



## COVERSHEET

<b>Ministers</b>	Hon Carmel Sepuloni Hon Barbara Edmonds	<b>Portfolio</b>	Economic Development
<b>Title of Cabinet paper</b>	Consultation document with options to lift the value of government investment in the screen sector	<b>Date to be published</b>	17 July 2023

<b>List of documents that have been proactively released</b>		
<b>Date</b>	<b>Title</b>	<b>Author</b>
19 October 2022	Consultation document with options to lift the value of government investment in the screen sector	Offices of the Minister for Arts, Culture and Heritage and, Minister for Economic and Regional Development
	Options to Lift the Value of Government Investment in the Screen Sector: Release of Consultation Document SWC-22-MIN-0178 Minute	Cabinet Office
20 October 2022	Amendments to Consultation Document for Review of Government Investment in the Screen Sector	MBIE, MCH

### **Information redacted**

### **YES / NO**

Any information redacted in this document is redacted in accordance with MBIE's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Some information has been withheld for the reasons of Legal professional privilege, improper pressure or harassment and for international relations purposes.



## BRIEFING

### Amendments to Consultation Document for Review of Government Investment in the Screen Sector

<b>Date:</b>	20 October 2022	<b>Priority:</b>	Urgent
<b>Security classification:</b>	In Confidence	<b>Tracking number:</b>	MBIE: 2223-1501 MCH: BR2022/589

Action sought		
	Action sought	Deadline
Hon Carmel Sepuloni <b>Minister for Arts, Culture and Heritage</b>	<b>Note</b> you requested officials revise the consultation document "Increasing value from government investment in the New Zealand Screen Production Grant" <sup>International relations</sup>	21 October 2022
Hon Stuart Nash <b>Minister for Economic and Regional Development</b>	Legal professional privilege	
	<b>Agree</b> to re-lodge the amended consultation document that: <ul style="list-style-type: none"> <li>- removes Option 3 as presented in the version considered by SWC, and instead</li> <li>- includes the 'stackable' cultural content and creative talent incentives in 'Option 2'</li> <li>- includes additional questions to elicit feedback on the current base criteria of the NZSPG.</li> </ul>	

Contact for telephone discussion (if required)				
Name	Position	Telephone		1st contact
Gina Williamson	Manager, Industry Policy, MBIE	Privacy of natural persons	Privacy of natural persons	✓
Emma Spooner	Manager, Arts Policy, MCH		Privacy of natural persons	✓

The following departments/agencies have been consulted
Ministry of Foreign Affairs and Trade

**Minister's office to complete:**

- Approved
- Noted
- Seen
- See Minister's Notes

- Declined
- Needs change
- Overtaken by Events
- Withdrawn

**Comments**



# BRIEFING

## Amendments to Consultation Document for Review of Government Investment in the Screen Sector

<b>Date:</b>	20 October 2022	<b>Priority:</b>	Urgent
<b>Security classification:</b>	In Confidence	<b>Tracking number:</b>	2223-1501

### Purpose

To provide you with advice on revisions to the consultation document “*Increasing the value from government investment in the New Zealand Screen Production Grant*” following feedback from the Social Wellbeing Committee (SWC) on 19 October 2022.

### Executive Summary

In considering the consultation document “*Increasing value from government investment in the New Zealand Screen Production Grant*”, the SWC have asked International relations [redacted]. You have asked for a revised version of the consultation document that makes clear International relations [redacted].

Giving effect to this request impacts on the presentation of Option 3 in the consultation document. In its current form, Option 3 would enable international productions to apply for up to a maximum 45 percent rebate on qualifying expenditure, as they would be eligible to apply for both a Repeat Activity Incentive and the stackable cultural content and creative talent incentives.

There are two approaches to giving effect to the request from SWC:

- **Amend Option 3** such that the base incentive remains International relations [redacted] but the stackable incentives differ International relations [redacted].
- **Remove Option 3** but include the stackable cultural content and creative talent incentives in Option 2 and include questions to seek feedback on the existing base criteria of each of the New Zealand and International grants.

We recommend the second approach Legal professional privilege [redacted].

This approach will still allow us to test options that seek more ambitious New Zealand content and business growth outcomes from domestic productions.

### Recommended action

The Ministry of Business, Innovation and Employment recommends that you:

- a **Note** you requested officials revise the consultation document “*Increasing value from government investment in the New Zealand Screen Production Grant*” International relations [redacted].

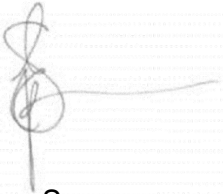
*Noted*

- b **Note** that amending ‘Option 3’ of the consultation document to meet this request Legal professional privilege [redacted].

