

**BEFORE A COMMISSIONER APPOINTED BY THE CHRISTCHURCH
CITY COUNCIL**

IN THE MATTER OF

the Resource Management Act 1991

AND

IN THE MATTER OF

RMA/2022/517 – Proposed Digital
Screen Campus, 129 Waimairi Road,
Ilam

STATEMENT OF EVIDENCE OF FELICITY LETCHER

**(THE SCREEN SECTOR, THE NEED FOR THE FACILITIES PROPOSED
AND BENEFITS OF THE PROPOSAL)**

Dated: 8 August 2022

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1 INTRODUCTION

- 1.1 My name is Felicity Letcher. I am a freelance consultant in the creative and screen sector based in Tamaki Makaurau. In my consultancy work, I am regularly engaged to support regional economic development initiatives that involve screen and the creative industries, including working with Regional Film Offices that typically operate inside economic development agencies.
- 1.2 In June 2021, I prepared a report for New Zealand Trade and Enterprise (NZTE) on the demand for small and medium sized studios, and virtual production voids, in regional areas of New Zealand. This study expanded on the *New Zealand Film Studio Study*, prepared by Olsberg SPI for NZTE. The Olsberg *New Zealand Film Studio Study* was a comprehensive survey of existing studios and infrastructure in New Zealand¹. As part of my report for NZTE, I considered the constraints on the growth of the screen industry in regional locations and the economic benefits which screen development in those regions would bring.
- 1.3 I am currently working on other screen and creative projects which are focused on raising capability within the screen and creative sectors, and regional development initiatives.
- 1.4 I am also a creative mentor and teacher on the Wayfind Business for Creatives programme – a pilot Creatives for Business programme funded by the Ministry of Social Development. Until recently I was the partnership manager of AMO Studios, based in Tairāwhiti. I also developed the industry ākonga placements for Toro Academy – a Maori led animation boot camp programme based in Hamilton and was part of the kaitiaki programme development.
- 1.2 I ran Main Reactor (a leading props and makeup effects company within Auckland for over twenty years). I have also led production,

¹ Olsberg SPI is a creative industries consultancy, specialising in the global screen sector. It provides expert consultancy and strategic advisory services to the public and private sectors. Olsberg SPI has prepared a number of reports on the screen sector and its benefits: *New Zealand Film Studio Study* by Olsberg SPI 2020, prepared for NZTE; *The Impact of Film and Television on Economic Recovery from Covid 19, 2020* – shared as a white paper; *Economic Impact of the New Zealand Aotearoa Screen Production Sector*, prepared for the New Zealand Film Commission 2022.

gaming, theatre and dance companies, giving me a deep understanding of creative and screen companies.

- 1.3 In 2019 I established the Auckland Studio Working Group, which consisted of local government, national government and industry stakeholders, to examine the industry needs for studios in Auckland. This work helped to inform the work done by Auckland Unlimited during the development of the additional infrastructure required in Auckland to support *Lord of the Rings*. I have worked for Auckland Unlimited (Auckland Council's economic development agency) on the attraction of Amazon and Netflix Originals, and developed the Screen Development programme that has since been continued by Auckland Unlimited and the screen industry.
- 1.4 I was part of the foundation group that set up the Screen Strategy 2030 - an industry led strategy for the Screen sector - and helped to write and co-ordinate the capability recommendations within the strategy published in October 2020. During Covid, I developed and led the *Screen Sector Covid 19 Action Group* which has been recognised for getting the first Screen safety rules approved by central government in the world and lobbied for Screen to be included in the stimulus package by central government.
- 1.5 In October 2020, I was invited to run an industry workshop with Screen Canterbury which informed the Screen Canterbury Action Plan which I authored. This has formed the basis of Screen Canterbury's KPI's over the next three to five years.
- 1.6 I have been asked to provide evidence in relation to the Dovedale Digital Screen Campus proposal, to describe the need for the facilities proposed and the wider benefits that will be generated by a proposal such as this.
- 1.7 In preparing this evidence I have read and had regard to the following:
 - (a) The AEE;
 - (b) The s42a report; and

- (c) Relevant evidence prepared by other witnesses for the Applicant (that of Ms Nuthall, Dr Phelps and Mr Brady).

1.8 I have read the Code of Conduct for Expert Witnesses contained in the Environment Court Practice Note 2014. I have complied with it in preparing this evidence and I agree to comply with it in presenting evidence at this hearing. The evidence that I give is within my area of expertise except where I state that my evidence is given in reliance on another person's evidence. I have considered all material facts that are known to me that might alter or detract from the opinions that I express in this evidence.

2 **SCOPE OF EVIDENCE**

2.1 My evidence addresses:

- (a) The issues, opportunities and benefits around the creative and screen sector in New Zealand and in its regions;
- (b) The existing screen sector in the Christchurch and Canterbury context, and industry limitations and gaps in those areas;
- (c) The need for a film studio campus in Christchurch and its economic benefits;
- (d) The benefits arising from co-locating education, research and development and industry together at the proposed Digital Screen Campus; and
- (e) International examples of co-locating education and film studios, and the success of that model.

