



**New Zealand  
FILM COMMISSION**



Te Tumu Whakaata Taonga

**Te Tumu Whakaata Taonga  
New Zealand Film Commission  
Statement of Performance Expectations  
2022 - 2023**



**This Statement of Performance Expectations reflects our proposed performance targets and forecast financial information for the year ahead. It is produced in accordance with s149E of the Crown Entities Act 2004.**

**The forecast financial statements and underlying assumptions in this document have been authorised as appropriate for issue by the Board of the New Zealand Film Commission in accordance with its role under the Crown Entities Act 2004. It is not intended to update the forecast financial statements subsequent to presentation.**



**Kerry Prendergast**  
*Chair*



**David Wright**  
*Chair, Finance, Audit & Risk Committee*

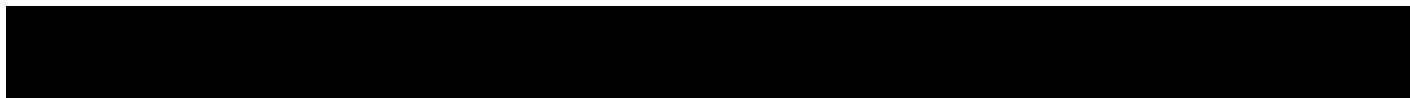
**March 2022**

[Redacted]



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**MATAKITE**

He poipoi i ngā kaitātaki pūrākau kia puta ai he taonga tūturu mō Aotearoa

**KAUPAPA**

He whakakaha, he tō mai hoki i te huhua o ngā kiriata ahurei mā ngā momo kaimātakitaki katoa

**NGĀ WHĀINGA**

He whakaoho i te puāwaitanga o ngā pūrākau kiriata whakangahau i te iwi, pūrākau motuhenga, piripono ki ngā tikanga

He whakapūmau, he whakapakari hoki i te whanaketanga o hāngai mō tō tātou ahumahi kiriata haumako

He whakawātea i ngā ara whakaoho mauri mā te hunga whakamīharo, kaupapa mahi whakamīharo, umanga whakamīharo anō hoki

He whakahihiko i te ngākau nui, otirā te tokomaha, o ngā kaimātakitaki ki ngā pūrākau kiriata o Aotearoa, i tēnei motu, i tāwāhi anō hoki

He whakapakari i ngā hononga i waenga i te hunga whai pānga katoa kia eke ngā mahi kōtui ki tōna tino hiranga

**NGĀ UARA**

Ko te auaha te mea nui mō tātou  
 Tukua mā te mahi ngaio me te tika mā te katoa, tātou e ārahi, i te taha mahi, i te taha tūmanako  
 Tukua mā te māia tātou e whakahihiri  
 Ko te hiranga tā tātou e whai nei  
 He whai painga te kanorau mā te katoa  
 Ko te ahurea me ngā taonga tuku iho tō tātou pūtaka

**Ngā Hoe:**

- Pūrākau Motuhenga 
- Whanaketanga o hāngai 
- Ara Whakaoho Māuri 
- Whakahihiko ki te Ao 
- Kōtui Hiranga 

**VISION**

Champion exceptional storytellers to create enduring taonga for Aotearoa

**MISSION**

Empower and attract distinctive and diverse screen productions for all audiences

**GOALS**

Activate high impact, authentic and culturally significant screen stories

Sustain and strengthen economic growth for our thriving screen industry

Facilitate dynamic pathways for outstanding people, projects and businesses

Maximise interest and audiences for New Zealand screen stories here and overseas

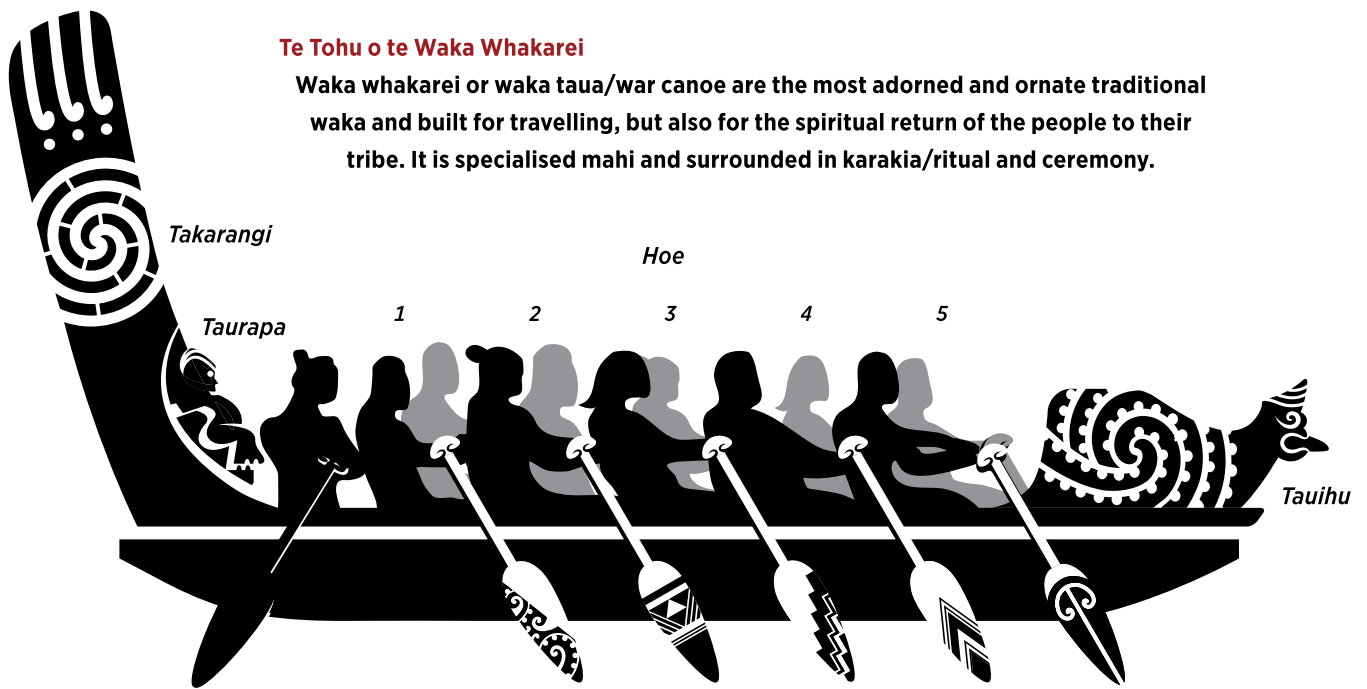
Build and maintain stakeholder relationships to generate excellence in partnerships

**VALUES**

Creativity is at the heart of what we do  
 Professionalism and fairness drive how we act and what we expect  
 Courage is what inspires us  
 Excellence is what we strive for  
 Diversity is good for everyone  
 Culture and heritage are what shape us

**Ngā Hoe:**

- Authentic Stories
- Economic Growth
- Dynamic Pathways
- Maximise interest
- Excellence in Partnerships



### Te Tohu o te Waka Whakareai

Waka whakareai or waka taua/war canoe are the most adorned and ornate traditional waka and built for travelling, but also for the spiritual return of the people to their tribe. It is specialised mahi and surrounded in karakia/ritual and ceremony.

#### The use of the waka as an image for Te Tumu Whakaata Taonga is multi-part:

It is a metaphor for the industry being on a journey together

It represents our unique New Zealand/Māori culture our point of difference globally

It embodies the notion of specialised skills collaborating with a purpose

It reflects of the ornate crafting and mastery filmmakers put into their films

*Ko te taurapa o te waka koinei te mana o ngā uara, me te tirohanga whānui. Kei reira te pou tikanga o te haerenga e noho ana.*

The taurapa/sternpost of the waka is where the values and vision for the journey sit, and where the leaders sit to guide the direction of the journey.

*Ko ngā hoe – ko ngā whaingā, e hoe ngātahi ana kia rere tōtika te waka - koinei te mana arā te kaupapa o te haere*

The hoe/paddles are symbolic of those who contribute to and drive the journey - the practitioners and wider industry working together. They power the hoe/paddles and sit in the takere or main hull of the waka

*Ko te tauihu o te waka- kei reira te aupounamu e arahi ana i a matou, he tohu o rātou kia wheturangihia*

The carved figure signifying the identity and tupuna of the tribe is positioned in the tauihu/prow of the waka and cuts through the waves as the canoe moves through the water.

