'Hollywood, Wellywood or the Backwoods?'
* A Political Economy of the New Zealand Film Industry

Bridget Conor
2004

This thesis is submitted to Auckland University of Technology
in partial fulfilment of the degree of Master of Arts
(Communication Studies).
TABLE OF CONTENTS

List of Tables and Figures…i
Attestation of Authorship…ii
Dedication…iii
Acknowledgments…iv
Abstract…v

1. Introduction…1
   • Method of enquiry…2
   • Structure of the thesis…4
   • The two models of feature filmmaking…7
   • The political economy approach…9
   • Cultural imperialism…11
   • The political economy of Hollywood…12
   • Alternative approaches…13
   • National cinema vs. Hollywood…17
   • Feature films…18

2. The quest for a national film culture in New Zealand…21
   • The early filmmaking cottage industry develops within an ‘other-directed’ industry…21
   • Into the 1970s: the establishment of the New Zealand Film Commission and a government-funded model of national filmmaking…28
   • The tax shelter and beyond…31
   • The nineties…36
3. **Global Hollywood**…42
   - A brief historical overview…42
   - ‘New Hollywood’…44
   - Production…47
   - Distribution and exhibition…49
   - Commodification of the filmmaking process…51
   - US Government support…53
   - The ‘free market’ paradox…54
   - International markets…57
   - ‘Runaway production’…59
   - The ‘runaway production’ reports…61
   - The ‘foreign location’…66

4. **Recent developments in the political economy of the New Zealand industry:**
   - **the emergence of ‘Brand NZ’**…68
     - The Government in the spotlight – Helen Clark as poster-girl for a cultural revival…69
     - The New Zealand Film Commission – losing its way? …73
     - The Screen Production Industry Taskforce report…77
     - The response to the Taskforce report…82
     - Government initiatives in the wake of the Screen Production Industry Taskforce and the emergence of ‘Brand NZ’…85

5. **The Lord of the Rings trilogy: a new model**…92
   - Step one: Financing the trilogy…94
   - Step two: Certification as ‘New Zealand’ film – the role of the New Zealand Film Commission…98
     - ‘Scoping the lasting effects of The Lord of the Rings’…101
   - Step three: ‘Leveraging off’ the trilogy…108
   - The downside? …115
6. **Conclusion…118**
   - ‘Runaway production’ or ‘internationally mobile films’?…124
   - Entrepreneurialism…127
   - Hollywood’s continued strategies of international dominance…129
   - The fragility of Anglophone film industries/national cinemas outside Hollywood…131

**COLOUR IMAGE**
Advertising image from the ‘New Zealand - Home of Middle Earth’, Tourism New Zealand campaign.

**APPENDICES**
- **Appendix A**: NZFC Response to the Screen Production Industry taskforce report
- **Appendix B**: LOTR general and labour costs, mid 1998 – March 2002
- **Appendix C**: Government funding for LOTR related initiatives and events, 2003-04

**BIBLIOGRAPHY**
LIST OF TABLES

The Hollywood majors today…45
Dualities and realities in the hybrid model…122

LIST OF FIGURES

**Figure 1** US-developed runaway productions 1990-1998…62

**Figure 2** The ‘integrated approach’…63

**Figure 3** Cumulative production experience of selected countries…64

**Figure 4** US-developed films: US vs. ‘foreign’ production locations, 1990 and 1998…66

**Figure 5** Development in cumulative production experience of the New Zealand film industry 1998-2002…103

**Figure 6** Economic scenarios of the New Zealand feature film industry…106
ATTESTATION OF AUTHORSHIP

“I hereby declare that this submission is my own work and that, to the best of my knowledge and belief, it contains no material previously published or written by another person nor material which to a substantial extent has been accepted for the qualification of any other degree or diploma of a university or other institution of higher learning, except where due acknowledgment is made in the acknowledgments.”

Bridget Conor, 2004
This thesis is dedicated to my grandparents,
Mary, Hugh and Lornie
ACKNOWLEDGMENTS

I would like to acknowledge and thank the following people for their assistance during the research and writing of this thesis.

Firstly, to my principal supervisor Alan Cocker, who has provided a great deal of support and encouragement to me throughout my time at AUT. He has helped me to navigate the terrain of the topic and develop my research skills and he has been endlessly kind and patient. Also to my secondary supervisor Barry King, who has also provided guidance and assistance throughout this process. His knowledge of the Hollywood film industry and its theoretical grounding has been invaluable in developing my argument.

I would like to extend my sincere gratitude to Frances Nelson for proofreading my thesis.

The following people provided valuable insights to my research through interviews which informed my writing on the New Zealand film industry: Ruth Harley from the New Zealand Film Commission; Lindsay Shelton from the New Zealand Film Commission; John Barnett from South Pacific Pictures and Kerry Harvey from the Ministry for the Arts, Culture and Heritage. I thank them all for their time and expertise.

I would also like to acknowledge the help of the staff at the New Zealand Film Archive and the National Library of New Zealand for their research assistance and advice.

I would like to thank my good friend Christina Vogels, who has seen this process through with me and who has been a huge source of support and understanding. And finally I would like to sincerely thank friends and family, especially my parents Helen and Patrick and my sister Sally. Without them, the writing of this thesis would not have been possible.
ABSTRACT

This thesis is concerned with the New Zealand film industry and its historical and ongoing relationship with the Hollywood film industry. It will critically evaluate the notion that New Zealand now has more autonomy and independence in the international film industry and the analysis will examine the realities for both the New Zealand and Hollywood film industries by unravelling the hype and rhetoric at both core and periphery.

There has been a huge amount of activity, discussion and 'hype' surrounding feature film production in New Zealand in the last few years, particularly in the wake of The Lord of the Rings production and its international success. There is also optimism that changes in the dominant US mode of production and the rise of a global entertainment industry is diminishing the centralised power of Hollywood and creating new opportunities for international filmmaking outside the US.

The New Zealand industry (like many other ‘national’ cinemas) has always struggled between commercial and cultural imperatives for filmmaking. Using a political economy approach, this thesis examines these two imperatives as threads through the development of a national film culture in New Zealand and the constant struggle against the dominant power of Hollywood film. It works to uncover the false and often contradictory dichotomy between the two polarities, cultural and commercial.

Recent policy initiatives and the activities of the New Zealand Government in terms of feature filmmaking are also examined. The initiatives of the New Zealand Government are embodied in the ‘Brand NZ’ slogan that has been employed in order to promote New Zealand as a location for global production capital. The central argument is that a third, hybrid model has become increasingly visible as a complex ‘partnership’ has developed between a Hollywood studio, New Line Cinema and a national government, New Zealand’s.

A slogan such as ‘Brand NZ’ indicates that this third model is primarily a commercial construct. What is not made clear in the New Zealand context and is in fact, obscured by the hype and rhetoric, is that this third model is also a core-periphery model. Therefore, the much vaunted independent and more autonomous national film industry in New Zealand is largely illusory.
Chapter One
Introduction

A number of factors have encouraged US film production to move abroad, including growing worldwide consumer demand for filmed entertainment, construction of new state-of-the-art studios abroad, favourable financing and tax incentives from foreign governments, the formation of international production companies and new technology that has both led to the replacement of some US film workers and facilitated the movement of high-quality film production to non-traditional locations. Film budgets are increasingly consumed by high production costs both above and below the line and an increased emphasis on marketing. At the same time, the meteoric expansion of television channels worldwide via cable has brought huge demand for productions that typically require lower budgets. Foreign film industries have seen the window of opportunity that these circumstances have opened and, with the help of government programmes, have moved in to claim their share of the action. All these factors have transformed what used to be traditionally American television and feature film production into an increasingly global industry (US Department of Commerce, 2001, p. 59).

The time has never been better for the New Zealand screen production industry to go global (Screen Production Industry Taskforce, 2003, p. 63).

This thesis investigates the complex processes at work in the international film industry. It traces the developments and trends that have defined the film industries of New Zealand and Hollywood. It is primarily concerned with the relations between these two industries in the contemporary context.

The rationale for this investigation comes out of an interest in the most recent policy and rhetoric in the New Zealand film industry in the wake of *The Lord of the Rings* (Jackson, 2001, 2002, 2003) production, filmed in New Zealand by a New Zealand director and financed from Hollywood. There has been a rhetorical cycle of hype and various predictions made that a new ‘golden age’ of New Zealand cinema is upon us, one characterised by more independence and autonomy in our dealings with Hollywood. This investigation will cut through this hype in order to make a reasoned assessment concerning the political economy of the New Zealand film industry at this time. These are the primary research questions: Is the New Zealand film industry now ‘going global’ and taking advantage of the ‘window of opportunity’ outlined above by the US Department of Commerce? Is there evidence for such newfound autonomy and independence in the New Zealand context? And if so, what does this mean for Hollywood’s hegemony?
It is the ongoing and shifting relationship between the local, New Zealand national cinema and the dominant influence of Hollywood that this thesis will concentrate on. This means a focus on these two industrial models. On the one hand is the dominant, US industry that is seen to stand firmly within free market ideology and is characterised by the supremacy of Hollywood story-telling and production values. On the other is New Zealand as a ‘displaced national cinema’ and a disadvantaged one at that, because of its relative size. As Horrocks (1989, p. 107) puts it, “Hollywood’s domination of the New Zealand market is particularly striking since this market is too small to be taken into account in their planning of films. We are not even a gleam in a producer’s eye.” The debates that continue today about the kind of films that should be made here are recurring themes through the history of New Zealand filmmaking centring on the struggle between the Hollywood ‘ideal’ and the realities of the market.

The development of an independent ‘national cinema’ in New Zealand has always been heavily subsidised by the state. Since the 1970s state support has been seen as essential in terms of creating New Zealand films concerned with cultural identity. Such films it is argued, showcase New Zealand voices, images and stories and contribute to an alternative audio-visual space. Paradoxically, steps have been taken through deregulation, privatisation and specific internationalist strategies which will be discussed in this thesis, to open up the industry to the market and the world. The Hollywood industry is seen to encompass the free flow of information and capital in the free market. However, the support of the US government has also been instrumental to the success of the US industry in the global marketplace.

**Method of enquiry**

The thesis draws on a large body of research concerned with Hollywood cinema, New Zealand national cinema and the nature of contemporary feature filmmaking. The method employed in this thesis is the political economy approach which allows for the investigation of economic, political, cultural and social processes and trends which have dictated the development and current discourses of the New Zealand film industry and its
relationship with Hollywood. This means that the research and argument is predominantly discursive, employing historical narrative, the analysis of government policy and key reports from state and industrial groups in the US and New Zealand and mass media coverage of these issues from New Zealand and overseas.

General histories have been written concerning the historical development of feature filmmaking in New Zealand and there are a number of books that have been published profiling key directors and films. However there is a shortage of critical analysis of the business of the industry and the links between the state, funding agencies and international finance. It is the aim of this thesis to contribute to critical thinking about the relationship between these inputs within both local and global networks of feature film production.

The data collected and used in the thesis comes from a variety of primary and secondary sources. The literatures dealing with the Hollywood and New Zealand feature film industries were key areas of initial and ongoing research and a number of related theories are drawn upon: national cinema, cultural imperialism, cultural policy and critical writings on post-Fordism and flexible specialisation. This reading formed the theoretical basis of the argument.

In terms of New Zealand-specific data and evidence, the New Zealand monthly trade publication, *Onfilm*, dating back to 1983, was an important resource. Also, semi-structured interviews were carried out with four key figures within the New Zealand film industry. John Barnett, CEO of South Pacific Pictures, a film and television production company based in Auckland was interviewed at South Pacific studios on August 22, 2003. Ruth Harley, CEO of the New Zealand Film Commission and Lindsay Shelton, former marketing director and now a consultant for the Film Commission, were both interviewed in Wellington on December 3, 2003 at the offices of the Film Commission. Kerry Harvey, a policy analyst at the Ministry for Culture and Heritage was also interviewed on December 2, 2003 in Wellington. These were transcribed and are referred to in the thesis however some were concerned about confidentiality at certain points and
so the interviews are not reproduced in full in the body of the thesis or appendices. The interviews indirectly informed the development of this argument and aided in gaining insights into the inner workings of the New Zealand industry and the roles of various people and groups.

This method also uses an in depth case study of the key site of feature filmmaking discussed, *The Lord of the Rings* (Jackson, 2001, 2002, 2003) production. The compiling and analysis of the data from this project was sometimes problematic because of the lack of disclosure on the part of New Line Cinema regarding financial information. Some data was available through media sources in New Zealand and overseas. Another key research area was government policy, documents and reports relating to New Zealand government spending in relation to the production.

All of these sources were used in order to build up a theoretical and conceptual map of the development and current trends in the political economy of the New Zealand film industry.

**Structure of the thesis**

Firstly, this introduction will continue by outlining some of the theoretical and conceptual strands of argument with an awareness of a number of dualities that are constructed when discussing the nature of filmmaking in countries outside the US.

Chapters one and two will present schematic histories of both the New Zealand and the Hollywood film industries. More precisely, the models of the organisation of production that are associated with these different contexts will be examined. In charting a history of the New Zealand industry, the ongoing debates between commercial and cultural imperatives for filmmaking will be traced as threads that continue to feature in today’s rhetoric about the directions and future of film production in New Zealand. While this narrative may not produce new ideas within the discourse of New Zealand filmmaking, it is important to outline New Zealand’s experience of the dualistic dynamics inherent in the activity of feature filmmaking. It is an essential point of departure towards an
assessment of the logics of the Hollywood model and how it is being interpreted and applied in the current New Zealand industry. Conversely, it enables an investigation into the current role of government policy and support in both the New Zealand and American film industries.

Chapter two will examine the ‘Hollywood model’, the American national cinema. It will be shown that the ‘free market’ ideology it is couched in is obfuscatory - the state has played an integral part in Hollywood’s growth strategy and process of world domination and continues to work to open up and maintain world markets for US audio-visual products. This industrial model is a contested one, especially in critical writing from and about the US. Some political economists, in tracing the historical development of filmmaking, emphasise the corporate power of the major studios and their parent companies in recent decades and vertical and horizontal re-integration as strategies of consolidation, risk minimisation and profit maximisation. For these writers, distribution and exhibition are the keys to Hollywood’s continued economic success when coupled with state support (Aksoy & Robins, 1992; Guback, 1976, 1983; Miller, 2000; Miller, Govil, McMurrya, & Maxwell, 2001; Wasko, 1994, 2003). Key data from these authors is employed to illustrate this argument. On the other hand, a rival school of thought emphasises the shifting nature of Hollywood production, using the flexible specialisation thesis as a framework for examining the disintegration of the major’s activities and the de-concentration of production from studio backlots in Southern California to many overseas destinations (Christopherson & Storper, 1986, 1989; Storper, 1989, 1993). These articulations of the business of filmmaking differ in their notions of the power structures of the US industry. Aksoy and Robins and others see the major studios and their parents as retaining their power over world markets through distribution whereas writers like Christopherson and Storper implicitly argue that a partial dispersal of power has occurred, at least along the production axis, in terms of the initiation and execution of projects. Flexible specialisation supposedly allows more players along this axis to exercise more autonomy. Neither paradigm explicitly considers state involvement and this thesis will examine this crucial input in subsequent chapters. The argument will
critique the flexible specialisation thesis as it has been applied to both the Hollywood and New Zealand industries.

Chapter three will discuss the policies and initiatives of the most recent elected government in New Zealand in relation to feature filmmaking. New Zealand policy in recent years has struggled to effectively grasp the realities of the free market versus state funding approach. The Labour-led coalition Government has, since 1999, attempted to bring together the notions of global and local in the concept of ‘Brand NZ’, actively using a creative industries approach to bring New Zealand to the world. This is a concession to the market, signalling an underlying assumption that motion pictures must compete as products in the free market and that countries must now compete for recognition and US production capital. This chapter will concentrate on the two key dualities discussed so far in terms of ‘models’- government support versus the market - but in a new formulation unique to the contemporary New Zealand context. It draws on policy documents, key reports and rhetoric generated from these areas and from the mass media. Chapter three will provide the third step towards an assessment of the current state of the relationship between the ‘second cinema’ of New Zealand and the ‘first cinema’ of Hollywood, between core and periphery (or more accurately, the periphery of the periphery).

Chapter four will present the case study of a key site of international filmmaking in New Zealand, The Lord of the Rings trilogy (Jackson, 2001, 2002, 2003). The Lord of the Rings project is an essential site of in-depth discussion for a variety of reasons - it provides evidence of a new form of ‘international filmmaking’ that is not centred in Los Angeles and utilises new production and post-production technologies; it exemplifies the potential for those ‘outside’ Hollywood to make films that reach the Hollywood standard; and most importantly, it is the site of hybridisation between the two traditionally disparate models of filmmaking. It is a Hollywood project produced by New Line Cinema, a mini-major owned by Time Warner. It has produced a three-year cycle of commodified products and ancillary sources of revenue. Most importantly, it is also underpinned by the support of the New Zealand Government - both facilitating the project and ‘leveraging’ off it, in order to build up ‘Brand NZ’.
between a Hollywood studio, New Line Cinema and the New Zealand Government, is a culmination of the trends and developments sketched out in chapters one to three.

This thesis seeks to explore the fundamental problems and contradictions that are shaping industry discourse and policy and will also examine how the logics of these models actually operate within the New Zealand industry. The final chapter will critique the rhetoric and policy decisions that are shaping the New Zealand industry and its ties with the ‘core’. It is the principal assertion of this thesis that those directing policy and discussion in relation to feature filmmaking in New Zealand are obscuring the realities of the international film industry and New Zealand’s role within it. This is because many policy makers and industry players do not understand these realities but are seduced by the many perceived potential benefits for a New Zealand film economy tied into the hype and glamour of Hollywood through *The Lord of the Rings* trilogy. They also assume an increased level of autonomy, plurality and independence in international filmmaking as Hollywood production becomes ‘internationally mobile’. However, this thesis will show that such ideals are “appearance forms”(Wayne, 2003) which obscure the entrenched power structures in the political economy of film.

**The two models of feature filmmaking**

This argument is constructed around the two traditionally opposed models of filmmaking that constantly inform feature filmmaking as an activity. In their discussion of Australian national cinema, Dermody and Jacka (1987) distinguish between two discourses or models. ‘Industry-1’ they call the national cinema argument that articulates the cultural, artistic, national imperatives for filmmaking. ‘Industry-2’ they describe as market-driven and international in its scope. While Industry-1 is characterised as socially concerned, intent on cultural/local identity and is government funded, Industry-2 is

…anti-intellectual, anti-film-buff, anti-art, anti-government regulation of the industry, scornful of [Australian] nationalism and the concern about US domination, concerned with the mass audience, bums-on-seats, box-office dollars and the *business* of film…(pp. 198-199)
Industry-2 and its faith in the market and the mass audience gives it a perpetual confidence that Industry-1 does not have - it is viable, popular and therefore does not need justification whereas Industry-1 needs constant justification, especially in the minds of those focused on turning a profit (Dermody & Jacka, 1987, p. 106). Dermody and Jacka point out that commercial cinema can often be ‘unpopular’, ‘self-indulgent’ and in need of justification purely because of the nature of filmmaking but that these are terms usually directed at Industry-1. It is clear however that the dichotomy they outline is also misleading. It is not possible to make such a clean distinction between these two polarities and this thesis will show that such constructions are unhelpful. Industry-2 encompasses many elements of Industry-1 particularly in terms of distribution and exhibition and national governments play an integral part in both ‘cultural’ and ‘commercial’ filmmaking.

Dorland (1996, p. 123) argues that an ‘embryonic’ Industry-1 discourse articulating an aesthetic and cultural desire to make features usually emerges from the established structures of state filmmaking. However, the overarching dominance of Anglo-American media flows, “…of which they are now an integral component” means that Industry-1 must constantly seek ‘institutionalisation’ within the Industry-2 discourse while also attempting to carve out an alternative audio-visual space. There is a well-established tension in ‘peripheral economies’ such as Australia, Canada and New Zealand between the key imperatives for feature filmmaking:

On the one hand this entailed the integration since the 1920s of portions of the local industry within the dominant Anglo-American media, acting as markets for media exports, competitive broadcast programming importers and as offshore centres of production in which a growing portion of the local industry would be increasingly integrated within transnational production. On the other hand, peripheral economies struggle to maintain and support ‘displaced national cinemas’ (Dorland, 1996, p. 118).

It is within this discourse that the thesis will map the political economy of the relationship between the New Zealand and the Hollywood film industries. Rather than terms such as ‘Industry-1’ and ‘Industry-2’, the ‘free-market’, industrial, Hollywood
model will be referred to, as will the state-funded, New Zealand ‘national cinema’. However this thesis will steer a course through these discussions without relying on such crude polarities and will illustrate the complex interplay between ‘cultural’ and ‘commercial’ ideals, between free market ideology and government support.

The Political Economy approach

In communication industries where culture and audiences are manufactured, political economy provides an essential first step by analysing the conditions under which manufacture and distribution occur (Meehan, Mosco, & Wasko, 1993, p. 106).

This interrogation of the contrast between the Hollywood film industry and the New Zealand film industry entails the examination of developments and issues within the business of making motion pictures. Thus a political economy approach is the most fitting for such an investigation because it allows for the analysis of Hollywood as a capitalist industrial formation. Political economy is concerned on one level with “…the tendency towards the centralisation and concentration of capital” (Wayne, 2003, p. 82) as well as corresponding processes such as globalisation, commodification, spatialisation and the role of the state in these processes. The mass media is a site of commodity production and Hollywood filmmaking is one of the best examples of this. As Wasko (1981, p. 135) writes, film is a special commodity because it is “…an art form, a communications medium and an ideological tool.” Political economy enables an analysis of the structures of profit making and power in the mainstream film industry.

As Miller, Govil, McMurria and Maxwell (2001) argue, there is often a tension between cultural studies and political economy in the analysis of the production of media texts. 'Structures of meaning' and 'structures of the economy' are often seen to be mutually exclusive and this is echoed within the perceived motives for filmmaking - cultural and commercial imperatives are often dichotomised which is problematic considering that the success of any particular feature film is still largely determined by box-office figures. Some element of synthesis is needed when conducting such an investigation to guard against focussing on economics and neglecting the relationship and interplay between the
economic and the cultural or symbolic. As Murdock (cited in Miller et al., 2001) writes: “Critical political economy is at its strongest in explaining who gets to speak to whom and what forms these symbolic encounters take in the major spaces of public culture” (p. 2).

Barratt-Brown constructs models of political economy, some of which can be applied to the study of filmed entertainment. He draws a market model of international monopoly but argues that the process of capital accumulation is now highly developed:

…a world of giant companies not simply trading across the world but producing as well as selling in many countries, moving their capital to develop raw materials in one place, employ cheap labour in another, take advantage of special skills in a third and everywhere standardising production and consumption to their patterns (Barratt-Brown, 1995, p. 224).

He then elaborates on a national market model but recognises flaws within a focus on nationalism because of the disjuncture between, “…the ideology of the nation-state on the one hand and the socialisation of production and consumption on the other.” (Barratt-Brown, 1995, p.224)

The political economy approach can be used to address the concept of spatial and ownership agglomeration which has seen a few major Hollywood studios maintain control over the American industry and extend their control into a range of international markets, reaching a global critical mass which other large national industries have not achieved. Mosco (1996) indicates that a study of this topic using a political economy of film should include discussion of new forms of corporate interaction in the entertainment industry such as strategic alliances (co-productions, merchandising arrangements), synergistic practices and the development of new technologies. This thesis will look at the nature of the US entertainment industry as it is today - its corporate structures, the ownership and control of the major producers and the growth of new technologies in the production, distribution and exhibition of motion pictures.

Debates about nationalism are also paramount to an analysis of a national cinema and its relations with Hollywood. Indeed nationalism or the role of nation-states is argued by
many to be an increasingly redundant term in the face of conglomeration and the high velocity and ‘promiscuous’ nature of global flows of capital (Miller, 2000, p.150). However, Mosco (1996) argues that concepts of the ‘nation’ or of ‘nationhood’ are enmeshed in media and communications systems. Arguments in support of specific national cultural activities or industries are often a reaction against the perceived homogenisation of media content, cultural imperialism or ‘Americanisation’. Horrocks (1995, pp. 86-87) writes of the New Zealand context: “Generally the arts never get very far from nationalism because national funding bodies are the only possible support systems, one of the many consequences of New Zealand’s relatively small size.” Global companies also rely on localism or a local presence. “New forms of rationalisation standardise the acknowledgement of difference as part of capital’s need for local marketability” (Miller, 2000, p. 151). But, Mosco (1996, p. 210) also notes that ‘nationalism’ often neglects “…the mutual constitution of commodification and spatialisation.”

**Cultural imperialism**

The cultural imperialism thesis is a contested one and was concerned primarily in the 1970s and 80s with the largely one-way flow of audio-visual products through Anglo-American channels. Miller et al. (2001, p. 30) write that the development of the cultural imperialism thesis during the 1960s

…argued that the US, as the world’s leading screen exporter, was transferring its dominant value system to others, with a corresponding diminution in the vitality and standing of local languages and traditions that threatened national identity.

Miller (2000, pp. 148-149) discusses ‘theories of dependence’ adopted by organisations such as UNESCO in the 1960s and 1970s. Developing countries were seen as increasingly dependent on foreign capital and ideology and cinema and other media forms played a large part in spreading this Western commercialism. As Miller also points out however, such a theory does not take into account local difference and the many uses, adaptations and interpretations that can be and are made of media sources. Thus “…a
concentration on the inequality of exchange emphasised directions in flow rather than signs and their reception” (Miller, 2000, p.149). State support for a New Zealand national cinema was justified using an argument that a space needed to be reserved for local expressions of culture and language - artefacts that countered the flow of stories and images from elsewhere with principally British and American accents. Miller et al. (2001, p. 33) argue: “Difference and sensitivity to cultural specificity can be one more means towards the homogenisation of cultural production and its incorporation into the NICL” (the new international division of cultural labour). Because Hollywood controls the ‘geographical coordinates of the NICL’ it remains logical to focus on the relationship between the core and a peripheral location, New Zealand, through the political economy approach. This thesis does not subscribe to hard cultural imperialism, as it is clear that audio-visual flows are not simply one-way, but in terms of feature filmmaking it is still fair to argue that Hollywood is the core in terms of economics, ideology and structures of power.

The Political Economy of Hollywood

As the film industry and its wealth become ever more concentrated, it is increasingly difficult to avoid the issues and analysis that a political economy of film offers (Wasko, 2003, pp. 13-14).

The Hollywood film industry has been analysed in depth using the political economy approach, most notably by scholars such as Thomas Guback and more recently Janet Wasko. They have traced the historical threads of film production within economic structures and the wider issues outlined above. These commentators also highlight the links between production and distribution/exhibition, links that have become conduits of capital for the large media corporations. As Mosco (1996, p. 89) puts it:

This is important in all industries but particularly in the media because its product is easily reproduced and because successful media companies, notably the film industry…depended on controlling both steps in the circuit of capital.
Wasko also pays close attention to issues such as the commodification of feature films as unique cultural products that are now at the centre of webs of commodified experiences and associated products. She also looks at the concentration of the major studios into a tight oligopoly and the fierce but highly controlled competition that continues to drive the production of motion pictures. The globalisation of the industry has facilitated international strategies of production, distribution and exhibition, the employment of new technologies in the filmmaking process and new patterns of labour and structural organisation. Wasko (1994) outlines developments which have bought the political economy of the entertainment industry into focus; the privatisation of media outlets across the globe, the unification of the European market, the revolutionary changes in Eastern Europe and the “…development and proliferation of new technologies, mainly satellite and cable television and VCRs” (p. 220).

