MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

COVERSHEET

Minister	Hon Nicola Willis	**Portfolio**	Economic Growth
Title of Cabinet paper	Targeted Adjustments to the New Zealand Screen Production Rebate – International	**Date to be published**	18 November 2025

List of documents that have been proactively released		
Date	**Title**	**Author**
October 2025	Targeted Adjustments to the New Zealand Screen Production Rebate – International	Office of the Minister for Economic Growth
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Information redacted **<u>YES</u> / NO** *(please select)*

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Some information has been withheld for the reasons of commercial information and legal professional privilege.

In Confidence

Office of the Minister for Economic Growth

Cabinet Business Committee

Targeted adjustments to the New Zealand Screen Production Rebate–International

Proposal

1 This paper seeks agreement to adjust four elements of the New Zealand Screen Production Rebate–International (NZSPR–International) to ensure the rebate remains effective. Specifically, I propose to:

1.1 lower the minimum qualifying spend in New Zealand for films made to be shown in cinemas (theatrical feature films) from $15 million to $4 million

1.2 lower the qualifying spend for theatrical feature films eligible for the 5% Uplift from $30 million to $20 million

1.3 expand eligibility for the additional 5% Uplift from international live-action formats to projects that exclusively undertake Post-Production, Digital and Visual Effects (PDV) activities (eg editing, sound design, animation and visual effects) in New Zealand

1.4 remove the Above-the-Line cap which limits how much productions can claim for key creative roles (e.g. main actors, directors, producers and writers).

Relation to government priorities

2 This proposal directly supports the Government's *Going For Growth* approach and the objective to double the value of exports in ten years. By refining the NZSPR–International, we can attract greater foreign investment into New Zealand's screen sector, contributing to export diversification, higher-value growth and stronger international connections. By strengthening local skills and capabilities, international productions generate positive spillovers for domestic projects—supporting the ambitions of amplify, the Government's creative and cultural strategy.

Executive Summary

3 The New Zealand screen industry makes a significant contribution to national and regional economic activity and employment. The NZSPR–International has supported growth in the industry since 2014. For every dollar the Government spends, the economic gains $2.39 in return.[1] However, global screen production and distribution patterns have shifted in recent years, and many countries have updated their incentives to remain competitive.

[1] Sapere. 2018. Evaluating the New Zealand Screen Production Grant

4 Australia, in particular, has recently increased its rebate from 16.5 to 30 per cent and removed limits on how much can be claimed for key creative roles like actors and directors. When combined with extra funding offered by individual states, productions filming in Australia can now receive support worth up to around 40 per cent of their spending. These changes have made Australia far more attractive to international studios and are already drawing both productions and highly skilled New Zealand workers across the Tasman. Once those workers establish themselves overseas, it will be difficult to attract them back to New Zealand.

5 In contrast, New Zealand's screen production settings have become uncompetitive and less attractive, with recent examples – such as the new *Street Fighter* movie opting for Australia due to more favourable rebate settings. The impact is now visible across the New Zealand screen sector: international production enquiries have fallen by 32 per cent year-on-year, 73 per cent of studio stage space sits empty with four of six major facilities holding no forward booking, indicating a steep decline in pipeline confidence and an increasing risk of long-term loss of capability.

6 This paper seeks agreement to make four targeted adjustments to the NZSPR–International to ensure it remains effective given the recent global shifts, while also being fiscally sustainable within the current budget. Specifically, I propose:

6.1 lowering the minimum qualifying spend in New Zealand for films made to be shown in cinemas (theatrical feature films) from $15 million to $4 million, aligning it with television and streaming formats. This change will make it easier for small-to-medium-sized productions (typically with eligible expenditure between $8–12 million) to qualify for the rebate

6.2 lowering the qualifying spend for theatrical feature films eligible for the 5% Uplift from $30 million to $20 million

6.3 expanding eligibility for the additional 5% Uplift from international live-action formats to projects that exclusively undertake Post-Production, Digital and Visual Effects (PDV) activities (e.g. editing, sound design, animation and visual effects) in New Zealand to encourage a greater volume of PDV work to be carried out within New Zealand

6.4 removing the Above-the-Line cap which limits how much productions can claim for key creative roles (e.g. main actors, directors, producers and writers) to help bring more major film projects to New Zealand.

7 Together, these adjustments will encourage greater foreign investment, diversify New Zealand's production pipeline, provide more consistent opportunities for local talent and regional economies, and place us on a competitive footing with similar jurisdictions.

