

30 September 2011

Dear stakeholder,

CONSULTATION PROCESS FOR THE GOVERNMENT'S SCREEN SECTOR WORK PROGRAMME

In late June 2011, the Minister for Arts, Culture and Heritage and the Acting Minister for Economic Development released the Government's response to the Jackson / Court review of the New Zealand Film Commission. This included a terms of reference for the Government's screen sector work programme reviewing government-funded screen initiatives, to be jointly-led by the Ministry for Culture and Heritage (MCH) and Ministry of Economic Development (MED). Both of these documents are attached.

Ministers indicated that officials would follow-up about how we would be undertaking consultation with the sector on the work programme. We are still working through final details but at this stage we anticipate the following process:

- a **seminar at the annual SPADA conference on 11 November 2011** to introduce the work programme team, outline the overall programme and gather any feedback on it;
- **one-on-one focus group meetings** on specific topics if sufficient interest is expressed by industry;
- **workshops** to be held in early 2012 to seek feedback on the interim work programme findings, including the evaluations of the Screen Production Incentive Fund and the Large Budget Screen Production Grant; and
- **an opportunity for written submissions** on interim findings from the work programme in early 2012.

Further details about the SPADA seminar, written submission process and the workshops in early 2012 will be provided to you in future work programme updates. This information will also be available on the MCH (www.mch.govt.nz/research-publications) and MED (www.med.govt.nz) websites.

Consultation on individual work programme projects

Attached to this letter are one page summaries of each work programme project, providing detail on the background, scope, objectives, key contacts, and consultation process. Where possible, indicative dates for consultation have been noted.

In addition to this targeted consultation on individual projects, you will also have opportunities to provide feedback on these projects as part of the broader work programme consultation process noted above.

MED and MCH will be working closely to ensure the overall consultation process is streamlined wherever possible, particularly for stakeholders with an interest in multiple work programme projects.

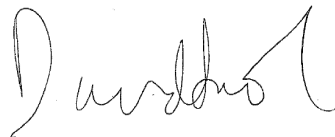
Further information

If you have any queries about the screen sector work programme, or would like to arrange a meeting with the team to discuss specific issues, please contact Keith Conway (Project Manager, Ministry for Culture and Heritage, Keith.Conway@mch.govt.nz, ph. 04 471 6440) or Jane Cameron (Ministry of Economic Development, Jane.Cameron@med.govt.nz, ph. 04 474 2675).

Yours sincerely



Lewis Holden
Chief Executive
Ministry for Culture and Heritage



David Smol
Chief Executive
Ministry of Economic Development

GOVERNMENT SCREEN SECTOR WORK PROGRAMME – LARGE BUDGET SCREEN PRODUCTION GRANT EVALUATION SUMMARY (UPDATED SEPTEMBER 2011)

Background

The Large Budget Screen Production Grant (“the Large Budget Grant”) is a financial incentive that was established by the Government in 2003 to support the production of large budget film and television productions in New Zealand.

The Large Budget Grant currently provides a 15% rebate for large budget productions with qualifying New Zealand expenditure of at least \$15 million.

A number of changes have been made to the Large Budget Grant since it was established. For example, in 2007 the Post Production, Digital and Visual Effects (PDV) incentive was created and in April of this year an additional grant under the Large Budget Grant scheme became available as part of the agreement reached between Warner Bros and the New Zealand Government to film the Hobbit in New Zealand.

Further information about the Large Budget Grant is available on the New Zealand Film Commission website (www.nzfilm.co.nz) or MED’s website (www.med.govt.nz).

Evaluation scope and objectives

The aim of the Large Budget Grant evaluation is to provide an assessment of the effectiveness of the grant (including the PDV incentive). The evaluation will focus on the period July 2004 to April 2011. It will include reviewing:

- how effectively the grant has been implemented;
- what outcomes are attributable (directly or indirectly) to the scheme, such as additional jobs created or the transfer or creation of new skills and technology;
- the overall economic benefit of the Large Budget Grant to the New Zealand economy; and
- what (if any) future changes to the Large Budget Grant that could enhance its effectiveness and international competitiveness.

