

Hon Paul Goldsmith

Minister for Arts, Culture and Heritage

Cabinet paper: *New Zealand Screen Production Rebate: Cost Control and Targeted Improvements*

Date: 2 July 2026

Title: *New Zealand Screen Production Rebate: Cost Control and Targeted Improvements*

Author: Ministry for Culture and Heritage

This document has been proactively released by the Minister. This package includes the Cabinet paper and other key decision papers, as listed below.

Title: Cabinet paper: *New Zealand Screen Production Rebate: Cost Control and Targeted Improvements*

Cabinet Committee Minute of Decision: Cabinet Economic Policy Committee (ECO-26-MIN-0035)

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[Budget Sensitive]

Office of the Minister for Arts, Culture and Heritage
Cabinet Economic Policy Committee

New Zealand Screen Production Rebate: cost control and targeted improvements

Proposal

- 1 This paper seeks agreement to continue the domestic component of the New Zealand Screen Production Rebate (NZSPR-NZ), with changes to support the Government's economic, creative and cultural priorities and to improve control of the scheme's costs.

Relation to government priorities

- 2 The proposal contributes to the Government's priority of restoring fiscal discipline, while also supporting our *Going for Growth* agenda and *Amplify* creative and cultural strategy. By continuing funding for the NZSPR-NZ and making targeted changes to settings, we can encourage more international investment into home-grown intellectual property with weightless export and soft power value, and bolster the screen sector's broader economic value.

Executive Summary

- 3 The NZSPR-NZ provides a 40 percent cash rebate to eligible productions. It is the key driver of investment into and production of high-value, exportable local screen content, as well as helping ensure the local screen workforce has the depth and skill to attract international productions to New Zealand.

- 4 The rebate's success has created significant cost pressures against a baseline originally set in 2014. Through Budget 2025, Cabinet directed the Ministry for Culture and Heritage to consider options to control the cost of the NZSPR-NZ, which requires new funding from 2027/28 to continue. 9(2)

(f)(ii)

- 5 I am seeking agreement to continue the NZSPR-NZ, as the local and critical counterpart of the NZSPR-International that received secure funding last year. To address Cabinet's direction for cost control, I propose removing the NZSPR-NZ 'Additional Rebate', which currently allows eligible productions to exceed the standard per-project cap and receive up to \$20 million in rebate. This will reduce the potential for costs to balloon without warning.

- 6 Recognising this Government's growth priorities for the creative sectors and the broader economy, I am also proposing targeted changes to mitigate the economic risks of removing the Additional Rebate. Over time, these changes

should also encourage more ambitious and exportable local productions that meet audience and investor interests here and globally:

- 6.1 lifting the per-project cap to \$12 million, which will more closely mirror comparator schemes overseas (while still reducing total potential liability per project, through removing the Additional Rebate)
 - 6.2 removing the cap on qualifying 'above the line' costs, enabling productions to secure top-tier talent and creative personnel, aligning with a recent change to the NZSPR-International.
- 7 Finally, I propose a further change modelled on the recent NZSPR-International announcements; to lower the budget entry threshold for feature films from \$2.5 to \$1 million. This change would recognise market challenges and support sector sustainability, contributing to long-term strategic success.
- 8 Continuing the NZSPR-NZ with my proposed changes will keep costs within \$70 million annually, plus \$0.2 million annually to support administration. Accounting for the remaining multi-year appropriation and a small amount of baseline funding, this will require \$185.32 million over the forecast period. This level of funding carries key strategic benefits:
- 8.1 *Skilled workforce*: strong industry capacity and capability is critical to attracting international productions to New Zealand.
 - 8.2 *Self-sufficiency*: a diverse pipeline of productions means less reliance on deepening incentives for international projects.
 - 8.3 *Deeper economic value*: boosting home-grown intellectual property, alongside the service-based value of international projects, allows the sector to realise more of its significant economic potential.

Background

- 9 New Zealand's screen sector delivers a unique combination of economic and cultural value – providing work for 24,000 people and contributing around \$3.5 billion to the economy, while shaping our national identity here and globally.
- 10 The screen sector's pipeline of work is built on both domestic and international productions. International productions provide significant investment, and help build skills and global connections. As well as helping maintain the workforce to attract and service those international productions, domestic productions tell our own stories and empower our own people. Those that showcase New Zealand's unique culture, and particularly Māori culture, have had a disproportionate level of success both here and globally.
- 11 If we can leverage our international reputation for screen production and ensure settings encourage home-grown intellectual property to grow in scale and ambition, I see significant potential to strengthen the sector's economic contribution and long-term sustainability.


