G19

**Te Tumu Whakaata Taonga | The New Zealand Film Commission Statement of Performance Expectations 2024-25**

**He kōrero haepapa | Statement of Responsibility**

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.

Alastair Carruthers, Chair

David Wright, Chair, Finance, Audit & Risk Committee

June 2024

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**Wellington**

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**Aronga:** He hāpai ake i te tuku ihotanga o te kounga i te ao waihanga kiriata i Aotearoa nei, e eke ai te auahatanga ki ōna taumata
**Purpose:** To build on New Zealand’s legacy of excellence in filmmaking and unleash exceptional creativity.

**Te ara:** Mā te tautoko i te taha auaha, kia rite tonu te whakaputa i te kounga ka mau tonu ki roto ki ngā whakatipuranga.
**Way:** By investing in creativity and consistently delivering quality that lasts generations.

**Putanga:** Ko ngā kiriata o Aotearoa ka whakahihiri ake i te pohewatanga o ngā kaimātakitaki puta noa i te ao.
**Impact:** New Zealand films will capture the imaginations of audiences in Aotearoa and around the world.

**Strategic Objectives:**

* Hāpai ake i te rerenga tonutanga o te auaha me te kounga o te taha arumoni i te ao waihanga kiriata
Build consistent creative and commercial excellence in filmmaking
* Kia whakamanā, kia kōkiritia rā ngā kiriata kanorau e ngākau pono ana, e mau ana hoki ki te rongomaiwhiti o Aotearoa, me te whakawhānui ake i te hunga mātakitaki i ngā kiriata o Aotearoa.
Empower and champion authentic and diverse films that are uniquely of Aotearoa and maximise audiences for New Zealand films
* Kia whai rautaki mahi tahi e whakatairangatia ai te taha whiwhi mahi me te tōnuitanga o ngā mahi i te ao hanga kiriata i Aotearoa.
Collaborate strategically to promote employment and productivity in the New Zealand film industry
* Kia āki i ngā kaiwhakaari mā te tautoko i te whanaketanga o ō rātou āheinga, ā, mātāmua mai ko te kanorautanga, ko te mana ōritetanga me te noho ngākau tapatahi.
Invest in talent by supporting capability development with diversity, equity and inclusion at its core

**Tirohanga Whānui | 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 are driven by a passion to represent Aotearoa on screen, support creative excellence in filmmaking and ensure collaboration with strategic partners locally and globally to promote employment and productivity in the New Zealand film industry. Investing strategically in talent to foster a diverse and inclusive film industry, the NZFC advocates for appropriate resourcing in order to lead the film sector into a sustainable future.

We support a diverse range of New Zealand and international screen stories, develop career pathways, fund the production and distribution of New Zealand screen stories and assist international partners to produce their screen stories in Aotearoa New Zealand.

The NZFC is funded by Manatu- Taonga the Ministry for Culture and Heritage (Manatu- Taonga), the Ministry for Business, Innovation and Employment (MBIE) and the New Zealand Lotteries Grants Board (NZLGB).

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 outlines the performance targets for the year ending 30 June 2025 and describes how the year ahead will contribute to:

* The functions set out in the New Zealand Film Commission Act 1978
* The strategic direction set out in the NZFC Statement of Intent 2024-2028 (SOI)
* New Zealand Government priorities and the Minister’s Letter of Expectations.

All information is provided in accordance with the Crown Entities Act 2004. Results of performance against this SPE will be presented in the 2024/25 Annual Report.

Our work is driven by four strategic objectives:

1. Build consistent creative and commercial excellence in filmmaking
2. Empower and champion authentic and diverse films that are uniquely of Aotearoa and maximise audiences for New Zealand films
3. Collaborate strategically to promote employment and productivity in the New Zealand film industry
4. Invest in talent by supporting capability development with diversity, equity and inclusion at its core

Alongside the four strategic objectives as set out in the SOI, Te Rautaki Ma-ori and He Ara Whakaurunga Kanorau underpin everything we do.

**Te Rautaki Māori Strategy:**

The fundamental role of Te Rautaki Māori is to elevate indigenous Māori identity and cultural taonga for responsible storytelling in Aotearoa. It recognises that Māori language and culture is a taonga to be nurtured and celebrated. The NZFC has recently undertaken a review of Te Rautaki Māori Strategy, consulting with industry throughout the process. As a result of this review, Te Rautaki Māori will no longer be a separate stand-alone strategy and will now be woven throughout the Statement of Intent. The core objectives of Te Rautaki are:

* **Whakakanohitanga:** whakatairangatia ake ngā āhuatanga tūturu, ngākau pono o te ahurea Māori, kia ruku ki tōna whānuitanga, ki ōna pakiwaitara anō hoki, kia tino kounga ai ngā kiriata e kōkiritia ana e te hunga auaha Māori.

