: 331). In other words, major studios became the main financial investors, whilst independent production companies were responsible for – sometimes only a single – production (Caves, 2000; Christopherson and Storper, 1989). From a value chain perspective, independent production companies were responsible for development, production and post-production, and the major studios with financing, distribution and exhibition. This re-organisation of the production process "generated new types of jobs, employment relations, and processes of wage determination" (Christopherson and Storper, 1989: 331; see also Morawetz et al., 2007; Storper, 1989).

From the 1990s through to the early Twenty-first Century, several trends have challenged traditional Hollywood approaches to filmmaking. First, new technologies are penetrating all stages of a film's value chain, from production and distribution, to exhibition (Bustamante, 2004; Scott, 2002; Ryan, 2010). These have generated new opportunities for filmmaking, new markets, new methods, and new business models (Currah, 2007; Ryan and Hearn, 2010). As a result, new markets evolved based on the "packaging and repackaging of intellectual property rights" (Scott, 2002: 958). These markets are proliferating in the context of new national and trans-national exhibition platforms for media. An important example is the rise of Internet streaming service providers and subscription-funded services (Crane, 2013). Some examples of these new portals include Netflix, Redbox, Google, Facebook, and YouTube (Balio, 2013). Second, the bifurcation between the high-budget Hollywood 'blockbuster' productions and more modest independent filmmaking is increasing (Lee and Han, 2006; Scott, 2002). This does not mean that co-production opportunities are necessarily declining, but rather that the gap between the bottom and the top of the investment range for feature film production is widening.

Third, major studios have been merging into "diversified entertainment conglomerates that operate at a global level" (Wasko, 2003: 221; see also Vogel, 2004), with "a significant presence in all the world's major markets" (Murdock and Golding, 2005: 67). This reduces the diversity of cultural goods, because although in "quantitative terms there may be more commodities in circulation, they are more likely to be variants of the same basic themes and images" (ibid.: 68).[44]

Fourth, a continuing spiralling upward of production and marketing costs has been occurring since the 1980s (Hesmondhalgh, 2013; Squire, 2004), in tandem with the increase in privileging "profit over other goals such as artistic merit or public enlightenment" (Wasko, 2003: 224). This Hollywood business model is considered unsustainable even by leading filmmakers. Steven Spielberg, for example, declared that the current approach "lavishes huge budgets and marketing muscle on superhero 'tentpoles'[45] while forcing movies like *Lincoln* to beg for crumbs" (Scott, 2013, para. 3).

Finally, the decentralisation of film production from its traditional base in Hollywood to other geographically diversified locations (Goldsmith and O'Regan, 2005; Scott, 2002; 2004), also known as 'Hollywood runaways'[46] (Johnson-Yale, 2008), is gaining momentum, as well as the proliferation of high-budget yet notably formulaic 'tentpoles' films (Obst, 2013; Squire, 2004; White, 2012). As Goldsmith et al., (2010: 2) point out, "Hollywood itself is now thoroughly enmeshed in an emerging system of globally dispersed film and television production".

In his book *Hollywood in the New Millennium*, Balio (2013) concludes that the major Hollywood film studios have survived the recession and restored their profitability by decreasing safety in production and reducing overheads through shedding jobs and cutting salaries. Money saved was invested in blockbusters, big-budget franchises and 'tentpoles'[47] targeted at young people and families, which generate most of the revenue (ibid.). From 2008 on, Obst (2013: 6) has identified a new era for Hollywood studios, characterised not only by "a diet of pure tentpoles", but also by a 'New Abnormal' period "of financial anxiety and creative paralysis, brought about by the collapse of the DVD market and other economic and technological changes" (ibid., cited in Scott, 2013, para.

---

[44] Global conglomerates use multi-platform distribution to increase circulation of commodities. Although this might seem to be "contributing towards greater diversity and choice", it is however "in some senses liable to encourage standardisation" (Doyle, 2010: 256). Doyle's conclusion while based on the television industry, is also valid for feature films.

[45] 'Tentpoles' are feature films that are branded sequels, prequels, remakes, reboots and franchises.

[46] *LOTR/Hobbit* films are not generally regarded as 'runaway' productions, a position that is explained in Chapter 7.

[47] A tentpole is typically what used to be called an 'A' feature. It is a film in which a studio will invest heavily in expectation of substantial success. While branded sequels, remakes, reboots and franchises are indeed often tentpoles, they may not be.

3). According to Peter Chernin, president of News Corporation for over a decade, the DVD market is particularly crucial to understand this new period because the DVD business represented half of the studio's entire profit, while the entire movie business runs at a ten percent profit margin[48] (Obst, 2013: 39). As a major studio boss put it,

> At the end of the day, Hollywood is all about making money…That sounds cynical, but it's true. My hands are tied having to come up with big franchises. I can't make certain movies anymore, no matter how profitable they might become. I make movies that turn into toys. (as cited in Balio, 2013: 15)

This new Hollywood is also characterised by the tendency of "vertically disintegrated production processes and significant externalization of many of the detailed tasks of filmmaking", instead of the pre-Paramount 1948 decree of a vertically-integrated studio system (Scott, 2004: 38). This new structure allows the majors to spread economic risk by diversifying their market offerings and opportunities (Scott, 2002: 963). The fragmentation of feature film audiences under the impact of online exhibition platforms, as well as the unexplored effect of the Internet on marketing practices, are both indicative characteristics of this new Hollywood (Balio, 2013).

Although in absolute terms Hollywood's box-office receipts have increased during the first decade of the Twenty-first Century, "when adjusted for inflation…box-office receipts [have] actually declined" (ibid.: 149). This increase is partly attributable to exhibitors capitalising on technological innovations by increasing ticket prices for their 3D films (ibid.). Due to online portals like Netflix, YouTube, Hulu, Vimeo, and SideReel, among others, as well as the collapse of the DVD market, consumer behaviour viewing habits are perceived to be changing, with the popularity of home theatres on the rise (ibid.: 150). Hollywood is responding to these changes in consumer behaviour by collapsing "the PPV/VOD[49] and home video windows hoping to capitalise on a growing revenue source" (ibid.). Overall, as Balio concludes, "Hollywood has grown more cautious in the new millennium" (2013: 151).

---

[48] This means that "for every billion dollars in revenue, they [the studios] make a hundred million dollars in profits" (Obst, 2013: 37).
[49] PPV = Pay per View.

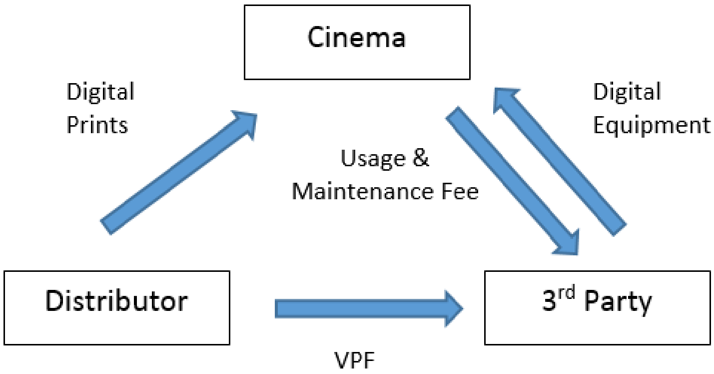
Technological Dimension

Digitalisation, convergence, deregulation, concentration and globalisation have revolutionised the production, distribution, exhibition and marketing technologies of contemporary feature films. Technology change is everywhere, from how new productions are created and how they are funded, to how films are distributed and how audiences access them (Bustamante, 2004). We are indeed living "in an era of media transition, with business models transforming" (Squire, 2004: 11).

On the production side, the impact of new technologies is twofold. On the one hand, production costs (also known as 'first copy costs', as explained in Chapter 1) of major feature films have increased. Audiences are expecting a flow of high definition and 3D feature films, this requiring significant capital expenditure to upgrade the necessary equipment to implement these technologies. On the other hand, and especially for low-budget productions, new technologies have significantly reduced barriers to entry for the feature film industry by lowering costs. These have translated into a major increase in content production, "from a few thousand films produced per year in the early 2000's to [the] nearly eight thousand feature films produced in 2013" (Helderman and Taylor, 2014, para. 2). This over-production and abundance situation – there are more films than audiences can consume – creates a disadvantage for producers, to the extent that "raising the number of film deals lowers the chances of assembling the optimal crew for each" (Caves, 2000: 317).

The conversion from analogue to digital technology has brought the most far-reaching changes to the distribution and exhibition side of the film industry, with the Virtual Print Fee (VPF) model being applied as a way to finance the conversion of the industry to digital cinema (MACCS, 2011). Since distributors save money by manufacturing and shipping prints digitally (rather than having to circulate physical 35mm film prints), funds could be diverted towards the cost of digital equipment for exhibitors. However, because managing the collection, disbursement and reporting of the VPF is itself complicated, distributors do not pay it directly to the exhibitors. Rather, the task is delegated to a third party who is "independent of exhibitors, studios and distributors" (ICAA, 2014, para. 11), as illustrated in Figure 2.1.

Figure 2.1: *VFP Model*



Source: Movie Accounting Systems (MACCS, 2011: 4).

In other words, distributors help exhibitors (cinema chains and theatres) to invest in digital projection equipment with money saved from the lower costs of producing digital copies (DCinex, 2014). The VPF is based on each film print booking[50] over a set period of time with the fee collected from distributors by third party companies, such as Cinedigm in Australia, Arts Alliance Media in the UK, DCinex in Belgium or Ymagis in France. Third party companies also provide a fixed monthly contribution (a part of the VPF) to the exhibitors to help them finance the investment in digital equipment. In sum, the VPF model aims "to balance the inequalities in benefits of a fully digitized value chain within the motion picture distribution and exhibition industry" (DCinex, 2014, para. 5).

Very recently, another technological innovation – 'cloud technology' – has gained importance for its potential to modify the distribution and exhibition sides of the feature film industry further (Balio, 2013; Mosco, 2014). Although quite new, Hollywood anticipates that "cloud technology will become the standard way to watch movies on mobile devices and in the home" (Balio, 2013: 150), and, as such, a new online and profitable business model. A good example is Warner's UltraViolet cloud-based digital locker, which allows consumers "to collect, watch and share movies…on all (their)

[50] The film print booking fee is paid by distributors per booking of a movie. With 35mm film prints, distributors had to send physically film prints to cinemas every time an exhibitor wanted to show a movie, but now with digital technology distributors save money. Therefore, every time a booking of a movie is made, distributors pay the VPF to third party companies.

favourite compatible devices and store them in the cloud for safe keeping" (WarnerBros, 2014, para. 1). While cloud technology might have some positive side effects on the overall feature film industry, such as reducing piracy and increasing the availability of products to paying customers, it might equally threaten some areas of film industry employment. As Mosco (2014) states, new technologies are eliminating jobs – especially in distribution and exhibition – and are thus restructuring the workforce.

Social Dimension

Although some see cinema as an outlet for the "personal expression of a director's creative vision" (Brown, 2013, para. 3), feature films are perhaps better understood as "a collaborative medium" and form (Squire, 2004: 5), since they require strong teamwork and input from various people and institutions. The most significant employment tier consists of "the director, writer and composer" (Puttnam, 2004: 22). These 'key creatives' are supported by a much larger, more diverse second tier "of production designer, editor and cameraman" (ibid.), as well as actors, make-up specialists, special-effects experts, and editors, among many other creative professionals (Caves, 2000). As Bruce Nash elaborates,

> If you left Steven Spielberg alone on a desert island with filmmaking equipment he might make something amazing, but it wouldn't be what we think of as a 'Steven Spielberg' movie. To make a 'Steven Spielberg movie' you need Steven Spielberg, of course, but you also need an actor like Tom Hanks, a composer like John Williams, an editor like Michael Kahn, a cinematographer like Janusz Kaminski, and so on. (as cited in Brown, 2013, para. 6)

During a production, each film professional gets involved at a certain moment during a feature film's value chain (see section 2.3), making the project a genuinely collaborative effort. As Squire suggests, arising from their large dimension and complicated logistics, contemporary feature films can be seen as:

> [A] massive venture of global commerce, a vast creative enterprise requiring the logistical discipline of the military, the financial forecasting of the Federal Reserve, and the gambling instinct of wildcat oil drillers, all harnessed in private hands on behalf of the telling of a story. (Squire, 2004: 1)

How creativity and commerce are interlinked in the filmmaking process is aptly described by filmmaker Steven Soderberg[51] in his formulation of cinema, as being "what happens when some kind of personal expression is visible through the conventions of genre and the compromises imposed by the various contingencies of production" (as cited in Scott, 2013: 4). Soderberg's statement also reflects the economic and creative challenges that many filmmakers face. Due to the logistics, business structure and economic arrangements of the contemporary film industry, no filmmaker can work "in conditions of perfect freedom" (ibid.). As institutional theory argues, the possibilities for social action are contextual, because they evolve in relation to other actors and technologies.

Moreover, many highly skilled film professionals face constant employment uncertainty due to freelance engagements and project based work (Jones and Pringle, 2013; Scott, 2004). This situation is testament not only to the project-based nature of feature filmmaking, but also to the undercapitalisation of the majority of feature film companies. This is because film "companies are often set up to make only one film due to difficulty recycling returns from previous film productions into the development of new projects" (Blair et al., 2001: 172). Generally, film crews acquire employment from their informal social networks, such as friends, relatives or previous co-workers (ibid.; Jones and Pringle, 2013). This demonstrates the importance of the social dimension in accessing and maintaining creative work within the feature film industry (Blair, 2001).

Cultural Dimension

As a pivotal part of the cultural industries, feature films are influential cultural products, not only with "significant economic, political, and cultural implications" (Wasko, 2003: 224), but also in relation to "matters of selfhood, identity and consciousness" (Scott, 2004: 57; see also van Zoonen, 2007).[52] National cultural policies are targeting the film industry in many countries, partly because "films are perceived as having considerable symbolic and cultural value" (Crane, 2013: 2). Films play a significant role in

[51] Steven Soderberg is an American filmmaker known for directing *Erin Brockovich* (2000), *Traffic* (2000), and *Ocean's Eleven* (2001), among other productions.

[52] For instance, *The Guardian* points out that "pro-Democrat movies are now a regular fixture of the US election cycle [with] Michael Moore's Fahrenheit 9/11 in 2004, Oliver Stone's Bush biopic…in 2008, and…Kathryn Bigelow's Bin Laden film, Zero Dark Thirty" in 2012 (Rose, 2012, para. 3).

"negotiating cultural identity", as well as in "articulating social consciousness" (Gao, cited in ibid.). In the USA, there has been awareness of the power of the audiovisual sector since the beginning of the Twentieth Century. Already in 1918, the American magazine *Collier's Weekly*[53] wrote:

> [T]he American moving picture is… familiarising South America and Africa, Asia and Europe with American habits and customs. It is showing American clothes and furniture, automobiles and homes. And it is subtly but surely creating a desire for these American-made articles. (cited in Forbes and Street, 2000: 6)

The above quotation indicates that films are not only about entertainment, but also about culture, habits, customs and consumerism. It also suggests that the American film industry has been keenly aware of the power of film to foster consumerism since the very beginnings of motion pictures. In fact, due to "processes of concentration, commodification and commercialization", large-budget American-financed productions – arguably more than any other capitalist industry – still greatly contribute "to the growing trend of consumerism that dominates Western societies through the ceaseless manufacture of redundant merchandise" (Wasko, 2003: 224).

Since audiovisual productions "have significant economic, political, and cultural implications" (ibid.), feature films have not only been in the forefront of several international agreements as explained in Chapter 1, but have also been included in American foreign policy. As exemplified by the above quotation, the interests of Hollywood and Washington have often coincided. During the Second World War, for instance, Hollywood worked with the US Department of Defence to create "the 'great government propaganda machine'" (Jenkins, 2009: 492). At the time of the Marshall Plan for Europe (1948-51), the US government "linked levels of aid directly to recipients' willingness to accept imports of US motion pictures" (Guback, cited in Scott, 2004: 55). More recently, the US government has been fiercely promoting free trade in goods and services across the world, with a special emphasis on cultural products, favouring Hollywood's business model (Harvey and Tongue, 2006; Picard, 2011; Scott, 2004).

Finally, such is the influence of feature films on politics that there exists a long-established entertainment industry liaison between Hollywood and several US

---

[53] *Collier's Weekly* was an American magazine published from 1888 to 1957.

government agencies, such as The Federal Bureau of Investigation, the Secret Service, the National Institute of Health, the Department of Homeland Security and, more recently, even the CIA (Jenkins, 2009; Robb, 2004). Due to the perceived power – in the view of politicians and policy makers – of motion pictures "as a medium of popular culture" (Jones and Smith, 2005: 927), the analysis of the contemporary feature film industry is important, even more so in view of the complex mixture of culture [art] and economy [commerce] that characterises it, as described in Chapter 1.

Economic Dimension

Although arguably the largest 'cultural' industry in the world, feature films are "an inherently uncertain product" (McKenzie, 2012: 64; see also Deuchert et al., 2005; Walls, 2005; 2009), because their success is based on the "speculative, uncertain and elusive" effort to attract audiences (Squire, 2004: 1). There is no other industry or business whose mere existence is "based on dreams" and where a one-off of "investment of tens of millions of dollars" is made before anyone knows if the product is marketable (Squire, 2004: 4; see also Albert, 1998; De Vany and Walls, 1996).

Aside from the unpredictability of audiences (Chan-Olmsted, 2005; Christopherson, 2011; Lorenzen, 2007; Miller et al., 2005), there are other variables that further augment the uncertainty surrounding the film business, such as market size, "currency fluctuation, government regulation, frozen funds, local taste, censorship and piracy" (Squire, 2004: 10; see also Lorenzen, 2007; Walls, 2005). In this light, William Goldman's (1983: 39) often-cited assertion that in the film business "nobody knows anything" still holds true.

Arising from the considerable uncertainties involved in making, marketing and selling feature films, "there continues to be no magic formula" for a commercially successful movie (Squire, 2004: 4). Nevertheless, 'tentpoles'[54] have proliferated with the hope of emulating prior successes (Balio, 2013; Chen et al., 2013; Gemser et al., 2007; Hoffman and Rose, 2005; Obst, 2013; Squire, 2004). Some examples using 'tentpoles' include *Harry Potter, Avatar, Superman, Batman, Terminator* and *Toy Story*. While not

[54] These 'tentpoles' productions are expected to support a wide range of ancillary revenue streams (see section 2.3 Distribution).

all sequels are as lucrative as the first film (Agostini and Saavedra, 2011), they have proved to be “ideal for promoting, generating, and retaining consumer interest in the revenue-generating products associated with such movies” (McAndrew and Risak, 2012: 58). To the extent that the “ability to predict at an early stage the commercial success of a new film project is almost nonexistent” (Caves, cited in Walls, 2005: 178), producers and film executives can only base their business predictions and estimations on data about what has been commercially successful in the past (Vogel, 2004).

The identification of patterns of success for Hollywood films has been the focus of many academic studies (for instance, Nelson and Glotfelty, 2012; Scott, 2004; Walls, 2005; Walls and McKenzie, 2012), as well as the determinants of motion picture box office performance (Bagella and Becchetti, 1999; De Vany and Walls, 1999). However, projects identifying such patterns in specific countries have been less common, and are missing in studies of the New Zealand context. Although this thesis does not directly attempt to fill this knowledge gap (see methodology in Chapter 3), it does lay a foundation for future research into the patterns that emerge among successful bottom-, middle-, and top-tier features films in New Zealand.

The global financial crisis of 2008 influenced the film business in various ways. Budgets were reduced around the world, distribution channels decreased “internationally and multi-national conglomerates that owned and operated studios no longer saw a viable risk in the intimate, quirky and character centric independent films of the 1990’s and early 2000’s” (Helderman and Taylor, 2014, para. 1). Instead, studios decided to focus on ‘tentpoles’, sequels and remakes, even though “the costs of producing and marketing such features were enormous” (Balio, 2013: 65). In this regard, Obst (2013) identifies two different film businesses by using the global economic crisis as the dividing line: the ‘Old Abnormal’ film business model from the 1980 to the early 2000s, and the ‘New Abnormal’, in existence since 2008.

In contrast to the ‘Old Abnormal’, one of the main characteristics of the ‘New Abnormal’ is that “the studios have grown their slates[55] into a diet of pure ‘tentpoles’, with almost nothing in between”, instead of only releasing one or two ‘tentpoles’ each distribution season as they might have done ten years before (Obst, 2013: 6). According

[55] A studio’s compilation of yearly pictures.

to feature filmmaker Steven Soderbergh, "there is less and less room in the business for artistic integrity and 'specificity of vision'; in the age-old struggle between art and commerce, art is being routed" (cited in Scott, 2013, para. 2). Indeed, this constitutes "the distinctive organisational form of cultural production in the complex professional era" (Hesmondhalgh, 2013: 81). This is significant for the international film industry as a whole, because the potential diversity of feature films produced worldwide is being diminished, particularly outside the American film industry circuit.

International Dimension

Arguably the most important aspect within the international dimension of the feature film industry is the fact that media trade channels are dominated by global media conglomerates domiciled in the USA, commonly referred to as 'Hollywood majors', 'studios' or just 'the majors' (Goldsmith and O'Regan, 2005; Hoskins et al., 1997; Scott, 2002).[56] In order "to offset cash-flow uncertainty", these global media conglomerates are more broadly active in the entertainment and information-related businesses (Squire, 2004: 10), not only producing and distributing cinema and TV films via theatrical, pay TV and cable TV networks, but also involved in magazine, newspaper, and book publishing, together with the production and distribution of sound recordings, as extensions of their business activities (Caves, 2000: 314). In other words, and as explained in the previous chapter, these global media conglomerates are integrated vertically, horizontally and diagonally, with synergy as the main offsetting benefit. Caves describes this synergy effect as follows:

> Consider the full-fledged media conglomerate whose trade-publisher branch signs what turns out to be a successful and popular novel. The firm's paperback publisher can later bring out the cheap edition. The firm's film studio can contract for and distribute the motion picture in the United States and abroad. The studio later shows the film on the conglomerate's TV broadcasting network and over its cable systems. The film's screenplay is 'novelised' – reconverted to a novel, illustrated with stills from the film – and published as another book by the paperback division. The conglomerate's music division issues the film's sound track on compact disc, and the firm's TV film division builds a dramatic series around its characters. All these cash flows contain excess profits, because the

[56] According to Hoskins et al. (1997: 37-50), a large domestic market with a common language, high per capita income, and the vertically integrated nature of the major studios explain the American dominance over international media trade.

> underlying literary property is a sunk cost, an asset that can be endlessly recycled at only the cost of restyling or transforming it. (Caves, 2000: 319)

Another area of the international dimension of feature films are film subsidies (Squire, 2004). Countries around the world, as well as many states within the USA, offer film subsidies to attract film productions in the belief that these will generate jobs and economic development to benefit the national economy as a whole (Battista, 2014; Hughes, 2013; Pardo, 2007: 89). Since the 2008 global financial crisis, however, many countries and states have begun "to question the value and efficacy of such incentives" (Balio, 2013: 38). The Michigan Senate Fiscal Agency reported that "as is true for most tax incentives, the film incentives represent lost revenue and do not generate sufficient private sector activity to offset their costs completely" (cited in Robyn, 2011, para. 2). Indeed, as Hughes (2013: 11) points out, "when states commission fiscal impact analyses, film tax incentive programs are almost always a revenue net-loss."

Overall, although new technologies and economic circumstances are shaping and changing the feature film industry, as Squire (2004:11) argues, "the basic business skills applied to commercial moviemaking remain the same". He explains that:

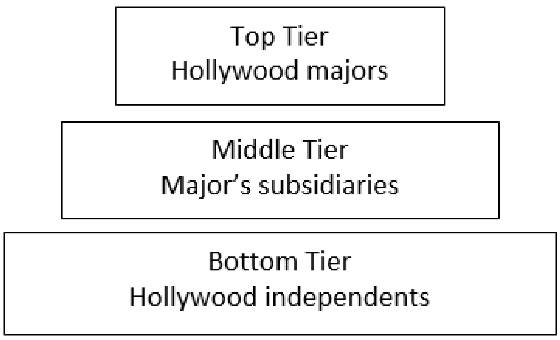
> In developing a screenplay, action may be rewritten to conform to budget; in dealmaking, all parties must be protected; in securing funds, ingenuity prevails; in production, creativity is influenced by pressures of time and money; in distribution, imaginative selling is required; and in exhibition, the anxiety of anticipating public response is universal. (ibid.)

However, even if the basic business skills required for filmmaking do not significantly change, the economic scope of a certain production differs depending on the particular budget tier to which a feature film belongs, that is, bottom-, middle-, or top-tier motion picture productions, as illustrated in the following section.

2.2. Investment Tiers in Feature Film Production

The feature film industry can be portrayed as segmented by various overlapping tiers of production. However, these tiers may differ between Hollywood and smaller film industries in other countries around the world. According to Scott (2004: 35), Hollywood is a bifurcated system with the “upper tier of the market” supported by the Hollywood majors, and the bottom-tier of the market sustained by “highly specialized” Hollywood independents (either on production, distribution or both by being “vertically integrated”). In addition, each tier is complemented by a middle-tier maintained by the “major’s own subsidiaries” (ibid.: 45; see Figure 2.2).

Figure 2.2: *Hollywood’s Film Investment Tiers*



Generally, Hollywood independents deal with small budget films and only reach the upper-tier of the market on rare occasions, when “small-budget films…unexpectedly become box-office successes” (Scott, 2004: 35). A good example of this is *Paranormal Activity* (2007), which was shot in the filmmaker’s private home over a seven-day period with “a standard home video camera, US$15,000 dollars, two actors, and no script” (Nastasi, 2012, para. 1). After screening at a horror film festival, Paramount picked it up for distribution and grossed over US$190 million worldwide. Another more well-known (middle-tier) film was *Fahrenheit 9/11* (2004) from Michael Moore, which grossed US$222 million around the world (Kemp, 2012).

Although Hollywood independents operate in an “entirely separate sphere of commercial and creative activity” (Scott, 2002: 964), there is a connection between them and the Hollywood majors in the way in which beneficial externalities to both tiers are generated, “including important flows of new talent from the lower to the upper tier” (ibid.). In the middle-tier, subsidiaries are owned by the Hollywood majors, which use them “to spread their risks, to diversify their market offerings, and to sound out emerging market opportunities” (ibid.: 963). Because middle-tier films can also be significantly successful, such as *Pulp Fiction*, which was made by Disney’s subsidiary Miramax in 1994, the position of the true independents might be undermined.

However, significant differences exist between Hollywood and the way in which film industries outside the USA are organised. According to Squire (2004), the products of the feature film industry are generally divided in three types: those sustained by domestic productions that usually do not travel overseas; those films that are “suitable for export because of [their] content and style”, and finally those that are “high-priced, mass-market English-language” productions designed as global entertainment (Squire, 2004: 10; see Figure 2.3).

Figure 2.3: *Film Investment Tiers in Other Countries*

Domestic films are generally ‘small budget’ and need financial support from public institutions and/or dedicated industry funding schemes. Since they can contribute to the expression of specific cultural identities, national and regional governments around the world may support these productions via public financial or fiscal arrangements. In industry terms, domestic films provide vital industry training and create basic infrastructure, generating externalities that benefit the other two upper-tiers. Since technology has significantly diminished the entry barriers to the feature film industry by lowering costs, film amateurs can now easily participate in the feature film industry by creating their own 'low (or no) budget' productions and distributing them via the Internet.[57]

Squire (2004) defines the middle-tier as those productions with export potential. Generally, and especially in small countries, productions with such commercial potential are made with both national financing and offshore investment, either as official co-productions or as cross-border productions. In the USA, there are no official co-production treaties. In fact, co-production treaties are in place "specifically to counter the might of Hollywood" (Einspruch, 2014, para. 2). While official co-productions follow the guidelines of co-production treaties between countries, cross-border productions aim to pool creative and/or financial resources from different countries independently from any official co-production treaty (Lorenzen, 2007; Morawetz et al., 2007). Indeed, middle-tier productions are not only about shared financial resources, but also about enhancing the industrial international relations – either with the suppliers or partners of domestic production companies (Oh, 2001).

The business strategy usually pursued for middle-tier productions is to package a film project that is significantly appealing to two different countries (Einspruch, 2014). Consequently, these transnational productions are less likely to be based on specific national cultures and "more likely to incorporate perspectives from other countries in order to attract audiences in the global film market" (Crane, 2013: 13). In most cases, middle-tier productions are interesting for small countries particularly as a business strategy to increase "the proportion of domestic films' share in gross box office revenues" or, in other words, their "self-sufficiency ratios" (Oh, 2001: 31). Morawetz et al. (2007: 422) argue that international co-productions are increasing in number due to "a wider narrative of financial and institutional dynamics shaping the industrial organization in the film industry". Countries around the world have implemented film support policies, such as film subsidies, to attract international productions, which has "led to a vicious circle of tax competition between competition states globally" (ibid.). As previously noted, the case of the State of Michigan is a good example.

[57] The extent to which these amateur productions are considered part of the feature film industry of a country is another issue.

Finally, the top-tier of production is sustained by Hollywood majors, the "American multinational media corporations" that disseminate Hollywood products around the world (Scott, 2004: 54). Their main characteristic is "their ability to make big-budget films that appeal powerfully to popular taste in many different cultures" (ibid.). According to Crane (2013: 11), this is possible because American filmmakers have eliminated the "cultural complexity" in their storytelling by developing film narrative that can easily cross national boundaries.

Two types of foreign-financed big-budget films stand out. The first are productions that, although receiving foreign investment, are creatively driven by the host country. A good example of this is *The Full Monty* (1997) which, although a British-produced comedy, was financed and distributed by 20th Century Fox. As author Geoff Brown put it: "the praise went to Britain, but all the film's profits went to America" (cited in Lyons, 2013: 127). The second type of top-tier productions are the so-called 'runaways', those films that, while shot in a particular country, are produced, financed and staffed with international talent (Goldsmith and O'Regan, 2005). However, as Goldsmith et al. (2010: 25) point out, the term 'runaway production' is misleading, because "you really cannot describe something as running away when it is from inception 'born international', when the personnel in front of and behind the camera, and the financing, are drawn from around the world". For instance, the American production *The Mummy: Tomb of the Dragon Emperor* (2008) was shot in Canada and in China, but economically and creatively driven by Universal Pictures in the USA.

A 'runaway' feature film is characterised by the "decentralization of production activities from Hollywood to satellite locations" (Scott, 2002: 966) and owes much to the non-American film subsidies that are challenging Hollywood as a centre of movie production (Grogg, 2004). Although the era of 'runaway production' began in 1947 due to "the imposition of a 75 percent tax on the earnings of all foreign companies in Great Britain" (Jewell, 2007: 299), the number of runaway productions has increased in recent decades, influenced by the search for distinctive outdoor film locations (creative runaways) as well as by the desire to reduce production costs (Goldsmith and O'Regan, 2005).

The latter are known as 'economic runaways' (Monitor, cited in Scott, 2002), because they try to take advantage of "low wages, low rental rates for sound stages and equipment, advantageous foreign exchange rates, government tax credits and subsidies, and so on" (ITA, cited in Scott, 2002: 968; see also Goldsmith and O'Regan, 2005; Balio, 2013). A good example of a recent Hollywood runaway is New Line's forthcoming earthquake thriller *San Andreas* (2015), where "except for six planned days of shooting in San Francisco, the entire US$100 million movie will be made in Australia" (McNary, 2014, para. 4). Runaway productions are economically feasible only when the production and transactions costs[58] in the satellite location are lower than those that would have been incurred at the home base (Scott, 2002).[59]

Although American-financed films still dominate the film industry globally (Crane, 2013; Hesmondhalgh, 2013), it is important to note that "the vast majority of the films made around the world are not American" (Jones and Smith, 2005: 926). However, especially due to the high level of concentration for film distribution (Wasko, 2003; Scott, 2004), control over the film industry by global corporations does not seem to diminish. On the contrary, if the majors do not own a distribution network in a specific country, they often tend to "enter into joint ventures or long-term agreements with local companies in order to ensure distribution of their films" (Scott, 2004: 53-4; see also Lorenzen, 2007). This strategy allows them to control the whole feature film value chain.

2.3. The Value Chain of Feature Films

The 'value chain' of feature films is "the process by which a single idea turns into a unique piece of entertainment software capable of generating over a billion dollars and sustaining cash flow over decades" (Ulin, 2010: 1). A film's value chain can also be seen as "a connected series of activities, that combine to create and deliver a product (or value) to customers" (Bloore, 2009: 1). It is basically a system that principally aims "to move the content to its audience" (Peirce, 2014, para. 10).

Although research on the 'value chain' of feature films is not common, some academic studies have referred to the relevance of the value chain concept in relation to

[58] Transaction costs include all expenses between the home base and the satellite location.
[59] As Goldsmith and O'Regan (2005: 10) explain, the majors have reproduced "Hollywood-standard infrastructure" in several locations around the world in order to reduce risk involved in location shooting.

the feature film industry. Authors such as Balio (2013), Bloore (2009), Caves (2000), Eliashberg et al. (2006), Hoskins et al. (1997), Iordanova and Cunningham (2012), Iordanova and Rhyne (2009), Küng (2008), Lampel et al. (2006), Squire (2004), Ulin (2010), Vogel (2007), Wasko (2003) and Zerdick et al. (2000) have analysed some or most of the stages of a film's value chain, most of the time without mentioning the concept as the 'value chain'. Indeed, one of the challenges when reviewing literature in this area is the lack of consistency in concepts.

The feature film value chain consists of five steps: conception and development, production (including pre-production and post-production), distribution, exhibition and consumption.

Conception and Development

Development is the first step in a film's value chain (Bloore, 2009). It consists of creating or acquiring the story source (or main idea for a film), which can be an original screenplay, literary source, or, more rarely, an earlier screen production (Caves, 2000; Squire, 2004). The entrepreneur, who usually is an independent producer[60] for bottom- and middle-tier films, or an in-house producer for top-tier studio films (Balio, 2013: 26), needs "to retain access to the copyrighted source while a screenplay is developed" (Caves, 2000: 104). The producer, whose role is still underplayed, is the driving "entrepreneurial force that stays in the trenches alongside the filmmaker until the film is delivered" (Brown, 2013, para. 8). In other words, as American producer Ted Hope explains,

> [The] role as producer went from being responsible for the film, the director's vision, to being responsible for what the package was, and being responsible for the money, being responsible to the business plan, to the marketing plan, for the connection to the audience and delivering that audience and then also keeping that engagement active and live (cited in Myers, 2014, para. 13).

Apart from acquiring the rights to the story, the producer usually has to secure "development funding for the writer" (Bloore, 2009: 9). Alternatively, a producer can directly buy a 'spec' (speculative) script, namely:

---

[60] Generally, this independent producer comes from outside the Hollywood studio system, which might be from the producing partners of the majors (middle-tier) or independents (bottom-tier) (Balio, 2013).

> [A] non-commissioned, unsolicited screenplay written without compensation to the writer. The hope in writing a spec script is for a writer to eventually set their script up with a studio, financier, producer, production company or any other buyer, and to begin the development process of transitioning their story into a feature film (*TheTrackingBoard*, 2014: 3).

A spec script can become a top-, middle-, or a bottom-tier feature film. Historically, in Hollywood, writers were paid pre-negotiated fees for each script rewrite during the studio development process. However, because studio executives demanded extensive successive rewrites, the process came to be considered as something akin to "development hell" (Balio, 2013: 36). Since the 2008 recession, this process has been modified to the effect that writers are paid a one-step deal for a first draft, and fees for rewrites are undetermined (ibid.). This situation places writers in a more vulnerable position, because as they fear not getting a next assignment, as *Variety* reports, it has become "especially difficult to insist on getting paid for rewrites" (McNary, 2010, para. 3).

As explained above, the decision as to which top-tier movies Hollywood studios will make and distribute is made by the "department heads of domestic distribution, international distribution, television, and home video", each of which provides their own financial projections based on previous productions (Polone, 2012, para. 3). This extensive market research aims to reduce financial risk by avoiding uncertainty (Balio, 2013). Distribution departments, therefore, are involved at very early stages of a top-tier film project, with the intention of influencing the final product. In contrast, bottom- and middle-tier productions are usually not able to conduct extensive market research before embarking upon a certain film project. Hence, "marketing departments and distributors very rarely influence the creation of the [bottom- and middle-tier] films they will eventually exploit" (Bloore, 2009: 9).

The producer is also usually responsible for recruiting the principal creative participants – director and actors (Caves, 2000: 103). As "the chief executive on a picture", the producer is involved longer than anyone else (Squire, 2004: xxi), and will have strong "preferences for the director and the major actors" (Caves, 2000: 106). Once hired, the director – 'the captain on the set' – works "closely with the producer on creative and business decisions" (Squire, 2004: xxi) while taking over as "the artistic coordinator" of the entire feature film project (Caves, 2000: 108). In fact, the most crucial relationship during a feature film, the one that holds the project together, is between producer and director (Brown, 2013): "It is demoralizing for a director to think the producer has a hidden agenda, just as it is demoralizing for a producer to believe the studio has another agenda altogether" (Puttnam, 2004: 19). As Puttnam puts it, "the key is trust" (ibid.).

A producer needs to have not only creative instincts, but also be business savvy (Hope, 2014a), not least since financing is one of the most, if not *the* most, complex stages during development (Bloore, 2009; Squire, 2004). In the case of bottom- and middle-tier films, multiple stakeholders can be involved, such as collaborating businesses, advisors, as well as public and private investors (Bloore, 2009: 9). The producer needs to have excellent "leadership and negotiation qualities" to ensure that all agents agree to participate, although the more agents involved, the more "business needs and creative views" can affect the completed film (ibid.). Paradoxically, film directors see major creative advantages in having multiple agents financing the film, because it means that no one stakeholder is influential enough to hold the director to specific "artistic choices [in order to] maximize commercial value" (Caves, 2000: 115). Indeed, a producer needs to recognise that investors are important business partners, who have to be carefully chosen, because the money might not merely "come with too many strings attached, particularly in the area of creative autonomy, but they might also send out the wrong market signals to other investors, not to mention distributors down the road" (Brown, 2014, para. 12).

In order to obtain financing, independent productions might seek "backing [from] a distributor" during development, as this support gives crucial assurance to investors that the film is well-regarded and will be distributed (Hoskins et al., 1997: 57). Because "the major studios retain the two essential functions of financing and distributing films", independent producers can also make a "production-finance-distribution (PFD)[61] deal" with a studio (Caves, 2000: 111; see also Balio, 2013; Garey, 2014; Rudman and Ephraim, 2004). Another option for an independent producer is to finance the film independently and postpone the distribution deal with the studio until the film is in

[61] A common split of a film's profits for a PFD agreements is "50 percent to the studio, 50 percent to the producer and other participating in net profits" (Caves, 2000: 112). In other agreements, a producer can also get as much as a 50 percent share of net profit, which increases his or her incentive "to maximize the commercial value of the project" (ibid.: 113). Note that a share of a film's net profit is not the same as a share of gross profit, because a share of net profit may amount to nothing, while a share of gross profit ensures a share from first dollar received.

production or even completed, because, as such, the product offered is less of an uncertainty and therefore the producer stands to arrange an even better deal (ibid.). However, there will be bottom-tier films that are unable to access either financing or distribution from major studios. In such cases, the producer might approach public agencies for financing, such as the New Zealand Film Commission or Screen Australia.

Independent financing is also commonly achieved via pre-sales agreements, or "the process where a film is sold, in advance of being made, to some territories in the world, on the strength of the perceived value attached to director and cast" (Bloore, 2009: 9; see also Hope and Vachon, 2013). Once the production is pre-sold to one or two major territories, banks or equity financiers might then feel more confident to provide funds, which in turn allows the producer to pull together the rest of the financing (Hope and Vachon, 2013, interview). However, since the economic crisis in 2008, pre-selling exhibition rights has become more complex, particularly for independent (bottom- and most middle-tier) productions. As American filmmaker Ted Hope put it, "the change from an entertainment economy based on scarcity and control, to one that is based on super abundance and access" means that filmmakers need to change some of their creative practices, including relying on pre-sales agreements (ibid.). Nevertheless, while the market is changing, producers still aim to pre-sell rights to foreign exhibition chains, and DVD distributors, among other exhibition windows (Caves, 2000: 111).[62]

If a producer is financing the production without a studio or via public funders, it will be "necessary to secure a completion guarantee" through an insurance company, which guarantees that the producer will deliver the completed film for a percentage of the production cost (Garey, 2014: 123). Because feature film productions do sometimes go over budget and beyond their production schedule, "the guarantor guarantees to the bank the producer's performance of the conditions of the loan agreement" (Rudman and Ephraim, 2004: 211). Other forms of completion assurances exist; for example, when a producer "is strong enough financially to sign a personal guarantee of completion", when investors agree to meet budget overruns, or when a standby investor "might commit to provide an additional amount" with the right to take over control of the production (ibid.: 209-10). While in both cases the producer will cede some control, the main difference

[62] See Garey (2014) for other techniques that are being used to finance feature films.

between a standby investor and a completion guarantor is that the former "will normally obtain a recoupment position prior to or at least equal to the people who put up" the initial budget (ibid.: 210).

Another consideration when financing a production are government-based film industry subsidies, which offer the option of additional investment termed "soft money" (Balio, 2013: 37). Especially for middle- and top-tier feature films, film subsidies – be they tax credits, sales tax exemptions, cash rebates, grants or fee reductions – are in some instances the primary reason for deciding to shoot a film in a specific location (Battista, 2014: 4; Goldsmith and O'Regan, 2005: 33; Hughes, 2013: 13). When an independent producer contacts a studio about a movie in development, "the first thing discussed won't be which location has the perfect look or the right calibre of local crew; rather, it will be about which state or province will pay [them] the most to bring [their] production to their territory" (Polone, 2011, para. 1; see also Battista, 2014; Hughes, 2013). Film subsidies have not only expanded in almost all American States (Balio, 2013), but also elsewhere around the world. This creates an unsustainable subsidy race worldwide (Giardina, 2014; Hughes, 2013: 14; VFX Soldier, 2014). Countries like the UK, Canada, the Netherlands, Belgium, Ireland, Australia and New Zealand have each offered substantial subsidies to attract foreign productions, as well as to enhance their own visual effects industries (Cohen, 2014; Grogg, 2004). This 'runaway' phenomenon has had serious consequences for many American-based companies.[63]

The process of acquiring the rights, recruiting the principal creative participants, and securing financing for the entire film is called "packaging the project" (Bloore, 2009: 9). According to Puttnam (2004: 15),

> The actual job of putting a film together has barely changed since the days when the Lumière brothers created the very first moving images more than one hundred years ago… What has changed, and changed dramatically, is the sheer complexity of it all, particularly in the legal, contract and copyright areas. So one of the basic skills that producers must develop is the ability to work across a range of very

[63] The documentary *Life After Pi*, released in February 2014, explains how the Los Angeles-based visual effects company Rhythm & Hues Studios declared bankruptcy just two weeks before winning the Academy Award in visual effects for *Life of Pi* in 2013 (*Hollywood Ending*, 2013). When receiving the Oscar, the Rhythm & Hues team tried to explain the difficult financial situation that the company was going through, but they were cut off by the 'Jaws' theme music (ibid.: min. 23). The visual effects industry was so offended by this action that it started an international online campaign for better working practices and the cessation of film subsidies.

> different activities, managing very different types of people in sometimes very different circumstances.

These legal challenges are easily managed by top-tier production companies with their in-house legal departments. However, independent producers of bottom- and most middle-tier features have to create joint ventures with entertainment lawyers or other producers in order to share expertise and manage the challenging legal areas of filmmaking (Fitzgerald, 2013). Other options include the legal advice that public funders offer to these productions.

All in all, a lot of time is spent on development, the first stage of a film's value chain (Bloore, 2009). Although all feature film projects begin with the intention of reaching completion, some productions never make it beyond the crucial development stage. Reasons for such early failure vary and include, for instance, major actors with extensive rewriting demands, insufficient financing, or a film's project being based "around one important cast name" that for whatever circumstances decides to abandon the film (Puttnam, 2004: 17). Once these and other challenges during the development phase have been mastered, the feature film project enters the production phase.

Production

From an economic perspective, production is the "conversion of resources or inputs (e.g. raw material, ideas, knowledge) into outputs (goods and services)" (Doyle, 2013: 4). The production stage of a feature film project can be divided into three phases: pre-production, production and post-production. Once a feature film project is given 'green light', pre-production begins. The producer then ensures that everything is prepared before walking on to set. This may include confirming financing, completing the screenplay, setting the start date for principal photography, hiring crew, study weather conditions, set up deals with guilds and unions, negotiate deals with crew, booking equipment, hotels and airlines, and identifying all locations, cast, costumes, as well as music and special and visual effects for every individual scene (Blair et al., 2001; Grillo, 2004).

The schedule for each shooting segment is called 'shooting script' or 'shoot sheet', which includes "the amount of days needed for filming, the locations, a breakdown of all scenes, actors and extras needed and other key elements" (Grillo, 2004:

235; see also Fong, 2004). This is required logistically and economically to plan production, because the budget is based on it.[64] Pre-production expenses are generally seen as 'high-risk money', because "there is still the chance the picture can be cancelled" (Puttnam, 2004: 18). However, time and money wisely spent in pre-production can turn out a worthwhile investment, because for instance "spending an extra US$100,000 in pre-production can save US$1 million during shooting" (ibid.: 17-8). During pre-production, there will also be a "read-through" of the script, which is usually attended by all cast members, the director, producers, heads of departments, investors, and publicists if they are already involved (Grillo, 2004: 240).

During production, the feature film is shot, a process termed 'principal photography' (Blair et al., 2001; Bloore, 2009). While actors arrive on set and rehearse with the director, cameras and lighting are set up. Once actors are back from the makeup and wardrobe department, filming begins. Normally, the first day of shooting is "low-key, since crew members and other talent are just getting to know each other" (Fong, 2004: 252). The most common complaint during filming is that there is never enough time or money (Grillo, 2004; Puttnam, 2004). During a 'normal' twelve-hour shooting day, the producer (or producers) checks progress reports, completes the production report of the day,[65] adjusts shooting schedules, deals with publicity and press, handles all cast and crew travel, as well as oversees editing and prepares for post-production by licensing music and booking any dubbing stages (Grillo, 2004: 241).

During post-production, the feature film is edited by the director and a specialist editor, a process not only including sound effects, special effects and music, but also the examination of final bills, fold-and-hold sets, returning of rentals, shutting down of the production office, as well as arranging research screenings and previews (Bloore, 2009; Caves, 2000; Grillo, 2004). While director and editor tend to be in charge during editing, financiers might get involved as well in creative decisions if they are "concerned [about]

[64] A typical feature film budget is divided into two sections: above-the-line and below-the-line expenses. Above-the-line costs involve story rights, the purchase of the screenplay, writer, director and producer fees, as well as casting expenses. Below-the-line expenses include all costs during filming, such as set dressing, wardrobe, makeup and hair, camera, lighting, sound, transportation, music, post sound, film lab, as well as insurance and general expenses (Grillo, 2004: 236).

[65] The production report is the film inventory, which "documents all that was accomplished during that day of shooting, including the sets used, locations, scenes completed, film inventory and cast and crew timings" (Fong, 2004: 267).

protect[ing] their investment" (Bloore, 2009: 9). Once the final edit of the feature film is approved by the director, the producer and the investors, distribution can begin.

Distribution

As Squire (2004: xviii) points out, "completing the movie is only half the battle", the other half is convincing the audience to pay to experience it. When a top-tier project receives the 'green light' and enters production, distributors and marketing managers read the script to "start conceptualising print ads, trailers, promotions, promotional partners, publicity, online opportunities and media plans" (Fellman, 2004: 364). Later on, the distributor cuts the trailers and designs the poster and press kits, schedules press junkets and dates, chooses the optimal release date,[66] pattern and distribution philosophy, implements the advertising campaign, as well as premieres and releases of the film (Balio, 2013; Grillo, 2004; McKenzie, 2012; Puttnam, 2004; Wasko, 2003).

How long a film stays in theatrical release[67] depends on its performance and the distributor-exhibitor deal (Ulin, 2010). The marketing campaign not only aims "to create a unique brand for a new release and to create a must-see attitude for the opening weekend" (Balio, 2013: 69), but also "to reach the primary and secondary audience" (Fellman, 2004: 365). These audiences are mainly identified by the professional marketers and distributors, and can differ from the initial 'imaginary' or 'ideal' audience that a director may have had in mind during development and production. Exhibitors are consulted regarding the optimal promotion strategy, such as the number of theatres in which the film is shown (Caves, 2000: 161). Marketing campaigns include promotion via social networks, such as Facebook, Twitter and YouTube, to generate word of mouth recommendation between moviegoers (Balio, 2013).

As Balio (2013: 66) explains, "the principal business of the Hollywood majors is distribution" (see also Fellman, 2004; Wasko, 2003). Distribution is crucial not only because "producers rely on distributors to reach exhibitors and final consumers, [but also

[66] In general, the optimal release date for a 'tentpole' or franchise is the "Thanksgiving-Christmas holiday season and the summer" (Balio, 2013: 72; see also Wasko, 2003).

[67] Theatrical exhibition may not be the first distribution window for a film in today's multi-platform media environment as one in which some films go direct to DVD or might be even released online. However, this is not yet the case for New Zealand feature films which, unless they have been co-financed by public broadcasting funders (NZ on Air, Māori TV or Te Māngai Pāho), tend to debut in theatres.

because] exhibitors in turn rely on distributors for a steady supply of product attractive to audiences” (Hoskins et al., 1997: 52). A theatrical exhibition is the first distribution window and the earliest with “direct contact with customers” (Squire, 2004: xix; see also Scott, 2004; Ulin, 2010). Therefore, a theatrical release is a crucial step, its success or failure has significant impact “on the subsequent commercial performance of any film and its spin-off productions” and commercial success in the aftermarkets (Scott, 2004: 34; see also Balio, 2013; McKenzie, 2010; Ulin, 2010; Wasko, 2003). The majors not only distribute their own top-tier films, but also pictures from “independent filmmakers, who either work directly for them or have projects picked up after progress toward completion has already been made” (Vogel, 2007: 80).

In order to maximise box-office appeal and returns on the first weekend of exhibition and “as a way of pre-empting film piracy”, the major’s distribution strategy is “focussed on saturation theatrical openings across [a] country” (Scott, 2004: 39; see also Balio, 2013; Wasko, 2003). It is also common to see “profit-destroying promotion races” between studios when rival major films are released at similar times (Caves, 2000: 165). Thus, because of the high advertising and distribution costs associated with any major release (Balio, 2013), the studio ‘tentpole’ film strategy is not only about profit maximisation during theatrical exhibition (Bloore, 2009; Picker, 2004), but also “the creation of comprehensive multimedia platforms” to generate “lucrative ancillary revenue streams” (Boluk, 2014a, para. 1 and 14).[68] As a result, theatrical box-office is “no longer the main source of the majors’ revenues”, but rather the after-markets (Scott, 2004: 42; see also Boluk, 2014b). Nevertheless, box office numbers are still very important because after-theatrical deals are usually based on a percentage of box office gross revenues (Balio, 2013; Squire, 2004).

After-theatrical ancillary markets are all possible non-theatrical distribution windows for feature films. These windows, also known as “time-sensitive opportunities of different types of exploitation” (Bloore, 2009: 10), can be DVDs (sales and rental), Pay TV (satellite and cable),[69] free-to-air TV (public service broadcasting or advertising),

---

[68] 70% of the box office returns for major American releases is derived from international territories, with obvious implications for films designed appeal to international audiences.
[69] Cable television programming generates 60 percent of Hollywood profits (Boluk, 2014a).

Video on Demand (VoD),[70] online download (rent or own), as well as airlines, schools, hotels, hospitals, prisons, colleges, libraries, and churches, among others (Balio, 2013; BusinessWeek, 2012; Caves, 2000; Fellman, 2004; Lorenzen, 2007; Wasko, 2003).[71]

Other 'spin-off' or secondary products include merchandising, such as toys, computer games, books, soundtrack CD, each of them with its "own separate value chains and various revenue shares" (Bloore, 2009: 10). Because these 'back end' ancillary commercial exploitations of a film in various formats are "the front end in terms of financing and ultimate revenues" (Schamus, cited in Balio, 2013: 126), distributors aim to buy not only theatrical rights, but also ancillary-rights, especially "for home video and television sales to protect [and expand their] overall investment" (Berney, 2004: 378).

Distributors usually employ a price discrimination strategy over time, which implies "showing the film first at a high price to those eager to see it [theatrically], then successively lower prices to less eager consumers" on Pay TV, VoD, DVD and Free TV (Caves, 2000: 161). Thus, for top-tier films the first point of sale is theatrical release, while independent productions (including bottom- and most middle-tier films) are usually first shown at film festivals, like Cannes, and their associated markets (Scott, 2004; Squire, 2004). Moreover, independent productions often use a low-profile distribution strategy based on favourable reviews and word of mouth evaluations, which can become highly profitable (Caves, 2000; Hennig-Thurau et al., 2012; Koschat, 2012). They might either make a distribution agreement with a larger 'major' studio (Fellman, 2004: 365), or "have mini-distribution organizations of their own" (Vogel, 2007: 80; see also Webb, 2013). Because commercial performance of independent films is highly uncertain, distributors need to be "ready to maximize box office potential with as powerful a campaign as available dollars allow, or to scale back if need be, should the box office not support the film" (Berney, 2004: 379).

Since 2008, however, it has become more difficult for independent productions to arrange beneficial distribution deals, because distributors are either not able or willing to

[70] Examples of VoD outlets include Cineoo in India, LOVEFiLM in the UK, IndieReign in Australasia, Youku in China or Wuaki.tv in Spain (Jackson, 2013).
[71] Each of these windows operates under "different business models and economic assumptions…broadcast television is advertiser-based, cable is pay-per-view or by subscription, and home video may be through either rental or direct purchase" (Vogel, 2004: 139).

put cash up-front, or to provide “low upfront minimum guarantees” (Balio, 2013: 131). Since this turn, the main revenue stream for independent productions are VoD, rather than theatrical or DVD sales (Hope and Vachon, 2013). That is why several VoD distribution platforms have proliferated on the Internet, such as CreateSpace (Amazon), Distrify, IndieReign, MoPix, Pivotshare, Reelhouse, VHX, Vimeo on Demand, and Watchbox. From a filmmaker’s perspective, the main problem with these platforms is that they do not report viewership in a uniform, reliable and transparent way, “leaving filmmakers and the industry without any benchmarks [to assess] where audiences are engaging with their content” (Indiewire, 2013, para. 1).

Exhibition

As noted above, “the distributor-exhibitor relationship is one of mutual dependence” (Hoskins et al., 1997: 55). While the distributor can make several decisions that influence the exhibitor’s profit, such as if the same film is shown in several nearby theatres, the exhibitor specifies admission prices, which affects a distributor’s profit (Caves, 2000: 163). Nevertheless, exhibitors will always want the last big-budget ‘tentpoles’ and franchises from the majors, which, according to Hayes and Bing (2004: 97), leaves exhibitors with “controlling little beyond seating, ticket prices and concessions” (as cited in Balio, 2013: 89). Because distributors also want exhibitors to provide the latest technological innovation in order to attract filmgoers, the Virtual Print Fee (VPF) model has been created, as explained in section 2.1, to help cinemas finance the conversion to digital. Central to that relationship is the negotiation of premieres and promotions in order to maximise the value (i.e. revenue) of every single product, but most importantly it is the agreement upon sharing the “percentages of ‘film rental’ per picture” (Redstone, 2004: 393).

The film rental is the share of the box office gross revenue that exhibitors agree to give to the distributor in exchange of the right to exhibit the film (Hoskins et al., 1997; Ulin, 2010). In a standard agreement in the USA, the distributor takes 90 percent of the box office gross for top-tier productions, leaving 10 percent for the exhibitor, after deducting the house expenses (Balio, 2013; Caves, 2000; Hoskins et al., 1997; Redstone, 2004; Ulin, 2010; Wasko, 2003). House expenses – or house allowance – is a fixed sum covering rent, payroll, utilities, taxes, licenses, insurance, repairs, maintenance, advertising and miscellaneous (Redstone, 2004). A theatre calculates the film rental as the

90 percent after reducing the house allowance to the film grosses per week. For instance, if a film grosses $25,000 for the week and the house allowance is $10,000 a week, the film rental is the 90 percent of $15,000 ($25,000 minus $10,000), which would be $13,500 film rental per week (ibid.: 395). In this scenario, the exhibitor would keep $11,500, while the distributor would take $13,500, a 46-54 percent split. However, as the run of the film continues, this percentage ratio will shift week to week "until the average split is 50/50" (Balio, 2013: 88). This favours exhibitors to recognise their opportunity cost as well as their "incentive to promote attendance" (Caves, 2000: 162).

Another process to calculate film rental is the 'floor' percentage method. This, like the 90/10 split, also protects the distributor (Laemmle, 2004: 404). In the above scenario, if the floor percentage per week were 60 percent, then the film rental would be $15,000 (60 percent of $25,000). Nevertheless, because the floor percentage rental ($15,000) is higher than the 90/10 method ($13,500), the exhibitor would pay $15,000 to the distributor and keep $10,000, a 60-40 percent split in favour of the distributor (Redstone, 2004: 395). On average, theatrical exhibitors have a profit margin between 15-45 percent, depending on "whether a theatre is owned or leased" (ibid.: 391).

Exhibitors have found additional ways to generate special revenue apart from "their box-office take by expanding concessions, by adopting new advertising platforms and by going digital" (Balio, 2013: 93). While going digital has allowed cinemas to increase revenue by charging a premium price on tickets for 3D version films (ibid.), advertising (i.e. before a film begins) has also increased exhibitors' overall profits as this revenue stream is not shared with distributors (Redstone, 2004). Furthermore, concession sales are central to cinemas, as these profits – meals, popcorns and candy bar sales – are also not shared with the distributor (ibid.). Industry estimates suggest that in the USA, concession sales represent between "50…to 80 percent of a theatre's overall profits" (Wasko, 2003: 112; see also Ulin, 2010). Nevertheless, every market around the world has its own movie business percentages, which makes international comparison between the distribution and exhibition parts of the film value chain difficult.

Independent (bottom- and most middle-tier) productions are not able to achieve a massive theatrical release, and therefore their distribution is "often filmmaker-driven" (Berney, 2004: 376). Although audience for independent films is expanding, thanks to DVD, VoD and the Internet (ibid.), filmmakers still need to build an audience around the film as soon as possible (Sall, 2014). Because "entertainment has become a truly global, capital-intensive, technology-driven business" (Vogel, 2004: 145), filmmakers not only need to make themselves noticed among many other productions, they also have to carefully plan the marketing strategy to reach their targeted audience. Independent productions usually secure distribution in four different ways:

> [B]y preselling their projects in the package stage if they contain 'name' elements;[72] by selling their completed pictures at film festivals and markets; by negotiating one-on-one with distributors; or by going down the route of self-distribution. (Balio, 2013: 119)

Another option is "to release a film online, either simultaneously with theatrical or as an alternative" (Ulin, 2010: 138). Most independent films, however, still take the film festival path, even if only "a small percentage of submissions make the cut and an even smaller number are picked up by a distributor"[73] (Balio, 2013: 119). Indeed, as American filmmaker Ted Hope points out, "yes, great movies get made, but many of them don't get seen and most of them don't make money" (Myers, 2014, para. 18).

A film festival can be defined as "an established venue usually organized around screenings and prizes, dedicated to introducing movies of a certain style to a paying audience, attended by distribution executives seeking product and by opinionmakers and journalists seeking stories" (Montal, 2004: 316). A reason for pursuing the film festival path might be that they can generate an alternative system of distribution as well as an important exhibition network and market (Iordanova and Rhyne, 2009). A market, on the other hand, is "a business venue closed to the public, either associated with a festival…or not…organized to bring global buyers and sellers together in a convention atmosphere, which encourages territorial dealmaking that would otherwise require much travel and far-flung communication" (Montal, 2004: 316).

Because of the link between film festivals and markets, film festivals can be seen as cinematic sites that exchange both economic and cultural value (Diestro-Dópido, 2012: 354). The most recognised among the 3,000 film festivals around the world (Follows, 2013) are Cannes in France, the Berlinale in Germany, Venice in Italy, Toronto in

---

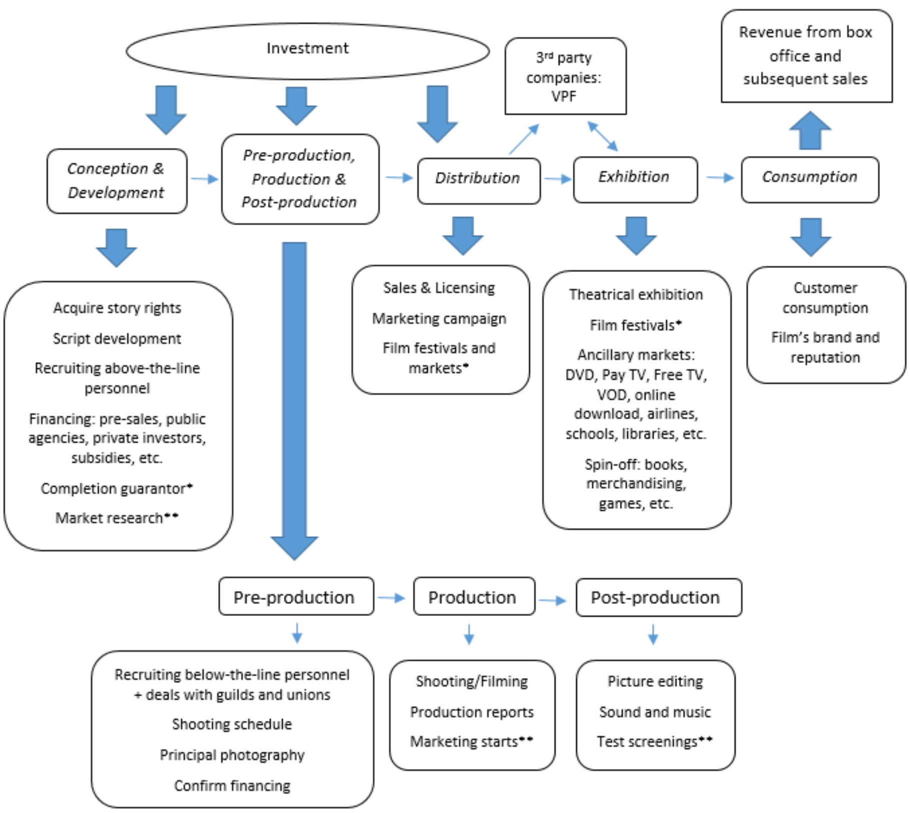
[72] The studios' independent labels are "FineLine, Fox Searchlight, Miramax, Paramount Classics, Sony Classics, and Universal Focus" (Laemmle, 2004: 403).
[73] For instance, during 2012 and 2013, "approximately half of the films that played at Sundance got picked up for distribution" (Hope, 2014b, para 1).

Canada, and Sundance for independent films in the USA (Montal, 2004: 317). Faced with such a choice of venues, filmmakers need to find the right match for their film (ibid.: 324). Generally, it will take about two years from the completion of post-production to having a film shown at a festival (ibid.).

Consumption

As the last stage of a film's value chain, consumption is decisive for two main reasons. First, by 'consuming' (watching) the product, audiences allow "financial value to return down the chain" (Bloore, 2009: 11). Second, the long-term value and reputation of a film depends on both the response of the general audience (box office and word of mouth), and on film critics (formal and informal) (ibid.). Therefore, as Bloore (2009) suggests, it could be argued that consumers and/or audiences in the cultural industries are not only consuming, but also participating and adding value. Figure 2.4 illustrates the value chain of feature films, as outlined in this section.

Figure 2.4: *Value Chain of Feature Films*



Source: Own elaboration with data from Bloore (2009), Balio, (2013), Wasko, (2003). *Middle- and Bottom-tier productions. ** Top-tier productions.

On a cautionary note, Figure 2.4 does not reveal when and how each creative or managerial participant receives his or her salaries or extra revenues. This is because the timing and levels of revenue earned by every single participant varies from film to film, which makes it impossible to generalise.

Conclusion

This chapter has illustrated that the feature film industry is subject to considerable uncertainties, and is facing some significant challenges. Technological innovations, changing consumer habits, and the 2008 global economic crisis have all left their traces. While not every dimension and part of the feature film value chain is affected in the same way, or to the same extent, some general trends can be observed. First, since 2008 the Hollywood majors have focused on ‘tentpoles’ and franchises, while budgets have been considerably reduced around the world. Second, the collapse of the DVD market has seriously affected both the majors and independent productions, and pre-selling distribution and exhibition rights have become more complex, particularly for independent productions. Third, technological innovations are posing new challenges, as well as business opportunities, such as the VPF and ‘cloud technology’.

Having provided the theoretical and practical background on feature film value chain dimensions, the following chapter will expand upon the methodology used to answer the thesis research questions.

Chapter 3 - Methodology

Introduction

Following the outline of the theoretical and conceptual framework and the review of existing literature, this chapter presents the methodology used to pursue and answer the thesis research questions. Firstly, the chapter introduces the qualitative research paradigm and the philosophical foundations relevant to this study. Secondly, it details the multiple case study strategy – this deploying archival research and semi-structured interviews for data collection – that has been adopted to pursue answers to the research questions. Finally, this chapter reflects upon the overall research process. This includes measures undertaken to ensure the trustworthiness of the findings, their possible limitations, and the impacts of ethical considerations.