The NZSPR-NZ is critical to the screen sector, with costs attached to its success

- 12 The NZSPR-NZ incentivises high-value local screen productions, and private investment into them, by providing a 40 percent rebate on qualifying spend in

New Zealand. Over the last five years, the NZSPR-NZ has generated over \$635 million in qualifying spend in New Zealand, with over 40 percent of production budget finance coming from overseas – which equates to around \$278 million in international investment.

- 13 Access to the NZSPR-NZ is limited to high-end projects that meet the 'significant New Zealand content' test,¹ and have proven market buy-in and distribution pathways. These criteria, along with natural industry capacity constraints and tight market conditions, also act as controls on expenditure. However, as a proportional incentive scheme, the more successful the rebate is in leveraging private investment and increasing growth (and export potential), the higher the cost to government.
- 14 The NZSPR-NZ is automatically available if productions meet the eligibility criteria.² This certainty, combined with the flexibility of a percentage-based entitlement, is how local producers secure the private investment and loans necessary to make high-value productions. Combined with a range of variable sector and market factors, these settings mean that overall NZSPR-NZ costs grow in an unpredictable way – though with less volatility than for international productions, as per-project costs tend to be smaller.
- 15 Baseline funding was set in 2014 at \$12.75 million per year. This has not met the costs of the scheme since 2017. Like the NZSPR-International, multi-year appropriations (MYAs) have supplemented this baseline and successive Budget top-ups have been required to meet cost pressures. The graph below shows the scheme's growth over the last nine years, indicating an average increase in costs to government of just over \$5 million per year.

9(2)(ba)(i)



Cabinet directed cost-control options be developed for the NZSPR-NZ

- 16 In Budget 2025, the Government agreed to increase baseline funding for the NZSPR-International to meet forecast demand of \$210 million per annum and topped up NZSPR-NZ funding by \$7.25 million to meet projected costs until the end of 2026/2027, based on a forecast of \$70 million for that year. At the same time, Cabinet directed the Ministry for Culture and Heritage to develop policy options to control the ongoing fiscal cost of the NZSPR-NZ, to be considered through Budget 2026 [CAB-25-MIN-0126.04 refers] – which will need to provide new funding if the programme is to continue beyond 2026/27.

¹ A points-based test canvassing New Zealand subject matter, production activity, personnel, and businesses.

² Cabinet last amended the criteria in 2023 and 2024 to support the rebate's aims and respond to market shifts.

17

9(2)(f)(ii)

Analysis

Winding up the NZSPR-NZ would have significant and wide-reaching consequences

18 Given this Government's focus on fiscal discipline, and noting reprioritisation is not a viable option to meet costs that represent around 20 percent of Vote Arts, Culture and Heritage, I have considered winding up the NZSPR-NZ. That would have major impacts for the screen sector workforce, its cultural contribution, and its economic value.

19 While I recognise Budget 2025 provided significant investment into the NZSPR-International, and that both components of the scheme support the screen sector in New Zealand, they are not substitutable. Projects made primarily for New Zealand audiences are not eligible for the international rebate, nor included in its forecasts or appropriations. Further, each component's benefits rely on the ecosystem they both support.

20 I am therefore seeking Cabinet's agreement to continue the NZSPR-NZ, with changes as outlined below.

Changes to the NZSPR-NZ need to manage competing priorities

21 I am proposing changes to the NZSPR-NZ to meet Cabinet's Budget 2025 directive while also supporting broader Government priorities and managing sector expectations. In combination, these changes balance the objectives of:

21.1 fiscal restraint: managing the uncertain costs of the rebate to support a more sustainable incentive

21.2 economic growth: maximising private and international investment and export potential, including through co-productions³

21.3 sector sustainability: responding to market shifts and helping to secure a steady pipeline of work, including to maintain the workforce scale and skill depth needed to attract international productions and investment

21.4 cultural relevance and value: maintaining the core rationale for the NZSPR-NZ (and its higher rebate rate, compared with the NZSPR-International) by featuring our stories and faces, ensuring productions receiving the rebate advance New Zealand's unique value proposition.

To improve cost control, I propose to remove the Additional Rebate

22 The standard NZSPR-NZ entitlement is capped at \$6 million per project, which equates to a qualifying spend of \$15 million. The 'Additional Rebate' is available to productions with qualifying spend of up to \$50 million, meaning a rebate of up to \$20 million. To be eligible, productions must pass a more

³ Official co-productions, certified under bilateral agreements, involve producers from multiple countries and can access each country's domestic funding, incentives, and distribution support. They are a specific focus in *Amplify*.

stringent points test and provide cultural benefits to New Zealand 'commensurate with the value of the Additional Rebate'.

