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## **LARGE BUDGET SCREEN PRODUCTION GRANT (LBSPG)**

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### **Executive Summary**

1. SPADA thanks MED for the opportunity to comment on the government's latest review of the LBSPG.
2. SPADA recommends current threshold remain at 70% of QNZPE for productions between NZ\$15m and NZ\$50m.
3. SPADA recommends that bundling comprise a cornerstone project of \$7.5 to \$10 million and combined with smaller budget productions of not less than \$5 million.
4. SPADA does not support the implementation of a fixed exchange rate mechanism to safeguard against production's ability to meet the LBSPG criteria.
5. SPADA does not support further clarification or extension of 'anthology' to include theatrical feature films. SPADA recommends adopting only one system: either bundling or anthology. SPADA's preference would be for bundling. Furthermore, if the recommendation to set cornerstone project budget levels was approved, it could provide government with an inbuilt safeguard against high volume, low-quality productions.

## Background

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MED has advised that this review will focus exclusively on:

- Bundling
- 70% QNZPE Expenditure requirements between NZ\$15M and NZ\$50m
- Anthology – clarification and extension to theatrical feature films
- Fixed exchange rate

MED also advises that this review will not cover:

- Lowering of thresholds
- Specific and separate post production (PDV) incentive
- Multi-Funding

SPADA's position has not changed ostensibly from that outlined in its submission to the New Zealand Screen Council in February 2005; in particular its ongoing support for multi-funding.

However, SPADA's on the above four points are as follows:

## Comments

### **1. Bundling**

SPADA acknowledges the economic benefits of the LBSPG, and the rationale behind a criteria change to include bundling as a means of stimulating and attracting new productions to New Zealand. In the same way SPADA must table its ongoing concerns that the scheme all but excludes primary participation by the domestic screen production industry.

One of the concerns of bundling, held by many interested parties, is New Zealand's exposure to high volume, low-quality flowing from offshore. Therefore, if bundling is to be considered in this review, in order to safeguard against this eventuality SPADA recommends a cornerstone project of \$7.5 to \$10million; combined with smaller budget productions of not less than \$5 million. By bringing in one quality, high-budget production it ensures a continuation of crewing at that budget level; and the possibility of additionality.

SPADA recommends that bundling comprise a cornerstone project of \$7.5 to \$10 million; combined with smaller budget productions of not less than \$5 million.

### **2. 70% QNZPE Expenditure requirements between NZ\$15M and NZ\$50m**

SPADA holds serious reservations concerning the 70% threshold reduction. It sees no point in reducing the 70% threshold incrementally. If the threshold was going to be adjusted it should be removed completely; as international lobbying will continue to push for it to be lowered and lowered.

Retaining the current 70% threshold ensures the economic benefits of offshore productions shooting in New Zealand continue to remain at a substantial level.

SPADA recommends threshold remain at 70% of QNZPE for productions between NZ\$15m and NZ\$50m.

### **3. Fixed Exchange Rate**

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Fluctuations in the dollar have always been a risk for producers when putting together budgets; given its impact on a production's ability to meet the LBSPG's threshold or calculating the 70% minimum spends.

However, SPADA does not think government intervention in the form of fixing the exchange rate to safeguard against these fluctuations is prudent.

SPADA does not support a fixed exchange rate mechanism being adopted for the LBSPG.

### **4. Anthology: Clarification and Extension to Theatrical Feature Films**

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SPADA does not support clarification of the definition for 'anthology'. By trying to clarify the definition of anthology, it only highlights the plethora of examples that could qualify as an 'anthology'.

However, it does also highlight the similarities between an anthology and bundling. SPADA believes that anthologies should be removed from the LBSPG criteria. This would further simplify the LBSPG process, and if a cornerstone project of \$7.5 to \$10 million; combined with smaller budget productions of not less than \$5 million were to be adopted; bundling would have an inbuilt safety mechanism for safeguarding against high-volume, low quality productions coming to New Zealand.

SPADA does not support further clarification or extension of anthology to include theatrical feature films. SPADA recommends dropping anthology from the LBSPG criteria; and adopting the bundling system with budget criteria.

END.