#### He waka eke noa – a waka we are all in together.

*Ko te takarangi he tohu o te Ao, o te moana, o te tangata, o te taiao, o te whenua, o te māramatanga i roto i tēnei Ao hurihuri*

The takarangi, the ornate double spiral symbolises connectivity and the world's energy, to the sea, the people, the environment and enlightenment in this everchanging world. It adorns the taurapa, sitting beneath the hihi whakaata/reflective rays at the top – symbolising the values and innate connection them with the energy, the people and the leaders in the waka

**Mahia te mahi hei oranga mō te Iwi. Work together for the greater good of the industry.**

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## SECTION ONE: INTRODUCTION

### OVERVIEW:

Te Tumu Whakaata Taonga | The New Zealand Film Commission (NZFC) is an Autonomous Crown Entity operating under the New Zealand Film Commission Act 1978. We facilitate the telling and viewing of New Zealand screen stories, with a central vision of championing exceptional storytellers to create enduring taonga for Aotearoa New Zealand. The NZFC is funded by the Ministry for Culture and Heritage (MCH), the Ministry of Business, Innovation and Employment (MBIE) and the New Zealand Lottery Grants Board (NZLGB).

The NZFC supports a diverse range of New Zealand and international screen stories, develops career pathways and offers industry training, funds the production and distribution of New Zealand screen projects, and assists international partners to produce their screen projects in New Zealand.

Each year, the NZFC publishes a Statement of Performance Expectations (SPE) that outlines planned activity, performance targets and forecast financial information for the upcoming financial year. This SPE sits under the Statement of Intent (SOI) and describes how the year ahead will contribute to achieving the strategic direction set out in the SOI.

This SPE outlines the performance targets set for the year ending 30 June 2023. All information is provided in accordance with the Crown Entities Act 2004.

Results of performance against these targets will be provided in the annual report, which will be published in November 2023.

### THE YEAR AHEAD:

The impact of COVID-19 is significant for filmmakers and the NZFC will continue to navigate the evolving environment brought on by the pandemic. It is likely 2022/23 will see a significant increase in production as domestic productions delayed by lockdowns in 2021/22 are shifting their production schedules. Additionally, with border restrictions lifting, we anticipate more inflow of filmmaking by international studios and production companies. The NZFC will need to be ready to support this.

### NZFC three overarching themes:

The Board approved three overarching themes to provide the focus for our work and resources in 2022/23.

Focus will be placed on discovering new ways of collaborating with the industry, consulting on policies and strategies, exploring innovative ways to connect with filmmakers, and working cohesively to make the most of evolving technology, ensuring we are best placed to meet the ever-changing environment.

#### **1. *Support the sector through COVID-19, by enabling stories to be written, productions to continue and talent to be developed***

COVID-19 has continued to impact NZFC staff and the sector and NZFC staff have worked in challenging circumstances to support the sector through COVID-19.

The Screen Production Recovery Fund (SPRF) provides much-needed stability for the screen sector. It gives confidence to producers, funders, international investors and financial partners that there is support for NZFC-funded projects and NZSPG-NZ projects to be completed, delivered and screened; investments committed to projects by the NZFC can be fulfilled and provides the opportunity for New Zealand stories to reach New Zealand audiences.

SPRF will continue to play a vital role in the screen sector into 2022/23. In January 2022, the Minister of Arts, Culture and Heritage, Hon Minister Sepuloni announced \$7.9M to the NZFC to boost SPRF and ensure the extension of the fund through to 31 December 2022. This will help maximise production activity, address the impacts of any COVID-19 outbreaks and provide confidence to filmmakers that their productions can continue.

The additional funding and extension represents investment in the screen sector to adjust to the changing environment brought about by COVID-19 and will continue to activate work for screen workers, suppliers, and vendors, bringing ongoing cultural and economic benefit to New Zealand.

The NZFC will continue to work closely with MCH around ongoing COVID-19 impacts and support to the sector.

## ***2. Maintain the confidence of international studios in New Zealand, with a view to building on New Zealand's successful re-opening to international productions.***

Focus in 2022/23 will be placed on keeping New Zealanders in screen sector jobs, securing high-value productions and exploring ways to raise New Zealand's profile as an attractive screen destination and home to outstanding creative and technical talent. Attracting international production to New Zealand results in increased economic benefit, sustainable businesses, jobs for screen sector workers as well as indirect employment. International productions creates jobs, builds New Zealand's global brand, accelerates the growth of talent and skills in our local industry and provides spillover benefits to the wider economy, including through technology transfer.

COVID-19 has impacted international productions and now that border restrictions have lifted, the NZFC will re-engage the world with the message that New Zealand is open for screen business.

Work planned for 2022/23 includes:

- Continuing to pro-actively offer expert enquiries services to assist productions in their consideration of New Zealand
- Delivering a second 'Aotearoa New Zealand Showcase' in Los Angeles
- In-market visits to confirmed and potential production clients to help keep New Zealand top-of-mind for decision-makers
- Showcasing productions made in New Zealand



### **3. Adopt a strategic approach to the future of the screen sector and the NZFC's role in it**

The NZFC regularly undertakes strategic thinking around the impacts of global trends on the screen sector and the opportunities to remain in step with these trends, so that we are supporting a thriving and sustainable screen sector. In 2022, the NZFC partnered with PwC on a Strategic Thinking Project that will result in a new Statement of Intent that clarifies the strategic direction for the NZFC. This work will continue in 2022/23.

This project will enable us to look at our organisation and the capabilities and capacity we need to become a modern, fit-for-purpose crown entity with appropriate internal processes, systems, tools and culture to deliver our services and do our job effectively and efficiently.

#### **Government Reviews**

In 2022/23, two government reviews will influence the NZFC, the Government Review of Investment in the Screen Sector and Kia Tipu, He Tipua – Evolving the Lottery Grants System. The NZFC will support these reviews while delivering business as usual.

##### *Review of Government Investment in the Screen Sector*

Production activity in New Zealand has expanded significantly since the introduction of the New Zealand Screen Production Grant (NZSPG) – International in 2014. New Zealand is experiencing strong demand for international production activity and there may be opportunities to maximise the value for New Zealanders from the portfolio of productions that are made here.

In December 2021, the Minister for Arts, Culture and Heritage, Hon Carmel Sepuloni and Minister of Economic and Regional Development, Hon Stuart Nash announced a review of the NZSPG to ensure the screen sector has a more secure long-term future. The focus of the review is on defining how the Government gets a higher value return on its investment at the same time as ensuring direct funding into the sector is sustainable over time, while still providing an internationally competitive screen offering.

The review does not include any examination of the role, function or operational funding of the NZFC.

The NZFC will engage with MCH and MBIE on the review.

##### *Kia Tipu, He Tipua – Evolving the Lottery Grants System*

The Department of Internal Affairs is undertaking a review of the Lotto community funding model – the system used for distributing Lotto New Zealand's profits to communities. The system has changed minimally and on an ad-hoc basis since Lotto was launched. The aim of the review is to evolve the community funding model for the allocation of lottery profits for an improved future model that maximises benefits for New Zealand communities. The NZFC will work with the Lottery Grants Board and the Department of Internal Affairs on the review to provide insights that will help shape the future of the funding.

## **Rautaki Māori – Maihi Karauna me Te Tiriti o Waitangi:**

Te Rautaki Māori Strategy

The fundamental role of Te Rautaki Māori is to support and protect the identity of Māori in Aotearoa and the distinction that Māori creatives, content and cultural practices bring to storytelling, filmmakers and films.

Te Rautaki Māori Strategy has been reviewed over 2020/21 with wide consultation on new objectives and priorities for the NZFC.

The NZFC Board and Leadership Team, Māori filmmakers, Ngā Aho Whakaari and other key stakeholders have confirmed objectives and aspirational outcomes that will guide Te Rautaki Māori for a further five years. The initiatives and performance goals extend the development pathway for storytelling and filmmaking that will provide critical paths to getting Māori feature films to fruition. It also provides a framework for understanding and valuing the creative Māori input, content and quality assurances of Māori stories and teams that will be showcased to Aotearoa and the world.

Our funding Initiatives and their implementation will continue to elevate and champion Māori stories and filmmakers through:

- Whakaahua Tangata - Representation
- Te Kawa – Protocols
- Te Āheinga me ngā pūmanawa – Capacity & Capability
- Te Amorangi ki Mua: Leadership as Te Tumu Whakaata Taonga
- Hapai Ō ki Muri – Leadership of Te Tumu Whakaata Taonga

*He Taonga te reo Māori mahere reo – The Language is a highly valued treasure - NZFC Māori Language Plan (2021-2025).*

The NZFC will implement key activities from the Māori Language Plan over 2022/23. The plan supports maintaining core competencies for NZFC staff and the Board with key te reo projects including a glossary of film terms, further development of te reo on the NZFC website, guideline review, translations and ongoing access to te reo acquisition training for the organisation. The plan sits alongside Te Rautaki Māori supporting and ensuring Te Reo Māori is valued in the NZFC and as a living language of the Aotearoa screen sector.