8 If agreed, all changes would take effect from 1 January 2026, with the New Zealand Film Commission (NZFC) responsible for implementation and ongoing monitoring. I also intend to closely monitor the fiscal implications to ensure we remain within the appropriated fiscal levels for the rebate. MBIE will collaborate with the NZFC to deliver bi-monthly updates on production forecasts, fiscal impact, and market response.

Background

The NZSPR–International has been central to building our reputation as a world class screen production destination and delivering wider economic benefits

9 In 2014, the NZSPR–International was introduced to attract international productions to New Zealand and build a competitive screen industry. It has underpinned our global reputation as a leading production hub with international projects such as *The Lord of the Rings*, *The Avatar* sequels, *Chief of War* and *A Minecraft Movie,* bringing significant investment and providing opportunities for New Zealanders to work alongside top global talent.

10 The NZSPR–International is a government incentive to attract international film and television productions to New Zealand by refunding a portion of the qualifying money they spend locally. To qualify for the rebate, productions must undertake eligible expenditure in New Zealand, which in practice means hiring New Zealand crew and engaging local suppliers — including set construction, catering, transport, and post-production services. The scheme offers a base rebate of 20 per cent of eligible production expenditure, with an additional 5% Uplift available for productions that deliver broader benefits to New Zealand, such as skills development, innovation or international market growth. The 5% Uplift points-test framework and expenditure rules are specifically designed to ensure that the scheme delivers tangible benefits for New Zealand workers and businesses.

11 New Zealand's screen sector is a major contributor to the economy, currently supporting around 24,000 jobs and generating approximately $3.5 billion in revenue each year. Since 2020, film and television productions that received the Rebate have employed over 21,000 New Zealand cast and crew (representing 84% of the total workforce) across 42 productions. The industry's activity has positive flow-on benefits for related sectors like construction, tourism and hospitality, and also stimulates demand for local services and infrastructure in regional economies. Recognising the sector's value, the Government reaffirmed its commitment by allocating an additional $577 million over four years in Budget 2025, bringing total funding to $1.09 billion.

The landscape for the global screen industry has evolved significantly in recent years creating uncertainty about the future production pipeline

12 Since the NZSPR–International settings were first established, the global screen landscape has evolved significantly. The rise of streaming platforms has blurred traditional distribution channels, and global production has been affected by COVID-19 disruptions, industry strikes and rapid technological developments such as artificial intelligence.

13 Many competitor jurisdictions have responded by strengthening their incentives. For example, in 2024 Australia removed its Above-the-Line cap and increased its rebate rate from 16.5 per cent to 30 per cent, and in June 2025 California increased its film and television tax incentives from NZD $575 million to $1.3 billion a year. By contrast, New Zealand's settings have seen only moderate changes over the past decade and are now less internationally competitive. A comparison of international rebate schemes across jurisdictions is attached at **Appendix One**.

New Zealand's future production pipeline faces uncertainty under current settings

14 The New Zealand Film Commission (NZFC) reports a 32 per cent decline in international production enquiries compared to the same period last year. Only two further Uplift productions are confirmed to start between November 2025 and February 2026 with no new Uplift productions confirmed since 4 June 2025. Just one new live-action production has registered for the rebate this year. Notably, 90 per cent of projected accruals for 2026/27 are tied to just two productions: Avatar Sequels and Umami.

15 A letter from the New Zealand Studio Infrastructure Group[2] confirms that, as of June 2025, 73 per cent of stage space was unoccupied, and four out of six international studio facilities have no forward bookings. Studios such as Warner Bros. and Paramount have indicated that upcoming productions worth over USD$125 million are at risk of relocating due to New Zealand's current settings. A sector survey by Screen NZ International[3] reinforces this outlook: 79 per cent of crew report no consistent work in 2025 and 67 per cent have no confirmed work for 2026 with increasing reports of crew moving offshore.

16 While the current appropriation is expected to be fully utilised in the 2025/26 financial year, the longer-term production pipeline is less secure. Without updates to current settings, there is a risk that New Zealand will attract fewer international projects over time, leading to underutilisation of the rebate's potential and loss of economic benefits associated with international screen productions.

17 Consultation with the NZFC and industry stakeholders, has confirmed that there are four main elements of the current scheme now act as barriers to attracting and retaining productions: the high theatrical threshold, the high qualifying spend for the 5% Uplift, the Above-the-Line cap and restrictions on Post-Production, Digital, and Visual Effects (PDV) access to the 5% Uplift.

18 Commercial Information [redacted][4] The proposed changes to rebate settings are relevant to this and other similar investments, as they could influence the ability of studios across New Zealand to attract future productions. Commercial Information [redacted]

[2] The New Zealand Studio Infrastructure Group comprises the independent and private owners of New Zealand's eight premiere Film and Television Studio facilities.