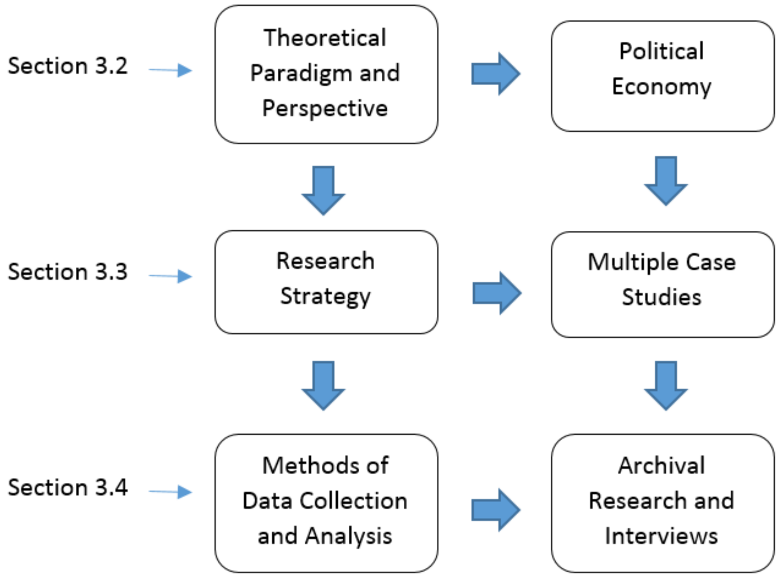
3.1. Qualitative Research

This study has been conducted within a qualitative research paradigm. Although some scholars suggest that qualitative and quantitative research are neither mutually exclusive nor interchangeable (King and Horrocks, 2010; Newman and Benz, 1998), the main differences between these two paradigms derive from their analytical approaches, and their differing "assumptions about what reality is and whether or not it is measurable" (Newman and Benz, 1998: 2). Importantly, quantitative research tends "to emphasize that there is a common reality on which people can agree" (ibid.), and searches for empirical evidence in quantifiable form by using mathematics and statistics as the basis for measurement, including percentages and probability values (Gold and Revill, 2004; King and Horrocks, 2010).

In contrast, qualitative research methodologies are characterised by being explanatory and small-scale, and often use multiple methods – triangulation – "to secure an in-depth understanding of the phenomenon in question" (Denzin and Lincoln, 2011: 5). In this case, the formulation of the research method is largely dependent on the context and the research questions at hand (ibid.). This, however, does not mean that the two different methodologies are mutually exclusive since qualitative research can include quantitative methods.

The qualitative nature of the present study is manifest in its objective to uncover the meanings and purposes of institutional agency in a specific country, via expert interviews and analysis of relevant documents, rather than to attempt a generalisation or quantification. Figure 3.1 illustrates the research design being followed:

Figure 3.1: *Research Design*



All in all, both the overall aim, objectives and research questions outlined in the Introduction, and the political economy approach presented in Chapter 1 and further elaborated below, clearly situate this study within a qualitative research methodology.

3.2. Political Economy: Philosophical Foundations

According to Mosco (2009: 128), the political economy of communication is based on "a realist, inclusive, constitutive, and critical epistemology". It is realist[74] in the sense that it not only "accepts the reality of the abstract ideas that guide our thinking, [but also] the concrete observations that we perceive with our senses" (ibid.: 155; see also Garnham, 1990). This philosophy accepts that "reality is comprised of many elements and cannot be reduced to one essence" (Mosco, 2009: 156).

Political economy is also inclusive, open and explicitly non-reductionist (Mosco, 1996) in the sense that it does not attempt "to reduce all social practices to a single political economic explanation" (Mosco, 2009: 128). One of the aims of the institutionalist approach of political economy is to emphasise the need to understand actors' motives and rationalities in context. In other words, it examines how "modern economic, social, political, and cultural crises interpenetrate one another in ways which transform them into different dimensions of the same historical process – the disintegration and reintegration of the modern world" (O'Connor, cited in Mosco, 1996: 5).

Being inclusive entails acknowledging that there is a difference "between knowing what social life is and the awareness that social life contains within it something that makes complete knowledge impossible" (ibid.: 3). Because absolute knowledge is unattainable, there is no one 'correct' approach to political economy. Rather, each approach[75] serves as entry point for theorisation about the political economy of communication.

Following from this, political economy is also constitutive as it considers that "theoretical and empirical/interpretive practices influence and are influenced by one another *and* by the wider environment of social practices in which they reside" (ibid.: 2-3; original emphasis), and thus that "causal determination" has its limitations (Mosco, 2009: 128).

---

[74] It is precisely the realism of political economy that is essential to informed policy (Babe, 1995: 82).
[75] See Chapter 1.

Finally, political economy is critical because it considers "knowledge as the product of comparisons with other bodies of knowledge and with social values" (ibid.). From an institutional perspective, and in the context of this study, there is a need to identify how policy and industry participants respond to different political economic pressures.

Critical Realism

While epistemology guides our understanding of how we know things, ontology provides "a framework for understand[ing] the nature of being", basically distinguishing things between "*structures* or… *processes*" (Mosco, 2009: 128-9; original emphasis). Unlike the realist[76] ontological assumption that "the real world is out there and exists independently from us", a relativist ontology does not view society "as a pre-existent 'real' entity… but rather is the product of people engaging with one another" (King and Horrocks, 2010: 9).

This study is informed by a critical realist ontological perspective because it views social phenomena as "intrinsically meaningful, and hence that meaning is not only externally descriptive of them but constitutive of them" (Sayer, 2000: 17). As King and Horrocks (2010: 9) put it, "behaviour and experience are seen to be 'generated by' underlying structures such as biological, economic or social structures… [that] do not directly determine people's actions; instead, structures have tendencies that may impact on our lives".

Because "meaning has to be understood" and consequently cannot be measured or counted, a critical realist ontological perspective accepts that "there is always an interpretative… element in social science" (Sayer, 2000: 17). In the context of the present research, I focus on institutional behaviour and the interplay of interests across policy makers and media actors to shed light on the contextual response to evolving political economic forces.

[76] "The term 'realism' is frequently used to denote both an ontological and epistemological position; ontological because it denotes a particular way of understanding our existence in the world and epistemological due to the emphasis on specific assumptions about the 'real' truth status of knowledge" (King and Horrocks, 2010: 17).

3.3. Multiple Case Study Approach

The current research strategy can be termed a 'multiple case study', a term used by various scholars (Denzin and Lincoln, 2011; Eisenhardt, 1989; Hartley, 2004; Yin, 1981; 2014), because several examples are selected to illustrate a specific process (Creswell, 2013). In the social sciences, case studies serve to explain a "particular case at hand with the possibility of coming to broader conclusions" (Patton and Appelbaum, 2003: 64). While individual case studies are useful for detailed and in-depth analysis, key benefits of multiple case studies are the possibility to compare and contrast cases, as well as facilitating a stronger basis for theorisation from the findings (Hartley, 2004; Schostak, 2006).

Because case studies attempt to examine a given "phenomenon in its real-life context" (Yin, 1981: 59), they are an especially appropriate research strategy when the context is "rich or complex" (Titscher et al., 2000: 43). As explained in Chapters 1 and 2, the contextual frameworks of the New Zealand and international feature film industries are both complex. Hence the case studies aim to provide an understanding of "how the organizational and environmental context is having an impact on or influencing social processes" (Hartley, 2004: 325). In other words, case studies help to analyse contexts and processes in ways that can "illuminate the theoretical issues being studied" (ibid.: 323).

In order to understand how different types of contemporary film production operate and to answer the research questions, I will explore the motives and influence of the most relevant institutional agents and actors. After choosing 2002-2012 as the time period most relevant for the purpose to gain insight into the contemporary NZ feature film industry, it was necessary to decide a sample of successful bottom-, middle- and top-tier feature films in New Zealand. Bottom- and middle-tier films (Chapter 5 and 6) are represented by three separate case studies, while top-tier features (Chapter 7) are illustrated by one case study chosen for its capacity to demonstrate the complexities of the additional characteristics applicable to this top-tier level.

The parameters for defining 'success' in this thesis are shaped by the realities of a commercial environment and related expectations for feature film productions and professionals. In feature films, the key indicators of 'success' are either the attainment of a favourable box office performance (as initially represented by domestic exhibition receipts), or the achievement of critical acclaim (an important indicator of which is recognition through media reviews, and screen industry awards).[77] In view of the tendency of NZFC policy to emphasise box office sales when evaluating a film's performance, the starting point for selection of feature films was the NZFC's top-20 domestic box office list (Table 3.1).

Table 3.1: *Box Office Receipts Adjusted for Cinema Ticket Price Inflation and Population Growth*

Rank	Released	*Title*	Box Office $
1	1994/5	*Once Were Warriors*	14,067,235
2	1981	*Goodbye Pork Pie*	13,369,019
3	1986/7	*Footrot Flats*	8,904,547
4	2010	*Boy*	8,680,404
5	2005	*World's Fastest Indian*	8,303,834
6	2003	*Whale Rider*	8,267,741
7	1984	*Came a Hot Friday*	6,465,639
8	1977	*Sleeping Dogs*	6,374,164
9	1999	*What Becomes of the Broken Hearted*	5,143,392
10	1982	*Utu*	4,864,884
11	2006	*Sione's Wedding*	4,706,357
12	1982	*Smash Palace*	4,281,341
13	1994/5	*Heavenly Creatures*	2,096,111
14	1999	*Scarfies*	2,023,983
15	2008	*Second Hand Wedding*	1,959,005
16	2004	*In My Father's Den*	1,858,240
17	1986	*Quiet Earth*	1,821,385
18	2009	*The Topp Twins: Untouchable Girls*	1,773,711
19	2012	*Sione's II: Unfinished Business*	1,660,870
20	1989	*The Navigator*	1,658,602

Source: Thorpe (2012) with data from NZFC, Motion Picture Distributors' Association and Statistics New Zealand.

After considering all feature films that were released in the period 2002-2012, I also took into consideration their reception in terms of critical acclaim, industry awards,

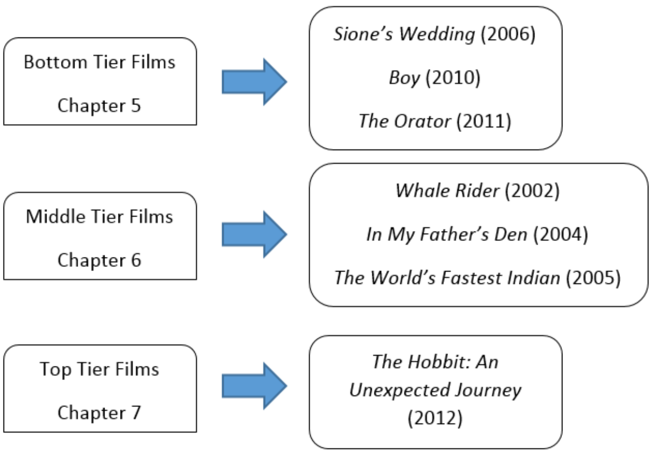
[77] I acknowledge that there are numerous feature films that cannot be regarded as successful by either of these criteria.

and film festivals. Consequently, although *Second Hand Wedding* is ranked number 15 in terms of its domestic box office, *In My Father's Den* (ranked 16) was selected in view of the national and international critical responses it received. A further consideration in selecting this particular production was the availability of the producer for a face-to-face interview.

Although not included in the top-20 box office list, *The Orator* (2011) was added because it provided an indicative example of a very small-budget film achieving unexpected international critical acclaim, and also became the first New Zealand film ever to be selected in the prestigious Academy Award category of 'Best Foreign Language Film'.

The only top-tier film to be case studied was *The Hobbit: An Unexpected Journey* (2012) due to its self-evident validity as an example of 'global Hollywood' operating in a local context. As such, it offers a point of contrast with bottom- and middle-tier productions in terms of its high-end budget, its 'blockbuster' expectations, and its international target audience. It is in the above ways that an indicative and appropriately representative selection of bottom-, middle-, and top-tier films has been achieved. Figure 3.2 identifies the film case studies selected.

Figure 3.2: *Case Studies Selected*



The nature of the object of study for this thesis provides the rationale for implementing archival research and interviews as multiple methods.

3.4. Data Collection

Qualitative methods entail each of the "means of collecting and analysing data" (King and Horrocks, 2010: 6), and the techniques associated with the assembling, examining, understanding, and deployment of research data. To be able to implement a case study strategy, the researcher needs to establish the historical, socio-political and institutional context of the particular example involved (see Chapter 4). Following Stokes's (2003: 108) suggestion in illustrating such an approach, Table 3.2 identifies the research methods and object of analysis pertaining to each research question.

Table 3.2: *Methods for Addressing the Thesis' Research Questions*

Research Question	**Research Method**	**Object of Analysis**	**Thesis Chapters**
Question 1 What are the functions and characteristics of, as well as the relationships between bottom-, middle- and top-tier films as the three categories into which New Zealand feature film production can be divided?	Archival Research Interviews *Research Strategy: Case Studies*	Governments acts/policy Documents/committee reports Books and academic articles Newspaper reports/news Trade journals, magazines, blogs Press releases Annual reports Statistics produced by government departments and regulatory agencies People in the industry > filmmakers (producers), entertainment lawyers, unions, professional organizations People involved in decision-making > NZFC, NZ government officials *Specific feature films analysed following a value chain structure*	Chapter 5 Bottom Tier Feature Films Chapter 6 Middle Tier Feature Films Chapter 7 Top Tier Feature Films Conclusions
Question 2 What does a 'value chain' analysis of exemplar films produced within these different tiers reveal about the kinds of challenges and opportunities that the New Zealand feature film industry is currently facing?	Archival Research Interviews	Government acts/policy documents/committee reports Books and academic articles Newspaper reports/news Trade journals, magazines, blogs Press releases Annual reports People in the industry > filmmakers (producers), entertainment lawyers, unions, professional organisations People involved in decision-making > NZFC, NZ government officials	Chapter 2 The Feature Film Industry Chapter 4 The New Zealand Case Conclusions

Cultural industries can be challenging to research because of limited access to relevant sources and data (Noam, 2009; Stokes, 2003; Winseck, 2011). This can be rendered off-limits for scholarly analysis due to the commercial confidentiality, for example, of budgets used for and the earnings achieved by a given feature film production (Wakefield, 2009). Researchers can overcome this limitation by accessing other kinds of evidence, such as policy papers and industry reports, or industry experts, whose interviews can provide authentic (if subjective) insights (Stokes, 2003). Despite the limitation of the potential subjectivities of interview-based research, it is valuable for its (often unique) ability to yield information and direct industry experience of institutional agency, such as the objectives and expectations operating at the three different tiers of NZ feature filmmaking. This thesis has employed both documentary evidence (archival research) and expert interviews to overcome the limitations of data access.

Archival Research

Being the most frequently used of all methods of media research, especially for investigating the cinema, archival research involves accessing and analysing original documents (Just and Puppis, 2012; Stokes, 2003). For the purpose of this research, "documents are understood as more or less objective sources that can reveal the interests and intentions of their authors or in other ways uncover facts about a policy process" (Karppinen and Moe, 2012: 180). Because most documents "reflect the process that has produced them", the researcher needs to be aware of "the context and the social surrounding of the document in question to grasp its meanings and significance" (ibid.: 186; see also Deacon et al., 2008). In any research, data will take one of two main forms: 'primary' data is closer to the event recorded, whereas 'secondary' data refers to sources that "interpret or record primary data" (Walliman, 2011: 69; see also Van den Bulck, 2012).

In the present study, primary data consisted of relevant legislation, such as the 1978 *New Zealand Film Commission Act*, as well as public policy documents, such as those outlining the Screen Production Incentive Fund and the Large Budget Screen Production Grant (now combined as the New Zealand Screen Production Grant). Thus, the study draws on NZFC Annual Reports from 2002 until 2014, NZFC newsletters, statistics produced by NZ government departments and regulatory agencies, as well as documents produced by non-governmental organisations, such as industry associations and trade unions. In-depth reports and policy analysis proved to be particularly useful in revealing the institutional agendas and “political interests or forces and determinants behind policy developments” (Karppinen and Moe, 2012: 185), especially because some policies follow and implement other governmental agendas. In doing so, they can reveal any tensions arising between the institutional agents involved.

Secondary data collection consisted of studying international and national academic research articles published in *Media, Culture & Society*, *Journal of Media Economics*, *New Zealand Journal of Media Studies*, *International Journal of Cultural Policy* and *Journal of Cultural Economics*, among others. A wide range of conference papers, books, newspaper articles, press releases and radio news commentaries were also part of the secondary research data, as well as articles published in trade journals, such as *OnFilm*, *Illusions*, and *Take*. In addition, film industry magazines and blogs from film industry professionals were used to identify the unspoken rules and nuances of the current filmmaking business. Particularly useful were *Variety*, *The Hollywood Reporter*, *Filmmaker Magazine*, *IndieWire*, *Screen Digest* and *Entertainment Weekly* magazines, and individual blogs by Ted Hope (*Hope for Film*), John Reiss and Stephen Follows.

Some information, such as final budgets or national and international box office numbers, was not publicly available or sources were not reliable. In such cases, I emailed the NZFC, which assisted by providing most of the data requested. However, the NZFC could not provide commercially sensitive data, such as figures for any finance received from private investors, details of final revenues (including DVDs, online streaming, and sales to TV networks), or marketing budgets for specific bottom- and middle-tier feature productions.

In addition to archival research, I conducted semi-structured interviews as a means to provide current industry perspectives about the institutional context of the New Zealand feature film industry.

Semi-Structured Interviews

As "conversation with a purpose" (Bingham and Moore, cited in Lindlof, 1995: 164), interviews were chosen as a method to provide insight into "the lived experience of other people and the meaning they make of that experience" (Seidman, 2013: 9). Interviews allow the researcher to uncover not only "people's ideas, opinions and attitudes" (Stokes, 2003: 114), but also their values and motives.

Because interviews involve human participants, ethics approval was required. Victoria University's Human Ethics Committee (HEC) vetted the proposal and approved it on the basis of assured confidentiality. Informed consent was obtained through a signed consent form from each interviewee before conducting the interview. All interviewees also agreed to be recorded.

Selection of Interviewees

In total, 25 persons were interviewed, including eight New Zealand producers, five members of NZ government institutions (MCH, NZoA, Te Māngai Pāho and NZFC), four marketing and distribution professionals, two entertainment lawyers, two film festival organisers, two exhibition experts, and two representatives of trade unions and professional organisations (see Appendix A for the institutional position of interview participants). The rationale for the comparatively high amount of producers among the interviewees is because they are involved during the whole filmmaking value chain process, from conception and development, to organising the budget and applying to institutions for funding, as well as negotiating the domestic distribution deal, dealing with piracy and arranging international distribution (Squire, 2004). All interviews were conducted between January and October 2013 in the cities of Auckland and Wellington.

The quantity and quality of the participants in relation to the research questions is a point of concern, especially for qualitative studies. On the one hand, the 25 participants provided sufficient validity, as they were the agents involved in the processes being explored. On the other hand, the quality of participant recruitment was made clear when saturation occurred, which is "an indication that a concept has been thoroughly examined such that no new themes or points in need of further exploration emerge from the recursive process of data collection and analysis" (Corbin and Strauss, cited in Trainor, 2013: 127). In this context, saturation was conceptualised in terms of redundancy and by cross-referencing the opinions of the interviewees (see section 3.6 for trustworthiness), which, at the same time, helped underlining the case that the number of correspondents were sufficient to represent a meaningful cross-section of the sector explored. Considering the qualitative nature of the research, the sampling strategy matched the purpose of the study.

Design

The interviewees for this study were identified on the basis of their expertise and specific contributions to the case-studied productions. Thanks to a FHSS[78] Research Committee grant, I was able to attend the SPADA (Screen Production and Development Association) Annual Conference held in Wellington in late November 2012. Attending the SPADA Conference not only contributed greatly in developing my understandings of how the New Zealand screen industry operated and who the key and rising players were in feature film, but also opened access to a group of well-positioned interview subjects. Indeed, a brief face-to-face meeting during the SPADA Conference proved to be crucial to receiving positive responses to invitations for later interviews.

During that Conference, my strategy was to approach previously identified film professionals, briefly explain my project, and then invite them to participate as interview subjects. My invitations must have been sufficiently effective because everybody's face-to-face answer was positive, and so provided me with their preferred contact details. Nevertheless, two experts (a New Zealander and one American) never answered any of my follow up emails. In total, I made eighteen new contacts, from which nine became face-to-face interviews. The other interviewees were found using a 'snowball' strategy or by direct email contact.

The preparation of the interview questions began in September 2012, starting with intensive archival research. This was important not only to develop my knowledge of the industry but also to establish the relative credentials of prospective interviewees. Parallel to this, and especially after the SPADA Conference, emails invited film professionals to participate in the research.

---

[78] Faculty of Humanities and Social Sciences (FHSS).

Most of the professionals met in the SPADA Conference answered positively. However, the ones that I did not meet face-to-face, and thus whose first contact from me was via email, reacted cautiously. Although most agreed to participate, especially those who were contacted using the ‘snowball’ strategy, one expert refused to talk about the NZFC, implying that such participation had the potential for negative consequences. This was expressed as: “Not really wanting to talk much about the NZFC to tell the truth”, adding that “I have been burnt a few times and comments on the NZFC have a way of coming back to bite one”. This reaction was instructive as to how small and close-knit New Zealand film industry networks can be, as well affirming the necessity for discretion and respect. Thus, some sensitive comments cannot be directly referenced, especially in Chapter 4, in an effort to avoid any potential adverse consequences for those involved.

Interview Approach

My approach was to communicate and interact with the interviewees from a ‘professional-ignorance’ perspective. They were the ‘experts’ and I was interested in learning from their first-hand experiences. They were all extremely confident and open with their ideas and opinions, usually expressing these in a very straightforward way. I am aware that this approach involves the assumption that “accurate information is there to be discovered and thus such knowledge is achievable” (King and Horrocks, 2010: 17), which does not mean that it is necessarily objective. Indeed, all comments demonstrated the interviewees’ worldview, motivations and institutional priorities, and therefore it was necessary to be aware that “a knowledgeable source is not necessarily an unbiased one, since the more involved people are in a situation or issue, the more likely they may be to have strong views on it” (Deacon et al., 2008: 301).

To ensure trustworthiness, information about the relationship between, for instance, distributors/exhibitors and producers/NZFC was cross-referenced among several interviewees. In the case of *The Hobbit* dispute, information given by trade union representatives was cross-referenced with documents released through the Official Information Act, interviews with entertainment lawyers (Emery, 2013) and producers (Riddell and Riddell, 2013), as well as conference papers (Jess, 2011) and several journal articles (Tyson, 2011; Haworth, 2011; Walker and Tipples, 2013). This is in line with the epistemological and ontological principles outlined at the beginning of this chapter, because qualitative study means that “knowledge is known through the subjective experience of people" (Creswell, 2013: 20). Indeed, adopting the theoretical framework of institutional political economy helped to keep the necessary distance to avoid being captured by the interviewees. The theoretical argument for wanting to solicit the institutional interests of interviewees is on the basis that institutions are being analysed contextually and so the comments from respondents are understood epistemologically to be a manifest expression of the interests and priorities which arise from their respective contextual positions.

I consciously decided to conduct semi-structured interviews because, as opposed to structured ones, it allows "a dynamic exchange of ideas based on researchers' open-ended questions or areas of interest with probes that are designed to elicit details and explanations" (Trainor, 2013: 126; see also Roulston, 2010). In other words, open-ended questions allowed the interviewee to provide as much explanation as they wanted, and therefore questions were asked or changed in response to interviewee responses, which allowed for a more dynamic and comfortable interaction. All interview questions were organised by themes, following the principles of thematic analysis (King and Horrocks, 2010: 152) of a 'value chain' structure. However, some questions were designed to solicit details arising from the expertise of an interviewee. For instance, entertainment lawyers were asked about legal aspects, whilst film distributors were questioned about the contracts and relationships with cinema exhibitors. In other words, institutional theory, together with the conceptualisation of the value chain and the three-tier structure, were used to frame the interview questions. Themes were chosen in relation to the theoretical framework of institutional theory (that is the relationships, motivations and/or interests of the agents involved), and the most relevant steps in the value chain for each tier (see Appendix B for a sample of interview questions).

The preferred strategy was to conduct face-to-face interviews because they are not only a flexible method, but also "provide in-depth information and a large amount of detailed data" and "needing little equipment" (Seale, 2005: 182). Moreover, interviews also allowed the interviewees to provide 'off the record' information if they felt comfortable with the interviewer. This was the case several times and such information contributed to a more in-depth understanding and analysis of the research questions. The longest interview took three hours, the shortest 30 minutes and the average length was one hour and twenty minutes.

Transcriptions

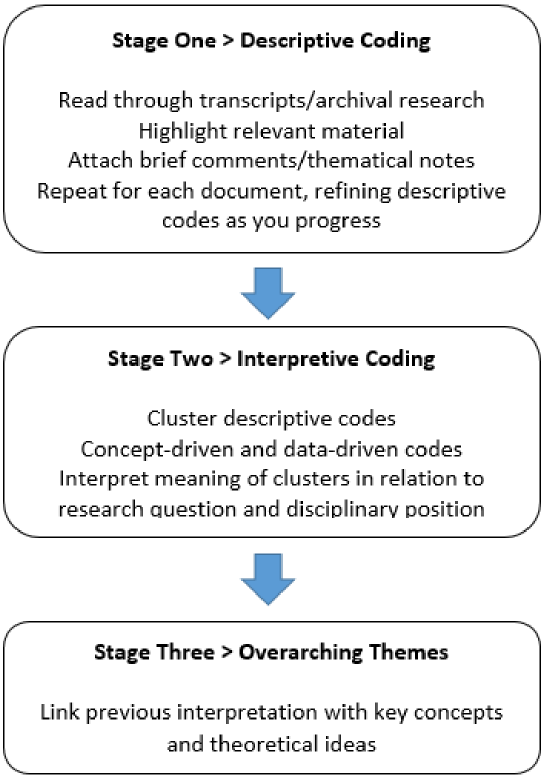
After the interview, the recorded files were downloaded and stored on password-protected computers, including the University computer and my own personal computer for backup purposes. Access to the research data collected was restricted to myself as the main researcher. These interviews were later transcribed by me into a Microsoft Word document. Because transcriptions "can powerfully affect the way participants are understood" and how data is conceptualised (Oliver et al., 2005: 1273), a 'denaturalised' transcription style was specifically chosen to match the research questions and objectives. As my main objective was to conduct thematic analysis following a value chain rationale, there was no point in doing 'naturalised' transcriptions, which include all utterances in as much literal detail as possible (ibid.). Rather, only information directly related to the research was transcribed, leaving out off-topic anecdotes and repetition, as well as polishing up minor grammatical slips. This proved to be an excellent decision to reduce the time required for transcription and to bring focus to the thematic analysis.

3.5. Data Analysis

Documenting and disclosing the process of analysing and interpreting qualitative data is not simple, not least because there is no standardised analysis strategy for qualitative data (Creswell, 2013). Following King and Horrocks (2010: 152), I used a three-stage process of analysis. After recording and transcribing the interviews, I closely read the transcriptions while making thematic notes on the side. Similar thematic notes were made in the documents extracted during archival research. This is known as 'descriptive coding' (ibid.: 152-3). While some descriptive codes were created in advance, others emerged as the work progressed, and were therefore redefined gradually. Not all segments of text had a descriptive code attached, and some were merged together due to a high degree of overlap. In the case of the interviews, those descriptive codes included themes such as 'bottom-tier' and sub-themes like 'national distribution' or 'piracy', and were used to identify salient findings for Chapters 4, 5, 6 and 7. In the case of primary and secondary data, descriptive codes included themes such as 'political economy' or 'historical dimension' and sub-themes like 'institutionalism' or 'Hollywood', and were used to inform the writing of the Introduction and Chapters 1, 2 and 4. Moreover, as previously explained, primary and secondary data were also used to ensure trustworthiness by cross-referencing information provided by the interviewees (see Interview Approach).

In the second stage, I grouped together different descriptive codes in several Microsoft Word documents, differentiating between those that formed part of the literature review (Chapters 1, 2 and 4), related to a particular step in the value chain (Chapter 4), or referred to a particular case study (Chapters 5, 6 and 7). In other words, I used ‘concept-driven’ and ‘data-driven’ codes, for both archival research and interviews, in order to ensure a manageable set of themes and texts (Löblich and Pfaff-Rüdiger, 2012: 211). I then focused on interpreting the meaning of each set of themes in relation to my research questions and theoretical and contextual framework. In the third and final stage, each set of themes was linked and analysed in relation to key concepts, theoretical ideas and contextual framework. Figure 3.3 illustrates the three stages in the process of thematic analysis, as employed in this study.

Figure 3.3: *Stages in the Process of Thematic Analysis*



Source: Adapted from King and Horrocks (2010: 153).

Data was extracted from the interviews and, together with the primary and secondary documents, was used to write up the case studies presented in Chapter 5, 6 and 7. It also provided the basis for the descriptive analysis of each step of the 'value chain' in Chapter 4, taking into consideration the need to balance within-case and cross-case forms of analysis. All information was contextualised using the historical, institutional, economic, cultural and political dimensions previously outlined in Chapter 1, 2 and 4.

3.6. Limitations, Trustworthiness and Ethical Considerations

The research process described in this chapter had two main limitations. First, because English is not my first language but my third, possible nuances and double-meanings might have been lost during the interview. If sometimes I found the explanations of the interviewee not clear enough, a clarification was sought. Generally, this was never a problem, as respondents were eager to emphasise their expert point of view. Second, I tried to conduct email interviews with the people whom I could not meet personally. I first contacted them online explaining the research and asking if they would like to participate. Once they agreed, I sent the consent form and interview questions by email. This strategy proved ineffective, as none of the three interviewees, who received the consent form and interview questions in this way, answered back. In any case, these interviewees were not central to the research but complementary, so this lack of response did not adversely affect the findings.

One strategy to ensure trustworthiness was to record daily observations and notes in my personal research journal, in which I wrote down what was achieved every day during the PhD journey. This research strategy proved to be extremely useful especially when writing the current methodology chapter. Another approach to ensure trustworthiness was internal saturation and redundancy, which was conceptualised in terms of cross-confirmation, that happens when several people say the same thing in different places at different times because they share a common perception of reality (Spicker, 2006). In other words, "by interviewing a number of participants, we can connect their experiences and check the comments of one participant against those of others" (Seidman, 2013: 27). Moreover, by considering multiple sources of data (Trainor, 2013: 59), interviews were cross-referenced where possible with data from newspapers, trade publications, and official reports.

As previously mentioned, this research was conducted with approval from and in accordance with the Victoria University of Wellington's HEC guidelines. An information sheet was provided via email to the individual interviewees before conducting the interview (see Appendix C). On the day of the interview, their informed consent was obtained through a signed consent form (see Appendix D). All interviewees agreed to be recorded, but not all agreed to be identified with their full name and institution. Two interviewees preferred not to be identified with their name and institution, while another one specified that commercially sensitive data could not be published. Finally, two interviewees explicitly wrote in the consent form that their comments made about Peter Jackson were totally 'off the record' and could not be traced to them in any way. These experiences allowed me to understand much better the contextual anxieties of the industry in New Zealand. Consequently, where confidentiality was agreed upon, these sources are not directly referenced or identified in the following chapters.

Conclusion

This chapter has outlined the methodological procedures used to investigate and answer the thesis research questions. First, the chapter introduced the qualitative research paradigm, and then presented political economy and critical realism as philosophical foundations. Second, it then justified the multiple case study as a research strategy, and followed with an explanation of the two methods of data collection employed – archival research and semi-structured interviews. The final section of the chapter identified my personal views as to the possible limitations of the project, the trustworthiness of the research, and its ethical considerations.

Having explained the methodology deployed for this research project, the next chapter will examine the workings of feature film business, politics and institutions in the New Zealand context.

Chapter 4 - The New Zealand Case

Introduction

Following the outline of the theoretical framework in Chapter 1, the review of existing literature on the feature film industry in Chapter 2 and the methodology in Chapter 3, this chapter introduces the New Zealand feature film industry as a case study. The purpose of this chapter is twofold. First, it provides the theoretical foundation for an historical background to New Zealand's feature film industry. Second, the two key conceptual issues presented in Chapter 2, one being the three-tier structure and the other the 'value chain' of feature film productions, are examined within that context.

To achieve these objectives, the chapter is organised in the following way. First, it explores the local feature film industry in the context of its historical, cultural, political, economic and institutional dimensions. Second, this chapter provides the categorisation of New Zealand-produced feature films according to the three-tiers of production introduced in Chapter 2. Finally, this chapter applies the film 'value chain' concept to the New Zealand context to illustrate the unique characteristics of the conception and development, production, distribution and exhibition of New Zealand-produced feature films.

4.1. New Zealand Feature Films

Historical Dimension

New Zealand feature films have a lengthy and challenging history (Babington, 2007; Dunleavy and Joyce, 2011; Shelton, 2005; Sigley, 2013; Waller, 1996). Film dominated New Zealand's screen entertainment industry prior to the introduction of television between 1960 and 1962 (Dunleavy, 2005). According to the Official New Zealand Year Book 1959, every New Zealander was visiting the cinema 17 times a year on average, with per capita cinema visits second highest worldwide in 1953, just behind Britain

(Babington, 2007: 1).[79] In the 1950s, cinema attendance peaked at 40 million tickets sold per year, a considerable amount for a population of only 2.4 million (Shelton, 2005). Nevertheless, the number of New Zealand-domiciled feature film productions was still small. Between 1939 and 1972, only five NZ-financed feature films were released (Dunleavy and Joyce, 2011: 72), all of these being bottom-tier productions.[80] Lack of funding and specialised equipment were among the main challenges filmmakers faced at that time. Some, like Rudall Hayward (1900-1974), realised the cultural and economic potential of a dedicated NZ feature film industry as early as the 1920s (Babington, 2007). Then, in the 1940s, filmmakers John O'Shea and Gordon Mirams argued that New Zealand should establish "a national identity through film" (Shelton, 2005: 17).

Yet, before the 1970s, the NZ government showed little interest in the promotion of theatrical feature films. It was during this decade that the Film Industry Working Party recommended that Government should support feature film production, focusing on a purely cultural rationale, instead of educational or economic gains[81] (Waller, 1996). They argued that "motion pictures are the most potent communications force for social development and change", and that a film industry would help to "ensure that New Zealanders are not subjected to a constant diet of programmes from other cultures" (ibid.: 245-6).

On July 28, 1972, Lindsay Shelton, then president of the Wellington Film Society, founded the Wellington Film Festival together with his colleagues and the help of Paramount Theatre owners (NZIFF, 2012). Unfortunately, it was not possible to show a New Zealand film in the first festival due to lack of new productions (Shelton, 2005). The festival, nevertheless, was part of a campaign to obtain Government support for NZ filmmaking (ibid.). At the end of the same year, the Reid Report was published. Commissioned by the country's Arts Council, it provided an analysis of the current state of the film production industry in New Zealand, initiating a debate about whether or not a local film commission was necessary (Dunleavy and Joyce, 2011).

---

[79] Remarkably, New Zealand was in 2010 "third in the world in terms of cinema attendance per capita" (Lealand, 2013a: 143).

[80] For a chronology of NZ-based productions see Dennis and Bieringa (1996), Martin and Edwards (1997), Mayer and Beattie (2007), Moran and Vieth (2005) and Petrie and Stuart (2008).

[81] According to Waller (1996: 245), "the Working Party reasoned that 'a country does not have a film industry until feature films are made on a reasonably regular basis'". In the case of New Zealand, a "film industry had still, even up to the mid-1990s, to be established" (Dunleavy and Joyce, 2011: 72).

However, New Zealanders had to wait for another six years to see a national film commission established (ibid.). In 1975, the Arts Council recommended an annual film production fund to the then Labour Government, but failed to generate sufficient institutional support (Shelton, 2005). Meanwhile, the Australian film industry was experiencing growth during the 1970s, partly thanks to the success of the Australian Film Commission, state funding mechanisms and tax advantages for film investments. These developments made New Zealanders wonder if a similar system would also be possible in this country (Babington, 2007: 6). Two years later, in 1977, filmmakers signed a petition to the NZ Parliament supporting the introduction of a film commission, and at the end of the same year, the National Party-led government introduced legislation to establish such a body (Dunleavy and Joyce, 2011). Not only did Allan Highet, the Minister responsible for the bill, have to convince his government colleagues, he also had to resist pressure from Hollywood major 20th Century Fox, whose chairman, Denis Stanfill, told him that "there was no need for a local film industry because Hollywood could supply all the needs of New Zealand film-goers" (Shelton, 2005: 11). Cultural identity, distinctiveness and a commitment to enhancing a sense of national identity, rather than economic motives, were the key arguments used in support of a new film commission (ibid.).

There is no doubt that the rise of the local film industry is strongly correlated with New Zealand Film Commission's (NZFC) activity (Waller, 1996). Nevertheless, according to NZ filmmaker John Barnett, it was also the early 1980s tax loophole that encouraged the rapid expansion of the newly established NZ film industry (Barnett, 2013a; 2013b). According to Dunleavy and Joyce (2011: 82), "under the tax shelter, investors in New Zealand-produced feature films were able to reduce their tax liability as well as to share in any potential income". In other words, the loophole helped investors to avoid losing money regardless of a film's economic success (Jones et al., 2003: 36). Thanks to the top tax rate of 66 percent,[82] more than 40 feature films were made between 1981 and 1985, and the amount of job opportunities increased exponentially. This led to considerable improvement in expertise, equipment and post-production facilities (Barnett, 2013b; Conrich and Murray, 2008; Dunleavy and Joyce, 2011; Jones et al., 2003). In the face of this situation, according to Barnett, the NZFC felt that it had lost control of the

[82] This percentage encouraged many New Zealanders to avoid tax: "the investor could put in a million bucks and get a $660,000 tax credit straightaway" (Barnett, 2013b).

film industry, because suddenly there was "a way of financing pictures that didn't require the Film Commission" (Barnett, 2013b: 27). Apart from that, the NZFC saw "a potential threat to the [emerging] domestic industry from overseas companies…[for] potential foreign domination as a result of this sudden surge in overseas investment" (Dunleavy and Joyce, 2011: 83).

In 1984, the NZ government followed the recommendation, made by the NZFC two years earlier, to put an end to the tax loophole, in the hope "that investors would continue to fund worthwhile projects" (ibid.). This, however, was not the case. Instead, the change in tax law was followed by a fifteen-year period of little private investment and the reduction of state subsidies to the NZFC's funding[83] (ibid.). Nevertheless, the establishment of the new public broadcasting agency, New Zealand on Air (NZoA),[84] in 1989 was invaluable for the NZFC "because it offered a new source of funding for film production" (ibid.: 144).[85] It was in this economic and political climate that Peter Jackson directed his first feature film *Bad Taste* (1987)[86] and during which other features, such as *An Angel at My Table* (1990) (with NZoA funding having allowed for its initial production as a TV drama serial), *The Piano* (1993), *Heavenly Creatures* (1994), and *Once Were Warriors* (1994) (with NZoA 'top-up' funding) received international recognition (ibid.).

The NZ government in 1999,[87] led by Helen Clark, recognised the creative sector – and the screen production industry as a key segment of it – "as a leading potential contributor to the future economic growth and international competitiveness of New Zealand" (de Bruin and Hanrahan, 2003: 7). In early 2000, Prime Minister Helen Clark not only appointed herself as Minister for Culture and the Arts (Dunleavy and Joyce, 2011), but also "committed more than NZ$80 million over the next years to New Zealand's 'cultural recovery', an amount three times greater than what had been promised pre-election" (Prince, 2010: 130). For the film industry this meant the creation of the NZ

---

[83] As Goldfinch (2000: 1) explains, "after 1984 New Zealand abandoned an economic policy paradigm based on a broadly social democratic Keynesianism and rapidly and comprehensively liberalised its economy".
[84] See Institutional Dimension in this chapter for more information.
[85] This was limited to 'top-up' funding only (i.e. up to NZ$400,000).
[86] The film was completed with NZFC's post-production finance (Dunleavy and Joyce, 2011: 88).
[87] In 1999, the tax loophole (a different one from 1984) that attracted Hollywood producers of the *LOTR* trilogy was closed, because "it fostered tax avoidance rather than genuine investment in the local economy" (Jones et al., 2003: 37).

Film Production Fund One (FF1)[88] to support "mid-career producers and directors aspiring to make bigger budget films", a gap that the NZFC was unable to fill with its available budget (Dunleavy and Joyce, 2011: 216). Some very successful bottom- and middle-tier productions received financial help from the FF1, such as *Whale Rider* (2002), *The World's Fastest Indian* (2005) and *Boy* (2010).

In March 2000, Clark's government commissioned a report called 'Heart of the Nation' or 'HotNation' about the future of NZ's cultural sector (Prince, 2010: 131). However, the new Government rejected the structural reforms and the strategic recommendations proposed by the review (Volkerling, 2001: 445). Despite this, in February 2002, the NZ government introduced the Growth and Innovation Framework (GIF) to bring New Zealand back to the Organisation for Economic Co-operation and Development's (OECD) top ranking (Dunleavy and Joyce, 2011: 219). It implemented a new strategy for the film industry by increasing "state research and development spending, support for business incubators and cluster development" (de Bruin, 2005: 147). In fact, the GIF identified the creative industries[89] as one of the three priority sectors for the Government, the other two being biotechnology and information and communication technology (Prince, 2010: 132). This new approach was inspired by the British creative industries approach, which saw these industries not only as crucial for the country's cultural and national identity, but also as adding value to the wider economy and to the country's brand (Dunleavy and Joyce, 2011; MCH, 2004; Prince, 2010).

In May 2002, the Government appointed the Screen Production Industry Taskforce (SPIT) under the GIF. Formed by leading NZ's screen industry personnel, the aim of the SPIT was to analyse the barriers that impede growth of the screen industry (SPIT, 2003). The SPIT report, *Taking on the World*, was published in March 2003 and made several recommendations: stimulate and encourage private investment, upskill existing screen practitioners, promote co-productions and post-production technology, and the establishment of a Screen Council (SC). The proposed task of the SC was to oversee the implementation of the strategy outlined in the report, and to provide ongoing

---

[88] This became known as Film Fund 1 or FF1, which was established as a charitable trust. A Film Fund 2 (FF2) followed in 2007 with an allocation of NZ$20 million (Dunleavy and Joyce, 2011: 217).

[89] The term 'creative industry' was included in policy discourse with the aim to recognise cultural productions as part of the wider economy (Volkerling, 2001). Consequently, its adherents consider these cultural productions subject to the free trade policies of WTO regulations (Hesmondhalgh and Pratt, 2005).

independent advice to Government on issues related to the NZ screen industry (ibid.). The Government responded to the SPIT report by introducing several screen sector' initiatives. The Large Budget Screen Production Grant Scheme (LBSPG) was established in June 2003 after the completion of the *LOTR* trilogy, as a means to "increase economic growth by providing a financial incentive to attract large scale screen production to New Zealand" (MED, 2009: 2). This represented an important shift in policy, putting stronger focus on externalities in other economic areas. Furthermore, not only was NZFC funding increased "by NZ$10 million annually from 2004", but also the budget of Film NZ, NZ's film locations office, incremented during two consecutive years (MCH, 2004: 7).

Between 2005 and 2009, however, several respected NZ producers and directors criticised NZFC's administrative structure, governance and management, as well as its "lack of accountability and transparency" regarding financial information (Dunleavy and Joyce, 2011: 239). These same voices called for a review of the NZFC. The then new Minister of Arts, Culture and Heritage, Chris Finlayson, commissioned the review by Peter Jackson and David Court. The report, which was published in June 2010, unconditionally supported the existence of the NZFC, and argued that "the financial returns achieved by the Commission are an incomplete measure of its success or failure…It is in the confident, outward-looking New Zealand culture that the film industry has helped create" (Jackson and Court, 2010: 72).

Cultural Dimension

Following the historical background of the NZ feature film industry, outlined above, the cultural dimension is discussed in this section. It is important to emphasise here that in any policy discourse 'culture' is neither free, nor balanced nor politically neutral, because it "avoids defining its boundaries and implications by appealing either to a tacit construction (culture as a given thing) or to complexity (culture as the sum of all things and belonging to everyone)" (Barbieri, 2012: 27).

Around the world, culture is frequently articulated in policy documents as a legitimate means through which to argue for the use of public funding as a way to support film production industries. Especially in cases where cultural arguments can also progress economic objectives, these cultural and economic aims might be inseparable. Nevertheless, cultural policy is sometimes used as an argument even if the purpose is solely economic. One way or another, culture is interconnected with feature films. For instance, in New Zealand, both cultural and economic arguments can be used to sustain the country's film industry via public funding. On the one hand, state support for feature film productions is possibly the only option to create and sustain a NZ-produced cinema, especially given the very high costs of this form of screen production and the limitations of a particularly small domestic market (Dunleavy, 2005). On the other hand, there is also the cultural defence argument, where so-called 'American cultural imperialism' is perceived as a threat to national identity and culture (Huijser, 2009).[90] Both arguments pursue the same main objective – to sustain the NZ feature film industry, and the economic and cultural benefits it provides for New Zealand society as a whole.

New Zealand is a culturally complex country. Probing this complexity, Roger Horrocks (1999: 131) speculates that there may be up to five competing cultural identities in contemporary New Zealand. First, there is the widely accepted notion of 'Aotearoa/New Zealand', a society which, committed to the Treaty of Waitangi, defines itself as bi-cultural. Second, there is the notion of New Zealand as a member of the community of nations comprising the South Pacific region. Third, there is the more expansive notion of "New Zealand as part of Asia" (ibid.). Fourth, there is the concept of 'Australasia' as one in which New Zealand and Australia are close neighbours and potentially at least, a single state. Finally, there is a sense of New Zealand as a country which, under the influence of American popular culture especially, is moving further away from older ties with its onetime 'Mother country' Britain, instead associating itself more closely with the United States.

It could be argued that all of these permutations of identity have a presence and/or influence upon contemporary NZ society. In acknowledgement of this, the term 'multi-cultural' is more widely used in NZ today, not least because it acknowledges NZ society being composed "of several groups [with] quite diverse cultural, linguistic, and religious backgrounds" (Kolig, 2000: 237). Nevertheless, multi-culturalism is sometimes seen by Māori as an "ideological threat to their status as *tangata whenua*", or 'people of the land'

[90] Neo-liberalism does not recognise the importance of cultural arguments for investment. It expects investment to generate commercial outcomes.

(Murphy, 2009: 369). Māori New Zealanders often consider bi-culturalism[91] a more adequate term for its ability to acknowledge that "Māori and Pākehā[92] [are] equal Treaty partners" (ibid.: 368; see also Turner, 2007). Ranginui Walker (2005: 143), for example, considers that "Māori who [are] committed to their identity as Māori" and, at the same time, also accept "the need to function effectively in the invading and dominant culture" are, by definition, bi-cultural. This does not mean that all Māori are equally bi-cultural or that New Zealand is a bi-cultural society. Rather, this view acknowledges that there are several permutations of identities co-existing within the same social group.

Evidence of this can be found in the fact that even the Treaty of Waitangi, the founding document and point of reference especially for Māori New Zealanders (Walker, 1984; 1990), has become subject to conflicting interpretations. For some, the Treaty of Waitangi provides the central justification for sustaining the existence of bi-culturalism in New Zealand (Walker, 1986), and also constitutes the main legal tool through which to claim Māori sovereignty (Fox, 2001). However, at the same time it is criticised for having some legal 'black holes'. As Walker (1984: 268) emphasises,

> The word *mana*, the only Māori equivalent to the concept of 'sovereignty', was not used in the first clause. The word *kāwanatanga* ('governance') was substituted for *mana*, so the chiefs were asked to cede *kāwanatanga*, the unknown concept of 'governance', of their lands to the Crown.

Derek Tini Fox stresses that the Treaty guaranteed to the "Māori people *tino rangatiratanga*, or absolute authority over all their resources; and a large number of Māori communities are currently reclaiming, under the Treaty, land which has been stolen from them over the last 150 years" (Fox, 2001: 260). In this regard, the Treaty of Waitangi functions as "a real political agreement for Māori whose ancestors signed it" (Turner, 2007: 90), even though contemporary struggles to reclaim part of Māori sovereignty, including issues of coastal ownership and the promotion of Māori culture, show that the Treaty of Waitangi does not clearly set the limits of the new nation's cultural agreement and rights.

---

[91] Some academics, such as Kolig (2000), O'Sullivan (2007) and Rata (1996), point out that the term 'bi-culturalism' was introduced by Pākehā in the 1960s into "the socio-political discourse in New Zealand" (Kolig, 2000: 237) to legitimate power, redefine culture and assert nationhood, in order to privilege Māori traditions above multi-culturalism due to the Treaty of Waitangi.

[92] Some New Zealanders see the word 'Pākehā' as a term of abuse and/or insult (King, 2011). Nevertheless, King concurs with Walker that the "use of the word Pākehā is part of the process by which the descendants of European colonists achieve a New Zealand identity" (ibid.: 37).

Arguably, the rhetoric of bi-culturalism cannot easily accommodate the increasing number of New Zealanders with a mixed Māori/Pākehā identity. It also fails to acknowledge the non-homogeneity of Māori tribal groups (Webber, 2008: 13). The political economy of identity in New Zealand follows "inclusive exclusion" as the official notion of bi-culturalism, it being "the condition of the nation-state's inclusion of anyone within its territory is the exclusion of non-national modes of identity and belonging, that is, of modes of identity and belonging that are not in the first instance related to the nation-state" (Turner, 2007: 88-89).

Meredith (1998: 1) criticised contemporary cultural politics in New Zealand for continuing the over-simplification of binary opposites – Māori as the colonised and Pākehā as the colonisers, that is the dichotomy between 'us' and 'them' – and instead advocates a shift towards recognising the contemporary affinities and a mutual sense of 'both/and' relations. According to King (2011: 30), the notion of a 'New Zealand culture' is "too general a term, because there is not a single coherent culture that gives all New Zealanders a shared vision of themselves and their place in the world". Instead, King suggests Pākehā culture[93] as "a second indigenous New Zealand culture",[94] and a vital component in the process of Māori-Pākehā accommodation, because it allows Pākehā to feel that they truly belong to Aotearoa/New Zealand (ibid.: 36). This does not supplant the indigenous culture of the *tangata whenua*, but rather it arises from the sense of:

> [A] growing conviction on the part of Pākehā that their culture, like that of Māori, is no longer the same as the cultures of origin from which it sprang – that it has become, in fact, a second indigenous culture as a result of the same processes by which East Polynesian people developed Māori culture. (King, 2011: 197)

Accordingly, one challenge for the contemporary NZ film industry, as an integral element of the cultural roles that it performs, is how to reflect "the full strangeness of the local situation, its particular diversities, disjunctions, juxtapositions and incongruities" (Horrocks, 1999: 136), which together characterise contemporary New Zealand society and culture.

---

[93] For King (2011: 35) one essential ingredient of Pākehā-ness is "contact with and being affected by Māori things: Māori concepts, Māori values, Māori language and Māori relationships".
[94] This can be controversial depending on how 'indigenous' is defined. According to Downing and Husband (2005: 124), "the very notion of indigeneity has within it a necessary claim to precedence and territorial primacy that sits uncomfortably with the chronic marginalization within the nation state that is their typical current condition".

Another way to understand New Zealand culture is the notion of 'cultural cringe', which refers to the sense of inferiority or 'colonial mentality' of postcolonial countries (Dunleavy and Joyce, 2011: 34). In terms of cultural industries, this label has described "the negative, rejecting reaction of some New Zealanders to domestic" cultural products (Dunleavy, 2005: 5).[95] Although this was certainly challenged from the late 1970s (a period of significant expansion for domestic film and TV production) central to this reaction until this turning point has been a perception that "everything that was really important and interesting originated overseas" (Cross, cited in Dunleavy, 2005: 6). Although 'cultural cringe' is considered to have waned and almost disappeared in the Twenty-first Century, Dunleavy and Joyce (2011: 262-3) vigilantly observe that "it is in an awareness of its potential to return that cultural objectives will never be obsolete as an influence on screen production in a postcolonial country like New Zealand".

Political Economy Dimension

New Zealand is a comparatively small English-language cinema market,[96] sustained by a population of only 4.54 million (Statistics NZ, 2014a). These characteristics offer some advantages and disadvantages in terms of exporting and importing cultural products. Although the small population limits the economies of scale for domestic screen productions, the main export advantage of being an English-language cinema is the "relatively uncomplicated linguistic access" to other English-speaking markets (Babington, 2007: 9), such as the UK, Canada, Australia, Ireland or the USA, which allows film productions to have a significant "advantage in the international marketplace" (O'Regan, 1996: 83). Moreover, as it is almost impossible for bottom- and middle-tier feature films to cover their initial production costs by relying on NZ's domestic market alone,[97] being able to export these productions abroad can make the difference between a film's economic success or failure.

However, NZ's characteristic English accent, or 'Kiwi' accent, as one that distinguishes most of its bottom-tier and some middle-tier productions, is not always

---

[95] According to Dunleavy (2005: 263), continuing stripped soap opera *Shortland Street* (1992-) is the local TV drama that has been the most effective in helping to alleviate cultural cringe.
[96] Even though New Zealand has three official languages (English, Māori and NZ Sign Language), English is the language most often spoken and understood by New Zealanders.
[97] Recent NZFC calculations show that from 1993 until 2012 NZ films only took 2.5 percent of the overall NZ box office (NZFC, n.d.b).

easily understood by English-speaking viewers in foreign countries. This was confirmed, for example, at the American release of the NZ bottom-tier feature film *Boy* (2010), during which writer-director-actor Taika Waititi received mixed feedback when asking the audience whether they found it difficult to understand the Kiwi accent (Lichman, 2012a). Thus, while NZ might benefit from its access to English-language markets, its distinctive accent – not to mention productions made in the indigenous Māori language – can pose commercial barriers.

Just as New Zealand feature films can be distributed to other English-speaking countries relatively easily, the country's film market also provides easy access to English-language films from overseas. Due to two free trade agreements, GATS (General Agreement on Trade in Services) and CER (Closer Economic Relations Agreement with Australia), there are no customs barriers to importing foreign English-language or dubbed audiovisual products into New Zealand (apart from the internal barriers constituted by the film classification and censorship system).[98] Furthermore, because few bottom- and middle-tier productions can recover their initial production costs within the NZ market due to limited economies of scale, importing foreign screen productions can be more economically viable and attractive for national screen content providers, such as television channels (Dunleavy, 2005; Harvey and Tongue, 2006).

While countries in the EU have tried to protect a minimum level of local production by introducing a local content quota applicable to both television and cinema, New Zealand has not so far included such protection under the GATS, with the consequence that a local content quota for feature films is currently impossible to implement under existing laws (Kelsey, 2003: 5). Furthermore, while Canada and the European Commission included "an Annex that would exempt cultural services from the most-favoured nation (MFN) obligation to treat services suppliers from all foreign countries equally", NZ followed the example of the USA and opposed these proposals (ibid.). Even if NZ's government were to impose a local content quota in its television policy or for cinemas, it would "breach the market access and national treatment provision of the GATS", and also contravene the CER Agreement with Australia (ibid.: 7-

[98] "Under the *Films, Videos, and Publications Classification Act* 1993, films which receive an unrestricted rating (G, PG, or M) in Australia are automatically cross-rated to receive the same rating in New Zealand…Therefore the majority of unrestricted films do not come to the Classification Office" and can thus be automatically distributed in New Zealand (OFLC, 2012, para. 6).

8). Moreover, the larger cinema chains and private broadcasting companies are likely to oppose such policies.[99] Since these institutions have never been subject to a local content quota through six decades of local screen production, such a move would restrict their operations and potentially limit profit from imported productions upon which their business models have come to rely.

According to Screen Production and Development Association (SPADA) former Chief Executive Penelope Borland, the growth of the local screen industry is limited by the lack of quota for local content in television in particular. As Borland sees it, this is because "television is always the base of the screen industry. No quota means people in [the] industry have to live by their wits coming up with the best ideas" (cited in Crossley, 2012, para. 17). There is also the ongoing problem of insufficient public investment in high-risk areas of screen production such as TV drama, a production area that overlaps with local filmmaking (Dunleavy, 2005). Consequently, in 2011, SPADA urged "that pay television network Sky TV be required to fund production of local content [because] New Zealand is the only country in the OECD apart from Mexico that does not require [its pay TV sector] to contribute to local production" (Borland, cited in Crossley, 2012, para. 18). This contention is also supported by New Zealand screen academics (see for example Dunleavy and Joyce, 2011: 252-53). Unfortunately, the idea of introducing regulation designed to require NZ's pay TV providers to invest in local screen production is considered directly undermining of the deregulated and business-friendly industrial environment that is important to NZ's current National government (ibid.: 260).

Institutional Dimension

The institutional ecology of NZ's screen industry comprises four levels according to the model outlined by Dunleavy and Joyce (2011: 22). First, there are public institutions that support specific outcomes. For example, the Government regulates the main public funder, which for feature and short films is the NZFC. At the second level are the public and private organisations that exhibit and distribute the completed productions. As argued by Dunleavy and Joyce, NZ's independent production companies represent the third level of this institutional environment. Finally, the audiences make up the fourth level of NZ's

[99] Lack of political will as well as anxieties about how to fund it, have been two ongoing reasons for the failure to introduce any official local television quotas in New Zealand (see Dunleavy, 2005).

screen production institutional ecology. Although this four-level model was conceived for film and television, the environment that it creates for the value chain of NZ feature films can be demonstrated in Table 4.1 below.

Table 4.1: *Institutional Ecology of New Zealand's Screen Production*

	Institutional Ecology	**Areas of Influence within Value Chain**
1st Level	Public Institutions (NZ Government, NZFC, Film NZ, NZoA, Māori TV, Te Māngai Pāho)	Conception/Development, Production, Distribution
2nd Level	Public and Private Organisations	Distribution and Exhibition
3rd Level	Independent Private Production Companies	Conception/Development, Production
4th Level	Audiences (Local and International)	Reception/Consumption

Source: Adapted from Dunleavy and Joyce (2011: 22).

The New Zealand Government

The NZ government, through its ministries, departments and agencies, plays a key role in supporting, funding and sustaining the NZ film industry. First and foremost, it regulates the main public funder, the NZFC, through the *NZFC Act* 1978. The NZFC works closely with three NZ government ministries: the Ministry of Business, Innovation and Employment (MBIE), the Ministry for Culture and Heritage (MCH), and the Ministry of Foreign Affairs and Trade (MFAT).

MBIE's main objective for the film industry is to encourage "the continuing success of New Zealand as a destination for film making" through a number of initiatives (MBIE, n.d., para. 1). From 2003 until 2014, the Large Budget Screen Production Grant

(LBSPG)[100] was administered by the NZFC on behalf of the MBIE and since 2007 also included the Post, Digital and Visual Effects (PDV) grant scheme (NZFC, n.d.d). The LBSPG operated as a financial incentive "to encourage studios to produce large-budget films and television shows in New Zealand" (MBIE, 2014, para. 1). A number of internationally successful top-tier NZ-produced feature films received at least one of these two grants, such as *King Kong* (2005), *The Chronicles of Narnia: The Lion, the Witch and the Wardrobe* (2005), *Avatar* (2009), *The Adventures of Tintin* (2011) and *The Hobbit* trilogy (2012-14).

Founded in 1994 and funded by MBIE, Film New Zealand (Film NZ) is a business agency and locations office, which also markets and promotes NZ as a screen production location. It provides "information about filming locations, facilities, crews, permits, immigration, taxation, transport and accommodation", and functions as the "interface between overseas production companies and the New Zealand screen production industry" (MBIE, 2011, para. 4-5). Film NZ is governed by a Board of Trustees composed of both industry and Government representatives (Film NZ, 2013). Its strategic partners are the NZFC and New Zealand Trade and Enterprise (NZTE), the Government's economic development agency charged with the task to improve the international competitiveness of NZ business. Because the creative industries are considered important to their broader objective of economic development, they are a priority for NZTE.

Another key player within the institutional ecology of the NZ film industry is the Ministry for Culture and Heritage (MCH). This statutory body manages the NZFC's relationship with the Crown, administers government funding for NZFC's cultural objectives, and appoints all seven members to the NZFC board (MCH, 2013). The Screen Production Incentive Fund (SPIF), which was devised to complement the LBSPG by providing new investment in medium to large-scale productions with significant NZ cultural content, was administered by the NZFC on behalf of the MCH from 2008 until 2014. Successful NZ bottom- and middle-tier feature films, such as *Boy* (2010), *Love Birds* (2011) and *Sione's 2: Unfinished Business* (2012), owe their existence to the assistance received from this grant.

[100] The grant provided a 15 percent rebate for productions that incur NZ$15 million of Qualifying New Zealand Production Expenditure (QNZPE) or NZ$3 million for the PDV Grant (NZFC, n.d.d).

As explained in Chapter 2, due to economic growth agendas, attracting international top-tier productions has become a priority for many governments, as the 2011 *Global Guide to Soft Money*[101] report suggests (Screen International, 2011). Consequently, film subsidies have expanded around the world, creating an unsustainable 'epidemic' subsidy race worldwide (Balio, 2013; Karaganis, 2012; Squire, 2004). In this global marathon, New Zealand has been no exception. As explained in the NZFC *Statement of Intent* 2013-2016, "significant economic value is derived from spending in New Zealand by offshore interests" (NZFC, 2013a: 4). In addition, it is argued that the "screen sector activity in New Zealand also generates important spill-over benefits to other parts of the economy", for example, the "transfer of skills and technology to other sectors" and progressing "international connections for trade and diplomacy" (ibid.).[102] In order to send "a strong message internationally that New Zealand is competitive and that the screen sector is backed by the New Zealand Government" (NZFC, 2013b, para. 10), the level of support for screen incentives was modified in April 2014. The LBSPG and SPIF were combined to form the New Zealand Screen Production Grant (NZSPG) for International Productions[103] and NZSPG for New Zealand Productions[104] (NZFC, 2013b).

In New Zealand, decisions to increase subsidies for films have historically been fraught with inter-ministry tensions, notably between Treasury and the Ministry of Economic Development (Nippert, 2010). For example, in February 2010, Treasury prepared a Cabinet paper which argued that subsidies for films, such as *Avatar* (2009) and *King Kong* (2005), could not be economically justified. In fact, it predicted that "they had likely caused a net economic loss of $36 million" (ibid., para. 4). However, Economic Development Minister, Gerry Brownlee, dismissed the report and ignored its advice arguing that "Treasury has a generally bad attitude towards economic development of any

[101] The countries covered in this report are UK, Ireland, France, Germany, Austria, Italy, Spain, Malta, Belgium, Luxembourg, Iceland, Hungary, the Czech Republic, South Africa, Australia, New Zealand, the USA, Mexico and Canada.

[102] The way these economic contributions are calculated depends on the models and metrics used. For instance, the Economic Study of the NZ Film Industry prepared by the Ministry of Economic Development in 2012 provides different results than the PricewaterhouseCoopers (PWC) Report on the Economic Contribution of the NZ Film and Television Industry (MED, 2012; PWC, 2012).

[103] The new incentive offers a 20 percent grant of QNZPE, instead of the previous 15 percent, with an additional 5 percent available if a production can demonstrate significant economic benefits to NZ (NZFC, 2014a).

[104] NZ productions, which must have significant NZ content or be official co-productions, continue to be eligible for a 40 percent grant of QNZPE, and "must have at least 10 percent of their budget funded by non-NZ government sources of funding" (NZFC, 2014b, para. 7).

type, particularly economic assistance" (ibid., para. 9). Ultimately, the Government ignored Treasury by increasing film subsidies because it prioritised its international position as a filmmaking country.[105]

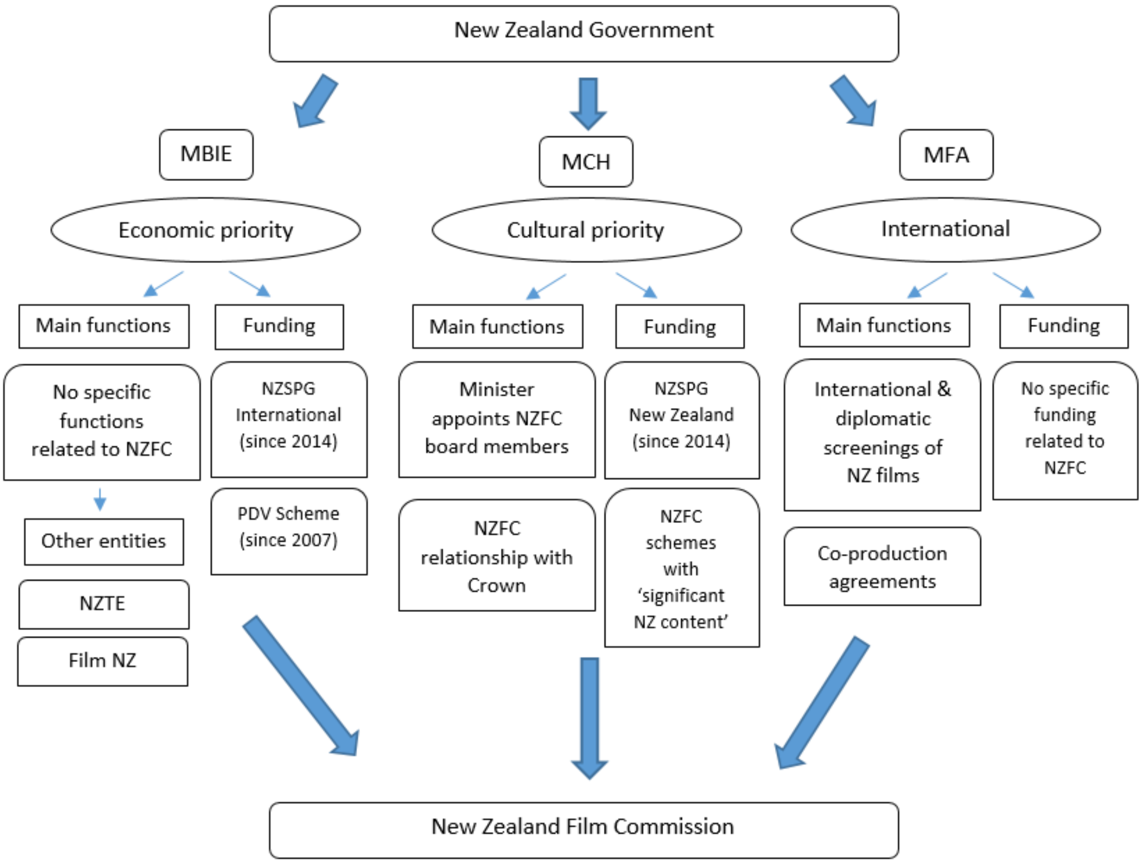
From an institutional perspective, the level of financial subsidies offered by countries to their film industries is contextual as it depends on the economic incentives offered by other countries. In other words, countries compete with each other internationally to attract global capital investment. In the case of New Zealand, there is another contextual factor when it comes to deciding the level of any film subsidies provided. Due to Peter Jackson's successful precedents in producing notably successful international big-budget features, public institutions, such as the NZ government, Ministries and the NZFC, might consider it less risky to implement incentives for his feature films than for other NZ filmmakers and projects. It is worth noting that an institutional theory approach considers "the maximization of power within bureaucratic structures as a more potent driving force, for better and for worse, than the maximization of profit" (Mosco, 2009: 53-4). Examples are intra-cabinet agendas or pressure on funding bodies in a tight fiscal environment (Thompson, 2011; 2012).