*Noted*

- c **Agree** to re-lodge the amended consultation document *"Increasing value from government investment in the New Zealand Screen Production Grant"* (at Annex One) that:
- i. Removes 'Option 3' as presented in the version considered by SWC, and instead
  - ii. Includes the 'stackable' cultural content and creative talent incentives in 'Option 2'
  - iii. Includes additional questions to elicit feedback on the current base criteria of the NZSPG – New Zealand

*Agree / Disagree*



Emma Spooner  
**Manager, Arts Policy**  
Policy and Sector Performance,  
Manatū Taonga

20 / 10 / 2022



Gina Williamson  
**Manager, Industry Policy**  
Economic Development and Transitions,  
MBIE

20 / 10 / 2022

Hon Carmel Sepuloni  
**Minister for Arts, Culture and Heritage**

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Hon Stuart Nash  
**Minister for Economic and Regional  
Development**

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## Background

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1. In considering the consultation document “*Increasing value from government investment in the New Zealand Screen Production Grant*”, the Social Wellbeing Committee (SWC) <sup>International re</sup>  
[REDACTED]
2. This does not impact Options 1 and 2 in the consultation document. Rather, it is in response to the proposal under Option 3 in the draft consultation document <sup>International relations</sup>  
[REDACTED]
  - a. A 5 percent Repeat Activity Incentive; and
  - b. Up to 20 percent stackable incentives based on cultural content and creative talent criteria (in 5 percent increments).
3. You have asked for a revised version of the consultation document that makes clear that international productions will be eligible for a maximum 25 percent rebate. A (marked-up) revised version of the consultation document is attached at **Annex One**.

## Proposed amendments

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4. There are two approaches to revisions to the consultation document <sup>International relations</sup>  
[REDACTED] (i.e. keeping incentive rates consistent with current settings):
  - a. <sup>International relations</sup>  
[REDACTED]
  - b. **Remove Option 3**, consulting only on Options 1 and 2, but within this:
    - i. change the structure of the cultural content and creative talent test in Option 2 to be structured as a set of four stackable 5 percent components,
    - ii. add a question that invites feedback on how well the existing ‘base criteria’ for each of the NZSPG – New Zealand and the NZSPG – International align with and achieve the goals of that option.
5. We note that approach a. would also mean that New Zealand productions would no longer be proposed to be eligible for the Repeat Activity Incentive, meaning they remain only able to access a maximum rebate of 40 percent, compared to the 45 percent maximum in the version of Option 3 presented previously.
6. <sup>International relations</sup>  
[REDACTED]

7. Under both approaches, we will also add to the consultation document standard language that notes that the final changes recommended will need to be consistent with our international trade obligations.

## Advice


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8. We recommend progressing with approach b as set out above – that is, to remove Option 3 and amend Option 2 of the consultation document. The revisions to the Consultation Document at Annex One have been made consistent with this recommendation.
9. We recommend this approach **Legal professional privilege**  
**[REDACTED]**  
**[REDACTED]** This approach will still allow us to test options that seek more ambitious New Zealand content and business growth outcomes from domestic productions. We note that it might be possible to propose an alternative version of Option 3 **Legal professional privilege** but that this would require additional time and risks further delays to the start of consultation.

### *Rationale for the original Option 3*

10. The rationale for including Option 3 in the consultation document was threefold:
  - a. Presenting the idea that international studios might produce strong New Zealand cultural content and / or significantly invest in New Zealand creative talent, and in doing so could increase the potential to take compelling New Zealand content to global audiences,
  - b. Testing the approach of creating one base incentive that consolidates and aligns criteria across all types of production, clarifying and simplifying the structure of the NZSPG across domestic, international and PDV productions, and through this potentially incentivising more ambitious, internationally connected New Zealand content and business growth.
  - c. Testing the approach of breaking down the cultural content and creative talent test into smaller stackable components to enable more targeted outcomes.
11. In amending option 3, you will retain the ability to test responses to the second and third of these points. In removing option 3, you will retain the ability to test responses to the third point, and we will seek feedback in other ways on where we might alter NZSPG – New Zealand criteria to better incentivise ambitious New Zealand content and business growth.

Legal professional privilege



## Next steps

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16. Subject to your agreement, your Offices will re-submit the consultation document in time for consideration by Cabinet on Tuesday 25 October 2022.

## Annexes

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Annex One: Revised Consultation Document: *“Increasing the value of government investment in the New Zealand Screen Production Grant”*



**Annex One: Revised Consultation Document: “Increasing the value of government investment in the New Zealand Screen Production Grant”**