Platform Contributions - Summary of feedback and Draft Policy

March 2020

Purpose

1. The purpose of this paper is to summarise the public feedback NZ On Air received to the Platform Contributions review Discussion paper. In consideration of that feedback this paper then outlines a proposed approach that will form NZ On Air's first official Platform Contributions policy, designed to clarify our expectations.

Executive Summary

2. The shift to the NZ Media Fund (NZMF) has increased the diversity of platforms and audiences for which we fund content. Since the launch of the NZMF some issues have arisen in relation to platform contribution expectations. Specifically, there has been a degree of inequity and ambiguity in how we treat platforms and their financial commitment to projects, and we need to make this more consistent.
3. There was no clear consensus in the feedback we received on our discussion paper issued in November 2019. This paper is NZ On Air clarifying our expectations around platform contributions.
4. Key principles used to create this proposed Platform Contributions policy are:
   - **Equity**: a system that is fair for platforms, producers, and taxpayers
   - **Proportionality**: the bigger the funding request, the higher our expectation for co-investment
   - **Simplicity:** a simple, generally accepted approach that streamlines negotiation to assist both producers, platforms and NZ On Air staff
   - **Incentivisation:** a system that encourages both platforms and producers to support and create great, diverse content and secure co-investment where possible.

Background

5. In November 2019 NZ On Air issued a Discussion paper to inform a review of Platform Contributions. Given the competing tensions described in the paper, the sharp increase in applications submitted and funded in the past two years, and the emergence of new digital platforms seeking to stream and produce local video content, NZ On Air needs to clarify guidelines and expectations of platform contributions.
6. The paper identified six options:
   - A. Do nothing/status quo
   - B. Adopt a lower, flat-rate platform contribution system and limit platform exclusivity unless more is offered
   - C. Require the producer to be responsible for offsetting the ask of NZ On Air
   - D. Delineate between prime-time broadcast and offpeak/online and reduce co-investment expectations for all non-prime time and online content
   - E. Create a funding threshold under which contributions are desirable but not essential

F. Not require platform contributions

7. In the Discussion paper we asked five questions:

Q1. Have we set out the issues correctly and fairly? Is there anything you would add or amend?
Q2. Is there another option, either new or reworked, that we should consider?
Q3. How would you rank the options, where #1 is the best and #6 is the worst?
Q4. Would incentivising for a longer exclusivity period work in practice?
Q5. Are there extra points you think need to be made in support of an option or in rejecting an option?

Summary of feedback

8. Twelve responses were received: six from platforms and six from 'others'. Responses are at Annex A.

Platforms	**Guilds/Producers/Other**
The Spinoff	SPADA
RNZ	Directors & Editors Guild (DEGNZ)
Prime TV	Pan-Asian Screen Collective (PASC)
Stuff	D Jacobs
TVNZ	T Wheeler
Māori TV	Making Movies

9. All respondents noted the current media upheavals and the lack of simple solutions. Some challenged a small number of assertions in the discussion paper but none of the paper's key points.

10. The tables at Annex B set out answers to the five questions and comments against the options. To summarise:

Q1: The large majority of respondents thought the discussion paper set out the competing tensions fairly and well.

Q2 and Q5: Alternative options mooted (refer para. 10), or extra points made to support an option, were largely out of scope but are noted.

Q3: Only around half of the respondents ranked all of the options and some only ranked two (best two or best and worst). It is possibly unfair to treat each respondent equally, in terms of size, representation, or business impact, but trends are nonetheless interesting. There was no clear alignment of platforms vs others. Respondents ranked the options as follows;

- Option A: Only two respondents, one network and one other, top-ranked the status quo
- Option B: Three respondents, one platform and two others, top-ranked a flat rate system based on budget percentages
- Option C: There was no clear response pattern for requiring the producer to offset the contribution [range 1-6 but most low-ranked]
- Option D: Four respondents, two platforms and two others, ranked the peak/offpeak or online delineation relatively highly [range 1-3]. Two others may have misunderstood the question
- Option E: No clear response pattern for a funding threshold [range 1-5]

- Option F: Only one respondent, an online platform, top-ranked no requirement for platform contributions. The only other respondent to clearly favour this option was RNZ; most others low-ranked it.

Q4: There was no support for incentivising longer licence periods with higher contributions.

11. RNZ and Māori TV who already receive over $35m+ each of direct public funding thought the expectation of co-investment did not take into account their special status.