The findings of this evaluation will inform advice to Cabinet in June 2012 on the screen sector work programme and specifically, the performance to date and opportunities to improve financial incentives to grow the screen industry in New Zealand.

Stakeholder engagement

The review will include scheduling a series of interviews and surveys with key stakeholders. This will include grant recipients and administrators and relevant industry bodies, firms and government agencies.

Interviews will be scheduled for November 2011 and the MED evaluation team will be in contact with stakeholders from early October to organise times.

Key MED contacts

David Bartle, Manager, Evaluation: david.bartle@med.govt.nz; Jane Cameron, Senior Policy Analyst, Sector Development Team: jane.cameron@med.govt.nz, 04 474 2675

GOVERNMENT SCREEN SECTOR WORK PROGRAMME – REVIEW OF THE SCREEN PRODUCTION INCENTIVE FUND SUMMARY (UPDATED SEPTEMBER 2011)

Background

The Screen Production Incentive Fund (SPIF) is a financial incentive that was established by the Government in 2008 to support the production of medium to large New Zealand film productions, television productions and short form animation.

SPIF currently provides a 40% rebate for feature films with qualifying New Zealand expenditure of at least \$4 million, and a 20% rebate for television productions and short form animation with minimum expenditure thresholds levels which vary depending on format.

The New Zealand Film Commission (NZFC) administers SPIF. Further information about SPIF is available on the NZFC website (www.nzfilm.co.nz).

Review scope and objectives

An operational review of specific SPIF criteria was undertaken in 2010. The aim of the current review is to ensure that SPIF's criteria and operation are appropriate to meet its objectives.

These objectives are:

- support increased production of medium and larger scale New Zealand cultural screen content, for the benefit of audiences;
- support the retention of New Zealand screen talent, stories and infrastructure by maintaining New Zealand's international competitiveness; and
- incentivise the New Zealand screen production industry to develop close market connections and private finance for larger screen productions.

It will include reviewing how effectively the grant has been implemented and whether future changes to SPIF are necessary to enhance its effectiveness and international competitiveness.

SPIF is currently funded under a five year financial appropriation which finishes in 30 June 2013. The review will consider whether this form of funding is appropriate and should be extended.

The findings of this review will contribute to advice to Cabinet in June 2012 as part of the wider screen sector work programme.

Stakeholder engagement

The review will include scheduling a series of interviews and surveys with key stakeholders. This will include grant applicants, administrators, and relevant industry bodies. It is anticipated that this process will commence in October 2011.

Key MCH contacts

Tim Thorpe, Senior Adviser, Media Sector Team: 04 498 9210 or 021 895 980,
tim.thorpe@mch.govt.nz.

GOVERNMENT SCREEN SECTOR WORK PROGRAMME – REVIEW OF PROFESSIONAL DEVELOPMENT TRAINING SUMMARY (UPDATED SEPTEMBER 2011)

Background

The 2010 Jackson/Court review of the New Zealand Film Commission (NZFC) noted that training is crucial to the growth of the screen industry but questioned whether the NZFC is the most appropriate place for that role. It recommended that the NZFC explores alternative homes for its training function, either within an existing organisation or a new entity formed for this purpose.

The Jackson/Court review also recommended the introduction of a training levy. This would apply to all film productions above minimum production expenditure and be calculated as a fixed percentage.

Review scope and objectives

The NZFC has undertaken a number of changes since the Jackson/Court review was released. These include the appointment of a staff member to manage professional development and a review of how funding has been allocated.

The purpose of this current review is to:

- identify professional development training requirements in the screen industry
- examine current training options, including those funded by the NZFC; and
- consider alternative training and funding options, including the use of an industry levy.

The review is focused only on professional development training. It will review training activities over the past three years and look out five years ahead in terms of its recommendations. The review will not consider tertiary level education, although it may comment on this if sufficient feedback is received.

The findings of this review will contribute to advice to Cabinet in June 2012 as part of the wider screen sector work programme.

