

The Ministry of Business, Innovation and Employment and  
Manatū Taonga Ministry for Culture and Heritage  
c/o [screenenquiries@mbie.govt.nz](mailto:screenenquiries@mbie.govt.nz)

18 December 2022

Tēnā koe,

**Re: Increasing value from government investment in the New Zealand Screen Production Grant (NZSPG)**

Export New Zealand (ExportNZ) welcomes the opportunity to submit on the Ministry of Business, Innovation, and Employment (MBIE) and Manatū Taonga Ministry for Culture and Heritage's (MCH) "*Increasing value from government investment in the New Zealand Screen Production Grant*" (NZSPG) consultation document. We would like to take this opportunity to highlight the areas in which a competitive Screen Production Grant will benefit New Zealand's broader economic strategy:

1. Increased investment in the local film production industry, creating jobs and economic growth.
2. Increased international exposure for New Zealand's creative talent and culture.
3. Increased tourism to New Zealand, as more people become aware of the country's unique landscapes and culture.
4. Increased tax revenue from the production of films and television shows, which can be used to fund other public services.
5. Increased collaboration between New Zealand and international filmmakers, creating new opportunities for both.

The broader economic benefits are outlined in the report "[Evaluating the New Zealand Screen Production Grant](#)" by Sapere. That report shows an estimated economic benefit of the grants (including payments to sub-contractors) of \$457.0 million, or \$2.58 dollars of economic benefit for each \$1 of the NZSPG. Comparatively, the report '[Economic Impact of the New Zealand Aotearoa Screen Production Sector](#)' by Olsberg, SPI show that the benefits of attracting investment in the screen sector also have major contributions in other

industries such as tourism, hospitality, transport, retail, and property. Analysis of that report found that every NZ\$1 spent through the NZSPG supported a further \$6.15 of additional economic value into the New Zealand's economy.<sup>1</sup>

Analysis completed by Sapere showed;

*"Our indicative estimate of the direct net economic benefit attributable to the NZSPG is \$361.1 million compared to grant expenditure of \$177.1 million. Of this direct benefit \$25.0 million is derived from the domestic grant and \$336.1 million is attributable to the international grant. Based on the evidence available, the economic benefits derived from the international grant significantly outweigh the costs. While the economic benefits of the domestic grant may not outweigh the costs, economic benefit is not one of the key objectives of the domestic grant."*<sup>2</sup>

Furthermore,

*"The additional economic benefit associated with activity directly attributable to the NZSPG is \$541.5 million, comprising \$58.7 million from the domestic grant and \$482.8 million from the international grant. This includes both the primary benefits to New Zealand resident cast and crew and domestic producers, as well as the secondary benefits to suppliers and contractors."*<sup>3</sup>

The NZSPG is an economic incentive and an effective investment programme, however there is a misconception that the grant is simply a subsidy that benefits individuals and major international corporations. The reality is that the grant is a rebate triggered by significant production spend in New Zealand. Without the rebate, the money is unlikely to be invested into our economy to begin with. Sapere data estimates are that in the absence of the grant 74.8% of activity associated with domestic NZSPG productions and 91.6% of activity associated with international NZSPG productions would be lost.<sup>4</sup>

Currently, New Zealand offers a 20% rebate to international productions filmed in the country, with the invitation of an additional 5% uplift. In a global market competing for international business, the latest disruption and layer of uncertainty added by this review mean that New Zealand isn't a competitive attraction when similar landscapes like Ireland offer a 30% rebate. Australia offers a maximum of 40% for features released theatrically or 30% for other

---

<sup>1</sup> Olsberg., <https://www.nzfilm.co.nz/sites/default/files/2022-07/Economic%20Impact%20of%20the%20New%20Zealand%20Screen%20Production%20Sector%20-%20Final%202022-07-06.pdf>, pg. 10.

<sup>2</sup> Sapere, <https://www.srgexpert.com/wp-content/uploads/2018/06/Evaluating-the-NZ-Screen-Production-Grant-Final-June-2018.pdf>, pg. 41.

<sup>3</sup> Ibid.

<sup>4</sup> Ibid. pg. 14

productions. In addition, New Zealand's neighbours offer tax credits on post-production, visual effects and location offsets. The added uncertainty brought on by this review have already had impacts on future bookings.

The benefits of having a globally competitive screen sector contribute to New Zealand's wider economic goals. In recent years, there has been significant discourse on diversifying our trade and export profile, one avenue for diversification is to focus on developing and exporting innovative creative products and services. New Zealand's rich cultural heritage and vibrant arts scene create a natural competitive advantage. Taking advantage of our natural competitive advantage requires our policy settings to acknowledge the positive flow on economic and social impacts of the investment that the screen grant delivers and ensure that New Zealand is an attractive place for industry to come to.

Furthermore, there are significant indirect economic benefits associated with the screen sector. A new emerging trend within modern tourism has been dubbed '*film-induced tourism*'. Television and cinema productions are now able to increasingly impact the choice of tourist destinations, causing an increase in tourism arrivals by showing the beauty of the locations where they are filmed, influencing the audience's perception of a country. As outlined in the report by Sapere, Tourism NZ and Air NZ, film-induced tourism is an important motivator for those considering travel to New Zealand. For example, the success of the "Lord of the Rings" and "The Hobbit" film trilogies, which were filmed in New Zealand, has attracted many tourists to the country who want to visit the film locations. International tourist spending in New Zealand has increased as a result of the development of visitor experiences and attractions with a focus on films produced in New Zealand.

