Sir Peter Jackson's business fought to keep film incentive details secret

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ir Peter Jackson's Wellington-based Weta Group effectively receives more than $40 million annually from the taxpayer.

Briefings belatedly released under the Official Information Act by the Ministry of Business, Innovation and Employment show the heavyweight director and near-billionaire's businesses received the lion's share of work generated by incentives to lure international film productions to New Zealand.

The figures were only released after an 18-month investigation by the Ombudsman, and cover payments made for international productions under the Screen Production Grant between August 2015 and April 2018.

Total payments made under the scheme during the period amounted to $266.2m, with $117.1m going to support work of the Weta Group. The Weta Group is a cluster of film-making companies largely owned by Jackson and headquartered in the Wellington suburb of Miramar. The dataset does not include substantial payments subsequently made for Weta-linked projects Mortal Engines ($27.8m), A dark Battle Angel ($25.7m) and the Avatar sequels ($44.4m to date).

The group employs around 2000 people and includes prop and prosthetics maker Weta Workshop (whose work during the period generated $1.4m in subsidy payments), post-production facilities Park Road Post ($700,000), children's television producer Pulsko Pictures ($2.5m), and blockbuster special effects house Weta Digital ($109.5m).

Weta Digital is far by far the largest recipient in the scheme, employing around 1600 people and responsible for 41 per cent of all subsidies paid out under the scheme.

Based on the 20 per cent subsidy rate available for special effects work, and annualising MBIE's numbers, it appears Weta Digital effectively receives $38.6m in annual subsidies -- around the same as the budget allocated to NZDF -- to generate revenues of around $200m. The figures also suggest each job at the effects house is underpinned by more than $25,000 in annual taxpayer support.

Act Party MP David Seymour said Weta should take on a new production: "The Emperor's New Clothes".

"All along we've been told there's a multiplier and the taxpayer is getting a massive boost of a small investment. Now it looks like without taxpayer subsidies, none of this would exist. There's a general lesson here that when politicians try to go into business, businesspeople win and taxpayers lose," he said.

Request for comment to Jackson, and to Weta Digital, went unacknowledged this week.

Jackson and his companies have not responded to Herald queries since August 2018.

Economic Development Minister Phil Twyford, when asked about the concentrated benefits of the scheme in Miramar and with Jackson, said, "I don't really have a problem with it. The subsidy doesn't go directly to Weta Digital. And Weta Digital have been very successful, and they provide what is obviously a first-rate and internationally-competitive service -- so good on them for that."

He said the concentration of the Wellington film industry was due to "peculiar circumstances that grew around Weta and Peter Jackson's companies" and he was optimistic recent productions -- notably Amazon Studios' Lord of the Rings television series -- were seeing the industry grow beyond Miramar.

The subsidy scheme is an evolution of incentives first forged more than two decades ago to enable domestic production of Jackson's Lord of the Rings trilogy. Due to international competition they have steadily increased in scale and size and today provide studios cash rebates of up to 25 per cent of a production's budget.

Last year the scheme saw $105m paid out to largely Hollywood producers -- a figure comparable to Tourism New Zealand's annual budget.

The Herald first requested the breakdown of subsidy payments by recipient in July 2018, only for MBIE to reject the request two months later after receiving complaints from Weta that the information was commercially sensitive.

The matter was subsequently referred to Ombudsman Peter Boshier. A statement from Boshier's office said in late 2019, after consulting MBIE and Weta, "ultimately he was not persuaded" that the information should be withheld.

Seymour was critical of Weta in seeking to prevent the release of the information: "There's a real irony in that they purport to be a private business -- and expect all the privacy of private businesses -- but also expect to receive public funds."

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Weta Digital, creators of Smaug, is responsible for 41 per cent of subsidies paid out under the scheme.
Amazon Lord of the Rings: New Zealand "Middle-earth" brand established by Peter Jackson's movie chief, says Government.