[3] Screen NZ International comprises experienced screen business owners and senior industry professionals who work on the front lines of the international screen sector.

[4] Commercial Information [redacted]

19 Targeted refinements are needed to ensure the rebate remains effective, competitive and able to deliver ongoing value for New Zealand. I have identified options that I expect will be affordable within existing budget over the forecast period.

Analysis

Proposed changes to New Zealand Screen Production Rebate (NZSPR)–International settings

Lower the theatrical (feature film) threshold from $15 million to $4 million

The current threshold means New Zealand is missing out on valuable productions

20 At present, the NZSPR–International applies different minimum qualifying production expenditure thresholds depending on how a production is distributed. Films intended for screening in cinemas must have at least $15 million of qualifying production expenditure, while those made for television and streaming platforms only need $4 million.

21 The current threshold structure does not align with the realities of modern content production and distribution as many projects are designed for release both in cinemas and on streaming platforms. Producers are often uncertain about how their content will ultimately be distributed at the outset which forces them to assume the higher threshold applies. This uncertainty can discourage them from considering New Zealand as a filming location during the early planning stages.

22 The $15 million threshold is widely viewed as a barrier for small to mid-budget theatrical productions. Currently, these productions (typically with eligible expenditure between $8–12 million) are a growing share of the global market that New Zealand misses out on. Competitor countries such as Australia use a single, consistent threshold, making them easier to market and more attractive to producers.

23 Industry feedback indicates this setting has deterred projects from growth markets such as India, Southeast Asia and independent North American producers. These regions are driving demand for smaller, diverse content.

The proposed change

24 I propose lowering the theatrical threshold from $15 million to $4 million, creating a single, consistent minimum threshold for all live-action productions, regardless of distribution platform. This would:

24.1 remove uncertainty for producers who do not know a project's final release platform at the planning stage

24.2 broaden New Zealand's appeal to a wider range of international producers, particularly in growth markets

24.3 open new opportunities for local creatives to gain experience and international exposure.

25 Modelling by the NZFC indicates this change could attract between one and four additional small feature films each year, contributing up to $50 million in qualifying production expenditure annually, which equates to an estimated $10 million increase in annual rebate costs.

26 These productions would not only provide steady work for local crew and vendors but also help diversify New Zealand's production base, reducing reliance on a small number of large-scale blockbusters. Smaller productions, in particular, are likely to rely on local crews, as importing labour is more costly. This dynamic makes the rebate settings a natural driver of local employment, skills development, and industry capability. Additionally, smaller productions place less pressure on studio space and resources, making them a good fit for regional studios and emerging production hubs.

27 As these productions are lower budget, their call on the rebate is proportionally smaller, making this a fiscally sustainable adjustment within the current appropriation.

Lower the qualifying spend in New Zealand for theatrical feature films eligible for the 5% Uplift from $30 million to $20 million

The current qualifying spend for the 5% Uplift excludes mid-sized productions

28 Productions seeking the additional 5% Uplift under the NZSPR–International must currently spend at least $30 million in New Zealand. This threshold has remained unchanged since 2014. While the 2023 changes broadened overall eligibility, the $30 million threshold itself has become increasingly misaligned with international benchmarks, where minimum spend levels for similar incentives are typically lower.

The proposed change

29 I propose lowering the qualifying New Zealand production expenditure threshold for the 5% Uplift from $30 million to $20 million. This would make the Uplift more accessible to a wider range of mid-budget productions.

30 Based on September forecasts, there are only two live-action productions that currently fall within the $20–$30 million range. The NZFC estimates that lowering the threshold would attract two additional international productions per year, which if these productions had qualifying spend of $25 million each, this would result in an estimated additional call on the rebate of $12.5 million annually (for both productions). This figure is a best estimate, based on historical trends in production activity and the types of projects New Zealand has typically attracted. Each additional production beyond this would add approximately $6.25 million in rebate costs.

31 While modest in scale, this change would increase New Zealand's competitiveness for mid-sized theatrical projects and help diversify the pipeline beyond a small number of large blockbusters.

Extend eligibility for the 5% Uplift to Post-Production, Digital and Visual Effects (PDV)-only projects

The current settings no longer reflect how the global screen industry operates

32 The NZSPR–International currently provides a 20 per cent rebate for international productions that spend at least $250,000 on PDV work in New Zealand. However, PDV-only projects cannot access the additional 5% Uplift, which is available only to live-action productions that meet broader industry benefit criteria.

