TE TAI ŌHANGA
THE TREASURY

Reference: 20190816

31 January 2020

Thank you for your Official Information Act request, transferred from the Department of the Prime Minister and Cabinet and received by the Treasury on 29 November 2019. You requested:

> *I would like to make a request under the Official Information Act 1982 for any emails and reports sent or received by the Prime Minister, or within staff in the Department of the Prime Minister and Cabinet, concerning Amazon's Lord of the Rings TV show which was confirmed to be filmed in New Zealand in September this year.*
>
> *I would like the scope of this request to extend from January 1, 2018, up until November 6, 2019.*

Information being released

Please find enclosed the following documents:

Item	Date	Document Description	Decision
1.	19 September 2019	Treasury Report: Options for fiscal treatment of a large screen grant entitlement	Release in part
2.	22 October 2019	Aide Memoire: Fiscal treatment of the New Zealand Screen Production Grant - International	Release in part

I have decided to release the relevant parts of the documents listed above, subject to information being withheld under one or more of the following sections of the Official Information Act, as applicable:

- under section 9(2)(ba)(i) – to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information, or

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information from the same source, and it is in the public interest that such information should continue to be supplied

- confidential information, under section 9(2)(j) – to enable the Crown to negotiate without prejudice or disadvantage
- advice still under consideration, section 9(2)(f)(iv) – to maintain the current constitutional conventions protecting the confidentiality of advice tendered by Ministers and officials,
- certain sensitive advice, under section 9(2)(g)(i) – to maintain the effective conduct of public affairs through the free and frank expression of opinions,
- commercially sensitive information, under section 9(2)(b)(ii) – to protect the commercial position of the person who supplied the information, or who is the subject of the information, and
- direct dial phone numbers of officials, under section 9(2)(k) – to prevent the disclosure of information for improper gain or improper advantage.

Some information has been redacted because it is not covered by the scope of your request. This is because the documents include matters outside your specific request.

Direct dial phone numbers of officials have been redacted under section 9(2)(k) in order to reduce the possibility of staff being exposed to phishing and other scams. This is because information released under the OIA may end up in the public domain, for example, on websites including Treasury's website.

Information to be withheld

There is one additional document covered by your request, as set out in the table below. I have decided to release the title but withhold the contents of the report in full under the following section of the Official Information Act, as applicable:

- advice still under consideration, section 9(2)(f)(iv) – to maintain the current constitutional conventions protecting the confidentiality of advice tendered by Ministers and officials

Item	Date	Document Description	Proposed Action
3.	6 November 2019	Treasury Report: Budget 2020 Bilateral meeting with Hon Phil Twyford	Release the title and withhold contents of report in full

In making my decision, I have considered the public interest considerations in section 9(1) of the Official Information Act.

Please note that this letter (with your personal details removed) and enclosed documents may be published on the Treasury website.

This reply addresses the information you requested. You have the right to ask the Ombudsman to investigate and review my decision.

Yours sincerely

Tom Wilson
Acting Manager, Transitions, Regions, and Economic Development

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Information for release

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Treasury Report: Options for fiscal treatment of a large screen grant entitlement

Date:	19 September 2019	**Report No:**	T2019/2874
		File Number:	SH-11-1-1

Action sought

	Action sought	Deadline
Hon Grant Robertson **Minister of Finance**	**Agree** to treat *The Lord of the Rings* grant entitlement within existing operating allowances (option one). **Indicate** whether you would like to receive further advice on fiscal treatment of the grant entitlement outside of existing operating allowances.	

Contact for telephone discussion (if required)

Name	Position	Telephone		1st Contact
Lauren Holloway	Graduate Analyst, Transitions, Regions, and Economic Development	s9(2)(k)	N/A (mob)	✓
Natalie Labuschagne	Policy Manager, Transitions, Regions, and Economic Development	s9(2)(k)	N/A (mob)	

Minister's Office actions (if required)

Return the signed report to Treasury.

Note any feedback on the quality of the report	

Enclosure: No

Treasury Report: Options for fiscal treatment of a large screen grant entitlement

Executive Summary

Amazon Studios have announced that it will produce *The Lord of the Rings (LOTR)* television series in New Zealand. This would qualify for a sizeable grant payment under the New Zealand Screen Production Grant – International (NZSPG).

Forecasting the fiscal impact of the NZSPG is inherently challenging as production activity can change in scale and timing at short notice, which can impact the grant entitlement.

