

Employment and national GDP impacts of music, book publishing, film and television and games in New Zealand

This study highlights the economic contribution of New Zealand's music, book publishing, film and television, and games industries

September 2015



Introduction

We have been commissioned by Recorded Music New Zealand, APRA AMCOS, the New Zealand Music Commission, NZ On Air, Creative NZ, Te Mangai Paho, Copyright Licensing New Zealand, Sky Network Television Limited, the New Zealand Screen Association, Interactive Games & Entertainment Association and the New Zealand Games Developers Association to estimate the economic impacts of the music, book publishing, film and television and games industries in New Zealand. This document summarises the findings of these individual studies, and also provides an overarching view of the collective value of these creative industries to New Zealand. Each of these industries is evolving in response to technological changes, and the consequent impacts on traditional distribution channels and the challenges associated with copyrighted materials.

This report updates the analysis we prepared for the music, book publishing and film and television industries in July 2014 (for various years covering the period between 2011 and 2013). This year, we welcome the inclusion of the games industry as another creative industry in New Zealand. These four industries are our measured creative sector. In this report, we estimate the impact of each industry and the measured creative sector for the 2014 year.

These industries continue to play an important role in the New Zealand economy, supporting the employment of more than 41,000 people, including direct employees, suppliers to these industries or through the expenditure of employees in the general economy. Of course, in conjunction with other creative industries, music, books, film & television and games also play a broader role, particularly through the development of New Zealand's creative talent which helps build national pride and identity. The impact on New Zealand's cultural capital was outside the scope of our analysis. Similarly, we have not attempted to identify or quantify the value or impact of unauthorised access on the music, book publishing, film and television or games industries.





Summary

Creative industries in New Zealand, including music, book publishing, film and television and games (the measured creative sectors) are important components of New Zealand's culture as well as contributing towards selling the New Zealand story and brand overseas. These measured industries contribute significantly to New Zealand's national gross domestic product (GDP) and employment (in terms of full-time equivalents, FTEs).

Figure 1 shows the GDP impact of the measured creative sectors in New Zealand in 2014. The direct contribution to New Zealand's economy of these industries was over \$1,742 million. After accounting for spillover effects, the total contribution of the measured creative industries was \$3,848 million. The total contribution of the measured creative industries takes into account the upstream spending of the measured creative industries to support the direct production of films and TV shows, books, music and games in New Zealand. It also takes into account the downstream spending of people employed in the creative sector.

Figure 1: GDP impact of games, music, books and film and television (\$2014)



Source: PwC Analysis

Figure 2 shows the direct and indirect employment impacts of the measured creative sectors in New Zealand in 2014. The measured creative sectors directly employed 19,234 FTEs in 2014. Note that the employment for the film and television industry is based on 2013 data, as 2014 year data has not been released by Statistics New Zealand yet. The 2013 employment figures for the film and television industry will be updated with 2014 figures once Statistics New Zealand releases the figures. After accounting for spillover effects, the total number of FTEs supported by the creative sector was over 41,000.

The source of the employment data for the film and television sector is Statistics New Zealand's Screen Industry Survey. In 2014, Statistics New Zealand changed from a rolling mean employment count to an employment count based on the Linked Employer-Employee Data (LEED), a more accurate measure of employees, in the film and television industry in the Screen Industry Survey. However, there is an eighteen month lag in reporting LEED estimates due to the underlying data requirements. The LEED figures for the March 2014 year are due to be released in November 2015.

Figure 2: Employment impact of film and television, books, music and games (FTEs)

