

DEADLINE

Hollywood Heads Down Under: How Australia & New Zealand's Screen Sectors Are Thriving Despite The Pandemic

Diana Lodderhose | February 16, 2021



As Hollywood continues to grapple with the far-reaching and damaging effects of Covid-19, on the other side of the world Australia and New Zealand are bucking the downward trend.

Much like the rest of the world, Australia and New Zealand were crippled by the onslaught of Covid-19 nearly a year ago. Productions shut down (a total of 119 in Oz), cinemas closed, swathes of people lost work and businesses struggled – a depressing story we are all too familiar with now.

But Australia and New Zealand, albeit both with relatively small populations, have since benefitted from tough and decisive action taken from government to clamp down on the virus. Indeed, New Zealand Prime Minister Jacinda Ardern adopted a “go hard, go early” response to eradicate Covid-19, resulting in the country being deemed the best in the world at managing the pandemic, according to Lowy Institute’s Covid Performance Index, with Oz ranking eighth.

While much of the world is still in lockdown to some degree, most of Australia and New Zealand endured mainly a three-month shutdown from March to June 2020. There have, of course been exceptions: the Australian state of Victoria is currently in its third lockdown, a swift, five-day effort which is set to be lifted on Wednesday, after a quarantine worker became infected at a Melbourne hotel. This meant spectators were barred from attending the Australian Open last weekend in the city.

Additionally, Western Australia recently ended a five-day lockdown in Perth. On Sunday, New Zealand’s largest city, Auckland, was ordered into a hard, three-day lockdown after the discovery of three new coronavirus cases. But while the hangover of Covid is still very prevalent, many businesses in the region were able to begin their slow journey down the road to recovery last year.

Hollywood Heads Down Under

The production world has taken notice. Many international filmmaking teams have looked to the Southern Hemisphere as a safe haven for shoots. In Australia, the federal government announced a \$310.6M (A\$400M) location incentive boost in July, targeted at attracting international production. This is on top of the \$108M (A\$140M) previously announced in July 2018.

The new location incentive boost resulted in a 215% increase in enquiries from May to September last summer compared to the same period in 2019. Since then, nine major international projects have set up camp in Oz, spending more than \$378M (A\$490M) in the territory. Marvel’s *Thor Love and Thunder*, which was always planning an Australian shoot like its predecessor, is currently filming in New South Wales (Chris Hemsworth posted a start of shoot image to his instagram which you can see above) while George Miller’s anticipated fantasy-romance-drama *Three Thousand Years Of Longing*, starring Tilda Swinton and Idris Elba, began shooting in Sydney before Christmas. Ron Howard’s upcoming drama *Thirteen Lives* from MGM is set to shoot in Queensland’s Gold Coast in March. Additionally, Netflix’s Chris Hemsworth and Miles Teller sci-fi *Escape From Spiderhead* wrapped filming in Queensland last month and the streamer’s thriller series *Pieces of Her* is currently filming in NSW.

In some instances, like Hulu’s anticipated tentpole limited series *Nine Perfect Strangers*, locations pivoted completely. The Nicole Kidman and Melissa McCarthy starrer, which is produced by Australian native Bruna Papandrea’s Made Up Stories banner alongside Kidman’s Blossom Films, was originally scheduled to shoot in California until the pandemic ravaged through the US, causing the project to change locations to Australia’s Gold Coast.



“It really is a boom at the moment,” says Kate Marks, CEO of locations marketing agency AusFilm. “We are seeing interest levels higher than we’ve seen in a long time. The level of activity that’s actually coming down here is significantly higher and this is caused by a number of things, such as how the country has been able to manage and contain the virus as successfully as it has but also Australia’s incentives, which continue to play such a critical role in where productions go, even in a Covid world.”

Australia’s federal and state filming incentives are some of the most attractive in the world, with the Producer Offset tax rebate set at 40% of eligible costs for feature films and 20% for television production. From July 1, 2021, this will change to a 30% rate for

both, regardless of release platform. Current minimum qualifying Australian production expenditure (QAPE) will also rise from \$388,200 (A\$500,000) to \$776,400 (A\$1M).

“It is amazing that we are back in full flight production,” says Graeme Mason, CEO of federal government agency Screen Australia. “We’ve gone from having tumbleweeds in the studio spaces to all spaces and crew and facilities houses taking some really good bookings. We all feel like we’re fielding more enquiries and have more stuff going on than any of us can remember happening before.”

The work is spilling over into the post-production business as well and with Australia’s post, digital and visual effects (PDV) offset offering up to a 40% rebate regardless of where productions happen, this is becoming an increasingly attractive option for projects. Chris Spry, managing director at VFX house Fin Design, says his business is on course to double in 2021, compared to the previous two years.

“During lockdown, some projects we were working on sort of pivoted and started going into post so all of those teams started to work from home and send us stuff, which meant we were able to keep working through the steepest part of [the pandemic] in Australia,” recalls Spry. “But as soon as things started gearing back up again with Covid-safe protocols, we started looking down the barrel of a glut of work, which is a really great problem to have.”

Fin Design is currently working on about seven projects and has nearly doubled its crew since May. “There’s actually a lot of competition now for the talent here in Australia,” he says. “We’ve seen quite a brain drain over the years where talent would go off and work overseas but through the pandemic, a lot of them have come home, which is great.”

Mason says Screen Australia is working hard with the industry on scaling and training up local infrastructure to cope with the influx of work. “We firmly believe there’s going to be a long process of people working here and having a good time filming out here, which underpins the need for us to help train people and skill up.”