3 **SUMMARY**

3.1 A variety of reports and studies on the Creative and Screen sectors illustrate the importance of the Creative Industries and Screen Industry to New Zealand and to economies internationally. The screen industry has significant positive economic impacts on those economies with a recent study showing that in New Zealand, the direct impact of every NZ\$1 invested results in a total of \$6.15 return on investment. This includes NZ\$1.92 Direct Impact, NZ\$3.36 Indirect Impact and NZ\$.88 Induced Impact.

- 3.2 The creative industries (including screen and gaming) are growing internationally and in New Zealand due to demand for content internationally, and have been resilient through Covid 19.
- 3.3 Christchurch has a screen industry that was impacted by the earthquakes and was not able to capitalise on the rapid growth in in the Creative and Screen sectors. It now has the opportunity to capitalise on the illustrated growth of those sectors through the University's proposed investment in infrastructure and developing crew at the proposed Digital Screen Campus.
- 3.4 The Digital Screen Campus proposal aligns with the goals of the creative industries' own development goals stated in Screen Strategy 2030, We Create and the New Zealand Game Developers Strategic Report. The proposal also activates the stated creative strategy ambitions of Christchurch and the potential regional economic impacts outlined in the 2020 *New Zealand Film Studio Study* undertaken by Olsberg.
- 3.5 The proposed campus will provide an essential facility and digital creative hub that will generate extensive opportunities for the development of the creative industries in Christchurch, Canterbury and Aotearoa. The campus strongly links the need for purpose built world class facilities to industry partnerships, research and (most importantly) the development of skills and capability as one integrated value proposition. It will create a unique work integrated learning environment that provides connections for students to global screen projects, and innovative research and development that will create globally capable graduates. Work integrated learning models are essential in New Zealand for all new film studio developments as crew remain one of the key constraints for New Zealand and internationally to the growth of the screen sector.
- 3.6 The impact on regional economic development from the development of this sort of facility in Christchurch will be significant, increasing opportunities to grow screen and gaming production, and enabling productions (both domestic and international) to be based in Christchurch. The flow on effect from this injection of activity will ripple through directly related industries in the economy and to other

related industries including tourism and international education. At a local level, the benefits will be spread across a wide range of the services and suppliers needed by production companies.

- 3.7 The Digital Screen Campus proposal has significant advantages over other film studio proposals in the South Island. It will augment film studio capability in the rest of New Zealand for domestic and international producers, rather than compete with other consented developments which are still in their infancy. The University's proposal is unique in terms of its investment and operating model. This new approach, founded on an existing education model and located on an existing site with teaching and research capabilities will make it highly successful.

4 **ISSUES, OPPORTUNITIES AND BENEFITS – NEW ZEALAND CREATIVE AND SCREEN SECTOR**

- 4.1 There have been a number of key industry studies and strategies that have informed the identification of issues, opportunities and benefits associated with the creative and screen sector in New Zealand and in its regions. These are listed in Appendix 1 to my evidence. The key conclusions of these documents can be summarised as follows:

- (a) Nationally and internationally, New Zealand has not kept pace with film studio demand;
- (b) The main industry offering is in the North Island, in Auckland and Wellington, and Auckland is at capacity;
- (c) There is a demand for regional film studios, and Christchurch exhibits strong factors that make it a preferred region;
- (d) Canterbury, while popular for location based filming, it not attractive as a production base due to lack of film studio facility offerings, resulting in lost opportunities in a vibrant and growing sector;
- (e) The screen industry creates a significant economic opportunity with massive global spends (US \$177 billion, with 14 million FTE jobs, 9.8million indirect jobs, and a total economic impact

of US \$414 billion – 2019 data). There is significant opportunity in New Zealand for more central government incentives to attract and host the international screen industry here;

- (f) The Creative industries as a whole in Aotearoa is valued at \$17.5 billion in GDP and generates 131,000 jobs in total²;
- (g) Screen industries create the opportunity for a large amount of economic activity and spend locally and regionally within short periods of time, with a large proportion of that spend (60%) benefitting the wider economy;
- (h) The direct impact of every NZ\$1 invested results in a total of \$6.15 return on investment. This includes NZ\$1.92 Direct Impact, NZ\$3.36 Indirect Impact and NZ\$.88 Induced Impact;
- (i) A comprehensive offering is required (i.e. not just sound stages). Supporting infrastructure and access to labour and appropriate skills are a key part of a successful offering. The use of a mixed model backed by investors with a long-term view (such as a tertiary education provider) will be critical to an offering being successful;
- (j) Development of enterprise training and an investment programme is needed to strengthen the skills amongst business owners and producers to expand their businesses and develop new markets and support the industry;
- (k) Virtual production is a growing part of the screen sector internationally and nationally, and New Zealand has the tools to cater well for this industry, but needs to keep pace to remain in a position to deliver;
- (l) There is a need to strengthen the telling of Māori stories by Māori storytellers and accelerate the development and protection of home-grown intellectual property for local and global audiences; and

² We Create 2020

- (m) A creative approach is needed towards partnerships, to teaching and to funding, as well as addressing issues that impede growth of the arts and creative sector.

4.2 My own research for NZTE found that there is demand for regional film studios in certain areas of New Zealand (such as Christchurch) which are already exhibiting key factors required for investment in such studios to be successful. These factors include:

- (a) Evidence of some activity currently happening in a region on an ongoing basis with a mix of domestic and international line production projects;
- (b) Locations that can be easily accessed within an hour of a film studio site;
- (c) Regional government support for film studios and the screen sector;
- (d) Creative economy and production companies already operating successfully in the region;
- (e) Crew who are based in the region; and
- (f) Business supplies and support (both industry specific and general support).