12. The following summarises pertinent comments from respondents. See Annex B for verbatim comments.

Platforms

TVNZ

- A flat rate (percentage) platform contribution system would risk continued platform support for content aimed at targeted audiences as well as high-cost genres such as drama.

RNZ

- Questions why the majority of proposed options envisage the continuation of the hybrid commercial model when it's debatable if platforms are able, or will continue, to make a commercial return from local content.
- Believes more sophisticated approaches might be necessary including the possibility of platform contributions counting as equity.
- Options E and F seen as the best starting point given NZ On Air's current and likely future strategies. Current policy of prioritising platform contributions may be adversely impacting audience and content outcomes.

The Spinoff

- Current statutory emphasis on platform co-investment is a relic from a no longer existent media environment.
- Cultural and audience outcomes (over business case) should be prioritised in the assessment of projects.
- It is not appropriate for video content to be assessed as being of comparable value to all platforms.
- NZ media is under threat without Government assistance and NZ On Air's focus should be on how local content can thrive on commissioning platforms and not levels of required co-investment.

Māori Television

- By focussing on the financial NZ On Air risks losing sight of its cultural priorities, in particular te reo Māori me ngā tikanga Māori.
- Public cultural benefits will be enhanced if more NZ On Air funding is allocated to public media entities like Māori Television that arguably do not currently receive their fair share of funding.

Prime Television

- Is prepared to increase co-investment in local production to reflect the value it represents in differentiating their platform, subject to a portion being counted as equity.

Stuff

- Requests a greater range of platform internal costs being eligible as platform contributions, without this their ability to commission independent productions is restricted.

Other

SPADA

- Supports option A as it keeps NZ On Air's focus on local content creation and not subsidising platforms.
- Contends that if platforms cannot make a minimum 5% contribution their sustainability as distributors of video content is questionable.
- With the funding pressure NZ On Air is facing any further erosion of spending power through reduced platform contributions would be detrimental to local content creation.

PASC

- Innovative leadership and the valuing and celebration of our local storytelling and production craft are required to overcome our hangover cultural cringe.

D Jacobs

Believes 3rd party funding should be embraced as a way for getting public media content produced and extending the pool of co-investors.

13. Additional points made include:

- There should be an ad-free NZ-geolocked clearing house for all NZ On Air content which platforms can take and resurface after two years (Spinoff).
- Open up funding to paywalled platforms (SPADA).
- Reintroduce tax concessions (T Wheeler).
- Allowing more high production-cost projects to access the NZSPG should reduce the NZ On Air contribution (DEGNZ).
- NZ On Air should not fund production companies whose shareholders are all or partially foreign (Making Movies).
- Audience numbers or cost-per-viewer should be factored in when calculating co-investment and the cost to the taxpayer (TVNZ).

Proposed approach

14. Given the competing tensions, it is not unexpected that a clear consensus has not emerged. What is pleasing is that there is no strong disagreement with the issues raised in the discussion paper and a general agreement that there needs to be a change from the operating status quo.

15. The challenge for NZ On Air now is to take some clear policy positions. We noted some non-negotiables in the discussion paper:

All options are predicated on -

- *NZ On Air prioritising applications with funding attached, whether platform contributions or third-party funding, because they have a stronger business case than applications seeking all or most funding from NZ On Air and it is an assessment requirement of the Broadcasting Act.*
- *NZ On Air agreeing a standard approach for the platform production resource that we will accept for independent productions – see Annex D. As a general rule these will exclude costs associated with platforms managing the commissioning or marketing of content but include the reasonable cost of equipment or resources that typically form part of a production budget.*
- *NZ On Air prioritising applications that offer multiple distribution platforms to extend audience reach*
- *the producer ensuring free access is part of the offered package*

- *applications being supported by Qualifying Platform/s in terms of NZ On Air [policy]*
- *Extended Platform Rights applying where platform and non-government third party contributions are 5% or less*
- *the Development roadmap remaining the guideline document for platform contributions for content development funding.*

16. All funding decisions will continue to align with the funding strategy and roadmaps, which are consistent with NZ On Air's statutory obligations.
17. Considering the feedback received, we propose to -

- **Prioritise proposals with co-investment**.
    - Cash is our preferred contribution from a platform: it assists budget transparency and contestability in services for the producer.
    - We will accept eligible in-kind resources as a platform's financial contribution (see Annex D).
    - Contributions should be proportionate to the funding requested. The higher the funding request, the higher the level of contribution expected.
    - Higher platform contributions will, all things being equal, attract higher priority.
    - To incentivise higher platform contributions, a producer may agree to a platform taking an equity position above its licence fee. This would come from the producer's equity.
    - We will consider appropriate cash and in-kind resource contributions from 3rd parties. In some instances, this may be in lieu of a platform contribution. For licence *exclusivity* to apply, such contributions may not be from other government media funding bodies e.g. NZFC or TMP.
    - For funded projects where co-investment is less than 5% of the total budget, Extended Platform Rights will apply (see pg. 4 of our Standard Funding Agreement).
    - We will assess the appropriateness of proposed total co-investment levels (including the platform contribution) against those we have accepted for similar content over the last 2-3 years.