Stakeholder engagement

The review will include scheduling a series of interviews and surveys with key stakeholders. This will include training recipients, tertiary education providers, screen production companies and freelancers and relevant industry bodies.

It is anticipated that this process will commence later in 2011.

Key MCH contacts

Tim Thorpe, Senior Adviser, Media Sector Team: 04 498 9210 or 021 895 980, tim.thorpe@mch.govt.nz.

GOVERNMENT SCREEN SECTOR WORK PROGRAMME – SUMMARY OF OTHER KEY WORKSTREAMS (UPDATED SEPTEMBER 2011)

The terms of reference for a number of projects under the Government's screen sector work programme are in the process of being finalised. These projects are outlined below. Further details about the scope, objectives, and consultation process for each project will be provided in future work programme updates to the sector.

Current institutional arrangements for government-funded screen agencies

In May 2011 the Government announced a range of proposals to drive better value for money and improved co-ordination across the public sector, including examining the potential for greater collaboration between the New Zealand Film Commission (NZFC) and Film NZ. MCH and MED will be examining the current institutional arrangements primarily for these and potentially other government-funded bodies as part of the work programme.

There will be opportunities for sector input into the review, including meetings with key stakeholders such as relevant industry bodies.

The key contacts for this work are: Keith Conway (Advisor, Media Sector Team, MCH), keith.conway@mch.govt.nz, 04 471 6440, and Jane Cameron (Senior Policy Analyst, Sector Development Team, MED), jane.cameron@med.govt.nz.

Film and television international co-production agreements

Over recent years New Zealand has negotiated a number of film co-production agreements for the economic benefits they provide to New Zealand through the local film industry, and the cultural benefits they provide through shared story telling. In particular, New Zealand producers can benefit from leveraging offshore investment for official co-productions in addition to local sources of funding.

The review of film co-production agreements is to determine the level of economic and cultural benefits that have resulted from the agreements negotiated to date, including whether the agreements have helped New Zealand producers to leverage offshore investment for official co-productions.

The review will go on to consider how New Zealand might take a more strategic approach to film co-production agreements, in order to ensure that the economic and cultural benefits to New Zealand are maximised. Consultation will include scheduling interviews with key stakeholders such as local producers with experience in co-productions, and relevant industry bodies.

The key contact for this work is: Fiona Gregson (Advisor Media Sector Team, MCH), fiona.gregson@mch.govt.nz, 04 496 6356.

New Zealand Film Commission sales function

The Jackson / Court review of the NZFC questioned whether the Commission should continue its sales role, recommending that the NZFC should instead work with filmmakers to identify appropriate sales agencies and make approaches on behalf of filmmakers. The NZFC has recently made changes to its sales area, including removing the prerequisite for filmmakers to use the NZFC as a sales agent.

MCH will work with the NZFC to examine the impact and cost effectiveness of the NZFC's sales function, including changes made in response to the Jackson / Court review. The

findings of this review will contribute to advice to Cabinet in June 2012 as part of the wider screen sector work programme.

Consultation will include scheduling interviews with key stakeholders such as filmmakers who have used the NZFC as a sales agent, offshore sales agencies, and relevant industry bodies.

The key contact for this work is: Keith Conway (MCH), keith.conway@mch.govt.nz, 04 471 6440.

Screen infrastructure

The screen sector work programme will also be reviewing the adequacy of New Zealand's physical screen sector infrastructure. In particular, there is shortage of purpose built sound stage infrastructure in New Zealand. In the last few years the Government has received a number of requests for financial assistance to build new sound stages to meet industry demand.

Auckland Tourism, Events and Economic Development (ATEED), an Auckland Council organisation, is currently looking at options for studio space in the Auckland region. It is undertaking a business case development process to support this work which is scheduled for completion in the first half of 2012. The screen infrastructure part of the screen sector work programme will await this decision before entering into discussions with stakeholders and formulating any further recommendations to Government.

The key contact for this work is: Jane Cameron, jane.cameron@med.govt.nz, 04 474 2675.