As outlined in the Sapere report, Duncan Small, the head of government and industry affairs at Air NZ, particularly emphasised the importance of film-induced tourism for the North American market.

*"Of the 120 million North Americans who have a passport, 30 million, based on Air NZ research, would like to come to New Zealand sometime in their lifetime; they are termed "active considerers". Of these active considerers, slightly less than one per cent, or about 250,000- 300,000, visit each year. These tourists are high value tourists who often travel at the front of planes. Based on the overall number of active considerers, there is significant potential to increase the number of visitors from this segment.... Mr Small estimates that up to one third of North Americans*

*who have holidayed in New Zealand in the last 18 years have cited Lord of the Rings as the number one reason they have visited.*<sup>5</sup>

International productions filmed in New Zealand increases New Zealand's awareness and attraction of tourists to New Zealand. As the Government has outlined a move to attract "higher value" international visitors<sup>6</sup>, film-induced tourism, will continue to be a key motivator for a significant number of these types of tourists as mentioned in the above quote.

Another advantage that attracting international film productions to New Zealand brings to this country is the development of the wider, domestic creative sector. Developing domestic capabilities in the screen sector is propelled by the opportunities that large-budget productions bring to New Zealand.

Both the Olsberg and Sapere reports surmise that in the absence of the grant, it is unlikely that New Zealand would attract large-budget productions, which among other issues has a detrimental effect on the pipeline of talent and skills into parts of the creative sector. The large-budget productions have contributed significantly to the development of New Zealand's domestic creative sector workforce. Harry Harrison from Screen Auckland said that "*people that have been working on international productions end up running domestic productions*".<sup>7</sup> So ensuring there is a consistent pipeline of work in international productions is crucial to creating an environment of certainty for those in the sector. It means that domestic creators with skills and experience are more likely to stay within the country and can also apply their skills and experiences from international productions to other parts of the domestic sector.

The investment from large overseas studios to shoot in NZ supports the crucial capacity for us to provide consistent pipelines of work, which then enables our local sector to tell NZ stories and showcase our culture on a domestic and international stage. The benefits of workforce development in the screen sector are far-reaching, the screen sector's knowledge, technology, and assets can be applied to other high-tech industries, such as AR/VR and gaming, and to develop drone technology. These technologies can be used globally and are usually highly paid, skilled and future-focused jobs. Developing a highly skilled and digitally capable workforce through the screen industry has flow-on benefits and feeds into other industries.

There is a significant overlap between the body of knowledge used in the film sector and what can be applied to other industries. Tom Kluyskens, a

---

<sup>5</sup> Sapere, pg. 53.

<sup>6</sup> <https://www.beehive.govt.nz/speech/speech-otago-tourism-policy-school-queenstown>.

<sup>7</sup> Sapere, pg. 39.

Wellington-based cinematographer expressed that “International film productions provide the opportunity to push the *“bleeding edge”* of technology. The significant budgets and high-pressure environment, as well as the significant computing capacity at Weta Digital, mean that *“the film industry is one where technologies get invented”*.<sup>8</sup> Increasing the calibre of the talent pool in high-tech sectors, where the products and services are generally export-oriented is beneficial for both economic growth, employment opportunities and innovation.

Lastly, ExportNZ would also like to express our concern at the level of uncertainty this review has caused the film production industry. Particularly as the sector is now facing fierce competition from other film production sectors internationally that have opened back up after Covid-induced disruptions. The feedback we have received from sector players is that the number of international productions coming to New Zealand has declined significantly and the Review is a direct cause of the disruption.

As mentioned earlier in our submission, the sector needs a consistent stream of film productions to ensure certainty for businesses and workers, as well as the wider ecosystem that benefits from activity in the sector. As well, analysis shows that in the absence of a screen grant, it would be very unlikely that New Zealand would attract large-budget productions because their bottom line would not support it.

The ministries should continue to nurture and support the growing international film production industry here in New Zealand. ExportNZ urges MBIE and MCH to collaborate with sector players and to come to a clear and positive outcome that will benefit the international film production industry in New Zealand. If we become uncompetitive, then New Zealand will lose out. Creative sector business will fall over, studio facilities will close, training will diminish, and New Zealand’s talented crews will suffer from work shortages or depart our shores permanently to work overseas.

ExportNZ urges the ministries to come to a decision as soon as possible and to provide the sector with certainty for the foreseeable future.

Submission Authored By:

Josie Hehir  
Senior Policy Adviser  
ExportNZ

Joshua Tan  
Senior Policy Adviser  
ExportNZ

---

<sup>8</sup> Sapere, pg. 55.

## ABOUT EXPORT NEW ZEALAND

ExportNZ is a national industry association representing a diverse range of exporters throughout New Zealand. ExportNZ is a division of BusinessNZ, New Zealand's peak business advocacy body.

We are a membership organisation and across our two brands have approximately 2,000 export members. We also have four regional partners: Employers Manufacturers Association (Upper North Island), Business Central (Lower North Island), Canterbury Employers Chamber of Commerce (Upper South Island) and Business South (Lower South Island) which between them represents the bulk of manufacturers in New Zealand.

Our value proposition for members is a mixture of policy and advocacy, education and training, networking, trade missions and inspiration through awards events and conferences. Notably, we run a BusinessNZ Chief Technology Officers Group, incorporating the largest innovation-driven companies in New Zealand, many of which export.

### BusinessNZ Network