The policy settings of the NZSPG operate as an in-principle pre-commitment against future Budget allowances. This means that the NZSPG is a significant fiscal risk.

The exact quantum and time period of any payment for *LOTR* are unknown (estimates are in the range of s9(2)(b)(ii) [redacted]. Options available on the fiscal treatment of a large grant entitlement are:

- **option one**: fund within existing operating allowances (status quo);
- **option two**: manage through allowances but increase the operating allowance;
- **option three**: charge the costs directly against the operating balance and net core Crown debt (i.e. manage outside of allowances); or
- **option four**: treat as a forecast-adjusted appropriation.

The Treasury's recommended approach is **option one**. We do not consider there are strong grounds for treating the expense outside of the Fiscal Management Approach, given the starting presumption that all items with fiscal implications are managed within Budget allowances. The fiscal impact of the grant entitlement can be spread across financial years within current operating allowances. This would ensure transparency of Government spending decisions.

Recommended Action

We recommend that you:

a **note** that *The Lord of the Rings (LOTR)* television series would qualify for a sizeable grant payment,

b **note** that the fiscal impact of the grant entitlement can be spread across financial years,

c **note** that there are options available for fiscal treatment of the *LOTR* grant entitlement,

d **note** that the current fiscal treatment of the New Zealand Screen Production Grant – International is an in-principle commitment against future Budget allowances,

Noted

e **agree** to treat the *LOTR* grant entitlement within existing operating allowances (option one), and

Agree/Disagree

f **indicate** whether you would like to receive further advice on fiscal treatment of the *LOTR* grant entitlement outside of existing operating allowances.

Yes/No

Natalie Labuschagne
Policy Manager, Transitions, Regions, and Economic Development

Hon Grant Robertson
Minister of Finance

Treasury Report: Options for fiscal treatment of a large screen grant entitlement

Purpose of Report

1. Amazon Studios have announced that it will produce The *Lord of the Rings (LOTR)* television series in New Zealand. This would qualify for a sizeable grant payment, though the quantum and time period are unknown.

2. This Report provides advice on options for fiscal treatment of a large New Zealand Screen Production Grant – International (NZSPG) payment.

Background on how the NZSPG operates

3. The NZSPG operates as a non-discretionary, uncapped rebate scheme. Demand for the NZSPG is growing, with both the number and sizes of productions increasing.

4. The NZSPG provides international film and television productions with a cash grant equivalent to 20 per cent of Qualifying New Zealand Production Expenditure (QNZPE). The grant is administered by the New Zealand Film Commission (NZFC).

5. The final quantum of any grant payment is not known until the production submits a Final Certificate, once all QNZPE on the production is paid. This makes it difficult to track progress and forecast expenditure.

6. For larger productions with more than $50 million QNZPE, the NZFC engage with the production company to ascertain estimates of what the QNZPE will be across each year.

7. Larger productions are able to submit interim grant applications each time the QNZPE for a production exceeds a multiple of $50 million. This spreads the fiscal impact of large grant payments across multiple financial years.

8. Alongside the 20 per cent grant, some productions may be invited to apply for an additional 5 per cent uplift if they meet specified spend thresholds and can demonstrate significant economic benefits to New Zealand. Interim grant payments are at the 20 per cent rebate. The normal payment conditions of the 5 per cent uplift coincide with the completion of the production.

What do we know about the *LOTR* production?

9. The *LOTR* production will qualify for a 20 per cent rebate on eligible expenditure under the NZSPG.

10. Many parts of the production remain unknown, with the Ministry for Business, Innovation, and Employment's (MBIE) best estimates being:

    a s9(2)(b)(ii) [redacted]

    b

    c

11. On these assumptions, a grant entitlement at 20 per cent would be around s9(2)(b)(ii) [redacted] s9(2)(b)(ii) [redacted]

12. Given the large scale of the series, it is likely that Amazon would make interim grant applications. This would spread the fiscal impact of the grant entitlement across financial years.

13. It is also unknown whether Amazon will qualify for the 5 per cent uplift s9(2)(j) [redacted] s9(2)(j) [redacted]

14. A 5 per cent uplift would be around s9(2)(b)(ii) [redacted] This would result in a total grant payment of s9(2)(b)(ii) [redacted] s9(2)(b)(ii) [redacted]

Current fiscal treatment of the NZSPG

15. Grant payments are currently made through a four-year multi-year appropriation (MYA), *New Zealand Screen Production Grant – International*, established at Budget 2017.

