

# Premium Productions for International Audiences

## 'High Level Design Decisions for Sector Consultation'

### Webinar 28/10/2020 - Live Question Feedback

Note - all the responses below are for information update purposes and discussion only, and that the final settings and recommendations may be subject to change based on consultation feedback.

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**Key objectives and 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."**

Q: What does "cultural benefit" mean to the agencies?

- By supporting New Zealand screen stories to be made at a scale not previously possible and reach global audiences, we create cultural benefit. This encompasses growing NZ companies and creative IP exports, building capability and developing talent in our screen sector, and creating opportunities to take indigenous stories to audiences worldwide.

**Setting 1: The Fund will exclude factual, reality and lifestyle genres, gaming and animation.**

Q: Up until now feature film has not featured in the discussion around this fund. Can we have clarity on the inclusion of features in the fund.

- Feature films are included as an eligible format, and we know there are features currently in development that could be eligible.

Q: Why is factual not included? Could large scale feature docs and hybrids comply?

- The Fund currently excludes factual, reality and lifestyle genres, gaming and animation. We consider docu-dramas to fall within the scope of Factual productions. The Ministry has noted that factual has smaller crews and budgets, resulting in lower economic and employment benefits. Any requested changes to this setting will need to provide evidence-based arguments addressing the rationale outlined in the discussion document i.e scale of production and employment. It is unlikely however that any changes to this setting will be made in time to be factored into Round 1.

Q: Why is animation excluded? The employment period is significantly longer for crew and this doesn't seem to have been recognised - is that about the settings wanting to see higher numbers of jobs created in the short term?

- The fund was conceived as a live action fund to maximise jobs, and animation was seen as being more resistant to lockdown. However, we do understand how important animation is for the screen industry and how economically valuable it can be. Please continue to provide us with evidence-based rationale via the Guilds that demonstrates how animation productions can and do meet the key objectives outlined on page 3 of the draft guidelines, and we will ensure this information is provided to the Ministry to see if there is scope for the eligibility settings to be updated in time for the second round of production funding.

**Setting 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.**

Q: If you don't have cast or director attached, will you be considered production ready?

- Due to timing around financing, we understand that not all projects will have cast or director attached. You should come with your preferred list, and evidence of interest or engagement with them or agents. If you do have ATL personnel attached, we would want to see formal documentation in the form of deal memo or letter with fees and terms laid out (preferably unsigned).

**Setting 4: That co-productions be eligible.**

Q: What's the view on involvement of above the line creatives from offshore with credits that will provide confidence to international investors?

- Primarily the Fund is for New Zealanders to be the ATL creatives including writers, with notable exceptions for co-productions. However, exceptions that we are open to feedback on include multiple writers or directors, most commonly seen on high-budget features but more likely series drama. We are also open to feedback on whether international showrunners, script editors, and consultants should also be eligible.
- In the case of co-productions, we are open to feedback on the level of international talent that should be considered for ATL creatives if attached for international investors. We would generally expect to see a significant international profile in terms of credits and awards, so as to bring benefit to New Zealanders working alongside them.

Q: Will this Fund consider projects developed overseas by international producers that partner with a NZ co-producer to access the Fund- or are you anticipating it will mostly be the other way around-NZ producers with NZ IP bringing on board offshore co-producers for financing purposes?

- We are open to feedback on this, although, please note that for co-productions, this would fall within the current eligibility.

Q: If a series or film is an official co-production (with UK for example) will the significant NZ content requirement be waived? (assuming kiwis will hold key ATL and HOD roles)

- Official co-pros by definition have significant NZ content once they are approved. The roles held by New Zealanders are governed by the co-pro points test, but our preference is for New Zealanders to hold key ATL roles, be the majority partner and shoot in NZ.

**Setting 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.**

Q: in terms of cultural considerations - there has been a history in Aotearoa of many productions with significant Māori content (lead characters and worldview) and yet many examples also whereby the IP of these productions is owned entirely by the non-Māori Producers. How will the fund encourage and ensure this doesn't happen and IP is shared with Māori creatives for productions of this nature? I.e. how do we ensure Māori benefit in a real way from our stories?

- The fund seeks to ensure authentic representation in storytelling, IP sharing, together with commitment to capacity and capability building to achieve Māori aspirations as informed by the principles of Te Tiriti o Waitangi and Te Ao Māori.
- What's a Māori project? An application that involves a Māori story and that is led by Māori key creatives; the current practice is two out of three Māori creatives.