Direct impact

19,234 FTEs

Total impact

41,724 FTEs

Games industry



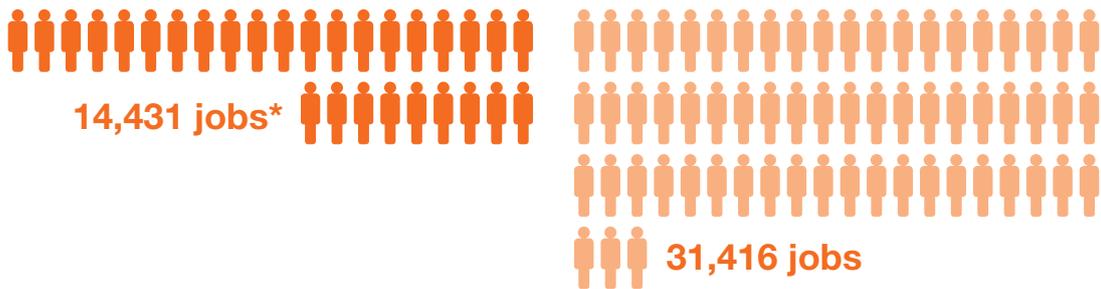
Music industry



Book publishing industry



Film & TV industry



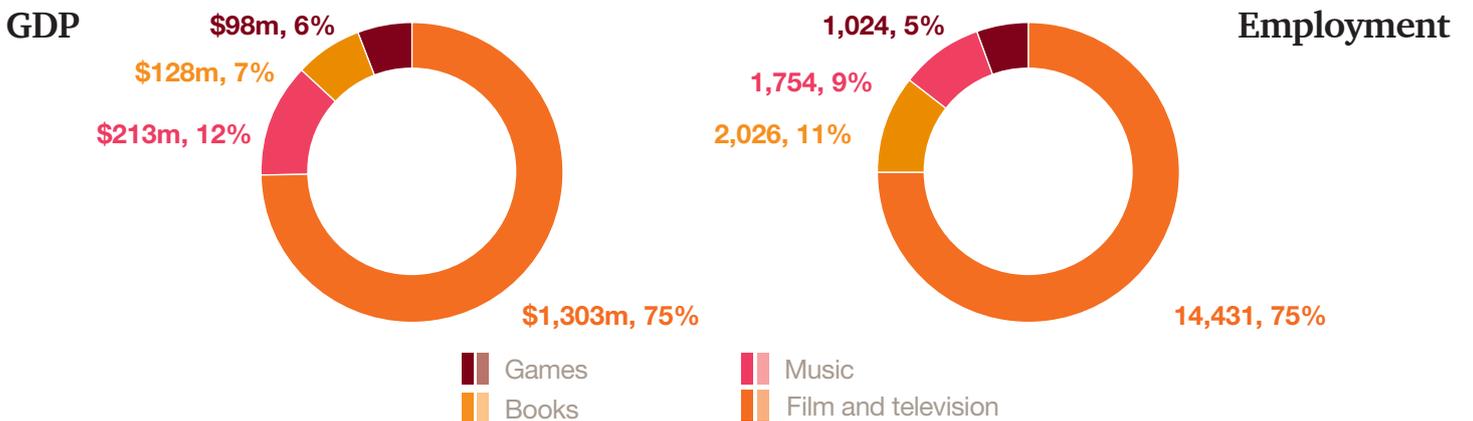
* Employment for the film and television sector refer to the 2013 year

= 500 FTEs

Source: PwC Analysis

Figure 3 shows the breakdown of direct GDP and employment in the measured creative sectors in New Zealand. Film and television contributed the bulk of the GDP and employment in the measured creative sectors.