Finally, the Ministry of Foreign Affairs and Trade (MFAT) is also involved in the New Zealand film industry, but its interest is focussed on the international opportunities for this. The MFAT works closely with the NZFC to negotiate international co-production treaties, and to organise international and diplomatic screenings of NZ films. One example is the celebration of the 2012 Treaty of Friendship between NZ and Samoa, during which the MFAT provided 28 hours of NZ's best films and television programmes – at no cost – to be screened on Samoan TV (NFAT, 2012). Figure 4.1 illustrates how these three Ministries interact with the NZFC.

---

[105] Film subsidies have recently been increased in 2010 and 2014. Previously, the Labour government had also increased film subsidies in 2007, against Treasury advice (Lealand, 2011; Nippert, 2010).

Figure 4.1: *Interaction between NZ Government and NZFC*



On the one hand, the MBIE, NZTE and Film NZ aim to support the New Zealand economy by attracting foreign-funded top-tier productions through the NZSPG and PDV schemes. On the other hand, the Ministry for Culture and Heritage (MCH) seeks to increase the availability of New Zealand (bottom- and middle-tier) features by supporting NZ films with "significant New Zealand content" (*NZFC Act*, 1978, section 18).[106] The NZ government thus supports the industry by pursuing cultural and economic objectives. However, this situation creates some tension around the notion of 'exportability', which "entails a continuing pressure to restrict…production to concepts and formats that will readily sell on international markets" (Dunleavy, 2005: 10). The potential to include cultural details that are identifiably 'New Zealandish', and as such will resonate with NZ audiences, is one of the arguments for the production and public funding support of NZ bottom- and some middle-tier feature films. From this cultural perspective, export possibilities should not matter for feature productions primarily made for NZ viewers.

[106] In a tight financial climate, MCH is also mindful of the economic situation (Thorpe, 2013).

Yet, with some parts of the NZ government, especially MBIE, regarding feature films as export commodity public funding requests to support films targeted at a domestic audience can be difficult to justify (Dunleavy, 2005). Because of this exportability approach, pressure arises for bottom- and some middle-tier films (and local TV dramas) to compromise their cultural objectives to be able to sell these productions to international markets (ibid.).

New Zealand screen industries and institutions are particularly affected by the priorities of different governments, whose influence, as Dunleavy and Joyce explain, is "exerted not only through the level of public funding that is allocated to supporting this production but also through the priorities for screen policy that are determined at cabinet level and enacted by politically-appointed officials" (Dunleavy and Joyce, 2011: 19). Although this situation is hardly unique, the specificities of the New Zealand case can be partly attributed to the absence of a specialist independent public regulator, which could exert influence on policy directions and regulatory regimes (ibid.: 20). Examples of such regulatory bodies are the American Federal Communications Commission, and the British Office of Communications. In the NZ case, the NZFC's strategic direction follows the priorities set by the Government. As underlined in the NZFC *Statement of Intent* 2013-2016, the NZFC describes its role as being "consistent with the Government's priorities to build a more competitive and productive economy and deliver better public services to New Zealanders within tighter budgets" (NZFC, 2013a: 4).

New Zealand Film Commission (NZFC)

Apart from the NZ government as key player within the institutional ecology of NZ film production, the NZFC stands out as the foremost public funder for New Zealand's domestic films. As outlined at the beginning of the chapter, it was established in November 1978 as a response to film industry lobbying (Horrocks, 1999), a growing sense of film as a prestigious medium – not least triggered by the national and international success of the Australian Film Commission (Babington, 2007), plus the emergence of filmmaking talent in New Zealand with the release in 1977 of three local features.[107] A fifth contributing factor was the realisation by many politicians that national

[107] *Wildman* directed by Geoff Murphy, *Off The Edge* directed by Michael Firth, and *Sleeping Dogs* directed by Roger Donaldson. *Sleeping Dogs* became the first New Zealand film to be accepted by a large audience,

cinema could be considered 'cultural capital',[108] a notion that "fiction film, as much as if not more than documentary, might have propaganda uses advertising New Zealand in the widest sense" (ibid.: 6-7).

The NZFC was established as a publicly-financed agency, whose central remit was to "encourage, participate and assist in the making, promotion, distribution and exhibition of films" made in NZ by New Zealanders on NZ subjects (*NZFC Act*, 1978, section 17). Given that this central remit included mentoring NZ's then fledgling film industry, the NZFC was to provide "loans and equity to New Zealand filmmakers to assist in the development and production of feature films and short films" being made in NZ, while also being active in the sales and marketing of these films (NZFC, n.d.c, para. 3). The NZFC's main challenge has been to sustain the growth of the NZ film industry in a country that is characterised "not only by its limited population size but also by its geographical distance from the large markets which continue to dominate international feature film production" (Dunleavy and Joyce, 2011: 259).

The NZFC provides financial assistance only to films with "significant New Zealand content" (*NZFC Act*, 1978, Section 18). It thus takes into consideration such elements as the subject matter of the film, the locations used, the nationalities and places of residence of personnel, the sources of the film's financing, the ownership of equipment and technical facilities and a provision to take account of "any other matters" that the NZFC considers relevant (ibid.). Although these considerations themselves highlight what is understood to constitute 'significant New Zealand content', it is precisely because they involve a sliding scale of possibilities rather than creating a threshold level for determining this, that the NZFC has always retained the flexibility to decide, on a case-by-case basis, whether or not a given film proposal deserves public funding support (Dunleavy and Joyce, 2011: 255).

In 35 years, the NZFC has funded more than 300 feature films and certified 60 co-productions.[109] Its current aim is to invest in at least four feature films per year, in

---

and proved that New Zealand could make great entertaining films (Conrich and Murray, 2008; Shelton, 2005).

[108] However, films were not actually described as 'cultural capital' until the 1990s. This term was coined by French sociologist Pierre Bourdieu.

addition to offering opportunities for talent development, administering grants for big budget feature films, and managing NZ film certification and co-productions (NZFC, n.d.c). In the financial year 2012/2013, 28 percent of its budget came from the NZ government, 68 percent from the NZ Lottery Grants Board, and the remaining 4 percent from returns on film investments and interest (ibid.). NZFC's seven-member board is a statutory body providing governance and policy direction, and is responsible for making final funding decisions after considering staff recommendations.

As the most important public funder for feature films, the NZFC receives pressure from both the industry and the Government. While the former would like to see more flexibility and expertise from NZFC staff and board, a higher budget and more empathy towards film professionals, the latter requires both economic and cultural outcomes. These diverging interests leave the NZFC in a "vulnerable" position (Dunleavy and Joyce, 2011: 259).

Other Public Institutions

In addition to the NZ government, its ministries and the NZFC, New Zealand on Air (NZoA), Māori Television Service (MTS) and Te Māngai Pāho (TMP) are other public institutions actively engaged with the development, financing, production and distribution of NZ bottom- and middle-tier feature films. While NZoA as broadcast funding agency primarily invests in local television, radio, music and digital media, it also contributes 'top-up' finance to the funding of some bottom- and middle-tier productions, such as *Sione's Wedding* (2006). Māori TV, on the other hand, is NZ's indigenous broadcaster, dedicated to "significantly contribute to the revitalisation of the Māori language", and "to be an independent Māori television service that is relevant, effective and widely accessible" (Māori TV, 2014, para. 4-5). Finally, Te Māngai Pāho is a Crown Entity that funds not only the national network of Māori radio stations, but also the production and broadcast of Māori language television programmes, radio programmes, music recordings, as well as bottom-tier features.

---

[109] 24 with Canada, 19 with the UK, 11 with Australia, five with France, five with Germany and one with Singapore. New Zealand also maintains co-production agreements with South Korea, Spain, Italy, Ireland, China and India (NZFC, 2012a).

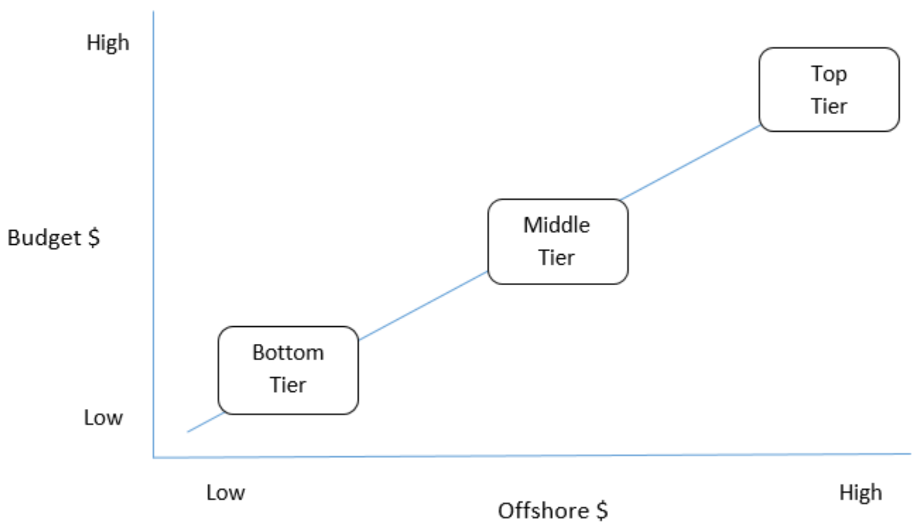
The language and cultural interest of Māori TV and Te Māngai Pāho are common to these organisations, and thus both have contributed to funding Māori films, underpinned by the presence of MTS as a dedicated free-to-air and non-commercial channel on which these films can be exhibited. Having such a channel is a powerful motivation for financing and producing Māori films (Dunleavy and Joyce, 2011). A remarkable example is *Boy* (2010), which received funding from both of these public institutions.

The following section offers a summary of NZ feature films according to the three-tier categorisation previously introduced.

4.2. New Zealand Three-Tier Structure

As explained in the Introduction, the categorisation of feature films according to a three-tier structure was first outlined in New Zealand by Jim Booth, NZFC executive director in 1984 (Dunleavy and Joyce, 2011: 85). One way to differentiate between these three-tiers is to compare the overall budget with the amount of offshore investment, as illustrated in Figure 4.2 below.

Figure 4.2: *Differentiation between NZ Bottom-, Middle- and Top-Tier Films According to Overall Budget and Amount of Overseas Investment*



Source: Own elaboration of model conceived by Jim Booth.

In other words, bottom-tier films are low-budget with no offshore investment; middle-tier productions generally have medium-budgets and some offshore investment; and top-tier features have high-budgets and mainly or entirely offshore investment. The characteristics of bottom-, middle- and top-tier feature films in New Zealand will be further developed in Chapters 5, 6 and 7 respectively.

It is important to take into account, however, that neither the NZFC nor the NZ government refer to this three-tier structure in their discourse, policies and publications. Instead, they simply distinguish between big-budget foreign-financed industry productions and the domestic industry. They consider international productions, creatively driven by NZ practitioners, such as *The Hobbit*, or 'runaway' films that use New Zealand as a shooting location, such as *Avatar*, to be similar, not only in some of their main characteristics but also in providing comparable spin-off effects into NZ. As the NZFC puts it, international productions are "largely funded by offshore companies…such as *The Hobbit* and *Avatar* [that] use our locations, crew, facilities and provide substantial employment, training and tourism benefits" (*NZFC Briefing*, 2011a: 1). This thesis, however, argues in Chapter 7 that there are two different kinds of top-tier features. The first type are "productions that receive foreign investment while being creatively driven from New Zealand" (Lawn and Beatty, 2006: 51), while the second type are foreign-financed large-budget films that, although being shot in New Zealand, "the production company, financing and creative talent are sourced from overseas" (ibid.: 50).

The domestic industry, on the other hand, is concerned with "bringing New Zealand stories to screen" and ensuring that "New Zealand stories, talent and landscapes are celebrated at home and showcased to the world" (*NZFC Briefing*, 2011a: 1). These domestic productions are considered not only important for articulating a sense of national identity, but also for bringing significant benefits to the overall economy (ibid.) In other words, both bottom- and middle-tier productions, including official co-productions and cross-border films, are considered by the NZFC and NZ government to be domestic. For example, the NZFC's *Annual Report* for 2005-06 called a middle-tier production such as *The World's Fastest Indian* a 'local feature' (2006: 12).

By acknowledging the distinctness of each tier film, this thesis attempts to provide a more accurate description of the contemporary structure of the New Zealand feature film industry, paying particular attention to the various components of the NZ film value chain.

4.3. The Value Chain of New Zealand Feature Films

Although some scholars have analysed parts of the film value chain in a New Zealand context (Churchman, 1997; Dunleavy and Joyce, 2011; Lealand, 2013a), no study to date provides a full examination of the five steps of the New Zealand feature film's value chain perspective.[110] The purpose of this section is to address this gap by taking a closer look at four out of five steps[111] of the value chain, including film conception and development, production, distribution and exhibition, this discussion being closely informed by NZ industry personnel operating in relevant areas.

Conception and Development

Several of the film experts interviewed for this study have foregrounded the finding of film projects with the potential to make a mark internationally as the biggest challenge when making a bottom- and middle-tier feature film in New Zealand. This is especially true for those who either work with, or are themselves, relatively new filmmakers (Barnett, 2013a; Fitzgerald, 2013; Parr, 2013). Particularly for a small country as remotely located as NZ, global recognition is vital to film writers, directors, and producers eager to establish a filmmaking reputation and career. Accordingly, NZ films aim to distinguish themselves internationally in order to be selected for important film festivals, but also need to attract the national media attention required to increase their exposure to and potential success with domestic audiences.

One of the main dilemmas while conceptualising, developing and producing bottom- and middle-tier NZ productions is the extent to which NZ writers and producers should cater predominantly to a domestic audience, or whether their films should target an international audience too – like top-tier productions do – in order to help cover and

[110] Trisha Dunleavy's 2005 book, *Ourselves in Primetime: A History of NZ Television Drama*, although it does not use the term 'value chain', offers a comprehensive examination of these same elements in respect of NZ TV drama, at times intersecting with feature film where productions spanned both.
[111] Due to the scope of this study, consumption has not been included.

amortise production costs. There is no single answer to this dilemma, but arguably the best strategy for NZ filmmakers has been so far to aim to cultivate significant "overseas audiences without diminishing local interests" (Babington, 2007: 266). However, this balance is difficult to sustain due to the challenges of maximising the local authenticity of a film when foreign economic and market priorities are involved. In other words, local cultural necessities do not always coincide with international priorities. As Murray (2008: 28) noted, "achieving a fidelity to the culture being represented and the demands of funding authorities and majority audiences" is particularly difficult and a task which, albeit led by film writers and producers, needs to be negotiated among the several stakeholders involved.

A good example of the complexities of reconciling the perceived needs of domestic *versus* international audiences is *Whale Rider* (2002), a middle-tier production which won international acclaim but was strongly criticised by influential Māori filmmaker Barry Barclay. As producer John Barnett explained, *Whale Rider* is "an absolutely international story", which is why the specifics of Māori culture are not central to *Whale Rider*. Instead, this film sought to construct "a generic representation of what makes a 'Māori Community' in the eyes of a majority audience" (Bennett, 2006: 20). In the absence of Māori control over the *Whale Rider* story, however, Barclay argued that the erasure of distinguishing cultural specificities was destructive to the cultural authenticity[112] of the film. As Barclay saw it, "Pākehā can understand the story of *Whale Rider* precisely because it is no longer a Māori story – although it is masquerading as such" (ibid.: 21). However, Murray argued that the construction of an authentic Māori culture is effectively a "re-membering of the past that is a misrepresentation of the contact era and the period of settlement" (2008: 14). Murray further suggests that cultural narratives are "continually flexible sites of construction and contested meaning", and therefore any single idea of "Māoritanga[113] is to be viewed with the utmost suspicion" (ibid.: 15).

In comparison, there is the bottom-tier production *The Orator* (2011), whose writer, director and producer fought to "make it true to its own culture" (Fitzgerald,

[112] Jones and Smith (2005: 923) differentiate between 'creative authenticity' and 'national authenticity', the former being "the claims of artistic integrity and merit that are made for the film", and the latter referring to "the idea of national identity".
[113] Māori culture, practices and beliefs.

2013). *The Orator*'s filmmakers not only convinced the NZFC that the film would be in Samoan language [to keep the nuances of the language], but also that nothing would be explained in the film that Samoans would uniquely understand in order to avoid privileging the readings of Samoan audiences. As producer Catherine Fitzgerald stressed, this "is the kind of freedom you have when you are making a smaller budget film, that we could be true to the film that we wanted to make" (ibid.). Consequently, the challenge for most bottom-tier films is balancing limited economies of scale within NZ, which make it impossible to recoup the production (or 'first copy') costs, and be mindful of both New Zealand and international audiences, as well as the longer-term professional opportunities for the filmmakers involved.

As explained in Chapter 2, financing is one of the most – if not *the* most – complex stages during conception and development (Bloore, 2009; Squire, 2004). While top-tier productions in NZ are usually financed by offshore investment, they often take advantage of the NZSPG for international productions offered by the MBIE and administered by the NZFC. Bottom- and middle-tier productions also take advantage of tax incentives, looking to the NZSPG for New Zealand productions, offered by the MCH and administered by the NZFC. Because the NZFC is the only public agency to provide funding for feature films, bottom- and most middle-tier productions are dependent on their funding decisions, since independent financing within NZ is extremely difficult to obtain. For this reason, middle-tier features, both co-productions and cross-border films, tend to look overseas for financing possibilities.

Production

Historical overviews of film production, policies, institutions and political discourse in relation to the feature film production sector in New Zealand have been provided by a range of scholars (Babington, 2007; Dunleavy and Joyce, 2011; Horrocks, 1999; King, 2010; Rowlands and Handy, 2012; Volkerling, 2001; 2010; Waller, 1996). From a contemporary business perspective, there are considerable regional differences within the NZ screen production business. Auckland is the centre of television institutions and production, accounting for "79 per cent of New Zealand's total television income in 2013", but Wellington is the prime filmmaking city of NZ, earning "81 per cent of total New Zealand film revenue" in 2013 (Statistics NZ, *Screen Industry Survey*, 2014b: 4).

Moreover, NZ's screen industry is institutionally unique in relation to other English-speaking countries as it has a non-unionised workforce, "who often worked for wages far below those to which American film workers were accustomed" (Lealand, 2011: 272).[114] Codes of best practice are limited to the *Pink Book* for performers and the *Blue Book* for technicians, both of which aim to guide contractual relationships between employees and employers.[115] Top-tier productions have been attracted to New Zealand partly because of its non-unionised status, which – from the perspective of the leading global media conglomerates who invest in such productions – offers a unique competitive advantage compared to other English-speaking countries with strong union presence, such as the USA, UK, Canada and Australia. While this non-unionisation has advantages for NZ producers because it supresses total labour costs, it also contributes to the ongoing uncertainty arising from the project-based temporary nature of film work and periods of unemployment for such workers (Barrett, 2011; Jones et al., 2003; Jones and Pringle, 2013; Rowlands and Handy, 2012).

That said, a number of professional and industry associations have taken an interest in employment relationships within the NZ feature film industry. The two most important for this thesis are the Screen Production and Development Association (SPADA) and the New Zealand Actors Equity (NZAE). While SPADA mainly represents NZ producers as a "network of key independent screen industry practitioners" (SPADA, 2014), NZAE is "the industrial and professional organisation representing performers who work in New Zealand's entertainment industries" (NZAE, 2014). I will examine the specific roles of these organisations in connection with *The Hobbit* dispute in Chapter 7.

Finally, most New Zealand independent companies that specialise in the production of bottom- and middle-tier films face the perennial challenge of having to balance commercial with cultural objectives. While they need to comply with cultural requirements in order to be able to gain NZFC funding, they also need to consider commercial imperatives in order to recoup their initial investment to make profit. Auckland-based (and foreign-owned) South Pacific Pictures, for instance, albeit with the capacity to invest in conception/development for in-house feature films and also in

---

[114] A radical liberalisation of the labour market took place in NZ in the late 1980s-early 1990s (Barrett, 2011).

[115] After *The Hobbit* dispute (see Chapter 7), New Zealand Actors Equity (NZAE) and SPADA have formalised a new agreement setting out best practice in the Individual Performance Agreement.

production, will almost certainly need NZFC funding to meet the significant costs of producing a feature film.

Distribution

Unlike the comparatively comprehensive literature on production, very little research to date has addressed film distribution in New Zealand, despite its significance for the film business. A notable exception is a book chapter by Geoff Lealand (2013a), which outlines the history and current shape of contemporary film distribution in NZ. The following details and discussion in this section of the thesis are based on interviews with professionals representing film distribution companies, among them Studio Canal, 20th Century Fox, Rialto Distribution and Madman. In some cases, information has not been directly referenced in order to ensure the level of confidentiality promised to the interviewees.

NZFC's website lists twelve companies interested in the distribution of independent films in New Zealand (NZFC, 2014c), including distribution associations representing the big Hollywood majors, such as 20th Century Fox, Paramount Pictures Universal, and Sony Pictures, as well as small independent distribution companies, such as Transmission, Curious Distribution, Vendetta Films and Madman. All of these independent distribution companies acquire and distribute feature films in both Australia and New Zealand,[116] their area of interest sometimes spanning the whole Asia Pacific region. The main business rationale for this is to take advantage of economies of scale. The NZFC itself acted for many years as a sales agent for NZ films, but this prerequisite was removed following a recommendation in the 2010 Jackson and Court NZFC Report (NZ Government, 2011).

The main structural problem for NZ films is that the distribution business is not locally owned (Lealand, 2013b), but "dominated by Australian interests, through Australian-owned distribution companies (such as Hopscotch and Madman) or via Australian-based subsidiaries of American media corporates (such as Paramount, Universal...and Disney)" (Lealand, 2013a: 148). Several NZ film distribution managers

[116] In the past, it was possible to acquire film rights for NZ only, but now Australia and NZ are always in the same package.

explained that, although these Australian-owned and Australian-based film distribution companies generally have a branch office in New Zealand, it is the Australian head office that informs the NZ subsidiary not only about which films to release in the NZ territory, but also the release date and how much financial investment is available for marketing a certain film.

The same sources explained that, although not responsible for acquiring film rights for distribution, NZ branch offices are mostly in charge of filtering NZ projects. More unusually, there are also American majors, such as 20th Century Fox, that directly license the rights to distribute and market their films to NZ-owned companies.[117] In this case, the NZ company receives information not only from the Australian-based office, but also from the American major directly (Croft, 2013). Under these arrangements, NZ projects are not filtered by the NZ-owned company, but film distribution proposals must go directly to the American head office for consideration (ibid.).

As several media distribution professionals explained in interview, all film distribution companies follow the same process to release a feature film.[118] After analysing the film's characteristics (director, actors, budget, genre, the director's previous box office record) and watching the feature, film distribution companies – sometimes together with exhibitors[119] – compare the production with similar films that have previously been released. Applying previous experiences and professional intuition, film distribution professionals then predict the NZ box office revenue,[120] and from there, work out the marketing expenses, also known as P&A (print and advertising).

As film distribution executives suggested, the release date of a big Hollywood-financed film generally follows what is called 'day and date' with America. This term acknowledges instances where the distributor will release a given top-tier film on the same day as its American release in an effort to reduce piracy, the latter considered to be

---

[117] The American majors also license each other when they do not have any branch office in a certain market. In NZ, for instance, Sony looks after their own feature films but also Walt Disney films, and Paramount takes care of Paramount and Universal Films.
[118] Film distributors normally work two years ahead.
[119] Some film distributors might show the film to cinemas to also assess it based on their business experience and expectations.
[120] According to NZ exhibition and distribution professionals, New Zealand takes on average the equivalent of 1.5 percent of American box office, and 15 percent from Australia. The first *Hobbit* film was an exception due to high local interest. In this case, the NZ box office took as much as 3.5 percent of American box office figure.

the biggest problem of contemporary film distribution businesses by all interviewees. If it is, however, a secondary film (or one considered not to have 'blockbuster' potential), a distributor generally prefers to wait until after the American release. As several film distribution managers explained, once American figures are available, it is then easier to predict the potential NZ box office performance, revenue and P&A expenditure. As outlined in Chapter 2, the film business is considered a very risky industry, not least because marketing expenses are based on predictions. Consequently, sequels and franchises are a strategy used to mitigate risk, because the box office performance of these productions is easier to predict.

In general, distribution cash flows are a complicated business process (Parks, 2007; see Figure 4.3). First, under New Zealand law, 15 percent of gross box office earnings are paid as GST (goods and services tax) directly to the Government. As clarified by various interviewees, the remaining 85 percent of box office earnings are distributed between the exhibitor and the distributor. The exhibitors' share (on average 55 percent) is used to run the cinemas, such as paying the employees' salaries, insurance, suppliers, rental facilities, repairs, maintenance and advertisement. Other incomes, such as those gained through 'the candy bar', also help to cover costs and make profits.[121] The box office' percentage that cinemas have to pay to distributors for booking a feature film is called 'film rental', 'film hired' or 'whole sale price', which is the distributors' share (on average 45 percent), and only comes from box office earnings. The 'film hired' is the highest expense that exhibitors have, as revealed by several interviewees. The same sources pointed out that, for NZ industry standards, the highest 'film rental' for any distribution company on a first week release is 55 percent, while the lowest is 25 percent. Generally, distributors are able to get the greatest percentages when the performance expectation of the feature film is high. For instance, a distributor would be able to get 55 percent on week one for *The Hobbit*, but it would only be 25 percent for an independent film release.

According to various film distribution managers interviewed, the distributor share is then divided between a distribution fee and the recoupment of the expenditure for promoting and releasing a feature film. The same sources argued that the distribution fee

---

[121] As pointed out by various film exhibition managers, in general, film exhibitors benefit more from their candy bar earnings than from the overall sales on box office.

is the main revenue stream for distributors and, on average, is 25 percent of the overall distribution share. Distribution expenses are both fixed and variable costs. On the one hand, marketing is a variable expense involving prints and advertising. As suggested by several film distribution professionals, the budget spent on marketing for a particular feature film is decided by film distributors on a case-by-case basis, mainly depending on expected box office performance.[122]

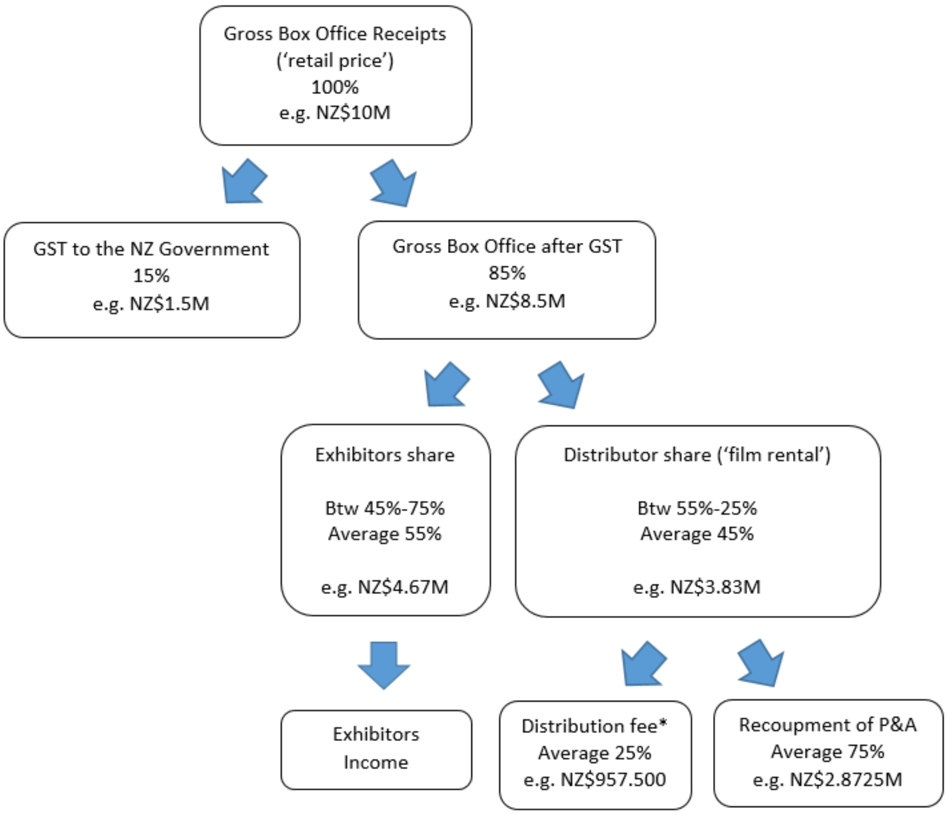
On the other hand, a fixed cost for film distributors is the shipping of a security protected – or Key Delivery Message (KDM) encryption – digital hard-drive to cinemas. As explained by various interviewees, to unlock the film on a digital cinema's server system, the NZ branch office needs to send a confirmation email to the Australian or American head office validating the screening. This "special electronic key that contains a code which 'unlocks' an encrypted film" (IndieDCP, 2014, para. 6) is controlled and generated by a film distributor and activates the content for a certain amount of time on a specific digital cinema server. Although film distributors are not yet able to control the exact slots that a film is given by the cinema theatres, they are however controlling the timeframe in which a certain production is available to be screened.

Based on literature review and interviews, distribution-exhibition deals are on a week-by-week basis, usually split 55/45 percent, though particular business arrangements can vary.[123] Figure 4.3 illustrates how box office benefits are distributed between exhibitors and distributors for a feature film that might have gained NZ$10 million at the NZ box office.

[122] There are different reasons as to why a film distributor would spend more P&A that it expects to recoup. Some American majors or film distributors might have a previous agreement with filmmakers in relation to a minimum marketing (P&A) commitment for the release of a particular feature. Furthermore, global film distributors internally assign marketing budget for different markets around the world. If a NZ branch office suggests a budget, but it does not fit within the overall Asia-Pacific budget, then adjustment will need to be made. Another reason might be that producers are trying to establish a brand or franchise, so film distributors would spend more money in P&A in order to exploit the brand (i.e. sequels) in the future.

[123] For instance, the first week the exhibitor might get 45 percent while the distributor receives 55 percent, second week 50-50 percent, third week 55-45 percent, and so on. Because "the percentage of box office receipts paid to the distributor decreases" week after week, the exhibitor has an incentive "to keep the film in the theatre for a longer period of time" (Blume, 2004: 337). As confirmed by several interviewees, compared to other markets, such as Australia and the USA, NZ has the lowest film rental on average out of the other territories.

Figure 4.3: *Example of the Distribution of Box Office Earnings*



Source: Own elaboration with data from interviews with NZ producers, distributors and exhibitors. *The distribution fee might be further divided between the NZ branch office and the Australian-based or owned distributor or American major. This share is dependent on a percentage of the box office.

As Figure 4.3 illustrates, a feature film that makes NZ$10 million at the NZ box office, which is considered a more than satisfactory sum, is able to approximately recoup NZ$2.87 million for P&A.[124] As stated by various interviewees, the exhibitor's share or the distribution fee for NZ bottom- and middle-tier productions is generally likely to be higher due to the risk associated in releasing a feature film from NZ. Consequently, in either case, the recoupment of P&A would be lower due not only to the distribution-exhibitor business arrangement, but also the macro-structure of having a small domestic market with limited economies of scale, which sets the broad parameters of the financial

[124] MPAA used to release the average marketing costs for films in their annual *Theatrical Market Statistics Report*. Nevertheless, when the recession started in 2008, it ceased this practice. The average marketing cost of a studio movie back in 2007 (the last year available) was US$36 million (MPAA, 2007). Nevertheless, these figures do not account for smaller films. The NZFC provides a P&A grant to domestic distributors of NZ feature films, which during 2011/12 was NZ$39,693.75 per film on average (NZFC *Annual Report*, 2012b).

film business outcomes (Pardo and Sánchez-Tabernero, 2012). As stated by film distribution managers, film distributors first recoup their fixed and variable costs, then the remaining revenue is shared with investors and filmmakers. However, as also noted, no standard contract exists neither in New Zealand nor worldwide, so it might be possible – if unlikely – that filmmakers receive a share of the revenue from day one, depending on the structural arrangement of each specific agreement.

As explained in Chapter 2, after the theatrical release there are several ancillary (or non-theatrical) distribution windows for feature films, such as DVD, Pay TV, free-to-air TV, VoD, Internet streaming service providers (ISSP), as well as releases to airlines, schools, hotels, libraries, among other 'public' outlets, each of which has its own business model. Although theatrical release is no longer the main source of revenue, it is still important because ancillary deals are usually based on a percentage of box office gross (Squire, 2004). Furthermore, the marketing investment made during theatrical release affects the profitability of all subsequent ancillary markets. Consequently, as argued by several film distribution managers, the overall revenue of a film needs to be taken into consideration when talking about profitability in the film business, so the assessment cannot be done on a channel basis alone. The same interviewees also noted that, for instance, free-to-air TV deals in NZ are difficult to achieve for bottom- and middle-tier productions, because channels like TVNZ, TV3 or Prime have output deals with Hollywood majors, from whom they receive a yearly package of feature films. The same sources also pointed out that NZ films do screen on Māori Television and Rialto (Sky) with some regularity, but the economic returns are negligible.

Film distribution managers emphasised that it is more demanding and commercially risky to release a NZ-made (bottom- and middle-tier) production than a foreign film. Although there are bigger marketing opportunities available due to having the actors available for media interviews, which – hopefully – increases national media interest, it can be particularly challenging to promote a film where filmmakers are not willing to talk to a specific media channel or journalist due to unpleasant past encounters. This is one of the negative consequences of NZ's relatively small population. Moreover, the same sources explained that it is more difficult for them to predict box office numbers for NZ features due to their more limited experience of previous NZ films as compared with imported films.

In addition, while success is important in the film business, there were differing opinions as to what makes a release successful. From a film distributor's point of view, a successful release depends on box office expectations and business plan. For instance, if the return for a small feature was expected to be NZ$10,000 but turns out to be NZ$15,000, then this would mean a small success for the film distributor. Conversely, if a film is expected to return NZ$4 million and, even though still profitable, only earns NZ$2 million, and this level of performance is comparable across the world, then it would still be considered a success by the film distributor. It is also possible for a feature film to fail to meet expectations in NZ but to succeed in foreign markets. In these cases, as film distribution managers who were interviewed suggested, it remains difficult for their films to avoid the stigma of failure in their home market. From an audience and media perspective, success in the film industry is generally based on box office performance. However, from a film distributor and industry perspective, the 'screen average' – the average number of tickets sold per screening – is another well-known measurement of success. This assessment is important because not every feature film is released in every location.

Another point raised by interviewees when analysing the feature film value chain is that the relationship between film distributors and exhibitors (cinemas) is not always easy. Although one cannot exist without the other, tension easily arises when session and time-slots for feature films are negotiated. While film distributors have to book the number of sessions and slots according to their business plan for each particular feature film, exhibitors have to make sure that they offer a wide range of films to attract as large an audience as possible. If, however, a feature is not successful in its first week of release, it is very likely that the exhibitor will decide to drop it, even if the contract with the film distributor states otherwise. According to film distribution and exhibition professionals, 95 percent of feature films achieve their highest box office during their first week of release, with numbers decreasing week-by-week afterwards. Therefore, from an exhibitor perspective, if a film is not successful in its first week of release, it does not make economic sense to keep showing it.

In anticipation of this situation, film distributors can respond in two different ways. On the one hand, although the contract assures film distributors sessions for several weeks, they do understand that it does not make sense to hold an exhibitor to its agreement if it is not performing as expected. On the other hand, film distributors feel that they should not carry 100 percent of the release risk, and as they invest in marketing, which directly benefits exhibitors, cinemas should honour their commitment to the film under the terms of the contract. Nevertheless, if a film is successful and the exhibitor still wants to change the pre-negotiated hours and session times due, for instance, to pressure from other distributors, the film distributor will most likely try to hold them fully to the terms of the contract. Such tensions and renegotiations often occur on Mondays and Tuesdays, the days that exhibitors schedule the following week.[125] As one of the film distributors interviewed for this study noted, “it can be a bit of a love-hate relationship”. In NZ, a country in which it is possible for everyone to know everyone else in the film distribution and exhibition business, a good, long-term relationship is crucial for success.

Exhibition

Similar to distribution, research into feature film exhibition in NZ is limited. Notable exceptions are Churchman (1997), Dennis and Bieringa (1996) and Brittenden (2008), whose combined work offers a useful historical overview of NZ cinemas from 1896 until 1996, including both independent companies and multiplex chains. More recently, Lealand (2013a) has written about the history and current state of film exhibition in NZ, while Huffer’s (2013) work provides a basis for understanding independent film exhibition in Wellington. Information shared in this section is also based on interviews with professionals representing several film exhibition companies, including both mainstream multiplex cinemas and independent exhibitors. Following a similar approach as used in the previous section, some information has not been directly referenced in order to ensure the confidentiality promised to the interviewees.

Overall, there are three important websites devoted to New Zealand cinemas. One is www.flicks.co.nz, which directs readers to individual websites of exhibitors around NZ, and also promotes upcoming releases. The second portal is www.nzcinema.co.nz, which provides a list of 145 cinemas around NZ as well as the trailers of new and upcoming releases. All mainstream and independent cinemas are included in both portals. Finally, there is Geoff Lealand’s portal http://cinemasofnz.info, which focuses on small,

[125] An exhibitor’s week lasts from Thursday to the following Wednesday.

independently-owned cinemas. This portal provides a cinema directory as well as a map directory of the independent cinemas throughout New Zealand.

New Zealand has a very diverse exhibition industry. The three mainstream cinemas are Events Cinemas, Hoyts Exhibition and Reading Cinemas. These agree to share their box office figures.[126] Events Cinemas is owned and operated by Amalgamated Holdings Limited (AHL), a leading Australian entertainment, hospitality and leisure company (AHL, n.d.). Hoyts Exhibition forms part of The Hoyts Group, an Australian film exhibition, distribution and cinema advertising group of companies that, since 2007, is owned by the Sydney-based Pacific Equity Partners (PEP, n.d.). Finally, Reading Cinemas in NZ are a subsidiary of Reading Entertainment Australia, which forms part of Reading International, a California-based corporation involved in the business of cinema exhibition and real estate theatre assets (Reading, 2013).

Apart from these three mainstream exhibitors, there are many independently-owned cinemas in New Zealand. The exact number is difficult to establish due to the vulnerability and volatility of the independent cinema industry. The website http://cinemasofnz.info (accessed 21 August 2014) currently lists 100 active independent cinemas. These include boutique cinemas, community-run cinemas, independent multi-screens, art-house screenings, along with private cinemas, film clubs, societies, and NZ-owned mini-chains, such as Gold Cinemas and Lido.

As explained by several film exhibition managers, Monday is the busiest day for exhibitors, because they must not only arrange the programming for the following week (starting each Thursday) based on the box office results from the previous weekend (Thursday to Sunday), but also communicate these decisions to film distribution companies. As mentioned in the previous section, it is at this stage when tension might arise between exhibitors and those distributors who are eager to negotiate a better session slot.

Just like film distributors, exhibitors also aim to watch as many films in advance as possible before booking them, even though this is not always possible due to time

[126] As one film exhibition manager suggested, the independent cinemas are not part of this deal, as they decided not to share their figures with mainstream multiplex exhibitors.

restrictions.[127] As asserted by various film exhibition professionals, neither mainstream cinemas nor independent exhibitors like to release a production without having a film distributor involved. Many NZ filmmakers are pursuing a do-it-yourself (DIY) distribution strategy by negotiating terms directly with film exhibitors. From a cinema perspective, however, film distribution companies are the experts in advertising and marketing campaigns, which are essential for an optimal film release. According to these same sources, because most NZ filmmakers lack the commercial knowledge of releasing a film, a DIY release is extremely risky and often unsuccessful.

Deciding on the best release day for a feature film is a very important business decision. Generally, mainstream film exhibitors cannot really negotiate the release day of films expected to emerge as ‘blockbusters’. However, distributors and exhibitors will otherwise deliberate extensively on the release day for independent films. Moreover, independent cinemas need to negotiate a ‘film rental’ deal for every single booked production. In some cases, however, if they are the only exhibitor in a small town showing a certain film, the contract arrangements are decided primarily by the film distributor. As confirmed by several film exhibition and distribution managers, the average film rental for an independent film cinema in NZ is 45 percent on first week, but exceptionally few films might take 55 percent. The film rental is always based on box office performance expectation and the extent of marketing and promotion delivered by the distributor.[128]

Unlike independent exhibitors, local mainstream multiplex cinemas do not need to negotiate terms for each film because, as disclosed by one film exhibition manager, in 2005 or 2006 a standard agreement was reached between them and the major distributors based on how a film performs. The same source explained that these standard agreements are only valid for wide releases; that is, when a film plays in multiple locations at the same time, and vary depending on an exhibitor’s location (city, town, or suburb). For instance, if a blockbuster makes more than NZ$6 million in the NZ box office, the film rental might be 55 percent of box office for the first and second weeks, 50 percent for third and fourth weeks, 45 percent for fifth week, 40 percent for sixth week, and so on,

[127] There are other restrictions as well. For instance, expected ‘blockbusters’ are not available in advance.

[128] If a film distributor does not provide some minimum marketing, such as advertisement in the newspaper, then the highest film rental that a film exhibitor would pay is 25 percent.

when the exhibitor is situated in a city. For suburbs or town exhibitors, however, these percentages will be slightly lower, as well as if the final box office is lower.

In NZ, these agreements based on box office performance are only arranged between multiplex mainstream cinemas (Events, Reading and Hoyts) and the major distributors (20th Century Fox, Disney, Paramount, Sony, Warner Bros, among others). In contrast, for specialised releases – such as only in specific cinemas and for a restricted time – mainstream cinemas and film distributors do need to make a new deal for that specific production, as it is not possible to base terms on previous box office performance.

In general, film exhibitors have two approaches in recognising success. First, there is the success of their own business performance, which is based on the average percentage of film rental. In other words, if the average film rental – the highest cost in the film exhibition business – is the same or lower than that of the previous year, a film exhibitor would consider it a successful business year. Second, as argued by several film exhibition professionals, if a production grosses NZ$1 million or more[129] at the NZ box office, it is also considered a successful film release. Nevertheless, several film exhibitor interviewees expressed their concern about the contemporary challenge to make money and attract audiences to the cinema. The reason was that films are becoming more generic with lots of franchises and sequels, and also due to the proliferation of dedicated film channels on pay TV, the increased availability of DVDs, faster download speeds and more legal streaming services, such as Netflix, plus the rise of high-end serial TV drama on non-broadcast television.

Finally, the main film festival in NZ is the New Zealand International Film Festival (NZIFF).[130] This takes place in Auckland and Wellington during July and August every year. Apart from diversifying the options available to filmmakers and filmgoers, the NZIFF also helps create an audience for a film's subsequent theatrical release. As NZIFF Director Bill Gosden explained, a good example is *Searching for Sugar Man* (2012), which was able to create an audience beyond the film festival, creating such a compelling

[129] On average, NZ films make between NZ$200,000 to NZ$600,000 in gross box office, the latter being considered a good performance for a New Zealand production.

[130] There is also the Documentary Edge Festival, which is held annually in Auckland and Wellington and aims to promote documentary in New Zealand. As founder and director Dan Shanan put it, "there is a danger of documentary becoming an extinct genre here in New Zealand, because of the lack of support from broadcasters and the film bodies" (Shanan, 2013).

‘word-of-mouth’ reputation that the distributor was able to theatrically release the film afterwards without having to invest much on marketing (Gosden, 2013).

Conclusion

Although the NZ film industry has a long and arduous history, the NZ government acknowledges the screen sector, particularly feature films, as leading both cultural and economic contributors. Nevertheless, what we understand as ‘culture’ in relation to governmental policy and the feature film industry, especially in the postcolonial context of a country like New Zealand, is keyed to be contestable and controversial since there is no one single notion of ‘New Zealand culture’. Being an English-speaking country and having a small domestic media market also pose challenges. A notable example is that a NZ’s small national market places limits on the economies of scale for film production, distribution and exhibition, with repercussions not only for financing domestically-funded productions but also for the importing and exporting opportunities applicable to all films.

The analysis of the film’s value chain in the New Zealand context has illustrated the institutional rationales, motives and priorities of the agents involved, including filmmakers and distribution and exhibition managers. While filmmakers prioritise their national and international filmmaking careers, both distribution and exhibition managers are focused primarily on financial outcomes. However, all are aware, including the NZFC, of the commercial challenges in a small media market and the difficulties of recouping the initial investment and making a profit. Apart from the economies of scale, this is also due to the business model of sharing distribution cash flows, as illustrated by the business arrangements of theatrical distribution.

Finally, the three-tier structure best illustrates the categories of feature films that constitute the contemporary NZ feature film industry. However, it is important to emphasise at this stage of the thesis that neither the NZFC nor the Government refer to this three-tier structure in their discourse, policies and publications. This categorisation is particularly useful as it provides an estimate about not only the amount of total financial budget, but also the percentage of offshore investment involved in a specific production. The next chapter will provide an analysis of bottom-tier feature films in the New Zealand context.

Chapter 5 – Bottom-Tier Feature Films

Introduction

After providing the theoretical framework in Chapter 1, the review of existing literature on the feature film industry in Chapter 2, the methodology in Chapter 3, and presenting the case study of the New Zealand feature film industry in Chapter 4, this chapter now provides an analysis of bottom-tier feature films in the New Zealand context. Accordingly, this chapter will identify and analyse the benefits delivered by bottom-tier feature films into the New Zealand feature film industry, along with the rationale and techniques by which these benefits are transmitted. To provide the necessary detail of analysis, and to reveal the objectives and outcomes underlying the exercise of institutional power, the chapter will closely examine three bottom-tier case studies following a 'value chain' structure.

To achieve these objectives, the chapter is organised in the following way. First, a definition of bottom-tier feature films is provided by identifying their main characteristics in the New Zealand filmmaking context, as well as highlighting the cultural, institutional and industrial benefits that they deliver into the New Zealand film industry. Second, the chapter offers three indicative case studies of bottom-tier films by chronological order: *Sione's Wedding* (2006), *Boy* (2010) and *The Orator* (2011). The analysis of each case study follows a value chain structure, moving from conception and development, to budget and institutional objectives, production challenges (if applied), domestic distribution, piracy and international distribution.

5.1. Bottom-Tier Definition and Characteristics

This thesis uses the term bottom-tier films to describe feature films that have "significant New Zealand content" as outlined in the *NZFC Act* 1978. Most of them are low budget and need major financial support from New Zealand public institutions and funders, especially from the New Zealand Film Commission, in order to be developed, produced, and, in some cases, even distributed. The level of public funding support for bottom-tier feature films is between 70-90 percent of the film's total budget (Mason, 2013). Since their telling of NZ stories can be key contributors to the expression of New Zealand cultural identity, these productions can sometimes also gain minor funding support from other New Zealand screen funding agencies, such as New Zealand on Air (NZoA) and the Māori broadcasting agency Te Māngai Pāho (see Chapter 4).

Specifically bottom-tier productions form the foundation upon which the whole New Zealand film industry stands and can be sustained. These films can be regarded as the core of the national film industry, because it is in this tier that the largest proportion of New Zealand film industry creative personnel operate (Mason, 2012). Bottom-tier films are pivotal not only because they are culturally specific to New Zealand, but also because they have the capacity to provide vital industry training, and their ongoing production activity provides the basic infrastructure and specialist expertise that sustains the other two tiers. Middle- and top-tier films, such as *The World's Fastest Indian* or *The Hobbit* respectively, could not have been made in New Zealand if the professional skills and infrastructure had not already been developed via a continuing flow of bottom-tier feature film productions. In this sense, the current situation of the New Zealand film industry is the result of more than 35 years of continuous filmmaking made possible through the flow of public support received from the NZFC and the Government. As explained in Chapter 4, the Ministry for Arts, Culture and Heritage (MCH) supports the institutional arrangement and financial backing mechanisms for these feature films.

Bottom-tier films deliver three main benefits into the New Zealand film industry, which are directly analogous with those identified by Dunleavy and Joyce (2011: 132-4) in the context of ongoing local TV drama productions, notably *Shortland Street*. These benefits stem from particular institutional, funding policy and value chain arrangements together with the overall policy and media ecology, and not simply from being bottom-tier productions.

The first and foremost benefit in this tier is their potential for strong contribution to the expression of New Zealand cultural identity. As explained in Chapter 1, culturally specific media goods contribute significantly to a country's cultural identity, be these films, television or radio programmes (Harvey and Tongue, 2006; Winseck, 2011). In the case of New Zealand, continuing soap opera *Shortland Street* has been a leading example of the cultural potentials of screen production in that it has put "local representations and accents in front of New Zealanders on a continuing basis, five nights a week, and for almost fifty weeks per year since 1992" (Dunleavy and Joyce, 2011: 132; Dunleavy, 2005). This is particularly important because, as Dunleavy and Joyce (2011: 132) emphasise, "this unprecedented exposure by a local TV drama has ensured a necessary immersion in identifiably New Zealand images and accents for an audience that once suffered from 'cultural cringe'". This immersion has made its own contribution by allowing New Zealanders to see and hear themselves on screen, a practice which has contributed to the domestic audience's appreciation of NZ-produced TV dramas, the positive impacts also extending to the appeal of bottom-tier feature films (Dunleavy and Joyce, 2011).

As the above transference of impacts might imply, there is some interdependence between local TV drama and bottom-tier films in terms of their cultural functions. It is unlikely that bottom-tier films would ever have succeeded in the domestic market in the absence from New Zealand's screen culture of local TV drama productions. This is because, in the absence of any New Zealand-produced TV dramas, NZ audiences would have had an extremely limited and sporadic experience, in a domestic screen culture otherwise dominated by imported products, with representations of their own society and cultures (Dunleavy, 2005). Common to both forms of screen production, accordingly, are cultural – as opposed to purely economic – considerations and justifications. It is in recognition of the cultural significance of bottom-tier film productions (as is also true of local TV dramas) that they are a priority for public funding support (see Chapter 4). Moreover, local TV drama productions and bottom-tier feature films are both important for their capacity to influence cultural perceptions about New Zealand formed by foreign audiences. This can be achieved by selling TV programmes and films to foreign television networks, or by securing international theatrical distribution or screenings in foreign film festivals.

The second benefit delivered by bottom-tier films – first identified by Dunleavy and Joyce (2011: 132-4) in relation to local TV dramas – is institutional. While the above qualities have made bottom-tier films vital in sustaining the cultural identity of New Zealand cinema, their continued production has influenced other areas of New Zealand screen production. Two kinds of institutions are important in the context of the ongoing production of bottom-tier films. First and foremost is the NZFC. As an independent public institution, the NZFC is now fully established as an intrinsic part of the New Zealand screen industry ecology. During its 35 years of existence, the NZFC has helped to develop professionalism among New Zealand filmmakers and, even though it is caught between governmental cultural and economic outcomes, as explained in Chapter 4, its decision power to green light film projects is highly influential in the lives of many New Zealand filmmakers.

Second, bottom-tier features have not only stimulated the establishment of local filmmaking businesses, but also have assisted privately-owned companies, which over the years have built an outstanding reputation both nationally and internationally. The two most recognised examples are Park Road Post Production and visual effects studio Weta Digital,[131] both of which are located in Miramar, a suburb of the capital city, Wellington. Neither of these two companies would exist without the institutional infrastructure that has facilitated the ongoing development and production of bottom-tier features. For example, the first bottom-tier feature films directed by Peter Jackson, were funded by the NZFC (Pryor, 2003).

The third benefit delivered by ongoing bottom-tier productions is industrial. In a very similar way to the opportunities for specialist work ensured by long-form local TV drama productions, bottom-tier feature films provide a significant "'training ground' contribution" (Dunleavy and Joyce, 2011: 134). As the key drivers for the ongoing professional development of local producers, directors, scriptwriters, crews and actors, bottom-tier films also provide the most regular training opportunity for below-the-line-film personnel (see Chapter 2). These domestic opportunities offer New Zealand filmmakers a favourable environment in which to develop their professional skills and grow their network of industry connections. It is intended that these relationships will, as far as possible, transfer to larger-scale feature film projects, in the process attracting offshore investment, as was the case with *In My Father's Den* (see Chapter 6). Those larger productions – which in this thesis are termed middle- and top-tier films – will be

---

[131] In September 2013, Park Road won the Award for Creativity and Innovation in Post Production and Weta Digital earned three of the five nominations in the Outstanding Visual Effects for Feature Film category. All awards were from the Hollywood Post Alliance (HPA). For more information see: http://www.parkroadpost.co.nz/news/park-road-post-and-weta-digital-recognised-in-international-industry-awards/

examined in Chapters 6 and Chapter 7 respectively. The following section analyses three bottom-tier feature film case studies, deploying and following the 'value chain' structure.

5.2. Case Studies

Cast Study of *Sione's Wedding* (2006)

> Infectiously energetic, so drenched in joy and so bloody funny that to give it less than a top rating would be churlish. It is, whatever its shortcomings, impossible to imagine it being done better.
>
> Peter Calder (2006, para. 5-6)

Sione's Wedding[132] is a 97 minute romantic comedy feature film. Directed by Chris Graham, co-written by James Griffin and Oscar Kightley, and produced by John Barnett and Chloe Smith, *Sione's Wedding* was made with a total budget of NZ$3.95 million. Production company South Pacific Pictures (SPP) had the advice of executive producer Paul Davis and worked in association with the NZFC, NZoA, Village SKYCITY Cinemas and Joseph P. Moodabe.

Story, Concept and Development

Sione's Wedding is a feature film about four Samoan-New Zealand best friends, who face the challenge of finding a serious partner, or being refused permission to attend their friend's wedding. The film is set in Auckland, the city with the world's largest Polynesian population. The original idea behind *Sione's Wedding* emerged from a conversation between producer John Barnett and writer James Griffin, when the former suggested developing a feature film set in the Samoan community of Auckland. The Pacific Island community in Auckland represents almost 14 percent of the city's population, a sufficient size to create "its own world within the city" and consequently establish parallelisms with other international large migrant groups, Barnett explained (SPP, 2005: 22). Even though the influence of Polynesian culture in New Zealand played an important role in the genesis of the film, the main themes of love, respect and friendship were expected to be

[132] Official website: www.sioneswedding.com

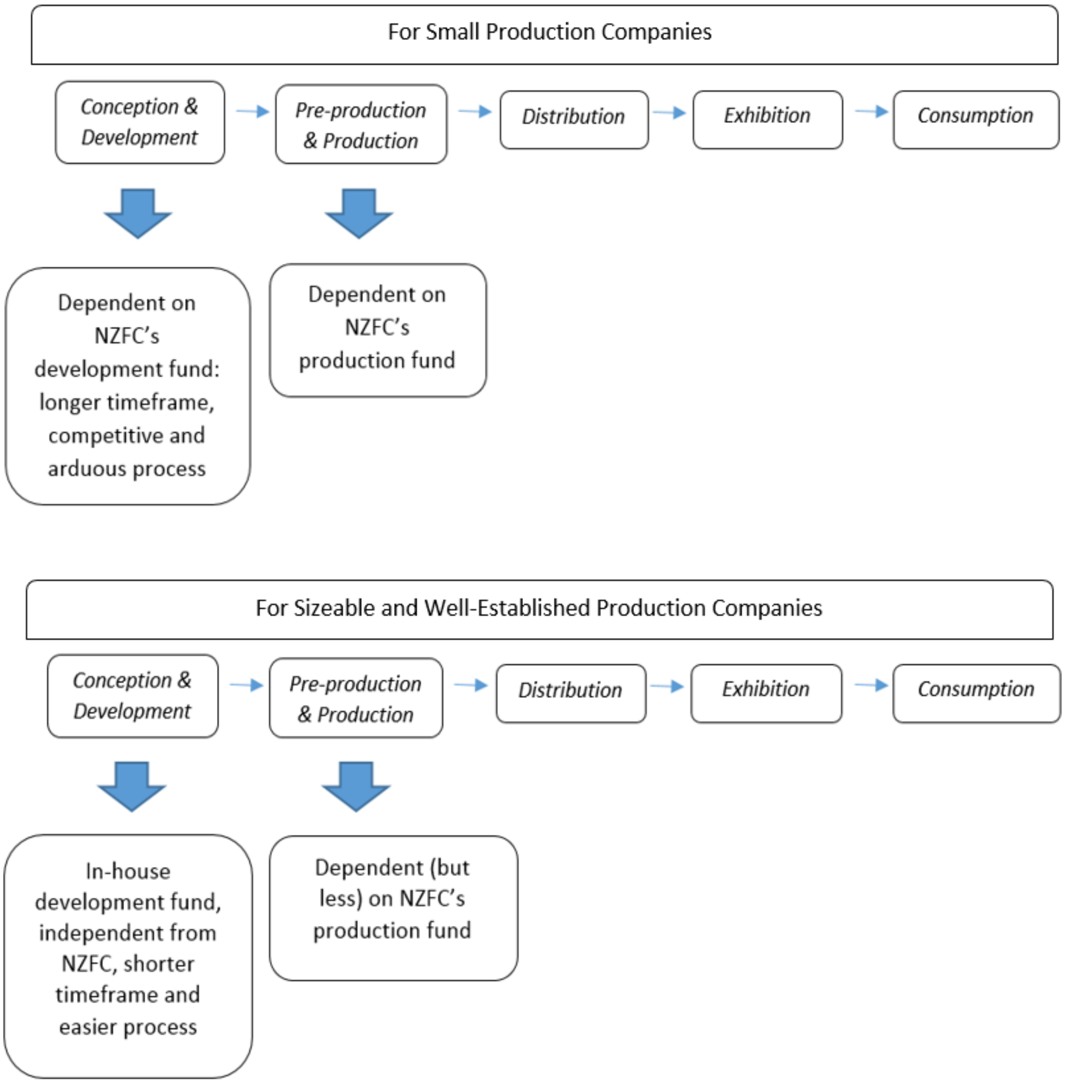
universal (ibid.: 6), suggesting that the feature film production could achieve export appeal without compromising its cultural objectives and distinctive Samoan-New Zealand identity.

The development process of *Sione's Wedding* differs from the following two case studies in that, while *Boy* and *The Orator* feature films required NZFC's funding for its development process, *Sione's Wedding*'s screenplay was developed with minor NZFC financing.[133] The film production company, South Pacific Pictures (SPP), is one of the biggest and most successful private television and film production companies in New Zealand. Due to the company's infrastructure and cash-flow from producing feature films, drama series, mini-series, tele-movies, and more recently entertainment, reality programming and documentaries (SPP, 2008a), SPP is able to have its own development fund to produce screenplays in-house before submitting the project for NZFC funding consideration (Barnett, 2013a). By diversifying outcomes and producing several audiovisual products concurrently, a production company not only reduces commercial risk and becomes economically more sustainable in the face of market uncertainties, but also leverages the skills and resources between two audiovisual sectors, television and feature films. Such a connection is common in New Zealand, because the television production sector offers, unlike film, on-going employment.

Being able to offer an internal development fund has consequences in terms of the value chain of feature film productions. A sizable and well-established production company, such as SPP, is far less economically dependent on public institutions like the NZFC for the initial finance to develop a feature film project. Figure 5.2 illustrates how big production companies that develop a feature film screenplay independently from public institutions can access such funding in-house in a faster and easier manner, bearing in mind that the timeframe for decision-making within private companies can be more flexible than that for a public institution like the NZFC, where specific deadlines for development applications are an established and necessary practice.

[133] NZFC Script Development for *Sione's Wedding* was NZ$30,000 (2002/03). Source: NZFC Past Funding Decisions.

Figure 5.1: *Economic Dependency on NZFC Funding*



There is also the capacity for feature film projects developed outside public funding deadlines and processes to be less dependent on NZFC finance into their production phase. This is because completed screenplays are easier to sell and thus can seek and successfully obtain additional external funding in advance of production. In contrast, small, privately-owned New Zealand production companies are heavily dependent on NZFC financing, especially for conception, development, and pre-production. As explained in Chapter 4, the NZFC is the only New Zealand public agency that provides financing for developing a feature film. In the absence of this, an independent project is forced to continue without funding, creating a precarious employment situation for the scriptwriter and producer involved in what is usually a bottom-tier feature film project. This situation lengthens the timeframe of the film production and completion process as well as ultimately increases the project's economic dependence on NZFC finance.

The story of *Sione's Wedding* was an original screenplay. However, it was inspired by the popularity of the *Naked Samoans*, a comedy theatre group that since 1998 has been entertaining New Zealanders not only on stage, but also on television with the animated show *bro'Town* (dubbed *Simpsons of the South Pacific*), which won Best Comedy at the 2005 New Zealand Screen Awards. Most of the *Naked Samoans* group members starred in the comedy feature film *Sione's Wedding* and one of them, Oscar Kightley, was also involved as a co-writer. Although neither story nor the characters of *Sione's Wedding* were established prior to this film, the group of actors and their distinctive brand of Samoan comedy had already an audience. This might have minimised commercial risk for all the parties involved in the filmmaking process, be they public funders, filmmakers or investors.

Budget and Institutional Objectives

The total budget for *Sione's Wedding* was NZ$3.95 million. The feature film drew its finance entirely within New Zealand, thanks to the collaboration between the NZFC (NZ$2.5 million) and NZoA (NZ$300,000), with support from television channel TV3, as well as financing from Village Sky City Cinemas. *Sione's* also was the first New Zealand film ever to receive investment from a theatrical exhibition chain (SPP, 2005: 26). UK-based sales agents Hanway Films, the international distribution company, also participated in the financing of the film with a considerable sales in advance (NZ$800,000) (ibid.). According to producer Barnett, two circumstances helped to diminish investor anxieties about the commercial risk. In his view, not only was the recoupment structured in a way that was attractive to private investors, but also the previous successes of the actors and cast assured them that "there was clearly going to be a market" (Barnett, 2013a). In other words, success in other platforms (in this case television and theatre) was used to predict the likely success of a feature film that featured the same group of actors.

Public funders not only invested in *Sione's Wedding* due to its anticipated success, but also because it met many of the public funder's key values and institutional objectives. First, it was a New Zealand story told from a young Polynesian perspective, offering "unprecedented representations of Samoan community life and mores in multicultural, Twenty-first Century Auckland" (Dunleavy and Joyce, 2011: 228). Second, all 'above-the-line' as well as 'below-the-line' creative personnel and crew were from New Zealand. Additionally, the expectation of both producers and funders was that the film would connect with its targeted audience, notably the large Polynesian (especially Samoan) community that exists in New Zealand. As Barnett pointed out during the interview:

> We knew that there were 180,000 Samoan Polynesians in Auckland, and there was a fair chance that most of them would go, and they would tell their friends. They are highly integrated into the community, through sport, work, marriage or through music, they were going to tell a whole lot of other people, and that would be the subsequent thing. (Barnett, 2013a)

Nevertheless, even though the film attracted external investment from both a theatrical exhibition chain and a television channel, as well as considerable international sales in advance, both producer Chloe Smith and director Chris Graham considered the budget insufficient and too tight for a production with "an ambitiously location-driven shoot", pushing the filmmakers to find "quick ways, both technically and creatively, of achieving what [they] needed [to] within the timeframe" (SPP, 2005: 24). Generally, there are always budget constraints when producing bottom-tier feature films, which might be a consideration for the NZFC requirement that the project provide good 'value for money'. *Sione's Wedding* seemed to offer a good balance.