## **He Ara Whakaurunga Kanorau | Diversity and Inclusion Strategy**

The NZFC is committed to strengthening better access and participation in the Aotearoa screen sector, supporting the creation of diverse stories and fostering an organisation where filmmakers have equitable access to opportunities. He Ara Whakaurunga Kanorau | NZFC Diversity and Inclusion Strategy was published in June 2022 and provides a roadmap for the NZFC to achieve its vision of becoming an industry leader that fosters a diverse and inclusive environment for the Aotearoa screen sector. The

implementation of the Strategy is led by the NZFC Diversity and Inclusion Committee; a Board-endorsed Committee comprised of NZFC staff. The Committee will engage with key stakeholders and the industry to implement action plans in line with best practice standards, provide support and guidance to NZFC staff on diversity and inclusion matters and report on progress against the outcomes. Progress reports will be made publicly available to ensure accountability and transparency.

### **NZFC CONTRIBUTION TO GOVERNMENT PRIORITIES**

The New Zealand Government has established a set of key priorities:

- Keep Aotearoa safe from COVID-19
- Accelerate the economic recovery and rebuild from the impacts of COVID-19
- Lay the foundations for a better future, including addressing key issues such as our climate change response, housing affordability and child poverty.

The NZFC's three themes for the year ahead primarily align with the second and third Government priorities. The ongoing impact of COVID-19 on the global economy is a significant risk, and the government is focused on building an economy that is productive, sustainable and resilient. The NZFC is focused on keeping New Zealanders in screen sector jobs, securing high value productions and focusing on ways to raise New Zealand's profile as an attractive screen destination and home to outstanding creative and technical talent. Attracting international production to New Zealand results in increased economic benefit, sustainable businesses, jobs for screen sector workers as well as indirect employment.

### **The NZFC aligns with the Cultural Sector's priority outcomes:**

The Responsible Minister writes to the NZFC each year outlining the Government's expectations for the forthcoming performance year. The NZFC has regard to these areas, along with the COVID-19-related expectations and reports on these expectations each quarter.

In the 2022/23 Letter of Expectations, four enduring expectations are emphasised:

- **Ensuring no surprises:** the NZFC is committed to informing the Responsible Minister about matters of significance as they arise.
- **Supporting future focused Māori Crown relations, including supporting Maihi Karauna and pursuing further opportunities for partnership with Māori entities and businesses:** demonstrated through the review of Te Rautaki Māori and Māori Language Plan.
- **Ensuring your workplaces and leadership teams are diverse and inclusive:** demonstrated through He Ara Whakaurunga Kanorau | NZFC Diversity and Inclusion Strategy.
- **Taking active steps to reduce greenhouse gas emissions, improve energy efficiency, and reduce waste outputs:** The NZFC is tracking carbon emissions relating to travel, and conversations with MCH are underway on how we may effectively measure and manage emissions over the coming years.

The Ministry for Culture and Heritage has identified five success descriptors:

1. Culture is inclusive and reflective, supporting people to connect and engage with each other, their community and society.
2. Māori culture is recognised, valued and embraced by New Zealanders.
3. People can access and are participating in cultural activities and experiences.
4. Cultural activity is valued, supported and nurtured.
5. The cultural system is resilient and sustainable.

The NZFC Strategic and Performance Framework incorporates these success descriptors, and our five goals respond directly to them (see Section 2: Statement of Output Performance).

### **The NZFC aligns with the Government's Economic Strategy**

- The Government's economic focus is on its five-point recovery plan:
- Investing in our people;
- Jobs;
- Preparing for the future;
- Supporting our small businesses; and
- Positioning New Zealand globally.

This wider economic strategy is being delivered across government at a regional, sectoral and national level and feeding into a portfolio of investments. This includes investment through Industry Transformation Plans, the Regional Strategic Partnership Fund and other key initiatives such as Jobs for Nature and the Infrastructure Upgrade Programme. Wider work is also underway including on skills and workforce development, support for business, and improving the investment system. The Government is actively engaged in building a productive, sustainable inclusive and resilient economy in the wake of COVID-19.

The NZFC will continue to work effectively with MBIE to ensure that this activity maximises economic benefits for New Zealanders and supports the Government's economic strategy and recovery from COVID-19.

### **The NZFC aligns with six of the Government's Wellbeing Domains**

The Treasury has developed a Living Standards Framework to measure and analyse well-being and support policymakers in applying a well-being lens now and into the future. The Framework was adopted to prompt thinking about policy impacts across the different dimensions of wellbeing and to ensure that the well-being of New Zealanders will be lifted over time. The NZFC contributes to the well-being domains that form part of the Framework and these are listed below.

#### ***Cultural Identity:***

Promoting New Zealand content is crucial in enabling us to share our values and identities. The NZFC continues to fund content that depicts New Zealand, allowing a diverse range of New Zealanders the opportunity to see themselves reflected on the screen. The NZFC is committed to supporting New Zealand's diverse communities to express their unique voices, stories and cultures and has developed funding programmes to activate projects from underrepresented sectors of the community.

#### ***Jobs and Earnings:***

The NZFC provides skilled jobs for New Zealanders working in the screen industry and supports the professional development of filmmakers who work on New Zealand and international feature film and series projects. Film productions funded by the NZFC provide thousands of jobs for New Zealanders. The latest figures from Statistics New Zealand show that in 2017, the screen industry employed 16,200 people in a total of 29,700 jobs.

#### ***Income and Consumption:***

A high level of screen activity generates economic growth and spill-over benefits in sectors such as tourism and education, particularly in regional New Zealand. The New Zealand Screen Production Grant (NZSPG) generates foreign revenue by attracting international production companies and studios to spend in the economy during production and/or post-production. Productions funded by the NZFC that showcase New Zealand's natural environment, culture and society contribute to marketing New Zealand as an attractive production destination. The NZFC is also committed to working with international industry participants; international production partnerships are a signal that New Zealand is open for business beyond the screen industry.

#### ***Knowledge and Skills:***

Finding, fostering and progressing talented New Zealand filmmakers is a key focus for the NZFC. The NZFC supports screen practitioners through internships, professional placements, mentorships, and short film funding. Funding is provided to industry guilds so they can support their members, and the NZFC funds guilds and organisations to provide programmes that will upskill practitioners to benefit the screen sector.

## SECTION TWO: STATEMENT OF OUTPUT PERFORMANCE

### STRATEGIC AND PERFORMANCE FRAMEWORK

The NZFC uses the “investment to outcomes” framework model to demonstrate performance. We have two reportable classes of outputs:

**Output 1** - “Promotion and Support of the Arts and Film”, within Vote Arts, Culture and Heritage, administered by MCH. This appropriation is intended to achieve high-quality New Zealand arts and film production for New Zealand and international audiences; and

**Output 2** - “Economic Development: Attracting International Screen Productions” within Vote Business, Science and Innovation, administered by MBIE. This appropriation is intended to achieve the attracting of international screen production projects to locate in New Zealand, leverage economic benefits for New Zealand, and provide a suite of services to support international clients during their time in New Zealand.

Outputs are delivered through seven activity classes:

Talent development	Output 1
Development and production	Output 1
Rautaki Māori screen stories	Output 1
Marketing	Output 1
International relations	Output 1
International screen business attraction and promotion	Output 2
Screen incentives	Output 1 & 2