**Alternative approaches**

In general, the political economy approach views mainstream Hollywood feature filmmaking as a high profile and lucrative facet of an increasingly global entertainment industry still rightly associated with the construct of ‘Hollywood’ and based in the US. There is another paradigm to be considered and one that is often seen to be in opposition to the 'Three C's'\(^1\) thesis that political economy subscribes to. A body of work has developed which argues that changes in corporate economic structures along with a pressing need to rationalise costs, particularly in the last thirty years, has meant that a new process of flexible specialisation has undermined or partially reversed the vertical integration and concentration of media organisations.

A post-Fordist framework can give the appearance of “…the diminution of monopoly” (Wayne, 2003, p.82). This theory posits that mass production, which depends on “…economies of scale gained through standardisation and a detailed division of labour” (Smith, 1998, p.6), has been forcibly replaced by a more flexible system of organisation. In the context of the film industry, it is argued that the Hollywood studio system

---

\(^{1}\) “…the centralisation and concentration of capital.” (Wayne, 2003, p. 82)
represented an example of a mass production system that has given way to a more flexible process. Christopherson and Storper (Christopherson & Storper, 1986, 1989; Storper, 1989, 1993) are the chief proponents of this argument. They state that certain key events such as the rise of television and anti-trust legislation in the US in the late 1940s triggered a process of vertical disintegration in the US film industry. This post-Fordist production process is characterised as “…being carried out by many specialised establishments, rather than within a single large firm…” (Christopherson & Storper, 1989, p. 332). Independent producers enable product differentiation and reduction of risk capital. This has fundamentally altered production in a number of areas especially labour relations and industrial politics as well as the spatialisation or geographic location of feature film production. In general, post-Fordism argues for a new “…plurality of capital’s operating units” (Wayne, 2003, p. 93). Vertical disintegration is seen to represent a break, a shift from an old version of Hollywood’s industrial model, characterised by mass production and monopoly capitalism in the studio era, to a ‘new’ flexibly-specialised Hollywood. The major studios have been compelled to diversify and engage in horizontal partnerships in order to survive in an advanced capitalist society. There has been a switch “…from product differentiation in the motion picture industry to product variety in the entertainment industry” (Storper, 1989, p. 290).

This is a highly contested paradigm and one that has been criticised by various theorists. Aksoy and Robins (1992) have been the principal challengers of Christopherson and Storper’s thesis. A key criticism is that the flexible specialisation argument underestimates the oligopolistic power of the major Hollywood studios and their giant parent corporations and in recognising possible shifts in the production process, fails to acknowledge the continuing importance of the distribution and exhibition axes in the motion picture business. “What distinguishes the film industry, and also other cultural industries, however, is the critical importance of distribution and exhibition”(Aksoy & Robins, 1992, p. 7). This critique is echoed by other commentators. Wayne (2003, p. 93) writes:
…it is highly misleading to apply the term vertical disintegration to the production sector alone when questions of market dominance are assessed by the vertical links across production, distribution and exchange.

Blair and Rainnie (2000, p. 188) examine independent production companies in the UK film industry and their relationships with major Hollywood producers/distributors and argue that such ties are “…neither new nor unique” but have worked in a ‘boom and bust’ pattern which has dictated the fortunes of the UK film industry. Others, such as Balio (1998) argue that since the anti-trust legislation of 1948, the major studios have engaged in a gradual process of vertical re-integration, seen in the waves of corporate mergers that have deepened the concentration of power and capital in the entertainment industry along with the acquisition of theatre chains by producer/distributors. Staiger’s (1983) analysis of the end of the studio era questions whether the film industry is a good example of a once-Fordist industry. She argues that independent production has always been a part of motion picture production, albeit a subordinate one. “The move to independent production was not ‘outside’ the dominant sectors of the industry. The major studios supported an ideology of ‘individualism’ from the late 1920’s” (Staiger, 1983, p. 79).

Vertical integration has always been an important strategy for the studios. They have organised themselves through formal vertical integration, in terms of direct ownership of distribution companies and theatres. The majors have also used informal strategies such as distribution ‘deals’ and alignments with various companies along the distribution/exhibition chain. The flexible specialisation thesis is problematic and cannot fully articulate the complexity and dynamism of the history of Hollywood filmmaking and the logics currently at work in the global entertainment industry. Christopherson and Storper (1986, 1989) have also been criticised for being inherently optimistic about the benefits of flexible specialisation and this highlights the general critique of post-Fordism. As Tomaney (1995, p. 157) writes, post-Fordist arguments anticipate “…the rise of more benign forms of production organisation and labour practices.”

Storper (1993) has responded to the criticisms of Aksoy and Robins (1992), writing that flexible specialisation is not necessarily incompatible with oligopolistic control in
Hollywood. This suggests a third model, a ‘core-periphery’ approach (Miller et al., 2001), which utilises the concentration of capital and creative control within the US and the out-sourcing of production in order to reduce costs and risk. A core-periphery argument offers a compromise between vertical integration and disintegration, suggesting that one can strengthen and reinforce the other. So the concentration and economic domination of the US studios is reinforced by their adaptation to changing conditions. Partial out-sourcing of production enables cost reduction but does not represent a relinquishment of power. As Morley and Robins (1995, p. 33) argue: “Whilst disintegration and localisation are important (allowing major Hollywood motion pictures to be made outside the US for example), integration and globalisation remain the dominant forces.”

Wayne (2003) provides another pertinent assessment in trying to negotiate between post-Fordism and monopoly capitalism. He argues:

…the new corporate structures are characterised by decentralised accumulation, [original emphasis] where the dominant logics of capital are mediated through a multi-divisional corporate structure in combination with a web of subsidiary and subcontractor modes which give the appearance of plurality and autonomy in the marketplace (p. 84).

For Wayne (2003), it is the ‘appearance-forms’ of diversity and competition, the basic tenets of post-Fordism that must be recognised and examined. However, the weakness of the flexible specialisation argument is still obvious, because these ideals mask the underlying sites of capital, power and control.

Notions of autonomy, diversity and creativity inspire optimism. This is clearly evident in the New Zealand filmmaking context and it is this optimism that this thesis will critically evaluate. These notions also inspire pessimism for others, such as US film workers, who see their roles in the US film industry being de-centred. The ‘appearance forms’ of plurality and autonomy are being picked up in New Zealand industrial policy and discourse and a figure such as Peter Jackson, the Academy Award winning director of The Lord of the Rings trilogy, would seem to provide evidence of such notions. However,
by embracing the flexible specialisation and the general free market model of filmmaking in which it sits, the realities of the political economy of international filmmaking are being denied. And further, the alternative model, concerned more with cultural imperatives for filmmaking and reliant on government support, is being subsumed by commercial rhetoric. The political economy of the New Zealand film industry must be examined with a clear understanding of the disjuncture between these approaches/theories/models and the place of New Zealand national cinema within the dominant but increasingly international Hollywood film industry. Thus the third ‘hybrid’ model, a core-periphery model will be employed within this thesis, in order to work through the complexities and contradictions inherent in an examination of the political economy of filmmaking in New Zealand.

**National Cinema vs. Hollywood**

In New Zealand, as in many other national cinemas, the macro-structures of the North American film industry have always pre-figured and determined the nature of filmmaking and cinema going. As Elsasser (cited in Crofts, 1993, p. 49) puts it: “Hollywood can hardly be conceived as totally other, since so much of any nation’s film culture is implicitly Hollywood.” Crofts notes that Angolophone markets are and have always been particularly receptive to Hollywood product and are usually defined against Hollywood. In fact he writes: “…in Western discussions, Hollywood is hardly ever spoken of as a national cinema, perhaps indicating its transnational reach” (p. 50). This thesis will continue this tradition because in using a political economy approach, the ‘business’ of filmmaking is to a large extent, the business of Hollywood. The details and peculiarities of Hollywood’s international domination will be described in chapter two but it is essential to elaborate on notions of ‘national cinema’ as they apply to New Zealand. The experiences of Canada, Australia and Britain have been examined by various scholars in terms of the struggle to establish and maintain national cinemas within the industrial framework maintained by Hollywood but because of New Zealand’s size and relative insignificance on the world stage, this country is not often explicitly mentioned. Dorland (1996), writing on this subject, uses Dermody and Jacka’s (1989) discussion of
Australian cinema that provides a solid basis for conceptualising this complex set of ideas:

It might be possible to argue that the notion of ‘second cinema’ in post-colonial contexts, would appear to be a more productive one than ‘national cinema’. This notion, by foregrounding secondariness, acknowledges realistically on the one hand, the primacy held in theatrical exhibition and distribution in peripheral national contexts by the ‘first cinema’ of Hollywood; but on the other hand, at the level of the imaginary, also acknowledges the double dream of not only establishing a film (and television) industry of one’s own, but one that also dreams of being able to compete with Hollywood either at home…or failing that…abroad (p. 125).

This fits well with the experience of New Zealand. These dreams are evident in the eagerness of many in the New Zealand industry and government to ‘take on the world’ with our unique filmic stories and achievements and/or to bring Hollywood ‘down-under’. To an extent, New Zealand also dreams of being simply recognised and respected by Hollywood. As Horrocks (1989, p. 111) puts it, “…the dream of a New Zealand Hollywood is more evocative for the mass audience than the dream of a counter-Hollywood.” These dreams are being fed by the theses of flexible specialisation and the perceived advantages of globalisation and new technologies within cultural industries. Flexible specialisation according to Christopherson and Storper (1986, 1989; Storper, 1989, 1993) is enabling the building up of infrastructure and skills within the local industry as Hollywood looks to New Zealand as a kind of sub-contractor or as one of many off-shore bases for production.

**Feature Films**

Some qualification must also be made with regard to the focus on feature filmmaking in this thesis. It is becoming increasingly difficult to distinguish this facet of screen production from the entertainment industry more generally. Within the industrial, Hollywood model, feature filmmaking is one aspect of the production of image-based commodities that can be leveraged through a variety of mediums and products and can be tailored to global but varied and specific markets. Within New Zealand it is difficult to divorce film production from television or from screen production, because of the
relatively small population base and industry. Funding agencies often coordinate development of both film and television products and for many, television production is the ‘bread and butter’ of independent production companies and industry workers. However, some parameters of the thesis must be circumscribed and it seems pertinent to focus on feature film production because of the hype and intense discourse that has brewed in New Zealand over the past few years, particularly in the wake of *The Lord of the Rings* project.

Both the producers and consumers of feature films often view them as having a special status in the entertainment industry. Dermody and Jacka (1987, p. 15) try to address this by stating that one reason “…goes back to the phase of film history from the silent period, to the peak audiences of 1946, when movies were the dominant popular art…” This was the period of real consolidation for the US film industry, when ‘foreign’ markets were reeled in and nurtured as destinations for a constant stream of media product. Dermody and Jacka (1989) also argue that the saturation marketing of feature films as events in recent times and the ongoing experience of film going as opposed to video or television lends cinema an aura which ties to the romance and seduction of ‘Hollywood’ - a mythical setting as much as a physical place. This romance is powerful, particularly in a country such as New Zealand which has enjoyed this saturation but which has never been a factor in the international strategies of US studios.

Within Hollywood’s media-industrial complex, feature films are still the primary windows for entertainment products. They determine the depth of revenue flow and are also flagship products for the studios and their parent companies. As studio executive Howard Stringer noted:

> You could argue the case that the movie is the most fundamentally symbolic piece of content that any media company develops. It drives all your content. It’s the most visible. It’s the most conspicuous. It’s the most dangerous. It’s the most exciting…and it’s really the flagship of your content. It drives everything else that you do. And it lives forever (cited in PBS, 2001).
For a national cinema such as New Zealand’s, a successful feature film is seen to be an important cultural ambassador for the country, much more so than other screen products which do not command such a high-profile and do not ‘travel’ as far or as well as feature films. As the New Zealand Prime Minister puts it:

Film and television make a significant contribution to New Zealand’s economy and export earnings, as well as being a powerful media through which we express our national identity and assert our unique brand (Clark, 2003).

It is the confluence of terms such as ‘national identity’ and ‘brand’ that signal a new approach in the New Zealand film industry and one that has been borne out of the historical struggle with Hollywood and its industrial paradigm.
Chapter Two
The quest for a national film culture in New Zealand

A sense of national identity is best expressed in the cultural products of a nation... Of all cultural products, film is deemed the best vehicle for developing both a sense of heightened nationalism and to seek recognition of nationhood in a wider international community (Lealand, 1988, p. 79).

If ever a post-mortem is performed on us, I think they will find there, three words written on New Zealand’s heart-ANZAC, HOLLYWOOD and HOME. But only a very rash prophet would venture to suggest which will be carved the deepest (Gordon Miriams cited in Horrocks, 1989, p. 108).

The early film-making-cottage industry develops within an ‘other-directed’ industry

A.H Whitehouse made the first film in New Zealand in 1898 titled, The Opening of the Auckland Exhibition and these short newsreels, “Records of local events and people, together with some scenics, become the bread-and-butter for the few who decide to pursue the business of making moving pictures” (Dennis, 1993, p. 6). This was around the same time that imported motion pictures began screening through travelling showmen and hand-cranked projectors, the first public exhibition recorded in 1896. The government of the day quickly latched on to the novelty and utility of filmmaking and began commissioning celluloid records of important events. The royal visit of the Duke and Duchess of Cornwall and York was filmed by Joseph Perry in 1901 and from 1907 onwards the government began commissioning films of ‘New Zealand life and culture’ - often the traditions and lives of Maori communities (Churchman, 1997, p. 49). These were local films of local events, which gave New Zealanders a chance to see familiar people, places and rituals on-screen. Churchman also notes that even at this early stage, they were “…generally used to supplement the programmes of imported films with which the travelling showmen toured the country” (p. 49).

From the earliest days of celluloid in New Zealand the two prevailing filmmaking models are evident, albeit in a primitive form. On the one hand, the New Zealand Government was actively involved in film production. Scenic and industrial films, screen tests and so on were produced through government avenues or the efforts of pioneer filmmakers such as Rudall Hayward. Hayward produced six features in the twenties and thirties and a large number of two-reel ‘community comedies’ which were produced quickly in various towns, to the amusement of local audiences. He persisted in making local films with homemade equipment
although they never earned any profit from local distribution. Government filmmaking commenced on a regular basis, through the Publicity Office, “…for both local and overseas audiences” (Dennis, 1993, p. 9). By 1927 it was producing one reel a week adhering to a standard formula. Titles included *Glorious New Zealand* (1925) and *Romantic New Zealand* (1934) (Sowry, 1984).

On the other hand, while many independent picture palaces had sprung up, the distribution and exhibition of films was rapidly and seamlessly tied into “the dominant Anglo-American media flows” (Dorland, 1996, p. 118) and New Zealand quickly became part of the international market for American and British films. In 1929, the American Bureau of Foreign and Domestic Commerce ranked New Zealand the eighth largest importer of films in the world and outlined their view of the New Zealand audience:

> The New Zealander is partial to the adaptation of well-known novels, society drama and light comedies. The audience may be said to be, on the whole, very similar to those found in the rural districts of Great Britain and their tastes run in the same channels (Reid, 1972, p. 2).

Local exhibitors such as Fuller and Hayward, who had established film distribution companies, were forced to separate their exhibition and distribution arms because of serious pressure from Hollywood. The major studios undertook an aggressive policy towards overseas markets that included the setting up of local exchanges and the trade practices of the Motion Picture Export Association of America, (MPEA). Chief among these practices were block-booking – selling packages of studio films containing a range of films in order to secure screens for both good and bad movies, and blind-bidding – forcing theatres to accept films sight unseen. “…Cinemas were booked for months in advance with exclusively Hollywood produced films, many of which had already proven themselves as box office flops in America” (Churchman, 1997, p. 16).

Foreign production using New Zealand landscapes and ‘locals’ as actors was another intermittent avenue for the integration of New Zealand into the dominant Anglo-American market. Gaston Melies came to New Zealand from the United States in 1912, “…in search of novel settings for photoplays.” He remarked that, “…there is nothing for it to get something fresh, but to set sail on the Pacific for the land of the sunny south” (Dennis, 1993, p. 7). His titles such as *Loved by a Maori Chieftess* are indicative of the romantic view of his chosen
location. In 1924 the New Zealand Dominion Productions feature, *Venus of the South Seas* was completed in Hollywood after shooting in the South Island. Dennis (1993, p. 10) noted that while

…public spirited citizens went to great lengths to assist with finance and other facilities, not only did they lose their money, but when the film was released in America, Nelson the shooting location was never mentioned, nor even New Zealand. It was described as having been ‘made in the South Seas.’

This tendency in foreign producers to breeze in, taking advantage of local hospitality, using New Zealand’s scenery and culture as a ‘novel’ location and then scuttle back off to Hollywood or thereabouts seems to have been an abiding problem in the early industry and a recurring theme in later decades. *Hei Tiki* shot in 1930 by Alexander Markey is often used as an example of foreign exploitation, particularly of the Maori\(^1\) cast and their traditions that Markey readily misused. It was a shoot “…dogged with mutiny, swindles, sackings, theft (Markey was accused of pilfering Maori artefacts) and law suits” (Dennis, 1993, p. 12). Markey was originally commissioned through MGM Studios, who dumped him mid-way through the shoot because it was running over time and it was not seen to be a box office winner, lacking stars and a named director.

There is evidence that the British and by extension New Zealand, governments of the 1920s did attempt to stem the flow of ‘foreign’ films with such instruments as the Cinematographic Film Act of 1928. A quota system was established, requiring a certain percentage of Commonwealth-made films to screen in Britain, rather than block-booked American films. The quota enabled a small number of New Zealand films into Britain as quota films such as Rudall Hayward’s *Rewi’s Last Stand* (1940). It also led to a number of ‘quota quickies’ being produced by Hollywood studios within Britain.\(^2\) Conversely, the Coates government established a quota requiring 20% of all New Zealand celluloid imports to be British films to counter the “unrelenting presence of American films in New Zealand” (Lealand, 1988, p. 90). This was not a successful strategy because as Lealand notes, it was extremely unlikely that even a 1% quota could be reached. Hollywood’s continued dominance worldwide was seen as clear evidence of the triumph of the studio system in the free market. It also indicates that

---

\(^1\) The indigenous people of New Zealand

\(^2\) See chapter two, p. 53
governments outside the US, especially Anglophone ones, were also involved from the early days, in attempting to temper this model.

The late 1920s saw the development of ‘talkies’ in the US and this was a major setback for local filmmakers who used already out-dated equipment. They were largely swamped by the deluge of international ‘talkie’ features that were pumped out of Hollywood. Edwin Coubray and others, exemplifying the commonly articulated national discourse of ‘Kiwi ingenuity’ rigged their own systems to produce local talkies. However these were very much in the ‘backyard’ tradition. “There was little filmmaking in New Zealand during the 1930s. The Depression, the additional costs involved in making talkies, and cynicism concerning the quality of local movies combined to negate the commercial viability of New Zealand film production” (Churchman, 1997, p. 54).

The outbreak of World War II saw the demand for publicity films\(^3\) curtailed and this added to the slump, further discouraging filmmaking as an enterprise. In contrast, movie going reached new highs and Churchman (1997, p. 28) writes that American servicemen posted in New Zealand were being treated to the latest Hollywood releases shipped direct from the US on transport planes and so New Zealanders were also able to view them. Exhibitors tapped into the “Hollywood” rhetoric in overt ways: “Local distributors and exhibitors shamelessly played up to the American presence even to the extent of playing ‘The star-spangled banner’ in cinemas after ‘God save the Queen’.” By this stage, exhibition in New Zealand was becoming a tight oligopoly. Kerridge Odeon, one of the major companies, established ties with the Arthur J. Rank Organisation, a major British studio of the time, and Amalgamated was building its market share with the backing of Twentieth Century Fox who had taken 50% control by 1936.\(^4\) Both chains had worked hard to absorb independent theatres and smaller exhibition companies. In 1928 there were over 600 cinemas, mostly independently owned and a number of chains were in operation. By the end of the 1940s the number of independently owned cinemas was declining rapidly and of the seven major chains that had been in operation, only Kerridge Odeon and Amalgamated remained.

---

\(^3\) These were chiefly early tourism films designed to publicise New Zealand overseas.

\(^4\) This situation was viewed with suspicion by the government of the time, who launched a Committee of Inquiry in 1948 into the rapidly expanding monopoly of the two major exhibition chains. It was recommended that the chains not grow any bigger but Churchman (1997, p. 22) notes that their control remained “unbreakable” until the 1980s.
Chapter Two: The quest for a national film culture in New Zealand

The National Film Unit was established by the government of the day in 1941. This indicated a continued official interest in documentary-style filmmaking and the unit became a very important instrument of government. It was the driving force of state-filmmaking. It later attracted criticism for its monopolistic control of this area of the industry. The Unit was largely a propaganda tool for the Government in wartime during the 1940s. An article in *Landfall* in 1948 illustrates this: “Realisation of the importance of propaganda in modern warfare no doubt tipped the scales in favour of establishing a national film unit, a new propaganda force, in New Zealand” (Allender, 1948, p. 322). But criticisms of the early films of the Unit indicate that whether the output was wartime newsreels or ‘tourist productions’, they were lacking in production values and in the face of slick Hollywood films of the studio era, this is not surprising. It is an interesting corollary to the ongoing view of Hollywood films as reaching a consistently high standard in production whereas national, government-funded filmmaking is usually seen to be inferior in all aspects. Allender (1951, p. 297) wrote of the Unit’s films: “…the camera work is spoiled by slow cliché-ridden commentaries. They exist not as complete films but as a series of pretty images with sound tracks appended. The editing is slow and uncritical.” The end of World War II did not mean an end to propaganda filmmaking, although the possibilities in post-war New Zealand could have seen the Unit play a significant role in the growth of the industry. As Allender (1951, p. 302) writes, “…it [the Unit] could expand some of the precious talent and equipment now dissipated on minor productions in the making of at least one feature film.” Considering the fact that the National Film Unit seemed to have creative freedom, it was independent filmmakers who struggled during the next twenty years to contribute to the production of ‘New Zealand’ feature films and it is the work of independent filmmakers that eventually enabled a government-subsidised model to coalesce. Because of this, it is important to note that the Film Unit represented a different filmmaking formation to the government-funded model associated with most national cinemas and the one that later developed in New Zealand. As John O’Shea puts it, “…whereas in other countries governments, realising the ‘national image’ value of feature films, make grants and subsidise feature film production, in New Zealand all government finance for film making is directed towards its own National Film Unit” (cited in Reid, 1972, p. 33).

O’Shea was the major independent filmmaking force in the 1950s and 60s. He commented: “By the time I began filmmaking, I found the appellation of ‘industry’ had been hijacked by film wholesalers and retailers, the distributors and exhibitors. They regarded themselves - in
New Zealand at any rate - as the film industry” (cited in Reynolds, 2002, p. 21). Statistics underscore this point. In 1933, 369 films from the US were released in New Zealand, along with 108 British films and no New Zealand or Australian films. By 1953, the figures were similar. 300 US films and 72 British. Within those twenty years, 5 New Zealand films had been released (Lealand, 1988, p. 84).

O’Shea’s production company, Pacific Films, formed in 1948 by O’Shea, Roger Miriams and Alan Faulkner, made the only three feature films produced in New Zealand between 1940 and 1970. *Broken Barrier*, the story of the romance between a Pakeha® New Zealand man and a Maori woman, was made in 1952. O’Shea (1999, p. 40) writes that in the making of the film, “…the lab facilities of the National Film Unit were closed to us. We were, perish the thought, ‘private enterprise’.” O’Shea went on to make *Runaway* in 1964 and *Don’t Let it Get You* in 1965, but neither of these returned their costs and O’Shea continued to struggle to make ‘New Zealand’ films dealing with issues of national identity and multiculturalism. To sustain the company throughout these years, Pacific Films relied on making commercial short films and sponsored documentaries. There was an inherent tension during this period between this independent filmmaking and government efforts, and this tension continued right through until the 1970s. The tension illustrates that the quest for a national film culture and a solid filmmaking model to rival ‘foreign’ film exports was inherently fractured between ‘the state’ and the ‘independents’.

The activity of foreign production and the associated rhetoric of colonial exploitation continued in this period with a few notable examples. Britain’s Rank Organisation made *The Seekers* in 1953, with location shooting in New Zealand plus the reconstruction of a Maori Village for filming in England. The film was based on a story about the Maori civil wars. O’Shea (1999) notes that the company went to great effort to create an authentic portrayal of Maori traditions but that

…the film was judged contemptuously within New Zealand by both Maori and Europeans as meretricious, sensational and fanciful. The criticism was given weight locally when it was learnt that the film was re-titled *Islands of Fury* for the American market (p. 67).

® The Maori name used to refer to European New Zealanders.
This harks back to the displeasure New Zealanders experienced in the production of earlier films such as *Hei Tiki* and *Venus of the South Seas*.

The advent of television in the 1960s was another blow to the growth of a local film industry, which had reached record highs of cinema admissions - a fact often cited by exhibitors keen to espouse the favourable cinema-going ethic of New Zealanders and their perceived commitment to the Hollywood aesthetic. Independent production was unable to compete with overseas product and had to rely on commercial filmmaking in order to survive. There were few chances for programme production and thus a paucity of creative outlets. Cinema-going in general declined. Lealand (1988, p. 86) reports that there was a 73% drop in cinema attendances between 1962-63 and 1972-73. Kerridge-Odeon and Amalgamated, now running a tight duopoly over New Zealand cinemas, struggled to turn profits and new exhibition technologies such as Cinemascope were introduced in an attempt to draw audiences. The arrival of television clearly had a major impact, however it did provide a training ground for New Zealand filmmakers and this, along with the National Film Unit, meant that there were opportunities to gain the necessary technical skills. This was a vital step towards renewed activity in the production of feature films in the 1970s. The Film Unit remained a powerful force because they also had “…an effective monopoly on processing for the private sector as a result of import bans on processing equipment” (Lealand, 1988, p. 57).