Domestic Distribution

From a box office perspective, the domestic distribution of *Sione's Wedding*, handled by Village SKY CITY and South Pacific Pictures (SPP, 2005: 26), was commercially successful.[134] The film stood out for its strong box office performance with a total of NZ$4,090,321 million (Moore, 2013), an amount that, according to Barnett, allowed the production company SPP to recoup a higher revenue than the filmmakers of the feature film *Boy* ever did (Barnett, 2013a). Even if *Boy*'s box office takings (NZ$9.3 million, see next case study) were more than double those for *Sione's Wedding*, the distribution deal was more favourable for the latter production, assisted by Barnett and SPP's extensive

[134] NZFC Theatrical release support for *Sione's Wedding* was NZ$75,000 (2005/6). Source: NZFC Past Funding Decisions.

experience in this business. Distributors and exhibitors consider feature films made by first-time directors to be more commercially risky, as there is no prior data to predict box office figures (see Chapter 2 and 4). As a result, the conditions offered by distributors and exhibitors to smaller independent productions like *Boy* are less beneficial for the filmmakers than the terms negotiated with bigger production companies like SPP with a history of success in both TV drama and feature film production.

The distribution terms and conditions for *Sione's Wedding* differed from the following two case studies in that, first, the feature film was produced by one of the biggest and most successful production companies in New Zealand. This offered reliability and business experience, supported by an established 'track record' of screen production accomplishments. Second, distributors and exhibitors considered the commercial risk of the film to be minimised by the fact that the group of actors and their distinctive brand of Samoan comedy had already an audience. Both circumstances allowed production company South Pacific Pictures to negotiate a more favourable distribution deal than the filmmakers of *Boy*.

Sione's Wedding opened in New Zealand cinemas in March 2006 and became the top-selling DVD on release that same year (SPP, 2008b). The commercial success of *Sione's Wedding* was enough warranty to make a sequel six years later, with *Sione's 2: Unfinished Business* in 2012. Even though the sequel was not as commercially successful as the first feature, taking NZ$1.8 million at the domestic box office,[135] stands out as the second New Zealand sequel of all time and the first in the Twenty-first Century.[136]

Piracy

Piracy of *Sione's Wedding* involved some distinctive components. A long-time employee at the Auckland post-production company where the film was edited was found guilty of copying and distributing a pre-production copy of the feature before its theatrical release (NZFACT, 2007). While not specifying how the figures are calculated, Barnett, as film producer and CEO of SPP at this time, estimated the piracy had cost between NZ$700,000 and NZ$1 million. These included NZ$300,000 in lost box office return to

[135] Figures taken from Motion Picture Distributors Association of New Zealand (MPDA, 2012a).
[136] *What Becomes of the Broken Hearted?* (1999) is the sequel of *Once Were Warriors* (1994).

the company, a further NZ$200,000 in DVD sales, the equivalent percentage for distributors and exhibitors, the revenue from the New Zealand taxpayers through its major public investor, the NZFC, and additionally the loss of tax and GST on the film's legitimate revenues (Bull, 2006). Furthermore, the pirated version found its way to the USA, the UK and Germany, extending the possible damage to the film's potential international returns. The person who pirated the film was convicted and sentenced to 300 hours of community service (NZFACT, 2007). It was the first time a New Zealander had been convicted of breaking copyright law in the film industry (ibid.). As a result, the case was widely covered in nationwide media, raising public awareness of the massive revenue losses caused by piracy.

International Distribution

The international critical response to *Sione's Wedding* was positive even though the production did not win any significant awards. It screened at five international film festivals, the main ones being the Montreal Film Festival in 2006 and the Hawaii International Film Festival in 2007 (Graham, 2009). Noteworthy is the fact that the film was chosen by the NZFC and the Ministry of Foreign Affairs and Trade to screen at the celebration of the fifty years of Samoa's independence, which included a celebration of the signing of the Treaty of Friendship with New Zealand, in August 2012 (NZFC, 2012c). The Samoan independence celebration included a special New Zealand Film and Television Festival broadcast on Samoa's TV3 channel, which opened with the Samoan-New Zealand comedy *Sione's Wedding*.

Renamed *Samoan Wedding* for its international release as a way to highlight its cultural distinction to foreign audiences, the feature film was theatrically released in Australia and the USA,[137] among other countries. Indicative of its popularity in foreign markets is that, in its opening week in the Italian theatrical cinema market, *Samoan Wedding* managed to achieve seventh place at the national box office (SPP, n.d.).

[137] *Sione's Wedding* took A$343,068 at the Australian box office and US$72,244 in the USA. Figures taken from www.boxofficemojo.com.

Case Study of *Boy* (2010)

> Beneath the quirkiness and silliness of "Boy", there's a legitimate artistic presence on display. Waititi wrote, produced, directed and starred in the film, which goes beyond [its] coming-of-age story structure, to become something much richer and deeper that still leaves a smile on your face.
>
> John Lichman (2012b, para. 5)

Released in 2010, *Boy*[138] is a 90 minute feature film that mixes comedy and drama. Written and directed by Taika Waititi and produced by Ainsley Gardiner, Cliff Curtis and Emanuel Michael, *Boy* was made with a total budget of NZ$5.6 million. The two production companies, Whenua Films and Unison Films, had the advice of associate producer Richard Fletcher and worked in association with the New Zealand Film Production Fund Trust (FF1), the NZFC, NZoA and Te Māngai Pāho.

Story, Concept and Development

Boy is set in 1984 on the rural East Coast of New Zealand, in Waihau Bay. The main character is an eleven-year old boy, who has two heroes, Michael Jackson and his father Alamein. When Alamein returns home after seven years in prison, Boy is forced to confront the father he imagined with the harsh reality of the man. Whereas the film is a drama because it features "neglected children, absent fathers, bullying, minors running drugs, gang members, violence, swearing, sexual references, kids boozing and smoking dope and a mother dying in childbirth" (Geary, 2012: 10), it is also a comedy because it uses a very particular humour, with lots of satire and irony, to deal with these serious issues (Perrott, 2010). Waititi summarises the main theme as "the painful comedy of growing up and interpreting the world" (Marriner, 2010: 30).

The original idea for the feature emerged as a film called *Choice*, which was accepted into the Sundance Writer's Lab[139] in 2005. Of the experience, Waititi explained that "the labs are a sort of intensified version of asking a friend to read your script and tell you what they think" (Unison Films, 2010: 5). Nevertheless, before going into production

---

[138] Official website: http://boythefilm.com

[139] Based in the USA, the Sundance Screenwriters Lab is a workshop for independent screenwriters to get support from mentors and established writers to develop their feature film scripts. See http://www.sundance.org/ programs/screenwriters-lab/

Waititi wanted to learn the differences between a short film and a feature film, so he decided to make his first feature film *Eagle vs Shark* (2007) and continued to develop *Boy*'s script over the next three years (NZFC, 2010a).[140] *Boy* has an original screenplay and is also autobiographical. In Waititi's words,

> It's autobiographical in that I shot it [during eight weeks] in my hometown and a little bit in the house I grew up in, and recruited a lot of my family to help out and all that sort of stuff. So that part of it, and the actual setting and how things were back in 1984 in the place – that stuff was all autobiographical. But the actual story, the narrative, isn't. (cited in Grant, 2010: 21)

The conception and development stage of any feature film is a long and arduous process. During a question and answer session after the Middle Eastern premier of *Boy* at Doha Festival, Waititi explained that the film did change from what he originally wrote: "It was more of a heavy film before, more in keeping with what New Zealand films are normally like. If it had stayed that way then probably one of the kids would have died. So it's a bit lighter now" (Schaer, 2010, para. 20).

Budget and Institutional Objectives

Boy's total budget was NZ$5.6 million, a reasonable amount for a bottom-tier New Zealand feature film. Funding entirely raised within New Zealand, made possible by the collaboration between New Zealand public institutions and funds, specifically the New Zealand Film Production Fund Trust (FF1) (NZ$2.5M), NZFC Screen Production Incentive Fund (SPIF) (NZ$1.8M), NZ on Air (NZ$400,000), the NZFC (NZ$250,000), Te Māngai Pāho (NZ$150,000) and Māori TV (NZ$50,000), as well as private investor Unison/Andromeda (Ivancic, 2013; 2015). The film met many of the NZFC's key values and institutional objectives. First, it was a Māori narrative characterised by 'significant New Zealand content', which reflected New Zealand and New Zealanders in an original and ingenious way (Geary, 2012). Second, the NZFC's expectation was that it would connect with its targeted audience, New Zealand viewers, and also that it would achieve good domestic sales, as well as critical acclaim (Mason, 2013). However, *Boy* easily

---

[140] NZFC Script Development for *Boy* was NZ$45,000 (2006/07) and NZ$64,707 (2007/08). Source: NZFC Past Funding Decisions.

surpassed all expectations, becoming the highest grossing New Zealand feature at the domestic box office.[141]

The potential for *Boy* to develop the careers of the filmmakers involved was a key consideration for the NZFC, given its statutory obligations in this area. However, Watiti already had a successful record of accomplishment prior to the release of *Boy*. His short film *Two Cars, One Night* (2003) was nominated for an Academy Award in 2005 and won eight prizes in the international film festival circuit, including Best Short Film at the Berlin, Seattle, Oberhausen, Hamburg and American Film Institute (AFI) festivals. His first feature film *Eagle vs Shark* (2007) attained domestic box office sales of NZ$905,604 (MPDA, 2007) and his talent was already recognised abroad with his script being accepted at the prestigious Sundance Writer's Lab in 2005.

In view of these accomplishments, the NZFC's Board not only saw the potential to develop Waititi's filmmaking career further by funding his next feature film, but also used an institutional risk reduction strategy by backing a filmmaker with a nationally and internationally recognised profile. This risk reduction strategy was further encouraged by the involvement of skilful and qualified above-the-line creative personnel. Producers Cliff Curtis and Ainsley Gardiner added credibility to the project, due to their extensive portfolios and experience, while Emanuel Michael, a producer based in the USA, provided the link for distribution within the American market. Associate producer Richard Fletcher also increased the film's credibility by bringing to the project his extensive producing experience and his work in the film distribution business, plus his expertise as NZFC's former Head of Business Affairs.

Following *Boy*'s success, Waititi went on to join the cast of *Green Lantern*, a Warner Bros feature directed by fellow New Zealand director Martin Campbell (*New Zealand Film and TV*, 2010). Watiti's next feature film project, *What We Do in the Shadows* (2014) has also been supported by the NZFC, partly due to his previous accomplishments (Mason, 2013). As noted in Chapter 4, New Zealand public funders, especially the NZFC, are caught between Government Ministries with opposite, but at the same time, complementary aims – cultural and economic. These tensions shape NZFC's

---

[141] Theatrical film tickets usually go up over time, so while this affirmation is true in absolute terms, on an inflation-adjusted chart *Once Were Warriors* (1994) is still the highest grossing New Zealand box office ever (see Table 3.1 in Chapter 3).

priorities by, hopefully, making decisions that will not only result in culturally meaningful films, but also economically successful ones. From an institutional point of view, supporting the filmmakers that achieve the highest domestic box office takings is a business strategy to reduce outcome uncertainty.

Domestic Distribution

From a commercial perspective, there is no doubt that the domestic release and distribution strategy of *Boy* was a big success. It made NZ$9.3 million at the New Zealand box office, "making it the second highest grossing film behind James Cameron's *Avatar*" in that year (Wood, 2010, para. 4).[142] The domestic critical reaction to *Boy* was very positive. *Boy* was nominated for 13 awards at the 2010 New Zealand Qantas Film and Television Awards, winning seven of them, including Best Film, Best Director, Best Supporting Actor and Best Screenplay (NZFC, 2010: 16). The film was released on DVD immediately afterwards and, according to the Video Association of New Zealand, was the third highest-selling DVD in 2011 (*OnFilm*, 2012: 7).

When *Boy* was funded, the NZFC used a different policy for distribution than the one it has now. At that time projects had to have a distribution deal in place to be eligible for development and production funding. Several anonymous sources have confirmed that the NZFC's sales person at that time pushed *Boy*'s filmmakers to accept a less than ideal distribution deal.[143] The public funder's rationale was understandable, because it is generally very hard for New Zealand bottom-tier films to get a distributor interested prior to production. Apart from that, no one expected to be distributing the all-time highest grossing New Zealand feature release, so the initial distribution deal was considered to be satisfactory. Consequently, the filmmakers who wrote, directed and produced *Boy* have not yet been able to earn any money from their film.

This example underlines how problematic the feature film business can sometimes be. However, as producer John Barnett emphasised, the filmmaker's inexperience was an important consideration: "they got bad conditions also because they didn't fight afterwards. They should have gone back and said 'we're not doing this deal, we want a

[142] See previous footnote about inflation-adjusted chart.
[143] The exact details of the distribution deal cannot be published due to being commercially sensitive data.

better deal', but they didn't" (Barnett, 2013a). They might have been poorly advised or simply overwhelmed by the unusual degree of box office success. Whatever limited the negotiating efforts of the filmmakers in this case, there is no doubt that next time a Waititi-directed film is on offer, it should expect far better terms from its prospective distributors and exhibitors, since their decisions and priorities are based on previous box office data (Squire, 2004; see Chapter 2).

Piracy

Online copyright theft of feature films is a contemporary global problem and New Zealand productions are no exception. In terms of value chain, the piracy problem can emerge during post-production but generally begins just after the domestic theatrical distribution of a feature film, like in this case. Within days of its domestic release, and before being released overseas, *Boy* was made available on a peer-to-peer file-sharing site. The NZFC (2010b) published a press release stating that they were unable to quantify how much this pirated release could damage *Boy*'s planned DVD and international prospects. NZFC Chief Executive, Graeme Mason, explained that:

> Ultimately piracy hurts not only those directly involved in making the film, but those who work in the wider industry. Strong returns on movies such as *Boy* enable the NZFC to invest more money into developing more New Zealand stories that resonate not just with Kiwis, but with audiences around the world. That's a good thing for the industry and for New Zealand as a whole. (ibid., para. 7)

Although not all illegal copying/streaming translates into lost box-office or DVD sales, piracy reduces the expected recoupment – which is almost impossible to quantify – that investors and funders are entitled to on the basis of their initial investment. Accordingly, one impact of the piracy of NZFC-funded features is that it reduces the quantity and quality of future productions, at the same time reducing the potential returns on public investment in New Zealand feature films.

International Distribution

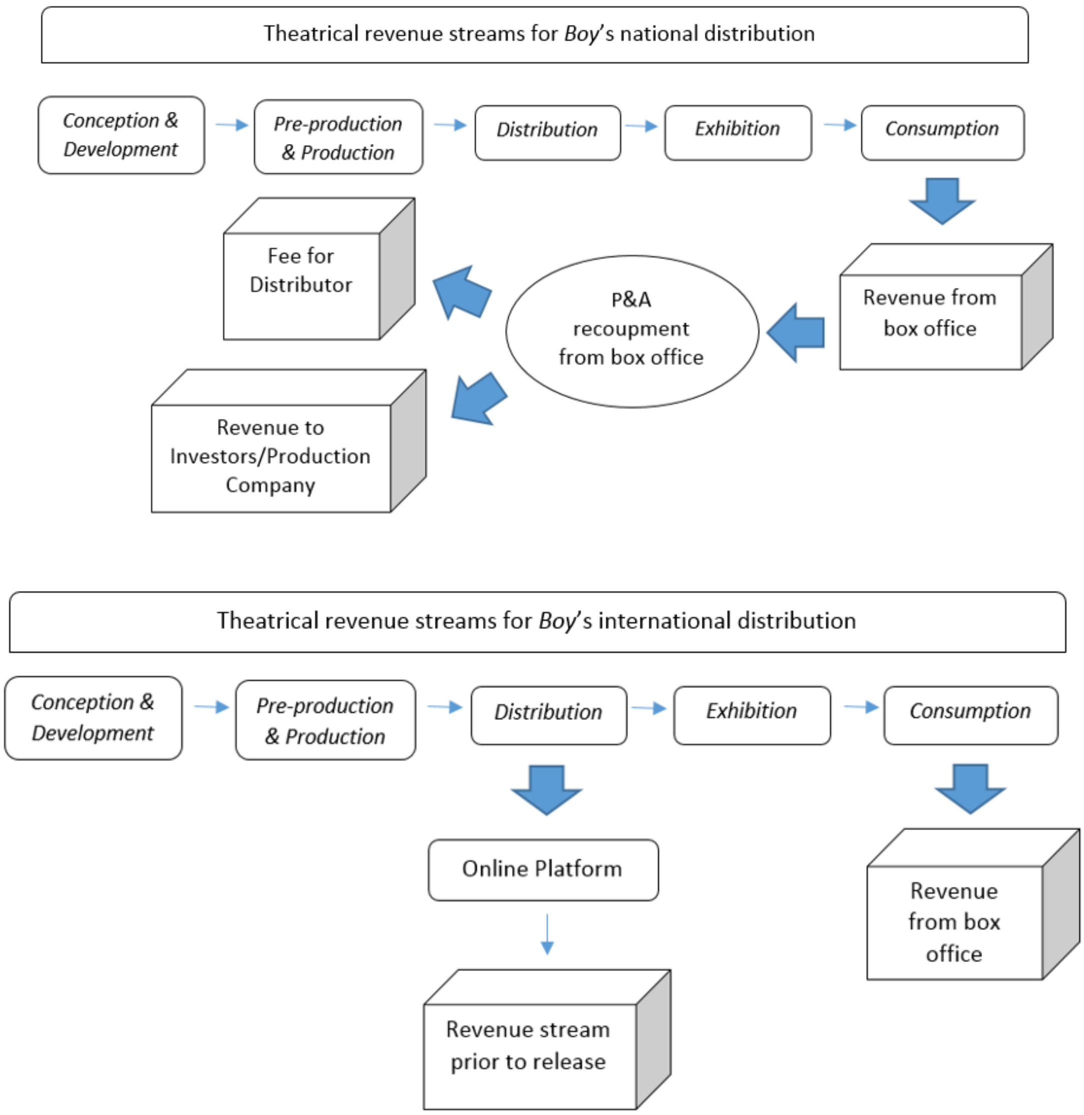
Bottom-tier film *Boy* was screened at more than fifty international film festivals during 2010 and 2011, and also was nominated to compete at the prestigious Sundance Film Festival in 2010. Also noteworthy were the World Cinema Audience Award at AFI Film Festival (NZFC, 2011b), the Audience Award at the Berlin International Film Festival, and the Best Fiction Feature Film Award at the Sydney Film Festival, which was "the first time in 20 years that a New Zealand film won the award" (NZFC, 2010b, para. 5). NZFC's sales arm, NZ Film, subsequently sold the film to distributors in nine countries.[144]

Even if the release of *Boy* broke all New Zealand box office records and won many awards both domestically and internationally, no distributor was willing to invest the necessary resources to release *Boy* in American cinemas. So the filmmakers and the USA distributor Paladin (Fleming, 2011) decided to fund the release independently through Kickstarter.[145] As explained on the official website, Kickstarter is an American funding platform for creative projects. Launched in 2009, it has already funded more than 35,000 creative projects, involving films, games, music, art, design and technology (Kickstarter Team, n.d.). Raising money for distribution was definitely a priority, but by doing that through an online funding platform like Kickstarter, *Boy* also created a fan base that served to financially support the distribution campaign, as well as extend the public profile of the film. As Waititi explained in a Seattle press interview during the American release in March 2012: "What we're relying on is that old system before people started spending money on advertising films. It's the old system of people loving the film and talking about it. Getting the word of mouth out there" (Hall, 2012, para. 10). Michael Eldred from Madman Distribution, who distributed *Boy* in New Zealand, believes that "the Kickstarter campaign…was great for an indie level [film], and it suited [Waititi], his persona…and people responded" (Eldred, 2013).

In terms of value chain and in contrast to *Boy*'s national distribution, the online funding platform Kickstarter provided the filmmakers with the ability to overcome a traditional barrier to international distribution by allowing them accessing a new revenue stream to cover the P&A expenses prior to the international theatrical release. This new source of revenue allowed the filmmakers to negotiate the terms and conditions for exhibition directly with specific theatre chains and simultaneously engage more directly with their potential audiences, this generating additional 'buzz' in the lead-up to the theatrical release. Figure 5.2 compares the value chain of *Boy*'s national distribution with its international one.

[144] The USA, Canada, Australia, Sweden, Iceland, Poland, Turkey, Israel and Spain.
[145] The New Zealand crowd-funding platform equivalent is www.pledgeme.co.nz

Figure 5.2: *Value Chain of Boy's National and International Distribution*



One idea reiterated by most interviewees, be they producers, distributors, exhibitors or public organisation personnel, was that clearly knowing your audience in advance is fundamental to achieving a successful release. This was definitely the case for the release of *Boy* in the United States. Waititi introduced the project in Kickstarter in a very dynamic and informal way, targeting his audience as follows:

> Columbus arrived in America in 1492. In 1964, the Beatles made the trip. It's 2012 and I am bringing BOY to your big United States and your fancy theatres with 3D and butter for your popcorn and share it with you. You can be my studio.
>
> I made the film in New Zealand where it to become the biggest hit in history. We won tons of crazy awards at the Sydney, Melbourne and AFI Film Festivals. I

> took it to New Mexico with Sundance and showed it there just for fun. Most importantly to me, it made people happy.
>
> But you Americans haven't had a chance yet to see it and I just know you'll love it—and you could use a bit of cheering up, especially since the world is supposed to end this year.
>
> I want to come to more American cities and show it to more of you. I promise to visit as many places as I can so you can beat me up in person afterwards if you didn't like it. Thanks for your help, mysterious people.
>
> Sincerely, Taika (Kickstarter Team, 2012)

The Kickstarter campaign called "Boy: the American release!" collected US$110,796 – a figure higher than the initial target of US$90,000 – from 1,826 anonymous backers. This allowed the film to be released in more than 18 American cities[146] during March and April 2012 (Kickstarter Team, 2012; see also Crossley, 2012). Most of the funding raised was used to cover advertising costs and prints for theatres (Kickstarter Team, 2012). Considering the business structure for international distribution, releasing a bottom-tier New Zealand feature in American cinemas can be considered itself a success.

Boy's American box office was US$100,000 (Ivancic, 2013) and the critical reaction was varied, with *The Wall Street Journal* calling the film "super-exuberant and super-affecting" and the *Village Voice* describing it as "aimless, nostalgia-woozy" (Keall, 2012, para. 3). Evidently, some of its cultural content may have reduced the appeal and potential success of *Boy* in the American market.

Two main problems for New Zealand feature films can be identified on the basis of *Boy*'s reception in the USA. First, it is likely that New Zealand's English accent – colloquially termed 'Kiwi' English – was not easy for American viewers to understand. This problem was confirmed at the American release during which Waititi, when asking about how well American viewers could understand 'Kiwi' accents, received affirmation that some had experienced difficulty (Lichman, 2012a). What this shows is that, even though most New Zealand feature films aim for release and accessibility in foreign English-language markets, their 'Kiwi' accents – not to mention productions made in te

[146] It has been impossible to confirm whether these were art house or mainstream multiplex cinemas.

reo Māori – still pose barriers to this achievement. Second, and within its narrative and stylistic blend of comedy and drama, *Boy*'s story also used what might be regarded as 'characteristically Kiwi' style of humour which, once again, might not necessarily be fully understood by foreign viewers. Nevertheless, these two argumentations require to be further investigated, because the problematic reception of cultural specificity on the part of audiences unfamiliar with those cultural details is notoriously complex and difficult to objectively measure (Steemers, 2004).

The potential to include cultural details that are identifiably 'New Zealandish', and as such will resonate with New Zealand audiences, are one of the main arguments for the production and public funding support of New Zealand's bottom-tier feature films (see Chapter 4). This cultural perspective suggests that if a feature production is primarily made for New Zealand viewers, the fact that it may not be exported should not matter. However, this argument, that large amounts of public money should be spent on feature films intended primarily for domestic viewers, is hard to justify if feature films (as well as TV dramas) are regarded, or expected to operate, as an exportable product (Dunleavy, 2005: 120). To the extent that 'exportability' is an expectation of these features, pressure arises for bottom-tier films and their main public funder, the NZFC, to compromise their cultural objectives and distinct identity in order to sell these productions on international markets (ibid.: 10). As Dunleavy has argued (2005: 120 and 268-70), when similar expectations are applied to costly forms of local TV drama, reception problems have been evident, these arising from the very different requirements of domestic and international audiences that such productions are attempting to serve.

Case Study of *The Orator* (2011)

> The first feature filmed entirely in Samoan, *The Orator* is a compelling drama with more to offer than just anthropological interest. An exploration of love, death and bitter family conflict that unfolds in sync with the relaxed rhythms of Pacific island life, this New Zealand production marks an auspicious feature debut for… Tusi Tamasese.
>
> Leslie Felperin (2011, para. 1)

The Orator[147] – *O Le Tulafale* in Samoan language – is a 110 minute dramatic feature. As suggested above, it was the debut feature for writer-director Tusi Tamasese, who worked alongside producer Catherine Fitzgerald and two associate producers Maiava Nathaniel Lees and Michael Eldred. With a total budget of NZ$2.5 million, the film was produced by two New Zealand companies, Blueskin Films Ltd and O Le Tulafale Ltd, in association with the New Zealand Film Commission.

Story, Concept and Development

As an 'art house' feature which surpassed all the expectations of its funders and filmmakers, *The Orator* is an important film due to the rarity of its milestone achievements for Samoan cinema. Even though many feature films have been shot in the Samoan islands (mostly American-financed), *The Orator* is special as the first feature to have been written and directed by an indigenous Samoan, to be entirely spoken in the Samoan language, and to offer an entirely Samoan story that is performed exclusively by Samoan actors (MCH, 2010).

The Orator is a contemporary drama about Saili, a night-watchman at the local store who musters the courage not only to stand up to his wife's intimidating brother, but also to ultimately reclaim the chiefly status of his father. Very significantly, Saili is also a dwarf, his physical size and disadvantage rendering these achievements all the more heroic. The cultural perspectives underlying this unusual story owe a great deal to the Samoan experiences and origins of their creator, the Samoan-born Tamasese, who spent the first 18 years of his life in Samoa, before moving to New Zealand for university study. The location of his first feature film – *The Orator* – is Vaimoso, on the main island of

[147] Official website: http://theoratorfilm.co.nz

Upolu, the village where he was born and where his family home remains (NZFC, 2011c).

The story originated out of Tamasese's fascination with two aspects of Samoan culture. First, the way in which Samoans deal with death, which includes the tradition of burying their beloved in front of their houses. He sees that as a challenge: "people are challenging death and saying *you cannot part us*, so I thought I had to write something about this" (Lister, 2011, para. 2; original emphasis). Second, he was also interested in the oratorical role of chief (or, in Samoan, *matai*). Such a person is normally of full height, fearless, articulate, and in possession of unusual intelligence and wit. In imagining a dwarf being destined for such a distinguished yet challenging role, Tamasese wanted to deconstruct the expectations for Samoan *matai* with the casting of a 'small person', and the many limitations that Saili's combination of stature and destiny brings (ibid.). Even if the film is in the Samoan language, Tamasese wrote the first script in English as part of his thesis for the MA course at Victoria University of Wellington. As he explains, "you can probably tell if you read it that the dialogue is not 'normal' English, because I'm thinking in Samoan, and then translating it into English. So in a sense, the subtitles were done first, and then retranslated back into Samoan" (*View Dunedin*, 2011: 2).

Budget and Institutional Objectives

The Orator was made with a final budget of NZ$2.5 million.[148] The NZFC was the primarily financier with NZ$2,313,000 million, and the film was also able to attract private investment from within New Zealand as well as additional finance from the Samoan government (NZ$60,000) (Ivancic, 2013). As a general approach, the NZFC is prioritising projects able to attract funding from external sources, as opposed to those which rely entirely on NZFC funding. Therefore, the fact that *The Orator* attracted investment from both private and public sources is likely to have been a positive indicator for the NZFC Board.

The filmmakers also emphasised in their NZFC production financing application why *The Orator* should qualify as a New Zealand film under the requirements of Section

[148] NZFC Script Development for *The Orator* was NZ$73,000 (2008/09) and NZ$20,000 (2009/10). Source: NZFC Past Funding Decisions.

18.2 of the *NZFC Act*. First, the most important 'below-the-line' and 'above-the-line' personnel, along with all equipment and facilities, the owners of the copyright, the production company and the majority of the total film finance were from New Zealand (Fitzgerald, 2010). Additionally, and despite the Samoan location of the story and filming, the majority of the production spend would occur in New Zealand (ibid.). Second, there is a unique relationship and history between New Zealand and Samoa (ibid.). When Western Samoa gained independence on January 1, 1962, both countries signed a Treaty of Friendship, in which New Zealand agreed to "consider sympathetically requests from [Samoa] for technical, administrative and other assistance" (Treaty of Friendship, New Zealand Government, 1962, Article IV). Samoa is also the only country with which New Zealand has a Treaty of Friendship. Finally, there are currently 130,000 Samoan people living in New Zealand, comprising 50 percent of New Zealand's Pacific Island community (Fitzgerald, 2010). This situation and the historical relationship that precedes it, has created stable links and solid ties between New Zealand and the sovereign state of Samoa (ibid.).

NZFC policy requires a completion guarantor where a production budget exceeds NZ$1 million, and *The Orator* was no exception. However, the filmmakers had to convince both the NZFC and the completion guarantor that such small budget – NZ$2.5 million – would be viable. As the completion guarantor of *The Orator* commented, "We were surprised at Catherine Fitzgerald's budget for *The Orator,* but then she explained how they were going to do it and the fact that Tamasese comes from where they were shooting, and had a lot of good relationships there. We then saw how it would work" (Parnham, 2011). This also helped *The Orator* to meet the NZFC's 'value for money' funding criterion, when it considers whether or not the investment request is appropriate for the level of cultural and creative achievement. Overall, the performance expectations for *The Orator* were considerably high. When NZFC CEO Graeme Mason read the script, he said that he could picture himself seeing it at the Venice Film Festival. Even if this prediction put a considerable amount of pressure on the filmmakers (Fitzgerald, 2013), it was proved to be realistic. *The Orator*'s writer-director Tusi Tamasese and producer Catherine Fitzgerald are currently (2015) working on new projects together.

Production Challenges

The Orator faced three main challenges during production, the first of which was shooting in Samoa, the second, working with a predominantly local untrained cast, and the third being the limitations of the film's small budget. Shooting a feature film in Samoa was not easy. Even though there is a growing television industry in Samoa, the infrastructure for a domestic feature film production remains limited (Hedley, 2011). Additional challenges were presented by Samoa's unsettled and sometimes extreme weather conditions (ranging from torrential rain and floods, to extreme heat and mosquitoes), which caused daily inconveniences for both cast and crew (Rudkin, 2012). Additional challenges came from working with untrained and predominantly local actors, including Fa'afiaula Sagote, who played the main character Saili. As Tamasese recalls:

> These people had seen a lot of Hollywood movies, so their idea of acting was very open and big, which is exactly what I was against. I wanted them to be Samoan. They were pretending to be someone other than themselves. In talking to them, I told them 'This is a film about being Samoan and you have to go back to your life experience, in the way you talk and sit. That is what I am after'. (cited in Foster, 2011, para. 8)

After overcoming these obstacles, they had to cope with another unusual situation, which involved convincing "the older chiefs to stick with the words on the script and not use their own words" (Rudkin, 2012, para. 6). As Tamasese remembers:

> I had to keep explaining that every word or part of dialogue in the script is deliberate that together were a layered part of how the story was to be told as a whole. That is, small changes could make a significant difference to the meaning and tone of scenes and how they contributed to the whole. (cited in Rudkin, 2012, para. 6)

Despite the compromises this caused, some improvisations were found to work very successfully. Perhaps the greatest casting challenge was in locating the dwarf who would play Saili. Samoan families are very protective and filmmakers had to work hard to gain their trust. Through a neighbour's phone call they eventually found Fa'afiaula Sagote. Even though he had heard advertisement on the radio, he did not want to put himself forward. However, he thought it was a sign from God that the filmmakers found him, so he decided to do so (Hedley, 2011; Lister, 2011).

The filmmakers had to manage all of the above challenges within the constraints of a low budget. As producer Fitzgerald explained, one way to overcome the funding challenge was to locate and hire talented individuals who could complete their tasks with maximum effect and efficiency, and who were also willing to work for lower rate of pay:

> You need to be bringing the talent to the vision of what you can achieve with the film without being able to buy it. So it is not just the director's and the writer's talent, but also everybody else that it is involved, and… you are asking them to earn less than they would on a big studio film which they can work on now. (Fitzgerald, 2013)

This has been a perennial approach to the frequent problems of obtaining sufficient financing for New Zealand features and, testifying to the 'shoestring' budget tendency of domestic film productions, New Zealand crew members customarily earn far higher salaries working for Hollywood films than they can by working on New Zealand-financed production (Jones et al., 2003). The economic restrictions of working on New Zealand-financed films do tend however to find compensation in the potential for greater creative control and freedom for local filmmakers, a situation that is confirmed in the producing experience of Catherine Fitzgerald. "If I am stuck here at the end of the earth, I might as well be trying to make something that it is a bit different", Fitzgerald emphasises (Fitzgerald, 2013). This infers that the makers of smaller budget films at least have the freedom to pursue the kinds of depictions and portrayals of New Zealand (or Samoan) culture they most value.[149] The real challenge, as Fitzgerald also acknowledged, is to produce films with both domestic and international audiences in mind (ibid.), given that the domestic market is simply too small to amortise the cost of film production, so that export sales are inevitable and essential (Dunleavy, 2005; 2009; Dunleavy and Joyce, 2011).

Tamasese understands why his first feature film had to be low budget. First, they had to convince the NZFC to support the production of the first Samoan-language film ever (the NZFC had initially thought it would be in English) (NZFC, 2011c). Second, Tamasese did not have a 'track record' as a feature film writer or director. His first short film, *Va Tapuia* (*Sacred Spaces*, 2010), was made with a very small budget to demonstrate to the NZFC that he could direct. Even though this film was selected for

---

[149] Big budget films have strong commercial imperatives, which tend to diminish the creative freedom of the filmmakers involved.

inclusion in the international film festival circuit, the NZFC was still doubtful and, bearing in mind the greater challenges entailed in directing a feature film, considered their investment risky due to lack of substantial previous achievements. Tamasese was mindful that the NZFC had to take a risk on him (Hedley, 2011). Nevertheless, sometimes having a small budget is not as important as receiving the money at the right moment, a point that Fitzgerald emphasised during our interview by stating that: “I could have been more efficient with the money if I had got it when I needed it” (Fitzgerald, 2013). This concern is by no means unique to New Zealand and underlines the inefficiencies of bureaucratic processes and acknowledges that these have real consequences.

Domestic Distribution

The Orator took a total of NZ$766,758 at the domestic box office (MPDA, 2012b).[150] Considering that a perfectly respectable New Zealand bottom-tier art film might be expected to earn upwards of NZ$300,000 domestically (a level at which the distributor is not losing money),[151] *The Orator* can be regarded as very successful, even if the filmmakers have not made much of a profit from it to date. Transmission Films Limited acquired the distribution rights of the film in New Zealand and Australia (where it grossed A$275,000; Ivancic, 2013), whereas NZFC’s sales arm, Film NZ, handled the film’s international distribution.

In respect to *The Orator*’s target audiences, the filmmakers and above distributors identified two [‘ideal’[152]] primary audience groups (Fitzgerald, 2013). First was the ‘traditional art house’ viewer, this skewed older (35 plus) and female, a market thought to learn more about new releases from film festival publications, film reviews and endorsements from friends than it does from forms of advertising. *The Orator*’s themes of love, courage and tradition are thought to appeal to these filmgoers and to underscore its other ‘quality’ attributes, with no disadvantage in the film’s ‘foreign language’ nature (ibid.). The second target group audience were Samoan viewers, including New Zealanders of Samoan descent, both of these additionally motivated by their affinity with

[150] NZFC Theatrical release support for *The Orator* was NZ$53,319 (2011/12). Source: NZFC Past Funding Decisions.
[151] For a distributor not to lose money in releasing a feature film would require its revenue to be higher than the P&A and expenses spent prior and during the theatrical release of that feature film, as explained in Chapter 2.
[152] See Chapter 2 for more information in relation to ‘imaginary’ or ‘ideal’ audiences.

or sense of pride in Samoa. To appeal to this audience, however, the film had to be genuine, one aspect of which is its respecting of Samoan culture and sensibilities (for example, there could be no kissing).

The Orator was the first feature film in the indigenous language of the Samoan audience and the first narrative film to have been made in their native lands by a Samoan. Word of mouth, carefully targeted advertising and a pre-release screening for key opinion leaders across the political, religious, media and entertainment sectors proved pivotal ways to reach this audience (ibid.). The third audience was the wider New Zealand public, who would embrace this film on the basis of their interest in and their NZ experiences of Samoan culture. Mainstream advertising and the endorsement of key figures were expected to be an important influence for all of these envisaged audiences (ibid.).

Having identified these three groups, the filmmakers focused on targeting the Samoan audience. Taking into consideration that the Samoan community in New Zealand is devoutly religious, distributor Michael Eldred took writer-director Tusi Tamasese to church in South Auckland on successive Sundays, an approach that ultimately worked very well (Eldred, 2013). Its objective was to network with the Samoan community and obtain their explicit endorsement. As Eldred explained, "The elders in the community…wanted to meet him, to make sure that his heart was in the right place, and we did that…and as a result they endorsed the movie, [this word of mouth] was everything!" (ibid.). Another approach involved Facebook, with people being encouraged to post messages in Samoan language. This second approach, in Fitzgerald's words, "created a monster!" (Fitzgerald, 2013).

The same year the film was released, Fitzgerald was named Independent Producer of the Year at the annual Screen Production and Development Association of New Zealand (SPADA) Industry Conference. A year later, in 2012, *The Orator* dominated at the Moa Sorta Unofficial New Zealand Film Awards, winning eight trophies – or Moas – from its 11 nominations, including Best Film, Best Screenplay, Best Director, Best Actor and Best Actress (NZ Herald, 2012a).

Piracy

Piracy in the case of *The Orator* involved some unusual elements. The film was uploaded in its entirety on YouTube[153] in January 2012, three months after its New Zealand theatrical release. The culprit was neither a New Zealander nor a Samoan, but a person residing in Alaska (Fitzgerald, 2013). Upon discovering this, producer Catherine Fitzgerald immediately contacted YouTube outlining and emphasising that the Alaskan individual had no right to upload this particular feature film on YouTube. Curiously, the person in Alaska went back and asserted that they did, so YouTube sent a letter to Fitzgerald asking for evidence of copyright ownership (Fitzgerald, 2013). It seems that simply checking Fitzgerald's credentials in the credits of the film itself were not enough evidence for the YouTube team. With the NZFC unable to assist, Fitzgerald sought help from Australian-based Transmission Films, the film's Australasian distributor, a move which, in view of its international experience, networks and influence, was an important decision. As one of the main distributors for independent cinema, and the company who also distributed *The King's Speech* (2010) for example, Transmission Films had established the kind of reputation, international influence, and business relationships (including an output deal with Paramount) that gave them significant power in the higher circles of the international film business (ibid.). After Transmission Films challenged YouTube on the issue of copyright, YouTube was left with no option other than to remove the film from its website.

If Transmission Films had not been the official distributor of *The Orator*, or lacked the international reach and influence that it evidently did have, it is very likely that *The Orator* would still be available on YouTube. In terms of their ability to challenge and resolve acts of piracy, the cost of enforcement presents the greatest barrier for NZ producers. As Fitzgerald explained: "For me to employ a US lawyer to pursue this in Alaska would cost me considerably more money than I would ever lose from having it up on YouTube…I don't have the money" (Fitzgerald, 2013). In contrast, famous and internationally recognised filmmakers, such as Peter Jackson, are able to afford the cost of enforcement, as demonstrated when Jackson filed a *lawsuit* against New Line cinema

[153] Producer Fitzgerald is not aware how the digital copy of *The Orator* was accessed.

claiming that he had not been properly paid. “The people who have the most power are the people who are the biggest players”, emphasised Fitzgerald (ibid.).

International Distribution

The international critical response to *The Orator* was overwhelming. The film’s world premiere was held at the prestigious Venice International Film Festival, as NZFC CEO Graeme Mason had predicted. It screened in the Orizzonti Competition section of the Festival and received a Special Mention from the Orizzonti Jury along with two awards: the Art Cinema Award from the CICAE Jury of the Festival and the CinemAvvenire Best Film - *Il cerchio non è rotondo* Award from the Jury of the Associazione Centro Internazionale CinemAvvenire (*OnFilm*, 2011). Subsequently, the film also screened at three of the main international film festivals worldwide: Sundance and Toronto in 2012, and Berlin in 2013. It won the Audience Award at the Brisbane International Film Festival and was the finalist for Best Performance at the 5th Asia Pacific Screen Awards. *The Orator* has also been screened in other major foreign international film festivals, including the New Zealand Film and Television Festival to celebrate 50 years of the Treaty of Friendship between New Zealand and Samoa (NZFC, 2012c).

Launching an international world premiere at one of the world’s most prestigious film festivals, such as Venice, is a big achievement for any feature film. But it was not by chance. *The Orator* was permitted to enter the Venice festival thanks to the positive reaction to *Va Tapuia*, the previous short film by writer-director Tusi Tamasese. A year before, producer Fitzgerald sent this short film to the Venice Film Festival, whose director wrote her a personal letter advising that they were sorry not to be able to include *Va Tapuia* in the festival programme, but that they hoped she and Tamasese would submit more films in the future. A year later, NZ Film took *The Orator* promo-taster (not the official trailer, as they were still editing at this stage) to Cannes to show the footage. People from the Venice Film Festival recognised the distinctive voice of Tamasese in the film and were immediately interested (Fitzgerald, 2013). This demonstrates how short films can actually be quite important in a longer term marketing strategy, and for the career development of feature producers, directors and writers. As Fitzgerald explained:

> When you’re working for first time or second time filmmakers, you need to find a project that is both going to make a mark internationally, like you are trying to launch somebody’s career, and [market the film internationally to have the

> premiere] at a big international festival. So you are looking towards Cannes, Venice, Toronto, Sundance and Berlin, and you want to launch it at one of those festivals. Ideally, you want to launch it at the best festival for you in terms of the nature of the festival and the timing to be perfectly frank. (Fitzgerald, 2013)

Thus, even if a short film is not selected for screening at a big international film festival, it can still make a significant, lasting impression on festival selectors. However, this can also work in reverse. Festival selectors might reject a first feature film on the basis of their response to a first short film. Finally, *The Orator* was submitted as Best Foreign Language Film for the 84th Academy Awards, which was held in Hollywood on the 28th of February 2012. This achievement is remarkable because, as NZFC CEO Graeme Mason pointed out:

> This is the first time New Zealand has submitted a film for consideration for the 'Foreign Language Film' category of the Academy Awards. The selection of this film by a committee of such calibre is a further endorsement of the special qualities of this beautiful film and could provide a terrific platform for [Tamasese's] career as a filmmaker. (cited in *OnFilm*, 2011, para. 4)

5.3. Comparative Analysis of Bottom-Tier Case Studies

This final section offers a comparative analysis, following a value chain structure, of the three bottom-tier case studies analysed in this chapter. Any feature film project begins with the conception and then the development of a script idea. In the case of those three films, all stories are similar in that all are based on original screenplays. The cultural representations of each feature are nevertheless different. While the film *Boy* offers a Māori coming-of-age story, *The Orator* tells a story of power and struggle that is overtly Samoan in character, as well as being filmed on Upolu. Different again, *Sione's Wedding* offers a portrayal of Samoan community life in contemporary Auckland, the largest, most populated city of New Zealand.

The source of inspiration for each story was unique. On the one hand, *Boy* and *The Orator* screenplays emerged from first-hand life experiences of their directors and writers Waititi and Tamasese respectively. On the other, the feature film *Sione's Wedding* created its story using milieu that had been effectively 'tested' in earlier theatre and TV productions, with the film offering additional security to its investors through its deployment of the same group of demonstrably popular actors from these earlier productions. For reasons which these differences make clear, it can be suggested that the first creative strategy, used by *Boy* and *The Orator*, whose stories were entirely without creative precedent, entailed significantly greater commercial risk.

Be they producers, distributors or public organisation personnel, the one thing that most interviewees reiterated was the idea that knowing your audience in advance is fundamental to achieving a successful release. In Barnett's words, it is not about how much advertising budget you have, "it's about the fact that you connected with somebody" (Barnett, 2013a). In the case of the three bottom-tier feature films analysed, they all connected with their targeted audience, because they correctly identified it in advance and planned a subsequent distribution strategy to reach them. This seems to be a decisive aspect to ensure a successful film.

Regarding the final budgets of the three bottom-tier case studies analysed, *The Orator* had the lowest budget with NZ$2.5 million, followed by *Sione's Wedding* with almost NZ$4 million, and *Boy* with a budget of NZ$5.6 million. There seems to be, nevertheless, no correlation between the amount of financial investment and the international critical response. *The Orator* – with the lowest budget – received an overwhelming international critical reaction, premiering at Venice, screening at Sundance, Toronto and Berlin, and being submitted for the Best Foreign Language Film category for the 84th Academy Awards. Undoubtedly, good 'art house' film productions can be made with small budgets and simultaneously receive international critical acclaim.

Interestingly, there does seem to be a correlation between budget and domestic box office results. On the one hand, the feature film *Boy*, with the highest budget, surpassed all expectations and became the highest grossing New Zealand feature at the domestic box office with NZ$9.3 million, an amount equivalent to 166 percent of its total budget. On the other, *Sione's Wedding* was able to equalise its final budget with its domestic box office result, having a budget of NZ$3.95 million and a box office revenue of NZ$4.1 million. Finally, *The Orator* film, with the lowest budget but with the best international critical response, had the lowest domestic box office result with NZ$0.76 million, which equals 30 percent of its total budget.

Nevertheless, any correlation between final budget and domestic box office numbers is inaccurate as it ignores not only the production circumstances under which each feature film was produced, but also its marketing budget.[154] As already explained in the case study analysis, not only was *The Orator* made partly thanks to the generous help of many Samoan people who participated in the production for no commercial compensation, but *Boy* was also made thanks to the help of Waititi's family and friends. If everybody involved in making those films had been paid at New Zealand rates, as was the case for *Sione's Wedding*, the real cost of producing *The Orator* and *Boy* would have been significantly higher.

From a business perspective, feature films are audiovisual products developed to provide considerable economic returns to their investors. The amount of the final budget of a film production is, nevertheless, no equivalent security for economic success, as the analysis of the previous three bottom-tier case studies demonstrates. *Sione's Wedding*, with a medium budget of NZ$3.95 million, is the production that has been the most commercially successful for the filmmakers; compared to the other two productions, due to two circumstances. First, distributors and exhibitors were able to predict box office results more easily given the screenplay was based on already successful characters. Consequently, P&A spending for the theatrical release was based on recoupment expectations and the advertising campaign was targeted and focused. Second, the extensive business and creative experience of production company SPP allowed the filmmakers to negotiate more favourable theatrical distribution terms and conditions.

In theory, the lower the budget, the easier it should be to recoup the initial investment for the simple fact that there is less to recoup. However, the *Boy* case study showed that the distribution deal is a pivotal factor, in the sense that *Boy*'s filmmakers had to accept a less than ideal distribution deal partly due to their inexperience and partly due to pressures from the NZFC. Even if in absolute terms *Boy* has reached the highest grossing domestic box office of all times, the filmmakers did not earn much money beyond their normal production fee. The advertising budget was quite high and the distribution terms and conditions were mostly favourable to the distribution company. However, thanks to *Boy*'s success, next time a Waititi-directed film is on offer, it may expect far better terms from prospective distributors and exhibitors.

---

[154] Due to being commercially sensitive, no private company or public institution make theatrical marketing budgets publicly available.

Piracy, unfortunately, was an issue for all three bottom-tier feature films. While both *Boy* and *The Orator* were made available online from unknown sources, a pre-production copy of *Sione's Wedding* was stolen by an employee of the Auckland-based post-production company. Although the offenders have not yet been revealed for *The Orator* and *Boy*, in the case of *Sione's Wedding* it was relatively easy to identify and convict the employee who pirated it. In *The Orator* case, producer Fitzgerald was able to claim copyright ownership to YouTube thanks to the reputation, international influence, and business relationships of the film's distributor, Australian-based company Transmission Films. Without such backing, *The Orator* would very likely still be available in its entirety on YouTube.

Finally, the NZFC's financial support has proven to be crucial for supporting the conception, development, production and even the distribution of bottom-tier feature films. As already mentioned, *Boy* and *The Orator* needed development funding from the NZFC in order for the screenplay to be completed. This necessity is underscored by the fact that these films came from small and/or newly established independent production companies. In contrast, *Sione's Wedding* was produced by one of the most successful and recognised New Zealand television and film production companies, which is able to develop its own projects in-house before applying to the NZFC for production finance. Additionally, while *Sione's Wedding* and *The Orator* were able to attract some private and external investment, the production of *Boy* was entirely financed by New Zealand public institutions, including NZoA, Māori TV and Te Māngai Pāho.

Conclusion

This chapter first explored bottom-tier feature films in the New Zealand filmmaking context, and then illustrated three bottom-tier feature film productions as case studies, namely *Sione's Wedding* (2006), *Boy* (2010) and *The Orator* (2011).

Significant for the overall thesis is the purpose underlying the exercise of the NZFC's supreme influence upon bottom-tier films within the New Zealand film industry. Due to economic and institutional contextual circumstances, the NZFC plays a pivotal role in the survival of bottom-tier films, not least because it is the only NZ public agency that significantly supports features in this tier. As a consequence of their dependence upon NZFC finance, most bottom-tier productions have to contend with and overcome the problem of a dearth of development and production funding. One way to increase the productivity of the limited funds available is to increase the efficiency and effectiveness of the NZFC's financing process, especially by introducing greater flexibility around when its funding can be accessed by the filmmaker. Although some of the problem arises from the necessity of a competition between eligible film project proposals for a limited supply of NZFC funding support, it is clear that filmmakers could be more efficient with this funding if they were able to receive it when it is most needed. Nevertheless, in order to ensure transparency and accountability, government agencies like the NZFC cannot simply act as a bank to provide funding on request, instead needing to assess applications objectively and transparently in the context of their relative as well as their individual merits.

Finally, based on the comparative analysis between the three bottom-tier cases, there is no recurring correlation between the amount of financial investment involved and the national and international critical response or economic returns from theatrical distribution deals. Having examined bottom-tier productions, the next chapter analyses the middle-tier dimension of the New Zealand feature film industry.

Chapter 6 – Middle-Tier Feature Films

Introduction

Having discussed in the previous chapter the importance of bottom-tier productions for the New Zealand film industry, this chapter adds to the overall picture of feature film productions by examining the middle-tier dimension, once again using a linear value chain structure, moving from conception and development, to budget and institutional objectives, production challenges, domestic distribution, piracy (where this applies), and international distribution.

As with the previous chapter, the current one not only identifies and describes the benefits delivered by middle-tier feature films into the New Zealand feature film industry, but also analyses the rationale and techniques by which these benefits are delivered. Pursuant to this, the chapter will closely examine three middle-tier feature films in order to uncover meanings and purposes underlying the exercise of institutional power. To achieve these objectives, the chapter is organised in the following way. First, a definition of middle-tier feature films is provided by identifying their main characteristics in the New Zealand filmmaking context, as well as the three main benefits – which for this tier involve economic, industrial and international outcomes – that they deliver to the New Zealand film industry. Second, the chapter analyses three indicative middle-tier feature films by chronological order: *Whale Rider* (2002), *In My Father's Den* (2004), and *The World's Fastest Indian* (2005).

6.1. Middle-Tier Definition and Characteristics

This thesis uses the term middle-tier films to describe feature films that are made with New Zealand financing, primarily from the NZFC, and significant offshore investment. As such, these films generally aim to take advantage of NZ tax incentives and those applying in other countries. They may be either 'official co-productions' or 'cross-border' productions. While 'official co-productions' follow the guidelines contained in a co-production treaty, or other formal agreements between New Zealand and other countries, ‘cross-border’ productions seek to pool creative and/or financial sources from different countries independently from any official co-production treaty.[155] Apart from also accessing several creative and/or financial sources, official co-productions are those considered by the NZFC as having ‘significant New Zealand content’, this being a key criterion in their eligibility to receive NZFC finance assistance.

Since they are more ambitious projects in terms of logistics and budget, many New Zealand filmmakers consider middle-tier productions as the natural professional step to take after they have produced bottom-tier features. The budgets of these productions are characteristically higher than those of bottom-tier films, but are considerably lower than multi-million dollar, aspiring ‘blockbuster’ features, such as *The Hobbit*, the production that will be analysed in the following chapter. The narratives depicted in middle-tier films either can contribute to the expression of NZ cultural identity by telling overtly New Zealand stories or can involve ‘universal’, internationally appealing stories. This thesis nevertheless focuses on the first type of productions; the ones with potential cultural functions and benefits for New Zealand. Until April 2014, middle-tier productions were supported by the Screen Production Incentive Fund (SPIF). Since then, this fund has been replaced by the NZSPG for New Zealand Productions. This is administered by the NZFC on behalf of the MCH. Importantly, this new grant is more “focused on business development outcomes, underpinned by cultural criteria” (NZFC, 2014b, para. 1).

Middle-tier films deliver three main benefits to the New Zealand film industry. Whereas some middle-tier features also contribute to the expression of New Zealand cultural identity by telling New Zealand stories, the first and foremost benefit in this tier is economic in view of their ability to access local and foreign incentives and subsidies, as well as to share the associated financial risk with additional, commercial investors (NZFC, n.d.a). Even though there are middle-tier productions that are undertaken for purely creative reasons, such as to incorporate a unique set of expert skills, a particular pool of creative talent, or to access a particular location, “many are designed mainly to take advantage of national film-promoting policies and tax incentives” (Lorenzen, 2007: 353; see also Morawetz et al., 2007). Analogous to Graty’s arguments about the reasons

[155] It includes unofficial co-productions.

for co-producing television programmes, the necessity to obtain larger budgets is a pivotal imperative for middle-tier films:

> In an ideal world, I do not think anyone would ever seek to co-produce his or her projects…I am sure that if there was enough money around to allow producers simply to get on with making their programmes, the notion of co-production would vanish very quickly. (Graty 1992: 110)

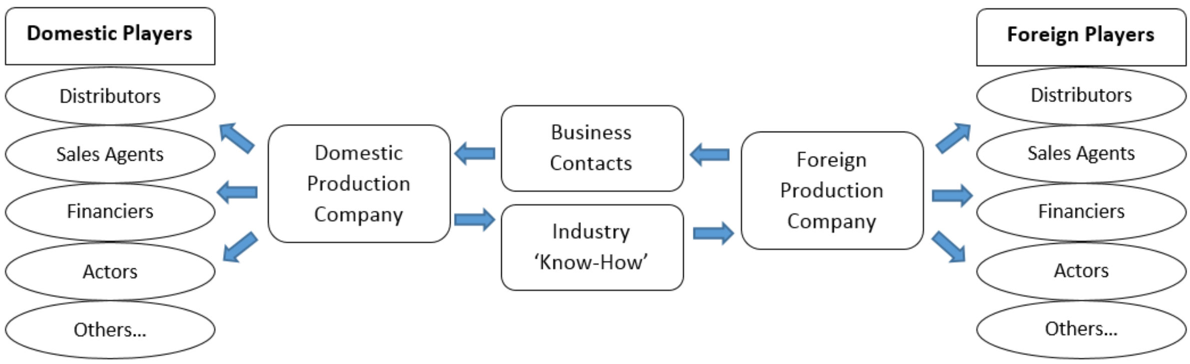
Indeed, 'above-the-line' audiovisual personnel – whether these are working in television or film – follow opportunities to make middle-tier films mainly for economic considerations and justifications, as opposed to being motivated by "a spirit of pure altruism" (Wilson, 1992: 83). Countries around the world are aware of economic arguments underlying decisions to place the production of a feature film in a certain geographical location. Consequently, since the late 1990s, fiscal incentives have been introduced by many countries as a way to attract foreign productions, these governmental policies giving rise to what is now a vicious circle of tax competition globally (Morawetz et al., 2007: 422; see Chapter 2).

Even though on several occasions the NZ government has officially refused to increase government subsidies for the film industry to allow these to match other countries, because it could lead to a "race to the bottom" in words of MBIE Minister Steven Joyce (Armstrong, 2013, para. 11; see also Dudding, 2013), the recent changes made to the SPIF and LBSPG in August and December 2013, implemented in April 2014 with the NZSPG (see Chapter 4), clearly contradict the official Government position. Financial resources, be these fiscal incentives or subsidies, do play a crucial role in the global film business environment by attracting not only middle-tier but also top-tier feature film productions.

The second benefit delivered by middle-tier films is also industrial. Additional to the industrial benefit delivered by bottom-tier films – characterised in the previous chapter as providing a significant training ground for both 'below-the-line' as well as 'above-the-line' film personnel, the industrial contribution of middle-tier features includes a business-orientation and international dimension. For co-productions and cross-border film projects alike, a domestic production company partners with another company located in a foreign country. This collaboration, aside from its short-term objective of producing a feature film, contributes to the expansion of international industrial and/or business relationships for the domestic production company involved. Ideally, the overseas company will have a strong reputation and be well-established in its domestic territory, a position from which it can provide strong partnerships and/or establish connections with different key foreign players situated along the film value chain process. These foreign players include distributors, sales agents, financiers or actors, among others (Haysom, 2013), some of which can be crucial for the domestic production company in gaining access to foreign markets, not only for the film production that the current partnership involves, but also for future projects.

Additionally, this exchange is bi-directional, meaning that both production companies exchange business contacts as well as industry ‘know-how’, this term referring to that implicit and taken-for-granted knowledge that is difficult to transfer through written or verbal means and can only really be learned through experience. In this case, industry ‘know-how’ refers to the ability of the domestic production company to interact successfully with a foreign – sometimes even global – player. Figure 6.1 illustrates the interactions between domestic and foreign production companies involved in most middle-tier film productions.

Figure 6.1: *Interactions during Middle-Tier Films between Domestic and Foreign Production Companies*



The sharing of business contacts and industry ‘know-how’ is crucial for any domestic film industry aspiring to play a role in the international globalised film business environment. New Zealand is no exception, even less for its additional challenge of being situated in a geographically remote location. Filmmaker Robin Laing, after attending the 2013 Co-production Lab in Toronto, emphasised that: “Canadian and European filmmakers are far more experienced at co-producing than we are in New Zealand, they have a wealth of up to date information to share and are constantly on the lookout for partners" (Laing, 2013, para. 7).

Finally, the third benefit delivered by middle-tier features is the internationalisation of the New Zealand film industry. Whereas the above qualities make middle-tier features important to broaden international industrial contacts and industry 'know-how' of domestic production companies, co-production activities also allow New Zealand middle-tier films to access new international markets that would otherwise be difficult to enter. A good example of this is the access of feature film exports into the Chinese market. China only allows "34 foreign films to be exhibited each year, [but] a China-New Zealand co-production qualifies as 'Chinese' and is not subject to this quota" (MED and MCH, 2013: 13). Nevertheless, it is not only official co-productions that are positioned for foreign and international reach, as the case study of *Whale Rider* will show later in this chapter. As a cross-border production, *Whale Rider* acquired significant financial resources form Germany and, as such, was able to obtain a theatrical release in the sizeable German domestic market.

Middle-tier features also present challenges for the filmmakers involved. Their development and production phases are usually more complex and prolonged than bottom-tier productions, due to more stakeholders being involved. For instance, there are at least two production companies, one domestic and one foreign, each with its own priorities, industry connections and ways of working. As the project developed might be co-owned by both companies, a good working relationship is essential. In some cases, fundamental cultural differences might cause serious problems, and additional problems sometimes arise from producers expectations about their respective acknowledgements in the production credits. Indeed, "if a producer's name is on a production, whether at the beginning or the end, he or she naturally wants…control over that production, wants to be involved, wants…a voice. The questions remains: 'How many voices can a single production realistically cope with?'" (Wilson, 1992: 85). Having said that, Graty (1992: 110) has suggested that productions can benefit from having a combination of editorial voices from different cultures, insofar as this can yield fresh ideas and/or perspectives. In summary, each project will differ regarding the ideal number of producers involved.

Another key expectation of middle-tier productions is that these deliver a final product that expands the money and expertise base beyond New Zealand, yet without diluting the cultural authenticity of the individual production (Fitzgerald, 2013; Petrie, 2005). This is certainly more easily said than done, since most co-productions do, at least to some degree, undermine cultural specificity, thus potentially reducing "at least part of [a film's] target audience" (Wilson, 1992: 83).[156] This problem arises when middle-tier films attempt not only to target foreign markets, but also to access foreign investment to help finance the production. Indeed, foreign funders normally have specific concerns and specifications, which can sometimes conflict with the interests or objectives of domestic funders. For instance, one partner might prioritise marketability whilst the other cultural and story authenticity (see the case study of *In My Father's Den* later in this chapter). The same applies for public-private partnerships (PPP) as the management model for middle-tier productions, whose main advantage is the capacity to achieve synergy and potentially increased cost-efficiency through the joint coordination of operations (Klijn and Teisman, 2005). As positive as this might seem, some contradicting strategic and institutional priorities between public and private players can arise, these creating a challenging situation that can be difficult to manage (ibid.). The following sections of this chapter present case studies of three indicative middle-tier feature films.

6.2. Case Studies

Case Study of *Whale Rider* (2002)

> Writer-director Niki Caro, who adapted the screenplay from the novel, has crafted a script replete with both crowd-pleasing touches and subtle but powerful insights into all the characters.
>
> Ernest Hardy (2003, para. 5)

Released in 2002, *Whale Rider*[157] is a 101 minute feature film drama based on Witi Ihimaera's 1985 novel "The Whale Rider". Written and directed by Niki Caro and produced by John Barnett, Tim Sanders and Frank Hubner, the film had a total budget of NZ$9.2 million. Production companies South Pacific Pictures (SPP), ApolloMedia and

---

[156] Wilson (1992) makes this appreciation in relation to co-productions in television, but it is equally valid for feature films.
[157] Official website: www.whaleriderthemovie.co.nz

Pandora Films made *Whale Rider*, and funding from the New Zealand Film Production Fund Trust (FF1), the NZFC and NZoA, and the Filmstiftung North-Rhine Westphalia from Germany.

Story, Concept and Development

Set in the small New Zealand coastal town of Whāngārā, *Whale Rider* tells the story of a young Māori girl named Pai, who challenges the 1,000 years-old tradition which required that "a male heir born to the Chief succeeds to the title" (SPP, 2002: 6). Koro, the Chief of the village and grandfather of Pai, is ready to find a successor but refuses to acknowledge his female grandchild, Pai. Koro believes that by teaching the ancient chants and warrior techniques to the 12-year-old boys of the tribe, the future leader will be revealed to him. However, when whales become stranded on the beach, Pai is chosen by them to lead them to safety as the Whale Rider, whereupon her grandfather recognises her as his rightful tribal successor.

The film is based on Witi Ihimaera's novel "The Whale Rider" (1985), which was "written in New York and Cape Cod in the space of three weeks" (Robinson and Wattie, 1998). There were two peculiar circumstances as to why Ihimaera wrote this novel so rapidly. On the one hand, the sound of helicopters and the ships in the Hudson River in New York made him think of his home town "Whāngārā and the whale mythology of that area" (SPP, 2002: 9). The Māori people from Whāngārā believe that their ancestor – Paikea – was rescued by a whale when his canoe over-turned, so he came to New Zealand on the back of a whale. On the other hand, around the same time Ihimaera's daughters were enquiring why in most movies the boy was the hero while the girl helpless and weak, so he "decided to write a novel in which the girl is the hero" (*Film Education*, 2003: 4).

The feature film of *Whale Rider* was made thanks to the vision and persistence of producer John Barnett. After reading the book, Barnett automatically thought it was a universal story with potential to be adapted to the big screen: "I think one of the most exciting things about *Whale Rider* is its international resonance – the themes are relevant in all sort of societies and cultures throughout the world" (SPP, 2002: 9). Despite this universal potential for the film, the project was seventeen years in development,[158] because "people didn't have confidence in the material. They thought it was a Māori story and no one would go and see it", explained Barnett (2013a). Furthermore, finding the right director and script were challenges that took a long time to resolve, as well as finding the right investors for the project (ibid.).

Budget and Institutional Objectives

By New Zealand standards, *Whale Rider* was an expensive project with a total budget of NZ$9.2 million. The funding came from local as well as foreign sources. *Whale Rider* was the first project to obtain funding from the New Zealand Film Production Fund (FF1) (NZ$2.5 million), established by the NZ government in 2000 "to support the production of New Zealand films on a larger scale" (SPP, 2002: 10). The rest of the money came from the New Zealand Film Commission (NZ$650,000), ApolloMedia (NZ$3 million) as advance against rest-of-world rights, New Zealand on Air (NZ$500,000), Television New Zealand (NZ$100,000), French pre-sales (NZ$500,000), Italy pre-sales (NZ$593,000), with final financing (NZ$1.25 million) from Filmstiftung North-Rhine Westphalia (NRW), which required the filmmakers to do the post-production in the Federal State of NRW in Germany (Munch, 2013), among others.[159] The production company SPP also contributed additional financing to *Whale Rider*. The total New Zealand investment was NZ$7.57 million or the equivalent of 82 percent of the total budget (NZFC, 2009).

Although independent from any official co-production treaty, the cross-border production of *Whale Rider* opened it up to significant offshore investment. Aside from the positive creative repercussions of increasing the final budget to a level much higher than the average for any bottom-tier film, the cross-border production approach allowed *Whale Rider* to use its foreign funds without compromising the narrative of the story. As Barnett pointed out, "it wasn't really a co-production with Germany. We got some money from a German state fund because we did some post-production there, that's all. But they had no input into the material" (Barnett, 2013a). Indeed, the only German influence in *Whale*

---

[158] NZFC Script Development for *Whale Rider* was NZ$28,300 (1993/94) and NZ$65,000 (2000/01). Source: NZFC Past Funding Decisions.