- 23 Only two productions have received the Additional Rebate: *The Luminaries* in 2020 (\$13.3 million total rebate) and *The Convert* in 2023 (\$7.3 million total). 9(2)(b)(ii) While it comprises only 1.9 percent of total NZSPR-NZ costs, the Additional Rebate significantly increases fiscal risk per-project and over time. Removing it would reduce the scale of fiscal uncertainty, providing more control over future costs.
- 24 There is a risk that removing the Additional Rebate could suppress local production budgets, reducing their attractiveness to international investment and export. Other changes I am proposing will help to mitigate this risk (discussed from paragraph 27 below).

I have considered, but do not propose, further control and savings options

- 25 I note that the only option to achieve complete fiscal certainty would be to cap the rebate. I do not consider this a viable option, including because a cap would be inconsistent with comparator incentives, and options to implement one in practice would undermine the rebate's economic and cultural objectives. Ultimately, a programme cap would substantially reduce local production activity, with flow-on consequences for the screen sector, audiences, and wider economy.
- 26 In keeping with this Government's focus on getting the books back in order, I have also considered further change options to generate greater fiscal savings against forecast NZSPR-NZ demand. These options include reducing the rebate rate, tightening access criteria further, and reducing per-project caps. In the current constrained market, each carries impacts that outweigh the benefits, including risks to the broader screen production ecosystem and its economic value. I therefore do not propose progressing them at this time.

I propose changes to grow international investment and exportability

Increasing the per-project cap

- 27 The current per-project cap (\$6 million, equating to \$15 million in total eligible spend) was set in 2014. While few productions currently hit this cap, it still disincentivises the scale and ambition that is often needed to produce globally competitive and compelling content.
- 28 An increase to \$12 million would come closer to the upper limit for similar domestic screen incentives in the United Kingdom and Ireland.⁴ It would also modernise settings (an inflation adjustment alone equates to over \$8 million) and align with *Amplify* and *Going for Growth* priorities by:
- 28.1 encouraging more New Zealand-based co-production activity, as once a co-production has hit the cap it may be incentivised to take the rest of the work to the partner jurisdiction

⁴ Ireland's 32% base incentive is capped at €125m and the UK's (25.5%) is uncapped, but each offers uplifts for lower-budget local content. Ireland offers a 40% tax credit for films with budgets up to €20m (around NZ\$12.6m in rebate). The UK's uplifts differ across budgets and production types, with a maximum net rate of 39.75% on core costs up to £15m (~NZ\$10.8m in rebate). Comparable incentives in Canada and Australia are uncapped.

- 28.2 making New Zealand more attractive to co-productions overall
- 28.3 allowing for domestic productions to grow in scale and ambition, increasing the prospect of international investment and exports.
- 29 On its own, I expect this change would have little fiscal impact within the Budget period as very few productions hit the current cap and there is limited room in the current market for project budgets to increase. 9(2)(ba)(i)
- 30 As the higher cap should incentivise more investment and higher production values over time, costs may increase in later outyears. If Cabinet agrees to this change, my officials will monitor the impacts and associated costs of this change, and report back to me if the per-project cap needs adjustment.

Removing the 'above-the-line' cap

- 31 The above-the-line (ATL) cap limits the costs claimable for key creative personnel such as lead actors, directors, producers and writers, to 25 percent of a production's qualifying spend. Claims can exceed the cap in 'exceptional circumstances', for instance if the production involves high-profile talent.
- 32 The cap was introduced in 2023 to help manage the risk of excessive claimed costs. Its rationale was partly based on similar caps applying under the NZSPR-International and the corresponding Australian regime. To remain internationally competitive, both these comparators have since removed their ATL caps [CBC-25-MIN-0055 refers].
- 33 I propose following suit for the NZSPR-NZ, for similar reasons. Removing the ATL cap would make room for top-tier talent and creative development (and the investment and exports they can generate), with likely negligible fiscal impact based on past numbers. 9(2)(ba)(i)
- 34 The application process includes checks and balances to ensure costs claimed are reasonable, which can manage any residual risk around ATL costs. I have instructed the Film Commission and my officials to monitor for any issues reemerging.