4.3 There is a real financial risk in building film studio bases, which explains why none have been built outside of Auckland and Wellington to date. My study also found that regional film studio development may require a different, more deliberate approach that uses a mixed model of investment, in order to minimise investment risk and develop the screen sector in the regions.

5 **THE EXISTING SCREEN SECTOR IN A CHRISTCHURCH AND CANTERBURY CONTEXT**

Summary of the Existing Christchurch Screen Sector and Key Agencies

5.1 Christchurch is currently used as a second unit location base (a base for smaller crew who film primarily the location based action) for large international projects, local commercials and locations for

domestic productions. Production bases for these projects have been in Auckland and Wellington where there are production hubs and film studios. While Wellington and Auckland have developed screen infrastructure and crew depth, Christchurch's growth has been hampered by the hangover effect of the earthquake and lack of facilities to cater for base productions.

- 5.2 Christchurch currently receives the second highest amount of investment from NZ on Air in the country, and 9% of regional production filming funded by New Zealand Film Commission (NZFC) through the NZ Screen Production Grant (SPG) and Discretionary funding. Christchurch/Canterbury was the second choice of regional locations after Dunedin/Otago for NZFC and SPG productions from 2014 – 2021.
- 5.3 Christchurch is the traditional home of children's television. Whitebait TV and animation company Stretchy are based there. Both have international reputations and produce international content. This is reflected in the level of NZ on Air spend in Christchurch.
- 5.4 Christchurch currently has 400+ crew listed on the Screen Canterbury crew list – 170 have long form credits and 100 are on the feature film crew list. However, in terms of labour and resourcing, crew are transient and move to where the work pipe line is. We saw this with the development of Auckland as a filming centre in the 1990's, when crew moved from Wellington to Auckland. Crew have also moved around centres to be located closer to film studio hubs and a large number of New Zealand crew are currently based in West Auckland, close to the proximity of the three film studio complexes there.
- 5.5 Some limited tertiary training (including polytechnic and private training) is based in Christchurch. ARA's New Zealand Broadcasting School and Yoobee provide animation, production, and post-production and VFX courses.
- 5.6 In terms of relevant local agencies supporting the sector, Screen Canterbury has been operating for three years and its key role is to attract screen industry to the region and leverage opportunities for the benefit of the region and facilitating those.

- 5.7 Screen Canterbury has an active screen action plan (developed in 2020) and is recognised as one of the most progressive active Regional Film Offices in Aotearoa. Its screen action plan includes several key initiatives including the development of a regional incentive, skilled workforce and crew and purpose built film studios as priorities. These were seen as the key interventions that were needed to increase the number of productions coming to film in Canterbury.
- 5.8 Christchurch NZ (as part of the action plan) administers a regional incentive fund of \$1.5 million to attract productions to Canterbury. The aim of the regional incentive is to attract production companies by offsetting the costs involved in locating productions outside of the traditional filming areas of Auckland or Wellington, in exchange for skills and talent development. Applicants must show benefit to Canterbury including the likely number of Canterbury shoot days, likely number of Canterbury based crew, that new jobs are created, number of businesses engaged, and the number of trainees that will be used.
- 5.9 The regional incentive has been operating for three rounds and I understand has so far awarded grants to 8 projects – 3 feature films, 1 virtual production, 2 feature documentaries, 1 docu series and 1 drama series. One project is complete – a virtual production project produced in collaboration with University of Canterbury. The next project (a feature) starts shooting in July – Te Motu. This is the production referred to in Caroline Hutchison’s evidence. The drama series (which has not yet been filmed) is considered one of the biggest successes of the incentive grant. It is unknown at this stage where they will be based for filming. The regional incentive has increased the number of projects looking to film in the area and is performing above expectations³.

³ Information from Screen Canterbury.

The Locational Advantages of Christchurch and Canterbury for the Digital and Screen Sector

- 5.10 Christchurch and the Canterbury area includes the much-desired West Coast and Mt Cook as part of the filming region. Christchurch provides a gateway to the rest of the South Island including Dunedin, Oamaru, the Mackenzie District, Queenstown, and Wanaka.
- 5.11 The Canterbury region has previously been used as an on-site filming destination for films such as *Mission: Impossible Fallout* (2018), *Mulan* (2018), *The Hobbit* (2012 – 2014), *The Chronicles of Narnia* (2005), and *Lord of the Rings* (2001-2003).
- 5.12 Christchurch, as the second largest city in the country, has the full range of national suppliers in construction, engineering and wider support companies but remains limited in specific screen equipment suppliers due to the lack of a film studio there
- 5.13 The liveability of the region is also high with good entertainment, accommodation and lifestyle amenities. It also has an international airport providing a key transport linkage needed for film studio development that is lacking in other South Island areas such as Wanaka and Dunedin. The availability of affordable houses, which is lacking in Auckland, Wellington and areas like Queenstown and Wanaka in the South Island, also creates a favourable environment for film studio development in Canterbury.
- 5.14 In the UK, some regional film studio complexes are considered complimentary to main filming centres. Main filming centres (such as in Liverpool) are often subject to constraints. These constraints include being required to rest locations because of overuse, and the inability to shut down large sections of a city. Some of those constraints are present in the Auckland region where, for example, West Coast beach locations need to be rested for periods.
- 5.15 Christchurch and Canterbury do not have the constraints present in Auckland. Christchurch can close motorways and major roads more easily.