Leading up to the 1970s there was constant tension between the various elements of the ‘displaced’ cottage industry: the Film Unit, television and the ‘independents’. There was no unified body representing the film industry, no collective consciousness surrounding filmmaking and in fact, no coherent industry at all except the duopolistic one in the areas of distribution and exhibition and the monopolistic control of processing by the Film Unit. There was not yet a solid argument surrounding the need for distinctively New Zealand films or the recognition of filmmaking as an important cultural tool, and it was acknowledged that the distribution/exhibition sector was far more developed and visible to audiences. Any filmmaking that was being routinely undertaken was the production of documentaries for television to supplement the schedules of foreign programmes and government filmmaking for publicity purposes. However, as Horrocks (1989a, p. 101) writes: “The political ferment of the late 60s strengthened the interest in making films that would be realistic and socially useful -in contrast to the sentimental types of nationalism that demanded an idealised version of New Zealand as an Eden of the South Pacific.”
The 1970s witnessed a huge amount of activity and debate that echoed the issues of New Zealand’s early film history and it is in the seventies that a recognisable national feature film industry took shape. The developments of this decade laid the basis for the government-subsidised model. In 1970 an Arts Council Conference acknowledged the importance of independent feature film production and two film-related resolutions emerged; the establishment of a national screen organisation and a need to “foster creative activity in films for cinema and television” (Waller, 1996, p. 245). This set the ball rolling towards the establishment of the New Zealand Film Commission and it highlighted the re-emergence of arguments over the nature of filmmaking itself. At this stage of the debate, filmmaking was recognised as primarily a cultural, creative endeavour and one that would work in opposition to the hegemonic power of Hollywood’s market-driven model. In 1978, an Interim Film Commission report titled, ‘Towards a New Zealand Motion Picture Production Policy’ outlined the principal goal of the push: “The need to establish cinematograph expressions particular to New Zealand, to counter the largely unrelieved diet of films from foreign cultures to find and express our own heroes…has been accepted.” It was recognised at this stage that a national film culture, maintained and supported with public money was needed in New Zealand.

Into the 1970s: The establishment of the New Zealand Film Commission and a government-funded model of national filmmaking

An Arts Council Conference in 1970 was the first step towards the establishment of the New Zealand Film Commission and official recognition of the industry by the Government. Gregory Waller (1996, p. 248) writes that at this stage, the argument for a government-funded industry was very much based within a ‘social’ rationale and emphasised government support through promotion and finance. At the same time, independent filmmakers were actively developing their own feature film projects and as O’Shea (1999, p. 28) puts it, “…there was a fusillade from young filmmakers - Geoff Murphy, Roger Donaldson, Geoff Steven…each with a retinue or gang of accomplices.” Murphy (1992, p. 134) himself commented that the “…first run of New Zealand film in the 1970s, Wild Man (Murphy, 1977), Sleeping Dogs (Donaldson, 1977), showed there was energy and skill in the independent film industry.” Sleeping Dogs (1977) directed by Roger Donaldson, now working in Hollywood, and starring actor Sam Neill, now a Hollywood star, was the first of the ‘new wave’ of New Zealand
feature films to kick-start the industry. Murphy also noted that because independent producers continued to feel a lack of support within other areas of the screen industry, they came together and formed the New Zealand Academy of Motion Pictures in 1977 and began lobbying the Muldoon government for the establishment of some form of national screen organisation. The same year, Allan Higet, then Minister for the Arts, established an Interim Film Commission, based on a proposal by Jim Booth who emphasised the commercial elements of the activity. He wrote that such an organisation should be run “…strictly on an investment basis with an eye firmly on the market” and that the benefits of such an approach would be not only New Zealand ‘onscreen’ in a sustained capacity but also foreign exchange earnings (cited in Waller, 1996, p. 246).

The dichotomy between the commercial and cultural imperatives for an industry became more prominent during this period and while the independents made arguments for their art, the economic realities of the industry constantly informed discourse, presumably because of the demands of the well-developed distribution and exhibition circuits. Also there were economic problems within the country at the time: rising unemployment, high inflation, increasing budget deficits and the “…need [was] greater for a film industry whose prime benefits were not ‘morale and cultural’ but economic and quantifiable” (Waller, 1996, p. 248). The New Zealand Film Commission Bill was passed in 1978, formally establishing the body. It received funding through the Department of Internal Affairs as well as annual grants from the Lottery Board, and fulfilled several functions which Waller outlines: “…to encourage and also to participate and assist in the making, promotion, distribution and exhibition of films’, to support archival and educational activities and to ‘encourage and promote cohesion within the New Zealand film industry.’”

The Commission began to steer an embryonic government-funded national cinema in New Zealand. However, the cultural argument for filmmaking was increasingly framed within the logics of the market-driven industrial paradigm because this was the only way that the state would contemplate fiscal support for such an unstable activity. For the independents, the group most concerned with the recognition and support of ‘screen art and individual creativity’, the Film Commission represented new opportunities for feature filmmaking within New Zealand. However they had grounds to be cautious. As O’Shea (1999, p. 110) puts it:
Soon the independents were looking down the cannon’s mouth. All the independents were small, puny and had to be agile ants to avoid the heavy tread of questionable financiers, government departments and politicians. New dangers were ahead, just as great if not greater, as television monoliths, corporate czars and media moguls took over from civil servants.

The New Zealand Film Commission’s purpose was ‘to encourage, participate and assist in the making, promotion, distribution and exhibition of films with significant New Zealand content’ (Churchman, 1997, p. 61). However in 1980, Bill Sheat was already discussing the need for New Zealand filmmakers to “…think in more commercial terms”, considering how their films would be received in overseas markets (Cinema Papers, 1980, p. 23) The Film Commission started with a budget of around NZ$1 million and it quickly became a central component of the industry. Goodbye Pork Pie (Murphy, 1980), Beyond Reasonable Doubt (Laing, 1980) and Smash Palace (Donaldson, 1981) were some of the first films that benefited from Commission support and funding and they were relatively successful.

Horrocks (1989b) notes that around one sixth of the country’s population saw Goodbye Pork Pie and Murphy commented that these films had “…a spirit to them” (cited in Dennis & Bieringa, 1992, p. 147). This activity was still on a very modest scale; budgets were low and crew had to work long hours for low pay. Murphy (1992) writes of his experience, “People could not be expected to continue to make such sacrifices as minimal pay, minimal cutting ratios and shooting schedules and under-crewed films on an indefinite basis. We needed more money.” The Film Commission as a government-appointed body was now charged with juggling the two imperatives, cultural and commercial and became the centre of New Zealand’s ‘displaced national cinema’.

Lindsay Shelton, the marketing director of the Film Commission was instrumental in the direction the Commission began to take in terms of production choices and the marketing of New Zealand films overseas and at home. In a special issue of Cinema Papers (1980) he was asked about the domestic marketing of New Zealand films:

Domestic marketing really involves the basic reason for the whole film industry getting started in New Zealand, which is to make films for people of a country who, since films began, have always seen other people’s films and never seen their own to any continuing degree. We now have the ability to show New Zealand films to New Zealanders on an ongoing basis… (p. 29).
However, independent producers and directors continued to struggle under the pressure of limited resources and the distance between commercial and cultural arguments still seemed vast. O’Shea (1999, p. 111) remarks:

The Film Commission appointed Shelton to promote and market our films - a task at which he was intermediately successful. Bulletins proclaimed the near genius in all of us... world acclaim for our efforts, based on a kind critical word now and then, was amplified and blazoned before politicians and public.

Waller (1996, p. 248) sums up this period succinctly: “Broadly speaking, during the 1970s, arguments based on the state’s responsibility to screen art and individual creativity gave way to explicitly economic rationales.” Whilst the rhetoric around the activities of the Commission and government support in general was based on a cultural nationalist argument, the imperatives from government were concerned with commercial success and considering the success of the early New Zealand films, government recognised the potential for New Zealand films to make money and promote New Zealand overseas. O’Shea (1999, p. 111) continues, “The filmmakers began to study business and industrial habits. The trail quickly led to the lairs of tax laws.”

The tax shelter and beyond

A ‘tax shelter’ was established in 1980 leading to a period of unprecedented local production activity in the New Zealand context. The system used a marginal tax rate of 66% allowing investors in feature films to write off this percentage and receive a guaranteed return whether the film made a profit or not. For example, it allowed a $200 write-off for every $100 invested (Churchman, 1997, p. 62). Don Blakeney, the first executive director of the Film Commission, was also an accountant. He brought an obvious financial focus to his role and he was instrumental in establishing the tax shelter. The Film Commission was directly involved in the administration of the deal, lending money to the investors. This was designed to foster private investment in ‘New Zealand’ films and for a short time was a significant draw card for financiers. This tax period was and still is seen by some in the industry as an exciting time in which many films were produced. Others perceived that it led to exploitation of the deal by questionable overseas investors and a raft of forgettable films. It was characterised by one commentator as the ‘Americanisation of the industry’ (Jesson, 1984). The Government
realised fairly promptly that the situation was leading to underhanded financing deals and the 1982 Budget closed the loophole. The Inland Revenue Department then began an extensive investigation that seriously discouraged investment in feature films for the latter part of the decade. There was a feeling of desperation within the industry after the system was dismantled. Headlines asked, ‘Will the New Zealand Film Industry Die?’ (Fisher, 1982) There was a very real fear of the ‘swamping’ of the New Zealand screen by foreign product. Fisher (1982, p. 116) wrote at the time:

Now with no local investment to help balance the equation, foreign investment will call the creative tune. American and European filmmakers have no desire to make New Zealand films…New Zealand offers a cheap labour market that they’ll gladly take advantage of for as long as it lasts. When eventually labour costs go up, as inevitably they must, they’ll find a convenient back-lot somewhere else in the world and depart.

Earlier discussion showed that the tradition of using New Zealand locations for particular projects has long been a feature of the industry. More often than not the motivation was the economic benefit arising from cheaper production conditions. Gordon Campbell (1982) reported that Twentieth Century Fox planned to make a film in New Zealand called Prisoners with the help of John Barnett. Campbell worried about the issue of cultural colonisation, citing the fact that the main reason for production in New Zealand was because of rising costs in the United States. Mike Nolin, one of the producers of Prisoners was quoted as saying, “We’re not here to make a nationalistic art film…With all due respect, Fox put this film together to make a lot of money. In the process the New Zealand investors will also make a lot of money.”

Another parallel to be drawn from earlier foreign production shooting in New Zealand is the fear of cultural exploitation. Evidence for the potential of such a phenomenon exists in films such as The Seekers (Annakin, 1954) and Hei Tiki (Markey, 1935). Nolin goes on to say that the New Zealand location would add an ‘exotic’ element to the film. “In the American setting that Fox were first going to use, they had “an old black Uncle Remus type” character as the go-between for the two lovers. Now, this character will be a Polynesian. ‘We’re going to try to tap in to some Polynesian legends in terms of his mysteriousness and how he tells his

---

6 This practice, known as ‘runaway production’ in the US industry, will be discussed in more detail in chapter two.
In 1987 *The Rescue*, a Disney production, was shot in Queenstown and Auckland and this was closely followed by *Willow* (1988) directed by George Lucas. *OnFilm* magazine wrote, “The wonderful world of Walt Disney has come to town and who can blame them if the locals start thinking of Queenstown as New Zealand’s answer to Burbank” (Brady, 1987). There were issues involving Actors Equity on the set of *The Rescue* - Disney was involved in ‘tough’ negotiations: “…the Americans steamrolled the vulnerable union requirements of Actors Equity” (Chapple, 1987). Chapple goes on to report that the Government pushed strongly in order to entice the filmmakers to New Zealand - they allowed changes to Equity policy allowing more American actors than normal to film in New Zealand and endorsed the use of New Zealand Defence Force aircraft with high hopes for a resultant tourism boost. The worries about cultural colonisation or at least a concern about foreign productions swamping local talent and imposing dubious modern-day ‘Southern Seas’ stereotypes do not seem that far removed from latter day fears. There is at least anecdotal evidence of an ongoing fear of invasion by the ‘big guns’ and the severe drop-off of local production after 1985 only heightened this fear. But the enthusiasm and involvement of the government is also telling and is in a similar vein to current co-operation between New Line Cinema and the NZ government with *The Lord of the Rings* trilogy (Jackson, 2001, 2002, 2003). It points to the porous nature of the traditional distinction between a government-funded ‘local’ model and the industrial model. In these cases, the government-supported national cinema collapses under the seductive weight and economic power of commercial filmmaking (primarily from Hollywood) and the material but unquantifiable benefits it offers a small industry and government like New Zealand’s.

Waller (1996, p. 251) writes of this time,

> By the mid-80s, much of the discourse about the film industry came to operate within a pessimistic culture vs. commerce scenario that had not been nearly as prominent in the 70s. The New Zealand Film Commission’s 1985 report began with the assertion that ‘a film industry is about culture and money. It involves an endless tug of war between finance, investment and economic returns on the one hand and art, culture and national identity on the other.’

Filmmakers themselves began asking questions about the direction of the industry. *Onfilm* magazine was providing regular commentary by this stage on opinions within the industry and in one article, provided a variety of insights from New Zealand filmmakers. Larry Parr

---

Note that *Prisoners* was never released.
stated, “What we have to do is start making films that make money - I mean real money” (cited in Tossman, 1983). Sam Pillsbury sketched a worrisome picture:

Beyond 1984 we could be; overseas or into very low budget, individualistic, idiosyncratic native film production; or making bigger budget Hollywood movies made in New Zealand because it’s cheaper to make them here…But I’m not optimistic about even the future I’ve just mapped out, unless there’s a change in legislation…(cited in Tossman, 1983, p. 4)

Others were more optimistic. Barnett noted: “There are more people working fulltime in the film industry than ever before” (cited in Tossman, 1983, p. 5).

From 1985 onwards, government policy largely dictated the direction of the industry and this was overwhelmingly within ‘free market’ doctrine. Jesson (1985) commented that Government policy in 1985 was “…not to provide assistance to uneconomic industries and Treasury is known to be sceptical about the economic viability of any local film industry” (p. 13). Because of the removal of the tax shelter, the government provided a direct grant of NZ$1.75 million in 1982 and another NZ$3.4 million in 1985-86 and because of the lack of private investment the Film Commission quickly came to be seen as ‘the only game in town’ (Waller, 1996, p. 251). With the election of the Labour government in 1984, there was renewed hope that cultural motivations and approaches to filmmaking would be given greater emphasis in the name of ‘national’ identity. However, the ‘New Right’ government and ‘Rogernomics’ meant that market-liberal policies, de-regulation and decentralisation were central to the government’s economic policy. The hard line commercial emphasis of rhetoric within the industry deepened. “Like the Labour government, the New Zealand Film Commission endorsed fiscal realism, decentralisation, internationalism and market-driven decisions” (Waller, 1996, p. 252). Decentralisation within the Film Commission meant that funds were allocated to various production houses. Waller also notes the 1989 guidelines of the Commission stressed that “…each project demonstrate the potential for: achieving theatrical distribution in at least three major offshore markets; reaching a New Zealand box office take of NZ$100,000; and returning net earnings equal to at least 50% of costs.”

A focus on presales and co-productions along with some direct investment at the end of the eighties led to some very successful New Zealand features such as An Angel at my Table

---

8 The term given to the New Right economic policies of the Finance Minister of the time, Roger Douglas.
(Campion, 1990) which attracted wide acclaim and success both in New Zealand and overseas. Waller (1996) argues that ironically, these commercially driven policies renewed the discourse of filmmaking as a channel for ‘national’ identity. He cites an article in Variety and states “Labour’s new order promised a veritable ‘Kiwi cultural revolution’ with film and ‘art generally…feeding on the nourishment of a more vigorous, multicultural and competitive environment’” (Nicolaidi cited in Waller 1996, p. 253). Obviously the success of *An Angel at my Table*, among others seemed to provide evidence of such a revival. There were moves to recognise what the Commission termed, ‘New Zealand language films’. Under this umbrella, a Short Film Fund was established as well as a Creative Development Fund for ‘experimental’ films. The importance of indigenous filmmaking was also recognised with a “…formal cultural commitment to Maori filmmakers” (p. 254). Merata Mita and Barry Barclay, two distinguished Maori filmmakers, both produced important films in the late 80s, *Ngati* (Barclay, 1987) and *Mauri* (Mita, 1988). However, Maori filmmaking was, and still is, on the margins of the ‘New Zealand’ industry. On the other hand, an alternative perspective as Waller (1996, p. 254) puts it, would characterise this environment as “…less nourishing than calculating, politically expedient and crassly commercial in the uses it made of culture.”

The distribution/exhibition sector also underwent a shift in the 1980s and while the duopoly continued, it was within new corporate ventures. Amalgamated was acquired by Chase Corporation, a New Zealand property developer while Kerridge Odeon was taken over by Pacer Pacific. These changes signalled a period of intense corporate activity as the business fortunes of the two companies rose and fell and the multiplex boom began. These two chains still retained ties with particular Hollywood studios, so Amalgamated/Chase had the rights to product from Twentieth Century Fox, MGM, Paramount, Disney, Roadshow and Universal and Kerridge Odeon was tied to Rank, EMI, Orion, Greater Union and Columbia Warner (Lealand, 1988).

---

*The development of the multiplex in New Zealand is a narrative that I am unable to articulate fully here. However it is an important part of the history of distribution and exhibition in New Zealand and it enabled a huge resurgence in cinema going as a leisure activity in New Zealand. Village Roadshow (an Australian company with strong ties to Warner and Hoyts (also Australian) were the chief commercial drivers, along with a few New Zealand players such as Barrie Everard and John Barnett. Most importantly, while those within these distribution and exhibition circuits trumpeted that more screens would mean more opportunities for films to find a screen, multiplexes simply enabled Hollywood blockbusters to play on more screens. There was also a resurgence in art-house films as an alternative to Hollywood and the art-house circuit is now well established in Auckland and Wellington especially. See (Hyde 1993), (Legat 1982), (Du Chateau 1988).*
The Nineties

Horrocks argued in 1989 that the incessant pressures of the market had worked during the eighties to cement the emergent and local cinema within the hegemony of Anglo-American media flows. These ‘market pressures’, springing from the processes of deregulation begun in 1989, continued to exert a powerful force on the policies of the Film Commission. This drew criticism from many working in the industry, focusing on the growth of a New Zealand film culture as an alternative to the market-driven Hollywood model.

A new National-led Government came into power in 1991 and signalled a continued focus on the idealised power of the ‘free market’ model at the expense of the government-supported model. It cut the government grant to the Film Commission by NZ$2.7 million and appointed an investment banker, Phil Pryke to the board. Pryke had been previously involved in the government’s strategy of deregulation, advising in the sale of Telecom (New Zealand’s telecommunications provider) and other state-owned organisations. He made a vow to “…further ‘devolve’ control to the private sector and bring ‘market-driven’ operating principles even more to the fore…” (Waller, 1996, p. 255). Pryke’s first major action as chairman was the abolition of the Film Commission’s role as sales agent for their films. As Onfilm reported, “Chair Phil Pryke has confirmed the commission is quitting selling New Zealand features. Producers will have to find international sales agents” ("Commish exits sales role," 1994). This development was met with concern from many quarters. Onfilm (November, 1994) called it, ‘The Selling of Aotearoa’ and Sight and Sound offered an international perspective: “Latest and most depressing convert to the supposed brave new world of commercial cinema is New Zealand which recently cancelled the sales remit of its film commission telling producers they should either sell their own films, or better still, enter into pre-sales arrangements with foreign principally US sales companies” (cited in Onfilm 1994).

The Commission was also instrumental in the establishment of a ‘locations office’, which drew much criticism from filmmakers. Late in 1994, the Commission and Tradenz, the New Zealand Trade Development Board announced the initiative, whose objective was “…to promote this country as a destination and production facility for overseas film, television and commercials producers” (Gates & Wakefield, 1994, p. 1). Pryke was a strong supporter of the idea but there was resistance from local producers. Gates and Wakefield (1994) also quoted
producer John Barnett who called it a “Trojan horse that will destroy the local industry.” This concentration on foreign production can be read as a formalisation of New Zealand’s position within the logics of the Hollywood industry, particularly the ‘runaway production’ phenomenon gaining momentum in the US at this time. The early 1990s saw Dunedin standing in for Boston, Wanaka for Idaho and the Hercules and Xena television programmes began production in Auckland in 1994. Eric Gruendemann, the producer of Hercules, sang the praises of New Zealand: “It’s an untapped source but once the word gets out this country could easily be the Vancouver of the 90’s” (cited in Logan, 1994).

There was a continued interest in foreign exchange earnings and the North American market became the primary focus. Onfilm reported headlines such as, “Film Industry targets US projects” (July 1992) and Tradenz played a key role in a new ‘export drive’. American industry players travelled to New Zealand and were cautious about New Zealand’s ability to ‘crack’ the US market. Howard Cohen, vice president of the Samuel Goldwyn Company commented in 1993, “…the US market is saturated with releases, any film has to be an ‘event’ to succeed…we can’t be interested in the lower end anymore” (Wakefield, 1993). Project Blue Sky was announced in 1993, a “…bid by the film and television industry and Tradenz to boost the industry’s foreign exchange earnings.” (Filmmakers reach for the Blue Sky,” 1994) While policymakers in New Zealand were becoming increasingly aware of the North American market, New Zealand remained largely invisible in the eyes of the ‘hegemonic centre’ (Horrocks, 1989a, p. 108).

By the end of 1994 however, there was widespread disillusionment and disappointment with the Commission and its relentless push for foreign exchange, foreign sales and foreign success. Local filmmakers were increasingly vocal in their criticisms. Producers John Maynard and Bridget Ikin publicly criticised the Commission as a reason for leaving to work in Australia. There was a ‘groundswell’ of criticism ("Pryke answers critics," 1994) against Pryke in particular. He responded, saying he would ‘pick up his game’ but attempted to justify his actions thus far; “All cultural agencies have an obligation to make their output as accessible as possible to the domestic market. Culture is about the participation of the widest possible number of people in the domestic market.” This again illustrates the inherent tension between the traditional notion of ‘New Zealand films for New Zealanders’ that the Film Commission adhered to, and the contradictory thrust of its external policies. There was clearly pressure from Government to achieve economic success through feature filmmaking in
international markets. The ongoing conundrum of these two imperatives for filmmaking in New Zealand (and most national cinemas) is a constant feature of filmmaking policy and activity in a ‘second cinema’. But it was clear that after ten years of an industry with an official government-funded body at its centre, economic arguments for filmmaking were subsuming cultural arguments, largely because of the neo-liberal political climate. This is also the beginning perhaps, of the emergence of a ‘third way’ in the filmmaking sector, a ‘hybrid’ model that will become more evident in the next two decades.

In contrast to the criticisms and disenchantment of those who recognised the dominance of commerce over culture, there were some spectacular successes in the first half of the decade. One example is *The Piano* (Campion, 1993) - a French-Australian co-production directed by an offshore based New Zealander Jane Campion, but set in New Zealand. Other examples include *Heavenly Creatures* (Jackson, 1994) and *Once Were Warriors* (Tamahori, 1994). Interestingly, *Heavenly Creatures* was funded through a number of channels, many offshore and was labelled a ‘global creation’. Jim Booth, the producer, said it reflected the “…globalisation of film making” with funding from Germany as well as the Film Commission and Miramax, the ‘independent’ American company. Not only this but Miramax won the distribution rights to the film and staked a future first-look deal with Peter Jackson for his subsequent projects (“Miramax-NZ marriage made in heaven”, 1994).

The industry discourse of 1995 seemed to indicate that this success would continue. In February’s *Onfilm*, a ‘boom year’ was predicted for New Zealand films and by this stage Peter Jackson’s newest venture had been announced, his first Hollywood film *The Frighteners* (Jackson, 1996), to be made in New Zealand for Universal Pictures. This was an interesting development - unlike fellow directors Lee Tamahori (*Once Were Warriors*), Jane Campion (*An Angel at my Table, The Piano*) and Roger Donaldson (*Sleeping Dogs*) who had moved away from New Zealand in order to make bigger budget films Peter Jackson remained in New Zealand and convinced a large Hollywood production company to allow him to make the film in Miramar, Wellington. He said at the time of its release:

---

10 *The Lord of the Rings* project is a clearly example of a possible new trend towards international or global filmmaking and will be discussed further in chapter four.
There has been this perception that New Zealand has a glass ceiling - that at some point you had no choice but to leave the country if you wanted to carry on making bigger-budget or more ambitious films. So hopefully what I have done is proven this to be wrong (cited in Wakefield, 1996, p. 18).

Along with such a high-profile project under the Universal banner, the profits it generated significantly boosted production expenditure in New Zealand to over NZ$200 million and Project Blue Sky continued to trumpet foreign exchange earnings in its annual reports. This was seen to be clear evidence of a ‘boom’ in film production but as Jo Tyndall, the executive director for Blue Sky commented in 1995: “…nobody can deny the economic benefits of high-value productions… (such as Hercule and The Frighteners) Taking them out of the equation would leave a huge gap” (“New forex high for film/TV industry”, 1996). These productions were also fully adapted for the primary US market.\textsuperscript{11}

The late 1990s were characterised by fresh criticism of the role of the Film Commission in effectively determining the fortunes of the industry and struggling to balance its commercial and cultural imperatives. High profile directors such as Peter Jackson and Ian Mune openly criticised the Commission’s activities and this was not helped by the Commission’s focus on ‘low-budget’ filmmaking, which was not a success (Heal, 1997). New Zealand cinema is generally equated with low-budget cinema, purely because of financial constraints in such a small country but the Commission began producing NZ$1 million films that supposedly focussed on quality scriptwriting. The few that were produced were not successful.\textsuperscript{12}

Foregrounding this was the multiplexing boom in the distribution/exhibition sector, which was seen by many as the ‘saving grace’ of cinema going, allowing more screens for more films and admissions increased rapidly. However, multiplexes enabled more screens for primarily Hollywood blockbusters. 19 out of the top 20 films of 1993 were blockbusters from Hollywood studios, a trend that is repeated year after year. Most importantly, the balance of power shifted in the distribution/exhibition sector. While earlier decades had seen the tight duopoly of Amalgamated and Kerridge Odeon controlling cinema screens, this duopoly had been diffused by multiplexes and the fact that the distributors were no longer strongly tied to particular exhibition chains. However, there were still only two major exhibitors in the multiplex arena, Village Force and Hoyts and while they experienced ‘record profits’ in the

\textsuperscript{11} For example American accents were used by all actors (many of them New Zealanders).

\textsuperscript{12} For example Hopeless (Hickey, 2000). It grossed NZ$56,216 at the New Zealand box office (New Zealand Film Commission, 1999-2000).
wake of the multiplex boom, smaller films and distributors felt the squeeze in the immense
tide of blockbusters that swamped the market.13

Another development in the late 1990s was that Film NZ, the locations office became
increasingly prominent. Film NZ had been working since its establishment in 1994, to raise
the profile of New Zealand at international film markets and the annual locations expo in Los
Angeles. Its head, Jane Gilbert, said after the 1999 expo: “We’re positioning ourselves as the
Harrods of the film world. We’re not into low end film production where you get exploitation
and we don’t have a tax structure which companies take advantage of and move on” (cited in
“Film NZ on the Hollywood map”, 1999). This branding exercise, using ‘Brand NZ’ as a
marketing tool to attract production capital from overseas, would become increasingly
prominent and is a central development in the current New Zealand context.14 However it was
still obvious that New Zealand was attractive to foreign producers for the standard reasons
based on the demands of capital; the low dollar by global standards, cheap and flexible non-
unionised crews and varied landscapes.

