



PREMIUM PRODUCTIONS FOR INTERNATIONAL AUDIENCES

High Level Design Decisions For Sector
Consultation



Te Tumu Whakaata Taonga

Background

- Ministers announced the Screen Sector Recovery Package on 1 July 2020. **The Premium Productions for International Audiences fund** (the Fund) across FY21-FY22 is designed to support the production of high-quality feature films or series dramas that tell strong New Zealand stories with international appeal.
- The \$50 million was **reallocated from the New Zealand Screen Production Grant – International** and will be delivered by the New Zealand Film Commission (NZFC) and New Zealand On Air (NZ On Air).
- The impact of COVID-19 globally has created significant demand for content; as demand has increased, production has slowed. With many global productions unlikely to be available until late 2021 and our relative success in the response to COVID-19, we have a **significant opportunity to capitalise on this demand**.
- In addition to supporting the sector through the immediate impact of COVID-19, the Fund also represents a significant, **one-off opportunity to support a step-change** for the sector in the maturity and sophistication of productions.

Purpose and Key Objectives

(as defined by Manatū Taonga - Ministry for Culture & Heritage)

Purpose: To support the New Zealand production sector to recover from COVID-19 by supporting high-quality productions that tell New Zealand stories for global audiences.

Key Objectives:

1. **Boost economic growth**, through the attraction of international investment in New Zealand's screen sector and give **opportunities to NZ creators and IP owners** to be competitive in the global market .
2. **Increase employment**, through providing jobs to New Zealanders in the screen sector.
3. **Create cultural benefit**, through providing the resources to tell New Zealand screen stories at a scale not previously possible and **supporting Māori cultural aspirations**.
4. **Respond to COVID-19**, by distributing money quickly in the wake of the lockdown period to support the screen sector.
5. **Develop the skills and capability** of the New Zealand screen sector by increasing international connections and driving long-term growth in the sector.

Industry Consultation Process

Parameters for Feedback

1. The following tables include the rationale behind the High-Level Design Decisions ('settings') with parameters for consultation and feedback.
2. Some of the settings are noted as 'fixed' (provisionally approved by the Minister), and others are unprescribed at this point and more open for feedback.
3. Requested changes to 'fixed' settings may be considered but any amend is likely to slow down implementation of the Fund. There is a process to follow, including Ministerial approval on final settings. Evidence-based arguments for the rationale of the requested change will need to be provided.
4. The funding will provide a balance between investment in 'Production ready' productions and longer-term productions through two separate funding rounds.

Key Settings – For Review

(provisionally approved by Manatū Taonga)

	Key Setting	Rationale for Decision	Parameters	Notes
1	The Fund will exclude factual, reality and lifestyle genres, gaming and animation.	Due to their generally smaller crews and budgets resulting in lower economic and employment benefits. Animation was also excluded due to it being much more resistant to lockdown than live-action production.	This setting is fixed .	Any requested changes to this setting will need to provide evidence-based arguments addressing the rationale provided. It is unlikely any changes to this setting will be made in time to be factored into Round 1.
2	Provide a balance between investment in 'production ready' and longer-term productions, with an initial funding round as soon as practicable for productions ready for rapid support, and a more general funding round later in 2021 .	To support the sector with employment opportunities and capitalise on New Zealand's current production advantage due to COVID-19, while allowing for ambitious projects that may take more time to develop.	Open to feedback.	Suggest - 'Production ready' focus in Round 1 is defined as: <ul style="list-style-type: none">• Advanced Scripts (eg signed off by partners);• Finance in place;• Market attached; and• Above The Line (ATL) in place

Key Settings – For Review

(provisionally approved by Manatū Taonga)

	Key Setting	Rationale for Decision	Parameters	Notes
3	That application eligibility should be limited to New Zealand production companies who own the intellectual property behind the application.	This approach recognises that the purpose of the Fund is to support the domestic production sector.	This setting is fixed .	Determining that this means co-ownership of copyright is acceptable for co-productions
4	That co-productions be eligible.	Restricting eligibility for co-productions may significantly limit potential applications. However, such applications would need to strongly demonstrate their ability to support the Fund’s objectives.	This setting is fixed .	We are interested in feedback on which of the ATL roles should be required to be held by New Zealanders.
5	That no minimum level of ‘Aotearoa New Zealand content’ would be set for applications, but criteria will give preference to productions with higher levels such content.	This component will be considered in the context of the sum of all the parts of a particular application. The contestable nature of this funding will allow this component of each production to be assessed against others. Manatū Taonga and industry are comfortable with the entities using their established processes and experience to make these determinations.	This setting is fixed .	We are open to feedback on whether the Significant New Zealand Content Test of the NZSPG-NZ should be used to define ‘Aotearoa New Zealand content’.*

*A common definition of Aotearoa New Zealand content as content ‘set in New Zealand, about New Zealanders, and written, performed and produced by New Zealanders’ is likely to work for a significant number of productions but may exclude some productions.