Figure 3: Direct GDP and employment contribution



Source: PwC Calculations, PwC Analysis

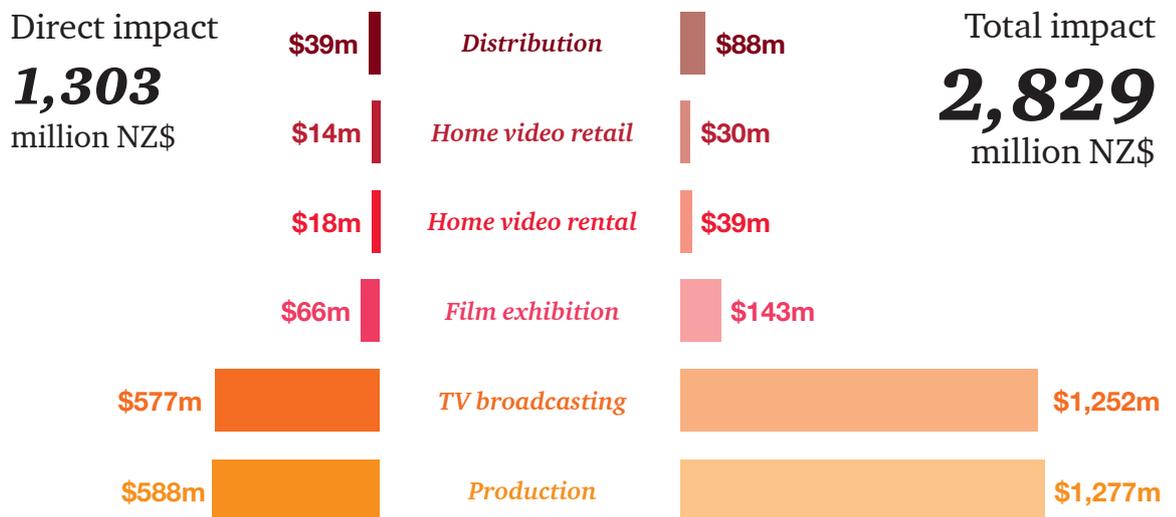


Film and TV industry

The New Zealand film and television industry is a high-productivity and high-wage sector. Figure 4 shows the GDP impact of the film and television sector in New Zealand in 2014. TV broadcasting and film and TV production are the largest subsectors of this industry. The direct GDP impact of the film and television industry in New Zealand was \$1,303 million in 2014. After accounting for spillover effects, the total contribution to GDP of the film and television industry was \$2,829 million.

Consumption of film and television media through online channels is a growing component of the industry, which, historically, has been difficult to track. At this stage, due to the lack of data there has been no assessment of the online sector. However, the major companies active in the online market overseas have only just entered the market in New Zealand, so the impact over 2014 would have been small. There has been progress in this area and future assessments should capture online consumption more accurately.

Figure 4: GDP impact of film and television (\$2014)



Source: PwC Analysis¹

Figure 5 shows the employment impact of the film and television industry. The film and television industry directly employs 14,431 FTEs and its total employment impact is 31,416 FTEs after accounting for spillover effects. Note that the employment data relates to the 2013 year for the film and television sector.