    Commentary: This is a reiteration of the importance of co-investment to NZ On Air. There was no strong appeal from the public submissions to remove the requirement of platform contributions completely (Option F), and to do so would greatly increase the budgets NZ On Air is asked to fund, and in turn reduce the number of projects we are able to support.

    But we will now consider contributions from 3rd parties in lieu of platform contributions in some cases, as these also relieve the pressure on NZ On Air funds.

    And the producer might agree to allow the platform to take an equity position above its licence fee. This may encourage platforms to contribute more cash towards the production.

- **We will look at projects without co-investment requesting less than $250k that are clearly aligned to our Funding Strategy.**
    - Proposals seeking less than $250k may seek full funding from NZ On Air if they:

- demonstrably serve a less commercial, targeted[1] audience;
- deliver Rautaki Māori content;
- take a significant innovative approach that demonstrates a level of creative risk;
- or are, generally speaking, not intended for prime-time television.

  - Support from multiple platforms will significantly strengthen an application that seeks full funding.
  - Targeted audience projects seeking more than $250k with significant audience reach may also be considered on a case-by-case basis with prior approval from the Head of Funding (e.g. most Children's content, and existing targeted programmes such as *Tagata Pasifika*, *Attitude,* and *Fresh*)
  - NZ On Air will make one or two special calls each year so these projects can be assessed alongside each other. There will be a capped budget for these projects, determined each year, and we are likely also to cap the number of applications per platform.
  - Applications without co-investment that do not meet these criteria will not be considered. Similarly, if the annual allocation of funding for projects without co-investment has already been committed, new applications of this type will not be accepted.

    Commentary: NZ On Air acknowledges that our platform contribution requirement can sometimes be a barrier for getting public media content made. For that reason, under this new policy we are proposing to introduce a cap under which platform contributions are not required. This should encourage platforms (ideally multiple platforms) to throw their promotional and distributional weight behind projects that align with NZ On Air's Funding Strategy and target under-served audiences.

- **Strictly enforce eligibility of resources offered as co-investment.**
  - To simplify and clarify our expectations, we will only accept resources that form a legitimate and necessary part of the *production budget*. These include technical equipment, accommodation, personnel, assistance with travel, and/or specific resources necessary for making and completing the content. See Annex D for more detail.

    Commentary: Under the NZMF we now fund content supported by many different platforms, both linear and online. Some platforms operate differently from others. But this consultation process has shown us the need to clarify what types of platform resources we will allow in a production budget. Annex D acts as guiding principles for all producers, and supporting platforms, who seek Scripted and Factual funding.

Next Steps

18. We welcome any new feedback based on the proposed approach outlined in this paper. Please email feedback to hilaire@nzonair.govt.nz by Friday 3 April.

19. Following consideration of the feedback we will confirm and publish a Platform Contributions Policy which will take effect from 1 July 2020.

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[1] Targeted audiences are defined in our Funding Strategy as Children, Pacific peoples, Disability community and other community minorities of reasonable size, including NZ ethnicities with populations >100k (currently Chinese, Indian).

Annex A: Responses to five core questions

Platforms **Others**

	Spinoff	**TVNZ**	**RNZ**	**Prime**	**Stuff**	**Māori TV**	**SPADA**	**DEGNZ**	**PASC**	**Making Movies**	**Jacobs**	**Wheeler**
Q1. Have we set out the issues correctly and fairly? Is there anything you would add or amend?	Yes – with caveats	Yes	No	Yes	Yes	No	Yes	Yes	Yes	Yes – but see below	Yes	Yes
Q2. Is there another option, either new or reworked, that we should consider?	No	Platform fragmentation should not be encouraged via NZOA funding	-Platform contribution should be treated as equity	Contributions should stay on a per-hour basis, not % of budget	Reconsider approach to in-kind contribution from platforms	-	No	Combination of B and E (flat rate and funding threshold)	Platforms should be incentivised to generate more diverse content, and empower local creators to thrive.	Producers with foreign ownership ineligible for funding - or match NZOA 50/50	Producer-raised funding has same status as platform contribution	Tax concessions
Q3. How would you rank the options, where #1 is the best and #6 is the worst?	Best and second-best only	-	Best and second best only	All ranked	All ranked	-	Best and worst only	All ranked	Not specified	-	-	Not specified
Q4. Would incentivising for a longer exclusivity period work in practice?	No	No	-	-	No		No	Probably not	-	Not if licence fee stays low	-	-

