Screen Music & Sound Guild of New Zealand
Te uepū Kaitito Whakaata

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Whitepaper

TURNING UP THE VOLUME:

Enhancing Work Opportunities for Sound Production Workers, Sound Post Production Workers, and Screen Composers in Aotearoa / New Zealand

"If you turn the soundtrack to a movie off, you won't have an audience"
-John McKay, Co-Chair of the Screen Music and Sound Guild of New Zealand

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Background

In November 2023, the Screen Music and Sound Guild of New Zealand conducted two surveys for:

1. Screen Composers
2. Screen Audio Workers (production and post-production)

These surveys collected quantitative and qualitative data, which highlighted key issues relating to improving work opportunities for screen music and sound workers in New Zealand, and the need to establish minimum pay and working conditions through collective contracts.

The common theme from the responses of survey participants was that there is not enough well-paying work for screen sound and music workers in New Zealand.

Some of their suggestions for improving this situation included:

- Reinvigorating the pipeline of international work, including PDV (Post-Production, Digital and Visual Effects services), coming into New Zealand
- Promoting the benefits of using New Zealand composers, sound post-production workers and facilities to international and local Producers, line Producers and studios - especially in relation to the New Zealand production expenditure incentives
- Encouraging local funding agencies such as New Zealand on Air (NZOA) and Te Māngai Pāho (TMP) to further invest in the use of local Screen Composers through their rebate schemes, while highlighting and promoting to their applicants the benefits of doing this
- Increasing production funding and rebate incentives, either through private or Government investment, noting that return on investment is a key issue to highlight, promote and discuss.

The purpose of this whitepaper is to build upon the feedback received from the survey participants, and to deliver strategies designed to stimulate work opportunities and revenue streams for the New Zealand screen sector in general, but more specifically, screen audio workers, composers and associated production and post-production facilities.

The target audiences for this whitepaper are:

1. New Zealand screen production funding agencies including NZFC, NZOA, TMP
2. New Zealand screen industry marketing bodies NZFC, RFONZ
3. New Zealand screen industry guilds and associations SINZ, SPADA, DEGANZ, VFX, Motion Graphics, PASC, WIFT, PISA, Ngā Aho Whakaari - Māori In Screen.

Abstract

New Zealand's standing within the international film community was significantly elevated (as were the experience levels of local crew and post-production workers), when the Lord of the Rings trilogy directed by Sir Peter Jackson was filmed and edited in New Zealand between October 1999 and December 2003. Since then, the NZ screen audio sector has received multiple Emmy, Oscar and Golden Reels nominations and awards in screen music and sound.

New Zealand has worked hard to position itself as a vibrant, competitive country to do business in for domestic as well as international screen productions, by:

- Instituting 'film friendly' policies in local and central government
- Offering competitive production expenditure rebate incentives for qualifying productions
- Developing world-class production and post-production facilities
- Developing a national crew capacity of highly skilled, highly experienced, dedicated 'below the line' workers
- Promoting Aotearoa / New Zealand's unique, pristine locations with film friendliness in mind.

Historically, these strategies have worked well in attracting international film productions, which in turn stimulate the local economy, raise New Zealand's

profile as a film-friendly destination, create opportunities for local screen practitioners to upskill on well-paying international film productions, and encourage domestic screen productions to flourish with the benefit of more experienced crews.

However, in recent years, several factors have disrupted the pipeline of screen production and post-production work in New Zealand, and therefore the availability of well-paying job opportunities for screen music and sound workers. These include but are not limited to:

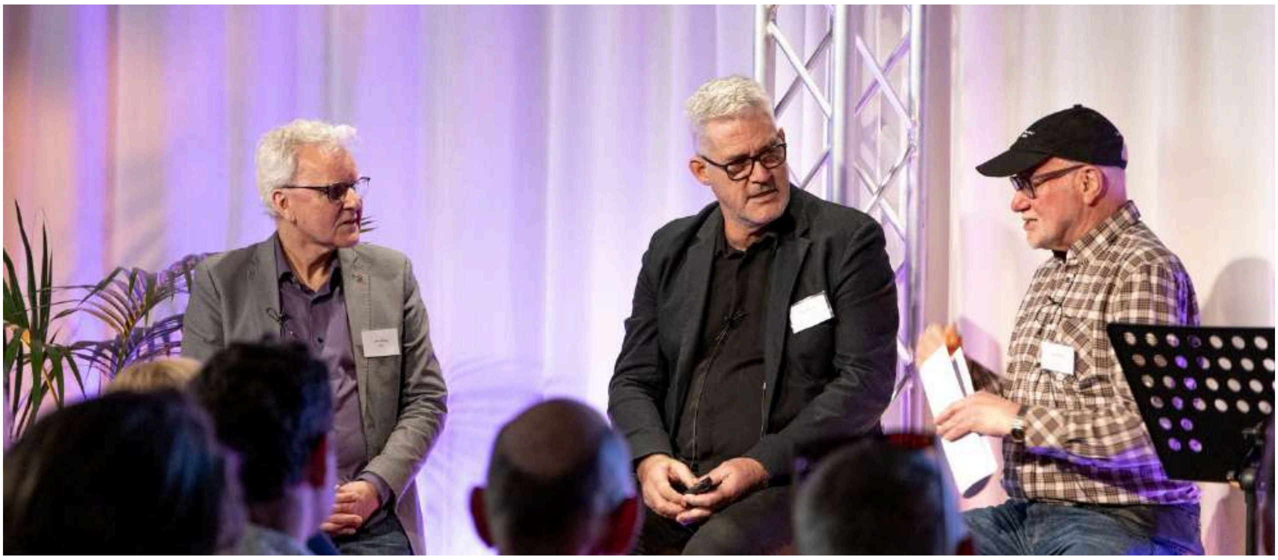
- Amazon packing up Lord of the Rings: The Rings of Power after Season 1, and leaving New Zealand for the UK
- The Writers and Actors strikes affecting screen production output across the world
- A diminishing total amount of money available to the NZFC to fund local productions
- The high cost of living making New Zealand a less attractive destination for large-budget international productions, even with a favourable exchange rate
- Australia announcing that they will be increasing their Production Expenditure Rebate Incentives to make themselves more competitive and attractive in comparison to New Zealand.

These challenges pose a threat to the industry's recovery in New Zealand, and by extension, the availability of work for screen audio workers.

In addition to this, even when New Zealand's large-budget international production pipeline is full, there is still an issue with Screen Composers, musicians, orchestras as well as post-production sound workers and facilities being overlooked for work on these productions. Post-production sound is mostly still done off-shore; library music or overseas composers are still used instead of local Screen Composers. These pillars of sound and music production could be incentivised and promoted more strongly to international studios and production companies.

There is an opportunity to tap into the unrealised potential of the New Zealand Screen Music and Sound sector to ensure the ongoing health and world class nature of the New Zealand Screen industry.

Job creation through international incentives



Many job opportunities in the sector are created (and the local economy is significantly stimulated), through the use of the New Zealand Screen Production Rebate for International Productions (NZSPR) for both domestic and international productions.

The NZSPR, which is administered by the NZFC, offers a 20% rebate on Qualifying New Zealand Production Expenditure (QNZPE) (*see footnotes 1 and 2), for large-budget live-action, international productions.

There is also an additional 5% production expenditure rebate available to these productions based on a points system, where international productions that obtain at least 40 points out of a possible 85 points, can receive this additional 5% uplift.

Recent changes to the NZSPR in August 2023 included the use of New Zealand based post-production sound and screen composing in the 5% uplift incentive criteria.

These criteria and points are listed from page 36 of the NZSPR International Criteria document.

Generally speaking, this criteria points system encourages productions to use local crew, talent, studios and post-production facilities, and to meet other criteria beneficial to New Zealand's businesses, residents and the environment.

Section B.7.2 of the guidance document (which relates to post-production sound AND music) highlights increased work opportunities for all screen audio workers (including Screen Composers) and post-production facilities through the 5% uplift points system.

This section deserves to be highlighted and promoted to off-shore production companies, line producers and studios when marketing New Zealand to the world, with particular regard to PDV capability.

Notably, the actual criteria document (See Appendix 3 Section B7) is less detailed and explicit when it comes to including music as part of the sound post-production criteria. The criteria document still leaves some room for confusion about whether music is actually included in the sound post-production criteria.