1. PwC calculations in this section use data from Statistics New Zealand and the NZ Screen Association.

Figure 5: Employment impact of film and television (FTEs)*

Direct impact

14,431 FTEs

Total impact

31,416 FTEs

Distribution

186 jobs | 345 jobs

Home video retail

396 jobs | 523 jobs

Home video rental

513 jobs | 677 jobs

Film exhibition

2,226 jobs | 4,986 jobs

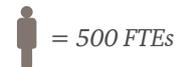
TV broadcasting

3,410 jobs | 7,639 jobs

Production

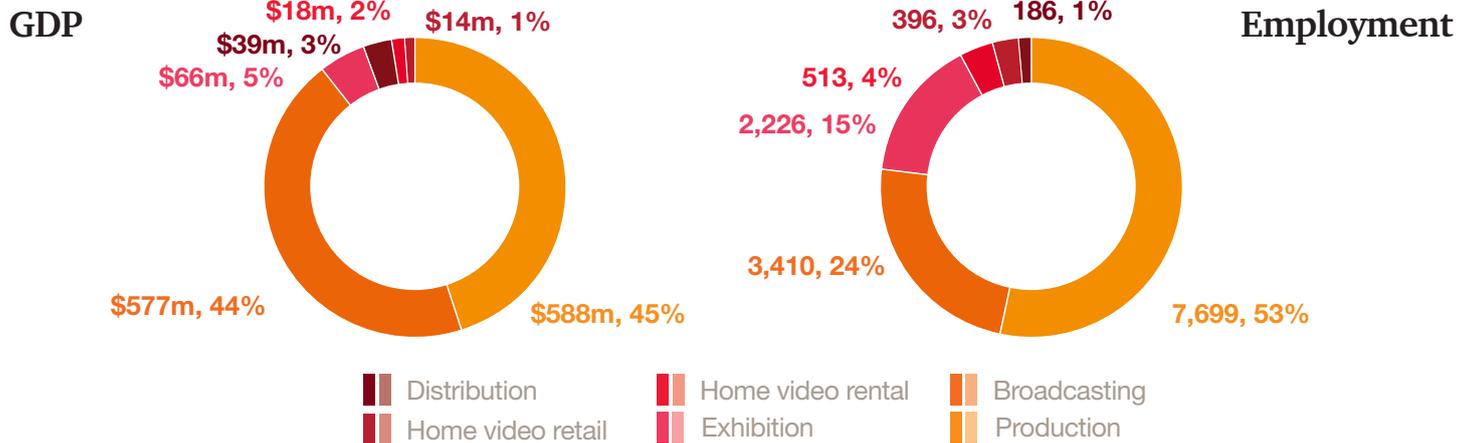
7,699 jobs | 17,246 jobs

* Employment for the film and television sector refer to the 2013 year



Source: PwC Analysis

Figure 6: Direct impacts of film and television in terms of GDP and employment



Source: PwC Analysis

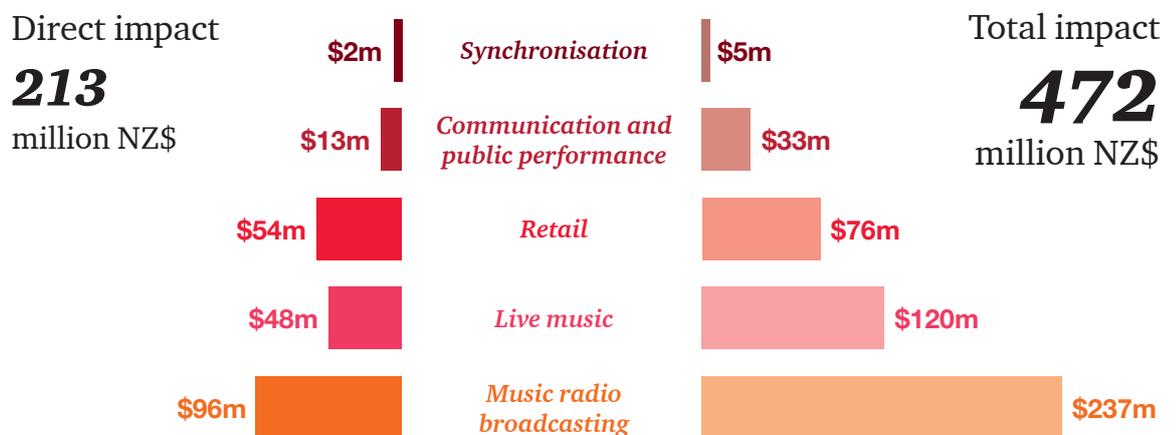


Music industry

New Zealand's music industry remains a significant contributor to national GDP and employment. The retail sector, now encompassing new services such as streaming, continues to play an important role in the industry, despite the ongoing challenges with illegal and unauthorised music use.

Figure 7 shows the GDP impact of the music industry in New Zealand. In 2014, the direct contribution of the music industry to New Zealand's economy was \$213m. After accounting for spillover effects, the total contribution to the New Zealand economy was \$472m.

Figure 7: GDP impact of music (\$2014)



Source: PwC Analysis²

As shown in Figure 8, the music industry directly employed 1,754 FTEs in 2014. After accounting for spillover effects, the music industry supported total employment of 4,295 FTEs. The music radio broadcasting and live music subsectors are the largest contributors to the industry's employment and GDP (refer Figure 9 overpage).

2. PwC calculations in this section use data from Statistics New Zealand, Recorded Music New Zealand, APRA|AMCOS and the NZ Music Industry Commission.

Figure 8: Employment impact of music (FTEs)