Current Film Studio and Production Offerings in Christchurch and Canterbury

5.16 Canterbury currently has three small studios (82m² – 122m²)⁴ that suit commercial, stills and children’s television activity. These have been the backbone of the current production environment there. While on paper these may be available to incoming productions, they are considered too small, not providing sufficient office, mill and parking and are often at capacity with current workflow.

5.17 The development of film studio facilities in Christchurch will increase the interest and attractiveness of Christchurch as a main base for productions domestically and internationally.

The Wider South Island

5.18 Regionally, in the wider South Island, there are warehousing and offices available in Dunedin that has been used as a studio facility over the past two years. Queenstown has a set of ad-hoc production offices (based in hotel rooms), wardrobe, makeup rooms that have been used by One Lane Bridge over consecutive series.

The Gaming Industry in Christchurch and New Zealand

5.19 The New Zealand gaming industry, although coming from a lower base, is growing fast, with the New Zealand based gaming industry on a healthy growth curve (see Figure 2 below).

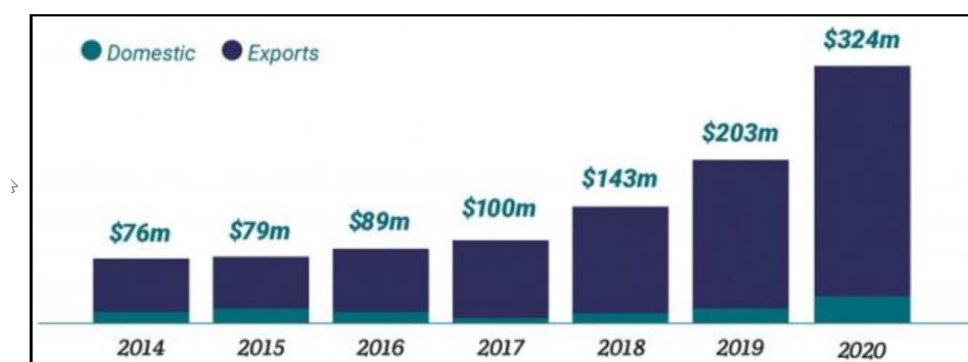


Figure 2: Revenue generated by New Zealand game development companies. According to the NZGDA, NZ interactive games grew \$120m during Covid-19 (source NZGDA 11 December 2020)

⁴ Data from Screen Canterbury.

- 5.20 Gaming has been extremely resilient in the face of Covid 19 with 66% of New Zealand gaming companies remaining stable or increasing their revenue despite Covid 19. The job growth in 2021 was 30% across the gaming sector⁵.
- 5.21 Gaming, AR, and VR have a strong base in Christchurch Canterbury which is augmented by the engineering faculty at the University of Canterbury (described in Dr Phelps' evidence). These factors combine to make virtual production a potential focus for any future film studio.
- 5.22 Christchurch gaming companies make up approximately 14% of New Zealand Gaming revenue. These include Cerebral Fix (the largest game developer in Christchurch with over 30 – 40 employees who contract to Disney) and Digital Confectioners (13 full time employees and 20 contractors who contract to Fortnite).
- 5.23 My *Demand for Regional Studios* study did note that Christchurch was the most likely place to have virtual production capability due to the size of the city, its ability to support larger productions, the strong presence of gaming companies and the current R&D facilities and focus at University of Canterbury.

Industry Limitations and Gaps in Christchurch and the Region

- 5.24 Limitations and gaps based on my investigations for NZTE include:
- (a) Film studio facilities with offices, parking, wardrobe, art department and backlot for mid-size and larger productions;
 - (b) A crew base for larger and multiple productions requiring 200+ crew and talent; and
 - (c) Specialist equipment such as grip, camera, and lighting.
- 5.25 Alongside the lack of studios, the lack of crew remains one of the largest constraints on the growth of the screen sector – not only in Christchurch, but in Aotearoa and internationally. New Zealand crew

⁵ 2021 NZ Games Industry Survey Results.

are highly respected internationally for creativity, problem solving and skill base.

- 5.26 In order for a regional film studio to be successful, it must look at what crew base already exists in a particular region, and then actively invest in building it up.

6 **NEED FOR A FILM STUDIO IN CHRISTCHURCH**

- 6.1 While screen production has grown rapidly in New Zealand, film studio capacity has not kept pace⁶. The growth in digital streaming is luring big media companies into the content space with annualised investment of \$2 billion to \$15 billion in producing episodic TV and films in the international market place. Canterbury will be unable to benefit from that investment unless purpose-built infrastructure is developed to support the demand. This is even more significant when over 80 major feature films wanted to come to New Zealand but withdrew due to the standard of the film studio infrastructure⁷.

- 6.2 My *Demand for Regional Studios* study identified that the existing base of gaming, animation and tertiary providers in Christchurch created strong potential for a film studio focused on innovation, virtual production and all stages of the production cycle.

- 6.3 In my opinion, Christchurch is in immediate need of at least three more industry specific sound stages, a good sound recording studio and post production facilities to support traditional film production, gaming production, pre and post production and virtual production.