**Representation:** Promote authentic, grounded representation of Māori cultural content and stories of high-quality films led by Māori creatives.

* **Tikanga:** whakahaerehia he wānanga ahumahi, he aronga mahi ngātahi anō hoki e pā ana ki ngā tikanga, ngā aratohu rānei, e Māori ai te kawe i ngā pakiwaitara, i ngā tikanga, me te whakawhānui i ngā ara e whai wāhi mai ai te hunga auaha Māori.

**Protocols:** Facilitate industry discussion and collective co-operations on key protocols or guidelines on culturally responsible storytelling, culturally safe practices, and generating improved opportunities for Māori creatives.

* **Raukaha me te Āheinga:** Tautokona te whanaketanga o te raukaha mā roto mai i ngā kaupapa whakapakari me te mahi ngātahi, e angitu ai tā te Māori whakaputa i āna kiriata.

**Capacity and Capability:** Support capacity development through initiatives that increase progression and collaboration for Māori to successfully bring their films to fruition.

* **Rangatiratanga:** whakatairangahia ngā ara whakatipu i te kounga o ngā mahi mā ngā Māori auaha. Ārahina, tautokona te whakaaweawetia o ngā pakiwaitara o Aotearoa, whakatinanahia te rangatiratanga, kia whakatupua ō mātou ake nā āheitanga, tikanga whakahaere anō hoki.

**Leadership:** Facilitate recognition and opportunities that grows the calibre of craft for Māori creatives, provide guidance and support that influences stories of Aotearoa, demonstrate leadership of NZFC in growing our own capability and cultural competency as an organisation.

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

This strategy is driven by a mission to place diversity and inclusion at the heart of all we do, attracting and empowering stories and storytellers that are fully reflective of Aotearoa. The strategy lays out initiatives centred around five strategic outcomes:

* He ahurea wāhi mahi kanorau, hao i te katoa, ōrite hoki mō te katoa, tō Te Tumu Whakaata Taonga
The NZFC has a workplace culture that is diverse, inclusive and equitable
* Kei te mārama mātou ki te āhua o tō mātou ahumahi, kua kitea hoki te ahunga whakamua o te kanorau me te hao i te katoa

We understand the makeup of our industry and see progress in diversity and inclusion

* E wātea ana ngā tikanga mahi, ngā hātepe me ngā ratonga a Te Tumu Whakaata Taonga

NZFC practices, processes and services are accessible

* E ōrite ana, e hao ana i te katoa ngā whāinga wāhi whanaketanga kaimahi, pūkenga hoki
Talent and skills development opportunities are equitable and inclusive
* Ka kitea ngā ao miro maha, i te tirohanga kāmera, i waho hoki i te tirohanga kāmera
Diverse realities are represented on and off camera

The strategy can be read in full on [our website.](https://www.nzfilm.co.nz/resources/he-ara-whakaurunga-kanorau-i-nzfc-diversity-and-inclusion-strategy) Progress reports on the Strategy are delivered to the Board twice a year and published on the NZFC website [here.](https://www.nzfilm.co.nz/resources/he-ara-whakaurunga-kanorau-diversity-and-inclusion-strategy-progress-reports)

**Te Tau Kei Mua |The Year Ahead**

The NZFC is acutely aware of the evolving environment in which we are working. NZFC is now adapting to materially less revenue to invest in the sector from July 2024 compared to the previous three years. This fiscal environment is affecting people and businesses right across Aotearoa New Zealand and the film sector is experiencing the same high inflation and increasing cost of living as all of Aotearoa. NZFC has also seen record demand for its funding in the last few years. When COVID-19 hit in 2020, cinema attendance plummeted, and screen production was disrupted by health restrictions including lockdowns. NZFC changed its way of working to allocate $50M of one-off government funding in the form of Te Puna Kairangi Premium Production Funding, $14.4M for the Screen Production Recovery Fund, and $2M for Screen Sector Capability, all of which came over the first three years of the pandemic.

