

Hollywood struggles vs. new film meccas overseas

December 27 2013, by Nick Perry



This undated file film publicity image originally released by 20th Century Fox shows the characters Neytiri, voiced by Zoe Saldana, right, and Jake, voiced by Sam Worthington, in a scene from "Avatar." Director James Cameron announced plans to shoot and produce the next three "Avatar" sequels largely in New Zealand. What Cameron gets out of the deal is a 25 percent rebate on production costs, as long as his company spends at least \$413 million on the three films. (AP Photo/20th Century Fox, File)

In the old days, filmmakers flocked to Hollywood for its abundant sunshine, beautiful people and sandy beaches. But today a new filmmaking diaspora is spreading across the globe to places like

Vancouver, London and Wellington, New Zealand.

Fueled by politicians giving out generous tax breaks, filmmaking talent is migrating to where the money is. The race allows powerful studios—with hundreds of millions of dollars at their disposal—to pick the best deals.

This month, James Cameron announced plans to shoot and produce the next three "Avatar" sequels largely in New Zealand. Cameron gets a 25 percent rebate on production costs, as long as his company spends at least \$413 million on the three films.

"There's no place in the world that we could make these sequels more cost effectively," says producer Jon Landau. It is neither the archipelago's volcanoes nor its glaciers that are attractive, because the "Avatar" movies will be shot indoors. "We looked at other places," says Landau. But in the end, "it was this rebate."

In exchange, the local economy will benefit hugely, Landau says, comparing the ripple effect to the boost that comes from new home construction.

The deal was "the best Christmas present we could have possibly hoped for," says Alex Lee, an Auckland, New Zealand-based entertainment lawyer. The news is especially welcome because the local screen industry is facing a potential drought: Peter Jackson's "The Hobbit" trilogy is set to wrap next year. Thanks to the "Avatar" sequels, the 1,100 workers at Weta Digital Ltd., the groundbreaking digital effects house Jackson co-founded in 1993, can keep working through 2018.

"It would have been a real shame if we had lost any of that talent and they had to move to follow the films," says Wellington Mayor Celia Wade-Brown.

Driving the trend are powerful global forces squeezing the entertainment industry. Falling DVD sales are putting pressure on movie-making budgets, while the demand for [special effects](#) grows. The spread of technology and skills around the world is creating a huge number of special effects suppliers—some using cheaper labor than can be found in Hollywood.

Vancouver, Montreal, London, New York and Wellington are competing to become the next new center of activity. Even though digital work is borderless, workers must live and be paid locally to generate the income taxes and spending that governments seek.

The tax incentives race is destined to accelerate next year. State incentives in California—home to "Star Wars" pioneer Industrial Light & Magic—are too small to accommodate big-budget movies. State Assembly member Raul Bocanegra is preparing a bill to expand their scope, but it could take months to get through committees, says his chief of staff, Ben Golombek.

And the U.S. federal incentive, a tax deduction of up to \$20 million per film or TV episode, is set to expire at the end of 2013.

Industry business leaders say they're simply following the money.

"This is no different than any other multinational business," says Sir William Sargent, co-founder and CEO of Framestore, a London-based special effects business that worked on likely Oscar-contender "Gravity" and has offices in Montreal, New York and Los Angeles. "We're just going to where our customers are."

Joseph Chianese, executive vice president at consulting company EP Financial Solutions, says the competition to offer attractive incentives is intense. More than 30 countries and 44 U.S. states now offer tax breaks

to filmmakers.

The mix "changes daily, but it's not going away," Chianese says. "We have now trained a generation of filmmakers and TV makers that production doesn't have to happen here anymore."

© 2013 The Associated Press. All rights reserved.

Citation: Hollywood struggles vs. new film meccas overseas (2013, December 27) retrieved 1 May 2024 from <https://phys.org/news/2013-12-hollywood-struggles-meccas-overseas.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.