33 This exclusion no longer reflects how the global screen industry operates. Increasingly, productions are designed with digital and visual effects at the core of their planning and financing. PDV is no longer simply the final stage of production, it now drives innovation, technology transfer and international partnerships. By excluding PDV-only projects from the 5% Uplift, New Zealand is limiting the potential of one of its most globally competitive, export-focused industries.

34 Leading firms, such as Wētā FX and other local vendors, have highlighted that the current settings constrain their ability to secure long-term projects, invest in talent and remain competitive in a fast-changing global market.

The proposed change

35 I propose expanding eligibility for the 5% Uplift to PDV-only projects.

36 Eligibility will be determined through a points test, ensuring that the additional support is directed to projects delivering clear benefits for New Zealand, such as workforce development, advanced technical skills or international collaborations. I seek Cabinet's agreement to delegate authority to me to finalise the detailed criteria for this points test.

37 Creating a 5% Uplift for PDV-only projects will allow New Zealand to secure more high-value PDV contracts and anchor this work locally in a competitive market. Based on NZFC modelling using average PDV activity across financial years 2019 to 2025 at a 25 per cent rebate rate, the change could generate up to $208 million in additional qualifying expenditure each year, equating to around $52 million in additional rebate costs, versus $41.6 million under current settings - an increase of approximately $10 million per year.

38 These projects would support skilled jobs, strengthen export earnings and help retain world class talent. More broadly, the change positions New Zealand to capture a larger share of the growing global demand for digital and visual effects work, ensuring that our rebate settings remain aligned with modern production practices and continue to deliver long-term value.

Remove the Above-the-Line cap

The current cap limits New Zealand's ability to attract larger and marquee productions

39 At present, productions claiming the NZSPR–International can include no more than 20 per cent of their Above-the-Line costs as qualifying production expenditure. These costs cover key creative roles such as lead actors, directors, producers and writers. This cap was introduced to limit fiscal exposure but has become a barrier in practice.

40 Producers and studios have told us that the current cap restricts New Zealand's ability to attract marquee productions which rely on high-profile creative talent to secure financing and distribution. It also limits our ability to engage mid-sized projects from

emerging markets such as India and Southeast Asia where budgets are often weighted more heavily toward creative talent. These projects are increasingly important as the global market diversifies and shifts away from a reliance on large blockbusters. In this context, the current cap no longer reflects how productions are financed or where the growth opportunities lie.

The proposed change

41 I propose removing the Above-the-Line cap, with the NZFC and MBIE monitoring and assessing the impact of this change.

42 Removing the Above-the-Line cap is expected to attract larger and marquee productions that deliver significant local employment and investment while also enabling New Zealand to build stronger connections with emerging markets such as India—especially for Above-the-Line heavy productions like those from Bollywood. These projects are typically mid-sized but bring a steady stream of work for local crews, vendors and regional economies.

43 Removing the Above-the-Line cap would be welcomed by industry and a marketable tool for restoring New Zealand’s production pipeline. Expected market response to the proposed change assumes a typical mix of international productions likely to register under the new settings (eg one large feature film, one medium feature film, one large television series, and one medium television series). Productions of this nature, which are also more likely to seek the 5% Uplift, could generate up to $365 million in qualifying production expenditure per year, resulting in rebate cost totalling approximately $91 million.

Risks and mitigations

44 While consultation indicates broad support, some may question the scope or fairness of the adjustments. Concerns could arise around the removal of the Above-the-Line cap, which might be seen as favouring large international productions. However, the broader set of changes is designed to support lower-budget projects and promote a balanced, inclusive approach. A clear communication plan and proactive engagement will help reassure the sector that these revisions aim to enhance competitiveness, inclusivity and responsiveness to global market conditions. The NZFC will communicate the changes early to key producers, providing clarity and generating genuine interest in the revised settings.

45 Legal professional privilege [redacted]

Implementation

46 Subject to Cabinet approval, the proposals in this paper will be implemented by the NZFC in consultation with the Ministry of Business, Innovation and Employment (MBIE), commencing on 1 January 2026.

Cost-of-living Implications

47 There are no cost-of-living implications arising from this proposal.

Financial Implications

48 In Budget 2025, the Government reaffirmed its commitment by allocating an additional $577 million over four years, bringing total funding of the NZSPR–International to $1.09 billion. The multi-year appropriation is $210 million annually.

49 The figures in Table 1 below represent an upper-range, contingent scenario assuming a strong market response to the changes. In practice, expenditure may be considerably lower if the pipeline rebuilds more slowly. These adjustments are intended to stimulate new investment and employment, with all proposals designed to be managed within the multi-year appropriation.