I am proposing one further change to respond to market shifts

- 35 The Government's decisions in late 2025 to expand eligibility for the NZSPR-International responded to a downturn in productions seeking to locate here. As longer-term market challenges affect local content production too,⁵ the sector has increased its advocacy for similar changes on the domestic side.
- 36 Removing the ATL cap (as proposed above) would mirror one of the changes made to the NZSPR-International. I am also proposing to follow the lead with

⁵ Since the late 2010s, content commissioning has slowed globally and per-production spend has dropped. Local broadcasters (which have traditionally provided the market investment for most domestic content) have seen their budgets shrink dramatically as advertising revenue and viewers have shifted online.

a reduction to the budget threshold for domestic feature films that can qualify for the NZSPR-NZ, which currently sits at \$2.5 million.

- 37 The key feature of 'feature film' is cinematic release. A single episode of screen content released by a broadcaster or streamer has a much lower threshold: \$1 million for a scripted episode, and \$250,000 for unscripted. Lowering the feature film threshold to \$1 million would:
- 37.1 recognise that modern methods of distribution and consumption mean the distinctions between 'film' and 'TV' are shrinking
 - 37.2 correspond with the reduction of the NZSPR-International threshold for feature films from \$15m to \$4m
 - 37.3 reduce the scope of financial risk required to produce and/or finance films and encourage more producers to seek market investment and distribution opportunities, and
 - 37.4 reduce pressure on contestable funding, and reduce the impact of any production budget padding to meet the expenditure threshold.
- 38 Based on past figures and non-rebate productions the Film Commission has supported with contestable funding, a feature film threshold of \$1 million would have increased overall rebate costs 9(2)(ba)(i)

Implementation

- 39 The Film Commission will draft changes to the NZSPR-NZ criteria and guidance, in consultation with my officials, to implement Cabinet's decisions. The revised criteria will come into force on 1 July 2026, with transitional arrangements to ensure productions in train are not unduly affected.

Cost-of-living Implications

- 40 The proposals in this paper have no cost-of-living implications.

Financial Implications

- 41 New funding is required to continue the NZSPR-NZ beyond 2026/27 when the current appropriation is forecast to run out. The proposals in this paper would sharpen the rebate's economic potential, and the overall volatility of annual costs to government will reduce so a smaller 'buffer' will be required.
- 42 In an MYA structure, I am confident that a flat baseline of \$70 million per annum will appropriately manage demand during the forecast period – including any increases resulting from the changes sought through this paper.
- 43 To ensure the Film Commission can continue to administer the NZSPR-NZ without diverting grant funding from the screen sector, I am proposing to make permanent the \$0.2 million per annum time-limited funding provided in Budget 2024 [CAB-24-MIN-0148.04 refers]. This funding, which responded to an increase in rebate applications, was timed to end in 2025/26 so it could be reset in line with broader decisions about NZSPR-NZ funding.

44 Across the forecast period this approach will require \$185.32 million, with \$57.45 million per annum to increase the baseline in outyears. I note baseline funding is front-loaded in the current MYA, so more funding is required in the year it expires (2028/29) than in 2029/30 and outyears. The table below indicates the fiscal implications of my proposed approach to the NZSPR-NZ.

Table 2: Fiscal impacts of proposed approach to NZSPR-NZ

		\$m				
		25/26	26/27	27/28	28/29	29/30 & outyears
NZSPR-NZ rebate payments	Current appropriation	70	70	12.73	-	12.75
	Forecast NZSPR-NZ costs (including proposed changes)	65.1	70	70	70	70
NZSPR-NZ administration	Current appropriation	0.2	-	-	-	-
	Proposed partial funding of administration cost	-	0.2	0.2	0.2	0.2
Shortfall / additional funding required		-	0.2	57.47	70.2	57.45
Total additional funding required for forecast period			185.32			

Legislative Implications

45 The proposals in this paper have no legislative implications.

Impact Analysis

46 The proposals in this paper are non-regulatory and therefore not subject to impact analysis requirements.

Population Implications

47 The screen sector employs more women and Māori than the labour workforce as a whole.⁶ Local screen content has a significant impact on New Zealanders' sense of belonging, particularly for Māori, Pacific peoples, and younger audiences.⁷

48 The proposals in this paper will have positive impacts for Māori screen creators and audiences. The NZSPR-NZ has played a key role in amplifying Māori culture, stories, places, and people. Continuing the NZSPR-NZ aligns with the Crown's Te Tiriti obligations to actively protect cultural resources and taonga, to uphold tino rangatiratanga, and to support equitable outcomes.

