

New Zealand government attacks film workers, gives millions to Hobbit producers

Tom Peters**11 November 2010**

On October 27, following discussions with Warner Brothers executives, New Zealand Prime Minister John Key announced that tax rebates and marketing subsidies for the two-film adaptation of J.R.R. Tolkein's *The Hobbit* would be increased by \$US25 million—bringing the total subsidy to around \$US75 million out of the project's \$500 million budget.

The next day, Key's conservative National Party government passed a law making every worker in the film industry an "independent contractor" by default. While most actors are hired as independent contractors already, the law removes their right to challenge the designation. It strips actors, technicians, make-up artists and anyone else "engaged in film production work" of the limited legal protections available to employees, including sick leave, holiday pay, workplace accident insurance and protection against unjustified dismissal.

As independent contractors, film workers have no legal right to enter into collective contract negotiations or take industrial action over wages and conditions.

Warner Bros and Metro-Goldwyn-Mayer (MGM), the owners of *The Hobbit*, had threatened to move production to another location, such as Britain or Eastern Europe. Key told a press conference that the increased subsidies were needed "to improve New Zealand's competitiveness as a film destination for large budget films". The increased value of the New Zealand dollar over the past two years—from 55 to 75 US cents—has pushed up costs for the Hollywood studios. Key told the *New Zealand Herald* that "these movies would not be made in New Zealand" without the employment law change to prevent industrial action.

These moves by the government demonstrate its abject subservience to the interests of big business. It has already been involved in carrying out austerity measures designed to make the working class pay for the economic crisis—including cuts to health and education spending, an increase in the consumption tax, and legislation to make it easier for workers to be laid off. While it recently justified an effective wage freeze for teachers and other state employees by claiming that "there aren't bucket

loads of new money," at the same time it slashed corporate tax rates and in September bailed out the failed company South Canterbury Finance with \$NZ1.7 billion (\$US1.35 billion) in public funds.

The attack on film workers was prepared by a reactionary and nationalist campaign, spearheaded by *Hobbit* director and producer Sir Peter Jackson. The director of the *Lord of the Rings* trilogy demanded that the government do everything in its power to appease Warner Bros, while demonising actors who were seeking to improve their working conditions. Actors are among New Zealand's lowest paid workers, receiving an average wage of just \$NZ28,500 (\$US22,670) per year, according to New Zealand Actors Equity.

The studios' threats were issued after a breakdown in their relations with the unions representing film actors. In late September, the Australian-based Media, Entertainment and Arts Alliance (MEAA) and its subsidiary NZ Actors Equity (NZAЕ) called on actors not to sign individual contracts for *The Hobbit* unless the producers agreed to negotiate a collective employment agreement covering hours of work, breaks and other conditions. Then followed an international boycott, supported by the US Screen Actors Guild, the Canadian Actors Equity and British Actors Equity unions. Both Warner Bros and Jackson refused to meet with union officials, declaring that since actors were being hired as independent contractors it was illegal for collective negotiations to take place. The government, through Attorney-General Chris Finlayson, supported the studios' position.

The unions promptly capitulated and by mid-October had withdrawn the "do not work" notice for *The Hobbit* and dropped their demand for a collective agreement. The NZAE and the New Zealand Council of Trade Unions (CTU) issued unconditional assurances that they would not allow any industrial action during filming.

Despite these assurances, the producers played up the supposed threat of industrial action in order to undermine film workers' conditions and extract further government subsidies.

Jackson told TVNZ on October 21 that “lifting the blacklist doesn’t solve the problem. It’s a question of [Warner Bros’] confidence in our industrial relations”. He described the actors’ boycott as “disgusting [and] frivolous”. Appealing to nationalist sentiments, Jackson and *Hobbit* co-producer Fran Walsh issued a statement claiming that NZAE, “represented by the Australian trade union, the MEAA, urged several international actors’ unions to gang up on our production in an attempt to bully us into illegal collective bargaining”.

While vilifying the actors, Jackson covered up Warner Bros’ agenda, insisting to TVNZ that claims the studio wanted more subsidies were “conspiracy theory nonsense”. Prime Minister Key likewise told reporters that “the major impediment to *The Hobbit* films being made in New Zealand is the actions of the union, not tax incentives”.

The media viciously scapegoated the actors. The *New Zealand Herald*’s right-wing columnist Paul Holmes railed on October 24 against “the unbelievable ego and rank selfishness of actors” who, he claimed, had “allowed themselves to be used by some bolshy, left-wing filth from Australia who may or may not simply want to get *The Hobbit* filmed over there”.

In the absence of any campaign by the unions to defend their members, *The Hobbit*’s New Zealand-based producers were able to mobilise a layer of film workers behind Warner Bros’ calls for a “stable” industrial relations environment. Richard Taylor, head of the special effects company Weta Workshop, led a rally of around 1,000 film technicians on October 21 outside parliament in Wellington, denouncing the actors for “targetting” *The Hobbit*.

On October 25, rallies were held in Wellington, Auckland, Christchurch and smaller centres, with the aim of convincing Warner Bros that New Zealand would provide a profitable environment for their investment. A statement by Jackson read at the rallies dismissed actors’ concerns over work conditions and claimed that the threatened boycott was an attempt by the MEAA to turn New Zealand “into another state of Australia” and “destroy” the film industry.

This atmosphere of nationalist hysteria was aimed at pitting New Zealand film workers both against each other, and against their counterparts in other countries. Key used the protests to justify the government’s labour law change, telling Radio New Zealand on October 29 that workers had urged “the government to secure the *Hobbit* movies in New Zealand. So we’re not taking rights away from workers”.

The opposition Labour Party voted against the industrial law change, with industrial relations spokesman Trevor Mallard telling parliament that it “undermine[d] the rights of New

Zealand workers”. But Labour has no principled objection to the government’s deal with Warner Bros and supported the increased tax rebates.

Under a deal with the previous Labour government, Warner Bros subsidiary New Line claimed at least \$NZ200 million in subsidies for the production of the *Lord of the Rings* trilogy. Moreover, Labour presided over a deregulated and low-paid film industry labour force. The majority of workers on the production were hired as independent contractors, and wages were lower than they would have been if the films had been made in the US, Britain, Canada or Australia.

The failure of the unions to mount the slightest resistance to the government’s attacks exposes the bankruptcy of their nationalist perspective. Amid the most severe economic crisis since the Great Depression, workers in every country and in every industry are being told they must sacrifice wages, conditions and job security for the sake of the national economy. New Zealand’s unions have been thoroughly complicit in this process. Since the onset of the recession, they have worked closely with state and private employers to extract concessions from workers, including job cuts, wage freezes and shorter working weeks.

No doubt, the conditions imposed in New Zealand will become a new international benchmark to be used against film industry workers worldwide. The only alternative to this unending race to the bottom is for workers to unite internationally in a struggle against the capitalist system itself, on the basis of a socialist perspective. As a first step, this requires the formation of rank-and-file action committees, politically independent of the unions.



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