**Figure 1 – NZFC investment to outcomes framework**

<b>Outcomes for New Zealand</b>	Accelerating our economic recovery		Laying foundations for a better future		
<b>Cultural sector outcomes</b>	Culture is inclusive and reflective, supporting people to connect and engage with each other, their community and society.	Māori culture is recognised, valued and embraced by New Zealanders.	People can access and are participating in cultural activities and experiences.	Cultural activity is valued, supported and nurtured.	The cultural system is resilient and sustainable.
<b>NZFC goals</b>	Activate high impact, authentic and culturally significant screen stories	Sustain and strengthen economic growth for our screen industry	Facilitate dynamic pathways for outstanding people, projects and businesses	Maximise interest and audiences for New Zealand screen stories here and overseas	Build and maintain stakeholder relationships to generate excellence in partnerships
<b>Output Class</b>	Output 1	Output 1 & 2	Output 1	Output 1	Output 1
<b>How we will make a difference</b>	<p><b>Facilitate development and production opportunities</b> Encourage more screen stories</p> <p><b>Fund the production of culturally significant films, including those in Te Reo Māori</b> Provide development opportunities for under-represented voices in the screen industry</p>	<p>Position New Zealand as a leading destination for screen production</p> <p><b>Promote and administer the screen incentives</b> Attract international productions that maximise economic and cultural benefits for New Zealand</p> <p><b>Facilitate strategic relationships that maximise economic and cultural benefits for New Zealand.</b></p>	<p><b>Identify and support NZ screen talent</b> Connect NZ and international screen talent</p>	<p>Provide effective marketing support for cinema releases and additional release platforms</p> <p><b>Manage a focused international festival strategy</b> Conduct audience research</p>	<p><b>Refine internal systems to offer better service to our external clients and partners</b> Build long-term partnerships with people and businesses that align with our goals</p> <p><b>Staff are expert, motivated, courageous and proactive professionals</b> Engage and empower diverse communities</p>
<b>How we will know we are making a difference</b>	<p><b>Number of culturally significant films financed by the NZFC</b> Number of feature films and series dramas with NZFC development support</p> <p><b>Increased use of official co-production structures</b> Number of culturally significant films released in New Zealand</p> <p><b>Domestic critical acclaim</b></p>	<p>Feature film production spend in New Zealand grows</p> <p><b>Volume of international productions</b> Private investment into NZFC films grows over time</p> <p><b>More connections with international screen partners</b></p>	<p><b>NZ screen talent moves from talent development initiatives to feature films or series dramas over time</b> NZ screen talent is involved in feature films or series drama with strong market attachments</p> <p><b>NZ screen talent is working internationally or with international partners</b></p>	<p><b>Total domestic audience for NZFC films across all screens increases</b> Total annual admissions for NZFC-funded films at NZ cinemas</p> <p><b>Number of NZ films selected for A-list festivals</b> Number of films with 50,000+ domestic theatrical admissions annually</p>	<p>Increased satisfaction rating from stakeholders</p> <p><b>Recognised by industry as being a focused, high-performing, learning organisation</b> Partners work together to share knowledge, learning and seek meaningful collaboration</p>

## Figure 2 – Summary of Forecast Revenue and Output Expenditure

### Output 1: Vote Arts, Culture & Heritage

	2022/23 Budget \$000	2021/22 Budget \$000	2021/22 Forecast \$000	2020/21 Actual \$000
<b>A. Revenue</b>				
Crown revenue - MCH	5,401	5,401	5,401	5,401
Crown revenue - MCH - COVID related	5,000	26,000	29,000	26,213
Lottery Grants Board revenue	23,350	22,000	22,750	24,103
Other revenue	820	560	5,257	1,898
<b>TOTAL REVENUE</b>	<b>34,571</b>	<b>53,961</b>	<b>62,408</b>	<b>57,615</b>
<b>B. Output Expenses</b>				
Talent development	3,790	4,178	4,130	3,643
Rautaki	968	915	749	743
Development and production	21,037	21,019	21,700	16,164
COVID Recovery Funds	5,000	0	3000	6,498
Premium Fund	300	25,000	24,530	21,153
Marketing	1,930	1,758	1,148	1,131
International relations	233	98	141	20
Screen incentive administration	116	92	110	101
<b>Total funding commitments</b>	<b>33,374</b>	<b>53,060</b>	<b>55,508</b>	<b>49,453</b>
Personnel	5,415	4,677	4,772	4,032
Corporate overheads	2,079	1,883	1,828	1,568
<b>TOTAL OUTPUT EXPENSES</b>	<b>40,868</b>	<b>59,620</b>	<b>62,108</b>	<b>55,053</b>



## Output 2: Vote Business, Science & Innovation

	2022/23 Budget \$000	2021/22 Budget \$000	2021/22 Forecast \$000	2020/21 Actual \$000
<b>A. Revenue</b>				
Crown revenue - MBIE	1,300	1,300	1,300	1,300
<b>TOTAL REVENUE</b>	<b>1,300</b>	<b>1,300</b>	<b>1,300</b>	<b>1,300</b>
<b>B. Output Expenses</b>				
Int. screen business attraction	425	364	149	56
Int. screen promotion	170	154	45	23
Screen incentive administration	111	136	95	152
<b>Total funding commitments</b>	<b>706</b>	<b>654</b>	<b>289</b>	<b>231</b>
Personnel	760	805	700	600
Corporate overheads	222	207	198	174
<b>TOTAL OUTPUT EXPENSES</b>	<b>1,688</b>	<b>1,666</b>	<b>1,187</b>	<b>1,005</b>

The forecast film investment targets and performance expectations related to the NZFCs discretionary funding are subject to receipt of satisfactory funding applications from filmmakers. If sufficient quality feature film production funding applications are not received in any 12-month period (due to the cyclical nature of the industry), funds will be held over for the following financial year.

### Forecast Financial Performance

The NZFC is planning to run a deficit of approximately \$5.9M in the 2022/23 financial year. We expect to commence the year with \$11.7M of equity and finish the year with \$5.8M of equity.

The NZFC has had several years of steady increases in annual grants from major funder the New Zealand Lottery Grants Board (NZLGB).

The NZFC has been fortunate in holding a high level of reserves in recent times, which we are now deliberately reducing to ensure continuing strong levels of talent development and production activity in the screen sector.

## SECTION THREE: PERFORMANCE ASSESSMENT AND ANNUAL EXPECTATIONS

### ORGANISATIONAL GOALS

#### 1. **Activate high-impact, authentic and culturally significant screen stories**

The NZFC's Development and Production team will facilitate the production of up to 16 feature films annually, subject to the quality of applications received and the quantum of financing requested. The NZFC works in partnership with screen practitioners and their projects from the concept stage right through to the marketing and release.

For over 40 years this organisation's focus has been on supporting industry to make great films to screen in cinemas. With technology changes and more choices for audiences to consume screen content, the NZFC is broadening its scope and support for screen stories that can reach both local and global audiences. While funding the development and production of feature films and theatrical documentaries remains central to achieving our vision, in 2022/23 the NZFC will also continue to fund the development of high-quality series drama with and for the international marketplace. This is essential if New Zealand stories are to compete with the wealth of high-quality international content readily available to New Zealand audiences across a range of platforms.

The NZFC acknowledges the unique and distinctive culture in New Zealand that differentiates our screen stories. The NZFC's Te Rautaki Māori, launched in 2018, outlines the manner in which the NZFC works in partnership with the Māori screen industry to encourage, enable and embrace aspirations within the sector. Dedicated funding is allocated to meet the objectives of Te Rautaki Māori. Through the implementation of He Ara Whakaurunga Kanorau | Diversity and Inclusion Strategy, the NZFC will champion equitable representation so that culturally significant stories are recognised by audiences as being reflective of Aotearoa, our people, places, languages and ideas.

Films with strong cultural elements, such as *Boy*, *Whale Rider*, *The World's Fastest Indian*, *Sione's Wedding*, *In My Father's Den*, *Hunt for the Wilderpeople* and more recently, *Waru*, *Bellbird*, *Savage* and *Cousins* have resonated the most with audiences over the last 20 years. Continuing to finance films with a strong and unique cultural voice, including at least one per year in Te Reo Māori, is a priority.

#### 2. **Sustain and strengthen economic growth for our film industry**

Increased screen production activity leads to strong, sustainable screen businesses that create meaningful employment and contribute to career pathways. While the majority of the annual discretionary budget is allocated to activating the production of distinctive New Zealand screen stories, attracting a regular and diverse range of international productions to New Zealand is important for the ecology and sustainability of screen business and employment in New Zealand and is a function and focus of the NZFC International Attractions team.

The NZSPG supports high-quality local projects and incentivises international productions. The NZSPG generates screen activity which in turn generates meaningful employment opportunities, economic growth and spill-over benefits in other sectors such as tourism and education.

The NZFC supports international productions made in New Zealand with New Zealand filmmakers attached such as *Mulan* and *Time Bandits*. This demonstrates that international productions are increasingly identifying and choosing New Zealand talent.

Working closely with partners at MBIE and MCH the NZFC ensures New Zealand's Screen Production Grant and operating environment are globally attractive and competitive. These requirements are essential to ensure sustainable, commercial, economic and cultural growth and success in New Zealand.

### **3. Facilitate dynamic pathways for outstanding people, projects and businesses**

The NZFC has an ongoing commitment to finding, fostering and progressing producers, writers, directors, actors and other screen practitioners at various stages of their careers. To help screen practitioners build sustainable careers, the NZFC identifies and develops bespoke pathways and opportunities. Partnerships with industry organisations allow for the creation of a wider range of innovative programmes for up-skilling screen practitioners. The NZFC has a commitment to diversity, equality and inclusion, ensuring the talent supported, as well as the films made, reflect contemporary New Zealand society.

Talent and career development, including the facilitation of international connections, is important to sustain and strengthen New Zealand's screen industry. To help talented screen practitioners seek finance for their projects, support for travel to international festivals and markets is offered.

