



**NEW ZEALAND**  
**FOREIGN AFFAIRS & TRADE**  
Manatū Aorere

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# Lights, camera, (finally) action - and relief

MARKET INTELLIGENCE REPORT

# Report

After a record-breaking 118-day strike that paralysed the content industry and halted international production in New Zealand, unionised-Hollywood actors and writers are back to work. The Screen Actors Guild-American Federation of Television and Radio Artists (SAG-AFTRA) and the Writers' Guild of America (WGA) reached a three-year agreement with Alliance of Motion Picture and Television Producers (AMPTP), major studios, and streamers on 9 November. The historic deal not only addresses labour issues but also establishes innovative protections against the use of artificial intelligence, setting a precedent for the wider creative sector. New Zealand is poised for a significant rebound in 2024 as productions resume at full steam.

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## The screen sector's economic engine...

Los Angeles County has 88 cities, over 10 million residents, and an economy similar in size to Saudi Arabia. But nine capital letters - HOLLYWOOD - has been its symbol for decades. It is the global home for the film and television industry and one of the icons of the golden state. But the almost seven months of strikes which ran from May to November 2023 has significantly impacted Los Angeles during an already challenging juncture in the screen industry.

Economic data suggests that California is about to overtake Germany in terms of economic strength. Within California, Hollywood directly supports about 4% of the Los Angeles workforce, but the economic impacts spreads across all sectors - hospitality, retail, logistics, education, and real-estate. When Hollywood stops, many parts of the economy stop - with some estimates suggesting that over 20% of the economy of LA County, one of the largest contributors to California's growth, was impacted in some way. A recent US Motion Picture Association report suggested that the screen industry employed some 186,000 people and contributed over US\$30 billion of total economic value to the California economy in 2022 prior to the strikes. The impact of the strikes on the LA economy was in the billions, coming on the back of Covid-19 and other labour strikes.

The drop-offs from the shutdown of shooting for scripted TV and feature film production were between 50-60% from May 2022 according to the industry body FilmLA. The on-location shooting that continued came mostly from reality TV and independent titles granted interim waivers to film amid the strike. Despite this, LA still remains ahead of all other US locations for screen production. But other areas, like the state of Georgia, Ireland and the United Kingdom saw considerably more growth (in the 65 to 200% range) due to more generous tax rebate and incentive schemes (the state of Georgia has an uncapped screen rebate production grant for example and Ireland and the UK also

offer strong incentives coupled with different labour contracting processes).

The California screen rebate fund has increased to US\$330 million, but this is dwarfed by New York's US\$700 million rebate scheme, and the state of Georgia has paid out over US\$1.4 billion in grants and incentives (including the building of soundstages) over the past twelve months. This rebate-hunting by studios is likely to see a continued drift away from Los Angeles for production, but there is no sense that the studios or industry decision makers are looking to move away from Hollywood.

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## The strikes

The dispute came to a crescendo in May 2023, making it the first simultaneous strike by the WGA and SAG against AMPTP since 1960, and the second largest strike in Hollywood's history. Global in-theatre audience numbers continue to decline with increased competition for the entertainment spend, with people happy to be at home to consume content. Many companies had to retrench significant staff numbers.

**Streaming and AI** – labelled as the invasive species of the scripting world – AI was a catalyst for the Hollywood strikes. Writers called for AI tools to only be used as a tool to support research or facilitate script ideas, not as a replacement. Actors also voiced concerns over AI's troubling usage to replicate them through motion capture and face scanning, including creating stunt doubles, altering scenes, and recreating formerly deceased actors' voices.

**Streaming media residuals** were another focal point in the dispute. The WGA claimed that the AMPTP's share of such residuals cut much of the writers' incomes. COVID-19 and its aftermath saw major workforce reductions and cancellations of multiple productions to save money on residuals and music licensing costs. It also meant writers would also often only get paid if the production aired, rather than for their dedicated efforts.

After 118 days, SAG-AFTRA President Fran Drescher announced that the agreement reached was worth more than US\$1 billion, and represented 'a paradigm shift of seismic proportions'. Coming on top of the writers' settlement this signalled a win for the industry.

Protections for writers include streaming bonuses based on high viewership, rules around the use of artificial intelligence, financial gains for screenwriters, and a requirement for minimum staffing for almost all television writer rooms. Despite not getting everything they fought for, the WGA estimates that the deal is worth nearly three times the studios' original offer. The three-year contract further includes better health insurance and pension contributions, and renewed funding of the Showrunner Training Program that supports writers to improve their skills. It made other important, if less easily quantifiable gains too, reminding Hollywood of writers' power and forging

solidarity with SAG-AFTRA and unions.

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## New Zealand poised for a rebound

The impact of the strikes in Hollywood has been felt globally, with New Zealand's screen sector also hurting from the six month standstill. The strikes halted content production progress in New Zealand – but post production work had continued. New Zealand is regarded as one of the world's premier locations for screen and post-production work, with a skilled and innovative talent pool. The Screen Production Rebate review also appears to be welcomed, and the certainty and clarity around the criteria aims to be helpful for studio executives when comparing against competitor destinations.

With an agreement reached, all indications point towards a strong 2024/25 for the New Zealand screen industry. This is especially noteworthy considering significant recent New Zealand investment into new stages. It is expected that scheduled major international productions will now resume early in the new year.

Engagement with Los Angeles remains critical in keeping New Zealand front of mind as a production destination. With North America leading 90% of the productions in New Zealand, the diversity of the New Zealand talent pool, favourable exchange rate, and lower production costs than staying in the United States are all major advantages.

The value of flight connectivity between LAX and Auckland is also recognised. Three of the world's largest airlines are now flying direct (United Airlines, Delta, and American Airlines), alongside Air New Zealand's daily offerings. United Airlines has also recently launched a seasonal direct San Francisco to Christchurch flight – which should provide a valuable business connector to the South Island.

This northern summer has seen dark clouds pervading the golden state, but the overwhelming sense is now relief that that these strikes have ended and productions can now ramp up. For New Zealand, there are likely to be silver linings – a strong production pipeline, international interest in our talent and ecosystem, new investments into facilities, and strong and growing demand for our post-production industry. The crossover film-game industry also shows promise with international interest in our capabilities in this sector.

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