**Setting 6: The minimum level of private international investment for eligibility be set at 10% of a production's total value.**

Q: Why is the criteria not more weighted to bringing in international finance and making the funds go further? Could you please define the 10% minimum budget threshold? What does that mean?

- There is the flexibility to consider supporting a range of projects, but all five objectives need to be broadly balanced across the totality of what is approved. The minimum private international investment is 10% however, projects that have more are likely to score more highly against the economic objectives, jobs and capability.

Q: Can you expand on what is acceptable from 3rd party investments I.E would Discovery qualify they were also the producer?

- We are open to feedback on this. NZFC's definition of related parties, as defined in its Terms of Trade, are "any parties (or their companies, families and associates) that are receiving financial or other benefit from the production including fees, in-kind payments or credits."
- This definition would exclude market or finance investment from entities that own or are related to NZ production companies as qualifying 10% private international. The default approach would be to require that the producer and 3<sup>rd</sup> party investor need to be a non-related party for at least 10% of the private market finance.

Q: Could the 10% minimum private investment be lower for feature films?

- While acknowledging the environment for independent film financing is challenging, the minimum setting supports the objectives of the Fund. Noting that the criteria for NZSPG of 10% non-government investment is likely to apply to films of the scale intended, and although there is post COVID provisions they apply to films up until 31 December and we cannot comment as to whether they will be extended or not at this point.

**Setting 8: Productions applying for the fund can receive co- investment from NZ On Air, NZFC and Te Māngai Pāho.**

Q: (it looks like) balancing NZFC/NZOA/TMP/Premium fund schedules is going to be tricky.

- Funding rounds for the coming calendar 2021 year are currently published on the agencies websites:
  - [NZFC](#)
  - [NZ On Air](#)
  - [Te Māngai Pāho](#)

Typically, any finance plan will need to show all sources of financing, whether it is in place, and if not, what would be the timetable for securing unconfirmed investment.

Q: How does co-funding work?

- All agencies are able to invest into any of the projects greenlit by the fund. However, as in other cases of co-investing, any baseline funding from other agencies will need to be through their usual process and subject to their Terms of Trade. The agencies are not required to invest in any of the greenlit projects and will run their usual baseline process.

**Setting 10: A free to air window will not be a specific requirement for eligibility.**

Q: Are you happy for content to sit behind a pay wall?

- The FTA window is not a specific requirement of this fund. We will consider feedback, but note this is currently a fixed setting and any feedback should include evidence based arguments.

**Setting 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.**

Q: How are decisions being made by the agencies? Do you have shared KPIs? What is the process going to look like?

- The decision will be based on a balance of the draft criteria outlined on pages 12-13 of the [consultation document](#).

Q: Why are decisions being made by Board members who don't necessarily bring the on-the ground industry experience or knowledge to make decisions?

- This is a fixed setting, however the funding assessment and decision-making process (as outlined on Page 9, Item 12 of the draft guidelines) will be broadly consistent with NZFC, TMP and NZ On Air's long-established operating processes. The decisions will be advised by management including CEOs and with the input of independent external assessors with significant screen production and marketing expertise.

Q: Will there be a test that shows projects supported through the Premium Drama Fund have been largely developed and driven by NZ producers and/or writers -ie that the NZ IP question is satisfied? This seems necessary to ensure the fund achieves its stated objective of giving opportunities to NZ IP owners and creators and to differentiate it from the existing NZSPG incentives that are already very successfully attracting international investment into the sector.

- The Fund will require the IP to be owned, or co-owned by the applicant who must fulfil requirements around NZ citizenship or other relevant tests.

**Setting 13: 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.**

Q: How will the development portion of the fund work? Will it be limited or capped and if the fund is all allocated by the time the development completes will that project be able to access normal funding

- We are open to feedback on this. The full development funding available is capped at \$2m (with \$1m of that intended to support Māori cultural aspirations). Our current thinking is that we will open one round for development funding as early as possible. The second round of production funding will be scheduled with the intention that the majority of successful development applications could be in a position to submit projects for production funding (with the creative deliverables outlined above).

Q: How will the \$1m Māori development fund be split up, is there a minimum number of projects that this will be split up over?

- At this stage, there is no minimum number of projects to be awarded under the development fund.

Q: Will the development funding also require 10% minimum international investment?

- No, the 10% minimum international investment only applies to the production investment rounds.

Q: Will the development fund allow international writers or consultants?

