

Thursday 23 August 2017

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Sent via Email: nzspg@nzfilm.co.nz

**SPADA'S RESPONSE TO THE DISCUSSION DOCUMENT  
"PROPOSAL TO CHARGE FEES FOR NZSPG APPLICATION"**

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**1.0 Do you agree that the NZFC should charge a fee for making an application for the NZSPG?  
Why or why not?**

SPADA does not agree that the NZFC should charge a fee for making an application for NZSPG New Zealand. Why not?

**1.1 *Offsetting NZFC costs to administer the NZSPG***

In line with the introduction of the Large Budget Screen Production Grant (LBSPG) in 2003, the NZFC received a separate funding allocation of \$200,000 to administer the LBSPG. In 2014, when the incentives were reviewed and the NZSPG was introduced this funding was rolled into the NZFC's core funding.

**1.2 *Pressure on funding***

Para 5.2 states that there has been "...a significant increase in the number of applications over recent years is stretching the NZFC's capacity and resources to provide this service. Costs to the NZFC of processing and assessing application have increased, putting pressure on other NZFC funding".

1.3 It is unclear what the increases are as Schedule 1 only provides figures from 2015-2016.

1.4 That being said, the estimated cost for 2015/2016, with the stated increase and pressure on funding, is \$148,344 less than the annual \$200,000 the NZFC receives to administer the NZSPG.

**2.0 How will the introduction of a fee affect you?**

2.1 Given SPADA's membership base, its response focusses on how the introduction of an application fee may affect outcomes the NZSPG – New Zealand's goals and objectives.

2.2 As part of the grants' consultation process in 2014, SPADA's submission supported the Government's objectives for the NZSPG. SPADA also stated that it wanted to ensure the following aims were met:

- (a) The incentives are:
- workable
  - provide value for New Zealand
  - do not result in unintended consequences; and
  - do not result in high transactions costs.
- (b) *Thereby encouraging and stimulating:*
- more local producers to develop NZ IP content for the NZ and international market
  - the growth of businesses that can compete successfully in the global screen market, and retain key IP ownership in NZ
  - the growth of mid-sized NZ-based productions that can compete successfully on the world stage and attract more international productions while our domestic industry develops; and
  - a stronger domestically-sourced screen industry that over time is less dependent on taxpayer incentives.
- (c) *Consequently resulting in the NZ screen sector:*
- building scale and developing the means to become more financially sustainable and internationally competitive
  - building the skills and connections to be able to engage and compete internationally; and
  - being less dependent on incentives for commercial success.

2.3 As the NZSPG's administrator the NZFC is central to supporting those objectives: particularly with regard to the domestic screen sector. Producers and production companies – also play an integral role in supporting and bringing those goals and objectives to fruition. Time, energy and resources are expended to bring projects through the pipeline: in preparation for applying to the NZSPG.

The NZSPG application process requires considerable work on the part of the production company/producer: to say some applications are “speculative” does not acknowledge the amount of work involved: nor is this assertion supported by the statistics provided (16 provisional / 14 final – with one withdrawn due to financing/casting issues).

### **3.0 Do you wish to provide any feedback on the level of fees proposed in paragraph 9.5?**

3.1 IF the proposed fee structure is introduced, SPADA believes the proposed provisional fee for NZSPG New Zealand applications should be waived to acknowledge firstly the disparity in budgets between its NZSPG – New Zealand and NZSPG – International; and secondly the different goals and objectives of NZSPG – New Zealand and NZSPG - International. There is a clear transactional approach to NZSPG International applications as noted in the discussion document: “7.20(b)... NZSPG – International rarely make provisional applications. Transaction fees for applications sits well with the commercial drivers of the NZSPG – International.

### **4.0 Other: QNZPE**

4.1 If the proposed fee structure is introduced, the application costs (for NZSPG – New Zealand) must be made eligible for QNZPE. The application process, and final certification, is a legitimate expense of the project. It is unavoidable and is a predictable cost: and can be easily included in the final cost report.

SPADA is happy to meet with the NZFC if it has any questions regarding the points raised in this submission, or if it would like to discuss anything further.

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