16. Expenditure is demand-driven and grant payments are managed on an accruals basis for each financial year. If there is sufficient certainty that a production will make QNZPE in any given financial year, that cost is accounted for.

17. If production activity is spread over s9(2)(b)(ii) [redacted], the *LOTR* grant entitlement would be approximately s9(2)(b)(ii) [redacted] If production activity is spread over [redacted] the entitlement would be approximately s9(2)(b)(ii) [redacted]. s9(2)(b)(ii)

18. Forecasting the fiscal impact of the NZSPG is inherently challenging as production activity can change in scale and timing at short notice, which can impact the grant entitlement.

19. The policy settings of the NZSPG operate as an in-principle pre-commitment against future Budget allowances. This means that the NZSPG is a significant fiscal risk.

20. The MYA will likely be exhausted in the current financial year [CAB-19-MIN-0174.05 refers]. s9(2)(f)(iv) [redacted].

21. s9(2)(f)(iv) [redacted]

22. Larger grant entitlements like *LOTR* are possible, and consideration should be given to how these would be managed.

23. This Report only considers the International component of the NZSPG. It should be noted that the Domestic component is under similar fiscal pressures (though these pressures are smaller in magnitude). Consideration should be given to whether the International and Domestic components of the NZSPG should have the same fiscal treatment.

s9(2)(b)(ii) [redacted]

Fiscal implications of the NZSPG on Budget 2020

24. Additional funding will be needed in Budget 2020 to meet current grant obligations and provide for future obligations.

25. Some Budget funding from 2021/22 exists due to the $50.6 million baseline appropriation established for the former Large Budget Screen Production Grant (LBSPG).

26. The Treasury estimates that a Budget 2020 bid for the NZSPG could potentially range s9(2)(b)(ii) and s9(2)(f)(iv) [redacted] This funding would be in addition to the baseline LBSPG appropriation.

27. Table 1 sets out potential options for future Budget funding.

Table 1: Summary of options for funding at Budget 2020

$ million	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**Total over forecast period**
Existing funding through LBSPG		50.6	50.6	50.6	151.8
Expected call on NZSPG	s9(2)(ba)(i) [redacted]				
Additional funding required at Budget 2020 and future Budgets	s9(2)(g)(i) [redacted]				

28. s9(2)(f)(iv) [redacted], further funding would be needed to cover the Crown's obligations under the NZSPG from s9(2)(f)(iv) [redacted] (including for *LOTR*) and the NZSPG would continue to be a significant fiscal risk in the Treasury's economic and fiscal forecasts.

Options for fiscal treatment of the *LOTR* grant entitlement

29. Given the uncertainties around the *LOTR* production, this advice is based on the best estimates currently available to officials, s9(2)(b)(ii) [redacted] s9(2)(b)(ii) [redacted]

30. The commercial sensitivity of the *LOTR* production budget would be able to be maintained throughout all four options.

31. The section outlines the differences between managing these costs within the available operating allowances, compared to increasing allowances or treating the entitlement outside of the allowances.

[2] This assumes that a total grant payment of s9(2)(b)(ii) [redacted] would be paid across a s9(2)(b)(ii) [redacted] and that demand for the NZSPG remains in line with MBIE's previous estimates (MBIE briefing 0335 19-20 refers).

32. If you would like to manage the impact within the existing operating allowances:

    a **Option one**: fund within existing operating allowances (status quo).

33. If you would like to treat the costs outside of the existing operating allowances:

    b **Option two**: manage through allowances but increase the operating allowance.

    c **Option three**: charge the costs directly against the operating balance and net core Crown debt (i.e. manage outside of allowances).

34. If you would like to manage grant entitlements through a demand-driven appropriation:

    d **Option four**: treat as a forecast-adjusted appropriation.

Fiscal management considerations

35. The Fiscal Management Approach (FMA) is a set of rules that help the Government achieve its fiscal strategy. Over the last couple of decades, the FMA has been instrumental in helping the Government meet its fiscal strategy.

36. The starting presumption with the FMA is that all items with fiscal implications should be managed within Budget allowances. This approach:

    a *Ensures Government decisions are consistent with the fiscal strategy* – The allowances are set by Ministers in accordance with the fiscal strategy and forms a self-imposed cap on expenditure growth.

    b *Incentivises prioritisation of new spending* – It encourages Ministers to trade-off the relative priorities of new spending when forming a package of high-value initiatives.

    c *Provides transparency of the Government's spending* – The allowances convey to the public and other stakeholders how much the Government intends to spend over the forecast period.