- Primarily the development and production funding is intended for NZ ATL creatives including writers, with notable exceptions for co-productions. However, exceptions that we are open to feedback on include multiple writers, most commonly seen on high budget features but more likely series drama. We are also open to feedback on whether international script editors or consultants also would be eligible.

Q: If we want to “maximise stories from diverse and underrepresented groups”, why is it not compulsory that all 3 ATL positions must be members from that group? Or at the very least produced by someone from that group enabling a genuine capacity building commitment?

- We encourage applications to submit proposals with all three ATL positions filled by representative members, however, we want to ensure we are not being overly prescriptive and we want to acknowledge the importance of authentic collaborations and partnerships that can still enable genuine capacity building.

#### **Setting 14: Nature of investment: Equity**

Q: What are the commercial terms attached to the financing - equity? Recoupment position? Premium? Q: What are the expectations around recoupment if substantial offshore funding is involved?

- We are open to feedback on the commercial terms. Currently equity investment from agency funding is recouped alongside any other agency investment and related parties. However, there is no final position arrived at yet.

#### **Setting 15: There is no specified cap or threshold on the level of investment requested per project.**

Q: Is there a maximum level of funding set?

- We are open to feedback on this. The fund is open to series drama and feature films, which will likely require different levels of investment. We note that without a cap then the funding may be used up by a select number of large productions and may not support as many projects

to come through, but also projects of scale can provide high value jobs and production values. The Fund has been discussed as a 'step up' as opposed to a 'step along'.

Q: What do you mean by premium content and high level of ambition - is this tied to budget levels?

- The budget needs to reflect the creative needs of the production. We recognise that some projects which have been very successful in reaching global audiences have not necessarily had large budgets. However, the objectives of the Fund include providing jobs and developing the skills and capability of the NZ screen sector - but these objectives do not need to be equally balanced in every project, so other objectives such as creating cultural benefit may be more highly weighted in other projects. However, we welcome feedback from the sector as to whether there should be minimum budget thresholds. The agencies expect submissions to be seeking higher budgets than that which we normally fund to recognise the step-change ambition for this Fund.

**Setting 16: There is no specified limit on the number of applications per entity or individual applicant per round.**

Q: is there a limit on the number of applications one producer can make?

- We are open to feedback on this. The eligibility criteria is significant enough that we anticipate this will naturally constrain the number of applications one entity can assemble for submission. However, as they are assessed individually it is possible that funding of more than one project could go to the same entity. At this stage the criteria is open to all eligible applications in order to get the best range to consider.

**Setting 17: A potential 50/50 split of \$50m allocation across the two financial years.**

Q: Why is the fund split 50/50 over two years - isn't it better to see what comes in?

- We will be looking at what is submitted to that first production funding round and there is likely to be flexibility applied to the allocation of the \$50m based on the quality of those applications. We want to balance the outcomes of the fund in terms of enabling production-ready projects to get going, whilst also acknowledging other projects may need more time to develop and finance, and therefore would not be ready to access the fund in the first year.

### **Application requirements**

Q: What is the expectation on number of scripts completed pre application for series drama?

- At this stage, we will be expecting to receive at least the following creative elements:
  - A Series Bible including but not limited to:
    - One-page synopsis
    - The World
    - Tone, style and themes
    - Characters
    - Episodes outlines
  - A pilot script

Q: Why is there a requirement for a letter from a Completion Bond or equivalent for a series drama?

- We are open to feedback but we are aiming to list this item as optional.

### General consideration

Q: Kia ora.... We may already know the answer to this question... but.... is there any opportunity to get decisions made any earlier? We need to get work up and running at the start of the year. A March decision means that some more ambitious projects will need to delay until Oct/Nov to shoot. Thanks.

- Unfortunately, it is unlikely the assessment process can be shortened to end earlier than March 2021. The first-round deadline is aimed to be late-January 2021

Q: There are already significant crew shortages with the domestic and international production already here, and the expected increase in international productions to come. Will this be factored into the timeline for the productions to be funded?

- The production sector and availability of crews will always fluctuate and as funding agencies, we do not define production timelines, producers do. We would expect this aspect to be negotiated and managed by the productions themselves upon confirmation of funding.

Q: Perhaps you should have a longer session to discuss something so important?

- We are focused on getting funding support out to the sector as soon as possible and are currently working directly with Guilds to seek further sector feedback to take back to the Ministry before final settings are confirmed.

Q: What is the status of the government backing COVID insurance. We are all dead in the water without that.

- This work is a priority and we will keep you informed as the work on this scheme progresses.