NZFC staff maintain links to key festivals and markets to build and maintain relationships with sales agents, festival selectors, other national agencies offshore, and individual producers, financiers, studios, streamers/cablers and talent management companies. These relationships, along with the attraction of international productions facilitate further business and creative relationships for the industry.

### **4. Maximise interest and audiences for New Zealand screen stories here and overseas**

The NZFC continues to invest in feature films with theatrical potential, but actively seeks opportunities for them to be seen on other platforms so they can reach the largest number of viewers. Promoting and growing the New Zealand voice on the global stage is a priority.

Audience research is undertaken to understand changes in viewing behaviour and monitor audiences. The lack of availability of viewer numbers from streaming services makes this difficult and addressing this is something the NZFC is allocating resources to going forward.

Ensuring access to our screen taonga is critical and the NZFC Video on Demand player ensures the NZFC's back catalogue is available to local viewers.

## **5. Build and maintain stakeholder relationships to generate excellence in partnerships**

Key stakeholders share the NZFC's aim of empowering the creation of impactful screen stories. To ensure partnerships are productive, the NZFC aspires to be proactive, courageous and professional in all engagements, as well as transparent and accountable in collaborations.

An ongoing commitment to improving the health and capability of our organisation begins with having engaged staff, a robust governance structure, relevant operational policies and effective and efficient internal processes. Cultural and creative considerations are at the forefront of any investment.

The NZFC continues to work with local industry, government organisations and fellow international funding agencies to improve New Zealand screen sector outcomes. We work closely with our colleagues from other government organisations including MCH, MBIE and the Ministry of Foreign Affairs and Trade. We also work with Ngā Taonga Sound and Vision and share our Wellington office building with NZ On Air with which we collaborate on selected projects.

We provide core funding to the key screen industry guilds such as the Screen Production and Development Association, New Zealand Writers Guild and Directors and Editors Guild of Aotearoa, and to industry organisations Women in Film and Television New Zealand and Script to Screen and collaborate on training initiatives and other issues such as health and safety.

Recognising the importance of safeguarding New Zealand's film history led to the NZFC becoming a key partner in Te Puna Ataata Aotearoa New Zealand Film Heritage Trust, a charitable trust which can be appointed by New Zealand filmmakers to be guardian and decision-maker for their films, thus ensuring films' legacy and accessibility into the future.

## **ANNUAL OPERATIONAL AND OUTPUT PERFORMANCE MEASURES**

We deliver outputs through seven activity classes:

### **Talent Development**

This comprises knowledge sharing, training, professional development, on-the-job development, short films and progression to feature films or series dramas. Investing in professional development ensures talented people develop their careers and create a diverse range of projects that will be successful in the modern screen industry. We invest in a wide diversity of programmes in partnerships with industry organisations to ensure a growing and sustainable talent base in New Zealand. Talent Development has a proactive approach to diversity and inclusion, ensuring the talent developed, as well as films made meaningfully reflect and represent New Zealand culture and society.

### **Development and Production**

This facilitates the development and production of a range of feature films and series dramas each year by providing development and/or production funding to New Zealand projects. It includes the Premium Production for International Audiences Fund (Te Puna Kairangi – Premium Fund), International Co-Development Fund, devolved development funding schemes such as Boost, He Ara, Seed Funding and bespoke production funding opportunities for Māori.

### **Te Rautaki Māori and Pacific Island screen stories**

This activity class focuses on ensuring the effective implementation of the NZFC's Te Rautaki Māori, developing robust and effective partnerships with the Māori screen industry, and the development and implementation of funding initiatives and training opportunities for Māori and Pacific Island screen practitioners.

### **Marketing**

This activity class aims to maximise the audience for New Zealand films, in cinemas and on other screens, here and overseas. Marketing grants are provided to distributors to enhance domestic cinema releases. New Zealand films are promoted at key international festivals and markets.

Titles that are not independently represented by sales agents and remain in the care of the NZFC continue to become part of the collection of films called Te Ahi Kā. The common (and close to literal) English language translation of Te Ahi Kā means the home fire – a concept that epitomises the organisation's intention to be a responsible guardian and marketer for New Zealand screen taonga.

### **International relations**

This activity class focuses on the facilitation of strategic relationships between the New Zealand screen industry and international counterparts, especially those in Europe, North America and Asia. It has a particular focus on facilitating official film and television co-productions under New Zealand's 18 bilateral co-production treaties and agreements and is the first point of contact for New Zealand's overseas diplomatic posts, foreign diplomatic posts in New Zealand, and all the NZFC sister agencies internationally.

This activity class also performs the role of "competent authority" in certifying film and television official co-productions.

### **International screen business attraction and promotion**

This activity class focuses on the promotion of New Zealand as a destination and partner of choice for international screen production through highlighting key factors such as capability and capacity, business friendliness, creativity, technical expertise, favourable exchange rate, incentives and locations and through the provision of a fast-responding and expert enquiries service. The best possible advice is provided, with support and information to encourage incoming productions to choose to produce and/or post-produce in New Zealand.

### **Screen incentives**

This activity class comprises the administration of the NZSPG on behalf of MBIE and MCH in accordance with the criteria, including the management and convening of the NZSPG panel. It also includes the negotiation and facilitation of the [5-uplift](#)

### **Corporate**

The NZFC's core support unit comprises **Legal and Business Affairs, Policy, Human Resources, Communications, Operations** and **Finance** and is responsible for compliance and effective operations behind the scenes.

## 1. ACTIVATE HIGH IMPACT, AUTHENTIC AND CULTURALLY SIGNIFICANT SCREEN STORIES

Impact measures	Actual 2020/21	Target 2021/22	Status 2021/22	Target 2022/23
<b>Fund the production of culturally significant feature films and long-form screen stories<sup>1</sup></b>				
<b>1a.</b> Percentage of NZFC-funded feature films that are culturally significant (over a three-year timeframe)	89%	80%	88%	80%
<b>1b.</b> Percentage of New Zealanders who agree that New Zealand screen stories are important <sup>2</sup>	91.25%	75%	TBC	75%
<b>Facilitate film development and production opportunities</b>				
<b>1c.</b> Number of long-form screen stories produced with NZFC development support (direct or devolved) <sup>3</sup>	16	10	1	10

### NOTES:

<sup>1</sup>Culturally significant films and screen stories are those that New Zealand audiences will recognise as reflecting New Zealand identity and culture. Minority co-productions set in another country are unlikely to meet these criteria.

<sup>2</sup>Based on responses to a survey of 1000 randomly selected New Zealanders asking “Do you believe New Zealand screen stories are important?”

<sup>3</sup>Definition of “long-form screen stories produced”: First day of principal photography falls within the period of the financial year. Includes films receiving NZFC production financing and/or the NZSPG – NZ. Development support includes funding through schemes such as Seed. Early Development, Advanced Development, He Ara, Boost or Whakawhanake Kiriata

Operational and output measures	Actual 2020/21	Target 2021/22	Status 2021/22	Target 2022/23
<b>Champion Māori film and filmmakers in partnership with the Māori screen industry</b>				
<b>1d.</b> Percentage of short films, feature films or series dramas that receive NZFC development and/or production funding with Māori practitioners in at least two key creative roles <sup>4</sup>	30.6%	20%	14%	20%
<b>1e.</b> Number of short films, feature films or series dramas in Te Reo Māori receiving NZFC development or production funding <sup>5</sup>	4	5	1	3
<b>Facilitate film development and production opportunities</b>				
<b>1f.</b> Percentage of short films, feature films or series dramas that receive NZFC production funding with a woman or gender-diverse director attached	53%	50%	45.5%	50%
<b>1g.</b> Number of long-form screen stories offered NZFC production financing <sup>6</sup>	19	18	19	18
<b>1h.</b> Number of long form screen stories funded through Te Puna Kairangi Premium Productions Fund that reach final delivery by 30 June 2023.	New measure	New measure	New measure	4

### NOTES:

<sup>4</sup>Key creatives are defined as writer, director, producer

<sup>5</sup>The majority of dialogue must be in te reo

<sup>6</sup>Measured from the date a commitment to finance production is made. Includes projects receiving NZFC production financing, feature film finishing grant and/or Te Puna Kairangi Premium Drama funding

## 2. SUSTAIN AND STRENGTHEN ECONOMIC OUTCOMES FOR OUR SCREEN INDUSTRY

Impact measures	Actual 2020/1	Target 2021/22	Status 2021/22	Target 2022/23
2a. Percentage of international stakeholders who agree that: New Zealand is considered a world leading destination for screen production <sup>7</sup>	N/A	85%	TBC	
2b. Total annual value of Qualifying New Zealand production expenditure in New Zealand administered within the NZSPG (NZ productions)	\$71.1M	\$143.8M	\$73.6M	\$121.95M
2c. Total annual value of Qualifying New Zealand production expenditure administered within the NZSPG (international productions)	\$534.9M	\$640M	\$308.7M	\$1253.180
2d. Percentage of New Zealand cast and crew employed on international productions receiving the NZSPG international	New measure	Benchmark	TBC	

### NOTES:

<sup>7</sup>Calculated from the New Zealand Film Commission's biennial stakeholder survey. The percentage of respondents (producers or studio executives who have made enquiries about international productions or NZSPG International) who strongly agree or agree with the statement: New Zealand is a leading destination for screen production.