In the strategy proposal section of this whitepaper, one of the recommendations is that 'Music' is either explicitly clarified as being a part of 'Sound Post-Production' in the 5% uplift criteria document so that there is no confusion from Producers that this incentive point is available, OR, that Screen Composing is added as an additional criteria point to further incentivise the international use of local Screen Composers, in addition to using sound editors, sound designers and sound post-production facilities.

There are a number of other related businesses and organisations, including the NZSO, who would benefit from these recommendations.

This would potentially generate better opportunities for New Zealand Screen Composers, when large-budget, live-action international productions are in their production planning stages, and are considering applying for the NZSPR's 5% uplift.

Job creation through international PDV incentives

Separate to the 5% uplift rebate, if a qualifying international production is *only* seeking PDV services in New Zealand, then there is another production expenditure rebate incentive available for productions that use New Zealand-based sound and music post-production. This rebate is worth 20% of Qualifying New Zealand Production Expenditure (QNZPE). (See Appendix 2, section 1.2 of the NZFC Criteria document).

Distinguishing and promoting these separate incentives to international studios and production companies needing PDV support, could return additional work opportunities for screen sound and music post-production workers and facilities in New Zealand.

There is also an opportunity here to promote New Zealand's PDV capacity to the international game development sector, as well as AR / VR / XR companies, by highlighting this 20% rebate.

However, it should be noted that a special production vehicle (SPV) is required for the purposes of accessing this rebate, which is cumbersome and time consuming. Doing away with this requirement would likely increase the number of productions doing PDV business here, therefore increasing opportunities for local sound post-production workers and Screen Composers.

Job creation through local PDV incentives

There are also separate qualifying criteria for the local version of the NZSPR, through the New Zealand Screen Production Rebate for New Zealand Productions scheme.

The New Zealand version of the NZSPR equates to 40% of QNZPE and is capped at $6m per production, unless the production qualifies for an 'Additional Rebate'. (See footnote 3).
The production should have significant New Zealand content and meet the relevant points test. Only experienced Producers should apply for this.

Stimulating local production keeps New Zealand crews sharp and ready for international productions, helps avoid crew attrition from the industry when times are lean, (e.g., when international productions are scarce in New Zealand), and is good for the industry creatively and culturally.

New Zealand needs to keep local productions active to maintain a high level of skill, experience and capacity in its screen sector workforce, which is an intrinsic part of what makes New Zealand an attractive country in which to film for international productions. The business of attracting international screen productions is vital to the New Zealand economy, and therefore, so is investing in New Zealand's local screen workforce capacity, particularly screen audio workers.

However, the NZFC's funding pool is limited, and there are no plans from central Government to increase the allotment, even though there is an economic argument to be made for the importance of increasing investment in the local screen sector to increase return on investment. However, the Government has made it clear to the Screen Sector, that requests for additional funding will not be entertained.

Job creation through gaming and interactive incentives

As part of budget 2023, a $40m production expenditure rebate scheme called The Game Development Sector Rebate (GDSR) was launched to stimulate local game development. This rebate is for eligible expenditures, at a rate of 20%, administered through New Zealand on Air (NZOA). Rebate payments are capped at $3m per annum and the minimum qualifying expenditure per annum is $250,000.

While it is good that music composing and production are mentioned in the proposed eligibility criteria, it would be more beneficial for the GDSR to more closely emulate the NZSPR with a criteria points system, to encourage international spending on developing games with significant New Zealand content, and significant cultural benefits.

Representatives of SMSGNZ, NZOA, and The New Zealand Game Developers Association (NZGDA) should meet to discuss the merits of promoting New Zealand Screen Composers not only to local VR, AR, XR and game development companies, but also to international companies in the same space.

Closer collaboration with local producers to improve post-production workflow and results

It was noted in the Screen Audio Workers report, that one of the biggest frustrations faced by post-production sound workers is that Producers:

- Do not always create realistic budgets or schedules
- Do not always allow for appropriate contingency in the budget during production
- Sometimes work off too small an amount of funding in the first place, and hope for kind hearts and goodwill from post-production workers to finish the job
- Leave post-production as an after-thought, rather than something to be seriously budgeted for in advance.

One way to mitigate these frustrations would be to hold collaborative business workshops in conjunction with other guilds and associations such as SPADA, where these budgeting issues can be addressed, practical solutions tabled, and information shared with members to make sure that sound post-production workers have a reasonable workload and are not bearing the burden of unreasonable expectations.

