



New Zealand Screen Production Grant (NZSPG) criteria for International Productions – 1 July 2017		
<b>General</b>	Replaces the New Zealand Screen Production Grant dated 1 August 2015 Effective from 1 July 2017	
<b>Format</b>	Feature films, television and other non-feature films, and PDV production formats are eligible	
<b>Amount</b>	<p>The International Grant:</p> <ul style="list-style-type: none"> <li>a) for PDV Productions is <b>20%</b> of QNZPE for QNZPE up to \$25 million; and <b>18%</b> of QNZPE for QNZPE above \$25 million; and</li> <li>b) for Live Action Productions is <b>20%</b> of QNZPE.</li> </ul> <p>Live Action Productions that are invited to apply for and qualify for the <b>5% Uplift</b> will receive a total International Grant of <b>25%</b> QNZPE (only available if the production meets the requirements of Appendix 3 of the criteria, including passing the <b>Significant Economic Benefits Test</b>)</p>	
<b>Eligibility</b>	<p>To be eligible for an International Grant, productions and applicants must:</p> <ul style="list-style-type: none"> <li>a) <b>apply for a Provisional Certificate or register</b> with the NZ Film Commission <b>before the start of Principal Photography in NZ</b>;</li> <li>b) satisfy all of the requirements of the criteria (except to the extent that the NZFC or NZSPG Panel exercise a discretion in the criteria to waive a requirement);</li> <li>c) provide all information that is required to be provided under the relevant application form; and</li> <li>d) conform with the purpose and intent of the International Grant.</li> </ul>	
	<b>Specific eligibility criteria – section 2A</b>	<p><b>Clause 8: Feature Films</b></p> <p><u>Format</u> – a production not excluded under clause 8.1(b) (ads, news, porn, training, interactive games (other than transmedia), public/sports event) and is:</p> <ul style="list-style-type: none"> <li>a) commonly screened as the <b>main attraction</b> in commercial cinemas;</li> <li>b) <b>not less than 60 minutes</b>, or in the case of a large format (IMAX) film not less than 40 minutes; AND</li> <li>c) is shot and processed to <b>commercial release standards</b> primarily for exhibition to the public in <b>cinemas</b>. Feature length content that is not intended primarily for exhibition to the public in cinemas, e.g. telefeatures or home entertainment releases, can be eligible if the production meets the requirements of clause 9.</li> </ul> <p><u>Expenditure threshold</u> – must have <b>QNZPE of \$15 million or more</b>.</p> <p><u>Simultaneous or Concurrent Shooting of Feature Films</u></p> <p>Applicants <b>can seek approval to treat more than one feature film as a single production</b> for the purposes of the International Grant in the following circumstances:</p> <ul style="list-style-type: none"> <li>a) all aspects of the production (pre-shoot-post) are being treated by the producers as a single production and there is no separation of resources between feature films;</li> <li>b) all feature films are being budgeted as a single production and reported on that basis;</li> </ul>



