



Development Grant Agreements – information sheet

New Zealand Film Commission Development Financing is provided as a grant. This information sheet sets out what you need to know and do if your application for Development Financing has been successful.

You will receive a formal document, the Development Grant Agreement, that has to be signed by your production company. If you do not have a production company and do not want to start one, you will need to discuss this with us. However, our recommended best practice is that you have a limited liability company.

The Development Grant Agreement is a legal document and it is important that you read it carefully before you sign it, and get legal advice if you don't understand something. If you breach certain terms of the Development Grant Agreement, you will have to repay the money whether your project goes into production or not, and you will rule yourself out of eligibility for any other NZFC funding.

When will I get the money?

The grant will be paid into your production company's bank account when the Development Grant Agreement is signed and we receive an invoice from you, and where applicable, the NZFC has reviewed and approved your chain of title documentation. See our *Chain of Title Information Sheet*.

If your grant is over \$60,000 (in total), or reaches Advanced Development Funding (ADF) stage, we will need to review and approve your chain of title documents (refer to *Chain of Title information sheet*) before paying the grant. In addition, if we have concerns or queries about the chain of title for a project that has applied for funding, we may require the chain of title be reviewed and approved before development funds are drawn down.

Is GST included?

Because grants are subject to GST, if you are GST registered, we will add GST to the grant when we pay it. If you are GST registered you will also need to pay GST on most, if not all, of the goods and services you purchase when developing the project. You therefore need to make sure that you include this GST in your budget. There have been some instances where producers have forgotten to do this and they have then had to pay the GST out of their own pocket.

When do I have to repay the grant?

You will not have to repay the grant unless you breach certain terms of the Development Grant Agreement.

What are my obligations?

Your obligations are spelt out in detail in the Development Grant Agreement, but here we summarise what you have to do.

- **Deliver:** We have agreed to grant you money so you can deliver something (the deliverable, for example, a draft script). You must only spend the grant on the agreed purpose. You will specify in your application when you can supply your deliverables. You must make sure the deliverables are completed and delivered to us by that date. Time is of the essence.
- **Script/Treatment:** You must deliver to us a copy of your revised script/treatment or draft screenplay on the delivery date specified.
- **Record:** You need to keep good accounting records of all income and expenditure in relation to the project.
- **Report:** You must report back to us when you deliver the script/treatment on the delivery date specified. The report can be short and simple, but must include:
 - A cost report on expenditure against your development budget
 - A narrative report on development including next stage development plan
 - Revised one sentence logline
 - Revised one page synopsis

These reports let us know where you are at with the project. We don't expect them to be formal or to take you a long time to prepare, but we do need them!

If you will not be able to report to us by the delivery date that's in the Development Grant Agreement, email us at development@nzfilm.co.nz with an extension request, a valid reason and a proposed new delivery date, and we will let you know if the new delivery date is approved. If you don't deliver by the date in the Development Grant Agreement and we haven't approved a new delivery date, you will be in breach of the Agreement.

- **Notify:** You must notify us (at least four weeks prior) if your option is going to lapse, terminate or be varied.
- **Hold:** You must hold your rights in the project and not assign them to anyone else. If you want to assign your rights elsewhere, then you must either repay the grant or get agreement to the change from both the assignee and us.

REMEMBER: Although this is a grant, if you breach certain terms of the Development Grant Agreement, you will have to repay the money, and you will be ineligible for other funding assistance from the NZFC.

For further information about Grant Agreements, contact our Business Affairs Team.
Email businessaffairs@nzfilm.co.nz. Phone 0800 659 754.

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