[159] The NZFC has confirmed - without providing a breakdown - that the total overseas investment was NZ$5.503 (Ivancic, 2015).

Rider was that the girlfriend of Pai's father was German. German investors did not influence the narrative in any other way.

Apart from receiving German funding, which was an indication of the film's export potential, the project met many of the New Zealand public funder's key values and institutional objectives. It was a New Zealand story inspired by a novel written by Witi Ihimaera, a New Zealand writer, so that the NZFC's criterion of having 'significant New Zealand content' was achieved. In addition, all 'below-the-line' and 'above-the-line' key personnel were New Zealanders, except during the German-based post-production process. The production company behind *Whale Rider* was the well-established and recognised SPP which, supported by extensive international business experience, was likely to have increased the film's credibility when proposed to the NZFC Board. Furthermore, it was expected that the film would connect with its targeted audience, being "the people about whom the story was being told" as well as "the literary people" (Barnett, 2013a). Finally, the feature film production of *Whale Rider* attracted considerable investment from overseas, including pre-sales finance from France and Italy, along with a pre-sale agreement with New Zealand network, TVNZ. Together, the mix of foreign and local investment facilitated higher production values as well as ensuring economic stability for the production.

Production Challenges

Whale Rider faced three main challenges during production, the first of which was casting the lead role of Pai, the second, the location of the shooting, and the third the technical requirements for creating animatronic whales during post-production. Casting the lead role of Pai was a demanding process. Casting director Diana Rowan saw more than ten thousand children from all around New Zealand, from which twelve were chosen and brought into a workshop where, according to director Niki Caro, "Keisha Castle-Hughes just shone. She's an astonishing actor. She's the heart of our film and she's a gift" (SPP, 2002: 11).

Second, even though the novel is set in Whāngārā and, as Barnett emphasised, "it would almost have been heresy to shoot anywhere else" (*Film Education,* 2003: 5), the location of the shooting made its own demands. One of the advantages of shooting in the real location of the story was the ability to use local people as extras and background cast, people that, even if untrained, were "very familiar with the Paikea legend and with their surroundings" (SPP, 2002: 13). This clearly increased the authenticity of the film. However, one of the challenges for the design team was "to build a 60-foot waka (canoe)" that took 12 weeks to make and had to be built "in two halves in order to transport it from Auckland" (ibid.: 12), this one item adding substantial logistical demands for the production.

The third, and maybe biggest challenge of all took place behind the scenes during the post-production stage of the filmmaking process. The final scenes of *Whale Rider* required creating physical whales, so the management team built nine different models, including the 65 feet giant with a separate articulated tail (Brough, 2003). Several others were animatronic whales, which were then combined with digital work by the German special effects company, whereby smaller whales that needed to be mobile in certain scenes used humantronic models with operators inside (ibid.).

Domestic Distribution

From a domestic box office perspective, *Whale Rider* was tremendously successful as it made NZ$6,496,371 million (Moore, 2013; Munch, 2013), becoming the highest grossing New Zealand film during three consecutive years, from its release in 2002 until *The World's Fastest Indian* in 2005. *Whale Rider* remains the fourth highest grossing New Zealand film at the domestic box office, and drops down to fifth position when box office receipts are adjusted for cinema ticket price inflation.[160] *Whale Rider* also led the 2003 New Zealand Film Awards, winning nine awards including Best Film, Best Director, Best Screenplay and Best Actress.

Producer Barnett emphasised that, whereas *Whale Rider* told a local story, it was produced for the international market: "Some people will say that New Zealand films are too specific to New Zealand, but I think we've proved with *Whale Rider* that you can make it as specific as you want and people will go and see it anywhere" (Welch, 2003, para. 31). Nevertheless, there are a number of voices within New Zealand who have criticised *Whale Rider* for several reasons. One of these, for example, called it

[160] *Whale Rider* drops another position, down to sixth, when both price inflation and population growth are considered (see Table 3.1 in Chapter 3).

"indigenous film for beginners", an "immature text that will ultimately be more harmful to Māori culture than good", and made the accusation that "it bastardised Māori culture" (Hokowhitu, 2007: 54-6). Hokowhitu went on to highlight that the film satisfied the global public because it "encourages the audience to believe that the history of Māori oppression occurred without Pākehā influence" and "portrays the results of colonisation without engendering colonial guilt in the audience" (2007: 60). It is not within the scope of this thesis to examine whether these claims are justified or not. However, it can be noted that not everybody within New Zealand was delighted with *Whale Rider*.

Finally, *Whale Rider* has also proved to be economically worthwhile. This is a major accomplishment for a New Zealand film because of the limited economies of scale resulting from a small media market. Ten years after its theatrical release, production company SPP decided to release *Whale Rider* again in Blue-ray DVD because it expected the film to still be profitable (Barnett, 2013a). This is exactly how producer Barnett sees the business of feature films: "You have to ensure that you're getting money on the long-term. It is not just about making the film and having a party and then not worrying about it anymore." (ibid.). In this context, a short-term return on investment indicates the proportional amount that filmmakers receive from the theatrical ticket sales, whose time span extends through the exhibition weeks/months. However, 'long-term' returns on investment in a film entail the unlimited time period starting after the theatrical release and involve other revenue streams, notably DVD sales, licensing fees for TV, online streaming services, and revenues from merchandising. In other words, the film a filmmaker makes today could deliver a proportion of his/her superannuation in the future. In Barnett's words, "If they work for you, they will deliver money every year" (ibid.). Indeed, as Barnett explains (Welch, 2003) the idea is to move from a project-based film-production business, where a producer gains a fee for making a movie and that is the end of it, to a content-creation business, where producers retain the copyright of the feature film, this allowing them to continue to obtain revenue after the production and theatrical release of the feature film (ibid.).

International Distribution

The successful international performance of *Whale Rider* might have benefited from the fact that international buyers generally tend to look for something mystical when they search for 'coming-of-age' films, particularly among those productions originating from non-American countries (Barnett, 2013a). The film's total international box office earnings amounted to around NZ$60 million, including – but not limited to – $US20 million in the USA, £2 million in the UK, DM8 million in Germany, and AU$8.5 million in Australia (Munch, 2013). It was also the highest grossing New Zealand feature in Australia (NZFC, 2006: 12).

Whale Rider also provides a very good example of the importance of film festivals. At the beginning of its release, the film had a very soft start partly due to the fact that Pandora, the sales agent, pulled out at the time the film finished shooting, so the filmmakers had no publicity and no website prior to the Toronto Festival (Barnett, 2002). Then, however, it "won the Audience Award in the Toronto Film Festival and suddenly it took off and it became a very big film" (Haysom, 2013). In addition to the People's Choice Award at the 2002 Toronto International Film Festival, *Whale Rider* won the World Cinema Audience Award at the 2003 Sundance Film Festival, several other awards from the Chicago, Washington, Seattle and San Francisco Film Festivals, plus awards in Germany, Rotterdam, Sao Paulo, Hawaii and BAFTA Film Festivals, among others. Furthermore, Keisha Castle-Hughes, the lead actress of *Whale Rider*, received the distinction of an Academy Award nomination for Best Actress in a Leading Role in 2004.

Case Study of *In My Father's Den* (2004)

> The best film to come out of New Zealand since 2002's *Whale Rider*, *In My Father's Den* has so many positive attributes that it's difficult to know where to begin. A deeply layered mystery thriller…it's a story that compulsively twists and turns until its closing moments. A wonderful cast and beautiful cinematography should combine to make this a word-of mouth success.
>
> Paul Hurley (2004, para. 1)

In My Father's Den (2004) is a 126 minute drama, a New Zealand-United Kingdom official co-production that mixes mystery and thriller elements. It was the debut feature of writer-director Brad McGann, who worked alongside producers Trevor Haysom and Dixie Linder. With a total budget of NZ$7.1 million, the two production companies, T.H.E. Film from New Zealand and Little Bird from Ireland, worked in association with the NZFC, NZoA, British Film Council, Visionview, Element X and Optimum Releasing (Dunleavy and Joyce, 2011; Petrie, 2005).

Story, Concept and Development

In My Father's Den is a mysterious drama that features the story of Paul, a successful war photographer who returns home after a 17 year absence to attend the funeral of his father. While beginning to reconnect with the community and his past, he rediscovers his father's secret den, a place filled with music and books, and simultaneously starts a friendship with Celia, a schoolgirl fascinated by his experience of the world beyond her small New Zealand hometown (Petrie, 2005: 3). Half way through the film, Celia mysteriously disappears and Paul becomes the prime suspect. The story gradually gains a more sinister tone as the truth progressively emerges. Even though *In My Father's Den* is a NZ-UK official co-production, it remains "a New Zealand film in terms of its story and cultural perspective" (ibid.), underscored by this feature's origin as an adaptation of New Zealand author Maurice Gee's 1972 novel "In My Father's Den".

The original idea of the feature emerged when producer Haysom suggested this novel to writer-director McGann as a possible one-hour television drama (Petrie, 2005: 4). While thinking of the possibilities of a more ambitious adaptation as a feature, McGann developed the project by introducing two major changes to the original novel by bringing it to the present and by changing its location (ibid.). Firstly, the time-frame of the novel was updated from 1928-1969 to the early Twenty-first Century with mid-1980s flashbacks. Secondly, the location of the narrative was moved from a fictional suburb of Auckland to the landscape of Central Otago in the South Island of New Zealand. In addition to these adjustments, McGann also formed the screenplay by structuring the narrative so that the story is narrated from "the emotional perspective of Paul" (ibid.: 6).

This collaboration between filmmakers – a certain producer and a writer-director – was not accidental. In the late 1990s, McGann had already worked with Haysom on a short film called *Possum* (1997),[161] made with financial assistance provided by the NZFC. As a consequence of the good relationships created during the production of the short

[161] NZFC Short Film Production Investment for *Possum* was 114,546 (1996/97). Source: NZFC Past Funding Decisions.

film, both among filmmakers and with public institutions, it was relatively easy to raise development funding from the NZFC.[162] This allowed McGann to begin writing the script of *In My Father's Den* (Petrie, 2005). Nevertheless, even if financial assistance for development was quickly obtained, the limited nature of the film's available budget was an important consideration. As Haysom points out, the maximum budget that a feature film project was able to obtain at the time for a script was around NZ$2 million. This would come from pre-sales agreements with TV networks, pre-sales finance from the distributor, and investment from NZoA, while the rest (and majority) would come from the NZFC (NZ$1.8 million). The problem was that, for a first time feature filmmaker, like McGann, NZFC funding was limited to a maximum of NZ$1.8 million (Haysom, 2013).

Haysom decided to allow McGann to develop his script idea regardless of the initial sense of an insufficient budget. The result was two-hours of script, which would require at least eight weeks shooting time (ibid.). At that stage of script development, the filmmakers faced an economic and creative dilemma: whether to shorten the script and produce a feature film with a smaller budget, or attempt to enlarge the economic and expertise base by pursuing a co-production arrangement. The latter option was chosen. The main character had been living in Europe over half of his life, so the filmmakers decided to cast an English actor, Matthew Macfadyen, whose accent would fit authentically into the story, and establish an official co-production with the United Kingdom. As McGann was relatively unknown as a director in New Zealand, Haysom waited until the script was at an advanced stage before attempting to solicit any foreign production investment (Petrie, 2005: 4).

Budget and Institutional Objectives

One of the main advantages of middle-tier productions is their ability both to access domestic and foreign financial resources, and also to share the associated financial risk with other stakeholders. In the case of *In My Father's Den*, the final budget was NZ$7.1 million, made possible by co-investment between the NZFC (NZ$2.47 million), NZoA (NZ$450,000), and the British Film Council (UK£333,000) (Ivancic, 2013). In addition,

---

[162] NZFC Script Development for *In My Father's Den* was NZ$15,000 (1999/00), NZ$19,500 (2000/01) and NZ$112,500 (2001/02). Source: NZFC Past Funding Decisions.

the London-based financier Visionview proposed a sale-and-leaseback deal[163] to access British tax incentives, and pre-sale distribution deals[164] with Optimum Releasing in the UK and Icon Film Distribution in Australia (Petrie, 2005: 4). According to the NZFC, the final New Zealand spend on the production of *In My Father's Den* was NZ$4,957,995, equivalent to 69.70 percent of the total budget (NZFC, 2012a).

Attending an international co-production market, usually attached to a prominent international film festival, is an approach used by many filmmakers to expand their network of connections in the international film industry and to search for suitable and trustworthy co-production partners. In the case of *In My Father's Den*, by attending CineMart, the international co-production market attached to the Rotterdam International Film Festival, Haysom was able to arrange a co-production deal with the Dublin-based production company, Little Bird. However, the more stakeholders involved in a feature film project, the more bureaucracy there will be, and consequently the overall progress of the feature film production decelerates. Providing one example of this, *In My Father's Den* had already been in production for two weeks when all the contracts were finally signed off (Petrie, 2005).

Apart from being an official NZ-UK co-production, *In My Father's Den* met many of the NZFC's key values and institutional objectives. First, the NZFC considered the film as having 'significant New Zealand content' not only because of its official co-production status, but also because the film narrates a New Zealand story adapted from Maurice Gee's 1972 novel. Second, and despite the British nationality of four important film personnel – the main actor, the director of photography, the production designer and the composer (Petrie, 2005: 5) – the production of *In My Father's Den* was an excellent opportunity to incorporate in a NZ production the talents of two highly regarded NZ filmmakers living and working abroad. One was the filmmaker, McGann, who had long been living and working in Australia, and the other was the acclaimed New Zealand cinematographer Stuart Dryburg (*The Piano*, *Once Were Warriors*) who, as a result, was shooting "his first New Zealand film in a decade" (ibid.). Incorporating New Zealand filmmakers with extensive overseas experience in the making of a middle-tier film is

---

[163] A sale-and-leaseback deal enables financiers to tax deduct investment in certain motion pictures (Squire, 2004).

[164] A pre-sale distribution deal involves selling the film's distribution rights in advance, normally before production starts.

itself an important strategy in that it provides opportunities to increase the expertise of the domestic filmmaking personnel involved in the production, as well as the possibilities of international distribution for the completed film.

Finally, the NZFC generally prioritises projects that are able to attract funding from external sources. The fact that the *In My Father's Den* production satisfied prestigious British Film Council's funding requirements, as well as having secured a sale-and-leaseback deal to access British tax incentive and two pre-sales distribution deals, was another key factor in encouraging the NZFC Board to greenlight the funding of this middle-tier feature.

Production Challenges

If a feature film project can accumulate sizeable financial resources, there are usually a larger number of stakeholders involved. Equally, the more stakeholders there are, the more politics and bureaucracy there is, and consequently the greater the need for better communication channels. These elements can bring some additional challenges in making middle-tier feature films as opposed to locally-produced bottom-tier productions. As producer Fitzgerald pointed out, the largest difficulty inherent in any co-production is finding the right balance between expanding the financial and expertise base, without diluting the cultural specificity of the project the filmmakers wish to portray (Fitzgerald, 2013). In the case of *In My Father's Den*, tensions arose when "marketability and authenticity began to compete against one another", according to McGann (Petrie, 2005: 5). For Haysom, the problem occurred because the British Film Council was guided more by a market-oriented imperative than the NZFC, which remained strongly committed to its cultural remit at the time of funding the film. One example of this situation appeared when the British Film Council insisted on casting international actors for the main three roles and exerted some pressure to 'feminise' the character of Celia – the schoolgirl – who, according to British investors, was considered to be not sufficiently sexy for a lead role in a feature film (ibid.). McGann strongly resisted this because he wanted to retain the authenticity of the film, this compounded by the situation of a story adapted from a well-known and highly regarded NZ novel. However, by working together, Haysom and the NZFC were able to secure local actors for these key roles (ibid.).

One of the most arduous processes in any middle-tier production for filmmakers, who have spent years developing a film project, is the necessity to open their work and idea to external influences, usually to the objectives of a foreign production company, as a result of deciding on the co-production approach. In the case of *In My Father's Den*, Haysom and McGann had spent over three years developing the film screenplay when they had to share it with their foreign co-production partner, a relationship that fortunately turned out to be constructive and productive (Haysom, 2013). Among other requirements, the co-production deal with the British Film Council stipulated that 30 percent of the budget had to be spent on British personnel and/or services. Consequently, post-production was done in the UK, specifically "the processing of the film and the construction of the soundtrack using London facilities and technicians" (Petrie, 2005: 5), even though it would have been logistically much easier, and most likely also cheaper, to do so in New Zealand (Emery, 2013; Fitzgerald, 2013).

Additionally, a situation arising from the New Zealand setting of this film, *In My Father's Den* was completed with a co-production partner situated literally on the other side of the world. This entailed working around a 12-13-hour time zone difference, meaning that when one country goes to sleep the other starts the working day. Especially from the New Zealand side (Fitzgerald, 2013), the need for fluid and regular communication between NZ/British co-production partners necessitated working up to 20 hours a day. Finally, internal to any co-production is the dilemma that more financial resources are spent that do "not necessarily end up on the screen" (Haysom, 2013). Economic capital is spent on managing costs involved in having two production companies located in two different countries, a situation that required working with two different currencies, incurring additional foreign exchange charges and legal costs.

Domestic Distribution

In My Father's Den took NZ$1,505,822 million at the domestic box office (Ivancic, 2013), becoming the seventh highest grossing New Zealand film in the domestic market at the time of its release (Petrie, 2005: 3). This is nevertheless not an astonishing result considering that this box office figure equals only to 21 percent of its initial budget. At the moment *In My Father's Den* ranks twelfth on the list of highest earnings for a New Zealand-domiciled film, seventeenth place if receipts are adjusted for cinema ticket price inflation (see Table 3.1 in Chapter 3), and further up to sixteenth position if population growth is also considered. The film *In My Father's Den* also won ten prizes at the 2005 New Zealand Screen Awards, including Best Picture, Best Director, Best Actor and Actress, Best Screenplay and Best Cinematography (*OnFilm*, 2005). Even though the domestic critical response was outstanding, the domestic audience response (as measured by box office receipts) fell short of the expectations of the NZFC and other funders involved.

International Distribution

One of the main advantages of official co-productions is the guarantee that the feature film will be theatrically released in a minimum of two domestic markets, that is at least in the countries in which the production companies are based. *In My Father's Den* was distributed in New Zealand and Australia by Icon Film Distribution, in the United Kingdom by Optimum Releasing, and in Germany and Austria by Capelight Pictures (Ivancic, 2013), resulting in a total of NZ$3.5 million from the international box office (Haysom, 2013). Whereas the international economic result was moderate, the international critical reaction was considerably more revealing of the film's considered quality. *In My Father's Den* won the International Critics' Award (FIPRESCI) at the prestigious Toronto International Film Festival 2004 and the Youth Jury Award at San Sebastian in the same year (Haysom, 2012). The film also gained the Best Feature Award at Stony Brook, the New Director's Showcase Special Jury Prize at Seattle, and the Award for Best Cinematography at Shanghai Film Festival (IMDb, n.d.). The lead actress, Emily Barclay, won the Most Promising Newcomer Award for 2005 at the distinguished British Independent Film Awards (BIFA, 2005). Finally, producer Trevor Haysom won SPADA's 2004 Producer of the Year Award in recognition of the film's success (Haysom, 2012).

Case Study of *The World's Fastest Indian* (2005)

> Hopkins' larger-than-life performance as the crusty and crafty Burt rivets your attention for two solid hours in this most entertaining labor of love.
>
> Lou Lumenick (2005, para. 8)

> Filmmaking is a collaborative exercise – when you're on a movie, you're not just doing your job, you're part of making the whole movie. Everybody's contribution is important, especially on my films where I make it very clear: I'm the director but everyone's part of this and without you I'm nothing.
>
> Roger Donaldson Grant (2005: 19)

The World's Fastest Indian[165] (2005) is a 126 minute feature film drama written and directed by Hollywood-based New Zealander, Roger Donaldson. With a total budget of NZ$18.029 million, the film was produced by New Zealand-based WFI Productions Ltd in association with the New Zealand Film Production Fund Trust (FF1) and the New Zealand Film Commission. Producers Gary Hannam and Roger Donaldson worked closely together with executive producers Masaharu Inaba (an ex-banker who had co-financed a number of successful independent films), Charles Hannah (an Australian producer), Megumi Fukasawa (General Manager of the Japanese distributor Nippon Herald)[166], Satoru Iseki (a Japanese producer) and Barrie M. Osborne (Academy Award-winning producer of *The Lord of the Rings* trilogy). In 2002, Hannah, Fukasawa, Iseki and Osborne established the company 3 Dogs and A Pony LLC to produce and secure production finance for some feature films. *The World's Fastest Indian* was their first project.

Story, Concept and Development

The World's Fastest Indian tells the true story of Burt Munro, played by Academy Award-winning actor, Anthony Hopkins, a man who achieves his dream of making his 1920 Indian Twin Scout the fastest motorbike on earth. The story starts in Invercargill, the southernmost city of New Zealand, and moves to the Bonneville Salt Flats in Utah, USA. It is a unique New Zealand story made possible due to the persistence of its writer,

---

[165] Official website: www.worldsfastestindianusa.com
[166] Nippon Herald was involved in the acquisition of *The Lord of the Rings* trilogy (NZFC, 2005: 13).

director and producer Roger Donaldson, one of the top New Zealand filmmakers based in Hollywood. In 1971, Donaldson, together with his collaborator Mike Smith, filmed a documentary called *Offerings to the God of Speed*, which was about the life of Burt Munro, one of the oldest people to break a world speed record at the famed Bonneville Salt Flats in Utah (NZFC, 2005: 8). As Donaldson explains,

> [A]fter the documentary was shown to a favourable reception on New Zealand television, I couldn't get Burt out of my mind. I felt that my film really didn't do this eccentric and talented New Zealander justice and so after Burt died in 1978, I decided to try and make a feature film based on his exploits. (ibid.: 4)

Even though *The World's Fastest Indian* applied for development funding at the NZFC just a year later, in 1979, the film was finally completed twenty-six years later, in 2005 (NZFC, 2013a: 12). Despite the several funding offers received during more than two decades, Donaldson diligently refused all of them to avoid compromising his vision of the story. As suggested by some investors (NZFC, 2005: 4), Donaldson also revised the script to make it more marketable. Between 2002 and 2004, apart from actively tracking down money, Donaldson re-wrote the script to the stage where he believed he had "the basis for an entertaining film without any compromises; a story that really captured the spirit of Burt Munro" (*OnFilm*, 2005: 18). First a Japanese producer, who had previously distributed some of Donaldson's American films, decided to invest, and then British actor Anthony Hopkins, who also previously worked on films directed by Donaldson (ibid.), committed to playing the lead role, once he had read the script. As Hopkins saw it:

> It is a unique script…it is just well written, very very well written, beautifully written, and so refreshing. It's not the bang bang of big Hollywood movies. It's got much more variety and for me it's a big change because it's a real winner of a guy. I've had a good career playing psychopaths or uptight people, and I'm fed up with those, I don't want to play any more of them. This is my life now, I'm a very happy guy and Burt Munro's philosophy and character suits my temperament. (NZFC, 2005: 19)

According to both producers, the journey that followed to raise the rest of the money for producing the film was torturous. They went all over the world and considered all sorts of possibilities: "UK tax deals, NZ financing, many, many options that all came and went and didn't add up", as Donaldson explained (*OnFilm*, 2005: 18). The filmmakers also became aware that American Bonneville Salt Flats was a location only available at a certain time of the year and, due to Hopkins' other acting commitments, they needed to begin shooting the film in 2004. This situation challenge created an urgent timeframe which required the producers to invest their own money in the production, a commitment that simultaneously reduced the prospects for other funders to become involved (NZFC, 2005: 17).

Budget and Institutional Objectives

The total budget of the film *The World's Fastest Indian* was NZ$18.029 million, a relatively large budget made possible by the collaboration between the New Zealand Film Production Fund Trust (FF1) (NZ$4.5 million), the NZFC (NZ$1.95 million), and investors OLC, Rights Entertainment of Japan and Tanlay AG (NZFC, 2006: 12; Ivancic, 2013). In addition, the American Utah government invested more than NZ$700,000 *(NZ Herald*, 2005), along with Southland ratepayers and community funders, who invested NZ$650,000. The breakdown for this Southland investment is indicative of the film's perceived regional significance. As Harding (2009, para. 11) outlined, this money came from: "Invercargill City Council $220,000; Venture Southland-Southern Institute of Technology $140,000; Community Trust of Southland $120,000 and Invercargill Licensing Trust $170,000". Donaldson regards the New Zealand input as essential: "The NZFC and Film Fund were both enormously helpful and stuck by us through thick and thin, and without them the movie could not have happened" (*OnFilm*, 2005: 19). The total New Zealand investment was NZ$7.758 million, equivalent to 43 percent of the total budget (NZFC, 2009).

As a middle-tier film, *The World's Fastest Indian* is a cross-border production for two main reasons. First, even though it was made independently from any official co-production treaty, the film had significant offshore investment, which translated into a considerably higher budget than any bottom-tier feature film could manage. Second, having such an esteemed and established actor as Anthony Hopkins in the lead role opened the door to additional funding opportunities, international connections, and more favourable national and international distribution deals. This illustrates how convenient arrangements at an early stage of the value chain, such as securing an internationally acclaimed actor during development, can have direct financial and business consequences in the successful implementation of other stages of the value chain.

The World's Fastest Indian met many of the requirements of the public organisations who invested in it. First, the film had a very strong cultural component, because it was a story that reflects New Zealanders and New Zealand culture. Second, a substantial part of the shooting took place in New Zealand and most of the crew were New Zealanders. Third, having an internationally recognised actor for the lead role is a risk-management strategy that is well-known to influence more favourable distribution deals as well as a broader form of international critical interest and response. Fourth, the project was able to attract more than half of the final budget from foreign investment, making it a satisfactory 'value for money' investment for New Zealand public financiers. Finally, this project offered an exceptional opportunity to retrieve Roger Donaldson, a leading and esteemed New Zealand filmmaker based in Hollywood, to direct a New Zealand story on the big screen.

Donaldson, whose first feature was the iconic *Sleeping Dogs* (1977), always believed that *The World's Fastest Indian* would appeal to a broad audience, to various socio-economic groupings, as well as to different genders and ages. Prior to the theatrical release, the filmmakers undertook some test screenings, which, according to Donaldson, provided the first indication of this broad appeal: "It's no more popular with an old audience than a young audience and vice versa. Basically, men, women, whatever age they are – the test screenings have been identical, and in different countries too" (*OnFilm*, 2005: 19). All these circumstances translated into positive distribution outcomes.

Domestic Distribution

The domestic theatrical release of this middle-tier production was a tremendous accomplishment. The film made NZ$7,059,147 million at the New Zealand box office, an amount that made *The World's Fastest Indian* the highest grossing New Zealand film for five consecutive years, from its release in 2005 until *Boy*'s release in 2010. In absolute terms, the film is still the second highest grossing New Zealand box office of all time.[167] This distribution success was not only the result of both producers involved "every day, all day, since it got rolling", as Donaldson explained (*OnFilm*, 2005: 19), but also due to a 18 percent increase in the theatrical promotional spend originally agreed on, because of

[167] Nevertheless, when box office receipts are adjusted for cinema ticket price inflation, *The World's Fastest Indian* drops to fourth position, and to fifth position if population growth is also considered (see Table 3.1 in Chapter 3). Overall, it is always on the top five ranking of any New Zealand box office chart.

the time of the year that the feature film was released. As NZFC Finance Director Ivancic justified,

> [T]he main reason for that increase was to keep the film in front of the audience just prior to Christmas…when *The World's Fastest Indian* was in danger of being swamped by big summer studio films like *King Kong*, *Narnia* and *Harry Potter*. (*OnFilm*, 2005: 19)

Both the NZFC and the two film producers approved this substantial rise in the marketing budget. The promotional strategy worked well and box office numbers increased from NZ$5 million, as at 18 December 2005, to a final total of NZ$7.05 million in May 2006 (*OnFilm*, 2005). From a domestic critical reaction standpoint, *The World's Fastest Indian* stood out in the 2006 Air New Zealand Screen Awards, winning a total of seven awards, including Best Picture, Best Director, Best Actor in a Leading Role, Best Screenplay and Best Editing. At the time of the film's theatrical release, no significant case of piracy had been reported.

International Distribution

The World's Fastest Indian had its international release at the prestigious Toronto International Film Festival in 2005 and was subsequently screened at several foreign film festivals, the most important of which were the Rio de Janeiro and San Sebastian International Film Festivals. Despite this, the film won no significant awards. While being sold in over 120 countries around the world (NZFC, 2009), the film made a global box office of US$18,297,690 million (Box Office Mojo, 2007), making a very successful US$5.054 million in the USA and US$840,237 in the United Kingdom (*OnFilm*, 2005: 19).

6.3. Comparative Analysis of Middle-Tier Case Studies

After analysing each case study separately, this section offers a comparative analysis of the three middle-tier cases. The first step of any film value chain involves conceptualising and developing a screenplay. Interestingly, none of the middle-tier films analysed in this chapter were created from original stories, as was the case of all bottom-tier productions examined in the previous chapter. *In My Father's Den* and *Whale Rider* were both adapted from hitherto iconic New Zealand novels, authored by New Zealanders Maurice Gee and Witi Ihimaera, respectively. It is likely that these two features more readily connected with their domestic audiences than original stories would necessarily do, in that many viewers may have been familiar with the story and characters portrayed. Basing a script on previous known novels or characters can be seen as a strategy to reduce business risk that investors of middle-tier features might find appealing. One indicator of this reduced sense of risk was that the budgets for both these productions were substantially larger than those for any bottom-tier films.

The World's Fastest Indian was based on a true New Zealand story, the real-life protagonist in which had already been immortalised in the 1971 documentary *Offerings to the God of Speed*. Even though it is unlikely that New Zealand audiences remembered this documentary after 30 years, the theatrical success of this story in fictional form does suggest that the proximity and the intensity of the story offered – that of a New Zealander achieving something as significant as a world record – might have been an appealing factor for local audiences.

The source of inspiration for each of these stories also affected the development of the project. Both *The World's Fastest Indian* and *Whale Rider* were made as a result of the persistence and compromise of one single person believing deeply in the feature film project over an unusually lengthy period. Producer John Barnett had *Whale Rider* in development seventeen years, whereas writer-director-producer Roger Donaldson spent twenty-six years developing *The World's Fastest Indian*. Even though the process took years in each case, both producers sought and prioritised financial and creative partners who would not compromise their own creative 'vision' for the story. In both cases, 'being in development' did not mean to be working a hundred percent of the time on the feature film project, but the producer having it always on the back of his mind until the right opportunities arose. Additionally, the desire to achieve the particular quality of script adaptation that each producer wanted, provided a strong rationale for each of them to postpone the production start dates. In contrast, the three-year development period for *In My Father's Den*, another literary adaptation, was comparatively short.

The film industry is characterised by having its own system of connections, networks and relationships. As explained in Chapter 2, film crew generally find employment through their informal social network. This is especially important due to the business and international benefits delivered by middle-tier films in terms of their necessary integration of foreign resources and/or collaborations. In this regard, one observation to be made is that two out of the three middle-tier case studies analysed in this chapter highlight the influence of previous connections on the production, arising from collaborations on previous film projects. For example, Brad McGann, writer-director of *In My Father's Den*, already worked with producer Trevor Haysom in a 1997 short film. Writer-director-producer of *The World's Fastest Indian*, Roger Donaldson, was able to secure offshore investment and international distribution deals, as well as Academy Award-winning actor Anthony Hopkins, thanks to his previous contacts while working on American films.

The sources of finance of these three middle-tier case studies, and consequently the investors' motives and expectations, differ in a number of ways. Albeit the only official co-production to be analysed here, *In My Father's Den* had the lowest budget at NZ$7.1 million, of which almost 70 percent were raised in New Zealand, even though there was no finance from the New Zealand Film Production Fund Trust (FF1), which was crucial for the other two film projects. Demonstrating that each film investor brings different motives and expectations, the production of *In My Father's Den* had to reconcile the different objectives of the two public institutions involved. While the British Film Council prioritised marketability, the NZFC focused more on authenticity, this perhaps intensified by the fact that the film was based on a well-known and highly regarded New Zealand novel.

The budget for *Whale Rider* was slightly higher, with 82 percent of the final (NZ$9.2 million) budget coming from New Zealand, of which a significant portion (NZ$2.5 million or 27 percent of the total budget) came from Film Fund 1. As the project received extensive offshore investment from Germany, as well as significant pre-sales investment in production, the main motivation for all the foreign investors involved is likely to have been the anticipation of potentially significant economic returns.

Finally, *The World's Fastest Indian* had the highest budget with NZ$18 million or 43 percent of the total budget coming from New Zealand. In this case, NZ$4.5 million of the NZ finance (which comprised 25 percent of the total budget) came from the Film Fund 1. Having an Academy Award-winning actor in a lead role and a well-established producer were both factors of importance in motivating the investors to finance the film project. Another potential was the possibility of using the film as a marketing platform to enhance the tourism industry of the regional locations portrayed. This consideration seems to have enticed the involvement of American Utah government as well as the different Southland organisations who invested. In all three middle-tier case studies, the principal motivation in the search for foreign investment partners was that the filmmakers saw possibilities in this for expanding the overall production budget and making a high production value' film.

Interestingly, and in the same direction as bottom-tier films, there seems to be some correlation between budget and domestic box office. With the lowest budget (NZ$7.1 million), *In My Father's Den* achieved the lowest domestic box office with almost NZ$1.5 million, making it the seventh highest grossing New Zealand film in the domestic market at the time of its release. In 2002, *Whale Rider* made NZ$6.4 million at the domestic market becoming the highest grossing New Zealand film at the domestic box office in three consecutive years, from its release until *The World's Fastest Indian* in 2005. Finally, and with the highest budget, *The World's Fastest Indian* made NZ$7.06 million at the New Zealand box office, becoming the highest grossing New Zealand film at the domestic market in five consecutive years, from its release in 2005 until *Boy*'s release in 2010.

In line with the analysis of bottom-tier features in the previous chapter, however, the correlation between final budget and domestic box office can be misleading since it ignores both production circumstances surrounding a given feature film and the marketing budget for the theatrical release. As an official co-production, *In My Father's Den* had to deal with the additional challenges involved in dealing with two public funders, plus all the additional expenses (money that could not end up on the screen) of management costs in two countries and currency exchange charges. It is likely, however, that there is a direct correlation between distribution expenses, such as prints and advertising, with final domestic box office receipts. The distribution budgets spent during theatrical release, if it was possible to analyse them, could provide a more accurate account of the relationship between distribution budget and domestic box office receipts. However, these are not publicly available due to their considered commercial sensitivity.

Nevertheless, domestic box office receipts can be informative as to a film's initial profitability, with implications for possible ancillary revenues later. The percentage of box office in relation to the total budget reveals that the domestic box office receipts of *In My Father's Den* was equal to 21 percent of its budget, while for *Whale Rider* it was 70 percent and for *The World's Fastest Indian* 39 percent. In other words, in relative terms *Whale Rider*, in its theatrical release, was more successful than *The World's Fastest Indian* and *In My Father's Den*. As a consequence, *Whale Rider* was able to recoup a higher percentage of the total budget on the basis of its theatrical release. This was not only beneficial for the filmmakers, but especially for the distributors, exhibitors and investors, as explained in Chapters 2 and 4. However, domestic box office figures cannot demonstrate which of the middle-tier productions analysed has been the most economically successful in the long-term, because that would require data from DVDs sales, video-on-demand, television rights, in-flight entertainment, toys, video games and other merchandising and consumer products, which is difficult to obtain.

Finally, none of the three middle-tier films would have been possible without public funding from the NZFC, the New Zealand public institution most actively supporting the making of middle-tier productions. As such, the NZFC not only finances the telling of New Zealand stories in bottom-tier films, as already argued in the previous chapter, but also assists during the whole film value chain of middle-tier projects. The latter, in addition to being considered to fulfil the required cultural specifications, also aim to reach a more international audience. As a result, middle-tier films are challenged in a different way than bottom-tier films. They are obliged to reconcile somehow the different objectives of producing a culturally relevant and/or authentic story at the same time as producing one with international appeal. Because of this, this tier of films is also one in which concerns about cultural authenticity are apt to compete with and must ultimately be pursued in tandem with, the pursuit of commercial success.

Conclusion

This chapter has sought first to provide an exploration of middle-tier feature films in the New Zealand filmmaking context, and has analysed three middle-tier feature film productions in chronological order: *Whale Rider* (2002), *In My Father's Den* (2004), and *The World's Fastest Indian* (2005). Of initial importance has been the desire to analyse the exercise of the NZFC's influence upon New Zealand's middle-tier films. Operating in the context of both national economies of scale and the intensity of competition for government-based film industry subsidies worldwide, the NZFC plays a pivotal role in the survival of middle-tier films. All three case studies analysed illustrate the significance of the NZFC's financial support. This becomes important in view of the necessity for films in this tier to raise additional private investment, nationally and/or internationally. From an institutional viewpoint, however, one of the main NZFC motives for supporting middle-tier films is their ability to develop the industry. This arises from the tendency of films in this tier to share the financial risk between different investors, and in doing so provide greater assurance of the film's potential for release in one or more foreign markets.

Although it is not the focus of this thesis to analyse the public support available for first time filmmakers, it is however meaningful to acknowledge the importance of the NZFC's role in supporting short films as a basis for future developments of middle-tier feature films. As *In My Father's Den* suggests, the professional relationships created during the production of a short film can provide the foundation for creative collaboration on internationally successful feature films. Finally, the case studies have demonstrated that, from a filmmaker's perspective, the pivotal motivation for seeking co-productions and cross-border relationships and deals is their potential to increase vastly the budget and, with that, the potential influence and reach of their film. Importantly, this motivation is one with the capacity to progress the NZFC's own responsibilities for developing and sustaining the New Zealand film industry. The next chapter will analyse the top-tier dimension of the New Zealand feature film industry.

Chapter 7 – Top-Tier Feature Films

Introduction

Having investigated the importance and characteristics of bottom- and middle-tier feature productions, this chapter completes the overall picture by examining the top-tier film production dimension. Pursuing the same main objectives of the two previous chapters, but this time applying them to top-tier feature films, the chapter will identify and analyse the benefits these films deliver to the New Zealand feature film industry, along with the rationale and techniques by which these benefits are transmitted. As with the two earlier chapters, this one follows a value chain structure, in this case aiming to identify the characteristics of and range of influences upon top-tier productions.

Due to the unique characteristics of top-tier productions and their prominent position within the overall New Zealand feature film industry, this chapter is organised slightly differently from the examination of the previous tiers. First, a comprehensive definition of top-tier feature films is offered by identifying their main characteristics in the New Zealand filmmaking context, as well as the three main benefits – these having economic, industrial and global dimensions – for top-tier productions. Second, the chapter subjects one indicative top-tier production, *The Hobbit: An Unexpected Journey* (2012), the first episode of *The Hobbit* trilogy, to detailed analysis. In this analysis, particular attention is paid to the employment dispute that was precipitated when *The Hobbit* was chosen as its industrial vehicle. This dispute is important for its capacity to reveal the magnitude of the politics behind this project (and potentially for other film projects of similar size and scale) and, consequently, to demonstrate the full extent of influence that is possible for top-tier productions occurring in small sovereign countries.

7.1. Top-Tier Definition and Characteristics

This thesis uses the term top-tier feature films to describe large-budget productions that are primarily, if not entirely, financed by foreign companies. As such, these top-tier films can be located in New Zealand for all or merely some of the creative phases of the film value chain; development, production or post-production. Since top-tier films are financed by large, usually American-based, production companies, their distribution is managed offshore, which means that their multi-million dollar earnings tend to remain abroad. As such, the budgets of these productions are so large that they cannot be compared with films produced in the other two tiers. In terms of narrative, top-tier features tend to tell international stories that do not directly or necessarily contribute to the expression of New Zealand cultural identity.

These foreign companies are enticed to New Zealand due to the combined impacts of several factors. First, and aside from the appeals of beautiful landscapes, top-tier features are commercially-driven (RadioNZ, 2013, Mason interview). Especially attractive, therefore, are the financial opportunities offered by the New Zealand Screen Production Grant (NZSPG) for International Productions.[168] This is administered by the NZFC on behalf of MBIE. Second, New Zealand's context of "a politically safe environment" (Lealand, 2011: 278) with a "supportive policy and regulatory framework" (Goldsmith and O'Regan, 2005: 41), reduced labour costs, fewer 'fringe benefits' and weaker bargaining power for workers, are also leading facets of its appeal to foreign production companies.[169] Third, top-tier features are lured to New Zealand by its internationally recognised "post-production and digital effects facilities" (Dunleavy and Joyce, 2011: 223). Working together, the above factors have been important in minimising both the financial risks and the overall cost of feature film production.

---

[168] From 2004 to 2008, a period during which the NZ dollar remained at a far lower exchange value with the American dollar, these financial incentives were "marginally less important to producers who wanted to make productions in New Zealand" (MBIE, 2013a: 71). After 2008, however, global economic conditions, as well as the strengthening of the NZ dollar, have reduced NZ's attractiveness to foreign companies. As Government agencies reasoned: "if there is no incentive, large-scale offshore screen productions are unlikely to be made in New Zealand" (ibid.: 72; see also MED, 2006).

[169] Two months before *The Hobbit* premiere in October 2012, NZ PM John Key travelled to Hollywood to "promote New Zealand as a place to make movies" (Shuttleworth, 2012). In a briefing to his Cabinet, Key gave feedback from the visit to his colleagues suggesting that NZ appealed as a destination for feature film productions because it had "a flexible labour market", "an educated workforce which is not heavily unionised", and a lack of 'fringe [benefit] payments', which would usually include superannuation and healthcare (Fisher, 2013).

Finally, that New Zealand is English-speaking is another, sometimes underestimated, positive factor in attracting these productions to this country.

The extent to which top-tier feature films are considered part of the New Zealand film industry remains a contested issue. There is no doubt about the place and specific functionalities of bottom- and middle-tier feature films within the New Zealand film industry, as examined in Chapters 5 and 6. Nevertheless, because large-budget productions tend to be financed by American-based 'majors', their economic profitability and editorial control remains largely in foreign hands. This situation begs the legitimate question of whether such films are part of the New Zealand film industry, or whether the latter is merely "a world-class service facility for Hollywood movies" (Jones and Smith, 2005: 924). During a radio interview in August 2013, Graeme Mason, ex-NZFC CEO, made clear that, from his viewpoint:

> [*The Hobbit*, as a unique case,] is a local film, because that's not like a Hollywood studio coming here and just filming. That's written, directed and produced by New Zealanders. Most of the key roles in there, the production designers, the costume designers, the people choosing the look of it, really having creative input, are New Zealanders. To me that's different than if *Iron Man 3* comes in and uses us as a location. So Peter is quite different. (RadioNZ, 2013, Mason interview).

Mason's line of argument suggests that two different kinds of top-tier features can be identified, when considering the cultural status of foreign-financed productions. The first type are "productions that receive foreign investment while being creatively driven from New Zealand" (Lawn and Beatty, 2006: 51), such as the three-film productions, *The Lord of The Rings* (LOTR) and *The Hobbit*. The institutional and economic rationales for favouring such productions is that New Zealanders involved are able to "retain and exploit intellectual property rights" (ibid.; also Fletcher, 2013). Nevertheless, two related questions are inevitably posed by the above assertion. One is that of how many New Zealanders are involved and the extent of their creative and editorial control over such films. The other is whether or not, and if so in what ways, New Zealand's hosting of such films benefits both the overall national economy and its film industry.

Although in cultural terms "Tolkien's narrative is not accepted as a 'New Zealand story'" (Jones and Smith, 2005: 934), the New Zealand-produced film adaptations of his books are often seen "as exemplary of the emerging New Zealand national imaginary" (ibid.: 928). This kind of reaction can be interpreted as an example of 'production fetishism', which happens when "a nation proudly appropriates as 'ours' an entity that is largely owned and controlled overseas" (Lawn and Beatty, 2006: 54). However, the illusion of local control and national productivity obscures the reality of foreign capital, along with the transnational distribution and earning-flows of this top-tier type of feature film production (Appadurai, 1990).

The second kind of foreign-financed large-budget films are the so-called 'runaway' productions, which are films that although being shot in New Zealand, "the production company, financing and creative talent are sourced from overseas" (Lawn and Beatty, 2006: 50). They are called 'runaway' in view of their relocation outside Hollywood and the USA. These productions, such as *Yogi Bear* (2010) and *The Evil Dead* (2013), abandon Hollywood and other American production bases in search of a more favourable economic environment. Such productions are part of the globalisation of the film industry, in which capital rapidly flows to the most advantageous exchange rates, financial or tax incentives, and lower-cost personnel and production opportunities (ibid.). In the words of NZ Economic Development Minister, Jim Anderton, "they're footloose, and they'll go where they can get the best deal" (cited in Campbell, 2003: 22). Driven by financial interests (Knight, 2004), rather than by a commitment to local industries, employment opportunities offered by 'runaway' features can be especially inconsistent and prone to fluctuation (Haysom, 2013; Lawn and Beatty, 2006). In the face of this problem, the Government reasons that by encouraging a greater continuity of employment by way of 'runaway' top-tier films, "a more viable, less opportunistic film industry" can be created for the future (Campbell, 2003: 23).

Advantages of Top-Tier Films

Top-tier feature films deliver three main benefits into the New Zealand film industry, these having economic, industrial and global dimensions. The first benefit of such feature films, as is repeatedly argued by the NZ National government, is economic. This economic dimension has three elements. First, top-tier films have the potential to attract very sizeable foreign capital investment, the cash flows of which contribute to overall national economic development in a range of areas (Mason, 2012; MED, 2013). As pointed out by Goldsmith and O'Regan (2005: 44), these economic effects are evident "both within and beyond the film" production industry.

A second economic benefit is the capacity of successful films to boost tourism, and a wide range of tourist-oriented industries (Dunleavy and Joyce, 2011; Goundry, 2013; Lealand, 2011; Jones and Smith, 2005; Lawn and Beatty, 2006; Mason, 2012; Tourism NZ, 2013a). In 2013-4, international tourism was New Zealand's second-largest foreign revenue earner after dairy products, contributing NZ$9.6 billion annually (Tourism NZ, n.d.a). This makes tourism "an economic sector [that is] 20 times the size of the country's movie and television production business" (Cieply and Barnes, 2012: 2). According to Tourism NZ, during the peak of tourist interest between 2000 and 2004 (the period during which the *LOTR* films were released), New Zealand's visitor numbers increased an average of seven percent (Easton, 2013). Of this increase, one percent – which translates to approximately NZ$33 million in terms of the total tourist spend – affirmed that the *LOTR* trilogy was their main or only reason for visiting New Zealand (Tourism NZ, 2013a).

From this perspective, top-tier productions like *The Hobbit* are considered to hold the potential to reach an unusually large international audience and in so doing generate an enduring stimulus to tourism. In view of *The Hobbit*'s particular capacity to strengthen an imagined association between New Zealand and the fictional 'Middle-earth', this perspective considers that the experience of watching such a feature film production might stimulate the desire of some foreign viewers to visit New Zealand. Instead of investing financial resources in international marketing campaigns that are aimed at tourists and related industries, the Government has evidently been convinced that successful top-tier productions can themselves provide a cost-effective way to market 'brand NZ' internationally.

Finally, the third positive economic spin-off delivered by top-tier productions is the enormous value these are considered to add of New Zealand's international 'brand' (Jones and Smith, 2005; Morgan et al., 2003; RadioNZ, 2013, Mason interview; Tzanelli, 2004). With the *LOTR* trilogy, Tourism NZ implemented a "marketing campaign projecting New Zealand as Middle-earth"[170] (Lawn and Beatty, 2006: 48; see also Carl et al., 2007; Croy, 2004). More recently, Tourism NZ decided to capitalise on *The Hobbit*

[170] There is also a perception that this imagining of NZ as Middle-earth works against the campaign's central objective when the country is not pursuing its green credentials. See recently published PhD at Waikato University (Kaefer, 2014).

release[171] by drawing upon the well-established '100% Pure New Zealand' campaign so as to create the offshoot of '100% Middle-earth'[172] (Manhire, 2012a).

The second benefit delivered by top-tier films is, once again, industrial. They provide employment and skill development opportunities to advance and upscale the expertise of New Zealand's screen production industries (Barrett, 2011; Emery, 2013; Mason, 2013; MED, 2013; Riddell and Riddell, 2013; Watkins, 2012). Even more than the business and international benefits of the middle-tier films discussed in the previous chapter, foreign capital investments generated by top-tier productions have been important in financing the New Zealand film industry's technological infrastructure, especially in the areas of facilities for special effects and post-production (Dunleavy and Joyce, 2011; Fletcher, 2013; Mason, 2013). During the *LOTR* production, for instance:

> Peter Jackson's special effects company Weta Workshop adapted 3D imaging techniques developed by Christchurch firm, Applied Research Associates, for the meat packaging industry to make digital body doubles of principal characters. In turn, production innovations can themselves be saleable, such as Weta's development of Massive software for staging large-scale fight scenes. (Lawn and Beatty, 2006: 47)

These technologies and facilities can then be made available at a lower rate to bottom- and middle-tier productions, allowing enhanced overall quality for these feature films to help increase their potential appeal to international markets (Haysom, 2013; Hughes, 2013: 11; Riddell and Riddell, 2013). For instance, "local producers have benefited from the expertise generated by *The Hobbit* trilogy (shot entirely with 3D equipment) to make the first 3D New Zealand film *Beyond the Edge* (2013)" (Leotta, 2015: 31).

A key advantage for the NZ film industry of the ongoing employment that top-tier productions help to provide is the ability of local (below-the-line) personnel, such as assistants, art directors, graphic artists, hair stylists, and camera operators, to develop or extend their expertise by being involved in these film productions (Emery, 2013; Fletcher,

---

[171] The NZ government anticipates that the tourism spin-offs from *The Hobbit* will exceed those of *LOTR* (Edwards, 2012) in terms of the marketing of NZ. However, as Minister Joyce declares, it is "a very hard thing to finally substantiate in terms of the actual [tourism] numbers" (Hubbard, 2013).

[172] The marketing strategy '100% Middle-earth, 100% Pure New Zealand' aims "to take advantage of that global profile by showing how easily the fantasy of The Hobbit movies can become reality in the form of a New Zealand holiday" (Tourism NZ, 2013b, para. 2).

2013; Haysom, 2013; Lawn and Beatty, 2006; Riddell and Riddell, 2013). Nevertheless, employment opportunities generated by top-tier features rarely extend to above-the-line film professionals, such as screenwriters, producers, directors and actors (Haysom, 2013). Only occasionally do New Zealand filmmakers, such as in the case of *The Lord of the Rings*, *The Hobbit* and *King Kong*, gain such above-the-line employment on top-tier productions, rather they remain more often employed on bottom- and middle-tier feature films.

The third and last main benefit delivered by top-tier features centres on their participation and profile in the international film industry arena. This has two positive elements. One is the potential to strengthen the international profile of New Zealand as a tourist destination (Jones and Smith, 2005; Morgan et al., 2003; RadioNZ, 2013, Mason interview; Tzanelli, 2004), including a positive "impact on how New Zealand is seen overseas" (Mason, 2012: 11). Another is the promotion of New Zealand filmmaking internationally (Dunleavy and Joyce, 2011). As Film NZ Chief Executive, Gisella Carr, declared, "when people used to think of New Zealand they thought about sheep and agriculture…Now we're becoming better known for our talent for innovative improvisation – and our storytelling techniques" (Bridge, 2012, para. 30). This perception was echoed by Prime Minister John Key, when he asserted that:

> [International productions demonstrate] to the rest of the world we can make great movies [and] it's the reason someone like James Cameron came to live in New Zealand… We are a country that's more than just about producing lamb chops and milk. We do a lot of other things and that's a great way of promoting it. (Watkins, 2012, para. 11-2)[173]

Apart from internationally promoting New Zealand as an appealing filmmaking hub, the NZ film industry has also gained international prestige, especially for its post-production facilities. Wingnut Films, for instance, has gained a global industry profile as a result of its winning several BAFTA and Academy Awards (Weta, 2012).

---

[173] I acknowledge that both Gisella Carr and John Key have vested political interests in this context.

Disadvantages of Top-Tier Films

However, top-tier features may also carry some negative consequences for the host country and its national filmmaking industry and community. First, and resulting from having massive budgets, top-tier feature films have exponentially increased local labour costs[174] (Barnett, 2013a; Dave Gibson in Campbell, 2003; Emery, 2013). One indication of this is the expectations of the number of production assistants available for bottom- and middle-tier New Zealand feature films (Barnett, 2013a; Fletcher, 2013; Haysom, 2013; Mason, 2013). In other words, local personnel who gain employment on top-tier productions not only gain higher wages than they would from working on bottom- and middle-tier productions (Lealand, 2011: 281), but also become accustomed to having an assistant. This may generate unrealistic expectations that are difficult to extend to bottom- and middle-tier films. As Barnett (2013a) explains, "we used to make films with thirty people, now you can't make them with less than a hundred". In line with Barnett, former-NZFC CEO, Graeme Mason, registers that "indie films are indie films, you should have a crew of ten not sixty" (Mason, 2013). Given this situation, it is interesting to note here that the *LOTR* productions "were pretty careful not to pay too much" (Gibson, cited in Campbell, 2003: 24), a measure aiming to minimise the inflationary consequences on wages elsewhere in the local industry and thus to avoid alienating local production companies (Lawn and Beatty, 2006).

Second, the marketing strategy '100% Middle-earth, 100% Pure New Zealand' produces two different kinds of tensions. One is the association that has been fostered between New Zealand as 'Middle-earth', an imagined place of rural, idyllic lifestyles and unspoiled landscapes. As a representation aimed at and with appeal to tourists, this exists in sharp contrast with the image of New Zealand that has been advantageous for its screen institutions to promote, as a highly developed technological 'hub' for high-end filmmaking, a representation that provides reassurance to film investors. The other is the expectation that some top-tier films, such as *LOTR* and *The Hobbit* that feature NZ landscapes, enhance 'brand NZ' with a form of 'product placement'. According to Columbia University's scholar Joe Karaganis, the country's indelible association with Middle-earth is a fragile and temporary one because "lots of things that require dramatic

---

[174] Between 2002 and 2003, one category of crew experienced a 29.6 percent inflation increase (Dave Gibson in Campbell, 2003: 24).

landscapes this year will be done entirely on computers in five years" (Hubbard, 2013, para. 41). Indeed, in the *LOTR* films as well as *The Hobbit*, "digital manipulation and modification often made the familiar unfamiliar" (Lealand, 2011: 263).

One wonders what this change might mean for the future of 'product placement' as an argument to justify film subsidies in New Zealand[175] (Hubbard, 2013). This question is especially valid for the *LOTR* and *The Hobbit* trilogies as productions that involved a significant use of digital imaging and effects. However, the problem for 'product placement' arguments in relation to the depiction of NZ landscapes by these films is that the "natural landscapes [they featured] were enhanced and manipulated by digital computer technology and special effects by Weta Digital and Weta Workshop" (Jones and Smith, 2005: 938; see also Lealand, 2011). This extent of digital modification reduces the usual associations between depictions of specific landscapes and the potentials for audience recognition of these, because it becomes more difficult for "tourists to perceive a 'realistic' sense of place" (Carl et al., 2007: 60). Accordingly, while some international viewers might link Peter Jackson with NZ, it is hard to ascertain 'product placement' benefit in 'runaway' films involving the significant digital enhancement or mediation of NZ landscapes. The top-tier example of *Avatar*, a "futuristic science fiction fantasy in which the New Zealand landscape never appeared", provides a case in point (Hubbard, 2013). Other similar examples are *The Adventures of Tintin, King Kong* and the two fantasy films *The Chronicles of Narnia: Prince Caspian* and *The Lion, the Witch and the Wardrobe*, three films which, together, received nearly NZ$150 million in New Zealand subsidies (ibid.).

Third, although the economic benefits associated with top-tier feature films are evident in employment opportunities, tourism and – in the case of *LOTR* and *The Hobbit* – their significant contribution to NZ's national self-branding, determining the exact amount of net profits to the NZ economy (incentives subtracted from profits) is

---

[175] In this direction, the NZ government received a dose of realism in January 2013 from *The Hobbit* filmmakers when a film's promotional poster used images of the UK to depict Middle-earth (Chapman, 2013a). The filmmakers had to remind the NZ government that "Middle-earth is a fantasy realm" when they explained that the left hand of the promotional poster was the Waikato region, but the right hand side was the UK (ibid.).

challenging.[176] In other words, there are questions about how far such Government approved incentives, which are effectively taxpayer-funded, are "worthwhile for New Zealand overall" (Weir, 2014, para. 23).[177] Even if top-tier productions do generate significant employment and skill development opportunities, it is important to query the extent to which the New Zealand public is benefiting from these opportunities, both tangibly and intangibly. Unfortunately, the research for this project has not yielded any data about the number of New Zealanders that have worked, for instance, on *The Hobbit* films in the visual effect company Weta Digital.[178] Although Statistics NZ publish an annual *Screen Industry Survey* (Statistics NZ, n.d.), its findings are limited by the particularly wide-ranging nature of film industry employment, in which a large proportion of work is also discontinuous and freelance (Jones et al., 2003; Jones and Pringle, 2013).

Treasury estimated that the LBSPG scheme, involving a total expenditure of NZ$472.48 million, "had delivered net economic benefits of just NZ$13.6 million over its first seven years from 2004 to 2011 at an annual rate of return of less than 1 percent" (Hickey, 2013, para. 2). As with any other business sector, the companies working in the film industry must pay income tax and GST to the Government. The common company tax rate is 28 percent (NZ Immigration, 2012). In the last financial year ending 31 March 2013, *The Hobbit* film production company, Warner Bros' owned subsidiary, 3 Foot 7 Limited, paid "income tax of just NZ$71,000, despite declaring profits of NZ$44.6 million"[179] (Weir, 2014, para. 9; see also 3 Foot 7 Limited, 2013). This situation is understood to be caused by losses in previous years, which are legitimately "carried forward to offset against profits" (Weir, 2014, para. 12). However, some union voices,

---

[176] According to MBIE, top-tier films received NZ$267 million in subsidies between 2004 and 2011, while they contributed more than NZ$1.9 billion in NZ, including "spending on staff, catering, flights and hotel accommodation" (Hubbard, 2013).

[177] It is worth pointing out that the *LOTR* trilogy "was subsidised in part by tax breaks provided by the NZ government (an estimated US$10-12 million per film)", and that the NZ Army supported such productions by providing "soldiers for crowd scenes, buil[ding] roads and facilit[ating] communications" (Lealand, 2011: 271).

[178] Weta Digital does not offer any kind of internship or work experience programme "due to the many projects [they] have on, and the strict confidentiality agreements [they] have in place with the funding studios and clients" (Weta, n.d.).

[179] Since its inception on 5 December 2008, 3 Foot 7 Limited has paid NZ$116,000 in income taxes [$0 in years ended March 2009 and 2010, NZ$14,000 (year ended March 2011), NZ$31,000 (year ended March 2012) and NZ$71,000 (year ended March 2013)] (3 Foot 7 Limited, 2010; 2011; 2012; 2013). In the same time period, 3 Foot 7 Limited has received almost NZ$100m from the LBSPG (Weir, 2014).

such as CTU[180] economist Bill Rosenberg, argue that 3 Foot 7 "has been deliberately structured to avoid making profits and therefore avoid paying tax in New Zealand on the large profits from the movies" (ibid., para. 16).

Finally, in addition to their consuming considerable time and energy for NZ film agencies (Riddell and Riddell, 2013), top-tier film productions have the potential to influence New Zealand law and Government policy. Two examples of this – one stimulated by *The Hobbit* trilogy and the other by the *Avatar* trilogy – are highlighted below.

First, as *The Hobbit* case study will demonstrate in this chapter, the very significant economic opportunity that this trilogy of feature films represented for NZ invested it with the unusual ability to stimulate particular modification of the *Employment Relations Act* 2010. Even though this change received considerable criticism and created strong discomfort among many film professionals working both within the New Zealand film industry and beyond it, the *Employment Relations Act* change stimulated by *The Hobbit* and passed by the National government (October 2010) remains in place today.

Second, the modification of the LBSPG in December 2013, as explained in Chapter 4, provides another example of how vertically and horizontally integrated international media conglomerates are sufficiently powerful to influence legislation in a sovereign country in line with their economic interests and financial priorities. Although Minister Joyce had earlier refused to increase film incentives, arguing that there was no need for New Zealand to join a "race to the bottom" (Heather, 2014), by the end of 2013, he authorised the increase of tax incentive provisions within the LBSPG from 15 to 20 percent. Pressured on this occasion by the foreign-financed top-tier *Avatar* trilogy and the possibility that this multi-year, large-budget project might decide to locate itself in another country, this sudden turn by the Government was geared to ensure that these three *Avatar* films would be made in New Zealand (Fowler and Weir, 2014; Kubo, 2013).

The above unexpected yet very significant changes were directly stimulated by the economic allure of *The Hobbit* and *Avatar* as multi-year, large-budget and thus unusually

---

[180] The New Zealand Council of Trade Unions (CTU) is an organisation composed of 40 affiliated NZ unions.

influential top-tier productions. The changes reveal that top-tier features, especially when financed by influential and economically powerful global media conglomerates, can influence the direction of relevant NZ legislation and policy at the same time as they affect the salaries and employment conditions of NZ film workers regardless to the particular tier of production in which these are employed.

7.2. Case Study of *The Hobbit: An Unexpected Journey* (2012)

Released in 2012, *The Hobbit: An Unexpected Journey* is a 169 minute feature film that mixes adventure and fantasy. Co-produced by New Zealand-based company WingNut and two Hollywood majors, Metro-Goldwyn-Mayer (MGM)[181] and New Line Cinema (owned by Warner Bros),[182] *The Hobbit* was written by Peter Jackson,[183] Fran Walsh, Philippa Boyens and Guillermo del Toro. With considerable variations, it was adapted from the 1937 "The Hobbit" novel by J.R.R Tolkien, functioning as the first instalment of the film trilogy into which this Tolkien story was adapted. The total budget for the three *Hobbit* films is estimated to be NZ$676 million, which makes *The Hobbit* trilogy the most expensive feature film project ever to be produced in New Zealand (Fowler and Weir, 2014; Masters, 2012; NBR, 2010; Reid, 2013; THR Staff, 2012).

Many controversies and obstacles have surrounded *The Hobbit* production up to its release. There were business challenges in securing the rights to the material (Manhire, 2012b), the acquisition of which, it was hoped, would help to restore MGM's lost 'lustre' and provide a business boost for Warner Bros (White, 2012). In terms of its domestic challenges, *The Hobbit* had to resolve problems arising from the International Federation of Actors issuing a 'do-not-sign' order against the production over contractual conditions for its actors (Masters, 2012). The most controversial consequence of this order was the

---

[181] Metro-Goldwyn-Mayer (MGM) is an American film studio playing a secondary role in producing *The Hobbit*.
[182] Warner Bros is an American film studio acting as primary producer of *The Hobbit*. It is a division of the Time Warner media conglomerate. New Line Cinema is the Warner Bros division that was directly responsible for the production of *The Hobbit*. 3 Foot 7 Ltd is the name of the production company owned by Warner Bros.
[183] He was made a Knight Companion of the New Zealander Order of Merit in April 2010 in recognition of his contribution to New Zealand and its film industry.

amendment, under urgency, of the NZ *Employment Relations Act* 2010.[184] Equally controversial, in terms of its domestic repercussions, was the Government's decision to grant NZ$67 million directly to Warner Bros, in addition to the subsidies the major was already receiving under the LBSPG (Backhouse, 2013; Edwards, 2012).

Story, Concept and Development

Set in Middle-earth, *The Hobbit* tells the fantasy story of Bilbo Baggins, a hobbit who embarks on a journey with thirteen dwarves to reclaim the long-lost Dwarf Kingdom and therein recover the Dwarves' inherited treasure which is being guarded by the dragon, Smaug. Oxford professor J.R.R Tolkien published "The Hobbit" as a children's-fiction book in Britain in 1937, seventeen years before the sequel book, "The Lord of the Rings" (Shippey, 2012). However, the narrative of "The Hobbit" is different from that of "The Lord of the Rings" in that it is "aimed at children" (Howse, 2012, para. 2). As a schoolchild, Tolkien, together with three friends, decided in late 1914 that they would attempt to engender a cultural revolution in England through poetry (Shippey, 2012). Some experts, such as British scholar Thomas Shippey, consider that, while Tolkien did not ultimately achieve a cultural revolution, he did generate something of a counter-revolution (or counter-culture) through his creation of a new English mythology (Howse, 2012; Shippey, 2012) that drew on Nordic and Germanic heroic myths.

Even if "The Hobbit" was published seventeen years before its sequel, "The Lord of the Rings", the latter novel was adapted to film some ten years earlier than "The Hobbit". The Hollywood 'majors' who financed *The Hobbit* production – Warner Bros and MGM – had substantial confidence in the project since it was expected to deliver strong financial results for three main reasons. First, the *LOTR* trilogy (2001, 2002 and 2003) had been hugely successful internationally, delivering substantial economic returns for the foreign production company who financed it. Second, the screenplays developed from these books, being scripted by the same group of NZ screen writers, were similar to each other not only due to their related and complementary narratives, but also because they involved some common actors, settings and production locations. Finally, both feature film projects – *LOTR* and *The Hobbit* – are literary adaptations from the work of

[184] The NZ government, SPADA, Warner Bros and Peter Jackson claim that the law was only clarified, whereas CTU and NZAE state that it was modified to diminish workers' rights.