Key Settings – For Review

(provisionally approved by Manatū Taonga)

	Key Setting	Rationale for Decision	Parameters	Notes
6	The minimum level of private international investment for eligibility be set at 10% of a production's total value.	<p>This funding relates to the international audiences focus of the fund (e.g. international finance will not be provided if the production was not sellable to international audiences). The lower 10% threshold is an acknowledgement that COVID-19 has significantly impacted on the availability of market finance.</p> <p>As a higher international contribution is likely to support a higher level of production ambition, or allow a reduction in the Fund's contribution, assessment criteria will seek to recognise the benefits of contributions higher than this minimum level. However, it will still give sufficient scope to trade off international investment against other objectives.</p>	This setting is fixed .	<p>Private international investment includes genuine market money from but not limited to:</p> <ul style="list-style-type: none">• Distributors;• Sales Agents;• Commissioners;• Licensors;• Private Investors. <p>Propose that related party transactions should not be part of the 10%.</p> <p>Assessment criteria will seek to recognise the benefits of contributions higher than this minimum level.</p>

Key Settings – For Review

(provisionally approved by Manatū Taonga)

	Key Setting	Rationale for Decision	Parameters	Notes
7	The Fund be positioned to support a high-level of ambition but not require a minimum budget from applications.	Recognises there is uncertainty in international finance. Supports a wide range of applications. This approach is expected to allow more productions than originally proposed to be produced. However, both agencies expect submissions to be seeking higher budgets than that which we normally fund to recognise the step-change ambition for this Fund.	Open to feedback.	We are interested in sector feedback on whether there should be a minimum budget threshold (per project/per ep/hour).
8	Productions applying for the fund can receive co- investment from NZ On Air, NZFC and Te Māngai Pāho.	This will encourage a wider mix of ambitious productions that will better support the Fund to meet its expectations and objectives.	This setting is fixed .	If you intend to access other agency baseline funding, you will be required to meet the settings of those funds.
9	Series drama productions funded through this Fund may be eligible for the New Zealand Screen Production Grant.	Consistent with the existing eligibility to the grant for feature films. Provides a level playing field between film and series drama productions applying for the Fund.	A decision on this setting is still to be made.	Subject to Cabinet paper’s final approval to give effect to this item. This may impact timing on series drama.
10	A free to air window will not be a specific requirement for eligibility.	Recent changes in the global environment have resulted in FTA req’s representing an increased barrier to international investment.	This setting is fixed .	In the context of this Fund, FTA broadcast should be supported, but not be a requirement.

Key Settings – For Review

(provisionally approved by Manatū Taonga)

	Key Setting	Rationale for Decision	Parameters	Notes
11	The agencies would be expected to ensure as much as possible that the five objectives are broadly balanced across the totality of projects approved.	Proposals will have to support each objective but will be assessed for their total benefit. For example, a production may score exceptionally highly on its cultural benefits but provide a more limited increase in employment compared to other productions. This approach would allow its total benefits to be considered.	Open to feedback.	Criteria will be weighted to balance all assessment criteria (including the key objectives on page 3) and the overarching purpose of this fund which is supporting high-quality productions that tell NZ stories for global audiences . Please refer to page 12 to review draft assessment criteria.
12	Decision process: A panel will be established comprised of two Board members from each of the NZFC, NZ On Air and TMP supported by an independent Chair. A representative from the Ministry of Business, Innovation and Employment (MBIE) and Manatū Taonga will attend as observers.	Consistent with existing processes applications would be assessed by senior managers from the NZFC, NZ On Air and TMP and by external NZ and international assessors with significant production and marketing expertise. Funding recommendations will then be put forward to the panel by the NZFC, NZ On Air and TMP Chief Executives.	This setting is fixed .	The Fund is contestable and will be assessed based on published criteria and assessment process.

Key Settings – For Review

(provisionally approved by Manatū Taonga)

	Key Setting	Rationale for Decision	Parameters	Notes
13	<p>NZ On Air and the NZFC can jointly use up to \$2m of the Fund to further fund the development of diverse Aotearoa New Zealand content.</p> <p>This funding will have wider benefits to the sector, providing both potential opportunities for diverse talent including Māori screen businesses and support for proposals that may ultimately be progressed outside of this specific Fund.</p>	<p>This recognises that the Fund represents an opportunity to support ongoing business and personnel development that will be beneficial for the sector over the longer term.</p> <p>This setting is critical to supporting Māori cultural aspirations in particular.</p>	<p>Open to feedback.</p>	<p>We are interested in sector feedback for at least 50% (\$1m) of this development funding to be allocated to support Māori cultural aspirations as per objective three.</p> <p>We also seek feedback on how to maximise stories from diverse and underrepresented groups such as Pan-Asian and Pacific Island New Zealanders as well as LGBTQIA+ and those with a disability.</p> <p>The development component will be available simultaneously and will be factored into Round 1 submissions. Parameters to be confirmed – including establishing allocation balance between series vs feature development.</p>