		<p>c) all feature films share the same or substantially similar setting and characters and an overarching narrative (e.g. parts of a trilogy, prequels, sequels).</p> <p>See further details in clause 8.3. Requests should be made in writing to the NZFC to be considered on a case-by-case basis.</p> <hr/> <p><b>Clause 9: Television and Other Non-Feature Films</b></p> <p><u>Format</u> – a production not excluded under clause 9.1(b) (ads, news, porn, training, interactive games (other than transmedia), public/sports event, production principally for the NZ market) and is:</p> <ul style="list-style-type: none"> <li>a) <i>a single episode programme</i> (including a telefeature or feature length content not primarily intended for exhibition to the public in cinemas) (whether scripted or unscripted); <b>OR</b></li> <li>b) <i>a series or season of a series</i> (whether scripted or unscripted) being a programme: <ul style="list-style-type: none"> <li>(i) with a <b>common theme(s)</b>;</li> <li>(ii) consisting of <b>at least two episodes</b> that are intended for release together in a national market(s);</li> <li>(iii) with individual episodes that have <b>completed Principal Photography within 24 months from the start of Principal Photography</b> (may seek approval to extend); <b>AND</b></li> </ul> </li> <li>c) is shot and processed to <b>commercial technical distribution standards</b> and intended to be released on a distribution platform other than cinema (incl TV, DVD/Blu-ray, internet etc).</li> </ul> <p><u>Expenditure threshold</u> – Must have total <b>QNZPE of \$4 million or more</b> (no per episode/hour QNZPE requirement).</p> <hr/> <p><b>Clause 10: PDV Production</b></p> <p><u>Format</u> – must be one of the formats in clauses 8.1 or 9.1.</p> <p><u>Expenditure threshold</u> – must have <b>QNZPE of \$500,000 or more</b>.</p> <p>QNZPE in relation to PDV Productions only, <b>means QNZPE that is spent directly on or is necessarily related to PDV Activity</b>. QNZPE necessarily related to PDV Activity includes but is not limited to:</p> <ul style="list-style-type: none"> <li>a) the fees and expenses of <b>personnel</b> working on PDV Activity;</li> <li>b) the hire of <b>studio and office space</b> for PDV Activity;</li> <li>c) the purchase or hire of <b>equipment</b> used for PDV Activity; and</li> <li>d) the <b>depreciation of assets</b> used for PDV Activity.</li> </ul> <hr/> <p><b>Clause 11: Bundling</b></p> <p><u>Format</u> – each production within a bundle must be one of the formats in clauses 8.1 or 9.1.</p> <p><u>Expenditure threshold</u> – a bundle consists of <b>two or more productions</b> where:</p> <ul style="list-style-type: none"> <li>a) <b>each production</b> has <b>QNZPE of \$3 million or more</b>;</li> <li>b) all productions have <b>completed Principal Photography</b> (or PDV Activity for a PDV Production) within <b>36 months</b> following the date that the first of those productions commenced Principal Photography or PDV Activity (as the case may be); <b>AND</b></li> </ul>
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	<p>c) the <b>total bundle</b> has <b>QNZPE of \$30 million or more.</b></p> <p>A production that has already been the subject of a successful final application, whether as part of a bundle or by itself, is not eligible to form part of another final application as part of a bundle.</p> <p><u>Applicant for a bundle</u> – each production within a bundle must either have an applicant that is the same entity or a Related Entity to other applicants in the bundle; or have the same Creative Producer who must be a NZ citizen or permanent resident.</p> <p><b>General eligibility criteria – section 2B</b></p> <ul style="list-style-type: none"> <li>a) applicant must be a <b>SPV</b> established principally in relation to making the production unless it falls within one of the exceptions (see exceptions in clause 12.2)</li> <li>b) applicant must be a <b>NZ resident company</b>, or a NZ resident partnership, or a foreign corporation operating with a fixed establishment in NZ for the purposes of lodging an income tax return</li> <li>c) applicant must be the <b>entity responsible for all activities</b> in making the production in NZ (only one entity per production can be eligible for the International Grant)</li> </ul> <p>A production cannot receive an International Grant AND any other grant or NZ government finance or tax incentives.</p>
<p><b>Qualifying New Zealand Production Expenditure (QNZPE)</b></p>	<p>Defined in section 3, generally:</p> <ul style="list-style-type: none"> <li>• goods purchased, hired or leased in NZ where those goods are sourced from within NZ; or</li> <li>• the use of a good that is sourced from overseas, where that good is not otherwise available in NZ, is located in NZ at the time the good is used, and is purchased, hired or leased in NZ from a NZ resident who is a habitual supplier of those goods in NZ; or</li> <li>• services provided in NZ; or</li> <li>• the use of land located in NZ; or</li> <li>• the specific inclusions set out in clause 17.3 (NZ Copyright Acquisition / Additional Audiovisual Content / Travel to NZ)</li> </ul> <p>but not including the expenditure set out in clause 17.4 (including costs relating to remuneration of non-cast personnel for short-term visits / acquisition or licensing of copyright / publicity and promotional costs incurred after completion / additional audiovisual content incurred after completion / advances / financing expenditure / production insurance / completion bond fees / freight / guild payments / expenditure on 'above the line costs' (development expenditure, and remuneration and travel costs of writers, directors producers and lead cast) in excess of 20% of total QNZPE etc). See clause 17.4 for a complete list of all exclusions.</p>