50 I will monitor production activity and rebate uptake closely, in collaboration with the NZFC and the Treasury, to ensure total expenditure stays aligned with the available funding. Officials will provide advice as needed to support effective management of the scheme within the multi-year appropriation.

Table 1: NZSPR–International appropriation, current accruals, cost of proposed changes and variance summary

Category		2026/27 ($m)	2027/28 ($m)	2028/29 ($m)
Expected draw on the rebate	Forecast (Registered Productions)	93	36	
	Anticipated films, like *The Hunt for Gollum*	66	36	60
Estimated impact of proposed changes	Extending PDV activity to the 5% Uplift	10	10	10
	Lowering the theatrical threshold from $15m to $4m	10	10	10
	Above-the-Line Cap Removal	91	91	91
	Reducing the threshold to access the 5% Uplift from $30 m to $20 m]	13	13	13
Totals	**Estimated additional rebate**	**124**	**124**	**124**
	Annual appropriation amount	**210**	**210**	**210**
	Net balance less current registrations	**51**	**138**	**150**
	Net balance less registrations and estimated additional rebate	**-73**	**14**	**26**

Legislative Implications

51 There are no legislative implications from the proposals in this paper.

Impact Analysis

Regulatory Impact Statement

52 Regulatory impact statement requirements do not apply to the proposals in the paper.

Climate Implications of Policy Assessment

53 There are no climate impacts arising from the proposal in the paper.

Population Implications

54 There are no population implications associated with this paper.

Human Rights

55 This paper is consistent with the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.

Consultation

56 This paper has been consulted with The Treasury, the Ministry for Culture and Heritage (MCH), New Zealand Trade and Enterprise (NZTE), Ministry of Foreign Affairs & Trade (MFAT), Department of the Prime Minister and Cabinet (DPMC) and Invest NZ.

57 Subject to Cabinet approval, officials will work with the NZFC as relevant on the detail and implementation of these proposals.

Communications

58 I intend to work with the NZFC on a joint communications approach that ensures announcements meet our intention of providing clarity and certainty for the screen sector.

Proactive Release

59 I intend to release this paper, withholding sections consistent with the Official Information Act 1982, within 30 business days of decisions being confirmed by Cabinet.

Recommendations

The Minister for Economic Growth recommends that the Committee:

1 **Note** that the New Zealand Screen Production Rebate–International (NZSPR–International) is a key government incentive supporting international film and television production in New Zealand, delivering significant economic, employment and skills benefits.

2 **Note** that global shifts in screen production and distribution models have made the current NZSPR–International settings less competitive, as other jurisdictions have

updated their incentives in response to market changes (e.g. Australia has increased its main rebate rate from 16.5 per cent to 30 per cent and removed its Above-the-Line cap, with additional state-level incentives offering total support of up to around 40 per cent).

3 **Note** that New Zealand is losing productions and skilled workers to Australia and elsewhere, with a steep decline in activity showing in data – international production enquiries have fallen by 32 per cent year-on-year, 73 per cent of studio stage space sits empty (with four of six major facilities holding no forward bookings) – indicating a weakening production pipeline and growing risk of permanent talent and skill loss.

4 **Agree** to four targeted adjustments to the NZSPR–International settings to ensure the scheme remains competitive and effective while fiscally sustainable:

4.1 Lower the minimum qualifying spend in New Zealand for films made to be shown in cinemas (theatrical feature films) from $15 million to $4 million, bringing it in line with television and streaming formats.

4.2 Lower the qualifying spend for theatrical feature films eligible for the 5% Uplift from $30 million to $20 million.

4.3 Expand eligibility for the additional 5% Uplift from international live-action formats to projects that exclusively undertake Post-Production, Digital and Visual Effects (PDV) activities (e.g. editing, sound design, animation and visual effects).

4.4 Remove the limit on how much productions can claim for key creative roles (e.g. main actors, directors, producers and writers).

5 **Note** the intention to manage the proposals in Recommendation 4 above within the multi-year appropriation of $1.09 billion for NZSPR–International allocated in Budget 2025.

6 **Note** that the fiscal implications of these proposals will be monitored closely by the New Zealand Film Commission and the Ministry of Business, Innovation and Employment, with bi-monthly reporting after the new settings are commenced on scheme performance, including uptake, fiscal impact, and market response.

7 **Agree** that all changes to the NZSPR–International settings will come into effect from 1 January 2026.

8 **Authorise** the Minister for Economic Growth to make final decisions on the points test for PDV Uplift eligibility, in consultation with the New Zealand Film Commission (NZFC).

Authorised for lodgement

Hon Nicola Willis

Minister for Economic Growth

Appendix One – Comparison of international rebate schemes