Human Rights

49 The proposals in this paper are consistent with the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.

Use of external resources

50 No external resources have been used in the development of this paper.

⁶ MBIE 2025, *Economic Trends in the Screen Sector* (report to be publicly released late March).

⁷ NZIER and Verian 2025, *Lights, Camera, Impact: The role of screen production in shaping New Zealand's economy and culture*, www.nzfilm.co.nz/resources/lights-camera-impact-report.

Consultation

51 This paper has been consulted with the Treasury, the Ministry of Business, Innovation and Employment, New Zealand Trade and Enterprise, the Ministry of Foreign Affairs and Trade (MFAT), Te Puni Kōkiri, and the Department of Internal Affairs. The Department of Prime Minister and Cabinet has been informed. The Film Commission has been consulted on the policy proposals and financial modelling in this paper.

52 9(2)(h)

Communications and proactive release

53 I intend to work with the Minister of Finance and the Film Commission on a communications approach that supports overall Budget 2026 messaging.

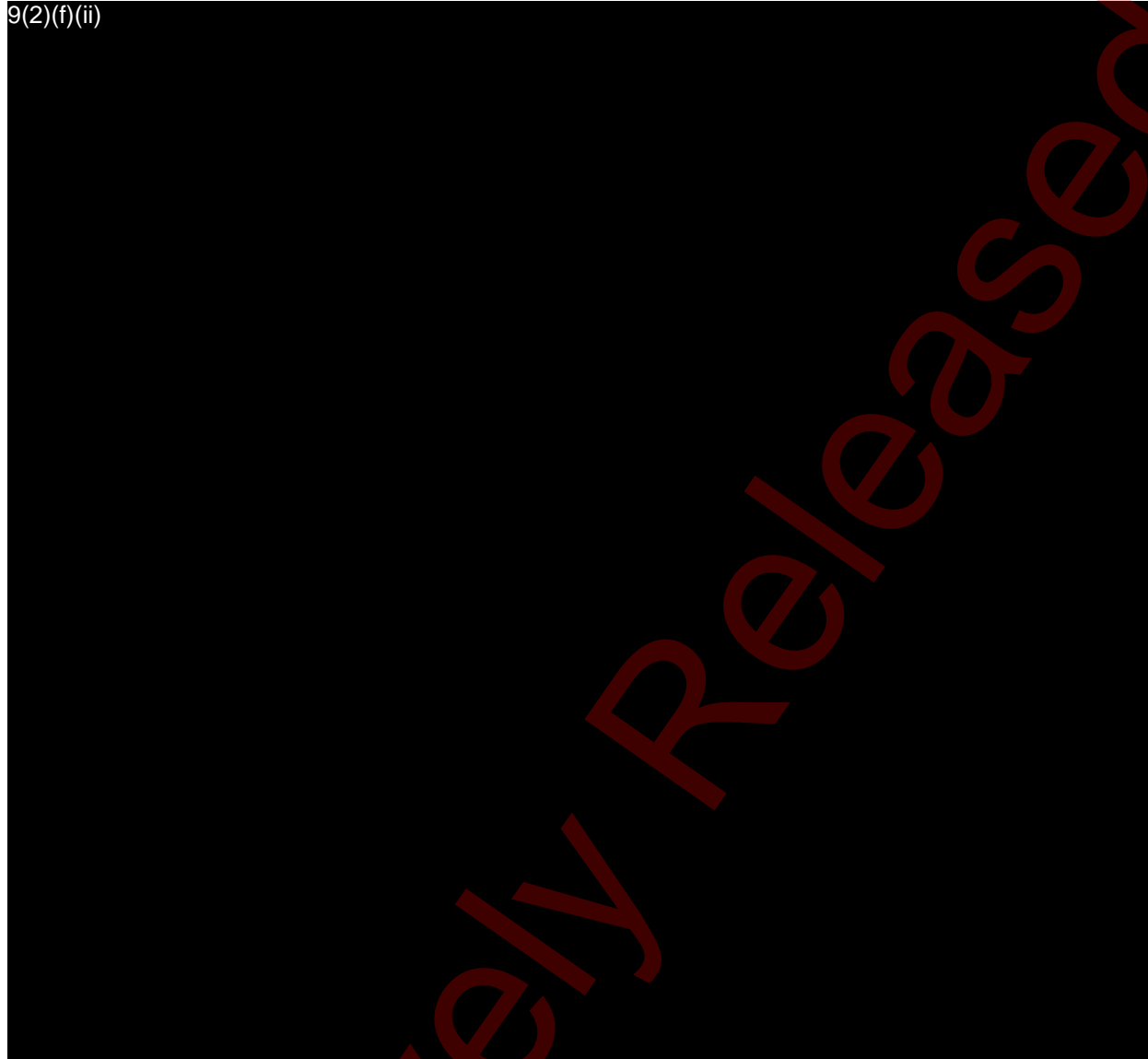
54 I intend to proactively release this paper, with any redactions required under CO (23) 04. Budget secrecy may mean proactive release is beyond the standard 30 working days of Cabinet decisions timeframe.