J.R.R Tolkien. On the basis of these connections it was hoped that success for the first set of features would translate into success for *The Hobbit*. Warner Bros' hopes for *The Hobbit* films were also founded on the assumption that these films would be produced by Peter Jackson, "a New Zealand-born and New Zealand-based global film maker" (Lealand, 2011: 263).

One challenge in the development stage of *The Hobbit* films was to secure the rights to the material. In 1995 Jackson's agent, Ken Kamins, started to investigate the rights to Tolkien's works (Donnell, 2012). As American film studio United Artists (UA) still held distribution rights over *The Hobbit*,[185] the filmmakers decided to proceed straight into the production of its sequel *LOTR* (Masters, 2012). The result was the *LOTR* trilogy in 2001, 2002 and 2003. These three films grossed nearly US$3 billion at the box office and won eleven Oscars (Manhire, 2012b). In 2004, a year after the last trilogy had premiered, Jackson sued production and distribution company New Line Cinema after what he considered to be "improper accounting of his share of merchandising receipts from *The Lord of the Rings*" (Riley, 2010: 23). Some years later, the project of *The Hobbit* was still on hold. UA, by now part of MGM, still had rights over distribution of *The Hobbit*. Hence *LOTR*'s production and distribution company, New Line Cinema, by then part of American media conglomerate Time Warner (now owned by the even larger and more powerful Comcast), was encouraged by UA and MGM to resolve its financial conflict with Jackson (Masters, 2012).

In December 2007, it was announced that "Jackson…would executive produce and write two *Hobbit* movies, in partnership with New Line and MGM" (Masters, 2012, para. 10; see also Donnell, 2012). Guillermo del Toro was announced as *The Hobbit* director in April 2008, but he decided to leave the project two years later due to considerable delays in initiating the production (Masters, 2012).[186] That same year, it was announced that the release date for the first *Hobbit* film would be delayed from 2011 until 2012. Simultaneously, "MGM was about to file for bankruptcy"[187] (Haworth, 2011: 101) and Warner Bros was looking for a new film success after the *Harry Potter* and *Batman* franchises (ibid.; White, 2012). As both majors were "simultaneously dependent on the

[185] United Artists bought "The Hobbit" and "The Lord of the Rings" film rights from Tolkien back in 1969 (Masters, 2012).
[186] Del Toro blamed MGM's financial problems (Donnell, 2012).
[187] MGM's ownership has changed at least eight times since 1969 (White, 2012).

success" of *The Hobbit* films, Peter Jackson found himself in "a powerful position nexus surrounding the project" (Haworth, 2011: 101) as well as in a position of enormous responsibility. As institutional theory argues, power is contextual and interests are negotiated according to each specific circumstance. In this case, Jackson gained unusual bargaining power due to the financial weaknesses of both these American majors.

Budget and Institutional Objectives

As noted earlier, *The Hobbit* trilogy is the most expensive film production project ever produced in New Zealand (Masters, 2012; NBR, 2010; Reid, 2013; THR Staff, 2012). The final budget of the three *Hobbit* features was an estimated NZ$676 million,[188] which is more than double the budget for Jackson's previous trilogy *LOTR* (Child, 2013; Fowler and Weir, 2014; Perry, 2013), at NZ$281 million (Newcomb, 2013). The additional expense was partly derived from the new recording technologies for *The Hobbit*, notably its shooting in 3D and at 48 frames per second, rather than the standard 24, to further enhance image clarity (Child, 2013).

According to *The Guardian* newspaper and *Variety* magazine, the financial subsidies granted from New Zealand schemes to the trilogy were NZ$98 million, a figure equivalent to 14.5 percent of the final budget (AP, 2013; Child, 2013). Mitigated by the political pressures caused by *The Hobbit* dispute, the NZ National government granted an additional NZ$67 million subsidy directly to Warner Bros (Backhouse, 2013; Edwards, 2012). Accordingly, together these subsidies for *The Hobbit* amounted to NZ$165 million, or almost one-quarter of the final trilogy budget. However, the only official data released by the NZFC shows that up until 30 June 2012, *The Hobbit* received NZ$67.017 million from the LBSPG. Importantly, *The Hobbit* continues to receive subsidies until completion, in that it is still "incurring NZ qualifying expenditure and it is expected to receive additional grants" (Wallwork, 2014).

There are four arguments in favour of NZ government support for a production like *The Hobbit*. First, and as exemplified by the public declarations made by Film NZ CEO Gisella Carr and PM John Key in the previous section of this chapter, there is a demonstrated capacity for top-tier features to enhance NZ's foreign reputation as a

---

[188] The NZFC is not able to disclose the budget of *The Hobbit* due to confidentiality (Wallwork, 2014).

country that is well-geared to the production of high quality and internationally successful films (Bridge, 2012; Hubbard, 2013; Tourism NZ, n.d.b; Watkins, 2012). The aim to capitalise on "the global profile to boost tourism" is the second argument in support of *The Hobbit* production (Edwards, 2012, para. 2). The production of films of the scale and influence of *The Hobbit* was important to the broader objectives of the Government, not only to keep promoting NZ as a film production-friendly country, but also to continue the mythical association that *LOTR* established between New Zealand and Middle-earth as a way to maintain growth in tourism (Edwards, 2012; Goundry, 2013). Together, these elements provide a second argument in support of Government subsidy to *The Hobbit* and other top-tier films.

The third argument for government support of top-tier productions, as exemplified by *The Hobbit*, is the capacity of such large projects to boost the national economy by creating a range of jobs for New Zealanders. The argument here is that the net inflow of capital to the NZ economy (compared with no investment) is positive because the capital investment involved in productions like *The Hobbit* ensures increased domestic spending, which brings several economic benefits to the country's overall economy. Providing some specific data in support of this idea, PM Key claimed that *The Hobbit* production created an extra 3,000 jobs as a "minimum", thus acknowledging that this figure did not include the number of 'flow-on' jobs arising from many general sector services and facilities that could be attributed to the location of this large production project (Backhouse, 2013). Highlighting the impacts of this expenditure, a spokesperson from the NZ government asserted that:

> *The Hobbit* production team took 6750 domestic flights, paid for 93,000 bed nights, and hired 1800 rental cars and 1650 work vehicles…The production spent more than NZ$9 million on construction materials and NZ$1.5 million on local food suppliers. (ibid., para. 17).

Nevertheless, these figures are difficult to validate. The Government's political opponents accused it of having fabricated the above numbers (Chapman, 2013b) as a way to defend the generous NZ$67 million it gave to Warner Bros. Green Party co-leader Russell Norman reasoned that "there needed to be a cap on the cost of producing those jobs. If 2000 jobs were created over a year at a cost of $100 million [that represents a cost to the New Zealand taxpayer] of $50,000 a job" (Watkins, 2012, para. 7). However, NZ's current National government argues in response to such criticisms, that the film industry is unique because of the potential marketing benefits for NZ and thus the extra spending it can bring to the country (Hubbard, 2013), a claim underscored by the expected increase in tourist numbers arising out of Warner's promotional efforts.

The fourth and last argument in support of top-tier productions from the Government's viewpoint centres on the NZ *versus* American exchange rate and the implications of this for the international film business environment. When the first *LOTR* film premiered in Wellington in 2001, the NZ dollar was worth about US 40 cents. Two years later, when the last film of the trilogy was being completed, it was US 65 cents. By 2012, when *The Hobbit* was being completed, the New Zealand dollar has increased in value to US 82.13 cents (Bourke, 2012). Consequently, the now stronger NZ dollar has eroded its earlier exchange rate advantages for American companies and, therefore, according to the NZ government, there is a need for more internationally competitive film subsidies and incentives. Apart from that, a range of other countries (some with a lower exchange value to American dollar) are now competing with NZ as destinations for American-financed film productions (Cieply and Barnes, 2012). Gisella Carr, CEO at Film NZ, notes that Northern Ireland claims to be the "new New Zealand", while Serbia sells itself as being like "New Zealand, but cheaper" (Edwards, 2012, para. 3). A strong NZ dollar clearly has ramifications not only for the propensity for Hollywood production companies to continue to choose NZ as a filmmaking location, but also for New Zealand's appeal, relative to that of other countries, as an international tourist destination.

Production Challenges

The Hobbit had to face two main challenges during production: one entailing the use of innovative recording and post-production technologies; and the other centring on the resolution of the serious employment dispute with national and foreign trade unions that was unleashed by issues arising from employment conditions.

The first challenge arose from the decision to deploy a new and faster technology, known as high-frame-rate (HFR), "which involves projecting images onto the screen at a rate of 48 frames per second, double the industry standard, [so as to] add clarity, depth, and smoothness to 3D films, especially during action sequences" (White, 2012, para. 8; see also Child, 2012). In Peter Jackson's view, "the experience of watching movies has to change" to be able to compete with iPads and home entertainment systems (cited in Duff, 2013, para. 34). Hence this decision was championed by Jackson, who was described by Duff (2013, para. 33) as "a pioneer when it comes to the digital format". Yet the use of HFR technology was controversial (Masters, 2012), not only because nobody could know in advance how film critics and the viewing audience would react to this new film aesthetic, but also because the theatrical exhibition software that would allow "the film to be shown at 48 frames per minute" had not yet been completed in time to be used for the premiere of the first *Hobbit* film (Duff, 2013, para. 34).

Jackson further explained that, even though 48 frames-a-second creates "a more vivid audience experience", working with the new technology has disadvantages for the filmmakers, such as not being able to use "many old-fashioned effect techniques, [for example that of] 'forced perspective'[189] to make characters appear larger or smaller" (Masters, 2012, para. 11-12). This became a problem in *The Hobbit* production process where the main characters are hobbits and dwarfs half the height of a normal person, but played by actors of ordinary human size. This presented new challenges for the many scenes involving close-up shots in which both 'diminutive stature' characters, such as hobbits and dwarfs, needed to appear in the same frame as 'normal stature' characters, such as elves and wizards.

The second production challenge facing *The Hobbit* was the conflicts and delays caused by the domestic dispute arising between two organisations representing its actors and producers, the New Zealand Actors Equity (NZAE)[190] and the Screen Production and Development Association (SPADA), which will be further explained in section 7.3 below.

Domestic Distribution

The Hobbit: An Unexpected Journey took NZ$11,593,287 at the NZ box office, from its release on 13 December 2012 until its last theatrical weekend on 2 June 2013 (MPDA, 2013). Moreover, *The Hobbit* film was exhibited in New Zealand theatres for a period of six and a half months, a timeframe that is almost impossible to secure for middle- or

---

[189] A forced perspective is when one actor stands close to the camera and another farther away, which makes one seem larger than the other.

[190] NZAE is an industrial and professional organisation that represents performers who work in NZ's entertainment industries. The NZAE President during the dispute was Jennifer Ward-Lealand.

bottom-tier productions. As explained in Chapter 2, and unlike these lower tier productions, top-tier features like *The Hobbit* are distributed by vertically integrated Hollywood majors owned by larger multi-media conglomerates and thus advantaged by powerful global influence over international distribution. Films financed by production studios that are owned or part-owned by such leading media conglomerates can not only secure longer runs within national and multi-national theatre chains, but can also garner the most favourable exhibition timeslots in the schedules of cinema outlets in key international markets (Eldred, 2013). At its opening weekend (13-16 December 2012) at NZ cinemas, *The Hobbit* took NZ$2,035,743 on 203 screens, becoming number seven on the list of New Zealand's top all-time opening weekends (NZ Herald, 2012b).

The premiere was held in The Embassy Theatre, a Wellington historical movie theatre, and the City Council was actively involved. Wellington was renamed 'Middle of Middle-earth' during the week of the premiere and the City Council spent NZ$1.1 million on premiere preparation and events, including installing a clock on top of The Embassy to count down the days and hours during the 50 days of lead-up to the red-carpet premiere (APNZ, 2012). Even though this sum of money might not be considered large for an event that was televised internationally, the overall treatment given to *The Hobbit* film was exceptional and was exploited to the full as a major marketing opportunity and exercise for NZ's capital city, Wellington.

Piracy

Warner Bros and MGM, the two Hollywood majors involved in production, had to face what has become Twenty-first Century's colossal challenge of piracy. *The Hobbit: An Unexpected Journey* film was illegally made available online free to download on 12 January 2013, only a month after the Wellington premiere (Reid, 2013). The website – whose name was not publicised by the media in an effort to prevent further downloads – offered 230 versions of Peter Jackson's movie, one option of which exceeded 180,000 downloads (ibid.). Even though the executive director of New Zealand Federation Against Copyright Theft (NZFACT), Tony Eaton, was quoted as saying that "we are prepared to take all steps necessary to identify the thieves and pursue our available remedies under civil and criminal law" (ibid., para. 14), no follow-up occurred. Although these illegal downloads were not expected to automatically substitute for box office sales, they would diminish – at least partially – DVD sales, online exhibition, and other legal platforms for the exhibition of this film.

International Distribution

The first film of *The Hobbit* trilogy earned NZ$1.15 billion (US$959 million) worldwide (*NZ Herald*, 2013a), becoming one of the highest-grossing films of all time (Higgenbotham, 2013). Considering these sums, it is unlikely that the commercial profits of *The Hobbit* depended on the extra financial incentives provided by the Government, even if they helped to offset production risks. Nevertheless, Jackson's highest-earning film continues to be the last feature of the *LOTR* trilogy *The Return of the King*. This film earned US$1.1 billion internationally, remaining on cinematic release for more than 6 months (Fowler and Weir, 2014). *The Hobbit: An Unexpected Journey* did not win any significant international award. It was, however, nominated in three categories for the 85th Academy Awards – for best production design, best visual effects and best make-up and hairstyling – but won in none of these categories (Oscars, 2013). It also achieved BAFTA nominations for sound, best visual effects and make-up/hair (IMDb, 2014), but did not go on to win in these categories either. In this case, therefore, this film can be considered a notably commercial, as opposed to a critical, success.

7.3. *The Hobbit* Dispute

Around 2005, New Zealand Actors Equity (NZAE) started collecting complaints from its members[191] that some of them were "being verbally abused, denied shelter, and not being offered blankets or warm drinks after long shoots in the water" (Hunt and Easton, 2012, para. 2).[192] Even more importantly, their contracts did not comply with the NZ screen industry's *Pink Book* rules,[193] even though these are considered relatively "weak" by

[191] These concerns involved all NZ productions, not only top-tier films, but also bottom- and middle-tier productions.
[192] NZAE Vice President Phil Darkins warned that those who spoke out would not get further work: "To go public is essentially falling on your sword and saying your career is over" (Hunt and Easton, 2012, para. 4).
[193] The *Pink Book* is a "reference document of guideline best practice for the engagement of cast in the New Zealand screen production industry" (The Pink Book, 2005: 2). In other words, The *Pink Book* is not a binding agreement but a guideline, so SPADA recommends the use of it, but cannot enforce its implementation. It is a "voluntary industry code" (Tyson, 2011: 5).

international standards, because the *Pink Book* does not contain "any provision for fees or any share in residuals (Kelly, 2011a). As the national union representing these workers, the NZAE decided it was necessary to negotiate a new enforceable employment standard and new minimum set of terms and conditions with the Screen Production and Development Association (SPADA)[194] for performers working in screen productions. In other words, NZAE sought to exercise the "internationally recognised rights [of their members] to collectively bargain" (Kelly, 2012, para. 1).

According to NZAE, SPADA refused to negotiate a new binding agreement on minimum terms and conditions of engagement (Darkins, 2013). In the view of SPADA, they were not able to enter into collective bargaining with performers because they are independent contractors, which would be illegal under the *Commerce Act* 1986 (SPADA, 2010). Furthermore, even if they could negotiate a new standard contract, SPADA would be completely unable to enforce it among its producer members, because it is merely a representative organisation without enforcement power (Emery, 2013). Faced with such a situation, NZAE tried to negotiate directly on individual projects with production companies, such as television series *Outrageous Fortune*, *The Cult* and *This Is Not My Life* (Fightback, 2010; Kelly, 2011a), and bottom-tier feature films, such as *The Insatiable Moon* (Riddell and Riddell, 2013), without success.

In 2006, NZAE became part of the Media Entertainment and Arts Alliance (MEAA)[195] in Australia. Since then, NZAE has operated as an autonomous part of MEAA. In 2008, the International Federation of Actors (FIA),[196] of which MEAA and NZAE were members, became aware of the New Zealand situation and decided to stand in solidarity with NZAE. A sub-group of FIA – mainly English-speaking unions – suggested to NZAE that they were prepared to stand in solidarity by instructing [all FIA members] not "to sign any contracts associated with a chosen production that [was] being

---

[194] The Screen Production and Development Association (SPADA) is a non-profit, membership-based organisation that represents the interests of producers and production companies on all issues affecting the commercial and creative aspects of independent screen production in NZ. Penelope Borland was SPADA CEO during the dispute.
[195] The Media Entertainment and Arts Alliance is the union and professional organisation which covers everyone in the media, entertainment, sports and arts industries in Australia. The Alliance was created in 1992 through the merging of the unions covering actors, journalists and entertainment industry employees. Simon Whipp was MEAA's official contact person for NZAE.
[196] The International Federation of Actors (FIA due to its French name, Fédération Internationale des Acteurs) is an international non-governmental organisation representing performers' trade unions, guilds and associations around the world.

made in New Zealand" (Darkins, 2013). The strategy was not to blacklist a production, but not to sign the contract until the producers entered into a collective bargaining agreement, and SPADA and NZAE commenced negotiations. The intention was to demonstrate to SPADA that NZAE "had friends in high places" (ibid.) with the ability to have a very far-reaching impact, despite their position as a small NZ union.

The production chosen as the 'test vehicle' for these objectives was *The Hobbit: An Unexpected Journey,* which was to start shooting in 2010. From NZAE's point of view, it was expected that American film studio Warner Bros would bargain with performers in NZ as they do around the world, so the dispute would be resolved indoors and thus 'under the radar' (Kelly, 2011a). There was nothing in particular against *The Hobbit,* Warner Bros or Peter Jackson (Hunt and Easton, 2012).

Overview of The Dispute

The dispute started in August 2010, when FIA sent a letter to 3 Foot 7 Limited, the company producing *The Hobbit* (owned by Warner Bros), advising that:

> [T]he International Federation of Actors [has urged] each of its affiliates to adopt instructions to their members that no member of any FIA affiliate will agree to act in the theatrical feature film "The Hobbit" until such time as the producer has entered into a collective bargaining agreement with the Media Entertainment & Arts Alliance for production in New Zealand providing for satisfactory terms and conditions for all performers employed on the production. (FIA, 2010, para. 5)

After this letter, a complicated, perplexing – and at times even bizarre – series of events occurred. Some commentators, including Tyson (2011), Kelly (2011b), Haworth (2011), Jess (2011) and Walker and Tipples (2013), have offered comprehensive descriptions of what actually happened. Nevertheless, all of them were published before the Ombudsman's decision in February 2013, which determined that "18 additional *Hobbit* related documents must be released by the Government" (The Scoop Team, 2013, para. 1). This analysis has been informed by these new documents available thanks to the Official Information Act (OIA).

The above conflict was resolved with surprising speed once the Government engaged fully with the dispute. On 26 October 2010, Warner Bros' representatives met with PM John Key, Economic Development Minister Gerry Brownlee, Transport Minister

Steven Joyce and Arts Minister Chris Finlayson in Wellington (Tyson, 2011). After the first meeting, Mr. Key reported that the uncertainty around NZ's industrial relations law, the high value of the NZ dollar, and the financial incentives being offered by other countries, were driving the studio to consider shifting production of *The Hobbit* films overseas (Handel, 2010; Tyson, 2011). A day later (27 October), Mr. Key announced that *The Hobbit* would be made in New Zealand (Key, 2010). The NZ Parliament debated the *Employment Relations* [Film Production Work] *Amendment Bill* on 28 October and passed it into law after its third and final reading on 29 October 2010 (Tyson, 2011). The law was changed [or clarified] under Parliamentary urgency within 24 hours and without public submissions (ibid.). This Bill made all film industry and associated workers – be they crew, performers, bodyguards or cleaners – an independent contractor (and freelance employee) as distinct from a regular employee (Davison, 2013a; Hunt and Easton, 2012).[197]

Apart from clarifying [or changing] the NZ *Employment Relations Act* 2010, the NZ government not only eliminated the veto power of NZAE in relation to 'non-objection' letters when overseas actors come to work in New Zealand, but also widened "the qualifying criteria for the Large Budget Screen Production Fund to improve New Zealand's competitiveness as a film destination for large budget films" (Key, 2010, para. 6). This included an "additional rebate for *The Hobbit* films of up to US$7.5 million per picture" (ibid.), being equivalent to NZ$20.4 million on top of the existing 15 percent tax rebate (NBR, 2010). Furthermore, the Government also entered into a strategic partnership with Warner Bros "to promote New Zealand as both a film production and tourism destination", which involved its giving NZ$13.6 million (US$10 million) to Warner Bros for marketing costs (Key, 2010, para. 8). This arrangement could be viewed as a "sizable gamble" considering that – although the risk was minimal – there was "no guarantee that [overseas] moviegoers [would] embrace the 'Hobbit' films with the same fervour as the 'Rings' trilogy" (Cieply and Barnes, 2012: 2).

---

[197] Professor Paul Roth, Otago University employment law specialist, said that "a law change specific to the film industry could set a precedent so that any time an industry looked likely to be damaged by overseas competition, similar action might be required" (McLean, 2010, para. 5-6). Interestingly, this has turned to be a premonition of a pattern of political brokerage, with National making backroom deals with casino operator SkyCity (*NZ Herald*, 2013b) and global mining giant Rio Tinto (Bennett, 2014).

The Significance of *The Hobbit* Dispute

For the overall purpose of this chapter, it is necessary to analyse the significance of the dispute and the repercussions that it had for the NZ feature film industry as a whole. *The Hobbit* dispute began with NZAE trying to negotiate a new binding agreement with SPADA and finished with an adjustment to the *Employment Relations Act* 2010, the elimination of the Department of Immigration's formerly required 'non-objection' letter from NZAE, and a substantial increase to the taxpayer-funded economic incentives for top-tier films. Each party involved in the dispute has its own position.

SPADA considered that regardless of whether or not the boycott had been lifted, the damage to the NZ film industry had already been done. "Prior to the industrial action being taken", SPADA commented, "*The Hobbit* was to be filmed in New Zealand. By creating a climate of uncertainty and unrest, and prolonging it by not lifting the 'boycott', the door that was previously shut was opened for other countries to lobby strenuously for the production to move" (SPADA, 2010: 2). NZ producer Richard Fletcher explained that, for American studios, "the boycott was deeply problematic…but the biggest issue, which the boycott created, was uncertainty around the legislation", and the possibility that future union action may stop the production half-way through film production (Fletcher, 2013). Many NZ producers, like Fletcher, believed that the true motivation behind MEAA's actions was not to protect the rights of fellow workers, but to place New Zealand at the same level as Australia, and by so doing, remove any competitive advantage for New Zealand over Australia as a filmmaking location. This perception of the MEAA's motivation as 'competitive advantage' was evidently shared by Jackson, who considered that Simon Whipp – MEAA's official responsible for relations with NZAE – was following his own political agenda.

At a political level, the NZ government was concerned that "if Warner Bros deems New Zealand is not a good place to make movies, then there is a real risk other major film production companies will also believe that to be the case" (Cardy and Johnston, 2010, para. 10). As Goldsmith et al. (2010: 152) point out, "film friendliness is what all places need to demonstrate to be considered as a location for Hollywood film…productions". Indeed, if *The Hobbit* had left New Zealand, it would have sent a very harmful message to a range of international businesses and investors, and one unfavourable to the business growth agenda of the National government (MBIE, 2013b).[198] Based on National's instinctive prioritisation of macro-economic issues and free market principles (Thompson, 2011), the clarification of the *Employment Relations Act* 2010 was seen as providing "greater certainty" around the status of film workers, because it reflected the general nature and practice of the industry, as declared by Minister of Labour Kate Wilkinson (Wilkinson, 2011: 35). Moreover, this situation was also an opportunity for the Government to implement its anti-Labour movement agenda by diminishing the power of the union movement in New Zealand (Haworth, 2011).

The Government's view of the dispute was that "*The Hobbit* production was important for investment in the sector, for the on-going performance of the domestically-based film industry, for the technical skill base…and for New Zealand's international reputation"[199] (Haworth, 2011: 106). The Government's rationale for offering additional financial incentives to Warner Bros was based on the belief that the net investment of capital on *The Hobbit*, even with the extra subsidies, would leave the overall national economy in better circumstances. In other words, the sizeable foreign capital investment that can be delivered by foreign-financed top-tier productions, enhanced in *The Hobbit*'s case by its size, scale and continuity as a feature film trilogy, was considered extremely beneficial for the overall national economy. Commenting on the Government's position and its potential to gain political capital from the dispute, Walker and Tipples (2013: 68) argue that "the need to avoid losing the productions gave it a mandate to intervene urgently for the greater good of both the local film industry and the nation's economy by passing the legislative amendment without the usual consultation and submissions processes". In other words, the collective public interest was framed in terms of economic prosperity and commercial gain.

As an internationally acclaimed director and producer, Peter Jackson entered the dispute with considerable knowledge and experience of leading large-budget foreign-financed productions. Prior to this dispute, he had already had problems with NZAE in relation to immigration visa issues for foreign actors, as well as the Bryson case

[198] Minister Finlayson was more categorical when he affirmed that if *The Hobbit* did not stay in NZ, "it would fire up the industry" and also described the Hollywood production as representing "a part of the New Zealand identity" (Wade, 2010, para. 13-4).
[199] This reputation was directly linked not only with promoting NZ as Middle-earth, but also as a filmmaking location.

precedent.[200] Any problems or uncertainties that *The Hobbit* dispute created for his employer, Warner Bros, were received by Jackson as a form of personal attack, a reaction not overly surprising in that the dispute stood to threaten Jackson's business and future as a producer of Hollywood films in New Zealand. *The Hobbit* production provided a suitably large-scale and strategic vehicle on which to challenge an unresolved yet generic employment issue, rather than being a response to the working conditions of *The Hobbit* in particular. His indignant response testifies to Jackson's not unreasonable irritation and frustration at *The Hobbit* being singled out and potentially threatened in terms of its ability to proceed in New Zealand, as a consequence of its being used as the catalyst for change.

Jackson's concern about the MEAA's financial motivations should not be overlooked. One of the main MEAA duties, consistent with those of SAG[201] and of other leading screen actor unions, is to collect residuals[202] on behalf of its members. This can become a significant source of revenue because the unions collect a fee for distributing these residuals – 5 percent commission from members or 15 percent from non-members (MEAA, 2009). This fee covers administrative costs for distributing a residual since the actors might be located anywhere in the world and it is the union's job to find them (Kelly, 2013a). Importantly, such residuals, whilst universally important as a form of 'superannuation' income when actors are retired, remain non-existent in New Zealand.

One speculative but plausible explanation as to why Jackson was so opposed to instituting this collection of residuals as normal industrial practice in New Zealand is the fact that if MEAA had been able to collect the residuals of NZ performers, Jackson's own revenues from the sales and 'afterlife' of his foreign-financed productions stood to be reduced. In other words, if Warner Bros and Jackson retained greater control of the residuals, they would be better positioned to profit from ancillary markets, these extending to video games, merchandising, and mobile phone applications related to top-

---

[200] The Bryson v Three Foot Six Ltd (2003) case demonstrates that whether a film worker is an independent contractor or an employee can be difficult to determine. On the one hand, the Employment Court decided he was an employee. On the other, the Court of Appeal considered Bryson to be a contractor. Finally, the Supreme Court restored the Employment Court's decision (Kiely, 2011).

[201] SAG is the American performers union, which represents more than 165,000 media professionals.

[202] A residual is a payment made to a performer for subsequent showings or screening of the work. Typical instances are the payment of residuals for television and film re-runs, sales of DVDs, videos and audio recordings.

tier productions. If this control was shared with the union, through its responsibility for distributing the residuals, with it would come a requirement for financial transparency and accountability by Warner Bros and Jackson to the union.[203] Such a change would not only have reduced the financial appeal of New Zealand to such a large American studio as Warner Bros, but could also have seriously undermined Jackson's business model and *modus vivendi* as a producer/director of Hollywood films in New Zealand.

In terms of value chain, Jackson's business model is centred in the production and post-production phases, both involved in attracting substantial sums of foreign investment. Warner Bros is an American company obliged to respond to its shareholders by maintaining and maximising its profitability. Any uncertainty created around this main goal is considered an obstacle (Bennett, 2010; Tyson, 2011). Warner Bros not only needed to know that their investment was safe and no further 'boycotts' would occur; in other words, that New Zealand was still a 'film friendly' production country (Goldsmith et al., 2010: 153), but also that the *Employment Relations Act* would be amended to ensure that contractors would not be able to make claims as 'employees', as had happened in the Bryson case. Furthermore, Warner Bros as well as MGM were equally dependent on the success of *The Hobbit* films due to their respective financial positions: MGM was about to go bankrupt and Warner Bros was in need of another film success after *Harry Potter* and *Batman* franchises (Haworth, 2011; Walker and Tipples, 2013).

These pressures might have induced them to react against collective bargaining, a common industrial practice for Hollywood majors in countries such as the USA, the UK and Australia. Seeing that other countries began offering further economic incentives, Warner Bros was disposed to exploit the consequent regulatory arbitrage opportunities, by playing off governments around the world against each other so as to garner more favourable tax breaks. This behaviour formed the background to the provision of additional financial subsidies for *The Hobbit*, which allowed Warner Bros to offer extra attractive financial benefits to its shareholders. However, it was politically enticing for the NZ government to intervene and provide subsidies as a way to show its 'film friendliness' (Goldsmith et al., 2010: 154) as well as to be seen to efficiently manage and resolve the uncertainty created by the union's actions.

---

[203] Unions not only distribute residuals, but also enforce contracts by investigating, recovering and redistributing royalties if they believe they are still outstanding (Equity UK, n.d.).

The central objective of the NZAE and CTU in this dispute was to improve the working conditions of actors in New Zealand by gaining new standard conditions for the domestic sector to be in line with global labour standards. The union's action was correct considering that, in the same way that international capital can act internationally, so too can the workforce affected by that capital (Haworth, 2011). Unfortunately, as NZAE Vice President Phil Darkins confirmed, NZAE was "politically naïve" when it failed to inform the CTU of the 'do not sign' action with FIA because it never expected the dispute to become a public debate (Darkins, 2013). Darkins further objected to immigration law changes – calling it "a virtual open-door policy" – because it allows "foreign film workers into the country for brief periods without review by local worker groups" (Cieply and Barnes, 2012: 2).

Both NZ unions, NZAE and CTU, maintain that the dispute was settled "before the law change and before Warner Bros extracted the extra subsidies" (Kelly, 2012, para. 5). Warner Bros, however, rejected the union's claims and affirmed that "confirmation of the boycott being lifted was not received from SAG and NZAE until a day later, on 21 October" (Tyson, 2011: 10). CTU President Helen Kelly pointed out that "it was clear that had it been known to the public that Warner Bros and the Government already knew the industrial dispute had been settled and the 'boycott' lifted, Warner Bros' trip to NZ would have been hard to justify and the subsequent promise of additional tax payer money and urgent law change would have been untenable" (Kelly, 2011a, para. 120). It is likely that the Government's response to Warner Bros would have indeed been problematic. Be that as it may, Jackson's statement was clear when he wrote on 18 October to Minister Brownlee that "there is no connection between the blacklist (and its eventual retraction), and the choice of production base for *The Hobbit*" (Jackson, 2010). Whether Warner Bros would ever actually have moved the project overseas is impossible to know.

The industrial action surrounding *The Hobbit* feature films involved interactions between a range of global players, including business, lawmakers, unions and politicians (Walker and Tipples, 2013), creating a wide range of repercussions. For New Zealand, *The Hobbit* dispute raised issues of basic democratic principles within the NZ political system, in terms "of whether the Cabinet Manual and the Standing Orders of Parliament are sufficient protection against an executive abuse of power when enacting legislation"

(Wilson, 2011: 95). Another broader implication of the dispute is whether independent contractors worldwide have "the right to form collective, to engage in strike action, and collectively influence their terms and conditions of work" (Walker and Tipples, 2013: 66). If the answer is negative, "a growing proportion of the workforce will have neither legislative employment protection nor access to collective representation, with the possibility that this is likely to both erode working conditions and further reduce the influence of unions" (ibid.).

Overall, the dispute can not only be seen as a case of "national interests being…subordinated to the interests of international capital and its domestic agents" (Haworth, 2011: 107), but also as demonstration of "the limited power [that] a New Zealand government has in the age of globalisation" in which "the power of a transnational company is greater than that of a sovereign Government" (Wilson, 2011: 96). *The Hobbit* case demonstrated the importance of top-tier productions not only for the Government, but also for NZ society and its economy as a whole. Nevertheless, Government's demonstrated willingness to adapt sovereign laws in order to keep top-tier film productions might set a precedent for future screen productions. Although NZ might now be seen as a more attractive filmmaking location for Hollywood majors than it was before *The Hobbit* dispute, there is the possibility that more financial incentives and related modifications to NZ law may be required in order to attract top-tier film projects to this country in the future.

Conclusion

This chapter has sought first to explore top-tier feature films in the New Zealand filmmaking context, and then illustrate one top-tier feature film production – *The Hobbit: An Unexpected Journey* (2012) – as a case study. *The Hobbit* case demonstrated that interests can change and evolve over time. In this specific case, the power was contextual and each institutional actor involved – the unions, Warner Bros, Jackson and the NZ government – was motivated by a degree of opportunism and self-interest.

The NZ government was primarily concerned about the economic consequences that losing the production of *The Hobbit* might have represented for the overall national economy, especially because this would have certainly been unfavourable to its business growth agenda and its desire to maintain a ‘film friendly’ international reputation. The clarification of the *Employment Relations Act* 2010 and the additional financial incentives given to Warner Bros were seen as the least damaging solution in order to keep *The Hobbit* and promote the collective public interest of economic prosperity for all New Zealanders. In the employment dispute, the Government saw opportunities not only to both safeguard the attractiveness of the NZ employment environment to powerful foreign media conglomerates but also to advance its anti-union movement agenda.

Peter Jackson considered the actor’s campaign a personal affront, because it used his *Hobbit* project as a strategic target upon which to make a stand on a generic employment issue. Apart from his own desire to resolve the dispute, Jackson’s interest was in line with his employer’s (Warner Bros) priorities. This necessitated avoiding another Bryson case by way of an amendment to the *Employment Relations Act* and the elimination of the immigration non-objection letter from NZAE. Seeing that other countries had started offering enticing economic incentives, the additional financial subsidies for *The Hobbit* allowed Warner Bros to exact higher profits for its shareholders as well as providing an avenue through which the NZ government could more firmly resolve the uncertainty created by the union’s actions.

In terms of the outcomes, the NZAE and CTU’s main objective to improve working conditions of actors in New Zealand was a failure, even more so because their overall influence was diminished by the elimination of the immigration non-objection letter from NZAE. The union’s aim was genuine, but they were politically naïve and underestimated the consequences of their actions. Overall, *The Hobbit* case demonstrates that although top-tier productions do deliver benefits into the New Zealand film industry, they might also bring some unfavourable consequences for the host country and a greater degree of tension between cultural and economic policy goals.

Conclusions

This thesis has examined the contemporary New Zealand feature film industry from institutional, economic, industrial and policy perspectives. It has identified and analysed the conditions and circumstances that have made it possible for New Zealand not only to create and sustain a feature film production industry, but also to achieve unusual success, despite the challenges of a small domestic market and remote geographic location.

The explorations and arguments of this thesis answer two overriding research questions, as outlined in the Introduction:

- What are the functions and characteristics of, as well as the relationships between bottom-, middle- and top-tier films as the three categories into which New Zealand feature film production can be divided?

- What does a 'value chain' analysis of exemplar films produced within these different tiers reveal about the kinds of challenges and opportunities that the New Zealand feature film industry is currently facing?

With the thesis theoretically framed by an institutional political economy of communication approach, these questions were investigated via archival research, semi-structured interviews, value chain analyses, and case studies of indicative feature film productions.

The principal contribution of this thesis to existing knowledge and scholarship is twofold. First, it has demonstrated the usefulness and limitations of the three-tier structure as a strategic and creative response to sustaining a successful feature film production industry in a small English-speaking country. Originally conceptualised for New Zealand by Jim Booth (Dunleavy and Joyce, 2011: 84-5), this three-tier structure has been comprehensively investigated and examined in relation to the context of New Zealand in the period 2002-2012. In so doing, it has provided an institutional categorisation of the feature film productions that constitute the contemporary New Zealand feature film industry. Second, the thesis has illustrated the additional (and political-economic) understandings available through an emphasis on the 'value chain' in its analysis of exemplar films produced in these tiers. This analytical emphasis on the value chain of feature films has been important in facilitating an in-depth understanding not only of the institutional field in which New Zealand feature film production occurs, but also of the objectives, priorities, and influence on these productions of the institutional agents involved.

A Three-Tier Structure

As suggested, Jim Booth's 1984 conceptualisation of three tiers (Dunleavy and Joyce, 2011: 84-5) has provided an invaluable framework for the institutional categorisation and analysis of New Zealand feature film productions. It is worth pointing out, however, that the benefits identified by these three-tiers are themselves shaped and nuanced by particular institutional, industrial, funding and value chain arrangements. These are working together with a broader set of economic, political, creative and cultural considerations and/or conditions for feature film production in New Zealand.

Bottom-Tier Feature Films

The main characteristic of bottom-tier films, as outlined in the 1978 *New Zealand Film Commission Act*, is that they have "significant New Zealand content", and therefore facilitate the expression of New Zealand cultural identity (NZFC, 1978, section 18). Bottom-tier films are generally low budget productions (involving lower capital investment), whose development, production and, in some cases, distribution are eligible for public funding. This is provided by the key institution, the NZFC, with possible additional support from NZoA and Te Māngai Pāho.

Chapter 5 identified the three main benefits of bottom-tier feature films for New Zealand's film industry as being cultural, institutional and industrial; analogous with the three benefits identified by Dunleavy and Joyce (2011: 132-4) for local TV drama productions. First, bottom-tier films have the potential to contribute to the expression of New Zealand cultural identity, a role particularly important for a country that has suffered from 'cultural cringe' (Dunleavy, 2005: 5). Second, their continued production has influenced other areas of New Zealand screen production. Two kinds of institutions are important in the context of the ongoing production of bottom-tier films. One is the NZFC, which is well established as a pivotal contributor to the New Zealand screen industry ecology. The other are independent screen production companies, these often working across feature film and TV drama, thus providing an institutional and industrial linkage between film and television. Whilst TV drama has been important to many of these companies (especially for the regularity and longer duration that characterises its productions), bottom-tier features have made their own contribution to sustaining local screen production companies and businesses, some of which, over the years, have been able to build an outstanding reputation, both nationally and internationally.

Finally, bottom tier productions have the capacity to provide vital industry training as well as a point of entry for sufficiently talented creative personnel into the feature film industry. Their ongoing production activity provides the basic infrastructure and specialist expertise that sustains the other two tiers. Thus, bottom-tier productions provide an industrial benefit to the whole New Zealand film industry, because, without them, the opportunities for higher budget films would be limited.

Middle-Tier Feature Films

The key characteristic of middle-tier features in the New Zealand filmmaking context is that they are produced via a combination of New Zealand funding – which comes primarily from the NZFC – and sometimes significant offshore investment. Middle-tier films can be either official co-productions or cross-border productions. While official co-productions are those feature films that follow the guidelines in accordance with a co-production treaty, or other formal agreements between New Zealand and other countries, cross-border productions seek to pool creative and/or financial sources from different countries independently from any official co-production treaty. Both official co-productions and cross-border productions generally aim to take advantage of tax incentives provided by the host country, in NZ and elsewhere, in order to overcome opportunity costs in production that might otherwise limit what films can be produced.

These middle-tier productions deliver three main benefits to the New Zealand film industry, these being economic, industrial and international. They might also provide a cultural dimension, as the case studies selected illustrate, but these cultural benefits do not apply equally across nor to all middle-tier productions. With regard to economic benefits, middle-tier films facilitate access to a blend of local and foreign financial incentives and subsidies, and thereby allow opportunities to share the associated financial risks among a small group of public and private investors. In terms of industrial and international benefits, middle-tier productions help domestic production companies to establish or extend international industrial contacts and partnerships. Put differently, middle-tier films benefit NZ production companies in that they open access to international markets – particularly at the distribution end of value chain – to a greater extent than is possible for bottom-tier features.

Nevertheless, and as illustrated by the three case studies in Chapter 6, there are also significant challenges for middle-tier productions. Most of all, due to the very characteristic of middle-tier features to be either co-productions or cross-border productions, there are more stakeholders involved than would be the case for any locally-financed, bottom-tier production. This can lead to tensions between national/international and public/private institutions, as exemplified by those surrounding *In My Father's Den*. As this production found, it can be challenging to balance the international requirements of investment and expertise with the cultural specificities, such as the need to provide NZ-relevant content, that are an expectation of NZFC funding.

Finding the right investor for such a production can take years, as the cases of *The World's Fastest Indian* and *Whale Rider* illustrate. Moreover, when there are two or more production companies involved, there are additional expenses over and above those directly related to production costs, such as those incurred by currency exchanges and contractual/legal requirements.

Top-Tier Feature Films

Unlike bottom- and middle-tier productions, top-tier films are primarily, if not entirely funded by offshore companies. They are large-budget productions attracted to NZ by a range of favourable factors; specifically its well-developed infrastructure and facilities, educated workforce, perceptions of a 'flexible' labour market with reduced union protection, a frequently weak currency, English-language expertise, accessible and attractive scenic locations, as well as access to major tax breaks and financial incentives, which allow for reduced opportunity costs and capital risk.

Chapter 7 identified two kinds of top-tier films. On the one hand, there are productions that are creatively driven from New Zealand even though they are financed by overseas companies, such as the *LOTR* and *The Hobbit*. These films, despite including NZ creative personnel, do not incorporate characteristics of cultural value for New Zealand. On the other hand, there are the so-called ‘runaway’ productions, films that, while shot and post-produced in New Zealand, their creative talent, financing and production company are sourced from overseas. Both kinds of top-tier productions, nevertheless, can create tension between cultural and economic policy goals.

This research project has identified three main benefits delivered by top-tier features into the NZ film industry. First, although not easily quantified, they contribute positively to NZ’s national economy. Economic benefits include the tourism appeals created by the exposure of some of these productions to international audiences, the net financial benefits to the Government from subsidies, such as the NZSPG, and the income taxes paid by foreign film production companies. Moreover, a range of ‘offshoot’ areas of local business (which support the productions with many types of goods and services) also benefit from foreign investment in screen production.

Second, the NZ film industry benefits from foreign capital investment for top-tier productions not only in the form of upgraded facilities and industrial infrastructure, which can be made available to film productions in all tiers, but also in providing a greater continuity of employment for New Zealand film workers. However, this employment, and the skill development opportunities it allows, are particular to below-the-line film production personnel, such as make-up artists, assistant directors, costume designers, among others, and are notably less frequent for above-the-line film professionals, such as screenwriters, producers, directors and actors (Fletcher, 2013; Haysom, 2013; Lawn and Beatty, 2006), a situation that helps to ensure that the copyright ownership of nearly all top-tier films remains in foreign hands.

The third benefit of top-tier films is an increased international presence, recognition and awareness of brand ‘New Zealand’ both as a tourist destination (place branding), and as a place of and for talented filmmakers (industry branding). Nevertheless, top-tier features may also deliver unfavourable consequences for the host country, such as when global conglomerates use their economic power to influence legislation to their own corporate benefit. Both the amendment of the *Employment*

Relations Act to keep *The Hobbit* trilogies in New Zealand, and the extension of the LBSPG scheme to attract the next three *Avatar* films (see section 7.1), serve as examples. As *The Hobbit* dispute has also shown, intense lobbying on part of top-tier production enterprises can even lead to modification of New Zealand legislation.

Overview of the Three-Tier Structure

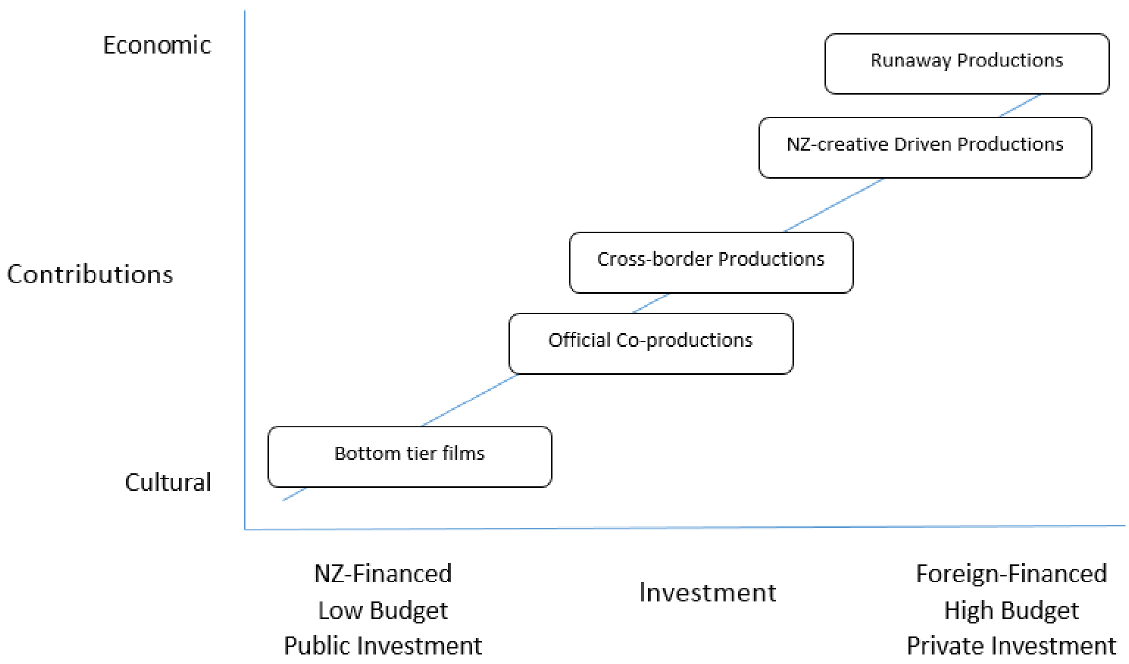
Figure 8.1 provides an overview of the different benefits delivered by feature film productions in each of the tiers as examined above.

Figure 8.1: *Benefits Delivered by the Three-Tier Productions*

It is important to emphasise that these benefits are interdependent and thus do not operate in isolation from each other. For instance, the industrial benefits delivered by middle- and top-tier features could not have been achieved without the contribution of the industrial expertise transferred from bottom-tier productions. Furthermore, the institutional benefits delivered by bottom-tier films have been crucial in supporting the creation and expansion of both middle- and top-tier features. In other words, if there were no bottom-tier, the middle- and top-tier benefits would unlikely have developed in the New Zealand context. Accordingly, this three-tier structure is a pivotal strength of NZ's feature film production ecology.

The conceptualisation of the three-tier structure, as applied here to the contemporary New Zealand film industry context, provides an institutional categorisation that allows invaluable political-economic distinctions to be made between the different forms of productions. This is applied in terms of the sources of the financing involved, as well as the extent to which their contribution to New Zealand is primarily of a cultural and/or economic nature. Figure 8.2 illustrates the relationships between the level (low or high) and source (NZ/foreign, public/private) of investment, and the main contributions (cultural or economic) that these different productions deliver to the contemporary New Zealand feature film industry.

Figure 8.2: *Amount and Source of Investment of Three-Tier Productions*



One disadvantage of Figure 8.2 is that it illustrates the contribution dichotomy as a continuum between cultural and economic outcomes. In other words, the idea that the more you pursue one, the less of the other is achieved. Although in general terms this is correct, there might be in the future top-tier productions delivering cultural outcomes, middle-tier films not contributing to the cultural dimension of the host country, or bottom-tier films yielding significant economic benefits.

Having described the functions and characteristics of top-, middle- and bottom-tier films, another element of the first research question, to be taken up in the next section of this chapter, is the nature of the relationships between these three tiers in a New Zealand context.

Relationships Between the Three-Tiers

While all three-tiers contribute to the viability and success of the NZ feature film industry, the extent and nature of their respective contribution varies in accordance to what, as the above tables and discussions suggest, are tier-specific cultural and/or economic objectives. Notwithstanding the specific benefits delivered by each of these tiers of production, as illustrated in Figure 8.1, the particular characteristics of New Zealand's institutional ecology, also entails some limitations.

First and foremost, mitigated by the small and English-speaking nature of New Zealand's domestic market, NZ productions in all three-tiers compete for audiences with all other English-speaking feature films, with repercussions for their success both domestically and internationally.

Second, NZ bottom- and middle-tier films compete with foreign bottom- and middle-tier productions for the available investment resources, one problem being that non-New Zealand productions in the lower tiers tend to have budgets that exceed those of New Zealand-financed films. Indeed, NZ films routinely encounter limitations and sometimes serious difficulties due to insufficient funding to achieve their creative ambitions. Together, the above factors hold the capacity to diminish New Zealand's competitive position in the international sphere to what Babington described as "a very small-budget player in a higher-budget market" (2007: 11-2).

Third, limited financial resources reduce the ability of the local feature film industry to retain established filmmaking talent in New Zealand, a situation aggravated further by the tendency of foreign-financed top-tier feature film projects to pay crew members much higher rates than most New Zealand productions can afford. As well as working historically to entice some leading NZ directors to work overseas on far higher budgets than are generally possible in New Zealand, this disparity generates remuneration expectations that are impossible to implement more widely in view of the limitations on domestic film budgets.

Although most New Zealand film personnel are now accustomed to working in the context of two different salary rates – one for bottom- and middle-tier films and another for top-tier productions (Fletcher, 2013), the impacts of international salary rates for top-tier productions have made it more challenging to produce small-budget New Zealand films (Lealand, 2011: 281). Contributing to this is that local film production personnel have become somewhat less tolerant of the smaller scale of local filmmaking projects, these characterised by relatively modest numbers of personnel as compared with large-budget, foreign-financed features (Haysom, 2013). For instance, as producer John Barnett explains, "nobody can work unless they have got an assistant…we used to make films with thirty people, now you cannot make them with less than a hundred" (Barnett, 2013a). These limitations on remuneration for local film productions also make it more attractive for New Zealand filmmakers "to work as a freelancer on an international production" than to opt to focus on bottom- and middle-tier features (Lawn and Beatty, 2006: 50). In words of producer Dave Gibson, current NZFC Chief Executive , "it is very galling when you feel that you'd be better off working as a freelancer on an international production than you would be generating your own production" (in Campbell, 2003: 23).

In addition to the above problems, as *The Hobbit* case study has demonstrated, the pressure that some top-tier productions can exert upon small sovereign countries is significant. In this instance, the evident political necessity to retain the project in New Zealand led directly to the modification of such a crucial national piece of legislation as the *Employment Relations Act* 2010. There was also an elimination of the protectionist measures for local film personnel formerly in place through the enforcement of the immigration non-objection letter from NZAE. Together, these two adjustments have effectively reduced the employment conditions for all bottom- and middle-tier film personnel.

On the positive side, one key advantage of the three-tier production structure for the NZ film industry are the ongoing employment opportunities delivered by top-tier productions in particular, these also providing training opportunities for and enhancing the capabilities of local (below-the-line) personnel, such as assistants, art directors, graphic artists, hair stylists, and camera operators, among others. However, the employment opportunities generated by top-tier features only rarely extend to above-the-line film professionals, notably to screenwriters, producers, and directors.

Another positive effect of top-tier films beneficial to both bottom- and middle-tier productions is that they are able to utilise the technologies and facilities created and developed in New Zealand by top-tier features. This allows for an enhancement of the aesthetic quality of smaller budget feature films, and, as a consequence, helps to increase their potential appeal in the international market.

Finally, as explained in Chapter 4, due to the prioritisation given by the NZ government to attracting top-tier productions, government subsidies and fiscal incentives have been considerably increased since the late 1990s, these increases enhancing the opportunities and improving the film business environment not only for top-tier features, but also for middle-tier films. These changes have occurred under the international influence of film investment policy arbitrage, fuelled by continuing media conglomeration and globalisation, whose main repercussion is an intensifying competition between countries as more of them seek to attract new capital through the hosting of large-budget screen production projects.

A Value Chain Approach

As stated in Chapter 4 of this thesis, the review of academic literature reveals that no academic study of feature filmmaking in New Zealand has yet provided a full examination of the five steps involved in a feature film's value chain. This thesis set out to fill this gap in knowledge through analysis of the characteristics and potential issues pertaining to those parts of the value chain most relevant to its central research questions; namely film conception and development, production, distribution and exhibition.

Conception and Development

In relation to conception and development, bottom-tier productions are dependent on the funding decisions of the NZFC. Exacerbated by the fact that the NZFC has no parallel in terms of the public funding support that it provides for feature films, bottom-tier productions are heavily reliant on both the continuity of NZFC funding and on government policies and priorities that influence the availability of NZFC financing. Although the NZFC does provide funds at different points in the value chain, such as script development and production, it can be very difficult for a film to get funded all the way from conception to post-production and distribution.

From an institutional viewpoint, problems can arise when NZFC funding decisions are tied to broader economic imperatives, as opposed to being influenced only by the characteristics of individual project proposals. While one example is NZFC's attempt to reduce commercial risk by allowing funding to favour already established professionals[204] (as occurred with *Sione's Wedding* and *Boy*), another is the emphasis often given to a project's considered 'value for money' (such as in the case of *The Orator*). With this prioritisation, the NZFC also aims to reduce its political vulnerability. This is because all public expenditure has to be legitimised within Cabinet, which means that outcomes are sought that will be acceptable to the Government. Associated with this, it is in the NZFC's interests to maintain and/or maximise support for its decisions from influential industry actors, and thereby avoid inciting industry complaints that might be directed to the Government.

One rationale behind the above practices is that well-established filmmakers and larger production companies are deemed better able to achieve more favourable distribution terms and conditions for their productions than their newer or smaller industry counterparts. In turn, a favourable treatment in distribution works to maximise the profitability of the film along the remainder of its value chain, including its prospects for an 'afterlife' in various ancillary markets. Moreover, the more established filmmakers are better able to collect additional private production finance, which is beneficial not only for the film industry in general, but also in potentially reducing their level of reliance upon NZFC financing, bearing in mind that the NZFC's own budgets remain limited and always under pressure. Because the recoupment of investment is deliberately structured so as to attract private investors and finance to feature projects, bottom-tier filmmakers are invariably the last to obtain any returns from this recoupment.

[204] First-time filmmakers are able to apply to NZFC's funding for short films to develop their professional skills and professional networks.

The industry interviews conducted for this thesis reveal that the biggest challenge for bottom-tier productions, faced during the key processes of conception and development, is to devise a project that will make a mark internationally, for instance, one with the potential to be selected for important international film festivals. There is also the question of how to attract a sufficient level of national media attention to maximise the public exposure of a new film and increase its potential success with domestic audiences. Both of these problems are more difficult for new filmmakers than for established filmmakers to overcome.

In taking a creative perspective, additional challenges of a cultural nature can be identified. Bottom- and middle-tier productions and the NZFC itself are all implicated in questions about how far a given project is perceived to cater to a domestic audience (such as *Boy*) or is envisaged as targeting an international audience (such as *Whale Rider*). The question of which of these is the predominant target audience is directly linked to the financing challenges mentioned above. As the case studies have demonstrated, it can be extremely difficult for filmmakers to reconcile the potentially conflicting cultural demands of these different audience markets. On the one hand, filmmakers need to maximise the cultural authenticity of a film (like *The Orator*) in order to fulfil the cultural expectations that are a key element of NZFC funding. One the other hand, the same filmmakers also need to attract additional private (usually foreign) investment, this inevitably introducing commercial (and usually international market) considerations. Middle-tier productions are also highly dependent on NZFC funding, because foreign investment tends to be tied to the attainment of initial financial support from this public agency. Therefore, the NZFC plays a pivotal role in sustaining both bottom- and middle-tier productions.

In contrast, top-tier productions do not depend on, nor do they generally qualify for, NZFC financing. This is because these large-budget productions are funded by foreign media companies and their stories make little or no direct cultural reference to New Zealand. Such position means that unlike bottom- and middle-tier productions – both of which are subject to the cultural reconciliation outlined above – the primary objective for top-tier films is that they reach and are viewed by a large international audience. This pursuit of broad appeal begins with the substantial revenues generated during the film's initial exhibition in theatrical cinemas around the world, and continues as an ‘afterlife’ when the film is made available on an expending array of non-theatrical media platforms. In order to reduce financial risk, distribution personnel and perspectives inform the earliest stages of feature film creation: concept creation and script development.

As illustrated in Chapters 2 and 4, top-tier features are becoming more risk-averse in these initial phases of a feature film’s value chain.[205] Internationally, this tendency toward risk-aversity is exemplified by the increased proportion of large-budget feature film productions, especially those that emerge or are envisaged as ‘blockbusters’, that can be classified as ‘sequels’ or ‘franchises’. The recent and continuing top-tier projects *Avatar* and *The Hobbit* both demonstrate that film production in New Zealand is being influenced by this international trend.

Production

One of the most significant challenges of producing bottom-tier films is to fully realise the project’s creative vision within the inevitable constraints of a limited budget. A key insight gleaned from my interviews with NZ producers is that their approach to overcoming the problem of limited production budgets is to locate and hire talented individuals who can complete their tasks with maximum efficiency and impact, yet are also willing to work for the reduced rate of remuneration that applies to bottom-tier films. Interestingly, however, a characteristic that offers some compensation for the budget-related creative constraints that are greatest for bottom-tier productions is the potential for an increased degree of creative control for NZ filmmakers as compared with feature films being produced in the other tiers.

A related priority for bottom-tier productions, due to their limited and low budgets, is to allocate their funds as effectively as possible. As explained in Chapter 2 and illustrated in Chapter 5, pre-production expenses are generally seen as ‘high-risk money’, because the production project could still be cancelled. However, money wisely spent in pre-production can turn out to be an invaluable investment.

---

[205] As Dave Gibson’s (2014) speech at the Big Screen Symposium demonstrates, the NZFC is also becoming more risk-averse.

In relation to production of middle-tier films, a main difficulty inherent in any co-production or cross-border production is to find the right balance between expanding the base for investment and expertise, without diluting the cultural specificity of the project that the filmmakers are pursuing. Indeed, filmmaking interviewees suggested that the more agents involved in a given production, the more vulnerable it becomes to a divergence between the creative vision being pursued and the commercial requirements or expectations in play, which can impinge upon this vision.

As the example *In My Father's Den* indicates, tensions can arise from diverging interests for those working within a specific production. While on the one hand, there is a desire to maximise the cultural authenticity of the particular story, on the other, there are pressures to create a product that will resonate with international audiences. The involvement of multiple investors and production companies means that the requirements of both private and public funders need to be reconciled and fulfilled. On top of that, co-productions face additional expenses, such as management costs and those incurred by operating across time zones and between different national currencies.

Top-tier productions, in turn, benefit from the institutional situation of the NZ screen industry of having a non-unionised workforce. In terms of production financing and the decision to locate a given project in this country, the New Zealand context has a competitive advantage over the larger English-speaking countries of the USA, UK, Canada and Australia, in that all of these have a far stronger union presence to protect their workers than that which pertains in New Zealand.

Distribution

Secondary and primary research sources and findings both emphasise the importance of the distribution stage of a film's value chain. This is crucial not only because filmmakers depend on distributors to access their audiences, but also because exhibitors rely on distributors for a supply of motion pictures that are attractive to audiences. That is why "the principal business of the Hollywood majors is distribution" (Balio, 2013: 66). Although this thesis acknowledges that there are several distribution windows in the life of a given feature film, it has prioritised the analysis of the first window – the theatrical release.

As explained in Chapter 2, the rationale for this decision is derived from the understanding that, although theatrical release is no longer the primary source of revenue (having been exceeded in importance by ancillary revenues from non-traditional platforms), it remains the most significant in terms of a film's chances of commercial success. This is because the so-called 'box office' performance of a newly released film directly impacts its subsequent performance in ancillary markets and on non-theatrical platforms.

As explained by NZ theatrical distribution and exhibition managers in Chapter 4, the highest box office performance occurs usually, if not always, in the first weekend of release. Therefore, the marketing teams behind top-tier productions use their massive economic resources and vertically integrated structure to 'saturate' the theatrical openings throughout a given national or regional market. This financial power stands to undermine the theatrical viability of both bottom- and middle-tier productions to the extent that neither tier can manage to compete with top-tier releases in terms of marketing influence and media profile.

As *The Hobbit* case study illustrates, top-tier productions can sometimes even receive additional support for their already extensive promotional efforts from public institutions. For example, the Wellington City Council spent an estimated NZ$1.1 million on premiere preparation and events for *The Hobbit: An Unexpected Journey* (2012). At the same time, this extraordinary media presence also influences how long a film is able to remain on the theatrical circuit, since this depends on the film's performance and the specifics of its distributor-exhibitor agreement for it. It is on the basis of their more considerable market power in the areas above that top-tier productions can negotiate more favourable conditions with exhibitors than those achieved by bottom- and middle-tier productions.

In marked contrast to the huge marketing campaigns conducted for top-tier productions, both bottom- and middle-tier films tend to choose a low-profile distribution strategy based on favourable reviews and word of mouth recommendations. This is more successful in cases where these films make their debuts at local or international film festivals, as was the case with *Whale Rider*. One of the main challenges of distributing a bottom-tier production is the fact that, due to the impacts of a small domestic market with limited economies of scale and a lack of vertical integration, it is unlikely that the film will be able to recoup the production costs within New Zealand. Therefore, bottom-tier films cannot exhibit only in New Zealand and instead require some level of international distribution. Paradoxically, they are often the most culturally specific and may not appeal to foreign audiences. This is a critical point of difference between bottom- and middle-tier films. One of the economic advantages of middle-tier productions is that their international dimension guarantees that a middle-tier film will be released in a minimum of two national markets, these generally being the countries where the production companies are based, as was the case with *Whale Rider*, *The World's Fastest Indian* and *In My Father's Den*.

The main structural problem for NZ bottom- and middle-tier films is that the distribution business is not locally owned, and instead "dominated by…Australian-owned distribution companies" (Lealand, 2013a: 148; 2013b). As several NZ film distribution managers indicated, the Australian head office informs the NZ subsidiary – via a vertical integration structure – about not only which films to release in New Zealand, but also the release date and the marketing expenses (P&A) available for a certain film. The P&A is calculated by film distribution professionals, based on the box office level reached by similar films that have been previously released. That is why the potential box office performance of sequels and franchises is easier to predict than box office numbers for NZ bottom- and middle-tier films with no direct screen precedent.[206] The film business is a risky one, not least because marketing expenses are based on predictions about potential audience appeal.

Distribution cash flows are a complicated process, as illustrated in Chapter 4. Because all distributors and exhibitors involved in a theatrical release need to cover both fixed and variable costs and make profits in order to remain solvent, filmmakers are generally the last to be remunerated by the recoupment chain. Nevertheless, all film distribution managers interviewed showed a genuine interest in supporting bottom- and middle-tier NZ productions. The rationale for choosing not to distribute these films, however, is strictly economic. To the extent that many NZ bottom- and middle-tier productions fail to perform successfully at the domestic box office, the opportunity cost of distributing them on this traditional platform is simply too high.

[206] Moreover, studios can invest in ten productions hoping that two are 'blockbusters', and thus can cover losses on the others. Due to obvious economic limitations, the NZFC is unable to do that.

Finally, as *The Orator* and *Sione's Wedding* case studies demonstrate, bottom-tier films are extremely vulnerable to piracy. This can occur before or immediately upon release and can be perpetrated in foreign territories as well as within New Zealand. Nevertheless, piracy is a global threat and the Hollywood majors are not exempt from having to contend with the colossal global challenge of internet-based piracy.

Exhibition

New Zealand has a very diverse exhibition industry, comprising three Australian-owned multiplex mainstream cinema chains and more than a hundred independently-owned cinemas. Many NZ filmmakers of bottom- and middle-tier productions are pursuing a do-it-yourself (DIY) distribution strategy by negotiating their terms and agreements directly with film exhibitors. Although the relationship between film distributors and exhibitors is not always easy – especially when tension arises during negotiation of session and time-slots – cinemas in general prefer to release a production when a film distributor is involved, because they are the experts in advertising and marketing campaigns, which are essential for a successful film release. According to various film exhibition managers, because most NZ filmmakers lack sufficient knowledge about how to release a film, a DIY release is extremely risky and often unsuccessful.

Like film distributors, all film exhibition managers interviewed for this study voiced a genuine interest in supporting NZ bottom- and middle-tier productions. But it seems important for NZ filmmakers not only to understand the commercial part of the film business, including distribution cash flows and expected film rental industrial average, but also to comprehend the rationales adopted by film distribution and exhibition businesses. Conversely, top-tier productions with multi-territory releases tend to have also secured standard agreements with the three main NZ multiplex mainstream cinema chains, whose commitments are based strictly on box office performance.

One concern common to all three-tiers of feature film production is the challenge of attracting and retaining cinema audiences in the face of new film channels on subscription-based TV platforms, the increased availability of DVDs, faster download speeds and an expansion of legal streaming services. These indicators of a thriving multi-platform and non-traditional exhibition environment, in which feature films must compete with other forms of high-end screen production, are best exemplified by the rapid (and increasingly global) rise of the subscription-based internet network, Netflix, along with the continued expansion of original high-end serial TV drama on non-broadcast television.