Incentivising production for the benefit of the New Zealand economy

Rebate incentives are essential to the screen industry and the local economy.

The rebate incentives underpin international attraction and stimulate local production, to encourage:

- International productions to choose New Zealand filming destinations
- Crew job opportunities and experience levels to flourish

- Peripheral industries to benefit from production expenditure, in turn adding to the domestic economy.

The screen rebate incentives sustain the industry and enable the sector the opportunity to flourish by remaining attractive and competitive.

By incentivising production, and more specifically sound post-production and scoring for the screen in New Zealand, this will in turn support a more stable, happier, skilled and experienced screen audio workforce. .By extension, this will help build our reputation and attraction power as NZFC and the Regional Film Offices of New Zealand (RFONZ) increasingly focus on attracting large-budget international productions to New Zealand, also encouraging them to stay for post-production and scoring.

New Zealand's production and post-production attraction power is intrinsically linked to New Zealand's economic success, where sector expenditure is close to 3.5 billion dollars annually, including the extended economic benefits for adjacent supporting industries such as tourism, hospitality, retail, transport and construction.

A strengthened New Zealand screen sector means a strengthened New Zealand economy.

Strategy proposals – enhancing international opportunities

- **RFONZ meeting:** RFONZ and the NZFC work more closely with SMSGNZ and collaborate more when it comes to post-production attraction. Then develop a strategy and action plan for promoting the professional and economic benefits of using NZ Screen Composers, orchestras and music production / sound editing facilities through the various rebate schemes, to international companies.

- **Memorandum of Understanding:** Create an MOU with NZFC and RFONZ about engaging and consulting when it comes to attraction strategy, policy

policy and marketing, as well as the creation of promotional and marketing documents. All three organisations should discuss how they can work in a more coordinated way to improve opportunities for screen music and sound workers in New Zealand.

- **Amending the NZSPR criteria document**: NZFC amend section B7 of Appendix 3 in their NZSPR International Criteria document, by changing the wording in that title to 'Sound Post-Production *and Music* in New Zealand' to clarify and highlight that music production and scoring is considered part of 'post-production sound' in relation to the 5% uplift rebate

- **Amending the NZSPR criteria points system:** Alternatively (and preferably), NZFC update the criteria points system for sound post-production so that screen music composing is distinct *and additional* to sound post-production, to further incentivise international productions to use local Screen Composers.

- **Clarification of VR, AR and XR rebate qualification criteria:** That NZFC / NZOA clarify whether VR, AR and XR productions would qualify for a rebate under NZFC's PDV rebate, or instead, through NZOA's local gaming rebate scheme, and if local post-production and scoring done on these would earn criteria points for local rebates as well. If neither NZFC or NZOA offers this kind of PDV rebate for the purposes of international interactive attraction, discussions should begin about how to institute this for VR, AR and XR productions.

- **PDV Incentives:** NZFC and SMSGNZ work together to make the PDV incentives more internationally attractive. This could include discussing the pros and cons of removing the requirement of forming a Special Production Vehicle (SPV) in order to access the PDV rebate.

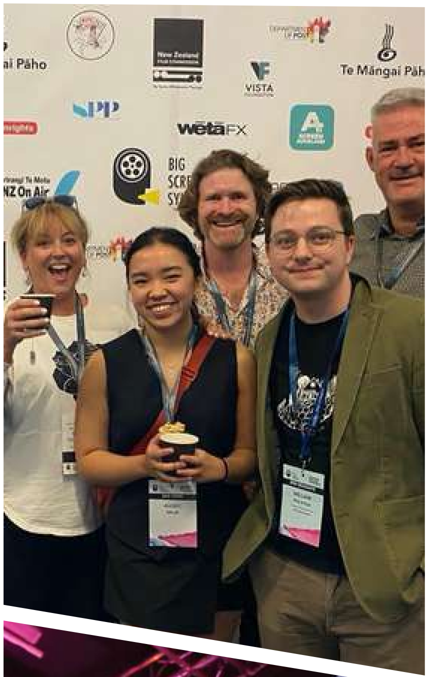
- **Marketing - promoting diversity:** NZFC, RFONZ and SMSGNZ work together to look at creating bespoke marketing material promoting women and BIPOC (Black, Indigenous, People of Colour) - who work in the local sound post-production and composing communities - to international Producers, line Producers, directors and studios, including gaming and interactive companies.