The end of the decade was still marked by a continuing optimism about the prospects of a
‘boom’ for the New Zealand feature film industry. Ten features were ready for release by
1999. The change in government in 1999 added to this optimism within the industry. The
Labour party seemed to be more in tune with cultural and artistic imperatives and this would
become clearer in 2000 and 2001. Peter Jackson had also announced that he would begin
filming The Lord of the Rings trilogy in Wellington for New Line Cinema. Jackson had hopes
that the high profile project would encourage more funding for New Zealand film in general.
“Successive governments have regarded film as a niche cultural activity like the ballet or the
Symphony Orchestra, to be indulged with a minimum of funding and support…but
filmmaking could be a huge income-earning industry for this country…”(cited in “If not for
the Film Commission”, 1998). The role of Peter Jackson as a ‘creative entrepreneur’ and the
rhetoric of ‘entrepreneurialism’ itself will be discussed further in chapter four but it is at the
site of Jackson’s (and the current New Zealand Government’s) negotiation between
Hollywood and New Zealand that the collision between the hegemonic centre and the local,

---

13 Examples of such blockbusters included Independence Day (Emmerich, 1996), number one at the NZ box
office in 1996, Titanic (Cameron, 1997), number one in 1998 and Gladiator (Scott, 2000), number one in 2000.
14 See chapter three for further discussion.
national film industry can most clearly be seen. It is where the third, hybrid model comes to fruition.

Overall, the history of the quest for a national film culture in New Zealand is one that has been constantly informed and often dictated by the prevailing logics of the ‘Hollywood model’. This is because Hollywood’s period of consolidation of its Anglophone markets was so complete that the Hollywood aesthetic has always been preferred to any alternative one. As Horrocks (1989a, p. 111) puts it, “The dream of a New Zealand Hollywood is more evocative for a mass audience than the dream of a counter-Hollywood.”

This chapter has drawn out some of the strands of discourse that characterise the development of a filmmaking industry in New Zealand and this development is clearly driven by the dynamics of government policy. In turning to Hollywood, its free market logic is prominent because it has always been promoted as such by the major studios and the US Government. After sketching the narrative history of the quest for a film culture in New Zealand, it is necessary to investigate in more detail the prevailing logic of the free-market, Hollywood model of filmmaking. This thesis will continue by sketching a similar schematic history and assessment of the North American film industry and will examine the US government’s role within it, which is often neglected. Miller et al’s comments are useful to clarify the reasons for shifting to the ‘hegemonic centre’ at this stage:

Political economy proposes that Hollywood’s success has been a coordinated, if sometimes conflictual and chaotic, attempt by capital and state to establish and maintain a position of market and ideological dominance, in ways that find US governments every bit as crucial as audiences and firms (Miller, Govil, McMurria, & Maxwell, 2001, p. 49).
Chapter Three

Global Hollywood

When one talks of cinema one talks of American cinema...Every discussion of cinema made outside Hollywood must begin with Hollywood (Glauber Rocha cited in Moretti, 2001, p. 91).

A brief historical overview

Over the years, many scholars (such as Balio, 1998; Guback, 1976, 1983; Miller, Govil, McMurria, & Maxwell, 2001; Moretti, 2001; Wasko, 1994) have written about the continued and unrelenting supremacy of Hollywood cinema. For most commentators, whether discussing American cinema itself or national/indigenous filmmaking, the dominance of Hollywood must constantly be acknowledged and addressed. In 1999, Hollywood spent $US8.7 billion on feature filmmaking, a total “…far in excess of all other national cinemas combined”(Miller et al., p. 196). Andrew Higson (1989, p. 40) writes that in any discussion of national cinema, “It is necessary…to examine the overdetermination of Hollywood in the international arena.” And how can ‘Hollywood’ be defined? Higson also states:

By Hollywood, I mean the international institutionalisation of certain standards and values of cinema, in terms of both audience expectations, professional ideologies and practices and the establishment of infrastructures of production, distribution, exhibition, and marketing, to accommodate, regulate and reproduce these standards and values (1989, p. 38).

Hollywood is and has always been a principal vehicle for American national identity. Although Crofts (1993, p. 50) says, “Hollywood is hardly ever spoken of as a national cinema, perhaps because of its transnational reach”, Hollywood is nevertheless in many ways the national cinema of the USA. The discourses surrounded and perpetuated by the mainstream US feature film industry and the ‘showbiz’ lifestyle it feeds off - glitz, glamour, stars, wealth and so on - continue to play a role in what Wasko (2003, p. 2) calls “…the creation and recreation of societal values and ideas…” Feature filmmaking is an ideological medium as much as an economic one and Hollywood has mobilised the medium for a variety of national and international activities that will be examined here.

In terms of feature filmmaking, Hollywood has historically set the standard in many aspects of the filmmaking process and this global dominance is evident through the twentieth century.
Motion picture exports from the United States to the rest of the world have steadily increased over time. The American industry has constantly seized opportunities and utilised and relied on government and popular support to extend its reach. Hollywood’s dominance is not simply a matter of market superiority – the state has and still does play a consistent and powerful role in sustaining US hegemony and extending the global reach of Hollywood films. This consolidation was aided by the concentration of production in Southern California (after shifting from New York) leading up to and during the ‘Studio Era’ between the 1920s and 1950s. Southern California was considered an ideal location because it had stable weather, cheap non-unionised labour and a variety of landscapes. Hozic (2001, p. 53) theorises that this move represented an ‘occupation of space’ which “…enabled motion picture producers to increase the quantity of production and standardise their output.” Hozic notes that from 1912 to 1921, the number of feature films produced in this area jumped from 200 to 854.

An oligopolistic industrial structure developed at this early stage as a few major studios such as Warner Brothers and Paramount built up and maintained tight control over production, distribution and exhibition in a vertically integrated but informal system. The studios took deliberate action to squeeze out independent producers. As well as this, the US government had already identified film as a valuable commodity in terms of both profit and propaganda and was working to open up foreign distribution channels for US films. In the studio era the majors guaranteed screens for their films through aggressive strategies such as blind bidding and block booking and through direct ownership. At this stage, American-made films already saturated many overseas markets, particularly Anglophone countries, including New Zealand. Lealand (1988, p. 86) reports that of the 458 feature films released in New Zealand in 1929, 361 were from the USA. By 1959, with 633 released in total, just over half were still Hollywood films. In terms of box office figures, the New Zealand box office and most other national industries are consistently dominated by Hollywood blockbusters, a trend which grew rapidly during the studio era (Moretti, 2001).¹ By 1939, the US Department of Commerce estimated that Hollywood supplied 65% of films exhibited worldwide.

Hollywood’s hegemony crystallised after World War Two when a large stockpile of studio features was released in Europe where film production had largely ceased.² Other ‘obstacles’

---

¹ In New Zealand’s case, the top ten lists have been consistently dominated by Hollywood films, British films to a lesser extent and made up with a small proportion of ‘other’ nationalities, including local films.
² This will be discussed in more detail below in relation to US government support.
during the post-war period of growth and consolidation such as the advent of television in the 1950s and anti-trust legislation (which forced the studios to divest themselves of their exhibition arms) were overcome largely because North America’s ‘home-field advantage’ allowed the industry to sustain itself, absorb new technology and consolidate within its borders while extending its influence and reach outside. As Miller (2000, p. 145) writes: “Vertical integration through ownership of production, distribution and exhibition may have been outlawed at home, but not on a global scale.” In fact, informal vertical integration continued through new forms of distribution deals in which local exhibitors in various regions aligned themselves with particular studios, as illustrated in the New Zealand context. Under the Reagan government, formal theatre ownership was allowed to resume through the repealing of the anti-trust legislation. Thus vertical integration has been a continuous strategy of the majors albeit in various forms. Horizontal integration has become more aggressive with the proliferation of new media channels and new avenues for the distribution and exhibition of entertainment products. Both strategies are essential in order to maintain the market presence of the majors.

Commercial imperatives saw Hollywood studios investing in ‘foreign’ markets from the 1950s onwards in order to continue to qualify for production subsidies for ‘foreign’ films and to access monies from blocked overseas accounts. Guback (1976) notes that while location shooting outside California had always been a part of the industry, with the twin benefits of exotic settings and cheaper labour, this investment (particularly in the UK film industry) was a maturation of the ‘runaway production’ trend. Yet, it is clear that the major studios never relinquished power to overseas markets. American distributors remained dominant, monopolising the domestic market, “…while simultaneously fortifying their worldwide distribution networks.” (pp. 401-402)

‘New Hollywood’

Wasko (1994) argues that ‘Hollywood’ is no longer a simple reference to the production of motion pictures in the US. As she puts it:

---

3 Christopherson and Storper (Christopherson & Storper, 1986, 1989) cite these two incidents as being two important ‘shocks’ which signalled the breakdown of the studio system and the end of the cartel power of the majors’ while others (such as Aksoy and Robins, 1992) suggest the studios simply reconfigured their production strategies while maintaining tight control.
At the heart of the entertainment business in the USA (and, indeed, much of the rest of the world) is a set of corporations commonly referred to as Hollywood. At one time, these companies were primarily involved in the production and distribution of motion pictures in the USA and abroad. Many still think of Hollywood in these terms (p. 4).

The ‘new’ constellation of global Hollywood is a result of corporate mergers of large entertainment companies, the increased commodification of cinema and global flows of capital and information. Moran (1996) writes,

A qualitative change has occurred over the past twenty years with the development of global Hollywood. With the increasing transnationalisation of film production, of motion picture financing, the articulation of a long chain of distribution outlets and their domination of the majors and the growth of independent producers who themselves frequently act as brokers between filmmakers and principal distributors, the system now exists whereby national filmmaking is through a series of commercial linkages, also a part of Hollywood (p. 6).

Table 1  *The Hollywood Majors Today*

<table>
<thead>
<tr>
<th>STUDIO</th>
<th>PARENT COMPANY</th>
<th>2001 REVENUE FOR FILMED/STUDIO ENTERTAINMENT</th>
<th>OTHER FEATURE FILMMAKING INTERESTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disney</td>
<td>Buena Vista</td>
<td>$US 6.1 billion</td>
<td>Miramax Films Touchstone Hollywood Pictures Dimension Films</td>
</tr>
<tr>
<td>Sony</td>
<td>Columbia+Tristar</td>
<td>Y635.841 million [US 5.724 million]</td>
<td>Sony Classics</td>
</tr>
<tr>
<td>Universal</td>
<td>General Electric/NBC</td>
<td>9,501 million Euros (under Vivendi ownership) [US 11.453 million]</td>
<td>Focus Features USA Films Studio Canal+</td>
</tr>
<tr>
<td>Paramount</td>
<td>Viacom</td>
<td>$US 2.950 million</td>
<td>Paramount Classics</td>
</tr>
<tr>
<td>MGM/UA</td>
<td></td>
<td>$US 1.387 million</td>
<td>UA Pictures</td>
</tr>
</tbody>
</table>


---

4 This term and its relevance to the New Zealand industry will be discussed later in the chapter and in subsequent chapters.
The majors have strategically positioned themselves in order to increase their market and profit-share, causing many political economists to talk of vertical re-integration, horizontal integration and convergence as key elements of Hollywood’s global supremacy. Balio (1998) writes that two waves of mergers have fuelled these trends and the synergy that results from such ‘partnerships’; firstly in the eighties, US film companies began buying into distribution and exhibition companies, and new players such as Rupert Murdoch’s NewsCorporation entered the entertainment business. In 1989, the merging of Time Inc. and Warner Brothers was influential in the global entertainment and communications marketplace. The second wave of mergers in the mid-90s, including the purchase of Paramount by Viacom and Disney’s acquisition of Capital Cities/ABC was a strategy for the ‘majors’ to enter the lucrative cable and network television markets.6

Conglomeration and concentration are key terms used to describe the business practices of the major studios and this works closely with diversification into new media channels and expansion across the globe - all in the aid of consolidating image markets. This has been a successful and lucrative strategy. Variety reported in April 2003 that revenues from theatrical films, home video and DVD sales and licensing to TV stations worldwide resulted in the Hollywood majors lifting their combined revenue to US$37.3 billion in 2002, up 18% or US$5.7 billion from the previous year (Guider, 2003a). Independent production companies are playing a more prominent role in the production process however statistics indicate that the majority of profits generated through box-office takings still go to the majors. Aksoy and Robins (1992, p. 9) write that in 1990 the total share of the Hollywood majors was 86.4%, while independent production companies were left to fight over the remaining 10-15%. Independent distribution companies are few and far between in the twenty first century as many have been bought by the major entertainment conglomerates and are now labelled ‘affiliates’.7 Wasko (2003, p. 80) writes that in the domestic market alone, the majors and their affiliates “…consistently receive between 80-90 percent of the box office.” Although it is now more difficult to isolate feature filmmaking as a discrete industry because of the economic realities of the entertainment business, it is still possible and appropriate to look at the business practices in the creation of motion pictures that are often at the beginning of a

---

6Most recently, NBC (General Electric) bought Vivendi’s entertainment interests creating “…a new entertainment industry giant” (“NBC wins showbiz merger bid,” 2003).
7 New Line Cinema is a good example of this.
food chain of products and are flagships for the studios and parent companies. As Litman (1998) outlines, production, distribution and exhibition must all be examined when investigating the business of Hollywood.

**Production**

In terms of the process of production, some theorists have discussed the aftermath of the breakdown of the studio system and the rise of a possibly ‘new’ formation. As has been discussed, Christopherson and Storper (1986) argue that ‘flexible specialisation’ or vertical disintegration is now the key process at work in the US film industry. This is a small-firm model in which many small, specialised production companies compete for projects and funding. This argument has been criticised on many grounds and remains a contested area of discussion in terms of the nature of globalised Hollywood (Aksoy & Robins, 1992; Blair & Rainnie, 2000; Staiger, 1983). Litman outlines this process as partial disintegration to an extent, writing that production companies are ‘lean’ operations, based around a major star or director, and additional staff and studio/office space are hired to match the needs of each project. Barriers to entry are fairly low and opportunities do exist for companies outside the territory of the majors, to share a slice of the Hollywood production pie. Christopherson and Storper (1986, p. 310) note that the studios have redefined themselves as “…profit centres, required to support themselves through rentals to independent producers making films with studio financing.” This has sometimes entailed selling off or re-developing back-lot land in Los Angeles and has consequently encouraged the dispersal of production outside the region.

Costs of filmmaking in the US have been increasing steadily over time. A Department of Commerce report released in 2001 outlines these changes: “Between 1990 and 1999 average ‘negative costs’ (total costs related to the acquisition and production of a movie prior to release) almost doubled, going from US$26.8 million to US$51.5 million.” (US Department of Commerce, 2001, p.62) The most recent state of the industry report from the Motion Picture Association showed that the average cost of making a studio film had risen to US$64 million in 2003 and that average prints and advertising costs had risen 28% to US$39 million. (Motion Picture Association, 2004, p.17) Product differentiation is essential in the globalised market and has been one of the chief reasons for skyrocketing budgets. Large amounts of money are now routinely spent on hiring stars, directors, screenwriters and so on, who can create a 'unique' product, and securing top ‘creative talent’ is essential. Foreign directors who
have a proven track record are often head-hunted for Hollywood projects. Stars have come to enjoy more and more clout in terms of salaries and decisions about particular films and securing a star is often the key to ‘greenlighting’ a project. As one US film journalist, Michael Cieply puts it: “The greatest lie of the movie business and the one you’ll hear all the time, is ‘the material is everything.’ The material is actually nothing OK? The material doesn’t matter…you realise that what really drives the entire business is attachment, star power” (PBS, 2001). By securing ‘bankable’ talent at huge cost, the perceived risks of making a major motion picture can be reduced, at least in the minds of studio executives. However, other strategies are also employed at the pre-production and production stage in order to secure profits and success.

Projects often tap into a self-reflexive narrative cycle, constantly seeking to re-package formulaic but successful story arcs or re-work familiar narratives in order to minimise risks and guarantee returns. Sequels or re-makes are constantly in the pipeline and are ‘staples’ for many studios. Olson (1999, p. 18) theorises around the competitive advantage of Hollywood films and argues that the 'transparency' of Hollywood narratives means that the US industry has maintained global appeal. He defines transparency as "…the capability of certain texts to seem familiar regardless of their origin, to seem a part of one's own culture, even though they have been crafted elsewhere." This echoes the common refrain that films need a 'universal' appeal in order to travel beyond their country of origin. Olson (1999, p. 111) writes that “…structures of flexible mythotypes" are manufactured which are "transculturally intelligible.” However, in arguing for plurality in Hollywood storytelling, Miller at al. (2001) question Olson’s contradiction between universality and the insularity of the American market. Instead, they suggest that the desire for narrative simplicity in Hollywood films for the benefit of marketing campaigns is the chief concern, and that cultural homogenisation is still a dominant process in ‘global’ Hollywood. “Positioning a film to the oversimplified mind of the audience means finding story elements of a film that are easily communicated in simple terms” (p. 153).

Along with negative costs, another US$10-15 million is the minimum required for marketing and advertising in the international image market and investors or a bank loan is essential for

---

8 Lee Tamahori (*Die Another Day*, 2002) and Christine Jeffs (*Sylvia*, 2003) are two recent New Zealand exports while Peter Jackson (*The Lord of the Rings*, 2001, 2002, 2003) has used his creative talent to dictate some of the terms of production.
any small production company. Litman (1998, p. 38) writes, “In both instances, the participation of a major distributor is indispensable to achieving these levels of financial commitment.” and this has been true since the 1960s, when vertical integration was being pursued through various channels. Independent producers and sub-contractors are dependent on the majors (Aksoy & Robins, 1992). The vertical and horizontal integration cultivated by the major studios places them in a crucial position with their very close, long-standing links to finance. Wasko (1981, p. 149) comments, “…the movie bankers ‘look to the corporation’ and the top executives to manage the ‘risk-reward ratio’ involved in film production and distribution. In this respect, the film company executive is a surrogate for direct control by bankers.” They can undertake in-house production if they desire, but can also hire creative personnel on a need-only basis or can rent out studio time to smaller production companies. They now out-source the production process to an extent, largely to diversify risk and to rationalise cost and this increases their flexibility and allows them to control the distribution and exhibition bottleneck.

Distribution and Exhibition

Distribution is the key to the film industry. Production exists to meet the demand created by the mechanism of distribution rather than distribution existing to serve production (Moran, 1996, p. 2).

The debate between proponents of the corporate power of vertical integration and the flexible specialisation argument in the US film industry is difficult to unpack and is not easily resolved. Some disintegration of production has necessarily taken place in order to cut costs and yet vertical and horizontal integration remain central to Hollywood’s continued hegemony. Distribution, and consequently exhibition, are the critical arms of the business. The major distribution companies have been able to reach critical mass within even larger entertainment companies such as Time Warner and NewsCorporation and are the “…gatekeepers of filmed entertainment on a global scale” (Aksoy & Robins, 1992, p. 11). The huge economies of scale at work in ‘New Hollywood’ allow barriers to entry to be shored up and competition to be kept to a strategic minimum. Distribution companies are closely linked to banks and finance because bankers tend to favour larger companies who are more likely to guarantee a return because of their size and synergistic nature (Wasko, 1982). Each major needs a full line-up of features each year (often 20-35) and have about the same number of regional offices in order to control the domestic market as tightly as possible from release to release (Litman, 1998).
In the ‘New Hollywood’ economy, exhibition has been re-absorbed into these giant entertainment companies, creating “…a narrow funnel through which the disintegrated production and exhibition spheres are linked” (Aksoy & Robins, 1992, p. 14). Sony (Columbia + Tristar) and Universal/NBC have both invested in theatre circuits with thousands of first-run screens that are of key strategic importance to product release. The first week performance of new releases at the US box office is now crucial in determining all subsequent revenues for the studios. Bob Levin, a studio executive, outlines this logic:

A bad opening will usually kill a movie and kills all potentials of the movie. Because while…the preponderance of income and the revenue strings in the movie business today are no longer from that domestic box office…the money is really coming in from worldwide box office-sales to television, home video, DVD and all those other revenue strings on a global basis are so driven by that success or failure in the domestic box office. And that is so driven by the opening… (Cited in PBS, 2001).

The power of distribution means the majors can control how many theatres a film opens on, the release dates and pattern, and the competition any single film will face, all elements that contribute to the success of a motion picture at the US box office (Litman & Ahn, 1998). International distribution can then be negotiated and tailored to each new territory or country often within a combined organisation of studios such as UIP in New Zealand (Paramount, Universal and Dream Works). Generally, films open in the US market and are then distributed in foreign theatres within the following 4-18 months. However, the nature of the globalised entertainment market has seen this time span contract as word-of-mouth and anticipation for a new release can be built through the World Wide Web. An ‘international day and date release’ “…quenches the global thirst for information, creating a feeding frenzy of awareness and anticipation” (Sue Kroll, Warner Brothers’ president of international marketing paraphrased in Molineaux, 2004). This also addresses the need to foil pirating and copyright infringement, practices that the Hollywood studios and the MPA are now concerned with. A recent and telling example of global release is The Matrix Revolutions, “…the widest global opening ever, launched on approximately 18,000 prints in 109 markets on six continents over multiple time zones” (Roadshow Film Distributors Ltd, 2003).

9 The MPEA changed its name to the Motion Picture Association (MPA) in 1994 and this was in order to “…more accurately reflect the global nature of audio-visual entertainment in today’s international marketplace.” www.mpaa.org/about/ For more on the issues of pirating see (Wang, 2003) and (Miller et al., 2001).
Commodification of the filmmaking process

The need to control risk and rationalise cost has seen marketing budgets skyrocket, as ‘high-concept’ (Wyatt, 1994) blockbuster films have become avenues for a huge amount of commercial activity that illustrates the contradictory logics at work in 'New Hollywood'. These “big-buck f/x-laden tentpoles” (Guider, 2004, p. 6) or ‘event’ films are the principal features upon which a studio builds its entire line-up over the course of a year. The production budget is often a strong indicator of success at the box office and the portion of the budget dedicated to creative inputs and personnel (above-the-line costs) is key in terms of attracting interest and finance. These are off set by rationalisation of more flexible below-the-line costs which are “Film budget items relating to the technical expenses and labour involved in production” (Monitor Company, 1999, p. 28). Superstar actors and directors are major elements of the process and stars’ salaries have at least doubled since the early 1990s. This is on top of a 92% increase in studio marketing costs (Litman & Ahn, 1998, p. 193). US films must for necessity’s sake, guarantee returns in all parts of the globe and as Litman and Ahn also put it, are “…massive engines for profits in ancillary divisions” (p. 59) such as video, DVD, promotional tie-ins and product placement. Fears about the advent of new technologies such as video and cable eroding the market for filmed entertainment have been overcome and these technologies have been horizontally absorbed under just a few corporate umbrellas as new and profitable outlets for the original audio-visual products.

As Hoppenstand (1998, p. 232) argues, motion pictures now work to absorb the audience into a landscape of “marketing and merchandising techniques that basically function as an emotional and psychological reinforcement of the filmgoing experience.” This applies particularly to those films defined as ‘event films’ or blockbusters, such as The Lord of the Rings films. The motion picture has a ‘stature’ that other audio-visual products do not command because they are primary windows that set the depth of revenue flow through horizontally integrated markets. As Larry Gerbrandt, a US media analyst states:

…if they [the studios] didn’t make movies, you wouldn’t be able to run theme parks. You wouldn’t be able to run or create television networks. You wouldn’t have libraries against which you could create cable networks. The movies really provide the economic foundation and much of the leverage that these companies have in terms of being able to do other businesses (Cited in PBS, 2001).
This relates to the ‘saturation’ of the film itself as it is released in cinemas and then pumped through ancillary channels such as cable networks and DVD and video distribution enabling an “economic safety net” for the production/distribution companies.

For *The Lord of the Rings* trilogy, New Line Cinema had an ‘unprecedented’ three-year window for merchandising and marketing and used a calculated strategy of saturation. David Imhoff, executive vice-president of worldwide licensing and merchandising at New Line said in 2000: “Our goal is to put out an array of merchandise that will sell through in 2001, refresh it for the DVD release in May/June 2002, then retire the entire line by the summer. Then we'll return with the new line for movie two” (cited in Ashdown, 2001, p. 70). It was also reported by Ashdown that by mid-December 2000 New Line had secured deals for all its ‘core categories’: master toy, interactive, publishing, apparel, trading cards, collectible card games, calendars and stationery, gift, electronic construction toys and Halloween costumes. This was on top of the deals secured with Burger King, JVC Electronics, Barnes and Noble and other merchandising contracts that meant another US$11 million per film. Michael Lynne, co-chairman of New Line Cinema has said the project was "well-insured” (cited in Lyman, 2001, p. E1). As well as this, New Line licensed foreign partners around the globe to distribute the film in overseas markets. Village-Roadshow distributed the trilogy in New Zealand and the company has an affiliation with Warner Brothers and Warner Brothers Distribution International in many other parts of the globe. They are divisions of New Line’s parent company Time Warner. These lucrative distribution rights bought in US$55 million per film (Lyman, 2001). The building of such a filmic landscape surrounding the release of a high-concept blockbuster creates demand, hype and excitement that can be replicated in every territory and the majors have the financial clout to build such demand worldwide.

These elements of the business through concentration and the fortification of barriers to entry point to and reinforce the industrial paradigm or business culture that Hollywood has ‘nurtured’ particularly since the 1970s (Aksoy & Robins, 1992, p. 12). However, the business strategies of the Hollywood majors’ and the increased commodification of mainstream US motion pictures does not mean that the US film industry works within a pure ‘free market’, as many of its proponents argue. The historical domination of Hollywood in international image markets has been sustained because of the consistent, ongoing support of the US government.
US Government support

Protectionist measures were taken by many countries to encourage local filmmaking in the post-World War Two period, when the US film industry secured its worldwide dominance. Nations established quotas on imports in an attempt to stem the tide of Hollywood features. These policies were consistently opposed through the American MPEA (the Motion Picture Export Association of which every major studio was a member) and government bodies such as the US State Department. The MPEA worked as a “legal cartel” under the Webb-Pomerene Export Trade Act of 1918 which enabled the MPEA to set prices and terms of trade for films and to act as the sole export sales agent for all the major studios (Guback, 1976, p. 395). The MPEA was dubbed “the little State Department” and was run by Jack Valenti, who has lobbied for free trade for American films and more recently, has campaigned for anti-piracy legislation. Guback (1976, p. 395) notes that Valenti stated in 1968, “To my knowledge, the motion picture is the only US enterprise that negotiates on its own with foreign governments.”

At this time breaking down the protectionist measures of foreign governments was the main reason for US political assistance. To this end, the MPEA worked with the government in a variety of ways. Direct and indirect pressure was placed on foreign governments to allow the free flow of American films onto international screens. Equipment such as film stock was used as “…instruments of policy to reward or punish countries” and lines of credit extended to various territories (through the Marshall Plan) also acted as a “…multi-use policy instrument” (Guback, 1983, p. 119). Film trade treaties were drawn up with foreign governments such as Britain and France. Another strategy was to simply work within frameworks established by other countries. In Britain the Quota Act of 1927 compelled distributors and exhibitors to screen a certain percentage of ‘locally-made’ films (Guback, 1976, p. 393). A swathe of cheap ‘quota quickies’ were produced as the major studios began making films in the UK in order to qualify under the quota. At the same time, indirect protectionist policies were rigorously applied within the US, so paradoxically imports were discouraged in favour of ‘homegrown’ films. This has meant that over time, the ‘home market’ has become increasingly isolated. Miller et al. (2001, p. 48) point out that in the 1960s, imports on US screens totalled 10% of the US box office. In 1986, the figure was 7%. “Today, it is 0.75%.” The concept of a US market for ‘foreign’ movies is largely an anachronism.
The major studios, independent producers, the US and foreign governments, and financial organisations all contributed to the process of consolidation of the industrial/business model of filmmaking that is tied to Hollywood’s international success. While financing structures were often complex, involving intricate co-production agreements, the activities of the MPEA were twofold: trying to open up ‘foreign’ markets while simultaneously closing down the US market for imports.