Contemporary NZ Film Production: Trends, Challenges and Opportunities

The analysis of the value chain reveals several trends within the New Zealand feature film industry. Although this includes evidence of problems or challenges, which affect all or most feature film industries around the world, such as piracy and the decline of cinema audiences, the New Zealand feature film industry displays some unusual characteristics.

First, bottom- and middle-tier films are both reliant on NZFC funding to complete the crucial value chain stages of conception and development, production and sometimes even distribution. This overt reliance on public investment means that New Zealand has largely failed to achieve a "financially sustainable" screen industry, even though this ideal is widely cited in public policy documents, including within the NZFC's own *Statement of Intent 2013-2016* publication (NZFC, 2013a: 5). When questioned about the meaning of the above objective, Government officials suggest that NZ filmmakers need to search internationally for new sources of revenue, such as pre-sales, rather than continuing to rely on the NZFC (Mason, 2013). In addition, in the context of New Zealand's comparatively small market size, which means limited economies of scale, officials argue that its filmmakers need to be willing to work not only across media, including film, television, advertising and video games, but also on foreign-financed, internationally-oriented projects (ibid.).

Second, the reasons why NZ distributors and exhibitors do not themselves invest in bottom- and middle-tier productions, at least in ways that might increase their box office exposure, derive from reasonable concerns about the opportunity costs they will incur in doing so. The impact of this decision on bottom- and middle-tier films is significant considering that their 'box office' performance directly impacts on the economic 'afterlife' of non-theatrical ancillary markets.

Accordingly, there is a need for the NZFC and NZ filmmakers to continue to strategize about how to increase the domestic market exposure of bottom- and middle-tier films. As one film distribution manager pointed out, releasing high quality films is the key to this. Another decisive element is the relevance and cultural specificity of the subject matter, to which the success of films like *Boy* and *Whale Rider* can testify. It is indeed revealing that the most successful NZ feature films to date, illustrated by Table 3.1, have been those that have locally relevant stories and themes.

Finally, the NZ screen industry, together with the NZFC and the NZ government, may need to reconsider the long-term consequences of having a non-unionised workforce. Although this may represent a short-term competitive advantage in attracting top-tier productions, especially in comparison with other English-speaking countries, in the long-term a retreat into lax and ineffectual employment conditions puts at risk the high regard and favourable reputation of the NZ screen industry – and the country as a whole – internationally, as well as disincentivising NZ film personnel to stay and work in New Zealand.

Policy Issues

As explained in Chapter 4, as an agent of the state, the NZFC's policy does not differentiate[207] between the three different tiers that have been important to this thesis. Yet the thesis has demonstrated that there are compelling cultural and economic reasons for the continued existence of all three-tiers for feature film production. As suggested earlier, these tiers are not only core to the sustaining of a feature film industry in a small English-speaking country, but are also representative of the perennial tension between art and commerce that applies to screen production industries everywhere.

Applying the three-tier structure and a value chain analysis to the devising of policy documents and legislation would assist public institutions in incorporating funding provisions that better meet the needs and priorities of the domestic feature film industry. This is important because, as this thesis has argued, much of the country's success as host

---

[207] The NZFC does talk about low/high budget productions.

for international film productions is based on the industry infrastructure and expertise that was first developed, and has been most regularly sustained since, by New Zealand bottom- and middle-tier film productions.

On the basis of the thesis research, findings and arguments, several suggested strategies for the main institutions that sustain the New Zealand feature film industry can be made. First, the 1978 *New Zealand Film Commission Act* needs to be rethought, revised and adjusted to better acknowledge the contemporary feature film industry environment. As one NZ producer argued, when the Act was drafted, “there was no film industry, there were no film schools, there was only one television channel, there was one television organisation, there was no DVD and no VHS actually, there were only cinemas” (Barnett, 2013a).

Second, the use of the NZFC as a sales agent should be a place of last resort for those NZ bottom- and middle-tier films – both with and without NZFC funding – that are not able to find an international sales agent. The NZFC has no offices overseas and its base in New Zealand can be a real disadvantage in any attempt to increase international sales for a given film.

Third, identifying and mentoring talent should be one of the main objectives of the NZFC. As one NZ producer pointed out: “it is a real talent in itself being able to spot talent” (Horrocks, 2013). One way of identifying ‘talent’ is by focusing on outcomes. There are two sets of indicators, both of which are important in the New Zealand case. One is purely economic (including national and international box office results), and the other involves a mix of cultural and aesthetic factors (this including national and international reception, critical responses, film festivals, and industry awards).

Fourth, the NZ government should require all NZ filmmaking industry training courses to include the analysis of budgeting for the full value chain of a given film, including conception and development, pre-production, production, post-production, marketing, distribution and exhibition, such as getting the films to festivals and markets. Equally important is that filmmakers learn how to maximise the value of the creative work in all possible ancillary markets, especially if they retain the copyright. The ideal is to move from a project-based film-production business, where the producer gains merely a one-off fee for making a film and nothing more, to a content-creation business, where producers retain as much as possible of the copyright of the feature film to earn 'back-end' revenues well after the theatrical release of the feature film project. In New Zealand, only larger companies like South Pacific Pictures, producer of *Whale Rider* and *Sione's Wedding*, are able to implement the above strategy.

Fifth, in order to make better decisions in terms of allocating bottom- and middle-tier funding, the NZFC could commission independent research into the market knowledge that is held by distribution and cinema managers. These professionals know the NZ film market extremely well and some of them, such as Bennett (2013), have indicated during their interview that they would like to help advance and develop the NZ feature film industry.

Sixth, the censorship process needs to be modified, as it can be ridiculously expensive. As explained by one film distribution manager, for alternative content it can be a quarter of the release costs of that film, which can make a difference between making or not making a profit (Shreeve, 2013).

Seventh, NZ censorships should use the already created RP13 rating instead of A13. The A13 rating, which means that only people who are 13 years or older can watch the film, has been creating confusion within cinemas. The 1993 *Films, Videos, and Publications Classification Act* does not state how cinemas have to be shown formal ID, which creates discomfort among cinema managers as many clients do not bring a passport and not everybody has student IDs. To solve this problem, the Office of Film & Literature Classification created the RP13 rating, which allows people younger than 13 years old to watch the film as long as they are with their parents or guardians. The problem is that the rating that has solved the problem, RP13, has never been used by NZ censors.

Finally, arising from my interviews is a sense that the feature film industry would be able to better develop and progress its performance if data generated by successful productions could be more openly assembled and shared. Not only would this allow other filmmakers to learn from previous successful experiences, but it would also support governments as to how to better adapt, through policy and institutional change, to this new filmmaking era.

Main Contributions

This thesis has contributed to knowledge in the following ways:

On a conceptual level, this thesis has created a new framework through its deployment of two different tools – the value chain and the three-tier structure. Since these tools have not been applied to New Zealand's feature film industry in earlier scholarly work, nor to the analysis of feature film industries and production in other countries, this focus and approach foreground the original scholarly contribution of this thesis. Although developed in relation to the specific example of New Zealand, the above framework and findings have broader relevance and thus the potential for application to the analysis of other national film industries.

This thesis has also contributed to the national literature of the New Zealand film industry in two ways. First, the concept of a 'three-tier structure', which was coined by Jim Booth in 1984, has been developed and applied for the first time within academic work. Second, an understanding of the significance and functions of the 'value chain' for feature film productions occurring in the New Zealand context has been developed through the detailed analysis of the main institutional agents involved, together with their perspectives, priorities and motivations.

Finally, this thesis has also contributed to the international literature in five inter-related ways. First, it has contributed to the critical field of 'institutional political economy', developing this in relation to feature film production, by providing empirical evidence derived from the case studies films (Chapter 5, 6 and 7). In this way, this study complements research done by Mosco (2008; 2009), Sparks (2007) and Wasko (2008; 2011). Second, this thesis has contributed to the understanding of how the political economy of feature films operates by providing a detailed and insightful analysis of distribution, exhibition, and the allocation of box office returns (Chapter 4). In respect of scholarly literature on New Zealand film-making, the present study has complemented work done by Dunleavy and Joyce (2011) and Lealand (2011; 2013a; 2013b). This thesis also adds to existing international academic literature, complementing the work of Balio (2013), Bloore (2009), Iordanova and Cunningham (2012), Squire (2004), Ulin (2010) and Vogel (2007), in particular.

Third, this thesis has contributed to developing the conceptualisation of a three-tier structure in relation to feature film. In the international field it has complemented the international contributions of Scott (2004) and Squire (2004). While they examined a three-tier structure in relation to the feature film industry in Hollywood and offered some generalisations for industries outside the USA respectively, I have made an important addition to this existing literature by outlining and examining a three-tier structure in the context of a small English-speaking media market and providing a non-American perspective.

Fourth, this thesis has contributed to the examination of how film policy evolves in response to contextual pressures. Within this literature, it has complemented research conducted by Braman (2004a), Freedman (2006a, 2006b, 2008, 2010) and Thompson (2011; 2012). Finally, this thesis has contributed to the existing literature on feature film production in small countries by adding to the institutional understanding of how a feature film industry that is both local and global operates within a national media market of unusually limited size. *The Hobbit* case study, for example, not only complements the work conducted by Balio (2013), Miller et al. (2005) and Wasko (2003) in relation to Hollywood's dominance in political economic terms, but also adds to existing academic literature on the subject of how small countries are able to attract global productions, a recent example of which is the research of Leotta (2015).

Further Research

Among the many possible avenues for further investigation, the following aspects in particular would benefit greatly from further research. First, the question as to how long NZFC staff should stay in their job position is a controversial issue. Some interviewees pointed out that they should be short-term (or not more than three years) to allow new industry 'know how' to enter the institution. Others, however, suggested that they should be long-term (or a minimum of six years) to provide stability and consistency over a period of time. Future research could look at this important labour issue, as it directly affects all bottom- and middle-tier productions that apply for and/or receive NZFC funding. Moreover, the implications of having a former industry person in the CEO role could also be another line of enquiry.

Second, in terms of employment relations and policy, further research could also investigate in which ways bottom- and middle-tier film personnel are affected by the modification of the *Employment Relations Act* and the elimination of the immigration non-objection letter from NZAE.

Third, due to the period and scope of this research, three case studies have been analysed representing bottom- and middle-tier features, and one case study illustrated top-tier films. Future research could expand the period and scope of analysis in order to find consistent patterns among successful feature films, information that is not currently available in the New Zealand context.

Fourth, considering the dearth of previous research on the value chain stages of distribution and exhibition for feature films produced in New Zealand, further analysis could expand this underdeveloped area of study. Because both stages form a crucial part of any feature film's business plan, future research could investigate new forms of distribution and exhibition, together with issues of piracy and intellectual property rights, as specialised areas of investigation that are beyond the scope of this thesis.

Finally, although it was not the focus of this thesis, further studies need to look at the health of NZ's feature-length, cinematic documentaries. Several filmmaker's interviewees warned about the danger of documentaries as becoming an extinct genre in New Zealand. Considering that New Zealand is the only country in the OECD without a mainstream audience-oriented public TV network, high-end documentaries are in an especially vulnerable position, underscored by the commercially-focussed position of TVNZ. Such documentaries face increasing difficulty in garnering necessary public funding support.

Final Remarks

Overall, the three-tier structure can be seen as both a strategic and creative response to the challenges of creating and sustaining a feature film industry in a small English-speaking country. Nevertheless, this does not mean that this response has been consciously planned and applied. As institutional theory points out, institutional and policy reality is often subject to competing priorities and policy pressures, and thus its developments are the result of contextual compromises among institutional actors. On the basis of the findings and arguments of this thesis, it is clear that New Zealand's film industry must maintain all three-tiers of feature production because, as previously explained, each tier has its own characteristics and benefits.

The business of the feature film production is one fraught with competing institutional interests. In New Zealand, these competing interests centre on a range of local, national and international institutions of varying power and size, whose priorities often stand in conflict with each other. The value chain approach has not only allowed to identify and examine the priorities and rationales of the main institutions and agents involved in feature filmmaking (including the NZFC as the main public institution, the filmmakers, distributors and exhibitors), but also demonstrated that institutional priorities and interests evolve and are shaped contextually over time in relation to their social, cultural and political environment. As exemplified in several chapters and case studies, and notably by *The Hobbit* dispute, the priorities of NZ film personnel rarely coincide with those of the NZ government, in the same way as the main business concerns of distributors and exhibitors for bottom- and middle-tier productions differ substantially from the objectives of the NZFC.

The operation of the three-tier structure in a contemporary New Zealand context allows for a clearer distinction between the types of feature film productions that constitute the contemporary New Zealand feature film industry. These differences are evident in terms of the sources of the financing involved, as well as the extent to which their contribution to New Zealand is primarily of a cultural and/or economic nature. These tiers of production depend on and complement each other and, both together and individually, have contributed significantly to the considered success of New Zealand's film industry.

Yet, as the findings of this thesis suggest, the different tiers of feature film production can be seen to exist in a hierarchy of value in which top-tier productions usually wield far greater institutional influence than bottom-tier productions, an arrangement that prevails despite the industrial and creative interdependence of the three-tiers. In the context of this interdependence, there is a case for caution in the NZ government’s tendency to prioritise top-tier films, either through direct subsidisation or through film-friendly policies and legislation, as discussed in Chapters 4 and 7.

Although there are strong arguments for national institutions and local entities to collaborate in attracting top-tier productions, such as the fostering of cultural industries and the promotion of the country as an attractive place for investment and tourism, it is pivotal that NZ public institutions ensure continued policy and funding support for both bottom- and middle-tier features. This is necessary not only for their unique cultural contributions, but also the financial challenges that NZ filmmakers face in the context of a small domestic market with limited economies of scale. As this thesis has shown, New Zealand has proven to be a particularly revealing national case study through which to illustrate and analyse the intrinsic and continuing tension between economic and cultural outcomes. While it takes some specific forms in New Zealand, this same perennial tension is characteristic of many nationally-based feature film industries operating in a Twenty-first Century media environment.

References

3 Foot 7 Limited. (2010) *Annual financial report for the year ended 31 March 2010*. Auckland, New Zealand.

3 Foot 7 Limited. (2011) *Annual financial report for the year ended 31 March 2011*. Auckland, New Zealand.

3 Foot 7 Limited. (2012) *Annual financial report for the year ended 31 March 2012*. Auckland, New Zealand.

3 Foot 7 Limited. (2013) *Annual financial report for the year ended 31 March 2013*. Auckland, New Zealand.

Agostini, C.A. and Saavedra, E.H. (2011) 'The effects of vertical integration on the release of new films'. *Journal of Media Economics* 24(4), 252–269.

AHL. (n.d.) 'Overview'. *Amalgamated Holdings Limited (AHL)*. [Online] Available at: http://www.ahl.com.au/about-us/overview/ [Accessed: 21 August 2014]

Aksoy, A. and Robins, K. (1992) 'Hollywood for the 21st century: global competition for critical mass in image markets'. *Cambridge Journal of Economics* 16(1), 1–22.

Albert, S. (1998) 'Movie stars and the distribution of financially successful films in the motion picture industry'. *Journal of Cultural Economics* 22(4), 249–270.

AP. (2013) '"Hobbit" Trilogy has cost $561 million so far'. *Variety*, 4 October. [Online] Available at: http://variety.com/2013/film/news/hobbit-trilogy-has-cost-561-million-so-far-120069 4351/ [Accessed: 30 March 2014]

APNZ. (2012) 'Wellington: The middle of Middle-earth'. *The New Zealand Herald*, 8 October. [Online] Available at: http://www.nzherald.co.nz/nz/news/ article.cfm?c_id=1& objectid=10839152 [Accessed: 18 December 2013]

Appadurai, A. (1990) 'Disjuncture and difference in the global cultural economy'. In: Featherstone, M. (ed.) *Global culture, nationalism, globalization and modernity*. London: Sage, 295–310.

Armstrong, D. (2013) 'Look to Danes, not Hobbits'. *The Dominion Post*, 11 November. [Online] Available at: http://www.stuff.co.nz/dominion-post/comment/columnists/ dave-armstrong/9383884/Look-to-Danes-not-hobbits [Accessed: 14 January 2014]

Babe, R. (1995) *Communication and the transformation of economics, essays in information, public policy, and political economy*. Boulder: Westview.

Babe, R. (2010) *Cultural studies and political economy, towards a new integration*. Plymouth: Rowman & Littlefield.

Babington, B. (2007) *A history of the New Zealand fiction feature film*. Manchester: Manchester University.

Backhouse, M. (2013) ‘Hobbit’s 3000 job claims defended’. *The New Zealand Herald*, 14 January. [Online] Available at: http://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=10859000 [Accessed: 27 December 2013]

Bagella, M. and Becchetti, L. (1999) ‘The determinants of motion picture box office performance: evidence from movies produced in Italy’. *Journal of Cultural Economics* 23(4), 237–256.

Balio, T. (2013) *Hollywood in the New Millennium*. London: Palgrave Macmillan.

Banks, M., Lovatt, A., O’Connor, J. and Raffo, C. (2000) ‘Risk and trust in the cultural industries’. *Culture Industries and Cultural Policy; Globalizing Cities - Geoforum* 31(4), 453–464.

Barbieri, N. (2012) ‘Why does cultural policy change? Policy discourse and policy subsystem: a case study of the evolution of cultural policy in Catalonia’. *International Journal of Cultural Policy* 18(1), 13–30.

Barnett, J. (2002) ‘Right Royal Barney’. *OnFilm*, December, pp. 2–3.

Barnett, J. (2013a) Interview with John Barnett, Chief Executive Officer, South Pacific Pictures. Medium: Face-to-face. Auckland, New Zealand, 6 March.

Barnett, J. (2013b) ‘Non-recourse loans (aka tax breaks)’. *OnFilm*, July, pp. 27–30.

Barrett, J. (2011) ‘Conflict in “Middle-earth”: employment law, globalisation and independent film workers’. *Web Journal of Current Legal Issues* 17(1).

Battista, P. (2014) "Runaway" Film and Television Production: Carrots, Sticks & International Tax Reform. *Hastings Communications and Entertainment Law Journal* 36(2).

Bennett, A. (2010) ‘Film’s backers told NZ law on their side against union’. *The New Zealand Herald*, 30 September. [Online] Available at: http://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=10677077 [Accessed: 2 January 2014]

Bennett, A. (2014) ‘PM defends $30m payout to Rio Tinto’. *The New Zealand Herald*, 14 February. [Online] Available at: http://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=11202431 [Accessed: 6 March 2014]

Bennett, K. (2006) ‘Fourth Cinema and the politics of staring’. *Illusions. New Zealand Moving Image and Performing Arts Criticism* 38, 19–23.

Bennett, K. (2013) Interview with Kathryn Bennett, Group Manager at Rialto Cinemas. Medium: Face-to-face. Auckland, New Zealand, 18 April.

Berney, B. (2004) 'Independent distribution'. In: Squire, J.E. (ed.) *The movie business book.* New York: Fireside, 375–383.

BIFA. (2005) 'BIFA nominations and awards'. *Bifa.org.uk*. [Online] Available at: http://www. bifa.org.uk/p erson/emily-barclay [Accessed: 23 September 2013].

Blair, H. (2001) 'You're only as good as your last job: the Labour process and labour market in the British film industry'. *Work, Employment & Society* 15(1), 149–169.

Blair, H., Grey, S. and Randle, K. (2001) 'Working in film – employment in a project based industry'. *Personnel Review* 30(2), 170–185.

Bloore, P. (2009) 'Re-defining the independent film value chain'. *British Film Institute (BFI)*. [Online] Available at: http://industry.bfi.org.uk/media/pdf /h/b/Film_Value_Chain_Pap er.pdf [Accessed: 28 November 2013]

Blume, S. (2004) 'The revenue streams: an overview'. In: Squire, J.E. (ed.) *The movie business book*. New York: Fireside, 332–359.

Bolin, G. (2011) *Value and the media. Cultural production and consumption in digital markets*. Farnham: Ashgate.

Boluk, L. (2014a) 'Future of film III: the crash of "film as a platform"'. *Ivey Business Review*, 2 March. [Online] Available at: http://iveybusinessreview.ca/blogs/ lbolukhba2010/2014/03/02/future-of-film-iii-the-entertainment-as-a-service-crash/ [Accessed: 2 May 2014]

Boluk, L. (2014b) 'Future of film II: box office losses as the price of admission'. *Ivey Business Review*, 1 March. [Online] Available at: http://iveybusinessreview.ca/ blogs/lbolukhba2010/2014/03/01/future-of-film-ii-la-fin-du-cinema/ [Accessed: 2 May 2014]

Bourke, C. (2012) 'Hobbit returns to find Middle-earth has become expensive'. *Bloomberg. com*, 3 October. [Online] Available at: http://www.bloomberg.com/ news/2012-10-02/hobbit-returns-to-find-middle-earth-has-become-expensive.html [Accessed: 27 December 2013]

Box Office Mojo. (2007) 'The World's Fastest Indian'. *Box Office Mojo*. [Online] Available at: http://www.boxofficemojo.com/movies/?id=worldsfastestindian.htm [Accessed: 17 January 2014]

Boyd-Barrett, O. (1996) 'The political economy approach'. In: Boyd-Barrett, O. and Newbold, C. (eds.) *Approaches to media: a reader*. London: Bloomsbury Academic, 186–192.

Braman, S. (2003) 'Introduction'. In: Braman, S. (ed.) *Communication researchers and policy-making*. Cambridge: MIT, 1–9.

Braman, S. (2004a) 'Where has media policy gone? Defining the field in the Twenty-first Century'. *Communication Law and Policy* 9(2), 153–182.

Braman, S. (2004b) 'The emergent global information policy regime'. In: Braman, S. (ed.) *The emergent global information policy regime*. Houndsmills: Palgrave Macmillan, 12–37.

Braman, S. (2005) 'The micro- and macroeconomics of information'. *Annual Review of Information Science and Technology* 40, 3–52.

Braman, S. (2007) 'The limits of diversity'. In: Napoli, P. (ed.) *Media diversity and localism: meaning and metrics*. Mahwah: Lawrence Erlbaum, 139–150.

Braman, S. (2011) 'Defining information policy'. *Journal of Information Policy* 1(1), 1–5.

Bridge, A. (2012) 'The Hobbit: return to Middle-earth'. *The Telegraph*, 14 September. [Online] Available at: http://www.telegraph.co.uk/travel/activityandadventure/9542821/The-Hobbit-return-to-Middle-Earth.html [Accessed: 18 December 2013]

Brittenden, W. (2008) *The celluloid circus: the heyday of the New Zealand picture theatre*. Auckland: Random House New Zealand.

Brough, J. (2003) 'Behind the scenes of Whale Rider'. *NZonScreen.com*. [Online] Available at: http://www.nzonscreen.com/title/behind-the-scenes-of-whale-rider-2003 [Accessed : 4 October 2013]

Brown, C. (2001) *Understanding international relations*. New York: Palgrave Macmillan.

Brown, C. (2013) 'Filmonomics: thinking in teams'. *Hopeforfilm.com*, 20 December. [Online] Available at: http://trulyfreefilm.hopeforfilm.com/2013/12/filmonomics-thinking-in-teams.html [Accessed: 27 July 2014]

Brown, C. (2014) 'Filmonomics: thinking in money'. *Hopeforfilm.com*, 12 January. [Online] Available at: http://issuesandactions.hopeforfilm.com/2014/01/filmonomics-thinking-in-money.html [Accessed: 28 July 2014]

Bull, A. (2006) 'Employee found guilty of Sione's Wedding film piracy', *South Pacific Pictures*. [Online] Available at: http://www.southpacificpictures.com/index.php?optio n=com_content&task=view&id=37&Itemid=2 [Accessed: 8 August 2013]

BusinessWeek. (2012) 'How movie studios make money'. *Businessweek.com*, 13 September. [Online] Available at: http://www.businessweek.com/articles/2012-09-13/how-movie-studios-make-money [Accessed: 1 May 2014]

Bustamante, E. (2004) 'Cultural industries in the digital age: some provisional conclusions'. *Media, Culture & Society* 26(6), 803–820.

Calabrese, A. and Briziarelli, M. (2011) 'Policy imperialism: bilateral trade agreements as instruments of media governance'. In: Mansell, R. and Raboy, M. (eds.) *The handbook of global media and communication policy*. Oxford: Blackwell, 383–394.

Calabrese, A. and Mihal, C. (2011) 'Liberal fictions: the public-private dichotomy in media policy'. In: Wasko, J., Murdock, G. and Sousa, H. (eds.) *The handbook of political economy of communications*. Malden: Wiley Blackwell, 226–263.

Calder, P. (2006) 'Sione's Wedding'. *The New Zealand Herald*, 25 March. [Online] Available at: http://www.nzherald.co.nz/lifestyle/news/article.cfm?c_id=6&objectid=10374260 [Accessed: 25 October 2013]

Campbell, G. (2003) 'The Lion, the Witch and the Wardrobe department'. *OnFilm*, August, pp. 22–24.

Cardy, T. and Johnston, K. (2010) 'Hobbit looks headed overseas'. *Stuff.co.nz*, 21 October. [Online] Available at: http://www.stuff.co.nz/business/4255670/Hobbit-looks-headed-overseas [Accessed: 8 February 2014]

Carl, D., Kindon, S. and Smith, K. (2007) 'Tourists' experiences of film locations: New Zealand as "Middle-earth"'. *Tourism Geographies: An International Journal of Tourism Space, Place and Environment* 9(1), 49–63.

Carlsson, U. (2003) 'The rise and fall of NWICO. From a vision of international regulation to a reality of multilevel governance'. *Nordicom Review* 24(2), 31–67.

Carnaghan, M. (2006) *Convention on the protection and promotion of the diversity of cultural expressions*. Parliament of Canada. [Online] Available at: http://www.parl.gc.ca/Conte nt/LOP/researchpublications/prb0564-e.html [Accessed: 2 March 2012]

Castells, M. (1996) *The rise of the network society (Volume I of The information age)*. Oxford: Blackwell.

Castells, M. (2013) *Communication power*. Oxford: Oxford University.

Caves, R. (2000) *Creative industries: contracts between art and commerce*. Cambridge: Harvard University.

Caves, R. (2003) 'Contracts between art and commerce'. *The Journal of Economic Perspectives* 17(2), 73–84.

Chan-Olmsted, S.M. (2005) 'Response to diversification strategy of global media conglomerates: a comment'. *Journal of Media Economics* 18(2), 105–107.

Chapman, K. (2013a) 'Middle-earth not real, by the way'. *The Dominion Post*, 20 January. [Online] Available at: http://www.stuff.co.nz/national/politics/8176844/Key-denies-Hobbit-job-numbers-made-up [Accessed: 19 December 2013]

Chapman, K. (2013b) 'Key denies Hobbit job numbers made up'. *Stuff.co.nz*, 15 January. [Online] Available at: http://www.stuff.co.nz/national/politics/8176844/Key-denies-Hobbit-job-numbers-made-up [Accessed: 27 December 2013]

Chen, X., Chen, Y. and Weinberg, C.B. (2013) ‘Learning about movies: the impact of movie release types on the nationwide box office’. *Journal of Cultural Economics* 37(3), 359–386.

Child, B. (2012) ‘The Hobbit: An Unexpected Journey – The wait for reviews begins’. *The Guardian*, 30 November. [Online] Available at: http://www.guardian.co.uk/film/filmblog/2012/nov/30/the-hobbit-an-unexpected-journey-review [Accessed: 19 December 2013]

Child, B. (2013) ‘Peter Jackson’s Hobbit trilogy production costs revealed at $560m’. *The Guardian*, 7 October. [Online] Available at: http://www.theguardian.com/film/2013/oct/07/peter-jackson-hobbit-production-costs [Accessed: 29 March 2014]

Christopherson, S. (2011) ‘Hard jobs in Hollywood: how concentration in distribution affects the production side of the media entertainment industry’. In: Winseck, D. and Jin, D.Y. (eds.) *The political economies of media. The transformation of the global media industries*. London: Bloomsbury, 123–141.

Christopherson, S. and Storper, M. (1989) ‘The effects of flexible specialization on industrial politics and the labour market’. *Industrial and Labour Relations Review* 42(3), 331–347.

Churchman, G.B. (1997) *Celluloid dreams: a century of film in New Zealand*. Wellington: IPL Books.

Cieply, M. and Barnes, B. (2012) ‘New Zealand wants a Hollywood put on its map’. *The New York Times*, 23 November. [Online] Available at: http://www.nytimes.com/2012/11/24/business/media/new-zealand-wants-a-hollywood-put-on-its-map.html?_r=0 [Accessed: 19 December 2013]

CITF. (2001) ‘Creative industries task force’. *Culture.gov.uk*. [Online] Available at: http://www.culture.gov.uk /creative/mapping.html [Accessed: 16 April 2014]

Clark, H. (2003) ‘Boost for New Zealand screen production’. *New Zealand Government*. [Online] Available at: http://www.beehive.govt.nz/node/18328 [Accessed: 3 November 2014]

Cohen, D.S. (2014) ‘Oscar protest: visual effects protestors take to streets’. *Variety*, 2 March. [Online] Available at: http://variety.com/2014/more/news/oscar-protest-visual-effects-protestors-take-to-streets-1201123929/ [Accessed: 1 May 2014]

Cones, J.W. (1997) *The feature films distribution deal*. Carbondale: Southern Illinois University.

Conrich, I. and Murray, S. (2008) *Contemporary New Zealand cinema: from new wave to blockbuster*. New York: Palgrave Macmillan.

Cook, D. (1996) *The culture industry revisited: Theodor W. Adorno on mass culture*. Lanham: Rowman & Littlefield.

Corner, J. (1999) *Critical ideas in television studies*. New York: Oxford University.

Crane, D. (2013) 'Cultural globalization and the dominance of the American film industry: cultural policies, national film industries, and transnational film'. *International Journal of Cultural Policy* [Published online], 1–18.

Creswell, J.W. (2013) *Qualitative inquiry and research design: choosing among five approaches*. Thousand Oaks: Sage.

Croft, M. (2013) Interview with Mark Croft, Managing Director, Theatrical 20th Century Fox New Zealand. Medium: Face-to-face. Auckland, New Zealand, 16 April.

Crossley, J. (2012) 'Crowd funding, micro payments change face of films'. *The Dominion Post*, 21 November. [Online] Available at: http://www.stuff.co.nz/dominion-post/culture/7977245/Crowd-funding-micro-payments-change-face-of-films [Accessed: 8 August 2013]

Croy, G. (2004) *The Lord of the Rings, New Zealand, and tourism: image building with film*. Melbourne: Monash University.

Crusafon, C. (2012) *La nueva era mediática: las claves del escenario global*. Barcelona: Bosch.

Cunningham, S. (2002) 'From cultural to creative industries: theory, industry, and policy implications'. *Media International Australia Incorporating Culture and Policy: Quarterly Journal of Media Research and Resources* 54–65.

Cunningham, S. (2007) 'Political economy and creative industries policy'. *UNESCO Observatory Refereed e-Journal* 1(1).

Cunningham, S., Silver, J. and McDonnell, J. (2010) 'Rates of change: online distribution as disruptive technology in the film industry'. *Media International Australia Incorporating Culture & Policy* 136, 119–132.

Currah, A. (2007) 'Hollywood, the Internet and the world: a geography of disruptive innovation'. *Industry and Innovation* 14(4), 359–384.

Darkins, P. (2013) Interview with Phil Darkins, Vice President, New Zealand Actors Equity. Medium: Face-to-face. Wellington, New Zealand, 11 April.

Davis, A. (2010) *Political communication and social theory*. London: Routledge.

Davison, I. (2013) 'The Hobbit documents released: govt knew union ban lifted'. *The New Zealand Herald*, 27 February. [Online] Available at: http://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=10868032 [Accessed: 19 December 2013]

DCinex. (2014) 'VPF booking and collection'. *dCinex, moving your movies*. [Online] Available at: http://www.dcinex.com/en/content-services/VPF-administration [Accessed: 20 May 2014]

Deacon, D., Pickering, M., Golding, P. and Murdock, G. (2008) 'Dealing with documentation'. In: Hansen, A. (ed.) *Mass communication research methods Vol. 2*. London: Sage, 281–311.

De Bruin, A. (2005) 'Multi-level entrepreneurship in the creative industries. New Zealand's screen production industry'. *The International Journal of Entrepreneurship and Innovation* 6(3), 143–150.

De Bruin, A. and Hanrahan, S. (2003) *The screen production industry in the Auckland region: Towards understanding human capacity issues, A report prepared for the Auckland regional economic development strategy*. Department of Commerce, College of Business, Massey University, Albany, New Zealand.

Dennis, J. and Bieringa, J. (1996) *Film in Aotearoa New Zealand*. Wellington: Victoria University of Wellington.

Denzin, N.K. and Lincoln, Y.S. (2011) *The SAGE handbook of qualitative research*. Thousand Oaks: Sage.

Deuchert, E., Adjamah, K. and Pauly, F. (2005) 'For Oscar glory or Oscar money?'. *Journal of Cultural Economics* 29(3), 159–176.

De Vany, A. (2004) *Hollywood economics. How extreme uncertainty shapes the film industry*. London: Routledge.

De Vany, A. and Walls, W.D. (1996) 'Bose-Einstein dynamics and adaptive contracting in the motion picture industry'. *The Economic Journal* 106(6), 1493–1514.

De Vany, A. and Walls, W.D. (1999) 'Uncertainty in the movie industry: does star power reduce the terror of the box office?'. *Journal of Cultural Economics* 23(4), 285–318.

Diestro-Dópido, M. (2012) 'Book review: Cindy Hing-Yuk Wong: film festivals: culture, people, and power on the global screen'. *Journal of Cultural Economics* 36(4), 353–356.

Donnell, H. (2012) 'The Hobbit's rocky road to the big screen'. *The New Zealand Herald*, 28 November. [Online] Available at: http://www.nzherald.co.nz/the-hobbit/news/article.cfm?c_id=1503305&objectid=10850324 [Accessed: 26 December 2013]

Douglas, M. (1987). *How institutions think*. London: Routledge & Kegan Paul.

Downing, J. (2011) 'Media ownership, concentration, and control. The evolution of debate'. In: Wasko, J., Murdock, G. and Sousa, H. (eds.) *The handbook of political economy of communications*. Oxford: Blackwell, 140–168.

Downing, J. and Husband, C. (2005) *Representing "race". Racisms, ethnicity and the media*. London: Sage.

Doyle, G. (2002) *Understanding media economics*. London: Sage.

Doyle, G. (2010) ‘Why culture attracts and resists economic analysis’. *Journal of Cultural Economics* 34(4), 245–259.

Doyle, G. (2013) *Understanding media economics*. London: Sage.

Dudding, A. (2013) ‘Behind the scenes of film u-turn’. *The Dominion Post*, 22 December. [Online] Available at: http://www.stuff.co.nz/dominion-post/business/9545067/Behind-the-scenes-of-film-U-turn [Accessed: 14 January 2014]

Duff, M. (2013) ‘Race to rescue the film industry’s memories’. *The Dominion Post*, 10 August. [Online] Available at: http://www.stuff.co.nz/dominion-post/culture/visual-arts/9026031/Race-to-rescue-the-film-industrys-memories [Accessed: 20 December 2013]

Dunleavy, T. (2005) *Ourselves on primetime. A history of New Zealand television drama*. Auckland: Auckland University.

Dunleavy, T. (2009) ‘Public television in a small country: The New Zealand “experiment” 20 years on’. *Flow TV* 9(13).

Dunleavy, T. and Joyce, H. (2011) *New Zealand film & television; institution, industry and cultural change*. Bristol: Intellect.

Dwyer, T. (2007) ‘New media: the policy agenda’. In: Nightingale, V. and Dwyer, T. (eds.) *New media worlds: challenges for convergence*. Melbourne: Oxford University, 37–59.

Easton, P. (2013) ‘Journey’s end for Hobbit movies’. *The Dominion Post*, 27 July. [Online] Available at: http://www.stuff.co.nz/dominion-post/culture/8971392/Journeys-end-for-Hobbit-movies [Accessed: 20 December 2013]

Edwards, B. (2012) ‘Political round-up: The politics of The Hobbit’. *The New Zealand Herald*, 27 November. [Online] Available at: http://www.nzherald.co.nz/opinion/news/article.cfm?c_id=466&objectid=10850288 [Accessed: 18 December 2013]

Einspruch, A. (2014) ‘Screen forever 2013: co-financing with the USA’. *Hopeforfilm.com*, 27 January. [Online] Available at: http://trulyfreefilm.hopeforfilm.com/2014/01/screen-forever-2013-co-financing-with-the-usa.html [Accessed: 1 May 2014]

Eisenhardt, K. (1989) ‘Building theories from case study research’. *Academy of Management Review* 14(4), 532–550.

Eldred, M. (2013) Interview with Michael Eldred, Theatrical Sales Manager, Madman Distribution. Medium: Face-to-face. Auckland, New Zealand, 6 March.

Eliashberg, J., Elberse, A. and Leenders, M. (2006) ‘The motion picture industry: critical issues in practice, current research and new research directions’. *Marketing Science* 25(6), 638–661.

Emery, M. (2013) Interview with Matt Emery, Entertainment Lawyer, Emery Legal. Medium: Face-to-face. Auckland, New Zealand, 4 February.

Equity UK. (n.d.) 'Benefits'. *Equity.org.uk*. [Online] Available at: http://www.equity.org.uk/about-us/join-us/benefits [Accessed: 3 January 2014]

Evensky, J. (1993) 'Adam Smith on the human foundation of a successful liberal society'. *History of Political Economy* 25(3), 395–412.

Fellman, D. (2004) 'Theatrical distribution'. In: Squire, J.E. (ed.) *The movie business book*. New York: Fireside, 362–374.

Felperin, L. (2011) 'Review: "The Orator"'. *Variety*, 19 September. [Online] Available at: http://variety.com/2011/film/reviews/the-orator-1117946168/ [Accessed: 24 October 2013]

FIA. (2010) 'Engagement of performers on The Hobbit'. *FIA Letter*, 17 August. [Online] Available at: http://www.alliance.org.au/documents/letter1.pdf [Accessed: 3 January 2014]

Fightback. (2010) 'Workers party statement on The Hobbit dispute'. *Fightback.org.nz*, 25 October. [Online] Available at: http://fightback.org.nz/2010/10/25/workers-party-state ment-on-the-hobbit-dispute/ [Accessed: 19 December 2013]

Film Education. (2003) *Whale Rider*. [Online] Available at: http://www.kinomacht schule.at/data/whalerider_studyguide.pdf [Accessed: 1 October 2013]

Film NZ. (2013) 'About FilmNZ, board of trustees biographies'. *FilmNZ.com*. [Online]. Available at: http://www.filmnz.com/about-filmnz/board-of-trustees-biographies. html [Accessed: 10 May 2013]

Fisher, D. (2013) 'Union weakness lured films'. *The New Zealand Herald*, 24 January. [Online] Available at: http://www.nzherald.co.nz/nz/news/article.cfm? cid=1&objectid=10861092 [Accessed: 19 December 2013]

Fitzgerald, C. (2010) *Production Financing Proposal, O Le Tulafale (Orator)*, submitted to the NZFC on 6 July, Wellington, New Zealand.

Fitzgerald, C. (2013) Interview with Catherine Fitzgerald, New Zealand Producer, Blueskin Films. Medium: Face-to-face. Wellington, New Zealand, 9 January.

Fitzgerald, S.W. (2012) *Corporations and cultural industries. Time Warner, Bertelsmann, and News Corporation*. Plymouth: Lexington Books.

Fleming, M. (2011) 'Paladin acquires New Zealand pic "Boy"'. *Deadline.com*, 15 August. [Online] Available at: http://www.deadline.com/2011/08/paladin-acquires-new-zealan d-pic-boy/ [Accessed: 8 August 2013]

Fletcher, R. (2013) Interview with Richard Fletcher, New Zealand Producer. Medium: Face-to-face. Wellington, New Zealand, 20 March.

Flew, T. (2007) *Understanding global media*. Basingstoke: Palgrave Macmillan.

Follows, S. (2013) 'Film festivals Pt 1: the truths behind film festivals'. *Stephenfollows. com*, 19 August. [Online] Available at: http://stephenfollows.com/film -festivals-pt1-the-truths-behind-film-festivals/ [Accessed: 30 July 2014]

Fong, C. (2004) 'Charlie's Angels: production paperwork'. In: Squire J.E. (ed.) *The movie business book*. New York: Fireside, 250–270.

Forbes, J. and Street, S. (2000) *European cinema, an introduction*. New York: Palgrave Macmillan.

Foster, S. (2011) 'The Orator: Tusi Tamasese interview'. *SBS.com.au*, 26 February. [Online] Available at: http://www.sbs.com.au/films/movie-news/895945/the-orator-tusi-tamase se-interview [Accessed: 31 July 2013]

Fowler, B. and Weir, J. (2014) 'Smaug a winner for Time Warner'. *Stuff.co.nz*, 7 February. [Online] Available at: http://www.stuff.co.nz/dominion-post/business/ 9695178/Smaug-a-winner-for-Time-Warner [Accessed: 12 February 2014]

Fox, D.T. (2001) 'Honouring the Treaty: indigenous television in Aotearoa'. In: Farnsworth, J. and Hutchison, I. (eds.) *New Zealand television. A reader*. Palmerston North: Dunmore, 260–269.

Freedman, D. (2006a) 'Dynamics of power in contemporary media policy-making'. *Media, Culture & Society* 28(6), 907–923.

Freedman, D. (2006b) 'Media policy-making in the free trade era: the impact of the GATS negotiations on audiovisual industries'. In: Harvey, S. (ed.) *Trading culture: global traffic and local cultures in film and television*. Eastleigh: John Libbey, 21–32.

Freedman, D. (2008) *The politics of media policy*. Cambridge: Polity.

Freedman, D. (2010) 'Media policy silences: the hidden face of communications decision making'. *The International Journal of Press/Politics* 15(3), 344–361.

Garey, N. (2014) 'Elements of feature financing'. In: Squire, J.E. (ed.) *The movie business book*. New York: Fireside, 117–127.

Garnham, N. (1990) *Capitalism and communication*. London: Sage.

Garnham, N. (1990) *Capitalism and communication: global culture and the economics of information*. London: Sage.

Garnham, N. (1996) 'Contribution to a political economy of mass communication'. In: Boyd-Barrett, O. and Newbold, C. (eds.) *Approaches to media, a reader*. USA: Bloomsbury Academic, 216–221.

Garnham, N. (2005) ‘From cultural to creative industries’. *International Journal of Cultural Policy* 11(1), 15–29.

Geary, D. (2012) ‘Taika Waititi - Boy wonder!’. *New Zealand Journal of Media Studies* 13(1), 9–16.

Gemser, G., Van Oostrum, M. and Leenders, M.A. (2007) ‘The impact of film reviews on the box office performance of art house versus mainstream motion pictures’. *Journal of Cultural Economics* 31(1), 43–63.

Giardina, C. (2014) ‘Oscars: visual effects rally attracts over 500 protesters’. *The Hollywood Reporter*, 2 March. [Online] Available at: http://www.hollywood reporter.com/behind-screen/oscars-visual-effects-rally-attracts-684493 [Accessed: 1 May 2014]

Glen, C. (2008) *The role of film in destination decision-making*. (Doctoral Thesis) New Zealand: University of Otago.

Goldfinch, S. (2000) ‘Paradigms, economic ideas and institutions in economic policy change: the case of New Zealand’. *Political Science* 52(1), 1–21.

Golding, P. and Murdock, G. (1997) *The political economy of the media*. Cheltenham: Edward Elgar.

Golding, P. and Murdock, G. (2000) ‘Culture, communications and political economy’. In: Curran, J. and Gurevitch, M. (eds.) *Mass media and society*. London: Arnold, 70–92.

Gold, J.R. and Revill, G. (2004) *Representing the environment*. London: Routledge.

Goldman, W. (1983) *Adventures in the screen trade*. New York: Warner Books.

Goldsmith, B. and O’Regan, T. (2005) *The film studio: film production in the global economy*. Oxford: Rowman & Littlefield.

Goldsmith, B., Ward, S. and O’Regan, T. (2010) *Local Hollywood: global film production and the global coast*. St. Lucia: University of Queensland.

Gosden, B. (2013) Interview with Bill Gosden, Director of New Zealand International Film Festival. Medium: Face-to-face. Wellington, New Zealand, 22 January.

Goundry, N. (2013) ‘FilmNZ Chief Gisella Carr on New Zealand’s location filming future’. *TheLocationGuide.com*, 16 May. [Online] Available at: http://www.thelocationguide.com/blog/2013/05/ng-interview-film-nz-chief-gisella-carr-on-new-zealand’s-location-filming-future/ [Accessed: 11 February 2014]

Graham, C. (2009) ‘Festival film history, Sione’s Wedding’. *Goodlifefilms.co.nz*. [Online] Available at: http://goodlifefilms.co.nz/filmfest/ [Accessed: 7 August 2013]

Grainge, P. (2008) *Brand Hollywood: $elling entertainment in a global media age*. London: Routledge.

Grant, N. (2005) ‘A long and winding road. [Interview with Roger Donaldson about making The World’s Fastest Indian]’. *OnFilm*, September, pp. 18–20.

Grant, N. (2010) ‘Boy Wonder’. *OnFilm*, March, pp. 21–22.

Graty, S. (1992) ‘The business of co-production’. *Educational Media International* 29(2), 110–112.

Grillo, M. (2004) ‘Production management’. In: Squire, J.E. (ed.) *The movie business book*. New York: Fireside, 232–249.

Grogg, S. (2004) ‘Venture-capital strategy and the filmdallas model’. In: Squire, J.E. (ed.) *The movie business book*. New York: Fireside, 128–137.

Hall, T. (2012) ‘Q&A with director Taika Waititi’. *SeattlePi.com*, 25 March. [Online] Available at: http://blog.seattlepi.com/peoplescritic/2012/03/25/qa-with-director-taika-waititi/ [Accessed: 2 December 2014]

Handel, J. (2010) ‘Money emerges as key sticking point in bid to keep “Hobbit” in New Zealand’. *The Hollywood Reporter*, 26 October. [Online] Available at: http://www.hollywoodreporter.com/news/money-emerges-key-sticking-point-32815 [Accessed: 8 February 2014]

Harding, E. (2009) ‘Burt Munro movie spend up good investment, says ICC’. *The Southland Times*, 2 April. [Online] Available at: http://www.stuff.co.nz/southland-times/news/2308675/Burt-Munro-movie-spend-up-good-investment-says-ICC [Accessed: 17 January 2014]

Hardy, E. (2003) ‘Forefather envy: Whale Rider’s Maori girl power’. *Los Angeles Weekly*, 5 June. [Online] Available at: http://www.laweekly.com/2003-06-12/film-tv/forefather-envy/ [Accessed: 1 November 2013]

Hardy, J. (2010) *Cross-media promotion*. New York: Peter Lang.

Hartley, J. (2004) ‘Case study research’. In: Cassell, C. and Symon, G. (eds.) *Essential guide to qualitative methods in organizational research*. London: Sage, 323–333.

Harvey, S. (2006) ‘Trading culture in the era of the cultural industries’. In: Harvey, S. (ed.) *Trading culture: global traffic and local cultures in film and television*. Eastleigh: John Libbey, 1–10.

Harvey, S. and Tongue, C. (2006) ‘Trading, cultural commodities or promoting cultural diversity? UNESCO’s new convention’. In: Harvey, S. (ed.) *Trading culture: global traffic and local cultures in film and television*. Eastleigh: John Libbey, 221–230.

Haworth, N. (2011) ‘A political economy of “The Hobbit” dispute’. *New Zealand Journal of Employment Relations* 36(3), 100–109.

Hayes, D. and Bing, J. (2004) *Open wide: How Hollywood box office became a national obsession*. New York: Hyperion.

Haysom, T. (2012) ‘T.H.E. Film Ltd - Trevor Haysom producer - biography’. *Thefilm.co.nz*. [Online] Available at: http://www.thefilm.co.nz/biography.htm [Accessed: 23 September 2013]

Haysom, T. (2013) Interview with Trevor Haysom, New Zealand Producer, T.H.E. Film. Medium: Face-to-face. Auckland, New Zealand, 5 February.

Head, J. (1966) ‘On merit goods’. *Finanz Archiv* 25(1), 1–29.

Heather, B. (2014) ‘Joyce ignored film sweetener advice’. *The Dominion Post*, 1 March. [Online] Available at: http://www.stuff.co.nz/dominion-post/business/9777802/Joyce-ignored-film-sweetener-advice [Accessed: 15 December 2014]

Hedley, A. (2011) ‘Q&A with director Tusi Tamasese - “The Orator”’. *Flicks.co.nz*. [Online] Available at: http://www.flicks.co.nz/blog/amazing-interviews/qa-with-director-tusi-tamasese--e2-80-93-the-orator/ [Accessed: 31 July 2013]

Helderman, M. and Taylor, L. (2014) ‘BondIt: the rise of entertainment union deposits/bonds & a new solution to the protocol’. *Hopeforfilm.com*, 31 March. [Online] Available at: http://trulyfreefilm.hopeforfilm.com/2014/03/bondit-the-rise-of-entertainment-union-depositsbonds-a-new-solution-to-the-protocol.html [Accessed: 15 April 2014]

Hennig-Thurau, T., Marchand, A. and Hiller, B. (2012) ‘The relationship between reviewer judgments and motion picture success: re-analysis and extension’. *Journal of Cultural Economics* 36(3), 249–283.

Herman, E.S. and Chomsky, N. (1988). *Manufacturing consent: the political economy of the mass media*. USA: Pantheon Books.

Herold, A. (2004) ‘EU film policy: between art and commerce’. *European Diversity and Autonomy Papers EDAP 3/2004* (EURAC Research). [Online] Available at: http://webfolder.eurac.edu/EURAC/Publications/edap/2004_edap03.pdf [Accessed: 23 February 2012]

Hesmondhalgh, D. (2005) ‘Media and cultural policy as public policy: the case of the British Labour Government’. *International Journal of Cultural Policy* 11(1), 95–109.

Hesmondhalgh, D. (2007) *The cultural industries*. London: Sage.

Hesmondhalgh, D. (2013) *The cultural industries*. London: Sage.

Hesmondhalgh, D. and Pratt, A. (2005) ‘Cultural industries and cultural policy’. *International Journal of Cultural Policy* 11(1), 1–13.

Hickey, B. (2013) ‘Treasury opposed bigger movie rebates’. *HiveNews.co.nz*, 17 December. [Online] Available at: http://www.hivenews.co.nz/articles/300-treasury-opposed-bigge r-movie-rebates [Accessed: 7 March 2014]

Higgenbotham, A. (2013) ‘Gandalf casts his spell once again’. *The Dominion Post*, 5 December. [Online] Available at: http://www.stuff.co.nz/dominion-post/culture/94769 52/Gandalf-cats-his-spell-once-again [Accessed: 20 December 2013]

Higson, A. (1989) ‘The concept of national cinema’. *Screen* 30(4), 36–47.

Higson, A. (2002) ‘The concept of national cinema’. In: Williams, S. (ed.) *Film and nationalism*. New Brunswick: Rutgers University, 52–67.

Hill, J. (2004) ‘UK film policy, cultural capital and social exclusion’. *Cultural Trends* 13(2), 29–39.

Hodgson, G. (2006) ‘What are institutions?’. *Journal of Economic Issues* XL(1), 1–25.

Hodgson, G. (2007a) ‘Institutions and individuals: interaction and evolution’. *Organization Studies* 28(1), 95–116.

Hodgson, G. (2007b) ‘The revival of Veblenian institutional economics’. *Journal of Economic Issues* 41(2), 325–340.

Hoffman, L. and Rose, L. (2005) ‘Most lucrative movie franchises’. *Forbes*, 15 June. [Online] Available at: http://www.forbes.com/2005/06/15/batman-movies-franchises-cx_lh_lr_ 0615batman.html [Accessed: 8 May 2014]

Hokowhitu, B. (2007) ‘Understanding Whangara: Whale Rider as simulacrum’. *New Zealand Journal of Media Studies* 10(2), 53–70.

Holbrook, M. and Addis, M. (2008) ‘Art versus commerce in the movie industry: a two-path model of motion-picture success’. *Journal of Cultural Economics* 32(2), 87–107.

Hollywood Ending. (2013) ‘Life After Pi’. *Youtube*, 25 February. [Online] Available at: http://www.youtube.com/watch?v=9lcB9u-9mVE [Accessed: 25 July 2014]

Hope, T. (2014a) ‘Hey! I like what your are doing’. *Hopeforfilm.com*, 30 January. [Online] Available at: http://trulyfreefilm.hopeforfilm.com/2014/01/hey-i-like-what-you-are-doing.html [Accessed: 27 July 2014]

Hope, T. (2014b) ‘Want a distributor for your film?’. *Hopeforfilm.com*, 14 January. [Online] Available at: http://trulyfreefilm.hopeforfilm.com/2014/01/want-a-distributor-for-your -film.html [Accessed: 30 July 2014]

Hope, T. and Vachon, C. (2013) ‘Christine Vachon and I explain it all for you (Vol. 1 November)’. *Hopeforfilm.com*, 1 November. [Online] Available at: http://trulyfreefilm. hopeforfilm.com/2013/11/christine-and-ted-explain-all.html [Accessed: 28 July 2014]

Horrocks, R. (1999) ‘New Zealand cinema: cultures, policies, films’. In: Verhoeven, D. (ed.) *Twin peeks, Australian and New Zealand feature films*. Melbourne: Damned, 129–138.

Horrocks, S. (2013) Interview with Simone Horrocks, New Zealand Writer and Producer. Medium: Face-to-face. Auckland, New Zealand, 4 February.

Hoskins, C., McFadyen, S. and Finn, A. (1997) *Global television and film. An introduction to the economics of the business.* Oxford: Oxford University.

Howse, C. (2012) ‘The Hobbit unearths a hoard of myths’. *The Telegraph*, 29 September. [Online] Available at: http://www.telegraph.co.uk/culture/books/9575599/The-Hobbit-unearths-a-hoard-of-myths.html [Accessed: 18 December 2013]

Hubbard, A. (2013) ‘NZ a star paying to act in a supporting role’. *The Dominion Post*, 19 January. [Online] Available at: http://www.stuff.co.nz/dominion-post/news/8197506/NZ-a-star-paying-to-act-in-a-supporting-role [Accessed: 19 December 2013]

Huffer, I. (2013) ‘“A Popcorn-free Zone”: distinctions in independent film exhibition in Wellington, New Zealand’. In: Aveyard, K. and Moran, A. (eds.) *Watching films: new perspectives on movie-going, exhibition and reception*. Bristol: Intellect, 279–294.

Hughes, D.A. (2013) State Film Tax Incentives. *Journal of Multistate Taxation and Incentives* 23(3), 7–17.

Huijser, H. (2002) *Voices on the margins: the role of New Zealand cinema in the construction of national and cultural identity*. (Doctoral Thesis) New Zealand: University of Waikato.

Huijser, H. (2009) *The multicultural nation in New Zealand cinema*. Germany: VDM Verlag Dr. Muller.

Hunt, T. and Easton, P. (2012) ‘Kiwi actors suffer after Hobbit dispute - Union’. *Stuff.co.nz*, 20 November. [Online] Available at: http://www.stuff.co.nz/business/ 7971185/Kiwi-actors-suffer-after-Hobbit-dispute-union [Accessed: 18 December 2013]

Hurley, P. (2004) ‘In My Father’s Den review’. *Taktalk.co.uk*. [Online] Available at: http://www.talktalk.co.uk/entertainment/film/review/films/in-my-fathers-den/1622 [Accessed: 15 October 2013]

ICAA. (2014) ‘Independent cinemas virtual print fee program’. *Independent Cinemas Association of Australia*. [Online] Available at:

http://www.independentcinemas.com.au/index.php?option=com_content&view=article&id=405&Itemid=136 [Accessed: 20 May 2014]

IMDb. (n.d.) 'In My Father's Den Awards'. *IMDb.com*. [Online] Available at: http://www.imdb .com/title/tt0385017/awards [Accessed: 16 January 2014]

IMDb. (2014) 'The Hobbit: An Unexpected Journey awards'. *IMDb.com*. [Online] Available at: http://www.imdb.com/title/tt0903624/awards [Accessed: 12 February 2014]

IndieDCP. (2014) 'Digital cinema FAQ'. *Indiedcp.com*. [Online] Available at: http://indiedcp. com/digital-cinema-faq.html [Accessed: 18 August 2014]

Indiewire. (2013) 'Digital on demand: show us the numbers'. *Indiewire.com*, 10 September. [Online] Available at: http://www.indiewire.com/article/digital-digital-on-demand [Accessed: 30 July 2014]

Iordanova, D. and Cunningham, S. (2012) *Digital Disruption: Cinema Moves On-Line*. St Andrews: St Andrews Film Studies.

Iordanova, D. and Rhyne, R. (2009) *Film festival yearbook 1: the festival circuit*. St Andrews: St Andrews Film Studies.

Iosifidis, P. (2011) *Global media and communication policy*. New York: Palgrave Macmillan.

Ivancic, M. (2013) 'Film Data'. *Email conversation with Mladen Ivancic*. Acting Chief Executive, NZFC, Wellington, New Zealand, 15 December.

Ivancic, M. (2015) 'Urgent Information Request'. *Email conversation with Mladen Ivancic*. Head of NZFC Finance, NZFC, Wellington, New Zealand, 13 May.

Jackel, A. (2007) 'The inter/nationalism of French film policy'. *Modern & Contemporary France* 15(1), 21–36.

Jackson, P. (2010) 'No title'. *Email communication with Minister Brownlee*. Official Information Act, 18 October.

Jackson, P. and Court, D. (2010) *Review of the New Zealand Film Commission*. A Report to the Hon Chris Finlayso, MP, Minister for Arts, Culture & Heritage, June.

Jackson, R. (2013) 'Diary of a film startup: post #37: cutting checks, etcetera'. *Hopeforfilm.com*, 1 October. [Online] Available at: http://trulyfreefilm. hopeforfilm.com/2013/10/diary-of-a-film-startup-post-37-cutting-checks-et-cetera.html [Accessed: 30 July 2014]

Jenkins, T. (2009) 'How the Central Intelligence Agency works with Hollywood: an interview with Paul Barry, the CIA's new entertainment industry liaison'. *Media, Culture & Society* 31(3), 489–495.

Jess, C. (2011) 'The Hobbit's impact on industrial relations in New Zealand 2010'. *VII Global Labour University Conference*, 28-30 September, Johannesburg, South Africa. [Online] Available at: http://www.global-labour-university.org/fileadmin/GLU_conference_2011/papers/Carol_Jess.pdf [Accessed: 3 January 2014]

Jewell, R. (2007) *The golden age of cinema: Hollywood 1929-1945*. Oxford: Blackwell.

Johnson-Yale, C. (2008) '"So-called runaway film production": countering Hollywood's outsourcing narrative in the Canadian press'. *Critical Studies in Media Communication* 25(2), 113–134.

Jones, C., Anand, N. and Alvarez, J.-L. (2005) '"Guest editors" introduction: manufactures authenticity and creative voice in cultural industries'. *Journal of Management Studies* 42(5), 893–899.

Jones, D., Barlow, J., Finlay, S. and Savage, H. (2003) *NZ Film: A case study of the New Zealand film industry*. Wellington: Competitive Advantage New Zealand, CANZ.

Jones, D. and Pringle, J. (2013) 'Sexism in the film industry'. Unpublished Draft Paper.

Jones, D. and Smith, K. (2005) 'Middle-earth meets New Zealand: authenticity and location in the making of The Lord of the Rings'. *Journal of Management Studies* 42(5), 923–945.

Just, N. and Puppis, M. (2012) *Trends in communication policy research*. Bristol: Intellect.

Kaefer, F. (2014) *Credibility at stake? News representations and discursive constructions of national environmental reputation and place brand image: the case of clean, green New Zealand*. (Doctoral Thesis) New Zealand: University of Waikato.

Kallas, C. (2014) 'Inside the writers' room #1: cinema is a state of mind'. *Hopeforfilm.com*, 30 April. [Online] Available at: http://trulyfreefilm.hopeforfilm.com/2014/04/inside-the-writers-room-1-cinema-is-a-state-of-mind.html [Accessed: 1 May 2014]

Karaganis, J. (2012) 'To save regular earth, kill the Hobbit subsidies'. *The Dominion Post*, 6 December. [Online] Available at: http://www.stuff.co.nz/business/opinion-analysis/8044191/To-save-regular-earth-kill-Hobbit-subsidies [Accessed: 20 August 2014]

Karppinen, K. and Moe, H. (2012) 'What we talk about when we talk about document analysis'. In: Just, N. and Puppis, M. (eds.) *Trends in communication policy research*. Bristol: Intellect, 177–193.

Kaul, I., Grunberg, I. and Stern, M. (1999) *Global public goods. International cooperation in the 21st Century*. Oxford: Oxford University.

Keall, C. (2012) '"Boy" takes New York'. *The National Business Review*. [Online] Available at: http://www.nbr.co.nz/opinion/boy-takes-new-york [Accessed: 8 August 2013]

Kellner, D. (2002) 'The Frankfurt school and British cultural studies: the missed articulation'. In: Nealon, J. and Irr, C. (eds.) *Rethinking the Frankfurt school*. Albany: State University of New York, 31–57.

Kellner, D. (2007) 'The Frankfurt school'. In: Edwards, T. (ed.) *Cultural theory: classical and contemporary positions*. London: Sage, 49–68.

Kelly, H. (2011a) 'Helen Kelly: The Hobbit dispute'. *Scoop.co.nz*, 12 April. [Online] Available at: http://www.scoop.co.nz/stories/HL1104/S00081/helen-kelly-the-hobbit-dispute.htm [Accessed: 3 April 2013]

Kelly, H. (2011b) 'The Hobbit dispute'. *New Zealand Journal of Employment Relations* 36(3), 30–33.

Kelly, H. (2012) 'How The Hobbit dispute was used to justify curbs to the actors' union'. *The Guardian*, 30 November. [Online] Available at: http://www.guardian.co.uk/commentisfree/2012/nov/30/hobbit-actor-union-dispute [Accessed: 19 December 2013]

Kelly, H. (2013) Interview with Helen Kelly, President, New Zealand Council of Trade Unions. Medium: Face-to-face. Wellington, New Zealand, 5 April.

Kelsey, J. (2003) 'Lessons from New Zealand: the saga of the GATS and local content quotas'. *Conference on Cultural Diversity*, Paris, 2-4 February.

Kemp, R. (2012) 'The 10 low-budget surprise hits of the last decade'. *Denofgeek.com*, 26 July. [Online] Available at: http://www.denofgeek.com/movies/22102/the-10-low-budget-surprise-hits-of-the-last-decade [Accessed: 31 July 2014]

Key, J. (2010) 'Hobbit movies to be made in New Zealand'. *New Zealand Government*, 27 October. [Online] Available at: http://beehive.govt.nz/release/hobbit-movies-be-made-new-zealand [Accessed: 8 February 2014]

Kickstarter Team. (n.d.) 'Kickstarter basics'. *Kickstarter.com*. [Online] Available at: http://ww w.kickstarter.com/help/faq/kickstarter%20basics?ref=home_learn_more [Accessed: 14 March 2013]

Kickstarter Team. (2012) 'BOY: The American release! by Taika Waititi'. *Kickstarter.com*. [Online] Available at: http://www.kickstarter.com/projects/18395296/boy-the-american-release [Accessed: 8 August 2013]

Kiely, P. (2011) 'Independent contractor vs. employee'. *New Zealand Journal of Employment Relations* 36(3), 59–72.

King, B. (2010) 'The New Zealand Film Commission as a government-sponsored film producer'. *The Journal of Arts Management, Law and Society* 40, 157–163.

King, M. (2011) *The silence beyond. Selected writings by Michael King*. Auckland: Penguin Books.

King, N. and Horrocks, C. (2010) *Interviews in qualitative research*. London: Sage.

Klein, P. (2000) 'New institutional economics'. *Encyclopedia of Law and Economics* 1, 456–489.

Klijn, E.-H. and Teisman, G.R. (2005) 'Public-private partnerships as the management of co-production: strategic and institutional obstacles in a difficult marriage'. In: Hodge, G. and Greve, C. (eds.) *The challenge of public-private partnerships, learning from international experience*. Cheltenham: Edward Elgar, 95–116.

Knight, K. (2004) 'New Zealand films - Scene but not heard, says top director'. *Sunday Star Times*, 11 January.

Kolig, E. (2000) 'Of condoms, biculturalism, and political correctness. The Māori renaissance and cultural politics in New Zealand'. *Frobenius Institute an der Goethe-Universität - Frankfurt a.M.* 46, 231–252.

Kontour, K. (2002) *Making culture or making culture possible: notions of biculturalism in New Zealand 1980s cinema and the role of the New Zealand Film Commission*. (Master Thesis) New Zealand: University of Otago.

Koschat, M.A. (2012) 'The impact of movie reviews on box office: media portfolios and the international of genre'. *Journal of Media Economics* 25(1), 35–53.

Kubo, A.E. (2013) 'New Zealand attracts Hollywood films with increased subsidies'. *The Diplomat*, 17 December. [Online] Available at: http://thediplomat.com/2013/12/new-zealand-attracts-hollywood-films-with-increased-subsidies/ [Accessed: 30 December 2013]

Küng, L. (2008) *Strategic management in the media: theory to practice*. London: Sage.