Q5. Are there extra points you think need to be made in support of an option or in rejecting an option?	If no licence fee, require content sharing.		While the document suggests the threshold for option E be $500,000 we believe this could be adjusted higher. Platform contributions should be totalled along with other co-investment. The options also don't cover the role of secondary platforms in relation to their finance and resource contribution.	-	Recognise a wider range of internal costs	Requiring a platform contribution does not take Treaty into account	Add paywalled platforms to eligible platforms	Producers need the best means possible to raise co-investment: • increased development funding • tax breaks • access to NZSPG at a lower QNZPE spend • access to NZSPG and NZ On Air funding for all projects, not just children's and animation.	Linear programming is declining. Platforms should be incentivised to embrace innovation and support work that transcends linear storytelling.	Review Broadcasting Act	-	-

Annex B: Ranking responses to six options

(NB PASC and Māori TV did not answer this question specifically; Wheeler made just one key point)

Platforms **Others**

Options	Spinoff	TVNZ	RNZ	Prime	Stuff	SPADA	DEGNZ	Making Movies	Jacobs
A: Status quo Retention of current minimum broadcast licence fees Expectation of minimum 5-10% of total budget for online-first content.	-	2	-	1	6	1	3	4	-
B: Flat rate system Platforms must pay more than 5% of the total production budget Limited exclusivity of 3 months Incentivise platforms to pay more by enabling exclusivity options, for example: - • >10% for 1 year exclusive • >15% for 2 years • >20% for 2 years+	-	3	-	5	1	-	1	1	-
C: Producer responsible for offsetting ask of NZ On Air Producer must offer more than 5% of the total production budget, which can be made up of platform contribution, crowdfunding, and/or third-party investment.	-	4	-	-	4	-	6	6	1
D: Delineate between prime-time broadcast and offpeak/online-only platforms; reduce co-investment expectations for all non-prime time and online content Confirm new standard minimum broadcast licence fee schedule with all broadcasters for *prime-time content* (starting 6pm – 10pm). *Offpeak and online-only content* would be considered without a platform contribution; but Extended Platform Rights apply where platform contributions are 5% or less.	-	1	**Out-dated**	**Redund-ant**	3	-	2	2	-

Incentivise platforms to make an eligible contribution by enabling exclusivity options, for example: • >10% for 1 year exclusive • >15% for 2 years • >20% for 2 years+									
E: Create a funding threshold under which contributions are desirable but not essential Projects seeking $500,000 or more would be required to have at least 5% on the table at the time of application, preferably from platforms. Projects seeking under $500,000 that offer no platform or third-party funding will be required to have secured <u>at least two</u>, qualifying, non-exclusive platforms at the time of application. Extended Platform Rights apply where platform contributions are 5% or less.	**2**	**5**	**1**	**-**	**2**	**-**	**5**	**3**	**2**
F: Not require platform contributions Remove the requirement for minimum platform contributions. Where no platform or third-party funding is offered applicants will need to have secured at the time of application at least two, and preferably three, qualifying platforms to demonstrate market attachment and maximise audiences. Extended Platform Rights apply where platform contributions are 5% or less.	**1**	**6**	**2**	**6**	**5**	**6**	**4**	**5**	**3**

Annex C: Respondents' comments:

Whilst Option A has the potential for some smaller platforms to fall out of the market – leaving less doors for producers to take their projects to, SPADA believes the positive outcome of supporting Option A outweighs the negative: which is the importance of ensuring NZ On Air funding remains focused on local content creation, and not – in a sense - on funding platforms themselves. (SPADA)

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SPADA would also argue that if a platform is unable to contribute a five percent contribution in a competitive and crowded market they are not robust or sustainable enough to be operating in the video content sector. (SPADA)

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NZ On Air's funding is finite and highly contestable. It has not received a substantive increase to its base funding for over 10 years. SPADA strongly believes that further erosion to that funding through a reduction in platform contribution would be detrimental to the overall health and sustainability of local content creation. (SPADA)