Direct impact

1,754 FTEs

Total impact

4,295 FTEs

Synchronisation

20 jobs | 47 jobs

Communication and public performance

139 jobs | 329 jobs

Retail

173 jobs | 380 jobs

Live music

504 jobs | 1,193 jobs

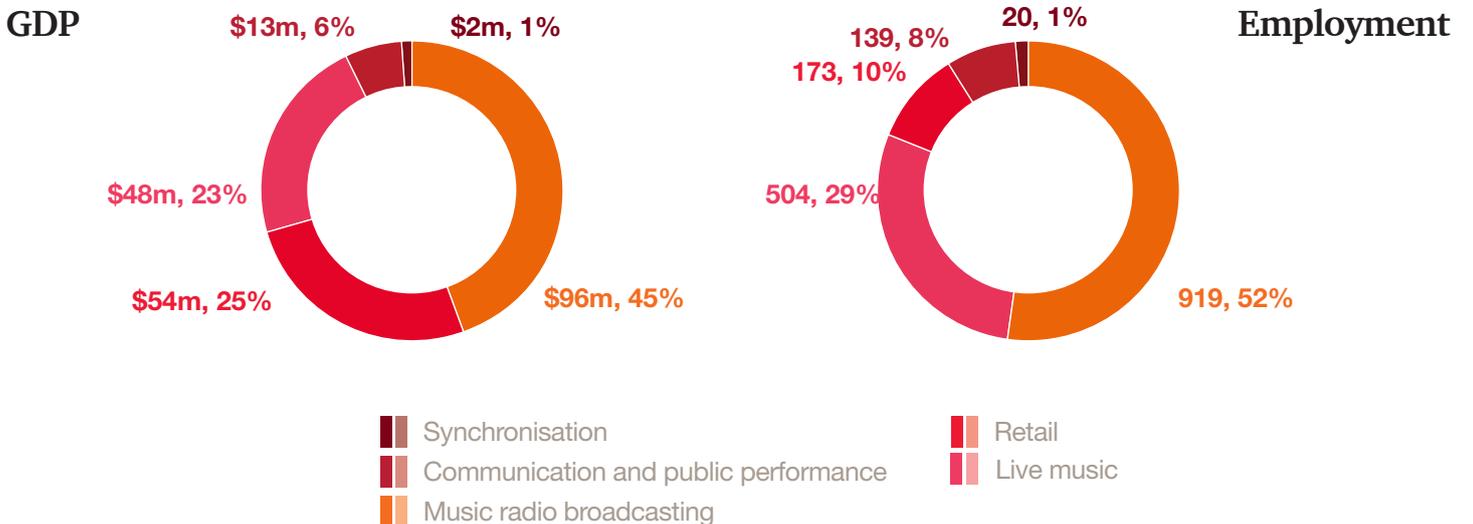
Music radio broadcasting

919 jobs | 2,346 jobs

Source: PwC Analysis

 = 100 FTEs

Figure 9: Direct impacts of music in terms of GDP and employment



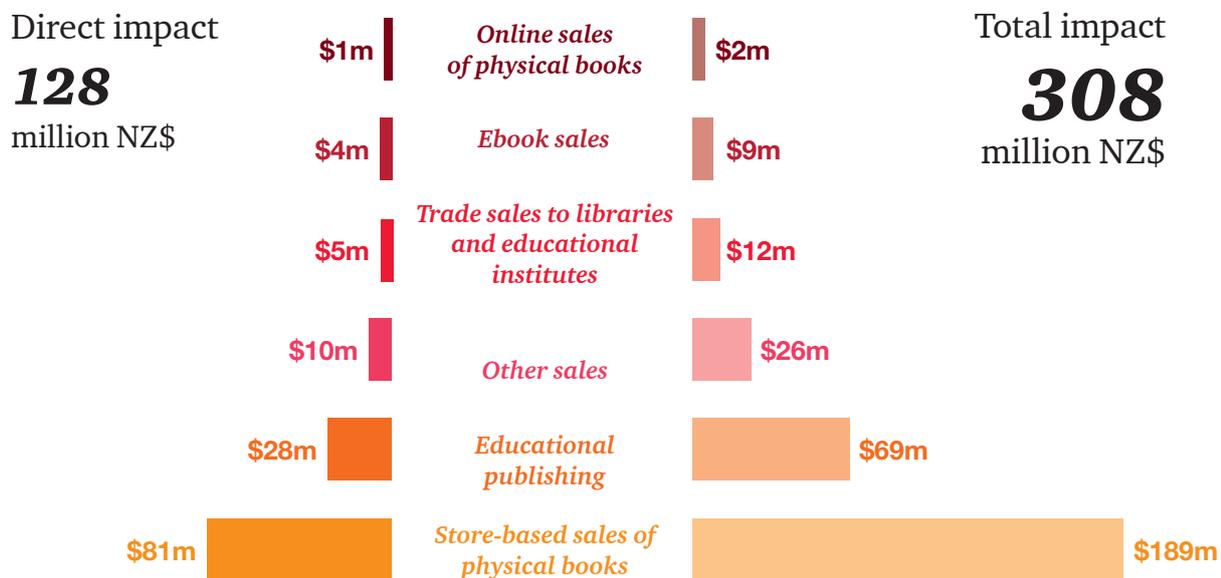


Book publishing industry

The book publishing industry is gradually adapting to the impacts of digitisation. Online and Ebook sales are gaining a foothold in the market and it is anticipated that these sectors will become more influential on the industry's impact on national GDP and employment. However, the sales of books online and Ebook sales are difficult to measure. Our method attempts to capture all the new products and sales channels which have become more popular over the last few years but we have found that the sampling method produces results inconsistent with market expectations, particularly at the subsector level.

Figure 10 shows the GDP impact of the book publishing industry in 2014. The direct contribution of the book publishing industry in New Zealand was \$128m in 2014. After accounting for spillover effects, the total contribution of the book publishing industry to New Zealand's economy was \$308m. Store based sales of physical books makes up the largest component of the industry's GDP.

Figure 10: Employment impact of book publishing (FTEs)