Laemmle, R. (2004) 'The independent exhibitor'. In: Squire, J.E. (ed.) *The movie business book*. New York: Fireside, 401–406.

Laing, R. (2013) 'Reporting back from Toronto'. *NZfilm.co.nz*. [Online] Available at: http://www.nzfilm.co.nz/news/reporting-back-from-toronto [Accessed: 15 October 2013]

Lampel, J., Shamsie, J. and Lant, T. (2006) 'Towards a deeper understanding of cultural industries'. In: Lampel, J., Shamsie, J. and Lant, T. (eds.) *The business of culture: strategic perspective on entertainment and media*. New Jersey: Lawrence Erlbaum, 3–14.

Lawn, J. and Beatty, B. (2006) '"On the brink of a new threshold of opportunity": The Lord of the Rings and New Zealand cultural policy'. In: Mathijs, E. (ed.) *The Lord of the Rings: popular culture in global context*. London: Wallflower, 43–60.

Lealand, G. (2011) ‘The “Jackson effect”: the late 1990s to 2005’. In: Pivac, D., Stark, F. and McDonald, L. (eds.) *New Zealand film: an illustrated history in association with the film archive*. Wellington: Te Papa, 259–281.

Lealand, G. (2013a) ‘A nation of film-goers: audiences, exhibition and distribution in New Zealand’. In: Aveyard, K. and Moran, A. (eds.) *Watching films: new perspectives on movie-going, exhibition and reception*. Bristol: Intellect, 141–155.

Lealand, G. (2013b) *The New Zealand film audience in 2013: the return of the baby boomers*. [Power Point] New Zealand.

Leaver, A. (2010) ‘A different take: Hollywoods’ unresolved business model’. *Review of International Political Economy* 17(3), 454–480.

Lee, M.-H. and Han, E.-K. (2006) ‘Competition: Hollywood versus domestic films: release strategies of Hollywood films in South Korea’. *The International Journal on Media Management* 8(3), 125–133.

Leotta, A. (2011) *Touring the screen: tourism and New Zealand film geographies*. Bristol: Intellect.

Leotta, A. (2015) Small nations and the global dispersal of film production: A comparative analysis of the film industries in New Zealand and the United Arab Emirates. *The Political Economy of Communications* 2(2), 20–35.

Lewis, O.A. and Steinmo, S. (2012) ‘How institutions evolve: evolutionary theory and institutional change’. *Polity* 44(3), 314–339.

Lichman, J. (2012a) ‘Review: Taika Waititi’s “Boy” a whimsical & unique coming-of-age tale from New Zealand’. *Indiewire.com*, 3 March. [Online] Available at: http://blogs.indie wire.com/theplaylist/review-taika-waititis-boy-a-whimsical-unique-coming-of-age-tale-from-new-zealand [Accessed: 23 October 2013]

Lichman, J. (2012b) ‘Taika Waititi talks about making the smash hit New Zealand film “Boy” and his plans to reunite with Jemaine Clement’. *Indiewire.com*, 2 February. [Online] Available at: from http://blogs.indiewire.com/theplaylist/taika-waititi-talks-about-making-the-smash-hit-new-zealand-film-boy-his-plans-to-reunite-with-jemaine-clement [Accessed: 24 January 2013]

Lindlof, T.R. (1995) *Qualitative communication research methods*. Thousand Oaks: Sage.

Lister, J. (2011) ‘Tusi Tamasese interview. Director of The Orator (O Le Tulafale)’. *Nisimazine.eu European Network of Young Cinema*, 15 September. [Online] Available at: http://www.nisimazine.eu/Tusi-Tamasese.html [Accessed: 31 July 2013]

Löblich, M. and Pfaff-Rüdiger, S. (2012) ‘Qualitative network analysis: an approach to communication policy studies’. In: Just, N. and Puppis, M. (eds.) *Trends in communication policy research*. Bristol: Intellect, 197–215.

Lorenzen, M. (2007) ‘Internationalization vs. globalization of the film industry’. *Industry and Innovation* 14(4), 349–357.

Louw, E. (2005) ‘Politics: image versus substance’. In: Louw, E. (ed.) *The media and political process*. London: Sage, 13–35.

Luke-Reid, G. (2007) *The impact of digital technologies on feature film production*. (Doctoral Thesis) New Zealand: University of Auckland.

Lumenick, L. (2005) ‘Motorcycle tale hits on all cylinders’. *New York Post*, 7 December. [Online] Available at: http://nypost.com/2005/12/07/motorcycle-tale-hits-on-all-cylinders/ [Accessed: 1 November 2013]

Lyons, J.F. (2013) *America in the British imagination: 1945 to the present*. New York: Palgrave Macmillan.

MACCS. (2011) *Virtual print fee user guide*. Movie Accounting Systems.

Manhire, T. (2012a) ‘Hollywood Reporter on The Hobbit: Peter Jackson’s “$1bn gamble”’. *New Zealand Listener,* 18 October. [Online] Available at: http://www.listener.co.nz/co mmentary/the-internaut/hollywood-reporter-on-the-hobbit-peter-jacksons-1bn-gamble/ [Accessed: 18 December 2013]

Manhire, T. (2012b) ‘NZ’s new tourism slogan: “100% Middle-earth”’. *New Zealand Listener*, 9 August. [Online] Available at: http://www.listener.co.nz/commentary/ the-internaut/ nzs-new-tourism-slogan-100-middle-earth/ [Accessed: 18 December 2013]

Māori TV. (2014) ‘About Māori Television’. *Maoritelevision.com*. [Online] Available at: http://www.maoritelevision.com/about/about-maori-television [Accessed: 11 August 2014]

Marriner, K. (2010) ‘Father vs. son: a study guide to Boy’. *Screen Education* 60, 26–33.

Martin, H. and Edwards, S. (1997) *New Zealand Film 1912-1996*. London: Oxford University.

Marx, K. (1867) *Das kapital, kritik der politischen Ökonomie*. Germany: Verlag von Otto Meisner.

Marx, K. and Engels, F. (1848) *Das kommunistische manifest*. London.

Mason, G. (2012) ‘Thoughts on the screen industry’. *OnFilm, May*, pp. 10–11.

Mason, G. (2013) Interview with Graeme Mason, Chief Executive Officer, New Zealand Film Commission. Medium: Face-to-face. Wellington, New Zealand, 30 July.

Masters, K. (2012) ‘“The Hobbit:” inside Peter Jackson and Warner Bros.’ $1 billion gamble’. *The Hollywood Reporter,* 17 October. [Online] Available at:

http://www.hollywoodrep orter.com/news/the-hobbit-peter-jackson-warner-bros-1-billion-79301 [Accessed: 18 December 2013]

Mayer, G. and Beattie, K. (2007) *The cinema of Australia and New Zealand*. London & New York: Wallflower.

MBIE. (n.d.) 'Screen industry'. *Med.govt.nz*. [Online] Available at: http://www.med.govt.nz/sectors-industries/screen-industry [Accessed: 9 May 2013]

MBIE. (2011) 'Film New Zealand'. *Med.govt.nz*. [Online] Available at: http://www.eat.med.govt.nz/sectors-industries/screen-industry/film-new-zealand [Accessed: 9 May 2013]

MBIE. (2013a) *Business growth agenda progress report 2013*. [Online] Available at: http://www.mbie.govt.nz/what-we-do/business-growth-agenda/progress-report-2013 [Accessed: 13 March 2014]

MBIE. (2013b) *Evaluation of the large budget screen production grant 2004-2011*. Wellington, New Zealand: Ministry of Business, Innovation & Employment.

MBIE. (2014) 'Large budget screen production grant'. *Med.govt.nz*. [Online] Available at: http://www.eat.med.govt.nz/sectors-industries/screen-industry/large-budget [Accessed: 29 September 2014]

McAndrew, I. and Risak, M. (2012) 'Shakedown in the shaky isles: union bashing in New Zealand'. *Labor Studies Journal* 37(1), 56–80.

McDonald, P. and Wasko, J. (2008) *The contemporary Hollywood film industry*. Malden: Wiley Blackwell.

McGrath, J.B. (2011) *Cannes confidential: a gatecrasher's guide to the world's most famous film festival*. Central Milton Keynes: AuthorHouse UK.

MCH. (2004) *Review of Government screen funding arrangement. Discussion paper*. Wellington, New Zealand: Ministry for Culture and Heritage. [Online] Available at: https://www.sfu.ca/cmns/courses/230/Body_text.section/New_Zealand/MCH2004_Screen_funding_discussion.pdf [Accessed: 6 August 2014]

MCH. (2010) 'Samoan feature film first'. *Mch.govt.nz*. [Online] Available at: http://www.mch.govt.nz/news-events/news/samoan-feature-film-first [Accessed: 29 July 2013]

MCH. (2013) 'New Zealand Film Commission'. *Mch.govt.nz*. [Online] Available at: http://www.mch.govt.nz/funding-nz-culture/agencies-we-fund/art-music-film/new-zea land-film-commission [Accessed: 9 May 2013]

McKenzie, J. (2010) 'How do theatrical box office revenues affect DVD retail sales? Australian empirical evidence'. *Journal of Cultural Economics* 34(3), 159–179.

McKenzie, J. (2012) 'The economics of movies: a literature survey'. *Journal of Economic Surveys* 26(1), 42–70.

McNary, D. (2010) 'Screenwriters dancing the one-step'. *Variety*, 24 April. [Online] Available at: http://variety.com/2010/film/news/screenwriters-dancing-the-one-step-1118018210 [Accessed: 26 July 2014]

McNary, D. (2014) 'Hollywood continues to flee California at alarming rate'. *Variety*, 5 March. [Online] Available at: http://variety.com/2014/film/news/even-films-set-in-california-are-shooting-elsewhere-to-save-money-1201125523/ [Accessed: 1 May 2014]

MEAA. (2009) 'Frequently asked questions: residuals'. *Alliance.org.au*. [Online] Available at: http://www.alliance.org.au/documents/faqs_residuals.pdf [Accessed: 21 October 2014]

MED. (2006) *Review of the large budget screen production grant*. Wellington, New Zealand: Ministry of Economic Development.

MED. (2009) 'Large budget screen production grant overview'. *Med.govt.nz*, 29 January. [Online] Available at: http://www.med.govt.nz/sectors-industries/screen-industry/pdf-docs-library/large-budget-screen-production-grant-2009.pdf [Accessed: 6 August 2014]

MED (2012) *Economic Study of the NZ Film Industry*, April, New Zealand.

MED. (2013) 'Large budget screen production grant (incorporating the Post, digital and visual effects grant) CRITERIA'. *NZfilm.co.nz*, 1 October. [Online] Available at: http://www.nzfilm.co.nz/sites/nzfc/files/LBSPG_Criteria_October_2013_FINAL.pdf [Accessed: 6 March 2014]

MED and MCH. (2013) *Review of Government assistance to screen sector 2013 Cabinet Paper*. [Online] Available at: http://www.mch.govt.nz/files/Review_of_Government_Assistance_to_Screen_Sector_2013_Cabinet_paper_%28D-0493018%29.PDF [Accessed: 10 October 2013]

Meredith, P. (1998) 'Hybridity in the third space: rethinking bi-cultural politics in Aotearoa/New Zealand'. *Te Oru Rangahau Māori Research and Development Conference*, Massey University.

Miège, B. (1979) 'The cultural commodity'. *Media, Culture & Society* 1(3), 297–311.

Miège, B. (1989) *The capitalization of cultural production*. New York: International General.

Miller, T. (2009) *The contemporary Hollywood reader*. Oxon: Routledge.

Miller, T., Govil, N., McMurria, J., Maxwell, R. and Wang, T. (2005) *Global Hollywood 2*. London: British Film Institute (BFI).

Milord, J. (2013) ‘The world’s 10 largest media conglomerates’. *Elitedaily.com*, 2 July. [Online] Available at: http://elitedaily.com/money/the-worlds-10-largest-media-conglomerates/ [Accessed: 17 July 2014]

Montal, S. (2004) ‘Films festivals and markets’. In: Squire, J.E. (ed.) *The movie business book*. New York: Fireside, 315–330.

Moore, B. (2013) ‘Box office figures please’. *Email conversation with Brendan Moore*, Ratings Officer/Reporting Support, Film and Video Labelling Body (FVLB), Auckland, New Zealand, 24 September.

Moran, A. and Vieth, E. (2005) *Historical dictionary of Australia and New Zealand cinema*. Oxford: Rowman & Littlefield.

Morawetz, N., Hardy, J., Haslam, C. and Randle, K. (2007) ‘Finance, policy and industry dynamics – The rise of co-productions in the film industry’. *Industry and Innovation* 14(4), 421–443.

Moreau, F. and Peltier, S. (2004) ‘Cultural diversity in the movie industry: a cross-national study’. *Journal of Media Economics* 17(2), 123–143.

Morgan, N., Pritchard, A. and Piggott, R. (2003) ‘Destination branding and the role of the stakeholders: the case of New Zealand’. *Journal of Vacation Marketing* 9(3), 285–299.

Mosco, V. (1996) *The political economy of communication*. London: Sage.

Mosco, V. (1999) ‘New York.com: a political economy of the “informational” city’. *Journal of Media Economics* 12(2), 103–116.

Mosco, V. (2008) ‘Current trends in the political economy of communication’. *Global Media Journal - Canadian Edition* 1(1), 45–63.

Mosco, V. (2009) *The political economy of communication*. London: Sage.

Mosco, V. (2014) *To the cloud: big data in a turbulent world*. Boulder: Paradigm.

MPAA. (2007) *Theatrical market statistics report*. [Online] Available at: http://brianpuccio.n et/files/2007-US-Theatrical-Market-Statistics-Report.pdf [Accessed: 10 May 2014]

MPDA. (2007) ‘Eagle vs Shark box office’. *Mpda.org.nz*, 17 October. [Online] Available at: http://www.mpda.org.nz/reports/weekly [Accessed: 25 July 2013]

MPDA. (2012a) ‘Sione’s Wedding box office’. *Mpda.org.nz*, 15 March. [Online] Available at: http://www.mpda.org.nz/reports/weekly [Accessed: 7 August 2013]

MPDA. (2012b) ‘The Orator box office’. *Mpda.org.nz*, 5 January. [Online] Available at: http://www.mpda.org.nz/reports/weekly [Accessed: 9 August 2013]

MPDA. (2013) ‘The Hobbit: An Unexpected Journey box office’. *Mpda.org.nz*, 4 June. [Online] Available at: http://www.mpda.org.nz/reports/weekly [Accessed: 15 August 2013]

Munch, T. (2013) ‘Information about Whale Rider and Sione’s Wedding please’. *Email conversation with Tamar Munch*, Head of Publicity, South Pacific Pictures, Auckland, New Zealand, 13 August.

Murdock, G. and Golding, P. (1973) ‘For a political economy of mass communications’. In: Miliband, R. and Saville, J. (eds.) *Social Register 1973*. London: Merlin, 205–234.

Murdock, G. and Golding, P. (1999) ‘Common markets: corporate ambitions and communication trends in the UK and Europe’. *Journal of Media Economics* 12(2), 117–32.

Murdock, G. and Golding, P. (2005) ‘Culture, communications and political economy’. In: Curran J. and Gurevitch, M. (eds.) *Mass Media and Society*, 60–83.

Murphy, N. (2009) ‘Book review: being Māori-Chinese: mixed identities’. *Journal of Chinese Overseas* 5, 365–379.

Murray, S. (2008) ‘Indigenous self-expression: outlining fourth cinema’. In: Murray, S. (ed.) *Images of dignity: Barry Barclay and fourth cinema*. Wellington: Huia, 11–29.

Myers, S. (2014) ‘Interview [Part 1]: Ted Hope’. *GoIntoTheStory.com*, 10 February. [Online] Available at: http://gointothestory.blcklst.com/2014/02/interview-part-1-ted-hope.html [Accessed: 27 July 2014]

Nastasi, A. (2012) ‘10 Low-budget films that became unexpected hits’. *Flavorwire.com*, 19 November. [Online] Available at: http://flavorwire.com/348021/10-low-budget-films-that-became-unexpected-hits/2 [Accessed: 22 July 2014]

Navarro, V., Torres-López, J. and Garzón-Espinosa, A. (2011) *Hay alternativas. Propuestas para crear empleo y bienestar social en España*. Madrid, Spain: Seguitur.

NBR. (2010) ‘Key comes through: $34m deal sees Hobbit stay in NZ’. *The National Business Review*, 28 October. [Online] Available at: http://www.nbr.co.nz/article/key-comes-through-the-hobbit-will-be-made-nz-132198 [Accessed: 8 February 2014]

Nelson, R.A. and Glotfelty, R. (2012) ‘Movie stars and box office revenues: an empirical analysis’. *Journal of Cultural Economics* 36(2), 141–166.

Newcomb, T. (2013) ‘Budget for “The Hobbit” now exceeds half a billion dollars’. *Time*, 4 October. [Online] Available at: http://entertainment.time.com/2013/10/04/budget-for-the-hobbit-now-exceeds-half-a-billion-dollars/ [Accessed: 29 March 2014]

Newman, I. and Benz, C. (1998) *Qualitative-quantitative research methodology: exploring the interactive continuum*. Carbondale: Southern Illinois University.

New Zealand Film and TV. (2010) 'Taika Waititi acting career takes another step forward with Green Lantern'. *New Zealand Film and TV*, 16 March. [Online] Available at: http://newzealandfilmtv.co.nz/2010/03/taika-waititi-acting-career-takes-another-step-forward-with-green-lantern/ [Accessed: 23 August 2013]

NFAT. (2012) 'NFAT New Zealand film and tv festival celebrates Treaty of Friendship between New Zealand and Samoa'. *Foreign Affairs & Trade*. [Online] Available at: http://www.mfat.govt.nz/Media-and-publications/Features/440-NZ-Films-Samoa.php [Accessed: 11 May 2013]

Nippert, M. (2010) 'Big films cost NZ millions'. *The New Zealand Herald*, 13 June. [Online] Available at: http://www.nzherald.co.nz/entertainment/news/article.cfm?c_id=1501119&objectid=10651560 [Accessed: 20 August 2014]

Noam, E. (2009) *Media ownership and concentration in America*. Oxford: Oxford University.

Nye, J. (2008) 'Public diplomacy and soft power'. *The ANNALS of the American Academy of Political and Social Science* 616(1), 94–109.

NZAE. (2014) 'Main Menu'. *Actorsequity.org.nz*. [Online] Available at: http://www.actors equity.org.nz [Accessed: 12 August 2014]

NZFACT. (2007) 'Sione's Wedding pirate sentenced to 300 hours community service'. *NZfact.co.nz*. [Online] Available at: http://www.nzfact.co.nz/press_releases/Release_18July.pdf [Accessed: 8 August 2013]

NZFC. (n.d.a) *Co-productions*. [Online] Available at: http://www.nzfilm.co.nz/international-productions/co-productions [Accessed: 10 October 2013]

NZFC. (n.d.b) *New Zealand feature films share of New Zealand box office*. [Online] Available at: http://www.nzfilm.co.nz/sites/nzfc/files/NZ_Feature_Films_Share_of_NZ_Box_Office.pdf [Accessed: 22 April 2013]

NZFC. (n.d.c) *NZFC key facts*. [Online] Available at: http://www.nzfilm.co.nz/about-us/key-facts [Accessed: 24 January 2013]

NZFC. (n.d.d) *Large budget screen production grant (LBSPG)*. [Online] Available at: http://www.nzfilm.co.nz/funding/feature-films/production-funding/large-budget-screen-production-grant [Accessed: 9 May 2013]

NZFC. (1978) *New Zealand Film Commission Act 1978*. [Online] Available at: http://www.legislation.govt.nz/act/public/1978/0061/latest/DLM23018.html?search=ts_act_New+Zealand+Film+Commission+Act+(1978)_resel [Accessed: 8 December 2013]

NZFC. (2005) 'The World's Fastest Indian press kit'. *NZfilm.co.nz*. [Online] Available at: http://www.nzfilm.co.nz/sites/nzfc/files/TWFI%20Press%20Kit%20FINAL.pdf [Accessed: 23 September 2013]

NZFC. (2006) *NZFC Annual Report 2005-2006*. [Online] Available at: http://www.nzfilm.co.nz/sites/nzfc/files/NZFC_Annual_Report_2005-06.pdf [Accessed: 16 October 2013]

NZFC. (2009) *Film Fund Interim Report May 2009*. [Online] Available at: http://www.nzfilm.co.nz/sites/nzfc/files/Interim_report.pdf [Accessed: 18 October 2013]

NZFC. (2010a) 'Boy'. *NZfilm.co.nz*. [Online] Available at: http://www.nzfilm.co.nz/film/boy [Accessed: 15 August 2013]

NZFC. (2010b) 'Piracy of Boy illustrates threat to film industry'. *NZFC Press Release*, 22 June. [Online] Available at: http://www.thebigidea.co.nz/news/industry-news/2010/jun/71231-nzfc-piracy-of-boy-illustrates-threat-to-film-industry [Accessed: 26 July 2013]

NZFC. (2011a) *A briefing for the incoming Minister for Arts, Culture and Heritage*. December. Wellington, New Zealand: New Zealand Film Commission.

NZFC. (2011b) *NZFC Annual Report 2010-2011*. [Online] Available at: http://www.nzfilm.co.nz/sites/nzfc/files/NZFC_Annual_Report_2010-11.pdf [Accessed: 26 July 2013]

NZFC. (2011c) 'The Orator press kit'. *NZfilm.co.nz*. [Online] Available at: http://www.nzfilm.co.nz/sites/nzfc/files/Orator_press_kit_International.pdf [Accessed: 9 August 2013]

NZFC. (2012a) '50 years of friendship with Samoa'. *NZfilm.co.nz*. [Online] Available at: http://www.nzfilm.co.nz/news/50-years-of-friendship-with-samoa [Accessed: 7 August 2013]

NZFC. (2012b) *NZFC Annual Report 2011-2012*. [Online] Available at: http://www.nzfilm.co.nz/sites/nzfc/files/NZFC_Annual_Report_2011-2012. pdf [Accessed: 10 May 2014]

NZFC. (2012c) *NZ official co-productions summary May 2012*. New Zealand.

NZFC. (2013a) *NZFC Statement of Intent 2013-2016*. [Online] Available at: http://www.nzfilm.co.nz/sites/nzfc/files/NZFC_Statement_of_Intent_2013_-_2016_0.pdf [Accessed: 2 August 2013]

NZFC. (2013b) *Screen incentives changes*. NZFC Newsletter, 16 December.

NZFC. (2014a) 'Local distributors'. *NZfilm.co.nz*. [Online] Available at: http://www.nzfilm.co.nz/distribution/new-zealand/local-distributors [Accessed: 12 August 2014]

NZFC. (2014b) 'NZSPG - International productions'. *NZfilm.co.nz*. [Online] Available at: http://www.nzfilm.co.nz/funding/feature-films/productionfunding/nzspg international-productions [Accessed: 11 August 2014]

NZFC. (2014c) 'NZSPG - New Zealand productions'. *NZfilm.co.nz*. [Online] Available at: http://www.nzfilm.co.nz/funding/feature-films/production-funding/nzspg-new-zealand-productions [Accessed: 11 August 2014]

NZ Government. (1962) *Treaty of Friendship between New Zealand and Samoa.* Signed in Apia, 1 August. [Online] Available at: http://www.vanuatu.usp.ac.fj/library/online/texts/Pacific_archive/Samoa/Treaty_of_Friendship.pdf [Accessed: 28 August 2013]

NZ Government. (2011) *Government's screen sector work programme and response to the New Zealand Film Commission review*, Ministry of Culture and Heritage, June. [Online] Available at: http://www.mch.govt.nz/research-publications/our-research-reports/governments-screen-sector-work-programme [Accessed: 22 April 2013]

NZ Herald. (2005) 'Utah investment in World's Fastest Indian'. *The New Zealand Herald*, 21 October. [Online] Available at: http://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=10351342 [Accessed: 17 January 2014]

NZ Herald. (2012a) 'The Hobbit's $2 million opening weekend'. *The New Zealand Herald*, 18 December. [Online] Available at: http://www.nzherald.co.nz/entertainment/news/article.cfm?c_id=1501119&objectid=10854852 [Accessed: 19 December 2013]

NZ Herald. (2012b) 'The Orator cleans up at the NZ film awards'. *The New Zealand Herald*, 4 December. [Online] Available at: http://www.nzherald.co.nz/entertainment/news/article.cfm?c_id=1501119&objectid=10851876 [Accessed: 27 August 2013]

NZ Herald. (2013a) 'Should NZ have paid to ensure The Hobbit films were made here?'. *The New Zealand Herald*, 9 January. [Online] Available at: http://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=10858076 [Accessed: 19 December 2013]

NZ Herald. (2013b) 'SkyCity deal unveiled: $402m centre, 230 more pokies'. *The New Zealand Herald*, 13 May. [Online] Available at: http://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=10883267 [Accessed: 6 March 2014]

NZIFF. (2012) 'Celebrating 40. New Zealand International Film Festival'. *New Zealand Film Festival*. [Online] Available at: http://www.nzff.co.nz/wellington/celebrating-40 [Accessed: 27 January 2012]

NZ Immigration. (2012) 'Taxes, a system designed for simplicity and fairness'. *New Zealand Now*. [Online] Available at: http://www.newzealandnow.govt.nz/investing-in-nz/rules-law/taxes [Accessed: 26 March 2014]

Obst, L. (2013) *Sleepless in Hollywood, tales from the NEW ABNORMAL in the movie business*. New York: Simon & Schuster.

OFLC. (2012) 'What does M mean?'. *Office of Film and Literature Classification*. [Online] Available at: http://www.censorship.govt.nz/news/news-what-does-M-mean.html [Accessed: 30 April 2013]

Oh, J. (2001) 'International trade in film and the self-sufficiency ratio'. *Journal of Media Economics* 14(1), 31–44.

Oliver, D., Serovich, J. and Mason, T. (2005) 'Constraints and opportunities with Interview transcription: towards reflection in qualitative research'. *Social Forces* 84(2), 1273–1289.

OnFilm. (2005) 'Film & TV Awards, New Zealand Screen Awards 2005'. *OnFilm*, August. [Online] Available at: http://centralarchive.co.nz/?webid=ONF &articleid=19375 [Accessed: 16 January 2014]

OnFilm. (2011) 'The Orator submitted for Academy Awards'. *OnFilm*, September. [Online] Available at: http://www.onfilm.co.nz/2011/09/29/the-orator-submitted-for-academy-awards [Accessed: 28 August 2013]

OnFilm. (2012) 'Hallowed Boy rivals Harry Potter on disc'. *OnFilm*, February, p. 7.

O'Regan, T. (1996) *Australian national cinema*. London: Routledge.

O'Regan, T. and Potter, A. (2013) 'Globalisation from within? The de-nationalising of Australian film and television production'. *Media International Australia Incorporating Culture & Policy* 149(Nov 2013), 5–14.

Oscars, T. (2013) *The Oscars. Nominees for the 85th Academy Awards*. [Online] Available at: http://www.oscars.org/awards/academyawards/85/nominees.html [Accessed: 12 February 2014]

Ó Siochrú, S., Girard, B. and Mahan, A. (2002) *Global media governance. A beginner's guide*. Lanham: Rowman & Littlefield.

O'Sullivan, D. (2007) *Beyond multiculturalism: the politics of an indigenous minority*. Wellington: Huia.

Padovani, C. and Nordenstreng, K. (2005) 'From NWICO to global governance of the information society'. *Global Media and Communication* 1(3), 264–272.

Papies, D. and Clement, M. (2008) 'Adoption of new movie distribution services on the Internet'. *Journal of Media Economics* 21(3), 131–157.

Pardo, A. (2007) *The Europe-Hollywood coopetition: cooperation and competition in the global film industry*. Navarra: Universidad de Navarra.

Pardo, A. and Sánchez-Tabernero, A. (2012) 'Effects of market concentration in theatrical distribution: the case of the big five western European countries'. *The International Journal on Media Management* 14(1), 51–71.

Parks, S. (2007) *The insider's guide to independent film distribution*. Oxford: Focal.

Parnham, P. (2011) 'Risky business'. *OnFilm*, November, pp. 20–22.

Parr, L. (2013) Interview with Larry Parr, Manager, Television Funding, Te Māngai Pāho. Medium: Face-to-face. Wellington, New Zealand, 9 April.

Patton, E. and Appelbaum, S.H. (2003) 'The case for case studies in management research'. *Management Research News* 26(5), 60–71.

Peirce, C. (2014) 'Nobody knows anything #6: principles of strategy'. *Hopeforfilm.com*, 26 February. [Online] Available at: http://trulyfreefilm.hopeforfilm.com/2014/02/nobody-knows-anything-6-principles-of-strategy.html [Accessed: 2 May 2014]

Peltier, S. (2004) 'Mergers and acquisitions in the media industries: were failures really unforeseeable?'. *Journal of Media Economics* 17(4), 261–278.

Pendakur, M. (1990) *Canadian dreams and American control: the political economy of the Canadian film industry*. Detroit: Wayne State University.

PEP. (n.d.) 'Our Investments'. *Pacific Equity Partners*. [Online] Available at: http://www.pep.com.au/investments [Accessed: 21 August 2014]

Perrott, L. (2010) 'Call and response: Taika Waititi's Boy'. *Metro*, pp. 49–53.

Perry, N. (2013) 'Hobbit costs double Rings trilogy, so far'. *Stuff.co.nz*, 5 October. [Online] Available at: http://www.stuff.co.nz/entertainment/film/9248499/Hobbit-costs-double-Rings-trilogy-so-far [Accessed: 29 March 2014]

Petrie, D. (2005) 'From the cinema of poetry to the cinema of unease'. *Illusions. New Zealand Moving Image and Performing Arts Criticism*, 37, 2–8.

Petrie, D. and Stuart, D. (2008) *Thirty years of New Zealand film: a coming of age*. Auckland: Random House New Zealand.

Picard, R. (1989) *Media economics: concepts and issues*. London: Sage.

Picard, R. (2011) *The economics and financing of media companies*. New York: Fordham University.

Picker, D. (2004) 'The film company as financer-distributor'. In: Squire, J.E. (ed.) *The movie business book*. New York: Fireside, 167–173.

Polone, G. (2011) 'Why taxpayers get screwed when every State and Canada fights to lure movie shoots'. *Vulture.com*, 27 October. [Online] Available at:

http://www.vulture.com/2011/10/runaway_film_production_tax_cr.html [Accessed: 1 May 2014]

Polone, G. (2012) 'The main reason TV is now better than movies'. *Vulture.com*, 13 September. [Online] Available at: http://www.vulture.com/2012/09/why-tv-is-better-than-movies-gavin-polone.html [Accessed: 25 July 2014]

Power, D. and Scott, A. (2004) 'A prelude to cultural industries and the production of culture'. In: Power, D. and Scott, A. (eds.) *Cultural industries and the production of culture*. London/New York: Routledge, 3–16.

Prince, R. (2010) 'Globalizing the creative industries concept: travelling policy and transnational policy communities'. *The Journal of Arts Management, Law and Society* 40, 119–139.

Pryor, I. (2003) *Peter Jackson: From Prince of Splatter to Lord of the Rings*. Auckland: Random House New Zealand.

Puttnam, D. (2004) 'The producer'. In: Squire, J.E. (ed.) *The movie business book*. New York: Fireside, 14–24.

PWC (2012) *Economic Contribution of the NZ Film and Television Industry*, August, New Zealand.

RadioNZ. (2013) 'Graeme Mason - outgoing head of the Film Commission'. *Nine To Noon*, 23 August. [Online] Available at: http://www.radionz.co.nz/national/programmes/ninetonoon/audio/2566746/graeme-mason-outgoing-head-of-the-film-commission [Accessed: 26 March 2014]

Rata, E.M. (1996) *Global capitalism and the revival of ethnic traditionalism in New Zealand. The emergence of tribal-capitalism*. (Doctoral Thesis) New Zealand: University of Auckland.

Reading. (2013) 'What we do, corporate profile'. *Reading International*. [Online] Available at: http://www.readingrdi.com/Corporate-Profile [Accessed: 21 August 2014]

Redstone, S. (2004) 'The exhibition business'. In Squire, J.E. (ed.) *The movie business book*. New York: Fireside, 386–400.

Reid, N. (2013) 'Hobbit already snared by pirates'. *Stuff.co.nz*, 13 January. [Online] Available at: http://www.stuff.co.nz/technology/digital-living/8171836/Hobbit-already-snared-by-pirates [Accessed: 19 December 2013]

Reynolds, J.S. (2002) *Going far?: John O'Shea's runaway in the context of his attempt to establish a feature film industry in New Zealand*. (Doctoral Thesis) New Zealand: The University of Auckland.

Riddell, M. and Riddell, R. (2013) Interview with Mike and Rosemary Riddell, New Zealand Writer-Producer and Director respectively. Medium: Face-to-face. Cambridge, New Zealand, 8 March.

Riley, T. (2010) ‘The shire schism’. *OnFilm*, November, pp. 22–23, 27.

Robb, D.L. (2004) *David Robb’s operation Hollywood: how the pentagon shapes and censors the movies.* New York: Prometheus Books.

Robinson, R. and Wattie, N. (1998) *The oxford companion to New Zealand literature*. Oxford: Oxford University.

Robyn, M. (2011) ‘Michigan Governor proposes cap on film tax credit’. *Tax Foundation*. [Online] Available at: http://taxfoundation.org/blog/michigan-governor-proposes-cap-film-tax-credit [Accessed: 28 July 2014]

Rodríguez-Ferrándiz, R. (2014) ‘Culture industries in a postindustrial age: entertainment, leisure, creativity, design’. *Critical Studies in Media Communication* 31(4), 327–341.

Rose, S. (2012) ‘Hillary Clinton, the movie: will it be a hit for Hollywood?’. *The Guardian*, 18 December. [Online] Available at: http://www.theguardian.com/world/shortcuts/2012/dec/18/hillary-clinton-movie-hit-hollywood [Accessed: 7 May 2014]

Roulston, K. (2010) *Reflexive interviewing: a guide to theory and practice*. Los Angeles: Sage.

Rowlands, L. and Handy, J. (2012) ‘An addictive environment: New Zealand film production workers’ subjective experiences of project-based labour’. *Human Relations* 65(5), 657–680.

Rudkin, F. (2012) ‘Interview with Tusi Tamasese’. *RialtoChannel.co.nz,* 26 July. [Online] Available at: http://www.rialtochannel.co.nz/blog/id/106/interview-with-tusi-tamasese [Accessed: 31 July 2013]

Rudman, N. and Ephraim, L. (2004) ‘The finishing touch: the completion guarantee’. In: Squire, J.E. (ed.) *The movie business book.* New York: Fireside, 207–221.

Ryan, M.D. (2010) ‘Film, cinema, screen’. *Media International Australia Incorporating Culture & Policy* 136, 85–89.

Ryan, M.D. and Hearn, G. (2010) ‘Next-generation “filmmaking”: new markets, new methods and new business models’. *Media International Australia Incorporating Culture & Policy* 136, 133–145.

Ryoo, W. (2008) ‘The political economy of the global mediascape: the case of the South Korean film industry’. *Media, Culture & Society* 30(6), 873–889.

Sall, J. (2014) ‘Wake up! Don’t wait for the sale!’ *Hopeforfilm.com*, 2 April. [Online] Available at: http://trulyfreefilm.hopeforfilm.com/2014/04/wake-up-dont-wait-for-the-sale.html [Accessed: 28 July 2014]

Sayer, A. (2000) *Realism and social science*. London: Sage.

Schaer, C. (2010) ‘Local filmmakers getting noticed at Doha festival’. *The New Zealand Herald*, 28 October. [Online] Available at: http://www.nzherald.co.nz/entertainment/news/article.cfm?c_id=1501119&objectid=10683636 [Accessed: 25 July 2013]

Schatz, T. (2014) ‘Film studies, cultural studies, and media industries studies’. *Media Industries Journal* 1(1), 39–43.

Schiller, D. (1994) ‘From culture to information and back again: commoditization as a route to knowledge’. *Critical studies in media communication* 11(1), 92–115.

Schiller, D. (1999a) *Digital capitalism*. Cambridge: MIT.

Schiller, D. (1999b) ‘The legacy of Robert A. Brady: antifascist origins of the political economy of communications’. *Journal of Media Economics* 12(2), 89–101.

Schiller, H.I. (1989) *Culture, Inc.* Oxford: Oxford University.

Schlesinger, P. (2009) *The politics of media and cultural policy*. Media@LSE Electronic Working Papers.

Schostak, J. (2006) *Interviewing and representation in qualitative research*. Berkshire: Open University.

Schumpeter, J. (1942) *Capitalism, socialism and democracy*. London/New York: Routledge.

Schumpeter, J. (2000) ‘Entrepreneurship as innovation’. In: Swedberg, R. (ed.) *Entrepreneur ship - a social science view.* Oxford: Oxford University, 51–57.

Scott, A. (2002) ‘A new map of Hollywood: the production and distribution of American motion pictures’. *Regional Studies* 36(9), 957–975.

Scott, A. (2004) ‘Hollywood and the world: the geography of motion-picture distribution and marketing’. *Review of International Political Economy* 11(1), 33–61.

Scott, A.J. and Pope, N. (2007) ‘Hollywood, Vancouver, and the world: employment relocation and the emergence of satellite production centers in the motion-picture Industry’. *Environment and Planning* 39, 1364–1381.

Scott, A.O. (2013) ‘The big picture strikes back’. *The New York Times*, 25 November. [Online] Available at: http://www.nytimes.com/2013/12/01/magazine/the-big-picture-strikes-back.html [Accessed: 1 May 2014]

Scott, W.R. (1995) *Institutions and organizations*. Thousand Oaks: Sage.

Screen International. (2011) *Screen International's Global Guide to Soft Money 2011*. [Online] Available at: http://softmoney.screendaily.com/ [Accessed: 7 March 2012]

Seale, C. (2005) *Researching society and culture*. London: Sage.

Sedgwick, J. and Pokorny, M. (1999) 'Movie stars and the distribution of financially successful films in the motion picture industry'. *Journal of Cultural Economics* 23(4), 319–323.

Seidman, I. (2013) *Interviewing as qualitative research. A guide for researchers in education and the social sciences*. New York: Teachers College.

Shanan, D. (2013) Interview with Dan Shanan, Director of Documentary Edge Festival. Medium: Face-to-face. Auckland, New Zealand, 5 February.

Shelton, L. (2005) *The selling of New Zealand movies*. Wellington: Awa.

Shippey, T. (2012) 'The Hobbit: what has made the book such an enduring success?'. *The Telegraph*, 20 September. [Online] Available at: http://www.telegraph.co.uk/ culture/ books/booknews/9555838/The-Hobbit-What-has-made-the-book-such-an-enduring-success.html [Accessed: 18 December 2013]

Shreeve, A. (2013) Interview with Andrew Shreeve, Sales Manager, Rialto Distribution, New Zealand. Medium: Face-to-face. Auckland, New Zealand, 17 April.

Shuttleworth, K. (2012) 'Prime Minister defends Hollywood trip'. *The New Zealand Herald*, 1 October. [Online] Available at: http://www.nzherald.co.nz/ entertainment/news/article.cfm?c_id=1501119&objectid=10837703 [Accessed: 27 December 2013]

Sigley, S. (2013) *Transnational film culture in New Zealand*. Bristol: Intellect.

SPADA. (2010) *SPADA's fact sheet on the current industrial situation*. SPADA Press Release, 21 October.

SPADA. (2014) 'Why you should join SPADA'. [Online] Available at: http://www.spada.co. nz/join/join.html [Accessed: 12 August 2014]

Sparks, C. (2007) *Globalization, development, and the mass media*. London: Sage.

Spicker, P. (2006) *Policy analysis for practice: applying social policy*. Bristol: The Policy.

SPIT. (2003) *Taking on the world. The report of the screen production industry taskforce*. New Zealand.

SPP. (n.d.) 'Sione's Wedding goes top 10 in Italy'. *South Pacific Pictures*. [Online] Available at: http://www.southpacificpictures.com/index.php?option=com_content&task=view&id=29&Itemid=99999999 [Accessed: 7 August 2013]

SPP. (2002) 'Whale Rider press kit'. *South Pacific Pictures*. [Online] Available at: http://www.nzfilm.co.nz/sites/nzfc/files/Whale_Rider_Press_Kit.pdf [Accessed: 1 October 2013]

SPP. (2005) 'Sione's Wedding press kit'. *South Pacific Pictures*. [Online] Available at: http://www.nzfilm.co.nz/sites/nzfc/files/Press_Kit_3.pdf [Accessed: 6 August 2013]

SPP. (2008a) 'About us, turning dreams into drama'. *South Pacific Pictures*. [Online] Available at: http://www.southpacificpictures.com/index.php?option=com_content&task=view&id=45 [Accessed: 5 August 2013]

SPP. (2008b) 'Sione's Wedding - 93 mins feature film (2005) They made one little promise... not to spoil their boy's big day'. *South Pacific Pictures*. [Online] Available at: http://www.southpacificpictures.com/index.php?option=com_production&id=19 [Accessed: 7 August 2013]

Squire, J.E. (2004) *The movie business book*. New York: Fireside.

Statistics NZ. (n.d.) 'Screen industry survey - Information releases'. *Stats.govt.nz*. [Online] Available at: http://www.stats.govt.nz/browse_for_stats/industry_sectors/film_and_television/screen-industry-survey-info-releases.aspx [Accessed: 1 April 2014]

Statistics NZ. (2014a) 'Estimated resident population of New Zealand'. *Stats.govt.nz*. [Online] Available at: http://www.stats.govt.nz/tools_and_services/tools/population_clock.aspx [Accessed: 22 October 2014]

Statistics NZ. (2014b) *Screen Industry Survey: 2012/13*. Wellington, New Zealand: Statistics New Zealand.

Steemers, J. (2004) *Selling Television: British Television in the Global Marketplace*, London: BFI Publishing.

Stokes, J. (2003) *How to do media & cultural studies*. London: Sage.

Storper, M. (1989) 'The transition to flexible specialization in the US film industry; external economies, the division of labour, and the crossing of industrial divides'. *Cambridge Journal of Economics* 17, 479–484.

Straubhaar, J., LaRose, R. and Davenport, L. (2010) *Media now. Understanding media, culture, and technology*. Boston: Michael Rosenberg.

Sussman, G. (1998) 'Book review of The political economy of communication: rethinking and renewal'. *Journal of Media Economics* 11(1), 59–62.

Sussman, G. (1999) ‘Special issue on the political economy of communications’. *Journal of Media Economics* 12(2), 85–87.

The Pink Book. (2005) *The code of practice for the engagement of cast in the New Zealand screen production industry*. [Online] Available at: http://www.alliance.org.au/documents/101015_pink_book_nz.pdf [Accessed: 9 December 2013]

The Scoop Team. (2013) ‘Ombudsman decision in Hobbit case Feb 2013 - full text’. *Scoop.co.nz*, 7 February. [Online] Available at: http://www.scoop.co.nz/stories/HL1302/S00017/ombudsman-decision-in-hobbit-case-feb-2013-full-text.htm [Accessed: 29 March 2013]

TheTrackingBoard. (2014) *2013 Spec market: year in review*. [Online] Available at: www.tracking-board.com [Accessed: 10 September 2014]

Thompson, P. (2011) ‘Neoliberalism and the political economies of public television policy in New Zealand’. *Australian Journal of Communication* 38(3), 1–16.

Thompson, P. (2012) ‘Last chace to see? Public broadcasting policy and the public sphere in New Zealand’. In: Hirst, M., Phelan, S. and Rupar, V. (eds.) *Scooped: The politics and power of journalism in Aotearoa New Zealand*. Auckland: AUT Media.

Thorpe, T. (2012) ‘Top twenty New Zealand films since 1977’. *Tim Thorpe Consulting*. [Online] Available at: http://www.thorpeconsulting.co.nz/wp-content/uploads/Top-20-BO-2012-TTC.pdf [Accessed: 4 December 2014]

Thorpe, T. (2013) Interview with Tim Thorpe, Tim Thorpe Consulting. Medium: Face-to-face. Wellington, New Zealand, 1 August.

THR Staff. (2012) ‘The hard road to “The Hobbit”’. *The Hollywood Reporter*, 17 October. [Online] Available at: http://www.hollywoodreporter.com/gallery/hobbit-peter-jackso n-photos-379390#9-pricey-gambit [Accessed: 23 December 2013]

Thussu, D.K. (2007) *News as entertainment: the rise of global infotainment*. London: Sage.

Tilman, R. (2004) *Thorstein Veblen, John Dewey, C. Wright Mills and the generic ends of life*. Lanham: Rowman & Littlefield.

Titscher, S., Meyer, M., Wodak, R. and Vetter, E. (2000) *Methods of text and discourse analysis*. London: Sage.

Tourism NZ. (n.d.a) ‘About us’. *Tourism New Zealand*. [Online] Available at: http://www.tourismnewzealand.com/about-us [Accessed: 27 December 2013]

Tourism NZ. (n.d.b) ‘Marketing New Zealand through films and The Hobbit Trilogy’. *Tourism New Zealand*. [Online] Available at:

http://www.tourismnewzealand.com/sector-marketing/film-tourism [Accessed: 28 December 2013]

Tourism NZ. (2013a) '100% Middle-earth, 100% Pure New Zealand'. *Tourism New Zealand*. [Online] Available at: http://www.tourismnewzealand.com/sector-marketing/film-tourism/100percent-middle-earth [Accessed: 28 December 2013]

Tourism NZ. (2013b) 'Film tourism fast facts'. *Tourism New Zealand*. [Online] Available at: http://www.tourismnewzealand.com/sector-marketing/film-tourism/fast-facts [Accessed: 28 December 2013]

Trainor, A. (2013) 'Interview research'. In: Trainor, A. and Graue, E. (eds.) *Reviewing qualitative research in the social sciences*. New York/London: Routledge, 125–138.

Turner, S. (2007) '"Inclusive exclusion": managing identity for the nation's sake in Aotearoa/ New Zealand'. *ARENA Journal* 28, 87–106.

Tyson, A.F. (2011) 'A synopsis of the "Hobbit Dispute"'. *New Zealand Journal of Employment Relations* 36(3), 5–13.

Tzanelli, R. (2004) 'Constructing the "cinematic tourist". The "sign industry" of The Lord of the Rings'. *Tourist Studies* 4(1), 21–42.

Ulin, J. (2010) *The business of media distribution: monetizing film, TV and video content in an online world*. Oxford: Focal.

UNESCO. (1996) *Our creative diversity: Report of the world commission on culture and development (WCCD)*. Paris: UNESCO.

UNESCO. (2005) *Convention on the protection and promotion of the diversity of cultural expressions 2005*. Paris: UNESCO.

Unison Films. (2010) 'Boy press kit'. *Boythefilm.com*. [Online] Available at: http://boythefilm.com/wp-content/uploads/boy-final-presskit.pdf [Accessed: 24 July 2013]

Van Cuilenburg, J. and McQuail, D. (2008) 'Media policy paradigm shifts: towards a new communications policy paradigm'. In: Hansen, A. (ed.) *Mass communication research methods. Vol. 2*. London: Sage, 42–62.

Van den Bulck, H. (2012) 'Towards a media policy process analysis model and its methodological implications'. In: Just, N. and Puppis, M. (eds.) *Trends in communication policy research*. Bristol: Intellect, 217–231.

Van Zoonen, L. (2007) 'Audience reactions to Hollywood politics'. *Media, Culture & Society* 29(4), 531–547.

Veblen, T. (1899) *The theory of the leisure class: an economic study of institutions*. United States: Macmillan.

VFX Soldier. (2014) *State film subsidies show losing strategy*. [Online] Available at: http://vfxsoldier.wordpress.com/2013/03/11/state-film-subsidies-show-losing-strategy [Accessed: 1 May 2014]

View Dunedin. (2011) 'Tusi Tamasese - The Orator interview'. *View Dunedin*. [Online] Available at: http://www.viewdunedin.co.nz/cinemas/tusi-tamasese-the-orator-interview-feature-interview-5052.html [Accessed: 31 July 2013]

Vogel, H. (2004) 'Analyzing movie companies'. In: Squire, J.E. (ed.) *The movie business book*. New York: Fireside, 138–146.

Vogel, H. (2007) *Entertainment industry economics: a guide for financial analysis*. Cambridge: Cambridge University.

Volkerling, M. (2001) 'From cool Britannia to hot nation: creative industries policies in Europe, Canada and New Zealand'. *International Journal of Cultural Policy* 7(3), 437–455.

Volkerling, M. (2010) 'The Helen Clark years: cultural policy in New Zealand 1999-2008'. *The Journal of Arts Management, Law and Society* 40, 95–104.

Wade, A. (2010) 'NZ's film industry "in peril" over risk of losing The Hobbit'. *The New Zealand Herald*, 21 October. [Online] Available at: http://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=10682015 [Accessed: 8 February 2014]

Wakefield, P. (2009) 'Film fund Report: an E for excellence or excuses?'. *OnFilm*, June, pp. 8–9, 27.

Walker, B. and Tipples, R. (2013) 'The Hobbit affair: a new frontier for unions?'. *Adelaide Law Review* 34, 65–80.

Walker, R. (1984) 'The genesis of Māori activism'. *The Journal of the Polynesian Society*, 93(3) 267–281.

Walker, R. (1986) *The meaning of biculturalism*. Wellington: Victoria University of Wellington.

Walker, R. (1990) *Ka whawhai tonu matou. Struggle without end*. Auckland: Penguin Books.

Walker, R. (2005) 'Quality assurance in tertiary education from a Māori (indigenous) Pprspective'. *Tihei Oreore, Monograph Series Public Seminars* 1(1), 143–150.

Waller, G.A. (1996) 'The New Zealand Film Commission: promoting an industry, forging a national identity'. *Historical Journal of Film, Radio and Television* 16(2), 243–262.

Walliman, N. (2011) *Research methods: the basics*. Oxon: Routledge.

Walls, W.D. (2005) ‘Modeling movie success when “nobody knows anything”: conditional stable-distribution analysis of film returns’. *Journal of Cultural Economics* 29(3), 177–190.

Walls, W.D. (2009) ‘Robust analysis of movie earnings’. *Journal of Media Economics* 22(1), 20–35.

Walls, W.D. and McKenzie, J. (2012) ‘The changing role of Hollywood in the global movie market’. *Journal of Media Economics* 25(4), 198–219.

Wallwork, N. (2014) ‘Film data’. *Email conversation with Naomi Wallwork*, NZFC Business Affairs, 2 April.

WarnerBros. (2014) *Welcome to UltraViolet*. [Online] Available at: http://www.warnerbros.co.uk/uv101/index.html [Accessed: 23 July 2014]

Wasko, J. (2003) *How Hollywood works*. London: Sage.

Wasko, J. (2008) ‘The political economy of communication’. In: Hansen, A. (ed.) *Mass communication research methods Vol. 2*. London: Sage, 3–25.

Wasko, J. (2011) ‘The death of Hollywood. Exaggeration or reality?’. In: Wasko, J., Murdock, G. and Sousa, H. (eds.) *The handbook of political economy of communications*. Oxford: Blackwell, 307–330.

Wasko, J. (2014) ‘Professor Janet Wasko: an interview with the President of the IAMCR and one of the key representatives of the political economy of communication approach by J.A. Prodnik’. *TripleC* 12(1), 14–27.

Watkins, F. (1992) *Independent feature filmmaking: the historical development of current methods*. New Zealand: University of Auckland.

Watkins, T. (2012) ‘$50,000 each for film jobs – Greens’. *The Dominion Post*, 28 November. [Online] Available at: http://www.stuff.co.nz/dominion-post/news/politics/8005864/ 50-000-each-for-film-jobs-Greens [Accessed: 19 December 2013]

Webber, M. (2008) *Walking the space between. Identity and Māori/Pākehā*. Wellington, New Zealand: New Zealand Council for Educational Research (NZCER Press).

Webb, J. (2013) ‘Indie street post #5: indieconomies of scale: distribution’. *Hopeforfilm.com*, 22 October. [Online] Available at: http://trulyfreefilm.hopeforfilm.com/2013/10/indie-street-post-5-indieconomies-of-scale-distribution.html [Accessed: 30 July 2014]

Weir, J. (2014) ‘Union claims NZ “ripped off” by film tax ploys’. *The Dominion Post*, 4 March. [Online] Available at: http://www.stuff.co.nz/dominion-post/news/9787129/Union-claims-NZ-ripped-off-by-film-tax-ploys [Accessed: 9 March 2014]

Welch, D. (2003) ‘The producer’. *New Zealand Listener* 189(3295), pp. 20–24.

Weta. (n.d.) ‘Can I do work experience or an internship at Weta?’. *Wetanz.com*. [Online] Available at: http://www.wetanz.com/can-i-do-work-experience-or-an-internship-at-weta [Accessed: 11 March 2014]

Weta. (2012) ‘Weta Workshop Awards’. *Wetanz.com*. [Online] Available at: http://www.wetanz.com/awards/?start=0 [Accessed: 11 March 2014]

White, M. (2012) ‘MGM makes its own unexpected journey’. *Businessweek.com*, 6 December. [Online] Available at: http://www.businessweek.com/articles/2012-12-06/mgm-makes-its-own-unexpected-journey [Accessed: 19 December 2012]

Wilkinson, K. (2011) ‘One law to rule them all’. *New Zealand Journal of Employment Relations* 36(3), 34–36.

Wilson, G. (1992) ‘Co-production: a working definition’. *Educational Media International* 29(2), 83–86.

Wilson, M. (2011) ‘Constitutional implications of “The Hobbit” legislation’. *New Zealand Journal of Employment Relations* 36(3), 90–98.

Winseck, D. (2011) ‘The political economies of media and the transformation of the global media industries’. In: Winseck, D. and Jin, D.Y. (eds.) *The political economies of media. The transformation of the global media industries*. London/New York: Bloomsbury, 3–48.

Wood, S. (2010) ‘Kiwi movie Boy gets yet more acclaim with swag of awards’. *The Dominion Post*, 20 September. [Online] Available at: http://www.stuff.co.nz/dominion-post/culture/4144152/Kiwi-movie-Boy-gets-yet-more-acclaim-with-swag-of-awards [Accessed: 14 March 2013]

Wyatt-Walter, A. (1996) ‘Adam Smith and the liberal tradition in international relations’. *Review of International Studies* 22(1), 5–28.

Yin, R.K. (1981) ‘The case study crisis: some answers’. *Administrative Science Quarterly* 26(1), 58–65.

Yin, R.K. (2014) *Case study research: design and methods*. Thousand Oaks: Sage.

Zanker, R. and Lealand, G. (2009) ‘New Zealand as Middle-earth: local and global popular communication in a small nation’. In: Miller, T. (Ed.) *The contemporary Hollywood reader*. Abingdon: Routledge, 155–161.

Zerdick, A., Picot, A., Schrape, K., Artopé, A., Goldhammer, K., Lange, U., Vierkant, E., López-Escobar, E. and Silverstone, R. (2000) *E-conomics: strategies for the digital marketplace*. Springer-Verlag, Berlin: European Communication Council Report.

Appendix A: Institutional Position of Interview Participants

Producers
John Barnett, Chief Executive Officer, South Pacific Pictures, Auckland.
Catherine Fitzgerald, Producer of *The Orator*, Wellington.
Simone Horrocks, NZ Writer and Producer, Auckland.
Trevor Haysom, Producer of *In My Father's Den*, Auckland.
Mike Riddell, screenwriter/producer of *The Insatiable Moon*, Cambridge.
Rosemary Riddell, director of *The Insatiable Moon*, Cambridge.
NZ Producer, Auckland.
Richard Fletcher, ex-SPADA President and former Head of Business Affairs at the NZFC, NZ Producer, Wellington.
NZ Producer, Auckland.

Distributors
Michael Eldred, Theatrical Sales Manager, Madman Distribution, Auckland.
General Manager, Australian-owned distribution company, Auckland.
Mark Croft, Managing Director, Theatrical 20th Century Fox, Auckland.
Andrew Shreeve, Sales Manager, Rialto Distribution, Auckland.

Film Festivals
Bill Gosden, NZ International Film Festival Director, Wellington.
Dan Shanan, Founding Trustee and Executive Director, Documentary Edge Festival, Auckland.

Exhibitors
Film Manager from a mainstream multiplex cinema, Wellington.
Kathryn Bennett, Group Manager, Rialto Cinemas, Auckland.

Entertainment Lawyers
Matt Emery, Emery Legal, Auckland.
Entertainment Lawyer, Auckland.

NZ Government Institutions
Graeme Mason, former CEO NZFC, Wellington.
Lindsay Shelton, former NZFC Marketing Director, Wellington.
Larry Parr, Manager at Te Māngai Pāho, and writer/producer/director, Wellington.
Independent Film and Media Consultant, Wellington.
MCH Media Sector Advisor, Wellington.

Trade unions
Helen Kelly, NZ Council of Trade Unions President, Wellington.
Phil Darkins, NZ Actors Equity Vice President, Wellington.

Appendix B: Interview Questions

Interview questions followed the institutional theory and perspective applied in this thesis, as well as the conceptualisation of the value chain and the three-tier structure. Below are sample interview questions.

In relation to the value chain, producers of bottom- and middle-tier films were asked about:

- Conception: What makes a film idea stand out?
- Funding: What attracts funding for producing a feature film in New Zealand?
- Production: What is the role of public funding agencies, such as the NZFC, when a film project is on the production phase?
- Distribution and exhibition: Under what circumstances would you say that a NZ feature film has been distributed successfully?
- What step/s of the filmmaking process would you consider most challenging/problematic: conception/script development, funding, production, post-production, distribution or exhibition? Why?

Questions about processes and relationships between the main agents involved included:

- What is the process of applying for funding with the NZFC?
- What is the biggest challenge when dealing with the NZFC?
- How would you describe the relationships and communication between film makers, the government, the relevant ministries, guilds, associations and the NZFC?
- After going through the entire process of making 'your film', is there anything that you would do different or you would have liked others to do different?
- What legal issues produce most headaches while making a feature film in NZ?
- How should 'success' be measured?
- Have you ever started a project that was never made or funded? Why did things go wrong? What do you think are the main reasons for film proposals to get rejected by the NZFC?

Questions to producers about middle-tier films:

- Where do you think that co-productions or cross-border productions, like *Whale Rider*, *The World's Fastest Indian* and *In My Father's Den*, fit into the whole picture of the NZ film industry?
- What are the main benefits of co-productions for the NZ film industry and personnel? And the main disadvantages?

Questions to producers about top-tier films:

- Where do you think that projects like *The Lord of the Rings*, *Avatar* and *The Hobbit*, fit into the whole picture of the NZ film industry?
- What are the main benefits of hosting big-budget productions for the NZ film industry and personnel? And the main disadvantages?
- What are your views on *The Hobbit* dispute?

Entertainment lawyers were asked about:

- What are the three most complex legal issues surrounding NZ films?
- What are the legal and economic rationales behind the employment law change, and in which way are people working in the film industry affected by this change?
- In what legal ways are co-productions difficult to manage?

Distributors were asked about:

- What is the biggest challenge in the film distribution business?
- What are the characteristics that a film needs to have to make your company choose it for distribution in NZ?
- In front of which results would you say that a distribution plan has been successful?
- Why are film festivals so important?
- How is the everyday relation with cinemas in NZ?
- How do you define a good business performance?

Exhibitors were asked about:

- What is the biggest challenge in the cinema business?
- What are the characteristics that a film needs to have to make your company choose it for exhibition in NZ?
- What is a good distribution deal for you?
- How is the everyday relation with distributors in NZ?
- What is the rationale for having international movies longer in cinemas than national movies?
- What does a standard contract with a distribution company look like?
- Have you ever showed a movie that you bought directly from the producers?
- How do you define 'success' in exhibition?

General questions asked to several stakeholders:

- What do you think are the advantages and disadvantages of being a small English-speaking country?
- In what ways are bottom-tier films influenced by middle- and top-tier productions?
- Was the NZ Employment Law changed or clarified?
- If you would be able to recommend or change anything in relation to film distribution in NZ, what would it be?
- What are the current challenges facing the NZ film industry?
- How do you measure 'success'? Is there any formula to ensure a successful film?

Questions to MCH Media Sector Adviser included:

- Why is the NZ government funding the screen industry, and feature films in particular?
- How do you work and communication with the NZFC? And MBIE? And the industry?
- How are NZFC Board Members elected?
- What are the Government's strategic aims and objectives in relation to the NZ film industry?
- How do you measure the NZFC performance?
- The NZFC talks about a 'financially sustainable screen industry' in its Statement of Intent. Is that possible with 4.5 million people?
- Is the screen industry in NZ a subsidise industry?

Questions to NZFC:

- How is the NZFC internal structured and organized?
- How do you communicate with the Government? And with the industry?
- Should staff in the NZFC be on a short- or long-term contract?
- What is your main funding priority: festivals, sales or audience?
- What is the main challenge with distribution?
- How is the NZFC decision-making process organized?
- What are the main reasons for film proposals to get rejected by the NZFC?
- What are the implications of *The Hobbit* dispute for future film investment in NZ?

Questions to trade unions and professional organisations:

- What was the relationship between NZ Equity and the MEAA like, before 2006?
- Why did NZ Equity join MEAA in 2006?
- Who had the idea to put together a plan in support of NZ Actors Equity as an international 'do not work' order?
- Why an international boycott if the core problem was with SPADA in the NZ film industry?

Questions with film festival organisers:

- What is the biggest challenge when organising a film festival in NZ?
- How are you funded?
- What is the process of selecting films for screening at the festival?
- Under which circumstances would a film get rejected?
- How should 'success' of feature films that screen at a festival be measured?

Appendix C: Information Sheet provided to Interviewees

TE WHARE WĀNANGA O TE ŪPOKO O TE IKA A MĀUI
VICTORIA
UNIVERSITY OF WELLINGTON

Participant Information Sheet

"Successful Feature Films – The Case of New Zealand"

Dear participant

Thank you very much for accepting the invitation to participate in this research. As you already know, I am a PhD student in Media Studies at Victoria University of Wellington. My thesis, titled "Successful Feature Films: The Case of New Zealand", looks at the factors that underpin the success of feature films in Aotearoa. It examines the contemporary institutional structures that directly influence New Zealand feature film production, and sets out to explore policy and funding processes, as well as the interactions between key institutions and agents. This project has been granted ethical approval in accordance with university requirements.

You will only be asked to give testimony within your areas of expertise. Questions may be related to your role in facilitating a particular feature film project; your experience with film policy schemes, funding initiatives and financial incentives; the relationship between institutions and agents; the decision-making process within NZFC, MED and MCH, among others; and finally how you see the future of the New Zealand film industry.

Prior to participation, you will need to sign an interview consent form to protect your rights over the use of your interview testimony (university requirement). In there you will agree to participate in this project and have your answers recorded on audio tape, which will be confidentially transcribed by Natalia. Data will be held in secure custody (password-protected file) and access will be restricted to the investigator and her supervisors. All data will be destroyed 5 years after research is completed.

During the interview you can state if some part of your testimony cannot be published or can be published but only as a comment which cannot be traced to you or to your institution. Otherwise, select extracts from your interview transcripts may be included in academic publications.

If you have any questions regarding this project or would like to receive further information, please contact me at Natalia.FerrerRoca@vuw.ac.nz or either of my supervisors, Dr. Trisha Dunleavy at Trisha.Dunleavy@vuw.ac.nz, or Dr. Peter Thompson at Peter.Thompson@vuw.ac.nz at Victoria University of Wellington.

With best wishes,

Natàlia

Natàlia Ferrer Roca
PhD Researcher – Media Studies
Room 309, 83 Fairlie Terrace, Kelburn
Victoria University of Wellington
Wellington 6140
New Zealand
Phone: +64 (0)4463 8933
Email: Natalia.FerrerRoca@vuw.ac.nz

Appendix D: Interview Consent Form

TE WHARE WĀNANGA O TE ŪPOKO O TE IKA A MĀUI
VICTORIA
UNIVERSITY OF WELLINGTON

Interview Consent Form: "Successful Feature Films – The Case of New Zealand"

This form is written for this project to protect your rights over the use of your interview testimony. You can indicate your consent to each aspect of this process by circling or deleting 'YES' or 'NO' for each question. You are then asked to indicate your general willingness to be a contributor by including your signature in the space provided at the bottom of this page.

1) I understand the **broad scope of the project** for which my interview contributions are being sought and that I will only be asked to give testimony within my areas of expertise.

   YES NO

2) I am **willing to contribute to this project as an interview subject**, which will mean answering questions put to me, having my answers recorded on audio tape and confidentially transcribed by Natalia.

   YES NO

3) I understand that select extracts from my interview transcripts **might be included in academic publications**.

   YES NO

4) I understand that I may include in the interview **some testimony that I do not wish to ever be published** by stating to Natalia Ferrer Roca (at interview) that a particular piece of testimony of mine, due to its considered sensitivity, must either 1) not be published, or 2) can be published but only as a comment which cannot be traced to me.

   YES NO

5) I am happy to **be identified with my name and institution** in any academic publication, except when previous point applies.

   YES NO

6) I am willing to allow Natalia to **retain the interview transcripts and audiotapes that have been produced** as a result of an interview as long as these tape and transcripts are held in secure custody and not released to any other person.

   YES NO

7) For the purpose of final approval outlined in question 4, I **offer this email address** …………………………… …………………………………………………. as the address that I would prefer Natalia Ferrer Roca to use when sending interview transcripts for my final approval.

Overall Consent

I have read the information provided to me, am willing to be interviewed by Natalia, and am willing for my testimony to be included in her academic publications (subject to the above conditions being met as to its use and custody).

Signature ………………………………………………………… Date ……………………………………