37. However, there is flexibility to apply judgement in exceptional circumstances to help avoid pro-cyclical fiscal policy and manage volatility. Past precedent where large, unexpected expenses have been treated outside of allowances include:

    a Deleted - Not Relevant to Request

    b

    c

38. General guidance on whether an expense should be counted against allowances is as follows:

    a How much fiscal control over the expense does the Government have?

    b Is it a one-off expense?

    c How uncertain are the costs?

    d Can the expense be met through existing Budget allowances?

    e How much discretion over the policy inputs does the Government have?

    f Would treating the expense outside of allowances make spending pro-cyclical?

Option one: fund within existing operating allowances (status quo)

39. The estimated grant entitlement for *LOTR* can be absorbed within current operating allowances and would be spread over multiple financial years.

40. If production activity is spread over s9(2)(b)(ii) [redacted] the *LOTR* grant entitlement would total approximately s9(2)(b)(ii) [redacted] of each Budget's operating allowance. If production activity is spread over s9(2)(b)(ii) [redacted] the entitlement would total approximately s9(2)(b)(ii) [redacted] of each Budget's operating allowance.[3]

41. It should be noted that the cost of the *LOTR* grant entitlement would be in addition to the Crown's existing obligations under the NZSPG.[4]

42. s9(2)(f)(iv) [redacted]

43. **Option one** would not impact net core Crown debt. However, it would reduce room for additional spend in other areas and require trade-offs to be made through the Budget process.

44. **Options two to four** increase net core Crown debt (as a percentage of GDP) by approximately [redacted] s9(2)(f)(iv) percentage points.[5]

Option two: manage through allowances but increase the operating allowance

45. The operating allowance is set in advance of Budget in accordance with the Government's fiscal strategy to provide for new spending. The level of allowances can be increased to respond to large unexpected costs, such as the *LOTR* grant entitlement.

46. If you were concerned about crowding out new Budget spending by managing the impact within existing allowances, you could manage the expense through allowances but increase the level of the operating allowance commensurately. This would retain

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[3] This assumes that the operating allowances for Budgets 2021 and 2022 remain unchanged from the Budget Economic and Fiscal Update (BEFU) 2019 at $2.4 billion per year and that the operating allowances for outyears will be at a similar level. Note that the operating allowance for Budget 2020 is $3.0 billion.

[4] Assuming the operating allowances from BEFU 2019 remain unchanged, s9(2)(f)(iv) [redacted]

the transparency benefits of managing within allowances and be consistent with the FMA, while not crowding-out new Budget spending.

47. An increase in the operating allowance would flow through into government expenditure, and this will impact the operating balance before gains and losses (OBEGAL) and net core Crown debt and could potentially effect the ability of the Government to meet its Fiscal Strategy.

48. The uncertainties surrounding the *LOTR* production would make it difficult to calculate what the appropriate increase in allowances would be to provide sufficiently for the grant entitlement. However, once there is enough clarity, the increase to allowances could be made through the *Budget Policy Statement 2020* or in Budget 2020.

49. Funding would need to be pre-committed to the grant entitlement to limit the impact on the Government's ability to fund other initiatives during the Budget process.

Option three: charge the costs directly against the operating balance and net core Crown debt

50. The fiscal impact of a large grant payment could be treated outside of allowances which would directly impact OBEGAL and net core Crown debt.

51. Under this option, agencies would still need to seek an increase in appropriations which would also flow through to the expenditure forecasts provided to the Treasury.

52. When we consider the policy features of past precedent (at para [37]) and the general guidance (at para [38]), there is no precedent for fiscal treatment of the *LOTR* grant entitlement outside of allowances:

    a. As the current policy settings [T2018/2458 refers] for the NZSPG are uncapped, the Government does not have fiscal control over the magnitude of the *LOTR* grant entitlement.

    b. While the *LOTR* grant entitlement will be a one-off expense, the NZSPG is a recurring fiscal risk.

    c. The magnitude and phasing of the grant entitlement are uncertain.

    d. The estimated entitlement can be absorbed within existing Budget allowances.

    e. The NZSPG is a discrete policy intervention.

Option four: treat as a forecast-adjusted appropriation

53. As the NZSPG is non-discretionary and demand-driven, it could be treated as a forecast-adjusted annual appropriation.

54. Examples of forecast-adjusted entitlements include New Zealand Superannuation and the research and development tax incentive.