Concentration of capital is a key feature of the US industry. The other strong and continuous feature of this process is the consistent support of the US government, which hints at the subsidised nature of the ‘mainstream’ US industry although this is never acknowledged by the major players. So whilst those within Hollywood view the power and scope of US films as the triumph of US storytelling and production values in the free market, government support is intimately tied up in the industrial model. As Guback (1976, p. 402) puts it: “About the only thing of which one can be certain is that commerce rules.”

The ‘free market’ paradox

The ‘free market’ ideology that the Hollywood film industry embodies is a myth that needs to be investigated further in this context. As Miller, Govil, McMurria and Maxwell (2001, p. 25) point out: “For all its rhetoric of pure competition…the US government has devoted massive resources to generate and sustain its ‘private sector’ film industry in the interests of ideology and money.” Guback (1983, p. 112) also discusses the “…public pronouncements” about the success of the American industry in the marketplace, quoting Jack Valenti proclaiming, “One of our assets is that the American film market is totally free.” Guback argues that such explanations both ignore the policies of the US industry itself, for example in maintaining access to foreign markets and breaking down international barriers. Such statements also refuse to recognise “…the intricate and extensive set of relations between the industry and the American government that have contributed to its sustained dominance” (p. 113). Valenti’s sound bites and the historical efforts of the MPEA/MPA centres on the oft-quoted mantra of the ‘free flow of information’. For Guback, this represents the “…total convergence of industry and state policy” (p. 116).
Miller, Govil, McMurria and Maxwell (2001) question the basic neo-classical, ‘free market’ rhetoric that is used by those within the US government and film industry to explain Hollywood’s continued global success. They address the four tenets of such rhetoric in relation to the industry and it is essential to outline their argument. Firstly, they ask whether there is freedom of entry for new starters in the Hollywood film industry and while they acknowledge that there have been new, ‘foreign’ corporate owners of Hollywood studios in recent years, such as Bertelsmann and News Corporation and new international sources of investment such as German tax subsidies, product development and the control of funds is still in American hands, primarily in either California or New York City. In general, barriers to entry are extremely high and the major studios continue to control box-office returns through the distribution bottleneck.

Secondly, Miller et al. note that there is a huge network of state subsidies for filmmaking within the US. State support or incentives are generally associated with national cinemas in countries outside the US. These national cinemas rely on government support in order to counter dominant Anglo-American media flows into their territories and onto their screens. The fact that the US government works at many levels, including state and regional as well as federal, to support US production, obviously calls into question the ‘free-market’ ideology that Hollywood supposedly embodies and that traditionally stands at odds with a state supported industry.

The local [US] film industry has been aided through decades of tax-credit schemes, State and Commerce Department representation, the Informational Media Guaranty Program’s currency assistance…and oligopolistic domestic buying and overseas selling practices that keep the primary market essentially closed to imports on the grounds of popular taste… (Miller, Govil, McMurria & Maxwell, 2001, p. 46).

Miller et al. (2001) also outline the vast conduits of assistance to the US film industry through regional and city film commissions. Recent examples include the ‘Film California First’ program. Also ‘hidden’ subsidies such as reduced local taxes and the provision of police services are utilised. This is all in the context of the continued general push to keep foreign markets open through measures such as bilateral free trade negotiations and to protect US products from the threats of piracy and copyright exploitation. Piracy is now one of the biggest problems facing Hollywood, especially in the eyes of Jack Valenti who is also one of

---

10 See (Dunkley & Foreman, 2001) and (Gehmlich, 2003).
11 This will be discussed further in chapter five.
the strongest lobbyists for tighter anti-piracy legislation. This is propelling other trends in terms of global film production and distribution such as international day-and-date releases, as discussed above.

In examining the neo-classical rhetoric in which Hollywood film is placed, Miller, Govil, McMurria and Maxwell (2001) also discuss another two sites of traditional ‘free-market’ rhetoric. They argue that there is no concrete relationship between the cost of production and consumption in filmmaking (a basic principle of free market economics) and that textual diversity in open markets is also a myth. Furthermore, consumer desires do not determine what gets produced. Those making and distributing US movies worldwide claim they are giving people what they want but it is the audience that represents the greatest risk for producers. In her discussion of the links between international finance and the Hollywood industry, Wasko (1985, p. 107) cites an ‘international banker’ commenting: “One cannot make an investment decision that is dependent on the whims of the general public.” Rather, a lot of money must be spent and a major distributor must be attached to a project, in order to secure a ‘green light’. Also, the corporatisation of cinema exhibition through the multiplex has increased the number of screens worldwide and has enabled US screens to remain largely closed to ‘foreign’ films while overseas markets such as New Zealand continue to be swamped by Hollywood fare (Miller et al., 2001). The annual box-office figures that continuously place major US films in the ‘top ten’ in most Western nations, provide evidence for Hollywood executives and producers that the audience prefers US films to any others. They work as an ideological reinforcement of the popularity of US films in ‘free’ markets. Miller et al. (2001) argue that instead of the neo-classical model that Hollywood espouses, it is the ‘international division of cultural labour’ that Hollywood relies on, in order to maintain ideological and market dominance in the global arena. Guback (1983) takes a more straightforward view, using Marxist analysis to argue that the interests of capital and the state in the filmmaking arena are not antithetical but are rather, mutually supportive. He writes:

It would be wrong to assume as a matter of course that state and industry necessarily are two separate entities. Indeed…the state shares the ideological commitments of the private sector and fosters its activities. Moreover, in particular instances, the line between state and industry vanishes and their individual interests are no longer discernible (Guback, 1983, p. 124).
Again, the traditional distinctions between these two paradigms are unclear because both are essential to the growth of the global film industry and to Hollywood’s position at the centre of it.

**International markets**

The international market is vital to the continued growth and economic success of the US industry and it is within the realm of ‘foreign policy’ that the American government and film producers have co-operated for mutual benefit. Statistics support the economic importance of foreign markets to the Hollywood industry. A study of worldwide film-going statistics from the 1990s by Franco Moretti (2001) provides relevant examples. He concludes that in 24 countries (including New Zealand), American films accounted for 75-90% of the top hits of the decade. In 13 other countries the figure climbs to over 90% and in five countries, it is 100%. There are a few exceptions, including India and Hong Kong, that produce more films per annum than Hollywood but do not have the global scope. In 1994, American cinema made more money overseas than ‘at home’ for the first time (Miller, 2000, p. 145). In 2003 the international box office reached the US$10 billion mark for the first time (Motion Picture Association, 2004).

The importance of international markets in the new constellation of Hollywood cannot be underestimated, especially in light of the economic issues the business has faced that have already been outlined. Studios have actively pursued co-production agreements and joint ventures with foreign partners (particularly European and Japanese) and the worldwide release of filmed entertainment is now carefully coordinated. ‘Turkeys’ in the US can still reap huge profits in overseas markets. As Aksoy and Robins (1992) put it:

> More than ever, Hollywood is under pressure to spread the production, distribution, finance and exhibition spheres of the image business, not only across different product markets (both hardware and software), but also across different locations. The new Hollywood system is about ensuring the integration and cohesion of this spatial disarticulation on a global scale (p. 19).

12 *Godzilla* (Emmerich, 1998) is the oft-quoted example.
Moretti (2001, p. 90) characterises the trend as, “…a planetary diffusion of American film…in a centralised global market.” Such statistics are often used as evidence of the still largely one-way flow of feature films from the US to the rest of the world and thus to Hollywood’s legacy of cultural imperialism and Americanisation of the consciousness. Those at the profit centres are of course, more optimistic. Miller (2000, p. 149) quotes Disney chief executive Michael Eisner: “I would argue that…the entertainment industry of this country is not so much Americanising the world as planetising entertainment.”

It is possible to argue that a global film industry is growing that is no longer physically tied to Hollywood or Southern California and this has fostered optimism beyond US borders. Film production, distribution and exhibition are international - not concerned with national borders or indigenous language but with the universal language of the moving image. Certainly looking at today’s ‘majors’, many are at least partly owned by non-American companies such as NewsCorporation (Australia) and Sony (Japan), highlighting decentralising forces connected to global flows of capital and information that are affecting corporate ownership and finance within Hollywood.

Technological developments, to a significant extent, have facilitated the convergence of the global entertainment and communications market and have opened doors for other nations or areas in the world to become part of this emerging global industry. The costs of distribution and exhibition have decreased. New distribution, exhibition and production methods have propelled the growth of ‘international’ filmmaking, which can be filmed in one location, post-produced in another, financed from a variety of sources and distributed worldwide. For example *Whale Rider* (Caro, 2002) was shot in New Zealand, post-produced in Germany and funded by New Zealand and European sources.

Digital technology and developments in post-production, such as special effects and computer generated imagery (CGI), are new tools that are increasingly being used as part of the filmmaking and post-production process. An example of this is the key role Weta Digital played in the making of *The Lord of the Rings* (Jackson, 2001, 2002, 2003) trilogy in Wellington, New Zealand. This company and key members have won numerous awards including Academy Awards for their digital special effects work.
Today new technologies have allowed the film production process to become unbundled – it is no longer necessary to have all the people in the extensive chain of film production together in a single location (US Department of Commerce, 2001, p. 65).

Digital technology and high-definition video have been heralded by some as the latest ‘threats’ to celluloid - potentially digital filmmaking does away with film itself, as well as traditional film projectors and the ‘dailies’ process. The worries surrounding the upheaval this technology could bring in the industry mirrors the concerns aroused with the arrival of sound in the early twentieth century and taps into the myth of the fear of new technology of which Hollywood is often accused. But as has been noted, new technologies have been very effectively harnessed by the majors in order to increase the economic power and decrease the financial risks of filmmaking. Advances in computing and software technology have aided complex post-production activities such as editing, sound engineering and visual effects and the ‘high-concept’ results this translates to on-screen simply enhances the filmic and commercial landscape of big-budget films.

As a recent report by the US Department of Commerce (2001) put it, such technologies rely on ‘Virtuality, not Proximity’. In a sense, this highlights the fact that big-budget Hollywood film production no longer needs to be concentrated in Southern California: “Contemporary technologies…now make it logistically feasible for individuals from all around the world to collaborate and participate in the post-production process, no matter where they happen to be located” (US Department of Commerce, 2001, p. 67).

‘Runaway Production’

Considering the ballooning budgets of major high-concept films, shooting outside the United States is desirable when considering exchange rates, labour costs and often scenery and weather and other 'below-the-line' costs can be effectively reduced by moving offshore. Whereas California once provided these in abundance, other countries ranging from Canada and the Czech Republic to New Zealand are being used to deliver high-concept, slick and packaged films through major studios still firmly based in Hollywood and marketed, distributed and exhibited through the channels controlled by the majors. This could be seen to

---

13A distinction should be drawn however, between the differential impacts of the technologies. The effect of sound was incremental whereas CGI is transformative.
echo the ‘vertical disintegration’ thesis of Christopherson and Storper (1986, 1989). California and New York still remain the profit centres and the headquarters of the studios, but globalisation now enables international out-sourcing and highly mobile production and post-production. Some commentators see worrying trends in this development, citing labour issues as a principal concern, echoing a more general body of research pointing to post-Fordist production practices. Miller, Govil, McMurria and Maxwell (2001), who write extensively about this production trend from the centre to the periphery, characterise the trend as based on the ‘new international division of cultural labour’.

Capital still flows predominantly to the US entertainment companies, usually based in Los Angeles and New York where the major production decisions are made. The majority of studio space is still concentrated in the US. The formal vertical integration of the major studios/entertainment companies ensures that the vast majority of capital generated from motion pictures funnels back to the US. A production filmed outside Hollywood is tied directly to Hollywood, through capital flows. Motion pictures as commodities within dominant international image markets ensure that capital rules and that the majors, headquartered in the US, are the principal beneficiaries. The location of production represents only one aspect of the filmmaking process for Hollywood. This supports a core-periphery model in which partial disintegration of film production reinforces the concentration and control of the major nodes of power. Thus the centre is of course, Hollywood; there are secondary zones of production and finance such as Western Europe, North America and Australia and then the ‘periphery’ encompasses “…the rest of the world” (Miller, Govil, McMurria & Maxwell, 2001, p. 54).

However, ‘runaway production’ has been recognised within the US film industry as an escalating trend. The Monitor Report (1999, p. 2) defines ‘runaway productions’ as “…those which are developed and are intended for initial release/broadcast in the US, but are actually filmed in another country.” Statistics certainly illustrate that this phenomenon has increased over time.

From 1990 to 1998 the rate of US developed film and television productions produced abroad almost doubled from 14% to 27% while economic losses from runaway production increased fivefold from US$2 billion to US$10 billion (US Department of Commerce, 2001, p. 4).
Chapter Three: Global Hollywood

The ‘runaway production’ reports

Two reports have been released in the US in the last few years which document this ‘accelerating’ trend, the reasons behind it, and the consequences for the US industry. The Directors Guild (DGA) and Screen Actors Guild of America (SAG) have become increasingly worried about the issue, seeing it as an erosion of the power of Hollywood storytelling, expertise and particularly, below-the-line jobs. They have successfully lobbied the US government, arguing for ‘bringing production back home’. In 1999, the Monitor Report was released, commissioned by the DGA and SAG and undertaken by the Monitor Company, a ‘management consulting firm’. It is a key document in terms of illustrating contemporary popular sentiment within Hollywood. It also addresses the broader issues raised by globalisation within ‘New Hollywood’. These concerns were given more weight by a subsequent government report from the US Department of Commerce that acknowledged the findings of the Monitor report, and the ‘threat’ itself.

The Monitor Report (1999) draws an initial distinction between ‘creative’ and ‘economic’ runaways that highlights the different motivations for moving offshore. ‘Creative runaways’ are concerned with the need for a particular setting that cannot be replicated in Burbank or for other creative considerations and are not threatening but rather an ongoing part of the industry. These types of productions have been a part of the Hollywood production process right through the twentieth century as production companies have striven for ‘exotic’ settings such as New Zealand, and original narratives. ‘Economic runaways’ on the other hand are based entirely on reducing production costs and therefore represent a possible threat to Hollywood’s hegemony and a concrete threat to the filmmaking labour force based in Los Angeles and New York (US Department of Commerce, 2001, p. 4). Economic runaways are focused on in both reports and, as the Monitor Report seems to indicate, are a significant and escalating problem for those working in the US industry. Therefore they feed directly into an examination of the industrial model.
The report looks at theatrical productions (i.e., features, made-for-TV films etc.) It concludes that the impact of economic runaways on US labour and revenue is profound. In 1998, US$10.3 billion and 20,000 jobs were lost, according to the calculations of the Company (Monitor Company, 1999, p. 3). The primary alternative locations are identified; Canada (81% of runaways in 1998) and the UK and Australia are also mentioned. Causes are recognised as being multi-faceted and ‘integrated’ but the report suggests that a number of elements contribute to the attractiveness of other countries including favourable exchange rates, tax incentives/rebates constructed through local government policy, the upskilling over recent years of workers and the building of infrastructure in other countries.
New Zealand is also recognised as a possible ‘threat’. As production capabilities grow over time, the Monitor Report expresses the worry held by US film workers that this trend will intensify; “…Ominously, this approach to capture productions is readily replicable by other countries…” (1999, p. 5)
This report has not gone unchallenged, and a few (such as Magder and Burston, 2001) have found problems with its methodology and conclusions. Not surprisingly, Canadian officials found fault with the report’s statistics and conclusions, claiming the figures were ‘exaggerated’ (Magder & Burston, 2001, p. 216). Critics have also questioned the document’s scope: “…the report focuses on the more glamorous side of film and television production” thus neglecting a comparison with the total volume of production in the United States which is estimated to be upwards of $30 billion (Magder & Burston, 2001, pp. 213-216). Magder and Burston question the use of the term ‘runaway’ because it is premised on “…two incorrect and parochial assumptions. First, every English-language film or television project with even a trace of US participation is by definition an American production. Second, all of these projects could and should be made in the United States” (p. 221).

14 An interesting contrast is perhaps the US pornography industry. Its huge success is due to home video and cable outlets as opposed to cinema but domestic video rentals are skyrocketing and statistics often cite the pornography industry earning more than the US domestic film industry. According to Eric Schlosser the growth rates of the US pornography industry are outstripping those of the Hollywood domestic box office (Schlosser & Gitler, 1997, p. 42).
However, it illustrates a response to the shifting notions of production from a particular, embedded section of the Hollywood community whether it is labelled vertical disintegration, spatial disarticulation or simply globalisation or internationalisation of the film industry. Tellingly, this report was followed up by a more in-depth report from the US Department of Commerce, which explicitly articulates the wider trends that are perhaps, de-centralising the power of Hollywood.

*The Migration of US Film and Television Production* was released in 2001. It uses the findings of the Monitor Report and legitimates its claim that the problem is a pressing one. The report argues that while growth rates for filmmaking in many countries are growing exponentially, production in the US has levelled off and that other countries are employing the ‘integrated approach’ and building ‘clusters’ of production capability in direct competition with the US industry. It also looks at the significance of new technology in accelerating the dispersal of production to these clusters.

Nowadays, once a film is shot, it is transferred to videotape format, digitalised, transmitted over the internet, and editors sitting at any location in the world can use powerful computers and sophisticated software programs to perform their tasks…Long distances and geographical borders are simply not as important as they once were (US Department of Commerce, 2001, p. 4).

These reports are concerned with the effect of this ‘phenomenon’ on labour, ‘below-the-line’ workers along with the general economic impact in the US industry. They also fit with a partial flexible specialisation reading of developments in the mainstream filmmaking process. They do not provide evidence of the continued power and revenue generated by the major studios but rather concentrate on Hollywood’s declining hegemony. Yet, the proportion of ‘runaway’ productions versus total US production statistics suggests that the hegemony is not gravely threatened.
Chapter Three: Global Hollywood

Figure 4: US-Developed films: US vs. ‘foreign’ production locations, 1990 and 1998

![Pie chart showing the location of production for US-developed films in 1990 and 1998. In 1990, 71% were domestic and 29% were foreign. In 1998, 63% were domestic and 37% were foreign.]

Source: (US Department of Commerce, 2001).

This issue is also centred on the production axis whereas the distribution and exhibition axes are still controlled by the majors and represent the locus of the hegemony. Also, while these reports are pre-occupied with government support and subsidies in other countries, they neglect the intricate relationship between the US industry and the US government.

The ‘foreign location’

And what of the locality, the back-lot? Do new technologies enable globally dispersed experts to virtually collaborate on a project and is Hollywood being de-centred in favour of a more global system of filmmaking? As has already been noted, Dorland (1996) argues that ‘peripheral economies’ such as Canada and Australia (and New Zealand) have a dualistic industrial structure. His key point is worth repeating at this point:

On the one hand, this entailed the integration since the 1920s of portions of the local industry within the dominant Anglo-American media, acting as markets for media exports, competitive broadcast programming importers and as offshore centres of production in which a growing portion of the local industry would be increasingly integrated within transnational production. On the other hand, peripheral economies struggle to maintain and support ‘displaced national cinemas’ (p. 118).
As has already been discussed, others such as Moran (1996) and Dermody and Jacka (1987) echo such a dualism. This ongoing conundrum is clearly visible within the New Zealand film industry on more than one level and this will be examined further in chapter three. However, this thesis shows that such a crude dichotomy masks many of the underlying complexities and relations between ‘cultural’ and ‘commercial’ imperatives for filmmaking and the various connections between state support and free market ideology. In chapter three, it will become clear that the most recent New Zealand Government, in their pursuit of a ‘third way’, have ushered in a third, hybrid model that works within a core-periphery conception of the political economy of international and local filmmaking.
Chapter Four

Recent developments in the political economy of the New Zealand industry:
The emergence of ‘Brand NZ’

In turning to the contemporary New Zealand context, this thesis has mapped the history and growth of a national film culture, acknowledging the dominance of Hollywood. The industry in New Zealand was first and foremost integrated into dominant Anglo-American media flows. An independent-led and eventually government supported model struggled over time, and a ‘displaced national cinema’ (Dorland, 1998, p. 118) has been ‘active’, in a distinctively New Zealand form, since the 1970s.

Firstly the role of government and government policy will be examined in detail. It will be argued that since the election of the Labour coalition government in 1999, the state has become much more actively involved in the feature film industry and this involvement has become increasingly visible. This would suggest that the government-funded model that New Zealand indigenous cinema has been based upon since the 1970s is experiencing a period of growth and vitality and that the government continues to view filmmaking as an important cultural activity as well as a good publicity tool. This notion will be considered with reference to the previous decade in which deregulation and neoliber al economic policy had a demonstrable effect on media communication channels in this country.

Running parallel to this trend, another new formation has crystallised in the past few years, and although it would seem to sit firmly within a market approach to filmmaking, the ties to government policy are strong. The term ‘Brand NZ’ has become increasingly synonymous with both local and international filmmaking activity in this country. ‘Brand NZ’ is a hybrid of the two contested imperatives for filmmaking, cultural and commercial, that this thesis is working through. It is the current New Zealand Government’s attempt to link the global and the local using filmmaking as a vehicle to
sell New Zealand to the world. This idea springs directly from the Hollywood presence in New Zealand since 1999 in the form of *The Lord of the Rings* project and this will be discussed in detail in chapter four. In the New Zealand context, state support is vital, particularly in order to carve out a space that is outside a commercial view of motion pictures as commodities. As Horrocks (1995, pp. 86-87) wrote in an article on the New Zealand audio-visual context, “…public funding is essential if film and television are to ‘reflect and develop’ the local culture beyond its most obvious and mainstream aspects.”

**The government in the spotlight - Helen Clark as poster-girl for a cultural revival**

The election of a Labour-led coalition government in 1999 raised expectations within the New Zealand creative/cultural sector that more support would be forthcoming for arts and culture. As has already been mentioned, the 1990s in New Zealand were characterised by a process of intense deregulation in many sectors of the economy, directly affecting the political economy of the film industry. The worldwide trend towards deregulation has drastically impacted on international image markets (Wasko, 1994). In addition to this, the multiplex boom of the mid-90s expanded the channels for the continued flow of Anglo-American media products onto New Zealand screens. While the policy separation of state and market activities became more distinguishable through this period, the continued importance of the state in industrial sectors was obscured. The change of government in 1999 was seen by many as an opportunity for a re-orientation of the role of cultural policy. These expectations have been met to a large extent, as this government has been visibly involved in arts and cultural policy since 1999 and the feature film industry in particular.

Prime Minister Helen Clark declared herself Minister for Culture and the Arts and announced an NZ$80 million cultural recovery package in May 2000. In the announcement Clark (2000c) highlighted her government’s position on the cultural sector: “A nation can be rich in every material sense, but if it fails to provide for and nurture creative expression, it is impoverished in immeasurable ways.” Clark went on to
say: “Today’s announcement addresses the severe under-funding of the arts, culture and heritage sector in recent years. It also acknowledges the positive economic impact of investment in our creative industries.”

The term ‘creative industries’ deserves some further explanation and can be traced to an initiative of the Blair government in the UK in the late 1990s. A creative industries taskforce was established in Britain in 1998 through the Ministry for Culture, Media and Sport. It defined ‘creative industries’ as: “…those industries which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property” (Ministry for Culture Media and Sport UK, 2001). Under this banner, a number of sectors were included, ranging from advertising and design, to fashion, publishing and film and video. In the New Zealand Government’s policy documents, the same definition was applied.

The New Zealand Labour party had campaigned on a two-pronged arts policy – boosting the arts and cultural sector in terms of fostering New Zealand cultural identity and also focussing on creative industries that could provide “…sustainable employment and economic growth” (New Zealand Labour party manifesto, 1999). After the election, the new Prime Minister Helen Clark was identified and promoted as a champion of the arts and New Zealand’s cultural identity. “It is truly remarkable that a head of state cares what we do as artists and acknowledges it,” said the music director of the Auckland Philharmonia in an article praising the Prime Minister’s ‘hands-on’ role (cited in Beigel, 2003). Since early 2000 there has been evidence of support and activity in both the local arts and cultural sector and the ‘creative industries’ sector. However, it is the latter which has been prominent and which feeds into some problematic concepts and initiatives such as the Screen Production Industry Taskforce report and the concept of ‘Brand NZ’ that will be discussed later in this chapter. The new government inflected its arts and culture policy with the rhetoric of business principles and this has driven concrete policy decisions about the nature and direction of the industry.
Peter Thompson (2000, p. 29), writing on the Labour-led coalition government's broadcasting policy during this period, also acknowledges the "…dichotomy between public and commercial models [of broadcasting]" and he characterises this approach as a "…version of the Third Way." He writes that within the Labour party manifesto, "There was a generic concern with promoting greater social justice and revitalising New Zealand identity and culture(s) while maintaining a healthy economy." But he argues that within the broadcasting sector, the contradictory interests of the commercial and public service models have been difficult to reconcile within the 'Third Way' approach. This is because the Government has tempered the neo-liberal ideology of the previous fifteen years with arts and cultural imperatives rather than building an arts and culture policy with an eye on fiscal realities. Ratings and advertising revenue continue to determine scheduling and programming for New Zealand television despite a public service charter. A similar logic has driven feature filmmaking policy and activity. As Thompson (2000) puts it:

In the New Zealand context, the Third Way seems little more than a metaphor for social-liberal rhetoric laid over a fundamentally capitalist system. In practice, it means the pursuit of social agendas in whatever political space remains after the priorities of global markets have been accommodated, rather than the pursuit of global market priorities after social agendas have been accommodated (p. 51).

What Thompson’s analysis suggests “…is that market considerations will, in the final instance, take precedence over public interests.”

As this thesis has already shown, the global supremacy of Hollywood is a given in most Anglophone national cinemas and markets, especially in terms of distribution and exhibition. The most recent policy initiatives and accompanying rhetoric are an attempt to sustain a filmmaking industry within this environment. However, the present Government is constructing policy and rhetoric with its eye on commercial imperatives and the bright lights of Hollywood. This means there is no attempt to maintain a clearly defined space outside dominant Anglo-American media flows. The New Zealand Government is also applying a free market, Hollywood-based model that is itself flawed and contradictory. Neither the state nor many in the industry seem to understand the
complex logics of the international industry at this time. The industry is certainly not operating within the free market.

In terms of feature filmmaking policy, the Labour coalition government announced a NZ$22 million Film Production Fund aiming to fund 'second tier' features as “…a bridge for filmmakers between the highly subsidised low-budget features the New Zealand Film Commission has traditionally backed and fully commercial products” (Helen Clark cited in De Lacy, 2001, p. 7) over ten years. This was a significant shift in the Government’s intentions and perceptions of the role of feature filmmaking in New Zealand. Clearly, commercial imperatives became the overarching concern. Film was acknowledged by the Prime Minister as “…a very powerful medium” and one that could reap huge economic as well as cultural benefits (Clark, 2000a). When asked why this funding boost was not delivered directly to the Film Commission Clark (2000b) replied,

The establishment of a separate fund allows the more commercial side of the development of the New Zealand film industry to be undertaken by a specialist organisation, made up of individuals with the specific skills and experience needed to do this. The separate Fund limits the Government’s exposure to the risks inherent in financing commercial films.