Our fiscal planning for the year ahead will be shaped by four factors:

* The tight fiscal environment
* The end of COVID-19 funding
* Changes to the way NZLGB allocates funding
* A reduction in Government baseline funding
* Assessment of the NZFC's role in film collection and archiving

The targets and budgets set for this year show how we intend to invest funding and measure our progress. We see this as our change year, with a new strategic approach as outlined in the 2024/28 SOI. We have some new measures and targets to reflect this.

We recognise and uphold the principles of partnership, protection and participation in Te Tiriti o Waitangi and will continue to support the Maihi Karauna in 2024/25 by implementing activities from our He Taonga te reo Māori mahere reo – The Language is a highly valued treasure – NZFC Māori Language Plan (2021-2025).

The plan supports the ongoing revitalisation of Māori language as an enduring taonga of Aotearoa and activities include supporting staff with te reo Māori courses, developing a glossary of te reo Māori terms in the film industry, translations for key corporate documents and the celebration of annual events such as Waitangi Day, Matariki and Te Wiki o te Reo Māori.

As an organisation we are committed to managing and reducing our carbon emissions in support of the national target of achieving net zero carbon emissions by 2050. The NZFC joined Toitū Envirocare’s carbon reduce programme in 2022 to help identify and measure our carbon emissions and establish a base year of emissions data for the NZFC. The results of our annual carbon audit are used to support our Emissions Management and Reduction Plan that sets emission reduction targets.

A target has been set to reduce overall carbon emissions by 6% per annum.

**Tāpaetanga Whakaarotau a te Kāwanatanga | Contribution to Government Priorities**

The NZFC has a role in delivering government outcomes and priorities, specifically priorities for Arts, Culture and Heritage and the government’s economic plan.

**Cultural Sector Outcomes:**

We are part of the cultural sector and contribute to the sector’s vision “Culture is thriving, the people are well.” Manatū Taonga has identified five success descriptors, which form part of our strategic framework:1

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

As we implement our new strategy, we will be considering how we can contribute to the five focus areas identified in the Manatū Taonga Long-term Insights Briefing and we will engage on the work programme for the social cohesion strategy.

**Economic Outcomes:**

Managing a strong economy is a priority for the government, and the NZFC will focus on ensuring that public money is being invested effectively. To support this, we have embarked on a programme of change to streamline our organisation, increase efficiency, and reduce spending. Our prospective financial statements and performance assessment reflects this.

The NZFC will continue to work with MBIE to ensure that our activity maximises economic benefits for New Zealanders and supports the government’s economic plan.

**Minister’s Letter of Expectations:**

The Responsible Minister writes to the NZFC each year outlining the government’s expectations for the

forthcoming performance year. In the 2024/25 Letter of Expectations, four specific expectations for the NZFC are noted:

1. Ensure it operates efficiently and effectively and maintains a focus on driving down costs and seeking operational improvements whenever it can, to best achieve more sustainable cost- effective delivery of services.

In a rapidly changing environment with new challenges, technologies, and growing competition, we need to make sure we are focused and use our resources to target how we can best add value to an industry of significant importance to Aotearoa. Given this, the NZFC has embarked on a programme of change to streamline our organisation and increase efficiency.

This includes a restructure of our organisation and a new Statement of Intent 2024-28 that addresses the key challenges, opportunities and focus on priority areas for the NZFC.

1. Ensure the productions it funds result in a quality product, which is well received by both New Zealand and international audiences; and collaborate with those in the sector who hold expertise in working on the international stage to ensure productions maximise the reach of overseas audiences.

The NZFC will be placing focus on investing in the development, production and promotion of high quality, engaging films and ensuring that films are fully developed prior to production – encouraging early engagement with market partners. A high priority during assessment of funding applications will be on audience preferences and funding films that are written and crafted by exceptional New Zealand creatives that display bold, distinctive voices. To help us track the progress and success of these objectives, we will monitor annual admissions in New Zealand cinemas, views of New Zealand films on New Zealand digital platforms (to the extent that streamers provide data), and the number of New Zealand films that are invited to premiere at international film festivals.

1. Report on performance in a manner that is clear on the extent to which NZFC is achieving its objectives and represents value for money

Reports are provided to Manatū Taonga each quarter to report on performance against expectations and our Annual Report sets out detailed information about our performance and how our funding programmes are making a difference to New Zealanders. We work closely with the Monitoring Team at Manatū Taonga to discuss reporting and welcome feedback and suggestions for improvement. It is expected there will be refinements and changes to planning and reporting documents as the NZFC shifts to meet challenges and significant changes to the screen industry

1. Support Manatū- Taonga to undertake policy work on strategy, and legislative and regulatory reform, as required. This includes, for example, work on options for an efficient and effective system for funding content in New Zealand through greater alignment and efficiency with NZ On Air.

