



Cabinet

CAB Min (13) 42/5

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Minute of Decision

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Screen Production Incentives

Portfolios: Economic Development / Arts, Culture and heritage

On 2 December 2013, Cabinet:

International screen sector in New Zealand

- 1 **agreed** that New Zealand should work to achieve a screen sector that is financially sustainable and internationally competitive;
- 2 **noted** that, for the time being, some amendment to screen production incentives is required to attract international film and television to New Zealand;

Options for enhancement

- 3 **agreed** to combine the current Large Budget Screen Production Grant (LBSPG) and Screen Production Incentive Fund (SPIF) into one scheme to be known as the New Zealand Screen Production Grant (NZSPG), effective from 1 April 2014, with the following enhancements:
 - 3.1 a new baseline rebate of 20 percent for qualifying New Zealand expenditure, replacing the current baseline provision of 15 percent;
 - 3.2 the ability for productions to qualify for an additional 5 percent if a certain number of points are met on a point test relating to significant economic benefits;
 - 3.3 the removal of the current appropriation cap for SPIF and an increase in the cap on individual productions to \$50 million of qualifying New Zealand expenditure;
 - 3.4 the requirement that, for New Zealand productions with qualifying New Zealand expenditure in excess of \$15 million and up to a maximum of \$50 million, support be provided as an equity share as opposed to a grant payment, and be subject to scoring a certain number of points on a points test relating to business as well as cultural factors;
 - 3.5 the removal of distinctions between New Zealand film and television productions for rebate purposes;

- 4 **directed** officials from the Ministry of Business, Innovation and Employment (MBIE) and the Ministry for Culture and Heritage (MCH), in consultation with the Treasury, to report back to the Cabinet Economic Growth and Infrastructure Committee by 1 March 2014 on combining the LBSPG and SPIF under a new appropriation structure for the NZSPG;

Implementation issues

- 5 **directed** officials from MBIE and MCH, in consultation with the Treasury, to report back to Vote Ministers by October 2014 with an assessment of the impact of the LBSPG and SPIF changes, including the extent to which these are putting pressure on available baseline funding for the respective schemes and options for how any such pressure might be managed;
- 6 **noted** that, in order to implement the changes in paragraph 3 above, it will be necessary for the New Zealand Film Commission (NZFC), Film New Zealand (FNZ) and officials from MBIE and MCH to finalise work on detailed design issues, especially relating, but not limited, to the proposed points tests, and that it would be desirable to involve the industry in this process;
- 7 **noted** that, as part of this process, consideration will be given to reducing the compliance burden of complex legal and financial documentation that are a feature of SPIF productions due to the need to find a third party lender until the grant is paid out;
- 8 **invited** the Minister for Economic Development and the Minister for Arts, Culture and Heritage to announce and finalise detailed arrangements to give effect to the proposal;

Other issues

- 9 **noted** that the Minister for Arts, Culture and Heritage will be developing funding proposals in the context of the 2014 Budget to increase resources for the NZFC to administer changes in respect of the LBSPG and SPIF;
- 10 **noted** that the Minister for Economic Development and Minister for Arts, Culture and Heritage will be developing funding proposals in the context of the 2014 Budget to increase resources for the NZFC and FNZ for overseas marketing efforts;
- 11 **invited** the Minister for Economic Development to oversee discussions on the possibility of the three planned sequels to *Avatar* being produced in New Zealand, with a view to a decision being reached by Christmas 2013;
- 12 **authorised** the Minister for Economic Development to approve a negotiating brief for the discussions referred to in paragraph 11 above, if required;
- 13 **directed** MBIE and MCH to report to the Minister for Economic Development and Minister for Arts, Culture and Heritage by 31 March 2014 on proposals for an ongoing review process to ensure that New Zealand's incentives for overseas production remain appropriate;

- 14 **invited** the Minister for Economic Development, the Minister for Arts, Culture and Heritage and the Minister of Broadcasting to report back to the Cabinet Economic Growth and Infrastructure Committee in February 2014 on further changes that may be needed to encourage the development of resilient screen sector in New Zealand.

Secretary of the Cabinet

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