The general mood within the industry was one of optimism, a new ‘boom’ period in cultural and economic terms. The ‘buzz’ centred on the increase in international production activity in New Zealand and was heightened by the hyperbole of the media coverage. A cover story in OnFilm (2002), the New Zealand trade publication, spells it out:

Start of the Golden Weather?: This summer could be the busiest yet for screen production with up to 8 movies and at least that many television projects in the next 3-4 months (p. 1).

Major projects from US studios received much press coverage such as Vertical limit (Campbell, 2000) and particularly The Lord of the Rings trilogy (Jackson, 2001, 2002, 2003) as well as Sylvia (Jeffs, 2003) and The Last Samurai (Zwick, 2003). For many commentators and politicians, the evidence of both international and domestic activity indicated the fact that New Zealand could now sustain production activity across the
board from big-budget Hollywood fare to low-budget 'New Zealand' films. This could be viewed as a sign of some kind of synergy or co-existence between business and culture, or global and local production processes but the initiatives of Government since early 2000 have signalled a concentration on commercial imperatives and the market.

**The New Zealand Film Commission – losing its way?**

The Film Commission was similarly optimistic and continued to work as the key government-appointed body in the arts and cultural sector but with a mixed economic and cultural mandate. An illustration of this was a new policy line based on the concept of 'cultural capital'. The chief executive, Ruth Harley, engaged an economist, George Barker, to undertake an analysis of cultural issues and government policy in order “…to create an intersect between the discourses of culture and prevailing economic theory” (Harley, 1999). He published a report in 2000 titled ‘Cultural Capital and Policy’ and Harley defines this term through Barker’s document: “Barker defines cultural capital as a form of intangible capital – like human capital or intellectual capital, which is embodied in individuals and social capital which occupies the space between individuals.”¹ The Commission’s mission statement for 2000 was: “To contribute to the creation of cultural capital in Aotearoa/New Zealand through popular feature films.”² Ruth Harley also said: “Film creates culture, builds identity and markets that identity to the world; film tells potent New Zealand stories.” She defended New Zealand's movie making position in relation to Hollywood, “We have $2 million New Zealand films competing against mega-million dollar American films and the fact that we have any success at all is little short of a miracle” (TVNZ, 2001). In its 2000/2001 annual report, the Commission listed its successes. It invested in eleven feature films compared with nine the previous year. In the previous three years, there was a 357% increase in New Zealand box office takings for local films. The highest grossing film for the Commission at this time, *The Irrefutable Truth about Demons* (Standring, 2000) sold to 48 countries, reached a profit within a year of its release and grossed NZ$2.5 million with a budget of NZ$2.1 million largely

¹ See also (Barker, 2000).
because of a US distribution deal with Blockbuster Video. Such small profits only further highlight the nature of the New Zealand industry and the economic realities for ‘New Zealand’ films.

The Commission obviously remains at the centre of the industry in New Zealand as it has done historically although it would seem that the direct actions of government along with controversy and criticism within other areas of the industry has called the Commission’s role and functions into question. The establishment of the Film Fund as a non-governmental body is an initiative outside the Commission’s mandate. Also, the focus on ‘creative industries’ is clearly separate from the terrain that the Commission has cultivated since the 1970s. A new mission statement was coined for the Film Commission in late 2000 which again concentrates on cultural capital: “To contribute to the creation of cultural capital in New Zealand through audience-targeted feature films within a sustainable screen industry”, the focus now being on “…distinctly New Zealand films, bigger New Zealand audiences and optimal returns on investment” (Walsh, 2001, p. 50).

The Commission has also weathered a storm of criticism in recent years, surrounding its performance and decision-making. Distinguished directors such as Peter Jackson openly criticised the body in the late 90s and these criticisms have come from many other industry players. Questions are routinely asked about the membership of the board, the Commission’s track record, and their over-determination of the fortunes of the industry as a whole.

The bankruptcy and collapse of Larry Parr’s production company Kahukura Productions in 2002 added further fuel to the fire. With unpaid debts to the Film Unit and many other creditors, a storm of fiscal controversy blew up when it was made clear that the Film Commission had continued to fund Kahukura projects as the company’s debts escalated.

---

3 The Film Unit was sold in 1990 to Avalon Studios, a subsidiary of Television New Zealand. It had languished in the 80s with little funding. It was then bought by Peter Jackson and has been substantially upgraded for his Lord of the Rings work. It is now primarily involved in film processing and post-production.
Chapter Four: Recent developments in the political economy of the New Zealand industry.

This may have been an operational problem but it fuelled negative press reports about the Commission, who was blamed for much of the problem:

The Commission is legally obliged to support and foster the industry, yet Mr Jackson said its actions during the debacle were contrary to its statutory requirements… ‘The Film Commission effectively wanted the whole industry to get behind Larry’s low-budget philosophy but when it turned to shit, the Film Commission effectively walked away’ (Peter Jackson cited in Smith, 2002a, p. 15).

This was a serious blow to the industry as a whole because three films were tied up with Kahukura and effectively frozen. Considering the relatively low output of ‘New Zealand’ films per annum, this was a large proportion of the Commission’s slate. (Campbell, 2003) These events further focussed the spotlight on economic imperatives within the industry as opposed to cultural and added fuel to the ongoing discourse from members of the industry that ‘New Zealand’ films made for New Zealanders are usually economic sinkholes. Local media coverage illustrated the climate of opinion in which the Film Commission is operating, in which most New Zealand films struggle to reach audiences and return investments: “The Great Unwatched” (Dixon, 2001), “Lord…what next? Why our films don’t have a better hit rate” (Walsh, 2001), and the New Zealand industry referred to as a “…low-budget ghetto reliant on taxpayer funding” (Drinnan, 2002).

During this period, the popular hype surrounding New Zealand as a 'hot' location was reaching fever pitch alongside the ongoing conflicts within the local industry. The production of The Last Samurai (Zwick, 2003) was the focal point of the excitement generated in the popular press (Logan, 2003). Some of the downsides for the local industry of this runaway production were recognised, but not widely.

---

4 Of course, the filmmaking event to create the most excitement, hype etc is The Lord of the Rings project that acted as the backdrop to all this activity. It will be discussed in detail in Chapter four.
Veteran New Zealand director Vincent Ward who has an executive production credit on The Last Samurai and who was instrumental in bringing the production to New Zealand was quoted: “American films come here and the prices come up and we can barely afford to make our own films any more” (Hansen, 2003, p. 19). A couple of months later, North and South magazine looked in detail at Ward’s struggle to make his latest project in New Zealand, a ‘New Zealand’ film titled River Queen, after working in Australia and Hollywood. Margot Butcher reported that after raising 70% of the finance through British and European investors and 10% through the Film Commission and the Film Fund, he was still short of funds and frustrated that a film with cultural motives and a distinctive New Zealand voice could not move forward because of economic hurdles. As Butcher (2003, p. 85) writes, “…if you want to make an authentic film about your own country, you resign yourself to operating as an independent production on a comparatively small budget competing against the Hollywood goliath for international commercial finance.” Not only this, but Ward acknowledges that the decision to film in this country is made harder when runaway productions such as The Last Samurai drive up New Zealand production costs. The ‘bottom line’ reached through Ward’s experience within Hollywood and New Zealand versions of ‘development hell’ is that:

…River Queen is a New Zealand story and foreign investors are prepared to go only so far speculating on cultural crossover – the potential for a quintessential New Zealand film to sell globally. What’s more, they’re astonished so few funds and incentives are available here. The message is New Zealand doesn’t especially want or value films about its own culture (p. 86).5

5 Note that River Queen has now begun shooting in New Zealand. It is being produced by New Zealand production company Silverscreen Films, and stars Keifer Sutherland and Samathan Morton as well as New Zealand actors Cliff Curtis and Temuera Morrison.
This episode again highlights the struggle to reconcile business and cultural objectives for filmmaking in New Zealand. It also indicates that the government’s ‘cultural recovery’ package, along with foreign production activity in ‘Studio New Zealand’ and a large amount of media coverage of filmmaking in relation to *The Lord of the Rings* (Jackson, 2001, 2002, 2003) has resulted in a hyped, Hollywood-ised atmosphere that disguises the effects of economically driven decisions on local, ‘New Zealand’ production.

The most recent activities, developments and publicity surrounding filmmaking in New Zealand have become wholly subsumed within the Hollywood ethos. Business strategies, foreign investment, the issue of tax incentives and the overarching concept of New Zealand as a location, brand or studio have dominated press coverage and the visible actions of the Government. In general this country enjoys attention from overseas, especially the United States. ‘Kiwis’ have won Academy Awards, Tom Cruise has been shooting in Taranaki and directors such as Lee Tamahori and Roger Donaldson continue to make films at the core, in Hollywood. The seduction of filmmaking on an international or globally visible stage (or backlot) has left cultural arguments for filmmaking squarely with the much-maligned and under-funded Film Commission. The Commission tries to balance the cultural and the economic with arguably mixed results. It also supports independent filmmakers who struggle at every stage to fund, distribute and exhibit their films. In terms of government policy, it is the 'free-market' model that is being most obviously applied and referenced by the Government. In a document such as the Screen Production Industry Taskforce report, the flawed logics of this model are clearly illuminated.

**The Screen Production Industry Taskforce report**

The culmination of the coalition Governments re-orientation to business/economic objectives and arguments came with the Screen Industry Production Taskforce report, released through the Ministry for Economic Development in March 2003. The report was the result of a Growth and Innovation Framework (GIF), an initiative that ran parallel, but
unconnected to the Governments arts and culture policy. It is designed to push New Zealand back into the top half of the OECD rankings (New Zealand Government, 2002). The Government recognised three areas in which it would “…aggressively focus its policy intervention”: biotechnology, information and communication technologies and creative industries. The ‘creative industries’ are defined in the report as “…a diverse sector which includes film and television, visual arts, design, music, fashion and multimedia arts...” and they account for 3.1% of New Zealand’s GDP.

The screen production industry was then recognised within the creative industries as an area of ‘innovation and growth’. Jim Anderton, the Minister for Industry and Regional Development wrote: “For the first time, Government regard screen production as an economic force in its own right” and “Within the creative industries, the fastest growing sector was the film industry, which grew 164% from 1997 to 2001” (Screen Production Industry Taskforce, 2003, p. 1).6 Any statistics used from this period need to acknowledge that a few major productions such as The Frighteners (1996), the Hercules and Xena TV series and The Lord of the Rings project have skewed screen production figures heavily. Anderton convened the Screen Production Industry Taskforce with fourteen ‘industry practitioners’ in film, television, commercials and post-production. Their report concentrates on a ‘global focus’ in screen production, developing business skills in the industry and fostering an ‘entrepreneurial culture’ that works to retain intellectual property rights for New Zealand productions. It also discusses foreign productions, incentives for screen production, the role of government bodies and industry training.

Clearly, this conception of feature filmmaking is within the wider ‘screen production industry’ in this country and for those on the Taskforce, the various elements of screen production, chiefly film and television are intertwined and indistinguishable from one another. The Taskforce (2003) argues:

---

6 This figure is not referenced and it is unclear where it comes from.
Although we represent four major production sectors - feature films, television, commercials and post-production - and these sectors often have very different needs, many of the barriers to growth are common to all sectors. We therefore found it beneficial to treat the industry as a whole rather than as separate sectors (p. 7).

Fundamentally the report is a business-oriented document, calling for a “new business environment” and aiming for “sustainable foreign exchange earnings of NZ$400 million per annum within five years” (p. 8). Speaking on National Radio in June 2003, Julie Christie, the chair of the Taskforce, said: “…we must have a sustainable industry over a long period of time and it won’t be sustainable without regular films coming here and at the moment the ones being made here are anomalies, they are not the norm. And our ideal is to make it the norm for international producers to come to New Zealand” (*Movies, tax and mountains*, 2003).

From the outset, the report professes the superiority of a market-centred model over a government-centred one in the current climate:

The industry owes much of its development to a cultural subsidy funding environment which has been largely responsible for the formation and growth of many major companies. But now is the time to recognise that public funding has limitations, financially, commercially and creatively (Screen Production Industry Taskforce, 2003, p. 8).

The phrase, ‘now is the time’ is an interesting point of departure. The Taskforce obviously sees the globalisation of production and the development of new technologies as opportunities for New Zealand. A distinctively new period for ‘screen production’ is signalled which requires a new approach. Key phrases such as ‘global-selling’ in the ‘international marketplace’, ‘increasing global connectedness’ and ‘a global market orientation’ clearly indicate the international approach the report takes. The report also emphasises harnessing new technologies to increase New Zealand’s competitive advantage. Post-production digital technology is viewed as a key part of the infrastructure of the future industry. The Screen Production Industry Taskforce report, rather than displaying a global orientation, however, looks directly to a Hollywood model and the

---

7 Note that Christie refers to “films coming here” and not homegrown filmmaking.
'free market' in its approach. The goal seems to be the emulation of the Hollywood ideal - the total commodification of screen production.

A new business environment is the key focus of the report, so “encouraging an entrepreneurial culture” is important because as the report states, many New Zealand producers lack financial and business skills and “ego” (Screen Production Industry Taskforce, 2003, p. 33). In terms of this new business environment they argue for more focus on distribution and marketing skills for producers and question the New Zealand Film Commission’s monopoly over these avenues, arguing that many producers are “…dependent for revenue returns on an organisation whose primary imperative is cultural rather than commercial” (p. 8). They also target intellectual property rights as a way of maintaining and ensuring a sustainable revenue flow back to New Zealand, noting that this would enable merchandising and other ancillary profit channels to add to revenue. It is clear that the report aims for an industry that closely resembles the Hollywood model and strives for more leverage and independence within the vertically disintegrated, global industry. The Taskforce see new opportunities for autonomy and plurality in screen production. A more realistic assessment of the international and US-dominated industry and New Zealand's position within it indicates that these concepts are 'appearance forms' (Wayne, 2003) that obscure the underlying logics of the international market and the promiscuous nature of Hollywood capital. The report aims for homogeneity and the reconsideration of state support for ‘screen production’ in New Zealand. It explicitly outlines this in statements such as: “The development and exploitation of intellectual property is one of the major ways in which the industry can be responsible for its own growth without direct Government funding or intervention” (p. 27). Clearly, the Taskforce see government funding as unnecessary in a ‘new’ but still market-oriented model for the New Zealand screen industry.

What is most telling are the report’s references to culture. For example, “New Zealand culture is a worldwide saleable commodity” (p. 12). Yet also in the document it states that:
Unlike the marketing of New Zealand as a film location, identifying film and television programmes as ‘New Zealand’ has little effect internationally and is a waste of marketing resources. Films and programmes must be marketed on their excellence of content, not their origin (p. 22).

Examples are used to illustrate this point such as the exported television formats *Popstars* and *The Chair* from Touchdown Productions.

When discussing government funding, business and culture suddenly seem to speak in unison:

> Experience shows that cultural products can be commercial and that New Zealand stories such as *Once Were Warriors, Heavenly Creatures, Rain, Footrot Flats* and *Whale Rider* can be our most successful exports. In a globalised world and globalised industry, this is New Zealand’s market niche (p. 48).

Criticism of the government funded model of screen production is obvious and was reported in mainstream media as an ‘attack’ against the Film Commission (Cleave, 2003c). The Taskforce cites successful New Zealand companies who are “taking their ideas to the world” and have “gradually changed their business focus to the global market and therefore have lessened their reliance on cultural funding” (Screen Production Industry Taskforce, 2003, p. 48). These companies such as Touchdown Productions (whose chief executive is Julie Christie, also the chair of the Taskforce) are involved primarily in television production but such examples are applied to all sectors of the 'screen production' industry. The report’s comments are also telling in the light of subsequent developments such as the announcement that Julie Christie has moved to the Los Angeles office of Touchdown Productions because of the difficulties within the New Zealand television industry. She said at the time: “In order to expand our business we have to be able to take the shows overseas…the industry has become more obsessed with ourselves instead of looking at what the rest of the world is doing” (Richardson, 2003, p. A4).
Overall, the report views film production as an activity which “…is not natural territory for a Government agency” and argues that the industry must “…reduce and minimise the climate of dependence” (Screen Production Industry Taskforce, 2003, p. 51). Again, such comments show that the Taskforce is tapping into an industrial paradigm, albeit in a new form, and is aiming for products that feed into dominant Anglo-American media flows. It rejects the notion that government funding is necessary in New Zealand in order to maintain an audio-visual space outside these dominant flows. Instead it champions formulaic television formats such as *Popstars* as examples of the kind of product we should be striving to sell into the global marketplace.

**The response to the Taskforce report**

Interviews with a few key figures within the organisations mentioned above, showed clear contradictions among them with reference to their goals for filmmaking in New Zealand and their views on the industry. The interviews helped in isolating the issues raised by current policy and rhetoric but they also highlighted the complexity of the issues within the contemporary context. Ruth Harley, CEO of the Film Commission and Lindsay Shelton, former marketing director and now consultant for the Commission, had fundamentally different views of the New Zealand industry from John Barnett, the producer of *Whale Rider* and a member of the Screen Production Industry Taskforce.

Barnett acknowledged the motivations of the Screen Production Industry Taskforce report: “…the report is focussed on generating revenue and ownership of the product is really important” (personal communication, 22 August 2003). He also expressed serious doubts about the Film Commission and its decision-making processes, echoing common criticisms levelled at the Commission and those within the Taskforce report. He criticised “…these kinds of government structures”, suggesting that the bureaucratic nature of the body mean its decision-making processes are ineffective. He also argued that the Commission needs more people with ‘film experience’ and that its decisions and finances need to be transparent and accountable to public scrutiny.
In contrast, Ruth Harley raised doubts about the motivations of those on the Taskforce. Harley questioned the term ‘screen production’ itself, calling it ‘obfuscatory’ and said that each section of the screen production sector, needed to be addressed and considered separately (personal communication, 3 December 2003). Lindsay Shelton echoed this sentiment, arguing that television and film must be viewed separately and that feature film is the most important audio-visual medium at an international level in terms of exposure for New Zealand (personal communication, 3 December 2003). Barnett on the other hand argued (like most of those on the Taskforce) that television production is the economic base upon which feature film production develops in the New Zealand context (personal communication, 22 August 2003).

Lindsay Shelton, with his extensive experience in marketing New Zealand films, argued that nationality was and still is the key to marketing New Zealand films overseas and discussed the long process of making overseas sales agents, distributors and audiences aware of New Zealand as a place and an industry (personal communication, 3 December 2003). This contrasts with the Screen Production Industry Taskforce who argue, as quoted above: “Unlike the marketing of New Zealand as a film location, identifying film and television programmes as ‘New Zealand’ has little effect internationally and is a waste of marketing resources” (Screen Production Industry Taskforce, 2003, p.22).

These comments highlight the contradictory and conflicting sectors of the industry. Key players have differing views on the nature of feature filmmaking in this country and this hinders a straightforward analysis of the situation.

Harley (2003) responded officially to the Screen Production Industry Taskforce report, questioning its underlying principles: “The paradigm in which the report sits is an industrial generic product-driven model” (p. 1). An alternative ‘cultural’ model was put forward by Ruth Harley, again concentrating on national cinema, cultural capital and
independent production. Harley was clearly defending the Commission’s position as the gateway to New Zealand film production in this response.\(^8\)

This position was echoed in an interview in which she agreed that this ‘industrial generic product-driven model’ was now more prominent in the New Zealand context, meaning that the Commission and therefore the ‘cultural model’ was still neglected and under funded (personal communication, 3 December 2003). These models clearly mirror those discussed in this thesis: the market-driven model based within the supposed 'free market' exemplified by popular Hollywood audio-visual productions, their ancillary media markets and products and the ‘national cultural’ model emulated by most national cinemas in response to dominant Anglo-American media flows. This form is reliant on government support in order to produce feature films outside these dominant channels and strives for autonomous, alternative spaces for culturally specific feature films as opposed to the first model’s homogenous commercial products, striving for maximum revenues in worldwide markets. Again, it must be stressed that such a clear-cut dualism does not articulate the complexities and connections between the various imperatives for filmmaking or the intricate financial structures involved.

However, in tracing the rhetoric and policy surrounding feature filmmaking in the contemporary New Zealand context, a new ‘hybrid’ model set within a global screen production industry remains anchored within a free market conception of the industry. Yet how can feature filmmaking be undertaken independently of Hollywood as a viable activity in the international/global media environment? It seems like a futile task, particularly if viability and sustainability are the key goals, and government support is not provided. As Aksoy and Robins (1992) argue:

> The problem for regional and national industries outside the United States (as for the Hollywood independents) is how to come to terms with the formidable power of the majors. Two possible ways have been suggested: one is to make ever cheaper filmed-entertainment products; the other is to be more ambitious and make more prestigious, high-budget products… (p. 20).

---

\(^8\) See Appendix A for part of the official response of the New Zealand Film Commission to the Screen production Industry taskforce report.
The Screen Production Industry Taskforce could arguably be aiming for either. Aksoy and Robins continue:

What they both show...is the increasing difficulty of sustaining national and regional film industries and cultures. Indeed, with the globalisation of Hollywood the very idea of a national or regional cinema becomes increasingly problematical (p. 20).

The capitulation to a commercial paradigm can be further seen in New Zealand in the wake of the Screen Production Industry Taskforce report and the current Government's response to it. Subsequent initiatives can be viewed within the rhetoric of 'Brand NZ' and it signals a ‘third way’, a hybrid model, an attempt to navigate between Aksoy and Robins’ (1992) dual strategy or the polarities of culture and commerce. The term 'entrepreneurialism' is also central to this concept and provides further evidence of the flawed and contradictory logics at work in the push towards a hybridised model of filmmaking that still places commercial considerations before any others.

**Government initiatives in the wake of the Screen Production Industry Taskforce and the emergence of ‘Brand NZ’**

In the wake of the Screen Production Industry Taskforce report and the announcement that Peter Jackson would film *King Kong* for Universal after the completion of *The Lord of the Rings* trilogy, Jim Anderton, Minister for Economic Development, pushed through a grant scheme for large-budget film and television production. Although this was not a direct recommendation of the Taskforce, there is a clear correlation between the two initiatives. Productions spending NZ$50 million or more in New Zealand will automatically qualify for funding which enables a 12.5% recoup of costs spent in New Zealand, in line with an equivalent Australian incentive system. Another production category, for budgets between NZ$15 and NZ$50 million, will require projects to spend 70% of their budget in New Zealand to qualify. Anderton said in July 2003: “There is

---

9 This provided evidence for many that *The Lord of the Rings* project was not an anomaly but had ushered in a new era of international, big-budget filmmaking in ‘Studio NZ’.
significant evidence to suggest that if incentives aren’t given then these films go elsewhere” (cited in Taylor, 2003, p. A6). The grant scheme was also directly linked to other foreign productions rumoured to be considering New Zealand as a location at this time, chiefly *The Lion, the Witch and the Wardrobe* and also *Without a Paddle* starring Burt Reynolds. It was reported that Paramount (makers of *Without a Paddle*) said at the time of filming the only reason New Zealand was chosen as a location was because of the grant scheme (Owen, 2003).

Earlier, in December 2002, Industry New Zealand, Local Government New Zealand, the Economic Development Association of New Zealand and Film New Zealand (the locations office) combined to announce a new set of protocols for filming in New Zealand and also launched the ‘Studio New Zealand Brand Partnership’ to “…ensure the long-term viability of New Zealand as a film destination” and to “…aid regional economic development” (*New protocols will attract big budget films*, 2002). Speaking of the branding exercise, Jane Gilbert from Film NZ commented in the same article: “Studio New Zealand represents the idea that virtually all of New Zealand can be a film studio, if desired. A studio doesn’t have to be bricks and mortar. It can be God’s studio.”

Many in the New Zealand industry saw the introduction of the large budget grant scheme to be a step ‘geared towards Hollywood’. Considering that the majority of New Zealand films cost NZ$1-2 million, it is clear that most would not qualify under this grant scheme. Overall, NZ$40 million is being set aside per year for the grant scheme but the benefits in terms of expenditure in New Zealand are seen to be well worth the expense. The scheme is being administered by the Film Commission, indicating a desire by the state to tether the grants to an organisation that is not exclusively commercial. However, the Commission may not have enough “in-house expertise” and experience to administer the scheme (Campbell, 2003b).

For many in New Zealand, the large budget grant scheme will be a further hindrance to local production because of the inflationary nature of foreign productions in New Zealand, which can enjoy benefits in the form of New Zealand’s cheap labour, non-
unionised crews and favourable exchange rate. In a further development, the Government responded to criticism that the local industry was being neglected by announcing a ‘boost’ for local screen production with an extra NZ$10 million baseline funding for the Film Commission, which doubles its annual grant. However, the press releases relating to this announcement were littered with references to the New Zealand ‘brand’, again feeding into the industrial model: “Film and television 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). And Minister Jim Anderton’s release stated that: “A strong screen production sector helps strengthen our sense of national identity, our sense of ourselves as New Zealanders and internationally helps differentiate New Zealand, its people and its products by promoting our very special New Zealand brand” (Clark & Anderton, 2003a).

An attempt has been made to close the gap between support for foreign production and international filmmaking within New Zealand, and local production but the discrepancy remains: NZ$40 million per year for the large budget grant scheme (along with extra funding for Film NZ etc.) versus NZ$10 million for the Film Commission, whose future is being questioned by a taskforce trying to break the industry’s ‘cycle of dependence’ on government funding.

At the end of 2003 Minister for Economic Development, Jim Anderton also announced the establishment of one of the Taskforce’s chief recommendations, a national industry body called the Screen Council. Its primary objective, as outlined in the report, is to provide “a leadership voice for the industry” (Screen Production Industry Taskforce, 2003, p. 8). It will also oversee the growth targets outlined by the Taskforce: doubling the size of the industry within five years and achieving sustainable foreign exchange earnings of NZ$400 million per annum (Screen Production Industry Taskforce, 2003, pp.17-18). The council includes many former Taskforce members and has an obvious industrial bias. Members include Brent Harman, chair of Prime Television; Ian Fraser, chairman of Television New Zealand, the state-run broadcaster; John Barnett, managing director of South Pacific Pictures, an independent production company; Julie Christie, former chair
of the Taskforce and managing director of Touchdown Productions, an independent production company; Geoff Dixon, managing director of Silverscreen/Oktober, an independent production company; and Barrie Osborne, the American producer of *The Lord of the Rings* trilogy who has now become a New Zealand citizen. All but Osbourne and Harman are former members of the Taskforce.

Most importantly, the Screen Council and Taskforce are creating a direct challenge to the Film Commission, which is still being regularly criticised by industry players. As the Taskforce puts it:

> The industry owes much of its development to a cultural subsidy funding environment which has been largely responsible for the formation and growth of many major companies. But now is the time to recognise that public funding has limitations, financially, commercially and creatively (Screen Production Industry Taskforce, 2003, p. 8).