<b>Application Process</b>	<p><b>Section 5</b></p> <p>Before the production has started, or during production, an applicant can apply for a <b>provisional certification</b> of eligibility for the International Grant. A fee may be payable for making an application for a provisional certificate.</p> <p>Applicants who do not make an application for a provisional certificate <b>must</b> use the registration form provided on the NZ Film Commission website and have the <b>production registered</b> with the NZ Film Commission <b>before the start of Principal Photography in NZ</b>. An applicant that has not either registered or applied for a provisional certificate will not be eligible to make a final application.</p> <p>If the estimated QNZPE for a production changes by \$10 million or more the NZ Film Commission must be notified.</p> <p>Where an applicant is concerned that they may not meet the expenditure thresholds solely due to <b>fluctuations in exchange rates</b> they may apply to <b>pre-qualify</b> for the International Grant by following the process in clause 29.</p> <p>Application for the <b>5% Uplift</b> is only by the <b>written invitation</b> of the Ministry of Business, Innovation and Employment and the NZ Film Commission. Applicants can discuss the possibility of an invitation with the Head of Incentives at the NZ Film Commission. Successful applicants will be required to enter into a legally binding <b>memorandum of understanding</b> with the NZ Film Commission and/or other relevant NZ Government agencies, which will establish the basis upon which the applicant will satisfy the <b>Significant Economic Benefits Test</b>. Payment of the 5% Uplift can only be made once the NZSPG panel is satisfied that the applicant has met all of the requirements of the memorandum of understanding.</p> <p>Applications to the NZ Film Commission for non-bundled, bundled and the 5% Uplift may be made by one final application or through a series of interim applications.</p> <p>Further detail can be found in Section 5.</p>
<b>Definitions</b>	<p><b>5% Uplift</b> means an increase to the International Grant of 5% of QNZPE – this is only available to productions who receive an invitation and that pass the Significant Economic Benefits Test.</p> <p><b>Creative Producer</b> means an individual with decision-making authority who has a key role in the creative evolution of a production and plays an active role throughout the pre-production, production and postproduction of a production and assumes responsibility for the physical process of production and carrying through practical and financial arrangements for the making of the production.</p> <p><b>International Grant</b> means the grant available under the NZSPG to productions that meet the eligibility criteria under the NZSPG Criteria for International Productions.</p> <p><b>Live Action Production</b> means a production with QNZPE relating to filming with real people or animals and in which expenditure on visual effects production is no more than 55% of QNZPE.</p> <p><b>PDV Activity</b> means, in general, the post, digital and visual effects production activities including but not limited to those listed in Appendix 2 (as may be updated from time to time) to the extent they occur in New Zealand.</p> <p><b>PDV Production</b> means a production that is not a Live Action Production and that meets the criteria in clause 10 of Section 2A.</p> <p><b>Principal Photography</b> means:</p> <ul style="list-style-type: none"> <li>a) <i>for scripted productions</i>, the period of time during which the main shooting of the production takes place. It is expected that certain key shooting cast and crew (such as the director, key cast etc) will be present. The period of time is usually a fixed period, however, where a pick-up shoot, second unit shoot or re-shoot meets this criteria, it will also be considered principal photography.</li> <li>b) <i>for unscripted productions and documentaries</i>: the period of time required to capture the image of the subject matter of the production where the director, or in</li> </ul>



some cases, the field director, is present for the shoot. The shoot does not need to occur over a fixed period of time. Interviews with key subjects and time critical photography will be considered principal photography.

- c) *for PDV Productions*: the period from the day on which an ongoing schedule of production of the animated image commences until the day that the animated images are completed.

**Related Entity** generally means an entity that has 50% or more shareholding in common with the applicant. However, it is not intended that separate business units within a group are related entities, e.g. a broadcast or cable company will generally not be considered a related entity to a feature film company despite having the same ultimate ownership. In exceptional circumstances, where a related entity does not meet the shareholding requirement and the applicant can provide evidence of another means of association or control, the NZFC may accept that that entity is related to the applicant for the purposes of the criteria.

**Significant Economic Benefits Test** means the test used to determine whether a production brings significant economic benefits to New Zealand. This test is located in the Significant Economic Benefits Guidelines in Appendix 3.

Applicants should also refer to Section 5 of the criteria (Application Process). Applicants should note the requirement to either register with the NZFC or apply for a Provisional Certificate. An application fee may be payable for making an application for the International Grant.

## Visual Overview of the NZSPG International