55. Under this option, the appropriation would be adjusted by joint Ministers based on the call on the NZSPG. Any grant entitlements would be funded through forecast changes and in-year revisions, and can be managed against the relevant Budget operating allowance or outside of allowances. This reduces fiscal control of expenditure.

56. This could apply to either just the *LOTR* entitlement, or to the NZSPG – International and/or Domestic appropriations.

Recommended approach for fiscal treatment

57. The Treasury recommends **option one** i.e., funding the *LOTR* grant entitlement against existing operating allowances. We do not consider there are strong grounds for treating the expense outside of the FMA presumption that all items with fiscal implications are managed within Budget allowances.

58. While trade-offs will need to be made against other initiatives during the Budget process, this option provides fiscal control over the grant payments by ensuring that the NZSPG receives sufficient scrutiny and oversight from the Treasury and Finance Ministers through the Budget process.

59. This approach is in line with the Government's Fiscal Strategy. Both the capital and operating allowances are already incorporated into forecasts and set at a level that would see the Government achieve its Budget Responsibility Rules and net core Crown debt target.[6]

60. Table 2 provides an impact summary of each option.

[6] As per BEFU 2019 forecasts.

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Table 2: Summary of impacts of each option for fiscal treatment

	Impact on the Government's Fiscal Strategy and debt target	Impact on ability to fund other initiatives during the Budget process	Transparency of Government spending	Impact on credibility of FMA processes	Recognition of the policy discretion	Fiscal control over aggregate spending
Option one: fund within existing operating allowances (status quo)						
Option two: manage through allowances but increase the operating allowance						
Option three: charge the costs directly against the operating balance and net core Crown debt (i.e. manage outside of allowances)						
Option four: treat as a forecast-adjusted appropriation						

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Next steps

61. Depending on the option chosen for fiscal treatment of the grant entitlement, further advice will be provided on the NZSPG during the Budget 2020 process.

62. If Amazon wish to apply for 5 per cent uplift, an estimate production budget for *LOTR* will need to be disclosed as part of the application. However, this budget would be indicative only and can easily change.

63. MBIE and NZFC are preparing a report on the information we have about Amazon and the likely economic and fiscal impacts of *LOTR*.

64. As discussed on 7 September 2019, officials are undertaking work to gain a better understanding of the global competitiveness of the NZSPG.

65. The findings of this work programme will likely coincide with the launch of the industry-led ten-year screen sector strategy. This may have implications for optimising the value of the NZSPG and growing sustainability within the screen industry.

66. Recommendation [25] in the Budget 2019 Vote Business, Science, and Innovation Cabinet minutes [CAB-19-MIN-0174.05 refers] invited the Minister for Arts, Culture and Heritage and the Minister for Economic Development jointly to report back to the Cabinet Economic Development Committee in advance of Budget 2020 on the fiscal sustainability of the New Zealand Screen Production Grant schemes. This will be an opportunity for Ministers to consider together with the above work programmes.

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Reference: T2019/3280 SH-11-1-1

Date: 22 October 2019

To: Minister of Finance (Hon Grant Robertson)

Deadline: None
(if any)

Aide Memoire: Fiscal treatment of the New Zealand Screen Production Grant - International

On 19 September 2019, we provided you with advice on the options for fiscal treatment of a large grant entitlement under the New Zealand Screen Production Grant - International (NZSPG) scheme (T2019/2874 refers). We understand that your preferred option for managing this fiscal impact is to continue to fund the NZSPG within operating allowances.

The recent announcement by Amazon Studios that New Zealand will be its main filming location for its *Lord of The Rings (LOTR)* production has resulted in the Treasury updating the approach to forecasting NZSPG expenses. This briefing sets out our updated approach to forecasting the NZSPG for the Half Year Economic and Fiscal Update (HYEFU).

Background

Under the Public Finance Act 1989 (PFA), the fiscal forecasts presented in the Treasury's Economic and Fiscal Update must include all Government decisions and other circumstances to the fullest extent possible. The fiscal forecasts represent the Treasury's best estimate of the Government's fiscal performance and position over the next five years.

Forecasting will always include some level of judgement. To guide our judgement, we use a framework to consider when an item should be included in the forecasts. Matters are incorporated into the fiscal forecasts if:

- a decision has been taken, or a decision has not yet been taken but it is reasonably probable the matter will be approved; and
- it is reasonably probable the situation will occur and the matter can be quantified for particular years with reasonable certainty.