7 **ECONOMIC BENEFITS OF A REGIONAL FILM STUDIO IN CHRISTCHURCH**

- 7.1 A 2019 economic impact report commissioned by ChristchurchNZ⁸ estimated the additional economic value for Canterbury as new investment in the screen industry is attracted to the region. The report found that by increasing the attractiveness of Canterbury as a location for the screen industry and thereby increasing the

⁶ *Olsberg Studio Study 2020*, p4

⁷ *Economic Impact of Screen in Canterbury, Executive Summary*

⁸ *The Economic Impact of the Screen Entertainment Industry in Canterbury* by David Dyason for ChristchurchNZ, 2019, p7 - 11

percentage of screen investment brought to the region, this could lead to new employment totalling 703 and \$78 million for screen and gaming of additional Gross Value Added (Dyason, 2019).

- 7.2 The Dyason report was written when the Amazon *Lord of The Rings* project had announced New Zealand as the production base for its new series. This offered a multi-year injection of potential revenue for locations where the production might film or choose as a production base. The study looked at the impact of increasing Canterbury's industry share of that spend to 5%, capturing 5% of total spend from the Amazon project, and an additional 5% of new gaming business sales into Canterbury. It used the 2017 economic structure of the Canterbury economy.
- 7.3 The study highlighted that Canterbury can take advantage of the expanding international screen industry by investing in suitable infrastructure to increase the attractiveness of the region and attract new businesses. It does not detail what infrastructure may be required in terms of film studio size, makeup or capability.
- 7.4 A 2020 report prepared by Olsberg SPI assessed the impact of the New Zealand Screen Production Grant (SPG) on the New Zealand economy. That report found that the direct impact of every NZ\$1 invested results in a total of \$6.15 return on investment. This includes NZ\$1.92 Direct Impact, NZ\$3.36 Indirect Impact and NZ\$.88 Induced Impact. The SPG is one of the main investment tools used by the New Zealand government to attract investment into New Zealand based screen productions destined for an international market, and international line productions who locate their productions here. The SPG is available to all tiers of production across the screen sector, from New Zealand productions (providing a 40% rebate on \$2.5 million minimum spend) and international line productions (providing a 20% rebate on a \$15 million minimum spend for Feature Films and a \$4 million minimum spend for TV Series).
- 7.5 The rate of expenditure as part of a mid-size production is immediate and faster than in other industries. It provides an injection of money

directly to crew, studio and related suppliers over a minimum 6 week to 24 month period (depending on the size of the project).

- 7.6 Costs to a production are on average \$2,500 per person per week⁹ for out of town crew, including accommodation, per diems and car rental in addition to weekly wages. This money is all spent in the region during typically a 6 week to 24 month period, depending on the size of the production. This makes incoming crew more desirable and valuable than incoming international tourist who might only stay two to three days in the region.
- 7.7 Currently, crew being brought into the region for filming is roughly calculated as 60% from Auckland or Wellington and 40% being local crew – although this may vary depending on the size and nature of the production. Increasing training and therefore the crew capacity in Christchurch itself will move this split to 60% Christchurch and 40% from other centres.
- 7.8 My *Demand for Regional Studios* study notes that television production (after the first season) can provide consecutive years of pipeline and continuity to an area. Examples of this are mainly found in Auckland including domestic productions such as *Shortland Street* and *Brokenwood Mysteries* (which both started out as NZOA funded projects but are now supported entirely by domestic and international sales) and *Power Rangers* which has been produced in New Zealand since 2002.
- 7.9 There are also spill over benefits into other industries such as tourism (a case study for which is the continuing success of Lord of the Rings as a driver of New Zealand Tourism) and international education. International education in particular would have a huge impact on the regional economy through the attraction of additional students to an international screen hub as proposed in the Dovedale Screen Campus model.

⁹ *Demand for Regional Studios* study, p25

8 **BENEFITS OF CO-LOCATION**

- 8.1 The proposed Digital Screen Campus will be the first of its kind in New Zealand and the South Island – combining education, employment opportunities, research and innovation in one campus. By combining the focus on converged digital production, the future of the industry, gaming and screen production, education and research, the facility future proofs itself to be flexible, nimble and well placed to grow in the direction the sector is growing as a whole.
- 8.2 The size of the proposed Digital Screen Campus will enable it to focus on projects and relationships that offer a pipeline of continuity such as TV series, animation and gaming. Combined with developing local productions through the regional incentive, these projects may occur over multiple years, providing stability and continued growth.
- 8.3 Film studio campus models, such as the Digital Screen Campus, offer a unique blend of industry specific requirements, interconnected and complementary services, and a complimentary ecosystem of which Screen is one of many interconnected creative industry activities being done on one site.
- 8.4 I refer to the evidence of Robyn Nuthall and Dr Andy Phelps on the model of work integrated learning being proposed for the Digital Screen Campus. This is a leading model which reflects needs expressed by the industry domestically and internationally; skills and training need to be developed hand in hand with industry to ensure that the right kind of skills are developed as part of an actual work pipeline. This proposal answers this massive constraint, not only for Canterbury but the needs of Aotearoa and the international workforce. Crew trained at the Digital Screen Campus who wish to remain in Canterbury will be able to do so as a result of the ongoing production activity undertaken there.
- 8.9 For productions, using students is part of their commitment to training and capability raising which is a key part of the New Zealand SPG grant, the ChristchurchNZ regional incentive and an emerging key priority for the New Zealand production sector as expressed in the New Zealand Screen Strategy.