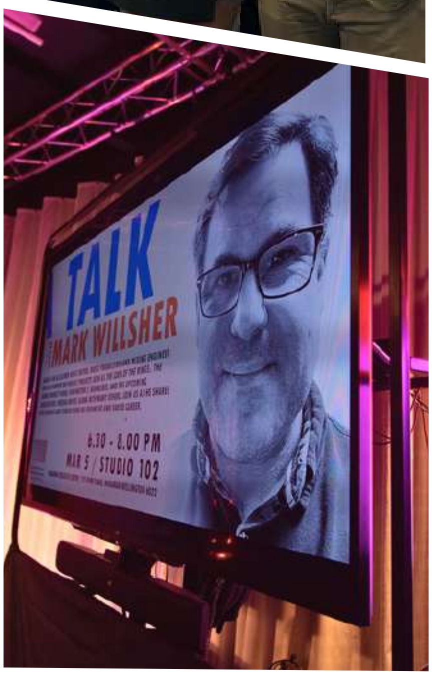
There are often international incentives relating to inclusion and diversity, which may enhance work opportunities for composers here.

- **Marketing - collateral development:** NZFC, RFONZ, and NZOA collaborate with the local post-production community (including SMSGNZ) to create a post-production attraction document or brochure, where there is a section devoted to sound and music post-production. This could link to the SMSGNZ site and directory, and highlight the calibre of NZ Screen Composers, orchestras, sound post-production workers, and post-production facilities, including the National Music Centre sound stage when it is ready for use.

- **Marketing - clarifying and promoting sound and music incentives:** In this sound and music section there should be an incentives sub-section relating to rebates, highlighting:

  —The 20% NZSPR rebate
  —That international productions using New Zealand Screen Composers can earn criteria points towards receiving the additional NZSPR 5% uplift rebate, for live-action productions shot in New Zealand
  —There is also a separate NZSPR post-production rebate for work that is PDV only, which qualifies for a 20% rebate of QNZPE
  —There is a 20% expenditure rebate available through NZOA's Gaming Sector Development Rebate (GDSR), which eligible international gaming and interactive productions can receive for similar finishing work.





- **Marketing - identifying and targeting potential post-production customers:** This post-production attraction document should be distributed by NZFC, RFONZ and SMSGNZ, not only to targeted international studios, screen production companies, directors, Producers and line Producers who may be interested in filming live action in New Zealand, but also to those who may be interested in doing *PDV-only work* in New Zealand.

- **Marketing - identifying and targeting potential gaming, VR / AR / XR customers:** SMSGNZ, NZOA and NZGDA can also work together to distribute this post-production attraction document, to *international gaming companies,* and also to VR, AR and XR production companies, once that rebate eligibility issue is clarified.

- **Updating wording on rebate documents:** NZFC and NZOA work with SMSGNZ to agree on and update wording on their relevant rebate documents once the issues above have been resolved, clarifying:
  —How their rebates work for international companies seeking PDV or finishing rebates
  — How using New Zealand Screen Composers, post-production sound workers and facilities enhances eligibility for these rebates
  — How these rebates will be administered.

- **Highlighting the benefits to internationals of staying for post-production work**: NZFC and RFONZ could highlight to international studios, screen production companies, line Producers and directors, the benefits of not only shooting in New Zealand, but of also staying for post-production via the New Zealand Screen Production Rebate (NZSPR), in turn increasing work opportunities for Screen Composers.

- **Closer relationships with Australian screen organisations:** SMSGNZ should also establish closer relations with Australian screen music and sound guilds, and associated organisations. This would allow for better information sharing, opportunity sharing and relationship building, which could generate more work opportunities for local screen music and sound workers. This is especially true, if through Australia's more competitive production expenditure rebate scheme, Australia ends up attracting more work than they can handle, and they need to outsource sound post-production and scoring work to New Zealand workers and facilities.

Strategy proposals – enhancing local opportunities

- **Continuing the Fresh Shorts programme:** NZFC and SMSGNZ should discuss the merits of continuing the Fresh Shorts programme to keep the skills of local industry practitioners sharp, provide more frequent work opportunities for screen audio workers and composers, and provide an entry-level pathway to those practitioners who are new to the industry.

