



## COVERSHEET

<b>Minister</b>	Hon Carmel Sepuloni Hon Barbara Edmonds	<b>Portfolio</b>	Economic Development
<b>Title of Cabinet paper</b>	Next steps for the Review of Government Investment in the Screen Sector	<b>Date to be published</b>	17 July 2023

List of documents that have been proactively released		
Date	Title	Author
29 May 2023	Next steps for the Review of Government Investment in the Screen Sector	Offices of the Minister for Arts, Culture and Heritage and Minister for Economic Development
	Next Steps for the Review of Government Investment in the Screen Sector CAB-23-MIN-0196 Minute	Cabinet Office

### Information redacted

**YES**

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Some information has been withheld for the reasons of Legal professional privilege, confidential advice to Government, confidential information entrusted to the Government, free and frank opinions and for international relations purposes.



# Cabinet

## Minute of Decision

*This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.*

### Next Steps for the Review of Government Investment in the Screen Sector

**Portfolios**                      **Arts, Culture and Heritage / Economic Development**

On 29 May 2023, Cabinet:

- 1        **noted** that:
  - 1.1      international and domestic productions accessing the New Zealand Screen Production Grant (NZSPG) have spent around \$5.2 billion in qualifying expenditure in New Zealand since it was established in 2014 and generated significant direct expenditure into New Zealand's economy as well as wider economic and cultural benefits;
  - 1.2      government has paid out around \$1.15 billion in rebate payments since 2014/15 (an average of \$144.3 million per year);
- 2        **noted** that in November 2021, the Cabinet Economic Development Committee agreed to the Review of Government Investment in the Screen Sector (the Review), with a specific focus on a review of the NZSPG and generating more value from government's investment in the screen sector [DEV-21-MIN-0083];
- 3        **noted** that in October 2022, Cabinet approved public consultation on proposed changes to the NZSPG [CAB-22-MIN-0457];
- 4        **noted** that while there was general support for the Review's objectives, neither of the consultation options were fully supported with many in the sector emphasising the NZSPG's critical role in attracting international productions to New Zealand and reinforcing concerns about the challenging global context and the uncertainty it has generated, which has been compounded by the Review;
- 5        **noted** Free and frank opinions [REDACTED] but increasing the rebate rates to match, or be closer to, those offered in other jurisdictions would be expensive and risk reducing the sustainability and resilience of the sector over time;
- 6        **noted** that given the challenging global context and changes in our competitive position, retaining the status quo would create a real risk of a contraction of the New Zealand screen sector, provide no opportunity to generate additional benefits from government investment and draw a negative response from the sector, given the extensive Review process and strong levels of engagement;

- 7 **agreed** to end the Review and make the following fast and easily implementable changes that increase the value got from the NZSPG and that will be well supported:
- 7.1 redevelop the five per cent ‘Uplift’ to provide a more efficient process and objective criteria, providing greater clarity to international productions and decision-makers, while retaining a focus on generating wider economic benefits for New Zealand from these productions;
  - 7.2 reset the Production, Digital and Visual grant under the NZSPG – International to a flat rate of 20 percent and lower the Qualifying New Zealand Production Expenditure threshold from \$500,000 to \$250,000;
  - 7.3 unlock the production of more New Zealand content by allowing all types of NZSPG production (not just feature films, children’s drama, and animation as currently) to access both the NZSPG and other forms of Government production funding, including via NZ On Air and Te Māngai Pāho;
  - 7.4 change the NZSPG’s name to the New Zealand Screen Production Rebate;
- 8 **noted** that the changes in paragraphs 7.1 to 7.3 may increase the drawdown on the NZSPG if they result in more productions accessing the NZSPG over time and as the sector in New Zealand grows and matures;
- 9 Confidential advice to Government
- 10 **noted** that officials will continue to progress work on workforce development, attraction and promotion of New Zealand as a production location, and technical changes to the NZSPG through business-as-usual activity;
- 11 **authorised** the Minister for Arts, Culture and Heritage, Minister of Finance, and Minister for Economic Development to take final decisions on the detailed design for paragraphs 7.1 and 7.3 above;
- 12 **agreed** that the decisions on detailed design for paragraphs 7.1 and 7.3 be made and announced by 31 July 2023;
- 13 **noted** that officials will closely monitor the level of activity in our domestic and international screen sectors to assess the impact of the changes agreed in paragraph 7;
- 14 **invited** the Minister for Arts, Culture and Heritage and Minister for Economic Development to report back to Cabinet in early 2024 on the above assessment, and any further recommended changes to support the sector.

Rachel Hayward  
Secretary of the Cabinet