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## Television Funding Round 1 2010/2011 Financial Year

**Closing Deadline: 5pm Friday 11 June 2010**

**Board Hui: Thursday 8 July 2010**

**Decisions advised: Friday 9 July 2010**



**BOY** (directed by Taika Waititi) has won *Grand Prix* of the International Jury at the Berlin International Film Festival.

*He rākau morimori, e kore e taea te piki.*

*A tree shorn of branches cannot be climbed.*

*A difficult goal must be approached step by step without trying to find a shortcut.*

### Television Production Funding

In these uncertain economic times it is prudent for TMP to remind producers that Te Māngai Pāho's function is to fund the production of programming, not production companies. There are escalating demands on TMP's limited budget and we will do our best to spend that budget wisely but producers need to understand the environment that they are working in. While we at Te Māngai Pāho are aware of the potential impact a funding decline may have for a producer and/or Production Company, our ultimate responsibility is to ensure that our assessment process is robust, equitable and transparent; and that it results in TMP funding the proposals that best meet the targets of our purchasing framework.

PLEASE NOTE, Te Māngai Pāho also needs to clearly understand the effectiveness of its funding decisions in terms of Te Reo. We are currently developing our ability to cost effectively monitor and analyse the language and audience outcomes of our funding decisions. Te Māngai Pāho also wishes to encourage producers to understand the effectiveness of their programmes in meeting our objectives.

Funding Agreements with production companies are entered into on the basis that they have demonstrated the capability and capacity to undertake their proposed programme.

For this reason, the budget should reflect only the operational costs of the project. It does not include infrastructure development (i.e. capital expenditure, e.g. cameras, cars, lights etc) for the production company.

While this may be well known to most of you, and is standard industry practice, we would like to take this opportunity and reiterate TMP's position.

The Te Māngai Pāho Television Funding Agreement clearly outlines what funding expenditure can be used for:

**3.3 Use of Funding:** *The Producer must only use the Te Māngai Pāho Funding for the purposes of meeting the Producer's expenses recorded in the Approved Budget. The Producer may alter the allocation of expenditure on the Programme between the different cost centres in the Approved budget provided that any changes to the Producer's fees or Director's fees have the prior written approval of Te Māngai Pāho before any part of the Te Māngai Pāho funding may be used to meet the cost of any increased Producer's fees or Director's fees.*

## INDUSTRY NEWS

### Copyright Amendment bill introduced to Parliament

A bill repealing Section 92A of the Copyright Act was introduced into Parliament this week. The Copyright (Infringing File Sharing) Amendment Bill repeals Section 92A and replaces it with a three-notice regime which is intended to deter illegal file sharing. Widely considered to be an improvement on the 'guilt on accusation' style copyright law proposed by the previous government, there are still concerns surrounding the complaints process and penalties associated with the new Section 92A. A copy of the bill is on the [New Zealand legislation](http://www.legislation.govt.nz/bill/results.aspx?search=ts_bill_Copyright+amendment+Bill_rese&p=1) website:

[http://www.legislation.govt.nz/bill/results.aspx?search=ts\\_bill\\_Copyright+amendment+Bill\\_rese&p=1](http://www.legislation.govt.nz/bill/results.aspx?search=ts_bill_Copyright+amendment+Bill_rese&p=1)

InternetNZ. will convene public forums in Auckland and in Wellington next month, inviting the public to find out more about the draft Bill and how to make submissions on it.

## THE NATURE OF THE SUBSIDY

Te Māngai Pāho has done some work around the Nature of the Subsidy and consulted widely with the industry. The TVIAG endorsed in principle the work and Te Māngai Pāho will now proceed to develop and circulate drafts of the documentation necessary to effect the change. A summary of the paper follows and we invite members of the industry to comment or make submissions on and/or contact the Television Manager or a member of the TVIAG for further information.

## EXECUTIVE SUMMARY

The government requires Crown Entities to commit to achieving 'better value for money'. One of the initiatives that Te Māngai Pāho is considering is a re-consideration of the 'premise' upon which it provides funding to production companies. This paper outlines the current funding model and points to how the sector might produce better value for the taxpayer.