Key Settings – For Review

(yet to be defined and shared with Manatū Taonga)

	Key Setting	Rationale for Decision	Parameters	Notes
14	Nature of investment: Equity	The Fund will be provided as an Equity investment. The development component will be awarded as a grant.	Open to feedback.	
15	There is no specified cap or threshold on the level of investment requested per project.	The fund is positioned to support a high-level of ambition but not require a minimum budget from applications.	Open to feedback.	We are interested in sector feedback on whether there should be a per project or per ep/hour budget cap.
16	There is no specified limit on the number of applications per entity or individual applicant per round.	We want to ensure flexibility for the Fund and allow for the greatest number of ideas to be put forward for consideration.	Open to feedback.	We are interested in sector feedback on whether there should be a cap on number of submissions.
17	A potential 50/50 split of \$50m allocation across the two financial years.	<u>Up to</u> \$23m+\$2m will be awarded in 2020/21 for production-ready projects and the remaining funds will be awarded in 2021/22 for projects in advanced development that need further progress to be considered production-ready.	Open to feedback.	We are interested in seeking views on whether a 50/50 split is likely to be the most effective approach achieve the objectives of the Fund.

Round #1 Draft Assessment Criteria – 1/2

	Key Criteria	Must include
1	Boost economic growth through the attraction of international investment and market partners in New Zealand’s screen sector.	<ul style="list-style-type: none"> • Audience engagement plan for domestic and international audiences demonstrating a clear path to market; • Recognise contributions higher than the 10% minimum threshold. • For feature films: Commitment from both local and international distributors; • For series drama: Commitment from Broadcaster / Streamer with NZ presence.
2	Increase employment through providing jobs to New Zealanders in the screen sector.	<ul style="list-style-type: none"> • Predominantly using New Zealand cast and crew. • Established number of cast and crew – with established numbers of NZers included.
3a	Create cultural benefit through providing the resources to tell New Zealand screen stories at a scale not previously possible and;	<ul style="list-style-type: none"> • Refer to Significant New Zealand Content Test of the NZSPG-NZ to define ‘New Zealand screen stories’ (TBC). • Bold and ambitious concept.
3b	Support Māori cultural aspirations.	<ul style="list-style-type: none"> • Any application that involves a Māori story must be led by two out of three Māori creatives. The fund seeks to ensure authentic representation in storytelling, IP sharing and commitment to capacity and capability building to achieve mutually agreed aspirations as informed by the principles of Te Tiriti o Waitangi and Te Ao Māori.

Round #1 Draft Assessment Criteria – 2/2

	Key Criteria	Must include
4	'Speed to market' - Respond to COVID-19 by distributing money quickly in the wake of the lockdown period to support the screen sector.	<ul style="list-style-type: none"> • Demonstration and deliverables of production-readiness including: <ul style="list-style-type: none"> • Advanced Scripts (eg signed off by partners); • Finance in place including letters of offer for all elements with terms; • Market attached; • Above The Line (ATL) in place; • Production Timeline; • Shooting Schedule; • Cultural Benefits Strategy • Warranty that all necessary rights are to be held or shared by the applicant; • Letter from a Completion Bond, or equivalent for series drama projects, with reference to budget and schedule.
5	Develop the skills and capability of the NZ screen sector.	<ul style="list-style-type: none"> • This funding will have wider benefits to the sector, providing both potential opportunities for diverse talent including Māori screen businesses, to make a more ambitious step-change with productions and support for proposals that may ultimately be progressed outside of this specific Fund; • Track record and experience of team including: <ul style="list-style-type: none"> ➤ Experienced producer(s) with multiparty financing experience. ➤ At least one 'produced by' credit in the format they are applying under that has been theatrically produced or commercially broadcast. ➤ Majority or all New Zealanders in key above-the-line (ATL) roles of producer, writer and director. ➤ Commercial and critical success in previous productions will be a strong consideration.

Next Steps / Timings – First Round

Timeframe	Task	Detail
Mid-October	Guild consultation	High level design decisions reviewed
Mid-October	Overview for feedback published	Detail will be available on NZ On Air and NZFC websites
Late-October	Wider sector consultation	Joint webinar between NZ On Air, NZFC and Te Māngai Pāho
Post-October (TBC)	Final Fund settings approved by Ministry	Ministry will continue to work with screen entities on detailed Fund design and implementation for your approval
Mid-November	Submission guidelines published	
November/December 2020	First round open for submissions	Production-ready projects and development applications
Mid - January 2021	First round closes	
March 2021	First round decisions announced	Contracts to be signed by 30 June 2021

Next Steps / Timings – Second Round

Timeframe	Task	Detail
Early April	Second round guidelines published	
May	Second round open for submissions	
June	Second round closes	
August	Second round decisions announced	