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A flat-rate system for platform contributions would threaten tamariki and targeted audience content. [Also], contributing ten percent of the budget would make many premium content unaffordable for platforms. (TVNZ)

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Many of the options presented in the discussion document continue to cleave to a commercial hybrid model, under the belief that outlets are making money from the content. (RNZ)

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RNZ believes the options suggested don't fully address the complexities of the subject. For example, none of them consider the possibility that platform contribution may count as equity. (RNZ)

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Options E and F appear the best starting point to these given NZ On Air's existing strategy and potential changes in the near future. This isn't throwing money to the wind but accepting this is a subsidy model already. At the moment it may be sacrificing better audience and content outcomes for the sake of increasingly difficult to raise contributions. If we accept NZ On Air exists to fund/support content that the market alone cannot provide, then why over emphasise platform contributions? (RNZ)

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You have set [the questions] out fairly, but we believe the statutory emphasis on co-funding is a relic from a different media era. And that the cultural and diverse audience contributions need to be weighed far more heavily. Also, for a number of online platforms (RNZ, The Spinoff, Newsroom) NZ On Air-funded video is all, or the vast majority of, the video they make. Suggesting that acquiring content is core business and thus should have roles assigned is to imagine we're a linear TV channel. (Spinoff)

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Absent some form of government intervention, New Zealand's media will all but die. In the meantime, our view is that the best role NZ On Air can play is shifting from a mindset of "how can we extract the maximum contribution on each project, so as to make our dollar go further" to "how can we ensure that the fully-funded productions we support are nurtured and championed by the host platforms, and given the greatest shot at success". (Spinoff)

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If NZOA continues to prioritise cost offsetting (Platform Contributions) and to impose funding limitations, this will not deliver its legislated obligations of developing New Zealand identity and culture through promoting te reo Māori me ngā tikanga Māori. (Māori Television)

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We believe the public benefit will increase if NZOA allocates a significant percentage of its rautaki pūtea to Māori Television given our unique role. Promoting more funding opportunities for overlooked high-quality, high reaching te reo Māori me ngā tikanga Māori content in a transparent and cost-efficient manner will ensure a large and diverse reach as well as producer palette by taking into consideration not only the large platforms but also, the smaller and statutory platform capabilities and needs. (Māori Television)

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It is revealing that the higher licence fees paid to local creators are characterised by platforms as 'punishment' rather than investment in the cultural enrichment of our national identity. As a nation, we have always struggled with 'cultural cringe'. As an industry, we know we can't match overseas TV production budgets. So shouldn't we be capitalising on what we do have here— great storytelling, narrative craft and fresh voices? According to the Identity, Media and Culture Research, New Zealanders want to watch New Zealand content. We need innovative leadership that thinks outside the box and thoughtful investment to make this economically and culturally profitable. (PASC)

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My main concern is over the status of 3rd party funding, which supports NZ On Air's role in ensuring there is a diversity of local content that serves diverse audiences. My experience, both in Aotearoa and overseas, is that 3rd party funding (which can include funding from other government agencies) can be invaluable in getting public media content developed and produced. From NZ On Air's perspective it surely also adds to the pool of funding available to public media. (D Jacobs)

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We agree that local content is a valuable commodity and that it is key to differentiating local platforms from international competitors. Prime is therefore prepared to increase its platform contributions, subject to agreement that a portion of the contribution may be positioned as equity. As the discussion paper points out, the current media environment is negatively affecting platform profitability. Having the ability to invest equity and share in international sales revenue is one way to create a more sustainable environment for platforms. (Prime TV)

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We advocate for NZOA reconsidering its approach to what it will accept as an in-kind contribution from platforms. We understand the value of a consistent approach, so would suggest consulting with platforms and then releasing clear guidance on what in-kind contributions will and will not be considered valid. (Stuff)

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We would like NZOA to recognise a wider range of genuine internal costs as in-kind contributions. Without this […] is it more difficult for digital platforms to support pitches from independent producers and will inevitably favour prioritising in-house productions where the genuine costs from staff involvement are easier to demonstrate. (Stuff)

Annex D: Budget Expectations

February 2020

A. Purpose

This document clarifies NZ On Air's expectations around acceptable budget/line-items for funded projects. It should be read in conjunction with the advice given in our resources for producers, particularly the **contract initiation form** and the **producers and cost reporting** documents.