Forecasting NZSPG expenses

In previous forecast rounds, the Treasury has estimated NZSPG expenses based on the level of appropriations approved by Parliament. This has been a reasonable proxy for known production activity and the Government's expected obligation under the scheme. With the recent location announcement for *LOTR,* we no longer consider our current approach is the most appropriate to reflect the Government's future expenses under the NZSPG.

The NZSPG is non-discretionary and uncapped. Expenditure occurs when qualifying production activity occurs, meaning no further Government decision is required. The Government has indicated commitment to continue the current policy settings of the NZSPG. Due to these factors, the Government has limited discretion in incurring this spending.

To ensure the fiscal forecasts represent the Treasury's best estimate of the Government's fiscal performance and position, we believe that the NZSPG expenses should capture estimates of productions currently registered with New Zealand Film Commission and estimates of production activity that may register during the year. Our assessment is that these expenses are more likely than not to occur and they can be reliably measured, consistent with our fiscal forecast framework.

The updated approach will result in an increase in the NZSPG expenses, outlined in Table 1. As these expenses will be managed within allowances, the updated approach will not have an overall impact on key fiscal indicators. However, it will result in a reduction in allowances available for other spending initiatives disclosed in the HYEFU.

These estimates are based on some key assumptions (refer Annex 1) and reflect our best estimate at this point of time.

Even though the updated approach means a more accurate estimate of NZSPG expenses will be included in the fiscal forecasts, there remains some level of uncertainty around future expenses. Therefore, it may still be appropriate to disclose it as a Specific Fiscal Risk.

Table 1: Estimated impact from the change in forecast approach

$ million	2019/20	2020/21	2021/22	2022/23	2023/24	5-year Total
Current approach	172.0	-	50.6	50.6	50.6	**323.8**
Updated approach	s9(2)(ba)(i) [redacted]					
Difference						

Since our previous advice, we have received updated estimates on current NZSPG commitments and phasing of the *LOTR* production. This is reflected in the table above.

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Our updated approach will result in the HYEFU fiscal forecasts showing a pre-commitment against Budget allowances for the increase in NZSPG expenses. This reflects the non-discretionary policy settings of the NZSPG.

The preliminary fiscal forecasts, due to be completed on Friday 25 October, will capture our updated approach to forecast NZSPG expenses.

The preliminary HYEFU fiscal forecasts will show an unallocated Budget 2020 allowance of around $2.5 billion on average per annum. The NZSPG is one of many cost pressures the government is facing. The Treasury will shortly advise on options to manage these pressures as part of its advice on fiscal strategy.

Given the updated forecast approach will result in a difference between expenses and the spending authority for NZSPG, Ministers could consider changing the approval process in the future.

Lauren Holloway, Graduate Analyst, Transitions, Regions, and Economic Development, s9(2)(k)
Natalie Labuschagne, Manager, Transitions, Regions, and Economic Development, s9(2)(k)

Annex One: Key assumptions behind the NZSPG estimates

The forecasts in this briefing reflect the Ministry for Business, Innovation, and Employment, the New Zealand Film Commission, and the Treasury's best estimates at this point of time.

Key assumptions underlying our forecasts are:

- Global demand for screen content remains strong.
- The two large-budget productions (Avatar sequels and *LOTR* series) are greenlit in full and production remains predominantly based in New Zealand.
- s9(2)(b)(ii) and 9(2)(j)
- No further large-budget productions choose to locate in New Zealand across the forecast period.
- No major shifts in NZSPG policy settings. However, a ten-year screen strategy is under development and recommendations or government responses might flow from this.
- No regional incentive programmes are created to supplement the NZSPG.
- New Zealand's studio infrastructure pool remains broadly stable, s9(2)(g)(i) s9(2)(g)(i), acting as a natural cap on production. However, several regions have indicated interest on growing their screen infrastructure, with many projects being actively explored. Financing has traditionally been a barrier, but it is unclear whether this will dissipate against the backdrop of strong growth.
- The USD/NZD exchange rate remains favourable and local costs (such as wages, services, and goods) remain stable. However, there has been some commentary around inflationary wage pressure due to limited numbers of experienced crew.
- The screen workforce remains broadly stable. Worker shortages would limit the ability for productions to be based in New Zealand, although the screen workforce is generally considered highly mobile and shortfalls could be addressed through inward (temporary) migration and increased training opportunities.
- No major screen or visual effects businesses choose to locate in New Zealand (for example, a business equivalent to Weta Digital).