The Screen Council represents a ‘new leadership voice’, initiated and initially funded by the Government but with a purely economic mandate. In conjunction with this, a review of the New Zealand screen production industry is underway, conducted by the New Zealand Ministry for Culture and Heritage. Its aim is “…to check whether current mechanisms (and their associated legislation/mandates) of government agencies that support screen production are working to best effect to achieve the Government’s policy goals for cultural identity and economic benefit” (New Zealand Government, 2003). The context of this review is obviously the Taskforce report, the large-budget grant scheme that indirectly stemmed from it as well as the funding boost for the New Zealand Film Commission and Film NZ, the locations office. As *The Independent* weekly newspaper puts it, the review will examine whether the Film Commission will survive considering the criticisms of it within the Taskforce report (Owen, 2003, p. 2).

The direct and inherent criticisms of the New Zealand Film Commission work to cast doubt over the cultural funding sector, whereas the industrial sector is being consolidated in various forms. Peter Jackson has been a vocal critic of the Commission, and considering his worldwide success with *The Lord of the Rings* trilogy his views now
carry significant weight. In the Hollywood Reporter in February he responded to a question about the state of the New Zealand film industry:

I feel that the New Zealand film industry has been floundering without strong direction from the Film Commission or support from the Government. You can only judge an industry by the films it produces each year and in my mind, the New Zealand films of the past 10 years have seemed less interesting that the decade before that (cited in Wakefield, 2004a).

This was then reported in New Zealand media as an attack on the Commission and Ruth Harley, CEO of the Film Commission responded by saying that: “One would prefer a more generous approach” (cited in Chalmers, 2004, p. A1).

The rhetoric surrounding the announcement of the large-budget grant scheme and the Screen Council provides further evidence of the conflict and contradictory logics at work in the contemporary New Zealand context. The interviews conducted in relation to this thesis illustrate these contradictions further. Ruth Harley drew attention to the discrepancy between the amount of money involved in the large-budget grant scheme (NZ$15-50 million as well as films with budgets over NZ$50 million) and the NZ$10 million given to the Film Commission (personal communication, 3 December 2003). Lindsay Shelton on the other hand, indicated that he thought the NZ$10 million would be enough to boost the local industry and the work of the Commission. He also mentioned that the Commission would be administering the large-budget grant scheme but thought that the input of the Commission in this process would be minimal (personal communication, 3 December 2003).

John Barnett distanced the Screen Production Industry Taskforce report from the large budget grant scheme, emphasising that the Taskforce did not recommend this, but that “…they (presumably the Government, led by Jim Anderton) are seduced by the idea of Hollywood” (personal communication, 22 August 2003). Barnett argued that a 12.5% grant would not lead to a sustainable industry because someone else would soon offer a more attractive incentive program. Barnett has been a vocal critic of the discourse surrounding ‘runaway productions’ in New Zealand. In the interview he was highly sceptical of the marketing of New Zealand as a location in the wake of projects such as
Chapter Four: Recent developments in the political economy of the New Zealand industry.

*The Lord of the Rings* and *The Last Samurai*. He said that the only reason *Samurai* was made in Taranaki was that the makers needed a mountain that looked like Mt. Fuji. “You know Lithuania used to be a location base, Yugoslavia was a location base before the Balkan War, Zimbabwe was a location base, South Africa’s a location base…who remembers any films from there? Nobody and that’s not the future” (personal communication, 22 August 2003).

Ruth Harley and Lindsay Shelton also had thoughts on runaway production. Harley argued that *The Last Samurai* (Zwick, 2003) was not a runaway production because it was partly ‘creatively-driven’ by Vincent Ward, a New Zealander. His contribution to the project was not ongoing however. Shelton saw it as a runaway production because it ‘leaves nothing behind’ (personal communication, 3 December 2003).

That these comments both intersect on and diverge from the different issues raised by these contradictory initiatives simply highlights the complexity of the contemporary situation and the issues inherent within an industry in which various factions have differing interests and agendas. This chapter has shown that the increased level of discussion and action around New Zealand’s national film culture and New Zealand’s role in the global industry can be directly tied to the activities of the state. Whether it is through the cultural arm of government, the Ministry of Culture and Heritage and the New Zealand Film Commission or the Ministry for Industry and Regional Development, the Growth and Innovation Framework and the Screen Production Industry Taskforce report, government policy is an essential part of the feature film industry and its development in New Zealand. What is clear is that these two broad sectors of the Government do not interact or consult with each other in any sustained capacity. Lindsay Shelton expressed doubt as to whether the various government bodies had any contact with each other (personal communication, 3 December 2003).

The activities of the New Zealand Government also indicate the emergence of a new conception of feature filmmaking in New Zealand, a hybrid model. This is evident within the policy rhetoric that talks of both national identity and the power of national branding.
This chapter underscored the argument that it is the logics of the industrial, product-driven model that have gained the most ground in the past few years and which is directing policy and actions in terms of feature filmmaking. This hybrid model is primarily a commercial model set within a global screen production industry. The Screen Production Industry Taskforce recommendations are being implemented and the initiatives of the current Labour-led coalition government are being dictated by commercial imperatives and economic rhetoric first and foremost.

This thesis has so far concentrated on feature filmmaking history and policy. It is important to move to a site of feature film production itself. *The Lord of the Rings* production (Jackson, 2001, 2002, 2003) has provided the background for a large amount of this recent discourse, rhetoric and decision-making about filmmaking and the industry in New Zealand. It provides a rich case study for the political economy of film and the relations between core and periphery. It is also a highly contested production and is ripe with contradictions and complexities that will be investigated and unravelled in chapter four. It is the best evidence for a hybrid, core-periphery model: ‘Brand NZ’ – ‘Home of Middle Earth’, brought to you by the New Zealand Government and New Line Cinema.
Chapter Six: Conclusion

...the US film industry is not only important because its films are popular worldwide. Indeed, that is only the tip of the iceberg. Rather than celebrate Hollywood’s success, political economists are interested in how US films came to dominate international film markets, what mechanisms are in place to sustain such market dominance, how the State becomes involved, how the export of film is related to marketing of other media products, what the implications are for indigenous film industries in other countries, and what political/cultural implications may stem from the situation. Most importantly, the political and ideological implications of these economic arrangements are relevant, as film must also be placed within an entire social, economic, and political context and critiqued in terms of the contribution to maintaining and reproducing structures of power (Wasko, 2003, p. 10).

This thesis has engaged with all of the issues outlined above by Wasko (2003) as the essential elements of a political economy of Hollywood film. Rather than beginning with the core, Hollywood, this thesis has examined a very small, Anglophone film industry and national cinema and has considered its ongoing relationship with Hollywood. It has examined the political and ideological implications of this relationship. The argument has taken a wide-ranging view, looking at the contemporary political, social and economic context for feature filmmaking in New Zealand. To tease out the historical trends and ongoing dynamics at play in the political economy of the New Zealand film industry, the argument has been structured around the two perceived models that most indigenous cinemas have struggled with over time in the development of filmmaking as both a national and international activity. However, it has shown that such a dichotomy is an artificial one and cannot be sustained in New Zealand at this time.

Firstly and dominantly, the industrial paradigm epitomised by mainstream Hollywood cinema has been examined. This is the dominant model in which feature filmmaking is assumed to be a process of commodity production and a very lucrative one within the entertainment/culture industries. It is the model on which the behemoth Hollywood is seen to be based. This thesis has outlined the logics of mainstream feature filmmaking, the business of the major studios and the reasons why Hollywood has and continues to be so dominant worldwide. It has addressed the flexible specialisation thesis as it has been applied to the US film industry. This thesis argues, as others have done, that concentration of capital is the dominant force in the motion picture business. Vertical integration and partial disintegration are mutually reinforcing and are employed by the Hollywood studios as they adjust to changes in the market for filmed entertainment. The structures of power at work in Hollywood maintain the commodified nature of feature filmmaking and marginalise alternative spaces. The industrial
Chapter Six: Conclusion

paradigm is also an ideological construct. The dominant view of the continued success of Hollywood films is perpetuated by the US industry and by most players who view film as a commodity - the industry is the epitome of free market economics in which profit, competition and consumer choice enable mainstream Hollywood blockbusters to dominate international box office figures year after year. The argument has also addressed the myths that underpin this model; pluralism, independence, competition and the ‘free market’. As Wasko (2003, p. 221-224) writes, the industrial paradigm is based on a set of illusions about the nature of the business of Hollywood - the ‘unique’ and ‘risky’ nature of mainstream feature filmmaking, free market competition and the democratic nature of the market.

Most importantly, state support is traditionally viewed as being in total opposition to the industrial paradigm. Government ‘welfare’ from the public sector is the antithesis of box office figures. In New Zealand and many other national cinemas, the dominance of Hollywood and the industrial paradigm has been a constant feature of the filmic landscape. In fact the industrial model is the landscape - it is an ‘industry’, not simply a national cinema. Interestingly though, New Zealand’s relatively miniscule market size has meant that it has never been a factor in the calculated efforts of worldwide domination that Hollywood engages in. New Zealand has been almost incidentally integrated into dominant Anglo-American media flows.

Within the New Zealand industry and national cinema, the alternative model of filmmaking, indigenous filmmaking with cultural imperatives, has been formalised and at work since the 1970s in terms of recognition and the ongoing support of successive governments. In New Zealand government support for local filmmaking is also a given, based on the need to maintain an audio-visual space outside the dominant industrial paradigm and to counter the flow of ‘foreign’ images and products.

These two basic models of feature filmmaking are an ongoing feature of the New Zealand filmic landscape and this thesis has traced the history of the models in New Zealand. This history provides a narrative of the development of filmmaking as both an economic and cultural activity. The industrial model inherited from the US and to a lesser extent, Britain, has been entrenched in this country since the early twentieth century. An alternative model, looking to provide a filmmaking space in which cultural identity and images, voices and stories from this country are paramount, has worked in fits and starts within the industrial
Chapter Six: Conclusion

framework. Because this cultural model has only ever been present within the industrial model, the ‘business’ of filmmaking has always both economically and ideologically dominated the ‘cultural’ imperative. The government-supported national cinema is characterised by struggle, a boom and bust cycle and the constant justification of its need and use of public funds. The industrial model is a constant, providing a backdrop to cultural debates and setting the parameters for feature filmmaking and feature film consumption.

The nature of the two models and their relative positions in the New Zealand context at this time has been the first key site of analysis for this thesis. It is a snapshot of the current state of the relationship between core and periphery and the wider trends in the international industry that are affecting the local industry. The globalisation of feature filmmaking and the business of Hollywood; new forms of ‘international’ filmmaking such as The Lord of the Rings trilogy (Jackson, 2001, 2002, 2003) that illustrate the new business logics of Hollywood studios and their production companies; international financing deals drawing on a number of sources; nation-states concentrating on entrepreneurialism and ‘the business’ in response to globalisation and competition between these states or regions for global production capital. These are all trends that signal changes in the way Hollywood and the industrial model works. This is a context ripe with contradiction, in which the two traditional models need to be reassessed. There is evidence that in New Zealand a third model has emerged, a hybrid model combining both cultural and commercial imperatives for filmmaking but still dictated by the relentless push for profit. This thesis concludes that in fact, the two models are a simplistic and obfuscatory construct. A new model is evident in New Zealand, a hybrid model that combines state support and a unique set of business strategies in order to make ‘internationally successful’ feature films. Any cultural or nationalistic rhetoric surrounding filmmaking is now primarily incorporated into the notion of ‘Brand NZ’ by the current New Zealand Government in order to justify the nature of its relationship with Hollywood and sources of global production capital.

In using the two models to structure this argument, this thesis has worked to uncover the redundancy between the two constructs. The New Zealand Government is now working harder than ever to perpetuate the commercial model for New Zealand filmmaking and the US Government has played a principal role in Hollywood’s continued process of international growth. The overpowering and seductive nature of the industrial imperatives at the core of the hybrid model of filmmaking has shrunk the space for any ‘cultural’ conception of cinema.
This is a worrying development because it shows that the New Zealand Government and its policies are converging on the hybrid model and its defining feature - ‘Brand NZ’, on feature films as commodities and the material but unquantifiable benefits for the industry and the country. Unlike the consequences of a more straightforward policy of deregulation, this process of commodification is less obvious, obscured by hype and rhetoric and motivated by the desire for recognition and validation from the centre of international filmmaking capital and control. It is clear that alternative ‘cultural’ filmmaking is not being neglected altogether.

As outlined in chapter three, an extra NZ$10 million was recently allocated to the New Zealand Film Commission for the production of ‘New Zealand’ films. However, the Commission also speaks the language of being in the business of funding commercially successful products. And this funding sits next to the NZ$40 million large budget grant scheme designed to attract large-scale foreign productions to continue using ‘Studio NZ’ as a location. The indigenous national cinema is being seriously undercut and the hybrid illustrates that commercial imperatives are more firmly entrenched than ever at both the core and within a highly peripheral industry such as New Zealand.

Not only this, but many players within both the New Zealand film industry and the New Zealand Government are assuming that the new hybrid model is one characterised by a dispersal of the power of the Hollywood majors and executives, allowing more autonomy and plurality for production outside the US. In New Zealand the myths associated with the industrial paradigm as outlined by Wasko (2003) are now taken as realities because they supposedly give more power and independence to peripheral players and workers. The production axis is viewed as open, flexible, concerned only with creative talent and profit. But the complexities of a project such as The Lord of the Rings trilogy (Jackson, 2001, 2002, 2003) reveals that the structures of power along the production axis remain largely unchanged, and that vertical integration is the dominant force. The hybrid model is also a core-periphery model. As Morley and Robins (1995, p. 33) argue: “Whilst disintegration and localisation are important (allowing major Hollywood motion pictures to be made outside the US for example), integration and globalisation remain the dominant forces.”

This thesis contends that over time and particularly in its current formation, the free market ‘Hollywood’ model is still being referenced and applied to New Zealand policy and discourse through the third model. This conception is deeply flawed because it assumes and denies a number of key elements. It assumes that this model is working in the free market and thus
Chapter Six: Conclusion

denies state involvement. It assumes flexible specialisation is allowing New Zealand more leverage in the international filmmaking circuit because production is the only axis New Zealand has any access to. It emphasises a new plurality of filmmaking activity and New Zealand’s new-found autonomy within a global industry but fails to acknowledge that these are ‘appearance-forms’ (Wayne, 2003) which obscure the underlying structures of power that continue to favour production companies and studios principally based in Los Angeles and New York.

This argument has worked to reveal the discrepancies and contradictions between the political economy of the Hollywood industrial model and the perception of this model in the New Zealand context. These can be viewed in terms of false dualities, a set of terms that sketch variant pictures of the logics at work in international feature film production:

Table 2: Dualities and realities within the hybrid model

<table>
<thead>
<tr>
<th>Core</th>
<th>Periphery</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vertical integration and partial disintegration</td>
<td>Flexible specialisation</td>
</tr>
<tr>
<td>Concentration of capital and control</td>
<td>Independence, autonomy, plurality</td>
</tr>
<tr>
<td>‘Runaway production’</td>
<td>‘Internationally mobile films’</td>
</tr>
<tr>
<td>US government support</td>
<td>NZ government support</td>
</tr>
<tr>
<td>Production/Distribution/Exhibition</td>
<td>Production</td>
</tr>
</tbody>
</table>
In a highly peripheral economy such as New Zealand (in geographical relation to the ‘core’),
a film industry is further disadvantaged because of size and relative costs of filmmaking.
Therefore notions of national filmmaking and locality are attempting to engage and interact
with an increasingly globalised industry that is funnelled through the financial bottleneck
created and maintained by the Hollywood majors. ‘International’ filmmaking like The Lord of
the Rings project (Jackson, 2001, 2002, 2003) is an example of the imperatives of hegemonic
coordination between the local and global, between Hollywood capital and state funding. But
the diagram of the dualities within the industrial model highlights further the complexity and
contradictions bound up within this topic. Feature filmmaking policy in New Zealand has in
many ways embraced the flexible specialisation thesis because it signals an increased
autonomy and freedom for independent production companies. It suggests that New Zealand
can take on the world in the global entertainment industry, a claim which disregards the
realities of the business of filmmaking. Aksoy and Robins (1992, p. 19) underscore this:

If Hollywood is now everywhere, it is because of its increased mobility and flexibility. In their pursuit
of global opportunities, Hollywood companies can now move rapidly from one production location to
another. If it is the case, as Storper and Christopherson argue, that this can bring about the
development of new production complexes, it is also the case, more harshly, that such complexes have
a precarious existence.

Theories such as the flexible specialisation thesis neglect entirely the fundamental importance
of government support whether direct or indirect, to any filmmaking industry. While the
industry known as Hollywood expounds free market ideology in explaining its historical and
continued supremacy, the assistance of government and state subsidies has been central to its
campaign for worldwide dominance. New Zealand, a country historically subsumed within
Anglo-American media flows, has attempted to carve out some form of national film culture
that sits outside of ‘Hollywood’ and its industrial paradigm. But a ‘New Zealand’ no- or low-
budget film must interact with global Hollywood in terms of distribution, exhibition and
competition, while also substantiating the cultural ideal of national filmmaking. Industry
players from the New Zealand Writers and Directors Guilds have expressed this sentiment as

---

1 For example, Whale Rider (Caro, 2002) a New Zealand film that has received local and international critical
acclaim, was distributed in Australia and New Zealand by Buena Vista (Disney). John Barnett, producer of the
film, said in an interview for this thesis: “I went looking for someone who could deliver the theatres in Australia
and NZ, I didn't go looking for a small art-house distributor, I went looking for a studio backed distributor who
could say to the exhibitors - these are the terms under which the film will be released, this is how many prints we
are going out with. I wanted someone who could commit to a big marketing campaign. If I’d gone with a small
NZ art-house distributor it would have been a lot harder…” (personal communication, 22 August, 2003).
the various Government initiatives for feature filmmaking have rolled out. New Zealand Directors Guild president, Dan Salmon commented:

Writers and other creatives cannot earn a living wage from their work. Yes, it’s important to attract offshore production in an economic sense, but we’re still waiting for the same commitment to domestic production (cited in Wakefield, 2004b, p. 9).

In recent years, the misleading free market ideology tied to Hollywood has become more prominent in the national film policy of this country. The perceived distinction between the interests of capital and the state has in many ways collapsed, disguising the nature and logics of both the New Zealand and Hollywood film industries and the interaction between core and periphery

‘Runaway production’ or ‘internationally mobile films’?

The re-naming of ‘runaway production’ as ‘internationally mobile films’ in New Zealand illustrates the optimism that is driving state funded filmmaking policy. This position is couched within the assumptions of vertical disintegration and its incomplete and inaccurate logics. The ‘runaway production’ phenomenon and the reports articulating it focus on the production axis but neglect the distribution, exhibition and marketing axes which remain tied up in the vertically integrated oligopoly of Hollywood studios and their giant corporate parent companies. However, many state-funded industry bodies have embarked on a process of commodification of New Zealand as a location in order to compete with other countries or regions for production activity. The concepts of ‘Brand NZ’ and ‘Studio NZ’ and the establishment of incentive schemes in line with these concepts have been deployed in an attempt to cash in on the ‘opportunities’ that The Lord of the Rings production (Jackson, 2001, 2002, 2003) has supposedly enabled. The process of commodification of New Zealand through filmmaking has reduced the state-supported New Zealand industry to the role of supplicant, dispelling any notions that the New Zealand industry is gaining more plurality and autonomy on the international stage. Miller et al. (2001, p. 63) identify Robles’ notion of ‘peripheral Taylorism’, a term that could be applied to New Zealand’s position. They write:

Hollywood’s runaway trend depends on peripheral nations that have the right skills, language, familiarity, business links and foreign exchange rates to suit - what has been called a form of ‘peripheral Taylorism’ such that there are highly-developed efficiencies available from a skilled
working class in places that nevertheless continue to import what is made on ‘their’ territory - but never under their control.

The US Monitor Report that articulated the runaway production phenomenon in the late 1990s outlined the ‘integrated approach’ taken by Anglophone countries such as Canada and Australia in attracting mobile production capital from the US:

In this approach, a country begins with a relatively undeveloped production industry. It then launches a series of (usually tax credit-centred) initiatives to attract production activity and investments and often creates qualifying requirements for those incentives that stimulate hiring of local personnel. As a result, local production crews, actors and production managers gain valuable experience and training and are therefore more capable and attractive to other producers. At the same time, investments in physical infrastructure are sought so that more and more productions can be accommodated. As these production capabilities expand, other tax incentives such as those for local labour expenditures are offered to further stimulate demand for local production resources. Ominously, this approach to capture productions is readily replicable by other countries… (Monitor Company, 1999, p. 24-26).

Within New Zealand, such an approach can be traced through various initiatives – the large budget grant scheme, the building of studio space in Wellington and Auckland and the sustained efforts of government departments such as Investment NZ and Film NZ to build up the profile of ‘Studio NZ’. However it should be noted that the investment in infrastructure, incentives and so on are certainly not on a par with countries such as Canada and Australia that have pursued similar policies more vigorously.

The US Department of Commerce report (2001) discusses ‘other countries catching up to the United States’ and looks specifically at ‘foreign’ governments’ incentive programs which are seen to be designed to develop an indigenous industry by luring production work from more sophisticated industries elsewhere - read the US. Other Anglophone countries competing for ‘runaway productions’ have also recognised New Zealand as becoming increasingly attractive for US production work. The Toronto Star reported in September 2003 that countries such as Australia and New Zealand and their “seductive incentives” were now Canada’s biggest competitors and were “rerouting millions of dollars” (Whyte, 2003, p. H4).

In November 2003 it was reported that the US Congress was considering passing into law the House Americans Jobs Creation Act. As the Australian Film Commission reported:

Within the new legislation are two measures related to supporting US film production companies. The first provision deems US moviemakers as manufacturers so they will be eligible for the lower corporate tax benefits to the order of US$597 million. The second is a provision that cuts the taxes the studios pay for exhibiting films overseas, with an additional requirement that tax breaks apply to those
films where at least 50% of the wages film employees receive are for services performed in the US (Australian Film Commission, 2003a).

Such legislation is clearly an attempt to stem the tide of ‘runaway productions’ and illustrates an example of the US Government’s own initiatives to attract production. It also indicates that the Directors and Screen Actors Guilds of America have been successful in raising awareness of the issue in Hollywood circles. In a very telling example of this issue a front-page article in The New Zealand Herald sums up the contradictions within the New Zealand experience. It refers to the 2004 Screen Actors Guild awards and the comments made by one of the actors in The Lord of the Rings trilogy, Sean Astin. The Rings actors were portrayed in the New Zealand media as ambassadors for this country because of their effusive praise of the filming experience. The article titled, ‘Hobbit dumps NZ to plonk feet in US’ reports on comments Astin made during an acceptance speech on behalf of the Rings cast. The speech itself gives an indication of the feelings within the US film workers’ community about the runaway production ‘problem’: “To the union, I’m worried about the labour movement in our country. Tim Robbins said that he encouraged the power that’s in the room to bring productions back to America. I agree with him. I think it’s incumbent” (Astin, 2004). This was read within New Zealand as a betrayal: “He will not be a popular hobbit with New Zealand film-makers after his latest comments” (Macleod, 2004a, p. A1).

New foreign production work set to come to New Zealand has been attributed to the Government’s large-budget grant incentive scheme and provides positive evidence for some Government officials and industry players that the production boom brought on by The Lord of the Rings will continue. The Lion, the Witch and the Wardrobe2 is the most prominent project to confirm shooting in New Zealand thus far (other than Peter Jackson’s latest, King Kong). Some commentators speculated that it was the possibility of this production coming to New Zealand that pushed the large-budget grant scheme through parliament (Campbell, 2003b). Clearly certain Government ministers have vested interests in the production considering it was again Jim Anderton, Minister for Economic Development, who announced the confirmation of the production coming to New Zealand after months of speculation. It will be directed by Andrew Adamson, a New Zealand-born, American-based director whose last projects, Shrek and Shrek 2, (Adamson & Jenson, 2001; Adamson, Asbury & Vernon, 2004) were huge box office hits. It can therefore be tenuously justified as creatively driven by a

---

2 Working title Paravel.
‘local’. It has been developed by Walden Media, a New York-based production company and in March 2003 it was announced that Disney will co-finance and distribute the film (*The lion, the witch and the wardrobe to be filmed by local in NZ, 2003*). Thus the Hollywood production juggernaut is set to continue.

Clearly, New Zealand’s role as a Hollywood production location does not end with *The Lord of the Rings* as many had feared. But a continued focus and reliance on Hollywood productions ensures that the New Zealand film industry remains vulnerable and volatile. It is as Aksoy and Robins (1992) argue, a ‘precarious existence.’

These developments work to emphasise the trends and issues outlined in this thesis and the preponderance of the ‘Brand NZ’, hybrid model in the New Zealand setting. In terms of both Government policy and initiatives, commercial activity remains the focus of investment and discourse. While cultural initiatives have not been utterly neglected, they are dwarfed in comparison to the Government’s commitment to promoting the New Zealand brand through filmmaking. The local industry and its related bodies are still tied into a constant process of self-justification whereas the economic and ideological commitment to entrepreneurialism and ‘Brand NZ’ continues.

**Entrepreneurialism**

The rhetoric of entrepreneurialism within the film industry and creative industries in general, is one that underlines the emergence of the third model. It is a theme that has been picked up by many industry bodies and players. Ruth Harley said in her preface to the ‘Scoping the Lasting Effects of *The Lord of the Rings*’ report:

> “The report stresses the importance of creative entrepreneurship in the development of the New Zealand film industry. It reinforces the emphasis of the Film Commission on working with the new generation of film entrepreneurs to improve the creative product and increase their international connections” (NZIER, 2002).

The Screen Production Industry Taskforce (2003) discussed the need to encourage an entrepreneurial culture in New Zealand in order to foster a new business environment within the industry. Their report states, “…the success of the film sector in particular, will always depend upon the ability of often singular creative talent…to attract funding to New Zealand.
It was the talent of Peter Jackson that bought *The Lord of the Rings* to New Zealand” (p. 20).
The Taskforce at least recognised that *The Lord of the Rings* project did not equate to a huge leap forward in terms of New Zealand industrial autonomy and plurality. They argue:

*The Lord of the Rings* – possibly the largest film production anywhere to date – was “made in New Zealand.” The vast majority of the revenues from the exploitation of intellectual property, present and future, from cinema, DVD, television, inflight, soundtrack, CD Rom, interactive games, toys, books, posters and so on, belong to New Line Cinema in the US. Some New Zealand entities will receive a single-digit percentage of the net returns…but despite the perseverance and creativity of Peter Jackson and his team, and the tax break provided by the New Zealand Government to ensure production stayed here, the majority of revenues from the intellectual property flow to the US (p. 28-29).

This statement strikes at the heart of this thesis. While the present New Zealand Government and many in the industry have done everything possible to connect New Zealand to Hollywood through these films, the initiatives and accompanying rhetoric mask the power held by a Hollywood studio and the flow of capital back to the US. Catch phrases such as ‘creative sponsors’, ‘internationally mobile films’ and ‘Brand NZ’ disguise the globalising processes at work. Also, these are all economic buzzwords, equating feature filmmaking with commercial ideals within a free market that is more putative than factual. The political economy of the international film industry and the dominant Hollywood/US industry is being obscured and denied in the New Zealand context.