### Some broad brushstrokes in terms of what happens now:

- The funding made available by government agencies is provided in return for an 'equity' position in the programme funded. The producer owns the programme and licences the programme on a

territory by territory basis' with any revenue is shared between funder and Production Company on a pre-determined basis.

- A New Zealand broadcaster is a pre-requisite of agency funding, and producers generally licence to a broadcaster for a standard 3 to 5 plays over a 3 year period, this may also include an initial exclusivity period.
- With the more expensive (and successful) local content, the funding agencies may require the broadcaster to contribute to the cost of the production. They generally do this by way of a 'licence fee' which is paid to the producer (and becomes a part of the production funding).
- Sales revenue has been negligible which raises the question as to the value the taxpayer gets for the investment.
- In the case of Te Māngai Pāho that funding carries a Māori Language imperative; if there were not a Māori Language imperative as a result of government failure to deliver on Treaty of Waitangi obligations, there would be no need for Te Māngai Pāho.
- The government seeks better value for money. While in the current financial year Te Māngai Pāho and other agencies in the sector have escaped unscathed, it is required to undertake a further review for the next. It makes sense to take a step back and reconsider the nature of what we do and how we might do it better.
- If the funding we dispense is a cultural subsidy rather than a business subsidy then it might change our thinking in terms of what the taxpayer actually receives for that expenditure.
- It should also concern the taxpayer that often the taxpayer ends up paying additional licence fees for programmes it has fully funded.

### **How can the return to the taxpayer be improved?**

- Put simply by seeing more of New Zealand on screen; ensuring taxpayer funded programmes are available to be seen by as many eyes, as many times, as soon as possible, for as long as possible, and, in this digital age on as many platforms as possible.
- The taxpayer should secure New Zealand rights in perpetuity. The benefit of this change is that all programmes made with taxpayer assistance would be preserved in perpetuity for future generations of New Zealanders. It would also improve future access to archival material. There are a number of programmes in archives (particularly the TVNZ archive) that are not readily available to screen for various reasons. It therefore makes sense that the bottom line for any taxpayer investment is that the taxpayer owns in perpetuity the New Zealand rights
- In the light of the emerging new media there is a need to review the current 'terms of trade' to ensure that they serve the taxpayers' over-arching goal of seeing more of New Zealand on air. Specifically, this review needs to consider the issue of broadcaster exclusivity periods in respect of both free to air television and new media.
- Insisting that producers grant the taxpayer a licence of all New Zealand rights in perpetuity, will ensure that taxpayer funded programmes are available for multiple play across all platforms without further cost to the taxpayer.
- This makes even more sense in respect of funding that comes with a Māori Language imperative. It is counter-productive to have taxpayer funded language programming locked away from the taxpayer; it needs to be accessible to anyone who wants to see it.

- If the producer was entitled to 100% of any income generated from offshore there would be a clear incentive for producer's to both seek out and consider offshore markets for their programmes.

## RECOMMENDATIONS

1. That the industry endorses in principle the proposed change to the 'Nature of the Subsidy'.
2. That Te Māngai Pāho develops and circulates for consultation drafts of the documentation necessary to effect the change.

## Review of Funding Contracts

As part of the Te Māngai Pāho audit process, several funding contracts per year are reviewed by an independent auditor. This is the sixth year that Te Māngai Pāho has undertaken these independent reviews. The contracts for review in this financial year ending 30 June 2010 have been selected and the Producers will be notified shortly. It is envisaged that over time all Production Companies will have at least one funding contract reviewed.

Along with this independent review, as part of the normal monitoring role of Te Māngai Pāho, our review of progress cost reports may prompt visits. This is part of Te Māngai Pāho's responsibility and accountability of public funds.

## Sales Income Returns

Sales Income Returns for the period ended 31<sup>st</sup> December 2009 have been posted out. Producers should be aware that the completion of these returns, even nil returns, is a **contractual obligation** whereby Producers are required to provide Te Māngai Pāho with all sales and income details for any programme funded by Te Māngai Pāho. It would be appreciated if these returns are completed and returned in a timely manner.

## Non compliance of this contractual obligation may effect future funding applications.

Please note that acquisition information is available to Te Māngai Pāho and which is used to verify returns. There is a form located on the Television page on the TMP website.