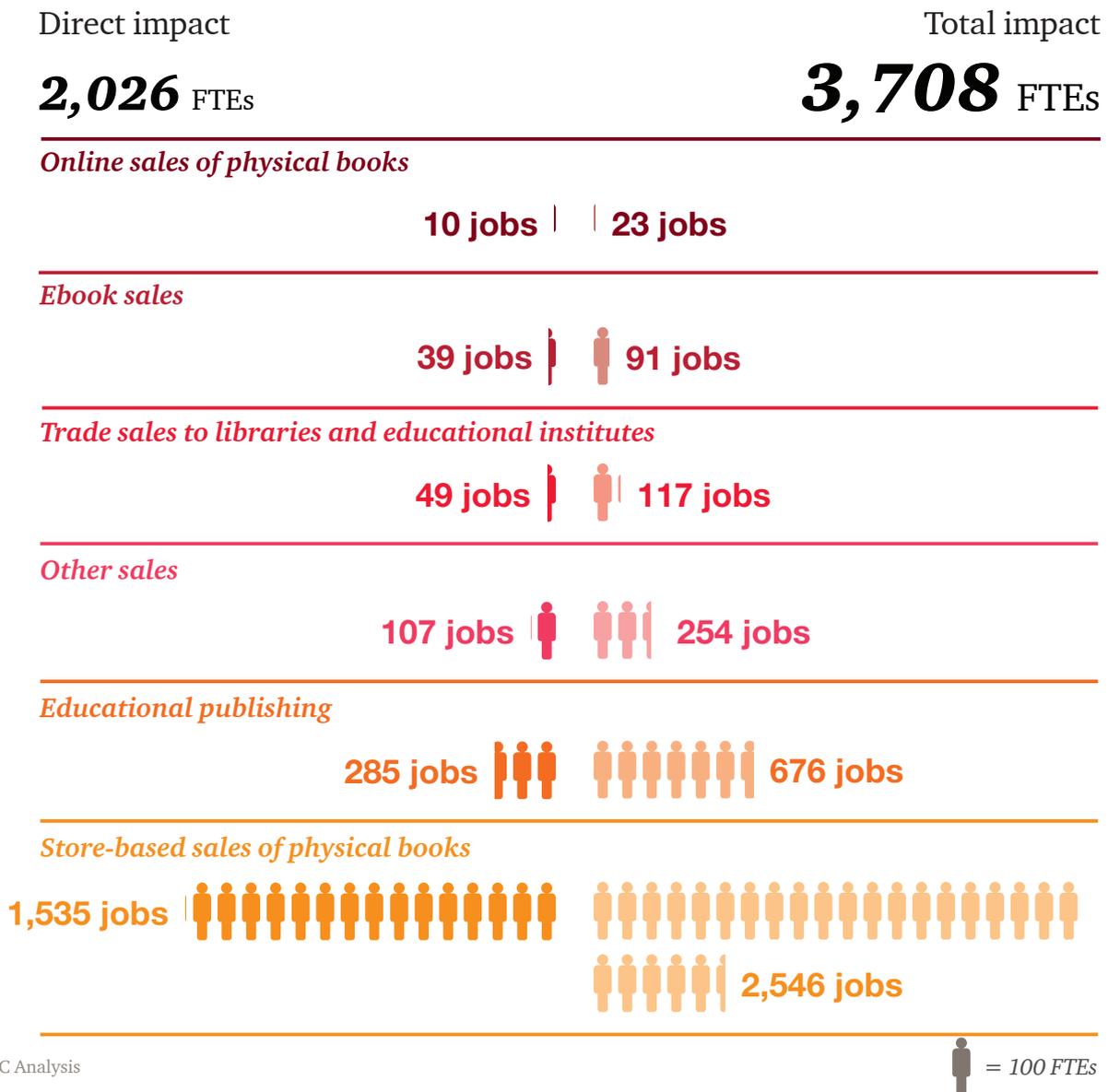


Source: PwC Analysis³

Figure 11 shows the employment impact of the book publishing industry in New Zealand. The book publishing industry in New Zealand directly employed 2,026 FTEs in 2014. After accounting for spillover effects, the book publishing industry supported a total of 3,708 FTEs. The store-based sales of physical books subsector is the largest contributor to the industry's employment.

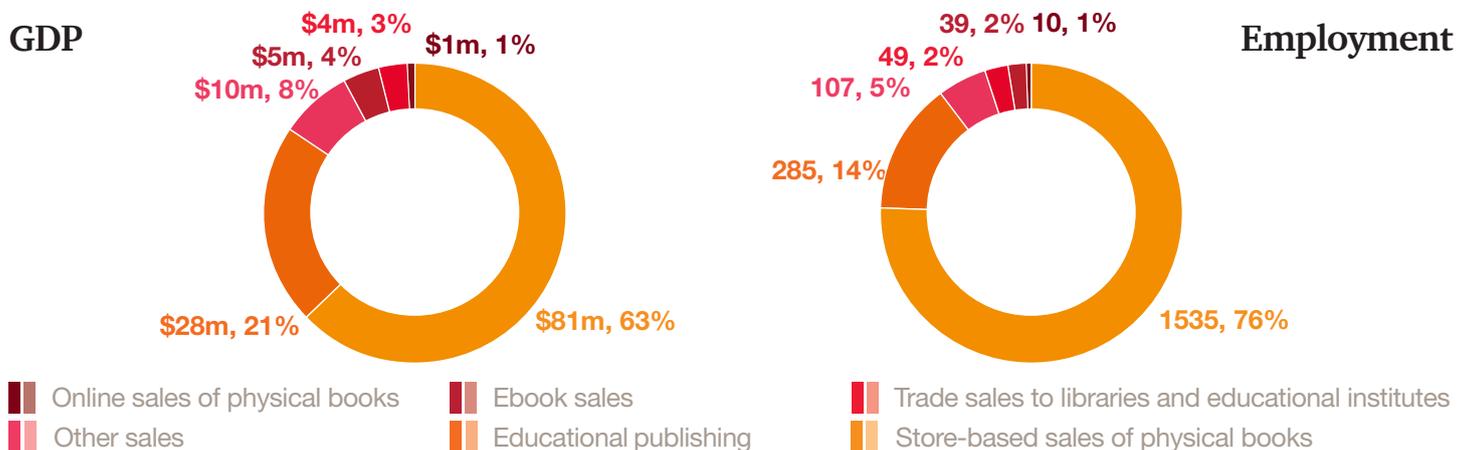
3. PwC calculations in this section use data from Statistics New Zealand, survey data from NZ publishers, Nielsen Bookscan and Annear (2013), Educational Publishing Export Programme: Export Growth Strategy (2013-2016).

Figure 11: Employment impact of book publishing (FTEs)



Source: PwC Analysis

Figure 12: Direct impacts of book publishing in terms of GDP and employment



Source: PwC Analysis



Games

This year we also welcome the introduction of the games industry in New Zealand to the measured creative sector. The New Zealand games development industry in particular has grown rapidly in recent years, is highly export oriented, selling original IP via digital storefronts around the world.