Morley and Robins (1995), theorising about global media and issues of cultural globalisation make some pertinent remarks about the ‘global/local nexus’ and ‘enterprise culture’. They argue that there are processes of both globalisation and localisation at work in what is increasingly becoming a “global space of image flows” (p. 32). They go on to say, “…new questions are being thrown up about the interrelation of economic and market spaces on the one hand and arenas of cultural consumption and collective identity on the other” (p. 34).

Morley and Robins argue that the arts and culture industries have been drawn into an entrepreneurial initiative, a ‘new culture of enterprise’. They further elaborate that the “…context for this is the increasing pressure on cities and localities to adopt an entrepreneurial stance in order to attract mobile global capital” (p. 37) such as ‘internationally mobile films.’

Considering New Zealand has a population equivalent to many other regions or localities, it is fair to say that New Zealand at a regional and national level is now working very hard to adopt this new culture of enterprise and attract some of the ‘promiscuous’ global capital. As
Morley and Robins (1995) argue however, it is an uneven process, not one undertaken on a level playing field or within a free market but one in which localities, regions and local government bodies act as ‘supplicants’ in attracting Hollywood film production. These regions or localities must also compete directly with others. Within this culture of enterprise there is a contradiction which is illustrated in a localised term such as “New Zealand: Home of Middle Earth.” In order to enhance the profile of New Zealand and New Zealand film in a new global mediascape, “It is necessary to emphasise the national or regional distinctiveness of location” (p. 119). The commodification of place is the result of such logic and this is no better illustrated than the ‘Brand NZ' concept that is central to the conception of The Lord of the Rings project (Jackson, 2001, 2002, 2003) outlined in chapter four. ‘Brand NZ’ is also the locus of the continued interaction between ‘Hollywood’ and the New Zealand Government and industry. Again, this argument underscores the mutual reinforcement of vertical integration and disintegration, globalisation and localism, core and periphery. The structures of power tied into the international film industry are firmly entrenched and are perpetuated by this uneven partnership.

The realities of ‘the business’ and the realities of filmmaking as an activity are reinforced by looking outwards again, at the international context of feature filmmaking at this time and at other Anglophone markets interacting with the political economy of Hollywood. The remainder of this chapter will examine this wider context and will then outline some basic truths that must be reiterated in order to provide a coherent conclusion to these ongoing issues and questions.

**Hollywood’s continued strategies of international dominance**

Hollywood’s continuing quest for superiority in the global film industry and its further consolidation of new markets (both territories and media channels) continues in a number of visible ways. A key site of this continued growth and power is bilateral free trade negotiations. As outlined in chapter two, the Motion Picture Association of America led by Jack Valenti along with the US Government has aggressively pursued this avenue in the past, in order to open up and maintain ‘foreign’ markets for US films. Contemporary negotiations have also come to focus on anti-piracy legislation in various countries that represents a significant threat to the hegemony and profit margins of the Hollywood majors. An example
of this could be drawn from the Australian experience. A free trade deal between Australia and the United States has recently been completed and the negotiations surrounding the deal raised serious questions within the Australian film and television industry about the effects of such a deal on Australian cultural policy.

The United States currently accounts for 65% of Australia’s audio-visual imports and there is a 55% local content quota in place for Australian television (Australian Film Commission, 2003b). The main issue on the Australian side was the retention of the flexibility and ability to maintain existing measures and adopt new measures to regulate for new and emerging digital delivery platforms such as multi-channelling, video-on-demand and broadband. The US negotiators pushed for a ‘standstill commitment’ – an assurance that the Australian federal government would not be able to regulate these future services. As the chief executive of the Australian Film Commission Kim Dalton put it, the US negotiators primarily aimed for “…a precedent they will be able to use…in pursuing their agenda for greater market access in Europe…and to a lesser extent, into China” (cited in Campbell, 2003c, p. 29). This example underlines the continued and unrelenting push of the Hollywood cartel, with the help of the US Government, into global markets and onto future platforms for feature film distribution and exhibition. Such activities ensure that Hollywood’s supremacy continues in line with the concentration of capital and the control of the distribution bottleneck. The outcome of the free trade deal was viewed as a ‘victory’ for the Australian negotiators. They were able to protect their local content restrictions and secured these local content rules across analogue and future platforms. However this 55% quota is now frozen and cannot increase. And the US negotiators also hailed a ‘victory’:

In the area of broadcasting and audio visual services, the free trade agreement contains important and unprecedented provisions to improve market access for US films and television programs over a variety of media including cable, satellite and the Internet (Office of the United States Trade Representative, 2004).

The Hollywood cartel remains confident in its ability to secure substantial control of new distribution and exhibition platforms for its products. The support of the US Government bolsters this confidence and ensures that as Wasko (2003, p. 225) puts it, the majors are “…well positioned to maintain their prominence…”

130
The Fragility of Anglophone film industries/national cinemas outside Hollywood

Both the Australian and British film industries have suffered in terms of production activity and depleted revenues in the past year. These Anglophone cinemas are often compared to New Zealand and each other, although New Zealand is still dwarfed by most other national cinemas.

The British film industry has recently run aground with the 'shock' announcement in February 2004 of the closing by the British Treasury of a tax loophole which was being 'exploited' by film investors. This has thrown many films in pre-production and production (estimates range from 24-40) into disarray and there are fears that Hollywood will abandon Britain as a result (Smith & Solomons, 2004). The British Government argued that elaborate tax avoidance schemes were being routinely rigged up in order to benefit investors and that this 'abusive' activity had to be stopped in its tracks which has resulted in the shut down of the loophole without any leeway for films left in limbo (Youngs, 2004). UK producers are now talking of a 'disaster' for the UK film industry because of the loss of millions of pounds. As one commentator writes:

A month ago, they [the British films under threat] were cheerful evidence of a resurgent British film industry that was even rather like Hollywood itself, treating the entire planet as its backlot. They are now the latest casualties of the latest bust in a business that makes billions a year in America but doesn't even manage booms between the busts in Britain - only hopeful, doomed, state-aided spurts (Whittell, 2004, p. 4).

This recalls a similar scenario in New Zealand in the early eighties, when an advantageous tax system was dismantled because of the abusive activity of some investors. At that time, many wondered whether the New Zealand film industry would die (Fisher, 1982) and it certainly took the rest of the decade for any steady production to resume. Such episodes highlight the complexity of feature film economics in Anglophone national cinemas. Production is often tied into state finance in various forms and into international investment that has conditions attached. Tulip Fever, one of the films in limbo after 'Black Tuesday' in the UK, had a budget of 45 million pounds and had secured top creative talent - writer, director and star. Two thirds of the film was to be financed by Hollywood mini-major Dreamworks, the other third by a London film finance company, Ingenious Media. Miramax had signed on as distributor. But as Alison Owen, the producer of the film points out: "…the Dreamworks money was entirely dependent on the Ingenious Media money" (Whittell, 2004, p. 4). The Ingenious Media
money was tied into the tax loophole. Although Dreamworks had already spent US$6 million for development and pre-production, the film still faces permanent shut down. This incident illustrates the financial fragility of Anglophone industries outside Hollywood. These non-Hollywood industries often depend on US finance and also therefore, make films to appeal to the huge US audience. These industries also rely, to a large extent, on state support. They sit on economic fault lines and are highly susceptible to changes in legislation or the whims of the market which can literally hollow out the local industry. A similar phenomenon has occurred closer to home in the Australian industry. Australia has enjoyed a substantial amount of attention and production activity from Hollywood in recent years. Australian creative talent, actors and directors have been visibly successful within Hollywood and a number of major blockbuster films have been made there including The Matrix trilogy (Wachowski & Wachowski, 1999, 2001, 2003) the Star Wars prequels (Lucas, 1999, 2002) and Moulin Rouge (Luhrmann, 2001). Headlines such as 'Aussie-wood' and 'Wallaby-wood' underscore the hype surrounding feature filmmaking activity in Australia in recent years (Fitzgerald, 2000; McCarthy, 1999; "Wallaby-wood," 1998). Major studios have been built - Fox Studios in Sydney and Warner Roadshow in Queensland. A 12.5% federal tax rebate was drawn up by the Australian Government for ‘large scale’ feature films and has been in operation since 2001. This is the incentive scheme that the New Zealand Government used as a model for a New Zealand equivalent. The scheme is an attempt to maintain the continuity of this production work for the foreseeable future. However a “production drought” was announced in mid-2003 as feature film production, both local and international slumped (Barber, 2003). The 2002-2003 financial year saw investment in the Australian film and television sector drop by a quarter from A$663 million to A$513 million. Feature film production fell 63% from A$131 million to A$49 million. The number of Australian feature films made fell to a nine year low of 19 from 30 the previous year (Campbell, 2003a; "Film investment slumps," 2003). This provides evidence of a huge drop in 'foreign' production and a resultant crisis in the Australian national cinema.

The reasons given for this downturn have been many and varied: a strengthening Australian dollar, the strong competition from other locations such as Canada and New Zealand, US security fears post-September 11 and Arnold Schwarzenegger’s crackdown on ‘runaway

---

3 This episode was still unfolding as the thesis was completed. It was reported that a new government rebate or grant for British films would replace the tax loophole although details are still to be announced (Dawtrey, 2004).
production' within California. Kim Dalton sums up the crisis: “The downturn is an indicator of some of the structural problems we face and the fragility of our industry” (cited in Campbell, 2003c, p. 29).

The New Zealand industry has been watching this scenario closely, fearful of a similar crisis. Louise Baker from Film NZ, the locations office, was quoted in response to the Australian situation: “We're not facing these issues because we haven't had the same level of American production coming in here” (cited in “Ocker-shocker NZ-bound?”, 2004, p. 6).

Again, this example illustrates the precarious existence of Anglophone industries outside Hollywood and their reliance on US investment, production and recognition, as well as mobile Hollywood production capital. They have taken an 'integrated approach' in building up infrastructure, providing incentives and the friendliest environment possible for ‘internationally-mobile films’. However such films come with in-built power structures based on the political economy of Hollywood itself and the nature of its business. Peripheral industries are highly volatile because they are intimately tied up with the industrial model and its contradictions and flaws and do not have the historical strength or economies of scale to absorb them. In fact, if the British and Australian industries also struggle through the familiar boom and bust cycle, New Zealand is clearly on the periphery of the periphery and is even more susceptible to the ups and downs of the business as dictated by Hollywood and ‘the market’. Kim Dalton, speaking of the crisis within the Australian film industry said: “The economies [of scale] will not allow a local industry to develop and thrive in a market of only 20 million people” (cited in Campbell, 2003c, p. 30). If this is the case, then New Zealand’s population of four million is on another industrial plane altogether, one on which the economies of scale ensure that only a core-periphery model exists.

Surely the New Zealand Government understands these realities to some extent. But what this thesis has articulated is that the rhetoric surrounding the various imperatives for filmmaking within the New Zealand film industry must be critically examined in order to uncover the realities that have been obscured by this rhetoric.

The screen production industry was identified in the Growth and Innovation Framework as an enabling sector with significant spillover effects for New Zealand as a whole. Film and television make a significant contribution to New Zealand’s economy and export earnings, as well as being a powerful media through which we express our national identity and assert our unique brand (Clark, 2003).
By placing national identity and ‘Brand NZ’ within the same sentence and set of objectives, the New Zealand Prime Minister highlights the integration of a commercial concept, that of ‘branding’, into every aspect of filmmaking as a national activity.

This is about strengthening the domestic base at the same time as we attract international productions. We’re building critical mass and taking advantage of all the opportunities and benefits – like skills development and knowledge transfer – that come with exposure to international experiences. And it’s about taking that and making it uniquely our own (Clark & Anderton, 2003a).

These are fundamentally empty words that work to highlight not the new confidence of the industry, but rather, the desperate need for the current Government to deny the massive discrepancy between New Zealand’s state-supported ‘domestic base’ and New Zealand’s state-supported role as another supplicant to the Hollywood machine.

One could posit that New Zealand’s peripheral periphery status places the country in a unique and advantageous position. New Zealand is not on Hollywood’s industrial radar in terms of sustained global strategies for market dominance simply because we are a country of only four million people. The fact we are a highly peripheral location may have provided an opportunity to mould an emerging third model to the advantage of the New Zealand industry and New Zealand filmmakers, carving out a niche for both cultural as well as commercial feature films within the realities of the shifting global playing field. A recent film such as *Whale Rider* (Caro, 2002) exemplifies the possibilities for using both local and international finance to tell a distinctively ‘New Zealand’ story to both local and international audiences.

However, by seizing the opportunity of *The Lord of the Rings* production (Jackson, 2001, 2002, 2003) with gusto, the New Zealand Government has now rendered the New Zealand industry more fragile and volatile than ever before. By relying largely on one project (three films), one filmmaker and a set of empty statistics about the ‘lasting effects’ of the trilogy, the New Zealand industry has been fully integrated into the political economy of the Hollywood system. As the New Zealand Government has become more enmeshed within this political economy, the rhetoric has been marched out in order to obscure the realities of this position.

And what are the realities? This thesis has illustrated that the continued growth and success of Hollywood in global markets is assured. This is because a core-periphery model enables partial vertical disintegration while reinforcing the vertical integration of the Hollywood
industry. This thesis has also shown that state support is central to models or conceptions of feature filmmaking at both core and periphery. This support plays a large part in determining both the historical direction of a film industry and the imperatives for feature filmmaking as an activity. Finally, this thesis has argued that structures of power in the political economy of the relationship between the Hollywood and New Zealand film industries are reinforced rather than transformed in the contemporary context.

A few things are very certain at the core. Wasko (2003, p. 224) writes:

> As with many other capitalist industries, the processes of concentration, commodification and commercialisation currently govern the US film industry. Furthermore, the industry contributes to the growing trend of consumerism that dominates Western societies through the ceaseless manufacture of redundant merchandise, as well as the heightened commercialisation involved in the manufacture and marketing of film commodities.

The myths, rhetoric and hype outlined in this thesis have been cut through and exposed in order to evaluate the current state of the New Zealand film industry, the Hollywood film industry and the relationship between core and periphery as entertainment industries become more global and increasingly lucrative and convoluted. This is complex and contested terrain but it is the processes of concentration, commodification and commercialisation that are dictating the future direction of both global and local feature filmmaking and the vast space in between. Aksoy and Robins (1992, p. 20) state: “Hollywood is ubiquitous. What does this now mean for the development of alternative spaces of film production and culture?” While current government policy and rhetoric remains so intimately tied into the concept of ‘Brand NZ’ and more generally, the political economy of Hollywood, there will be only volatility and uncertainty rather than autonomy and plurality for our film industry.
BEST SUPPORTING COUNTRY IN A MOTION PICTURE. YET AGAIN.
Appendix A: NZFC Response to the Screen Production Industry Taskforce report

<table>
<thead>
<tr>
<th>AN ALTERNATIVE INDEPENDENT FILM FOCUSED PARADIGM</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Task Force Model</strong></td>
</tr>
<tr>
<td><strong>Industrial:</strong></td>
</tr>
<tr>
<td>This paradigm is predicated on the idea that creation of large companies will in and of itself create growth. This paradigm may be appropriate for television, post production facilities houses and commercials production houses. But it does not generally fit independent film making where creativity and business acumen mesh.</td>
</tr>
<tr>
<td><strong>Generic Products:</strong></td>
</tr>
<tr>
<td>The Task Force growth strategy tends to concentrate on generic products and processes which are culturally non-specific and tend to be mass-produced.</td>
</tr>
<tr>
<td><strong>Tax Incentives:</strong></td>
</tr>
<tr>
<td>The Task Force proposes additional government subsidy to drive growth by means of tax incentives. The 1980’s New Zealand experience showed that tax incentives promoted growth. There were also problems:</td>
</tr>
<tr>
<td>• tax arrangements drive film production</td>
</tr>
<tr>
<td>• unquantifiable by Governments (note German and UK experience)</td>
</tr>
<tr>
<td>• difficult to harness benefits for New Zealand owned film companies</td>
</tr>
<tr>
<td>• fickle international production</td>
</tr>
<tr>
<td>• ratchet effect of incentives.</td>
</tr>
<tr>
<td>Centralised approach:</td>
</tr>
<tr>
<td>----------------------</td>
</tr>
<tr>
<td>The concept of a Screen Council assumes that the interests of TV and commercial producers coincide with those of film writers, producers and directors and that a single generalised approach across commercials, film, television and post production will maximise the growth of the sector and offer a unified front. Analysis and experience do not support this approach.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Export of rights exploitation capacity:</th>
<th>Retention in New Zealand of rights exploitation capability:</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Report argues for rights exploitation remaining in the hands of the producer. This does not represent the reality of how the business of film is done. Sales agents sell films - not producers. If those sales agents are off-shore, experience shows that their costs of sales will be high as will the risks of revenues not being returned to New Zealand investors and rights holders.</td>
<td>The NZFC argues for the growth of its New Zealand based sales agency. A twenty year history of revenues demonstrates clearly that New Zealand investors and rights holders are significantly more likely to receive income from their films if sales rights are retained within New Zealand.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Grant based funding:</th>
<th>Investment based funding:</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Report argues that treating NZFC and NZ On Air contributions as &quot;free money&quot; will grow their businesses.</td>
<td>Taking a business approach to investment of public monies is more likely to lead to a disciplined sustainable industry.</td>
</tr>
</tbody>
</table>

Source: (New Zealand Film Commission, 2003, pp. 3-4)
## Appendix B: LOTR costs  mid-1998 - March 2002

<table>
<thead>
<tr>
<th>All costs</th>
<th>Local currency NZ$ million</th>
<th>Foreign currency NZ$ million</th>
<th>Grand Total NZ$ million</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Above-the-Line</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Production</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction</td>
<td>25.1</td>
<td>0.4</td>
<td>25.5</td>
</tr>
<tr>
<td>Electrics</td>
<td>5.6</td>
<td>5.6</td>
<td>11.2</td>
</tr>
<tr>
<td>Transportation</td>
<td>12.5</td>
<td>0.5</td>
<td>13.0</td>
</tr>
<tr>
<td>Locations</td>
<td>31.3</td>
<td>0.8</td>
<td>32.1</td>
</tr>
<tr>
<td>Digital effects</td>
<td>99.0</td>
<td>11.6</td>
<td>110.6</td>
</tr>
<tr>
<td>Second unit</td>
<td>10.1</td>
<td>3.8</td>
<td>13.9</td>
</tr>
<tr>
<td>Meun miniatures</td>
<td>8.5</td>
<td>6.5</td>
<td>15.0</td>
</tr>
<tr>
<td>Miniatures/creatures</td>
<td>28.0</td>
<td></td>
<td>28.0</td>
</tr>
<tr>
<td>Other categories</td>
<td>74.8</td>
<td>17.2</td>
<td>92.0</td>
</tr>
<tr>
<td><strong>Total Production</strong></td>
<td><strong>294.9</strong></td>
<td><strong>46.4</strong></td>
<td><strong>341.3</strong></td>
</tr>
<tr>
<td>Post-Production</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Editorial</td>
<td>7.0</td>
<td>3.7</td>
<td>10.7</td>
</tr>
<tr>
<td>Music</td>
<td>0.8</td>
<td>8.8</td>
<td>9.6</td>
</tr>
<tr>
<td>Other</td>
<td>1.2</td>
<td>1.5</td>
<td>2.7</td>
</tr>
<tr>
<td><strong>Total Post-Production</strong></td>
<td><strong>9.0</strong></td>
<td><strong>14.0</strong></td>
<td><strong>23.0</strong></td>
</tr>
<tr>
<td>Total other</td>
<td>3.0</td>
<td>7.1</td>
<td>10.1</td>
</tr>
<tr>
<td><strong>Total Below-the-Line</strong></td>
<td><strong>306.9</strong></td>
<td><strong>67.5</strong></td>
<td><strong>374.4</strong></td>
</tr>
<tr>
<td>Grand Total</td>
<td>352.7</td>
<td>125.8</td>
<td>478.5</td>
</tr>
</tbody>
</table>

Source: (NZIER, 2002)
<table>
<thead>
<tr>
<th>Labour Costs</th>
<th>Local currency NZ$million</th>
<th>Foreign currency NZ$million</th>
<th>Grand Total NZ$million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Above-the-Line</td>
<td>35.2</td>
<td>39.9</td>
<td>75.1</td>
</tr>
<tr>
<td>Production</td>
<td>148.6</td>
<td>21.1</td>
<td>169.7</td>
</tr>
<tr>
<td>Post-Production</td>
<td>3.9</td>
<td>4.0</td>
<td>7.9</td>
</tr>
<tr>
<td>Total Below-The-Line</td>
<td>152.5</td>
<td>25.1</td>
<td>177.6</td>
</tr>
<tr>
<td>Grand Total</td>
<td>187.7</td>
<td>65.0</td>
<td>252.7</td>
</tr>
</tbody>
</table>

Source: (NZIER, 2002)
Appendix C: Government funding for LOTR related initiatives and events  2003-04

### Lord of the Rings Funding 2003-04

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>World Premiere event support and visiting media</td>
<td>2,000,000.00</td>
</tr>
<tr>
<td>Offshore Premieres/Openings</td>
<td>240,000.00</td>
</tr>
<tr>
<td>Promotional goods</td>
<td>80,000.00</td>
</tr>
<tr>
<td>Pre-Oscar Events</td>
<td>150,000.00</td>
</tr>
<tr>
<td>Promotional Video/DVD</td>
<td>60,000.00</td>
</tr>
<tr>
<td>Film NZ Internet Portal LOTR Refresh</td>
<td>30,000.00</td>
</tr>
<tr>
<td>Film Trade Magazine Advertising</td>
<td>180,000.00</td>
</tr>
<tr>
<td>Film Trade Markets</td>
<td>250,000.00</td>
</tr>
<tr>
<td>Inward Mission from the US &amp; Canada</td>
<td>160,000.00</td>
</tr>
<tr>
<td>Australia Inward Film Mission</td>
<td>50,000.00</td>
</tr>
<tr>
<td>LOTR Marketing &amp; Production Guides</td>
<td>100,000.00</td>
</tr>
<tr>
<td>LOTR Te Papa Touring Exhibition</td>
<td>100,000.00</td>
</tr>
<tr>
<td>Research on LOTR effect on tourism in key markets</td>
<td>20,000.00</td>
</tr>
<tr>
<td>Tourism NZ video - NZ &amp; The Return of the King</td>
<td>30,000.00</td>
</tr>
<tr>
<td>Post 2004 Oscars advertising for The Return of the King</td>
<td>350,000.00</td>
</tr>
<tr>
<td>Film and Music Initiative</td>
<td>120,000.00</td>
</tr>
<tr>
<td>Postproduction Group Initiative</td>
<td>160,000.00</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>4,080,000.00</strong></td>
</tr>
</tbody>
</table>

Source: (Hodgson, 2003)
BIBLIOGRAPHY

Wellington mayor confident city benefited from 'Rings'. (2003, August 8). *The New Zealand Herald.*
Wellywood paints the town green. (2003, June 30). *The Dominion Post.*
Adamson, A., & Jenson, V. (Directors) (2001). Shrek [Film].
Alley, O. (2003, August 24). They made us famous but rings films 'no benefit': $400m


Annakin, K. (Director) (1954). *The seekers/Islands of fury* [Film].


Barclay, B. (Director) (1987). *Ngati* [Film].


Campbell, M. (Director) (2000). *Vertical limit* [Film].

Campion, J. (Director) (1990). *An angel at my table* [Film].

Campion, J. (Director) (1993). *The piano* [Film].

Caro, N. (Director) (2002). *Whale rider* [Film].


from
http://www.nzherald.co.nz/storydisplay.cfm?thesection=news&thesubsection=&storyID=3199280


http://www.nzherald.co.nz/storydisplay.cfm?thesection=news&thesubsection=&storyID=3200327


Donaldson, R. (Director) (1977). *Sleeping dogs* [Film].

Donaldson, R. (Director) (1981). *Smash palace* [Film].


Emmerich, R. (Director) (1998). *Godzilla* [Film].

Espiner, C. (2003, 1 July). $40m subsidy to make movies in NZ. *The Dominion Post*.

Fairfax, F. (Director) (1988). The rescue [Film].


Hayward, R. (Director) (1940). Rewi's last stand [Film].
Culture and Society, 18, 469-488.
Hickey, S. (Director) (2000). Hopeless [Film].
Hill, J. (2004, 7 March). Kiwi actors cast adrift amid the 'golden days' of film work. The
Routledge.
Hodgson, P. (2003b). Govt ready for 'The Return of the King'. Retrieved 30 October,
35.
Holt, J. (2001). In deregulation we trust: the synergy of politics and industry in Reagan-
Sites(30), 85-107.
Ithaca: Cornell University Press.
Interim Film Commission. (1978). Towards a New Zealand motion picture production
policy. Wellington: Interim Film Commission.
Jackson, P. (Director) (1987). Bad taste [Film].
Jackson, P. (Director) (1992). Braindead [Film].
Jackson, P. (Director) (1994). Heavenly creatures [Film].
Jackson, P. (Director) (1996). The frighteners [Film].
Jackson, P. (Director) (2001). The lord of the rings: the fellowship of the ring [Film]
Jackson, P. (Director) (2002). The lord of the rings: the two towers [Film]
Jackson, P. (Director) (2003). The lord of the rings: the return of the king [Film]
Jeffs, C. (Director) (2003). Sylvia [Film].
Kim, J. (2003). The funding and distribution structure of the British film industry in the 
1990s: Localization and commercialization of British cinema towards a global 
*Variety, AFM Film Market supplement, 8.*
Laing, J. (Director) (1980). Beyond reasonable doubt [Film].
Street Journal*. Retrieved 30 October 2003 from,
http://www.tolkeinonline.com/docs/710.html
Zealand.* Wellington: Victoria University Press.
152.*
Bacon.
Lucas, G. (Director) (1988). Willow [Film].
Lucas, G. (Director) (2002). Star wars episode 2: attack of the clones [Film].
Luhrmann, B. (Director) (2001). Moulin rouge [Film].


Markey, A. (Director) (1935). Hei Tiki [Film].


Melies, G. (Director) (1924). Venus of the south seas [Film].


Murphy, G. (Director) (1977). Wild man [Film].
Murphy, G. (Director) (1980). Goodbye pork pie [Film].
New Zealand Publicity Office (1925). Glorious New Zealand [Film].
New Zealand Publicity Office (1934). Romantic New Zealand [Film].
O'Shea, J. (Director) (1952). Broken barrier [Film].
O'Shea, J. (Director) (1964). Runaway [Film].
O'Shea, J. (Director) (1966). Don't let it get you [Film].


Standring, G. (Director) (2000). *The irrefutable truth about demons* [Film].


Tamahori, L. (Director) (1994). *Once were warriors* [Film].

Tamahori, L. (Director) (2002). *Die another day* [Film].


Wachowski, A., & Wachowski, L. (Director) (1999). The matrix [Film].
Wachowski, A., & Wachowski, L. (Director) (2001). The matrix reloaded [Film].
Wachowski, A., & Wachowski, L. (Director) (2003). The matrix revolutions [Film].


Werner, P. (Director) (1982). *Prisoners* [Film].

Whitehouse, A. H. (Director) (1898). The opening of the Auckland Exhibition [Film].


Zwick, E. (Director) (2003). *The last samurai* [Film].