Marks agrees momentum is here to stay: “We know, for a couple of years, if not longer, that we will see this level stay at a steady pace, which is really exciting for us.”

But what about capacity? With productions flocking to the territory, can the infrastructure cope with the work? “It’s always a conversation to be had,” says Marks. “Australia is a big country with a number of production hubs and ones that haven’t traditionally seen a lot of the larger productions, there are certainly conversations to be had in those areas.”

New Zealand Calling

Across the ditch in New Zealand, the lay of the land is pretty similar. New Zealand Film Commission chief exec Annabelle Sheehan says the government body has been fielding a huge number of enquiries for production. Indeed, anticipated projects such as James Cameron’s *Avatar* sequels and Amazon’s television adaptation of J.R.R. Tolkien’s *The Lord of the Rings* were already shooting in the territory last year when the pandemic halted their productions temporarily.

“We’re continuing as we always do,” says Sheehan. “There will be fluctuations in interest some of the time but we’re just always managing how to provide as much information as possible. We’ve currently got thousands of New Zealanders working on films that

are both local and international and we’ve got really highly-skilled crews here that are stepping up to this being a very strong and high production level in New Zealand.”

New Zealand’s incentives give international productions access to a baseline cash grant of 20% of Qualifying New Zealand Production Expenditure (QNZPE), based on production spend in the country rather than a tax offset or rebate.

NZFC Head of International Screen Attraction Philippa Mossman notes that there are currently nine international live-action productions underway at the moment in the country, a high number for the territory. “There’s a strong level of enquiry and there has been since last April,” she says. “It really picked up as people were figuring out how they were going to get things made and how to get productions underway safely.”

A24 and Apple’s comedy-drama series *Mr. Corman*, written, directed and starring Joseph Gordon-Levitt, had already shot three episodes in L.A. before the global health crisis brought production to a standstill. They were nimble and quickly moved production to Wellington, New Zealand, and are currently in the last weeks of the shoot. A24 is also in the throes of prepping to shoot a feature film in the territory.

“It’s not the first time we’ve seen productions move in the wake of the pandemic and it probably won’t be the last,” says Mossman.

While all of this might seem like the floodgates are open, that’s not entirely the case. Austere travel restrictions have been the main policy that has kept these countries effectively Covid-free for months. Both territories are enforcing strict 14-day quarantine rules for anyone who enters the country and in Oz there are caps on the amount of people allowed to travel into each state per week.

Theatrical Content In-Demand

Optimism on the production side of the business is of course all good and well, but when it comes to how audiences will consume content in the aftermath of the pandemic, the view is looking encouraging, with both markets offering up some hopeful insight that the theatrical market is still alive in many respects (China’s record theatrical box office last weekend is further evidence of this).

Australia’s cinemas are largely operating at 75% capacity and New Year’s Day is traditionally one of the biggest release dates of the year in the country, given it’s the territory’s summer holiday corridor. Despite a severe lack of Hollywood product after studios keep bumping release dates for major titles due to the pandemic, the last six weeks has seen Australian audiences head back to the cinema in droves.



Netflix

Roadshow Films’ Eric Bana thriller *The Dry*, based on Jane Harper’s bestselling debut novel and directed by Robert Connolly, is on its way to \$15.5M (A\$20M) at the Australian box office and has been one of the biggest Australian films to release in the last decade.

The film, released on New Year’s Day, marked the best debut for an Australian-made title in the country from an independent studio and the 5th best debut for an Aussie filmmaker.

Meanwhile, Naomi Watts starrer *Penguin Bloom*, another local title for the distrib, is nearing the \$4.6M (A\$6M) mark as it approaches its third week on release.

“We banked on the fact that even though there were less studio films in the marketplace, Australians would continue to want to go to the cinema during this period, even as the country is recovering from Covid,” says Roadshow Films CEO Joel Pearlman. “And it proves to be correct – Australians do want to go to the cinema and as such they’ve supported local productions in an amazing way. I think it will have an incredible knock-on effect for the local industry as a consequence.”

Even the studio titles that are available are seeing some big numbers. Warner Bros’ *WW84* is closing in on \$19.3M (A\$25M) the third largest marketplace for the title in the world after the U.S. and China while *The Croods 2* has passed \$15M mark (A\$20M). In January, the world market share for the Australian box office was up 3.3% year-on-year to 7.8%.

Likewise, in New Zealand, local titles have had a moment with local street-gang saga *Savage* hitting \$1.1M (NZ\$1.6M) and comedy *This Town* scoring \$574,500 NZ(\$800,000), both respectable numbers given the country’s population. But Sheehan notes it’s still “an incredibly challenging time for

cinemas” who are all reliant on an ecology of all forms of cinema to keep the market sizzling.

“The main difference in the Australian and New Zealand markets has been the high volume of independent films,” say Transmission Films joint managing directors Andrew Mackie and Richard Payten. “While there has been a lot of studio oxygen for indies to claim, the high traffic of smaller movies has crunched a lot of films off-screen. From an exhibition point of view, they probably need four or five indie movies to replace one studio movie, so then volume becomes an issue, particularly for smaller movies.”

And while it may be a while until exhibition has its desired menu to offer up moviegoers, the performance of the local titles has surely offered some hopeful messages for what may lie ahead when the world is on the right side of the pandemic.

“These films are performing and they are demonstrating that audiences absolutely want to return to cinemas when they can,” says Pearlman. “And that should be an indication as to how the world could potentially respond to returning to cinema once the threat of Covid is dramatically reduced as it has been in this market. It’s been very exciting to see. The only thing the Australian marketplace needs now is more content. And that is the challenge.” ■