Output measures	Actual 2020/21	Target 2021/22	Status 2021/22	Target 2022/23
2e. Number of final NZSPG certificates issued for New Zealand productions <sup>8</sup>	15	40	13	28
2f. Number of final NZSPG certificates issued for international productions <sup>8</sup>	19	12	6	32
2g. Number of enquiries for prospective productions serviced within the financial year	New measure	New measure	New measure	30
2h. Number of international productions starting principle photography within the financial year.	New measure	New measure	New measure	8
2j. Number of provisional and final official co-production certificates issued	16	12	13	20

### NOTES:

<sup>8</sup>New Zealand Screen Production Grant applications are assessed by a panel comprising representatives from MCH or MBIE as appropriate, NZFC staff and independent industry experts. This number does not include provisional grants. Estimates are based on production schedules provided at the time of registration or provisional application the ongoing impact of COVID-<sup>19</sup> may affect actual production and therefore administration timeframes.



### 3. FACILITATE DYNAMIC PATHWAYS FOR OUTSTANDING PEOPLE, PROJECTS AND BUSINESSES

Impact measures	Actual 2020/21	Target 2021/22	Status 2021/22	Target 2022/23
<b>Identify and support NZ screen talent</b>				
<b>3a.</b> Total number of <b>writers, producers</b> and <b>directors</b> who have an NZFC funded long-form screen story in development or production during the current financial year who have received support through a NZFC talent development initiative in the last five years <sup>9</sup>	New measure	New measure	New measure	Benchmark
<b>3b.</b> Number of emerging and mid-career filmmakers who received Talent Development funding in the previous 24 months who progress their careers <sup>9</sup> in in the 2022-23 financial year	New measure	New measure	New measure	Benchmark
<b>Provide inclusive career development and progression opportunities to underrepresented<sup>10</sup> screen</b>				
<b>3c.</b> Number of Talent Development engagements with those from underrepresented communities	New measure	New measure	New measure	Benchmark

**NOTES:**

<sup>9</sup>Career progression could include making feature films, web series, commercials etc, or moving from a crew role to a HOD role.

<sup>10</sup>The New Zealand Film Commission has identified the following groups as underrepresented: Māori, Pacific Peoples, Asian communities, MELAA (Middle Eastern, Latin American and African), women, gender diverse, LGBTQIA+ communities, people with a disability, regional communities (defined as those outside of Auckland and Wellington), people below the age of 30 and people above the age of 60.

Output measures	Actual 2020/21	Target 2021/22	Status 2021/22	Target 2022/23
<b>3d.</b> Number of short films funded by the NZFC	10	13	3	14
<b>3e.</b> Number of industry organisations receiving operational support	New measure	Benchmark	7	10
<b>3f.</b> Number of Māori practitioners supported through Te Rautaki talent development initiatives	New measure	Benchmark	5	5
<b>3g.</b> Total number of screen practitioners participating in NZFC funded talent development initiatives	New measure	Benchmark	35	80

#### 4. MAXIMISE INTEREST AND AUDIENCES FOR NEW ZEALAND SCREEN STORIES HERE AND OVERSEAS

Impact measures	Actual 2020/21	Target 2021/22	Status 2021/22	Target 2022/23
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##### Provide effective marketing support for domestic cinema releases

4a. Percentage of New Zealanders who have seen a New Zealand film in the last 12 months <sup>11</sup>	New measure	Benchmark	TBC	
4b. Total annual admissions at the New Zealand box office for all NZFC-financed feature films (Admissions during 1 July - 30 June financial year)	516,898*	200,000	54,856	200,000
4c. Number of NZFC-funded films that secured more than 50,000 admissions at the NZ box office (Admissions during one-year time-period 1 July-30 June financial year)	3	1	0	1

##### Provide effective film festival support

4d. Number of NZFC -funded feature and short films that are selected for premiere film festivals <sup>12</sup>	10	5	10	10
4e. Number of NZFC-funded long-form screen stories to screen in the New Zealand International Film Festival or Doc Edge Film Festival	2	5	14	5

\*With the bulk of international releases held back until cinemas could re-open globally, local films did not have to compete so much for screens and managed larger and longer theatrical runs than usual, hence the high number of admissions.

##### NOTES:

<sup>11</sup>Based on responses to a survey of 1000 randomly selected New Zealanders asking "have you seen a New Zealand film in the last 12 months?"

<sup>12</sup>Premiere film festivals are: Cannes, Berlin, Toronto, Sundance, Venice, Melbourne, Rotterdam, SXSW, Tribeca, IDFA, Clermont Ferrand, Busan, Sydney and Hot Docs. In previous years these have been referred to as A-List film festivals

Output measures	Actual 2020/21	Target 2021/22	Status 2021/22	Target 2022/23
4f. Number of feature film directors who have had more than one NZFC-financed feature film screened at a premiere film festival* (in the 7-year period 1 July 2015 - 30 June 2022)	7	5	6	6
4g. Number of feature film directors whose NZFC-funded short film(s) have screened at premiere film festivals* (during the 5-year period 1 July 2017 - 30 June 2022)	4	2	4	4
4h. Number of back-catalogue titles licensed to local and international distributors	New measure	New measure	New measure	Benchmark

\*Premiere film festivals for these measures include the New Zealand International Film Festival (NZIFF) as well as those listed above.

## 5. BUILD AND MAINTAIN STAKEHOLDER RELATIONSHIPS TO GENERATE EXCELLENCE IN PARTNERSHIP

Impact measures	Actual 2020/21	Target 2021/22	Status 2021/22	Target 2022/23
5a. Average overall satisfaction rating in dealing with team responsible for talent development <sup>13</sup>	N/A	75%	TBC	N/A
5b. Average overall satisfaction rating in dealing with the team responsible for screen incentives, co-productions and international screen attractions <sup>14</sup>	N/A	85%	TBC	N/A
5c. Average overall satisfaction rating in dealing with the team responsible for long-form and short and form screen story marketing <sup>15</sup>	TBC	75%	TBC	N/A
5d. Average overall satisfaction rating in dealing with team responsible for development and production funding (including Te Puna Kairangi Premium Fund) <sup>16</sup>	TBC	65%	TBC	N/A
Output measures	Actual 2020/21	Target 2021/22	Status 2021/22	Target 2022/23
5e. Number of screen practitioners participating in programmes and initiatives delivered in partnership				

### NOTES:

<sup>13</sup>The NZFC's Biennial Stakeholder Survey reports on the percentage of people who are satisfied with the statement: *Overall, I am satisfied with my experience in dealing with the NZFC team responsible for talent development*

<sup>14</sup>The NZFC's Biennial Stakeholder Survey reports on the percentage of people who are satisfied with the statement: *Overall, I am satisfied with my experience in dealing with the NZFC team responsible for incentives, co-productions, international screen business attraction and international relations*

<sup>15</sup>The NZFC's Biennial Stakeholder Survey reports on the percentage of people who are satisfied with the statement: *Overall, I am satisfied with my experience in dealing with the NZFC team responsible for long-form and short-form screen story marketing*

<sup>16</sup>The NZFC's Biennial Stakeholder Survey reports on the percentage of people who are satisfied with the statement: *Overall, I am satisfied with my experience in dealing with the NZFC team responsible for long-form story development and production*

<sup>17</sup>Includes local and international opportunities offered by the NZFC in partnership with another organisation whether private sector or government. Definition and measurement have altered since 2021/22, therefore considered a new measure.

## ORGANISATIONAL HEALTH

	Actual 2020/21	Target 2021/22	Status 2021/22	Target 2022/23
Annual staff engagement survey – performance index	64%	65%	TBC	65%
Individual staff performance and development needs are assessed annually	ACHIEVED	ACHIEVED	ACHIEVED	ACHIEVED
Reported safety hazards are attended to promptly, significant hazards are attended to immediately	ACHIEVED	ACHIEVED	ACHIEVED	ACHIEVED
Proactive support of a safe & healthy workplace. Immediate investigation of any reported instances of harassment, bullying or	ACHIEVED	ACHIEVED	ACHIEVED	ACHIEVED
Exit interviews are offered to all leavers. Constructive feedback is welcomed, and relevant actions are implemented	ACHIEVED	ACHIEVED	ACHIEVED	ACHIEVED

## SECTION FOUR: FORECAST FINANCIAL STATEMENTS

The forecast financial statements provide all appropriate financial information and explanations needed to fairly reflect the forecast financial operations and financial position of the NZFC for the year ending 30 June 2023 in accordance with section 149G of the Crown Entities Act 2004.

### PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENDITURE

#### For the year to 30 June 2023

	2022/23 Budget	2021/22 Budget	2021/22 Forecast Actual
<b>Revenue</b>			
Crown revenue - MCH	5,401	6,401	5,401
Crown revenue - MCH - SPRF recovery fund	5,000	0	4,000
Crown revenue - MCH - Premium Fund	0	25,000	25,000
Crown revenue - MBIE	1,300	1,300	1,300
Lottery Grants Board revenue	23,350	22,000	22,750
Film income and sales commission	310	300	610
Interest received	500	250	600
Writebacks	0	0	4,037
Other income	10	10	10
<b>Total Operating Revenue</b>	<b>35,871</b>	<b>55,261</b>	<b>63,708</b>
Government grant - NZSPG	67,600	51,400	48,370
<b>Total Revenue</b>	<b>103,471</b>	<b>106,661</b>	<b>112,078</b>
<b>Expenditure</b>			
Talent development	3,790	3,178	3,130
COVID Capability Fund (SPRF)	0	1,000	1,000
Rautaki	968	915	749
Development and production	21,037	21,019	21,700
COVID Recovery Fund (SPRF)	5,000	0	3,000
Premium Production Fund	300	25,000	24,530
Marketing	1,930	1,758	1,148
International screen business attraction & promotion	595	518	194
International relations	233	98	141
Screen incentives administration	227	228	205
Depreciation & amortisation	200	220	200
Personnel	6,175	5,482	5,472
Corporate	2,101	1,870	1,826
<b>Total Operating Expenditure</b>	<b>42,556</b>	<b>61,286</b>	<b>63,295</b>
Government grant - NZSPG	67,600	51,400	48,370
<b>Total Expenditure</b>	<b>110,156</b>	<b>112,686</b>	<b>111,665</b>
<b>Net Surplus/(Deficit)</b>	<b>(6,685)</b>	<b>(6,025)</b>	<b>413</b>
Other comprehensive revenue and expense	0	0	0
<b>Total Comprehensive Expense</b>	<b>(6,685)</b>	<b>(6,025)</b>	<b>413</b>
<b>Statement of forecast movements in equity</b>			
Public Equity as at 1 July	14,785	11,541	14,372
Total Comprehensive Expense	(6,685)	(6,025)	413
<b>Public Equity as at 30 June</b>	<b>8,100</b>	<b>5,516</b>	<b>14,785</b>

## PROSPECTIVE STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	2022/23 Budget \$000s	2021/22 Budget \$000s	2021/22 Forecast Actual \$000s
<b>Current Assets</b>			
Cash and cash equivalents	3,000	3,000	3,000
Term deposits	20,000	20,000	45,000
Accounts receivable	7,000	7,000	7,000
NZSPG receivable	45,000	59,400	65,000
	75,000	89,400	120,000
<b>Non Current Assets</b>			
Investments	0	0	0
Fixed assets	400	300	500
<b>Total Assets</b>	<b>75,400</b>	<b>89,700</b>	<b>120,500</b>
<b>Current Liabilities</b>			
Accounts payable	3,000	3,284	7,500
Employee Entitlements	350	350	350
Film income account	250	700	300
Project commitments	18,700	20,450	32,565
NZSPG provision	45,000	59,400	65,000
	67,300	84,184	105,715
<b>Total Liabilities</b>	<b>67,300</b>	<b>84,184</b>	<b>105,715</b>
<b>Public Equity</b>	<b>8,100</b>	<b>5,516</b>	<b>14,785</b>
<b>Total Liabilities &amp; Public Equity</b>	<b>75,400</b>	<b>89,700</b>	<b>120,500</b>

## PROSPECTIVE STATEMENT OF CASH FLOWS

As at 30 June 2023

	2022/23 Budget \$000s	2021/22 Budget \$000s	2021/22 Forecast Actual \$000s
<b>Cash Flows from Operating Activities</b>			
Receipts from Crown Revenue & Other Income	80,000	105,000	95,000
Interest Received	600	250	500
Production Funding, Marketing, Industry Support, Suppliers & Employees	(79,600)	(111,000)	(92,000)
Goods and Services Tax (net)	0	0	0
<b>Net Cash from Operating Activities</b>	<b>1,000</b>	<b>(5,750)</b>	<b>3,500</b>
<b>Cash Flows from Investing Activities</b>			
Sale of investments	32,000	38,750	35,000
Purchase of investments	(33,000)	(33,000)	(36,648)
Purchase of Property, Plant & Equipment	0	0	0
Sale of Property, Plant & Equipment	0	0	0
Purchase of investments	0	0	0
<b>Net Cash from Investing Activities</b>	<b>(1,000)</b>	<b>5,750</b>	<b>(1,648)</b>
<b>Cash Flows from Financing Activities</b>			
Short Term Loans Issued	0	0	0
Short Term Loans Repaid	0	0	0
<b>Net Cash from Financing Activities</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Increase / (Decrease) in Cash at Bank</b>	<b>0</b>	<b>0</b>	<b>1,852</b>
<b>Opening Cash at Bank</b>	<b>3,000</b>	<b>3,000</b>	<b>1,148</b>
<b>Closing Cash at Bank</b>	<b>3,000</b>	<b>3,000</b>	<b>3,000</b>

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FINANCIAL PLANNING ASSUMPTIONS**

In the projected financial statements for the year ended 30 June 2023 we have assumed that:

- a. Our core business will remain unchanged with financing the production of New Zealand feature films/screen stories remaining the most important activity
- b. We will continue to take commercial recoupment positions in the films we invest in
- c. Film income estimated as \$200,000 and interest received estimated as \$400,000 will augment Crown and Lottery funding. If these sums are not achieved, the feature film production funding budget will be reduced pro-rata by the required amount.

### **REPORTING ENTITY**

Pursuant to the New Zealand Film Commission Act 1978, the NZFC was established on 13 November 1978. It is defined as a Crown Entity in terms of the Crown Entities Act 2004. NZFC's ultimate parent is the New Zealand Crown.

These are the NZFC's projected 2020/21 financial statements. They are prepared subject to the New Zealand Film Commission Act 1978 and the Crown Entities Act 2004.

The primary objective of the NZFC is to encourage, participate and assist in the making, promotion and exhibition of films. It has been established exclusively for charitable purposes in New Zealand. Accordingly, the NZFC has designated itself as a public benefit entity (PBE) for financial reporting purposes.

### **BASIS OF PREPARATION**

#### **Statement of compliance**

These forecast financial statements have been prepared to comply with the requirements of the Crown Entities Act 2004. They may not be appropriate for purposes other than complying with the requirements of this Act.

These forecast financial statements have been prepared in accordance with New Zealand's generally accepted accounting practice (NZ GAAP) and in accordance with Tier 1 PBE accounting standards. This includes PBE FRS 42: Prospective Financial Statements.

The Board of the NZFC authorised the issue of these forecast financial statements and is responsible for the information presented, including the appropriateness of the assumptions underlying the financial statements and all other required disclosures.

Forecast actual results for 2022/23 are based on actual financial results covering the nine-month period to 31 March 2022.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

**Measurement base**

The financial statements have been prepared on a going concern basis.

**Functional and presentation currency**

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (000's).

Foreign currency transactions are translated into NZ\$ (the functional currency) using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

**SIGNIFICANT ACCOUNTING POLICIES****Revenue**

Revenue is measured at the fair value of considerations received or receivable.

***Crown revenue***

The NZFC is primarily funded through revenue received from the Crown, which is restricted in its use for the purpose of the NZFC meeting its objectives as specified in the Statement of Intent. Revenue from the Crown is recognised as revenue when earned and is reported in the financial period to which it relates. The fair value of revenue from the Crown has been determined to be equivalent to the amounts due in the funding arrangements.

***Other grants***

Non-government grants are recognised as revenue when they become receivable.

***Interest***

Interest revenue is recognised using the effective interest method which recognises interest as earned. Interest revenue on an impaired financial asset is recognised using the original effective interest rate.

***Film income***

Returns from film investments are recognised as revenue when either a sales contract is executed or, in the case of film royalty "overages", when the royalties have been reported and become receivable.

**Grant expenditure**

Non-discretionary grants are those grants awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where the NZFC has no obligation to award on receipt of the grant application and are recognised as expenditure when approved by the relevant NZFC committee and the approval has been communicated to the applicant.