Recommendations

The Minister for Arts, Culture and Heritage recommends that the Committee:

- 1 **note** the New Zealand Screen Production Rebate-New Zealand (NZSPR-NZ) is the key driver of investment-attracting and exportable local screen content, and critical to the continued economic value of the screen sector;
- 2 **note** that new funding is required to continue the NZSPR-NZ beyond the 2026/27 financial year;
- 3 **note** that in Budget 2025, Cabinet directed the Ministry for Culture and Heritage to develop policy options to improve cost control of the NZSPR-NZ, to be considered through Budget 2026 [CAB-25-MIN-0126.04 refers];
- 4 **agree** to continue the NZSPR-NZ, with the following policy changes to improve cost control while encouraging economic growth and supporting sector sustainability:
 - 4.1 remove the Additional Rebate, which allows certain projects to exceed the standard per-project cap and receive rebates of up to \$20 million
 - 4.2 lift the per-project cap from \$6 million to \$12 million
 - 4.3 remove the 'above-the-line' cap on how much productions can claim for key creative roles like main cast, directors, producers and writers
 - 4.4 lower the qualifying spend for feature films, from \$2.5 to \$1 million.

9(2)(f)(ii)



- 8 **note** that the New Zealand Film Commission and the Ministry for Culture and Heritage will monitor the fiscal and economic impacts of agreed changes; and
- 9 **note** that all agreed changes to the NZSPR-NZ will come into effect from 1 July 2026, with transitional arrangements to minimise impacts on productions already in train.

Authorised for lodgement

Hon Paul Goldsmith
Minister for Arts, Culture and Heritage



Cabinet Economic Policy Committee

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

New Zealand Screen Production Rebate: Cost Control and Targeted Improvements

Portfolio **Arts, Culture and Heritage**

On 25 March 2026, the Cabinet Economic Policy Committee:

- 1 **noted** that the New Zealand Screen Production Rebate-New Zealand (NZSPR-NZ) is the key driver of investment-attracting and exportable local screen content, and critical to the continued economic value of the screen sector;
- 2 **noted** that new funding is required to continue the NZSPR-NZ beyond the 2026/27 financial year;
- 3 **noted** that in Budget 2025, Cabinet directed the Ministry for Culture and Heritage to develop policy options to improve cost control of the NZSPR-NZ, to be considered through Budget 2026 [CAB-25-MIN-0126.04];
- 4 **agreed in principle**, subject to Budget 2026 decisions, to continue the NZSPR-NZ with the following policy changes to improve cost control, while encouraging economic growth and supporting sector sustainability:
 - 4.1 remove the Additional Rebate, which allows certain projects to exceed the standard per-project cap and receive rebates of up to \$20 million;
 - 4.2 lift the per-project cap from \$6 million to \$12 million;
 - 4.3 remove the 'above-the-line' cap on how much productions can claim for key creative roles like main cast, directors, producers and writers;
 - 4.4 lower the qualifying spend for feature films, from \$2.5 to \$1 million;
- 5 **noted** that the expenses incurred under paragraph 4 above are expected to be \$185.32 million over the forecast period;
- 6 **noted** that the New Zealand Film Commission and the Ministry for Culture and Heritage will monitor the fiscal and economic impacts of the above changes;

- 7 **noted** that the above changes to the NZSPR-NZ will come into effect from 1 July 2026, with transitional arrangements to minimise impacts on productions already in train.

Rachel Clarke
Committee Secretary

Present:

Hon David Seymour
Hon Nicola Willis (Chair)
Hon Chris Bishop
Hon Brooke van Velden
Hon Erica Stanford
Hon Paul Goldsmith
Hon Louise Upston
Hon Tama Potaka
Hon Simon Watts
Hon Penny Simmonds
Hon Andrew Hoggard
Hon Nicola Grigg
Hon Mark Patterson
Hon James Meager
Hon Scott Simpson
Simon Court MP

Officials present from:

Officials Committee for ECO

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