- 8.10 The Digital Screen Campus model provides an international standard purpose built end to end facility that provides New Zealand and global productions with globally recognised research and development expertise in a fast changing technology driven environment, producing globally capable screen workforce that will be in demand in New Zealand and internationally.
- 8.11 The model also pre-empted the move by Workforce Development Council Toi Mai to bring the relationship between industry and polytechnics closer to ensure employment challenges and the future of work is adequately addressed.
- 8.12 Currently no education proposals in New Zealand address the entire production life cycle from conception through to sales. As such, the business skills and capacity of production companies and screen entrepreneurs is largely underdeveloped. This was highlighted by the Screen Sector Strategy 2030 that called for enhanced enterprise training and funding programmes to be developed.
- 8.13 The co-location of an innovation hub provides an important opportunity for productions to actively draw on research and development as part of their production workflow. This can be particularly attractive to certain clients who are looking to use virtual production or explore new aspects of creative technology as part of their productions. Research and development have been a key trait of New Zealand filmmaking and an important factor in attracting productions to New Zealand. New Zealand productions and companies have been at the forefront of the development of virtual production. *Lord of the Rings, The Hobbit, War for the Planet of the Apes and Avatar* all pioneered new developments in technology such as blue and green screen, motion capture and simul cam¹⁰. The co-location of the innovation hub and R&D at the Digital Screen Campus would be similar to the co-location of Weta Workshop, Weta Digital and Park Road Post to Stone Street studios – providing complimentary added value services on site for the productions to use.

¹⁰ *Regional Studio Demand Study*, p6

8.14 The Covid-19 disruption has accelerated the opportunities for the screen industry to increase content production to secure a greater market share of the well-documented international content demand. This creates two possibilities for growth in the Canterbury region – Canterbury as a host for productions (either local or international), and as also a place where content IP is originated and developed. It is essential that both visiting productions and locally developed content IP are enabled to grow in tandem, with greater emphasis on local content and IP creation, to deliver the best outcomes for Cantabrians. The Digital Screen Campus proposal allows for this across the board as it includes not just film studio facilities but will generate IP creation and new technology development.

Other Film Studio Proposals in the Region/South Island

8.15 There are currently two film studio complexes consented in the South Island; one in Wanaka and one at Templeton.

8.16 Templeton Studios proposal has a resource consent for 10 plus sound stages. It is a greenfield site, with no buildings currently in situ. Investment is still being sought for this proposal. However that site has some constraints such as its location under the airport flight path (which may affect filming outdoors), and its distance from the City and supporting infrastructure. It is not on any public transport route. I understand that Templeton is focusing on larger productions as its key market, and therefore (if it proceeds) will be complimentary to the Digital Screen Campus.

8.17 Silverlight is a greenfield Wanaka film studio development that is headed by film production crew with international profiles. The proposal is for a film studio, associated offices supporting facilities and tourism activities 7km outside of Wanaka. The plan is to create an extensive backlot and to include a film school on site. However my *Demand for Regional Studios Study* found no demand for studios in Wanaka from local or international productions. There is no international airport, there is a lack of accommodation for crew in Wanaka, expensive housing and no film school or polytechnic currently located in Wanaka. Wanaka is not used extensively as a location production hub, unlike Queenstown which is often used for

location second units. The facility has not started building and it is unknown at this time if/when this will occur.

- 8.18 The University's proposal is unique in terms of its investment and operating model. This new approach, which is founded on an existing education model, on an existing site with its teaching and research and development capabilities, means that in my opinion, it is the most likely to be successful.

9 INTERNATIONAL EXAMPLES OF CO-LOCATING EDUCATION AND FILM STUDIO DEVELOPMENTS

- 9.1 Film studio campus models are more common internationally including in Los Angeles, New York and Atlanta. The evidence of Dr Phelps refer to his experience at MAGIC (New York) which embeds work in the onsite studios as part of the students learning journey. MAGIC has been highly successful, as described in Dr Phelp's evidence.

- 9.2 Other examples of co-location include:

- (a) The Media Production Centre at Columbia College, Chicago (founded by New Zealander Bruce Sheridan (now the president of the International Association of Film and Television schools), which brings education and film studios together based on a concept of modelling professional practice within an education environment. This project also addresses the whole production chain and has seen considerable success particularly with the development of documentary filmmaking and production;
- (b) Shepperton Studios outside of London has a number of training facilities on site as part of its wider film studio offering. They utilise practitioners from across the crafts to teach during down times and proximity promotes student opportunities on productions; and
- (c) Warner Bros at Leavesden in the United Kingdom have included a creative hub as part of the next phase of film studio development.

- 9.3 These models have been highly successful because they centre all screen activity into one space, creating a synergy between the companies, productions and goods and services offered on the campus. It also de-risks the investment for investors and creates multiple strands of income outside the rental of sound stages.
- 9.4 Film studio campus models have been more common internationally where the film industry is more established. In New Zealand, film studios have been developed on a more ad hoc basis, with smaller flows of productions, so have just focused on converted warehousing close to key locations rather than co-locating with a tertiary provider.