Figure 13 shows the GDP impact of the games industry in New Zealand. The direct contribution of the games industry to the New Zealand economy was \$98m in 2014. After accounting for spillover effects, the total contribution of the games industry to the New Zealand economy was \$239m.

Figure 13: GDP impact of games (\$2014)



Source: PwC Analysis⁴

Figure 14 shows the employment impact of the games industry in New Zealand. In 2014, the sector employed 1,024 FTEs directly. The games industry in New Zealand directly employed 535 FTEs, as programmers, artists and support staff. After accounting for spillover effects, the games industry supported employment of 2,305 FTEs.

4. PwC calculations in this section use data from Statistics New Zealand, the New Zealand Game Developers Association and the Interactive Games and Entertainment Association.

Figure 14: Employment impact of games (FTEs)

Direct impact

1,024 FTEs

Total impact

2,305 FTEs

Publishing and distribution

72 jobs |   147 jobs

Retail

418 jobs |   991 jobs

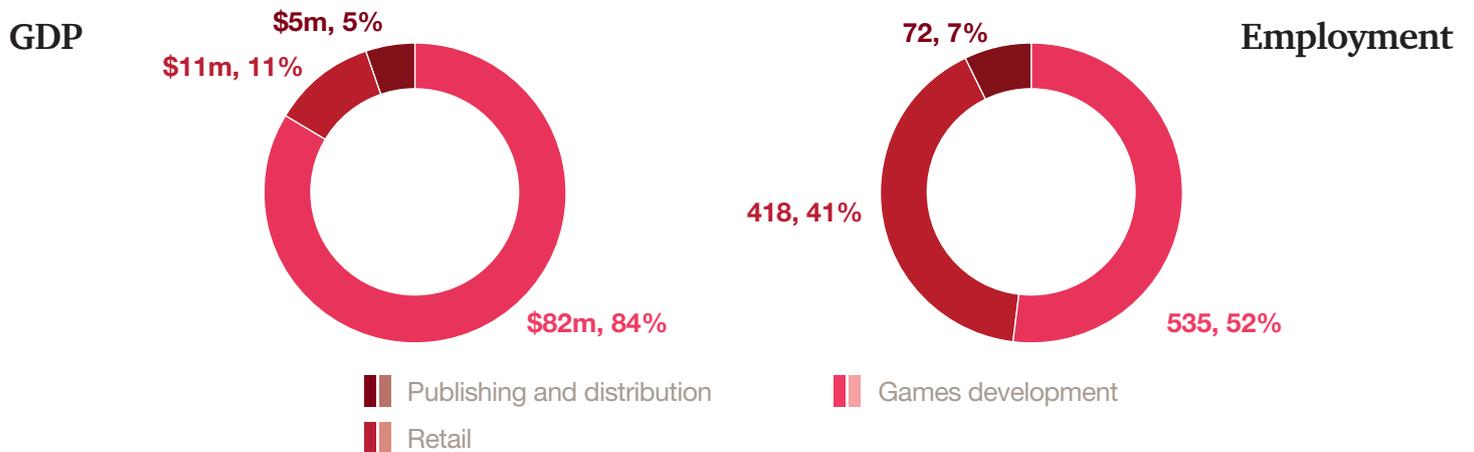
Games development

535 jobs |   1,168 jobs

Source: PwC Analysis

 = 100 FTEs

Figure 15: Direct impacts of games in terms of GDP and employment



Source: PwC Analysis



Get in touch



Craig Rice
Partner, Auckland

T: +64 9 355 8641
M: +64 21 624 462
E: craig.rice@nz.pwc.com



Gareth Stiven
Director, Auckland

T: +64 9 355 8608
M: +64 27 490 3445
E: gareth.n.stiven@nz.pwc.com

This summary report is based on the findings of the following forthcoming reports: "Economic contribution of the New Zealand music industry 2014", "Economic contribution of the New Zealand film and television industry", "Economic contribution of the New Zealand publishing industry", and "Economic contribution of the New Zealand games industry 2013 and 2014". Each of these reports includes detailed background, key assumptions and disclaimers. Note that PwC has been commissioned by individual organisations to prepare the respective industry reports. The individual organisations retain the right to release their respective reports into the public realm. Please note that our estimates are exclusive of tax.