## **Leases**

### ***Operating leases***

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

## **Financial instruments**

The NZFC is a party to financial instruments as part of its normal operations. Financial instruments include:

- a. financial assets - cash and cash equivalents, investments and trade and other receivables
- b. financial liabilities - trade and other payables.

Purchases and sales of financial assets are recognised on the date when the NZFC becomes a party to a financial contract. Financial assets are derecognised when the right to receive cash flows from the financial assets has expired.

Financial instruments are initially recognised at fair value plus transaction cost. Subsequent measurement of financial instruments depends on the classification of the financial instrument.

## **Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held on call with banks, and other short-term highly liquid investments with original maturities of three months or less.

Any bank deposits held in foreign currencies at balance date are valued at the quoted mid-rate at the close of business on 30 June. The unrealised gain or loss resulting from the valuation is recognised in the surplus or deficit.

## **Trade and other receivables**

Trade and other receivables are recorded at their face value, less any provision for impairment.

Impairment of a receivable is established on a case-by-case basis when there is objective evidence that the NZFC will not be able to collect amounts due per the original terms of the receivable.

Indicators that the debtor is impaired include significant financial difficulties of the debtor, the probability that the debtor will enter into bankruptcy, and default on payments. The carrying amount of the asset is reversed and written off against the unpaid invoices account in the Film Income Account. Overdue invoices that have been renegotiated are reclassified as current (i.e. not past due).

## ***STAR loans***

Short Term Assured Repayment (STAR) loans are initially recognised at their transaction cost. They are subsequently measured at amortised cost using the effective interest method.

The difference between the face value and present value of expected future cash flows of the loan is recognised in the Statement of Comprehensive Revenue and Expenditure.

## **Investments and advances**

### ***Funding for film development and production***

Funding for film development and production, while in the nature of an investment, is treated as expenditure because of its high-risk nature. This expenditure is recognised at the time the commitment is approved and includes funds committed but not paid out at year-end. The exceptions to this policy are:

- a. investments for which a certain level of revenue is contracted and reasonably assured. Such investments are treated as assets and valued at the minimum level of expected revenue
- b. short term advances are made on a full recourse basis where the payment is secured by some means so as to give a reasonable expectation of repayment.

### ***Bank term deposits***

Investments in bank term deposits are initially measured at the amount invested.

After initial recognition, investments in bank deposits are measured at amortised cost using the effective interest method, less any provision for impairment.

### ***Investments***

The NZFC designates portfolio investments at fair value through surplus and deficit, which are initially measured at the amount invested.

After initial recognition, these investments are measured at their fair value with gains and losses recognised in other comprehensive revenue and expense, except for impairment losses which are recognised in the surplus or deficit.

A significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment. If impairment evidence exists, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or deficit) is recognised in the surplus or deficit.

### **Property, plant & equipment**

Property, plant & equipment consists of the following asset classes: leasehold alterations, computer hardware, office equipment and furniture and fittings. All classes are measured at cost, less accumulated depreciation and impairment losses.

### ***Additions***

The cost of an item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits associated with the item will flow to the NZFC and the cost of the item can be measured reliably.

**Disposals**

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit.

**Subsequent costs**

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the NZFC and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant and equipment are recognised in the surplus or deficit as they are incurred.

**Depreciation**

Depreciation is provided on a straight-line basis on all property, plant and equipment at rates that will write off the cost of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

<b>Computer Hardware</b>	<b>3 years</b>	<b>33.33%</b>
<b>Furniture and Fittings</b>	<b>7 years</b>	<b>14.29%</b>
<b>Office Equipment</b>	<b>5 years</b>	<b>20.00%</b>
<b>Leasehold Alterations</b>	<b>3-9 years</b>	<b>11.11% - 33.33%</b>

Leasehold alterations are depreciated over the unexpired period of the lease or the estimated remaining useful lives of the alteration, whichever is shorter.

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year-end.

**Intangible assets****Software acquisition and development**

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software for internal use by the NZFC, are recognised as an intangible asset. Direct costs include the software development, employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised as an expense when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

### ***Amortisation***

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

<b>Computer software</b>	<b>3 years</b>	<b>33.33%</b>
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### **Impairment of property, plant and equipment and intangible assets**

Property, plant and equipment and intangible assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is the depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the NZFC would, if deprived of the asset, replace its remaining future economic benefits or service potential.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written-down to the recoverable amount.

The total impairment loss is recognised in the surplus or deficit.

**Trade and other payables**

Trade and other payables are recorded at their face value.

**Employee Entitlements**

Employee benefits that are due to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date.

***Presentation of employee entitlements***

Salaries and wages and annual leave are classified as a current liability.

**Superannuation schemes**

Obligations for contributions to Kiwisaver are accounted for as a defined contribution superannuation scheme and are recognised as an expense in the surplus or deficit as incurred.

**Project commitments**

This amount represents financial commitments and advances for film development and production committed by the NZFC, but not paid out at year-end.

**Write backs**

Write backs represent commitments for investments and advances treated as expenditure in previous years and subsequently revised or cancelled and therefore written back to the current year's revenue.

**Goods and services tax (GST)**

All items in the financial statements are presented exclusive of goods and services tax (GST), except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as an input tax, then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

**Income tax**

The NZFC is exempt from income tax in accordance with Section 29 of the New Zealand Film Commission Act 1978. Accordingly, no provision has been made for income tax

**Cost allocation**

The NZFC has determined the cost of outputs using the cost allocation system outlined below.

Direct costs are those costs directly attributed to an output. Indirect costs are those costs that cannot be identified in an economically feasible manner with a specific output.

Direct costs are charged directly to outputs. Indirect costs are charged to outputs based on the proportion of direct costs for each output of total direct costs.

**Critical judgements in applying the NZFC's accounting policies and critical accounting estimates and assumptions**

In preparing these financial statements the NZFC has made estimates and assumptions concerning the future.

These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

***Estimating useful lives and residual values of property, plant and equipment***

At each balance date, the NZFC reviews the useful lives and residual values of its property, plant and equipment. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires the NZFC to consider a number of factors such as the physical condition of the asset and expected period of use of the asset by the NZFC.

An incorrect estimate of the useful lives and residual values will affect the depreciation expense recognised in the surplus or deficit, and carrying amount of the asset in the statement of financial position. The NZFC minimises the risk of this estimation uncertainty by

- a. physical inspection of the asset
- b. asset replacement programs.

The NZFC has not made significant changes to past assumptions concerning useful lives and residual values.

**Funding expenditure**

The NZFC provides a range of funding programmes. In most instances the funding is provided as a non-recoupable grant. This includes the funding of feature film script development and related producer devolved development schemes. Feature film production funding assistance is however provided in the form of equity investment. These gives the NZFC an entitlement to share financially alongside other investors if the film is commercially successful.

We have exercised judgement in developing our funding expenditure accounting policy as there is no specific accounting standard for funding expenditure. A challenging area in particular is accounting for funding arrangements that include conditions or milestones. Although our feature film production funding contracts may set out milestones, these are primarily for administrative purposes, and on this basis we recognise the full commitment as expenditure in the financial year of commitment. Furthermore, our assessment is that the recipient and other related parties have a valid expectation that funding will be paid in full.

With the recent introduction of the new PBE Accounting Standards, there has been debate on the appropriate framework to apply when accounting for such expenditure. We are aware that the need for a clear standard or authoritative guidance on accounting for grant expenditure has been raised with the New Zealand Accounting Standards Board. We will keep the matter under review and consider any developments.

**Funding liabilities**

We recognise a liability for funding expenditure when the following conditions have been met:

- a. The funding has been approved by the relevant NZFC decision making body;
- b. The funding recipient has been advised; and
- c. It is probable (more likely than not) that the funded proposal will be completed.

## GLOSSARY

We interact with several organisations and use a number of terms throughout this Statement of Performance Expectations and the associated Statement of Intent that readers may not be familiar with and have defined these below to assist with the understanding of both documents.

<b>Boost</b>	A devolved development scheme designed to accelerate the feature film slates of active producers
<b>MBIE</b>	Ministry of Business, Innovation & Employment
<b>MCH</b>	Ministry for Culture & Heritage
<b>MFAT</b>	Ministry of Foreign Affairs & Trade
<b>NZ On Air</b>	Broadcasting Commission – Media content funding body
<b>NZFC</b>	New Zealand Film Commission
<b>NZSPG</b>	New Zealand Screen Production Grant (replaced SPIF and LBSPG effective 1 April 2014)
<b>NZTE</b>	New Zealand Trade & Enterprise
<b>SPE</b>	Statement of Performance Expectations