10 **CONCLUSION**

- 10.1 This proposal is a dynamic model that addresses the need for education, graduates, research and development, new investment, leadership, recognition of creativity and the growth of capability, all on one campus. Its positive impacts on the screen industry and its regional economics will be significant and widespread. The flow on effect from this injection of activity will ripple through directly related industries in the economy and to other related industries including tourism and international education.

Felicity Letcher

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Appendix 1: Key conclusions from reports and studies on the creative and screen sector

The Economic Impact of the Screen Entertainment Industry in Canterbury by David Dyason for ChristchurchNZ - 2019

Purpose of the study was to assess the impact and potential of large scale international productions such as Lord of The Rings on economic development in Christchurch.

Key conclusions were:

- 1 Although, Canterbury has been used as an on-site filming destination, the production base of these films has often taken place elsewhere.
- 2 Canterbury can take advantage of expanding international screen industry by investing in suitable infrastructure to increase the attractiveness of the region and attract new businesses.
- 3 Recognised potential growth targets for screen and gaming in Christchurch of up to 2.6% for screen (+2.6%) in the screen industry and 5% in gaming.

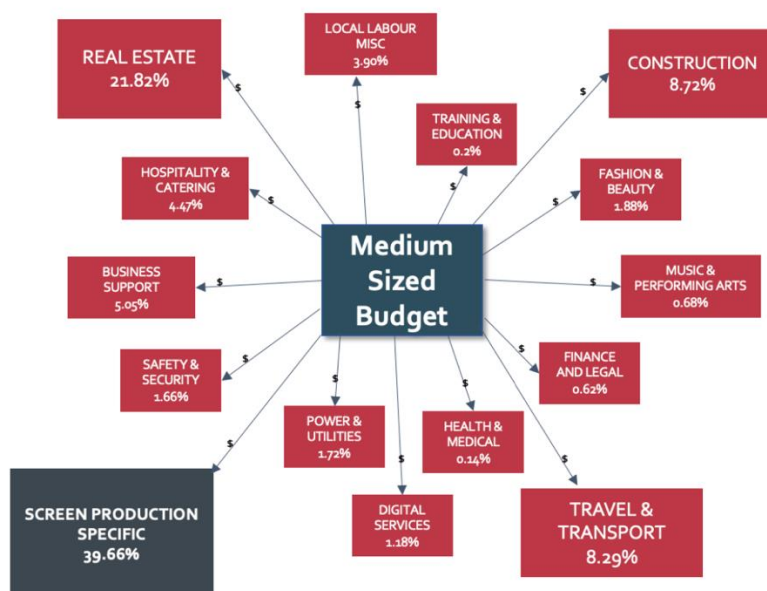
The Impact of Film and Television on Economic Recovery from Covid 19 by Olsberg SPI - 2020, issued as a white paper

The role of screen in the economic recovery of economies post Covid 19.

Key conclusions were:

- 1 2019 global spend on film, TV and documentary reached US\$177 billion, with a total of 14 million FTE jobs, 9.8 million indirect and induced jobs, and a total economic impact of US\$414 billion.
- 2 Screen Production can deliver substantial and powerful amounts of expenditure in a short space of time e.g. a major film cashflow can be spent over a period of 18 weeks prep, 16 week shoot and 24 weeks post production on a \$100 million plus production.
- 3 The majority of screen production expenditure occurs in non-screen specific sectors, spreading the value of productions into different parts of the economy, making it highly attractive to regional economic development.
- 4 A mid-budget international TV drama series shot in NZ in recent years, that 60% of the below the line expenditure goes into the wider economy. The largest of these figures is real estate (21.82%) – of which a proportion of this could include studios, construction (8.72%) and travel and transport (8.29%).

Figure 2 Breakdown of Below-The-Line Production Spend for Representative Sample Production by Business Sectors



New Zealand Film Studio Study by Olsberg SPI 2020, for NZTE

A robust overview of production demand and studio supply in New Zealand.

Key conclusions were:

- 1 Screen production has grown rapidly in New Zealand, studio capacity has not kept pace.
- 2 There is also significant interest in filming in regional areas, comparable regional film studios and facilities have not been developed.
- 3 Robust facilities and a workforce development strategy is needed when considering development outside of the main film centres of Auckland and Wellington. Any business plan would need to reflect the upskilling of the sector that was required in the region and alternative revenues as the local industry was developed.
- 4 Purpose built facilities are in high demand internationally. Their availability alongside a country's incentive programme and availability of key crew are important factors when considering where to film an international production.
- 5 Any plans for establishing regional studios would need to carefully consider how to create the infrastructure needed to support the required production activity. Simply creating stages alone would not necessarily deliver long-term sustainability. Demand exists but not just for dedicated, interior shooting spaces. Other elements of the offer are important, such as a credible and high-quality local workforce, access to desirable locations and transport hubs, and a range of other possible components such as backlots, supply chain clusters, training establishments and possibly other creative industry activities.

Demand for Regional Studios and Virtual Production Facilities in New Zealand by Felicity Letcher for NZTE 2021

This study for NZTE was done as a companion study to the Olsberg New Zealand Film Studio study. It was designed to take the 10 key factors outlined by Olsberg of the Key Production Location Factors and the New Zealand offer and provide deeper data and knowledge for investors interested in the regional studio proposition. The key focus was on the demand for small and medium sized studio and virtual production voids in regional areas of New Zealand.