- **Repayment terms for private investment**: NZFC and SMSGNZ should discuss the pros and cons of changing the repayment terms for private investment, regarding positioning NZFC and private investors on an equal footing. There is sentiment that equal footing could have an adverse impact on attracting private investment and make it even more difficult to get projects over the line.

- **Publicising and encouraging local Producers to use local rebate incentives:** NZFC could draw the attention of local NZSPR applicants specifically to the sound and music post-production element of the criteria document (Section B3), highlighting that applicants can gain 1 criteria point on the Significant New Zealand Content test, if they use at least 50% New Zealand Music Recording, Voice Recording and Audio Post-Production. By accumulating 20 criteria points out of a possible 32 on this test, local Producers can more readily access a 40% production expenditure rebate up to $15m Qualifying New Zealand Production Expenditure (QNZPE).

- **Updating criteria points for local Producers:** NZFC could add using New Zealand Screen Composers as a separate criteria point, so that it is distinct from and additional to sound post-production, further elevating the incentive for local productions to use local composers, orchestras and music recording facilities.

- **Local funding agencies encourage the use of local Screen Composers:** NZOA and TMP could highlight to their applicants the benefits of using local Screen Composers on their productions when they are applying for funding.

Conclusion

By implementing the strategies proposed above, the SMSGNZ can not only address the current challenges facing the screen audio workforce in New Zealand, but New Zealand can also re-emerge as a preferred destination for international film, television and screen productions, providing meaningful and well-compensated work for sound production workers, sound post-production workers, and Screen Composers. This, in turn, will strengthen the local industry, foster talent retention, and contribute to the overall growth of New Zealand's screen sector.

Footnotes

Footnote 1
Qualifying New Zealand Production Expenditure (QNZPE)

QNZPE is eligible spend incurred by the applicant on a production in New Zealand.

In general, this means:

- Services provided in New Zealand
- The use of land located in New Zealand
- Goods purchased, hired or leased in New Zealand, provided they are sourced from within New Zealand
- Goods sourced from overseas, provided those goods are not otherwise available in New Zealand, are located in New Zealand during the making of the production and are purchased, hired or leased from a New Zealand resident who typically supplies that type of good.

QNZPE also includes the fees and expenses of non-New Zealand residents who work on the production in New Zealand, provided (in the case of non-cast

members) they work on the production for at least 14 days in total.
Further details, including exclusions to QNZPE, are set out in section 3 of the Criteria.

Footnote 2
QNZPE – International Thresholds and Rebate

If an international production meets the minimum QNZPE threshold, they then qualify for a 20% rebate of their New Zealand expenditure (with the ability to qualify for an additional 5% if they also meet additional uplift criteria).

Feature film (theatrical release)	NZ$15m
Television and other non-feature	NZ$4m
Post, Digital and Visual Effects Rebate	NZ$250,000

Footnote 3
QNZPE – Local Thresholds and Rebate

If a local production meets the minimum QNZPE threshold, they then qualify for a 40% rebate of their New Zealand expenditure, capped at $6m, with the ability to qualify for an additional rebate (– see appendix 4 –) if they also meet additional criteria.

The production should have significant New Zealand content and meet the relevant points test, or be an official co-production.

Only experienced Producers should apply for this.

Feature Filim (theatrical release)	$2.5m total
Single episode programme scripted	$1m total (no less than $800,000 per hour)
Single episode programme unscripted	$250,00 total
Series of programmes scripted	$1m total (no less than $500,000 per hour)
Series of programmes unscripted	No less than $250,000 per hour
Short form animation	$250,000 total (no less than $400,00 per hour)

Footnote 4

QNZPE – Co-Production Thresholds and Rebate

Co-productions certified as an 'official' co-production qualify for a 40% rebate on their QNZPE if they also meet all other relevant criteria, as long as they are deemed to have significant New Zealand content.

The individual applicant must be a New Zealand citizen, or a New Zealand permanent resident, and have a Producer participating from each co-producing country.

The New Zealand creative contribution is measured through a points test, which can be found from page 7 onwards of the NZFC Co-Production Guidelines document.

New Zealand has co-production treaties or agreements with Australia, Canada, China, Chinese Taipei, Denmark, France, Germany, India, Ireland, Israel, Italy, Poland, The Republic of Korea, Singapore, Spain, South Africa and the UK. A treaty with Brazil is currently in negotiation.