## Annual Report for the year ended 30 June 2009

Te Māngai Pāho's Annual Report for the 2008/09 Financial Year is available on our website. Hard copies are available on request. [http://www.tmp.govt.nz/about/2008-2009\\_TMP\\_Annual\\_Report.pdf](http://www.tmp.govt.nz/about/2008-2009_TMP_Annual_Report.pdf)

## 2010/2011 Funding Round Dates

Funding dates for 2010/2011 financial year have been discussed and confirmed. The dates are listed below and have been published on our website.

### Round One

Closing Deadline: 5pm Friday 11 June 2010

Board Hui: Thursday 8 July 2010

Decisions advised: Friday 9 July 2010

### Round Two

Closing Deadline: 5pm Friday 17 September 2010  
Board Hui: Thursday 14 October 2010  
Decisions advised: Friday 15 October 2010

### **Round Three**

Closing Deadline: 5pm Friday 25 February 2011  
Board Hui: Thursday 17 March 2011  
Decisions advised: Friday 18 March 2011

### 2010 Board Meeting Dates

Board meeting dates have been set for every 2nd Thursday of every month.

### **Invoice Payments**

A reminder that all tax invoices must be received at TMP by **5pm Thursday** to enable payment on TMP's weekly Tuesday payment run. Late invoices will be held over and paid the following week.

There is an increasing trend for invoices to be sent in when all the required deliverables, as per Schedule 4, have not been met: no approval from the Broadcaster, etc.

### **Payment cannot be paid until all deliverables are confirmed.**

Please ensure that before you send in your tax invoice for payment,

- You have checked off all deliverables (as per Schedule 4 of your contract)
- You have the required approvals from the Broadcaster. (as per Schedule 4 or your contract)

**Please also ensure that ALL deliverables required by the Broadcaster are adhered to.**

**The onus on speedy payment lies with the producer in ensuring that all documentation is accounted for, is satisfactory and is correct.**

When sending invoices and reports by email, please ensure they are sent to either: [caytion@tmp.govt.nz](mailto:caytion@tmp.govt.nz) cc. [lynne@tmp.govt.nz](mailto:lynne@tmp.govt.nz)

### **Contact Details**

We are currently updating our database with the contact details of all Production Houses and Producers. We require postal address and postcode, courier address, fax, email details, land line phone number and mobile phone details. Please assist us by confirming these details to us by email to: [caytion@tmp.govt.nz](mailto:caytion@tmp.govt.nz)

Please also remember to advise us of any changes in the future.

## *A Spirit of Independence with Geoff Murphy & Gaylene Preston*



**Wellington, 17 March, 7pm, New Zealand Film Archive, \$5 koha appreciated, all welcome**

Launching the 2010 Wellington Discussion Series, [Script to Screen](#) is proud to present a conversation with two of our most significant film-makers [Geoff Murphy](#) and [Gaylene Preston](#) about identity, original thought and a spirit of independence.

Director, Producer and Cinematographer [Waka Attewell](#) will facilitate a discussion which looks at the film-making culture and social backdrop of the 70s and 80s when many of NZ's most iconic and best loved films were produced, and discuss the ethos and motivations behind such films as *Utu*, *Good-bye Pork Pie* and *Ruby and Rata*.

Geoff and Gaylene will also talk about the choices they have made in order to continue making films and the challenges currently facing local film-makers as the big screen increasingly caters to a global entertainment market.

The 2010 Wellington Discussion Series is presented in association with the [New Zealand Film Archive](#), [Nga Aho Whakaari](#), and the [New Zealand Writers Guild](#)

**Wednesday 17 March, 6.30 drinks, 7 pm start, the New Zealand Film Archive, 84 Taranaki St, Wellington, \$5 koha appreciated, all welcome**

### Websites of Interest

[www.ngaahowhaakari.co.nz](http://www.ngaahowhaakari.co.nz)  
[www.ma-tereo.co.nz](http://www.ma-tereo.co.nz)

[www.tvnz.co.nz](http://www.tvnz.co.nz)  
[www.maoritelevision.com](http://www.maoritelevision.com)

[www.legislation.govt.nz](http://www.legislation.govt.nz)  
[www.tpk.govt.nz](http://www.tpk.govt.nz)

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