Key conclusions were:

- 1 As part of the study conducted a survey of 65 companies as part of the study. This included domestic and internationally based line producers, producers, production companies, screen organisations and studio owners, regional film offices and studio operators in Auckland and Wellington.
- 2 The study also found that there is demand for regional studios in certain areas of New Zealand which are already exhibiting key factors required for investment in studios to be successful. These factors include:
 - a. Evidence of activity currently happening in a region on an ongoing basis with a mix of domestic and line production projects;
 - b. Locations that can be easily accessed within an hour of the proposed studio site;
 - c. Regional government support for studios and the screen sector;
 - d. Creative economy and production companies already operating successfully in the region;
 - e. Crew who are living and available in the region; and
 - f. Business supplies and support in both industry specific and general support are available in a region.
- 3 The focus and client base for the studio in a region is built off the factors above and works closely with other studios being developed regionally and in the main centres of Auckland and Wellington to provide a cohesive studio network in New Zealand.
- 4 The study found that there is a great interest in filming more regionally and basing productions in regions if studios were available. The regions that exhibited strong response to the above factors and interest from the survey were:
 - a. Bay of Plenty/Rotorua;
 - b. Christchurch;
 - c. Dunedin; and
 - d. Queenstown.
- 5 The NZTE study found that Auckland and Wellington facilities are at capacity.
- 6 That regional studio development may require a different, more deliberate approach that uses a mixed model of revenue, in order to help de-risk the investment for the

investors and develop the screen sector in the region. Studio development in New Zealand has been hampered by the prevailing view of financial institutions and developers as a Greenfields real estate investment – similar to warehousing. This flows from the use of warehousing as the fallback position of historic studio development from repurposed warehousing.

- 7 Virtual Production is a growing methodology internationally that uses a range of tools to help support and streamline screen production. Many of the tools have been developed in New Zealand over the years and it is important that New Zealand continues to keep up their pace with these developments.
- 8 Virtual production voids are only just being developed in New Zealand responding to demands of productions. This includes an R&D void in Auckland operated by disguise labs, screens at X3 as part of Sweet Tooth and now in Wellington as part of a new production at Stone Street.

Economic Impact of the New Zealand Aotearoa Screen Production Sector by Olsberg SPI for New Zealand Film Commission 2022

The use and effectiveness of the screen incentives on economic development in New Zealand

Key conclusions were:

- 1 The screen sector has generated a significant and increasing expenditure within New Zealand with domestic productions taking an increasingly greater share of total expenditure.
- 2 Screen has also emerged as a resilient sector in spite of Covid lockdowns and immigration constraints. Auckland has reported a record number of film permits issued in the 2021/2022 financial year. Average full time employment grew by 2050 in 2020/2021 to 13,060 nationally. Total production expenditure also grew to 985 million, an average rise of 21.5% from 2014/2015 - 2020/2021.
- 3 The direct impact of every NZ\$ invested from the NZSPG is a total of 6.15 ROI. This includes NZ\$1.92 Direct Impact, NZ\$3.36 Indirect Impact and NZ\$.88 Induced Impact.

This evidence also references three creative industry reports and strategies that were submitted to the New Zealand Government between 2018 and 2020.

WeCreate Industry Action Plan, 2018

Key information:

The Creative industries as a whole in Aotearoa is \$17.5 billion in GDP and 131,000 jobs in total. As a digitally led sector it is well positioned to withstand the restrictions that lockdown places on other parts of the economy such as tourism and international education.

Screen Sector Strategy 2030 – 2020

Key information:

- 1 The Screen Sector Strategy 2030 noted that a joined up effort to encourage collaboration and cooperation was needed to help position the country's combined infrastructure to the international market by creating a national screen infrastructure plan – ensuring that the sufficient quality studio infrastructure is in the right places to capitalise on existing and future workforce.
- 2 The strategy recommended the development of enterprise training and investment programme to strengthen the skills amongst business owners and producers to expand their businesses and develop new markets.
- 3 Strengthen the telling of Māori stories by Māori storytellers and accelerate the development and protection of home-grown intellectual property for local and global audiences.
- 4 Boost the industry's capacity and capability including training and development of crew across all of the screen sector, develop above the line talent including screenwriters, actors, producers and directors, work with tertiary providers and TEC to improve the alignment between training and sectors employment and skills needs.

CHRISTCHURCH AMBITIONS FOR A CREATIVE ART BASED ECONOMY

Toi Ōtautahi a strategy for arts and creativity Ōtautahi Christchurch 2019 – 2024.

Key information:

The strategy recognised arts and creativity under to underpin innovation and boost the economy. The strategy was co-created and is intended to be co-owned by the sector, tertiary, arts funding agencies, and local government. It emphasised Council working in collaboration with other organisations such as the University of Canterbury and iwi. It found:

- a. Arts and creative activity enlivens spaces, making the city more dynamic for residents and more attractive to visitors.
- b. Creative cities attract creative and innovative talent, business and industry.
- c. The arts encourage collaboration between public and private organisations.
- d. The arts are a platform for deepening relationships with Ngāi Tahu.

- e. Growing our thriving arts and creative sector will benefit the city and the local economy.
- f. The words “creativity” and “innovation” are often used interchangeably. To have adaptable, innovative, and technologically savvy communities we need to foster creative and enquiring minds.