This document will be reviewed and updated regularly, so please do refer to it when preparing your application budgets.

B. Introduction

NZ On Air tries to limit the number of rules we have around acceptable budget/line-items, as we accept that every project has its own unique situation. However there are some line items we will not accept within any funded budget. There are also some specific expectations around how certain line items should be treated.

NZ On Air's role is to provide a production subsidy for content creation, not provide a means for commissioning platforms to defray content acquisition expenses.

C. Items which NZ On Air **will not** accept in a funded project budget

All of the below items are considered by NZ On Air to be the usual business costs of content acquisition regardless of who funded the content.

- **Commissioning fee:** This includes any fee payable to the commissioning platform for the normal oversight of projects including; giving feedback, appraising content, ensuring content meets the platform's editorial requirements.
- **Producing or Executive Producing fee to be paid to a representative of the platform:** The expectation is all producing fees should go to the production company (or 3rd party individuals contracted for the production only). The exception is where the platform is also the production company; NZ On Air will accept producing fees in these cases.
- **Platform legal fees:** A platform has its own legal responsibilities as a broadcaster or publisher which are distinct and different from the legal responsibilities of an independent production company. Unless a platform has accepted the legal responsibilities and obligations of the production company (in a signed agreement) NZ On Air would not expect to see the Platform legal fees in a production budget. We may accept limited platform legal fees if they are tied to a specific necessary production activity (e.g. Archive rights clearance).
- **Platform's internal promotional fee:** Promotion of a production is considered the platform's responsibility outside of the production budget. Where a company owns multiple platforms (TV, Radio, Web) then NZ On Air has a strong expectation of content promotion across their platforms at no cost to NZ On Air.
    - NZ On Air may be willing to pay for some marketing content costs out of the production budget (photos, promotional videos, targeted social media campaigns), but would not expect larger platform companies with dedicated marketing departments to require this investment from NZ On Air.

D. Internal and Related Party costs

NZ On Air requires a Production Company's Internal and Related Party costs to be identified in a budget before contracting.

By Related Party Costs we mean any payment to:

- the Production Company;
- any shareholder, director, or employee of the Production Company;
- any near relative of a shareholder or director of the Production Company; and any entity in which any director, shareholder or near relative has a financial interest,
- or any payment for the producer's internal costs, such as an edit suite, cameras etc.

Where the Platform is not the Production Company

Where a line item is to be provided by a company that is an Internal or Related Party to the Platform owning or operating company, NZ On Air requires this line item to be identified to us.

We would anticipate that these line items would normally be non-cash resources to be provided as a licence fee to the production. We would rarely expect NZ On Air funding to cover these line-items and will require an explanation as to why a Production Company has to use this particular provider.

E. How to treat staff costs in a budget

When a production company is allocating a staff member's time to a production our expectation is that they should be charged to the production at their actual salary rate, plus direct costs e.g. plus 8% (for holiday), the ACC rate (approx. 1%, but different for each company), and if applicable a Kiwisaver employer contribution rate (normally up to 3%).

NZ On Air expects this rate will only apply when staff are working on the production (i.e. if they are taking annual leave, then there is no charge to the budget during that time).

F. Company or platform assets

NZ On Air does not allow productions to make capital purchases (i.e. assets such as cameras, laptops, etc) from production budgets. Any items (costumes, sets etc) purchased using production budgets should be sold and the income from sales reported as part of a production's final cost report.

- We would expect any internal non-human assets to be rented to the production at below market rates.
- We appreciate that production companies have to maintain and update equipment, however we do not expect to pay more in rent on one piece of equipment for one production than the cost of purchasing the equipment.
- If NZ On Air is funding multiple projects for one company at the same time, be careful that you are not charging out the same piece of equipment to more than one production at the same time (i.e. generally the expectation is that a single camera cannot be rented out for the same full working week to two different productions at the same time).
- Overhead costs should be related to the funded production and proportionate to that production.

G. Production Company Overhead (PCO) and contingency clarification

PCO should be no more than 10% of the cash Below the Line costs, or 7% of the Total cash budget costs.

Non-cash costs should not form part of the PCO calculations.

Contingency has the same maximum as PCO; however we would not expect a production to take both maximum Contingency and PCO unless it had been identified as a high-risk production (in which case we would expect some additional Health & Safety documentation, or explanation as to why the production requires extra unallocated funding).

NZ On Air does not expect to pay the maximum PCO for 'High cost' productions (this includes all productions seeking funding over $1 Million).