We maintain a productive working relationship with Manatū Taonga to undertake policy, strategy, and legislative work. We also collaborate regularly with NZ On Air and Te Māngai Pāho through an initiative called Mahi Tahi which aims to create alignment and consistency across the screen sector, and to share resources and find efficiencies. The NZFC looks forward to continuing this collaboration over the next year.

The development of this SPE and the 2024-28 SOI has regard to these expectations, and we will report on how we are meeting these in our Quarterly Reports to Manatū Taonga and our Annual Report.

**He Anga mō te Rautaki me ngā Whakatutukinga Mahi | Strategic and Performance Framework**

Our strategic framework shows what drives NZFC and how we work. 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 Manatū Taonga. This appropriation is intended to achieve high quality New Zealand arts and film production for New Zealand and international audiences, the development of New Zealanders in the arts, supporting access and participation by New Zealanders in the arts, encouraging innovation and excellence through the support of new work and presentation of arts and film to New Zealand.

**Output 2 – “Economic Development: Attracting International Screen Productions”** within Vote Business, Science and Innovation, administered by MBIE. This appropriation is intended to achieve the attraction 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.

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| --- | --- | --- |
| **Outcomes for NZ[[1]](#footnote-2)** | Achieve high quality New Zealand arts and film production for New Zealand and international audiences, the development of New Zealanders in the arts, supporting access and participation by New Zealanders in the arts, encouraging innovation and excellence through the support of new work and presentation of arts and film to New Zealand | Achieve the attraction 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 |
| **Cultural Capital[[2]](#footnote-3)** | 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 |
| **NZFC Strategic Objectives** | **Build consistent creative and commercial excellence in filmmaking** | **Empower and champion authentic and diverse films that are uniquely of Aotearoa and maximise audiences for New Zealand films** | **Collaborate strategically to promote employment and productivity in the New Zealand film industry** | **Invest in talent by supporting capability development with diversity, equity and inclusion at its core** |
| **Output Class** | Output 1 | Output 1 | Output 1 &2 | Output 1 |
| **How?** | Strategically invest in the development, production and promotion of high quality, engaging filmsEnsure films are fully developed prior to production and encourage early engagement with market partnersFund films written and crafted by exceptional New Zealand creatives that display bold, distinctive voices | Embed our Rautaki Māori strategy and continue to ring-fence funding for te reo Māori filmsFund films that reflect the diversity of experiences and perspectives in AotearoaAudience preferences – what, where and how they choose to view - are a high priority | Collaboration with other screen agencies, guilds and industry bodiesOptimise the international productions choosing New Zealand as a production baseEnsure the NZSPR continues to be administered with high levels of expertise and efficiency | Identify and support filmmakers with strong creative ideas in development that have potential to move into productionIdentify and nurture talented filmmakers from our diverse communities and provide opportunities for equity in their engagement and participation in the film industryCo-invest with key stakeholders to deliver targeted talent development initiativesElevate indigenous Māori identity and cultural taonga for responsibly storytelling in Aotearoa |
| **Desired Result** | New Zealand films are highly sought after locally and globallyDistribution, exhibition and audience voice are valued considerations at all stages of filmmakingNew Zealand films are critically well received and regularly invited to premiere at prestigious film festivals | Māori films are a powerful voice of Aotearoa in the worldFilms that reflect New Zealand’s diverse cultures and communitiesNew Zealand and international audiences choose New Zealand films | Greater consistency for production industry and increased sector efficiency, effectiveness and capabilityA strong pipeline of international production in New Zealand, supporting employment, workforce and skills development, and thriving screen businessesThe NZSPR is robust and ensures New Zealand maintains a sufficiently competitive position globally, for both international and domestic production | Films developed with funding from NZFC go on to be madeEnable targeted professional talent development opportunities for a diverse range of filmmakersTalent development is closely linked to industry needs and its prioritiesMāori language and culture is a taonga, to be nurtured and celebrated |
| **What does success look like?** | NZFC funded films are licenced by distributors in Aotearoa and overseasNZFC-funded films have commercial success We see an increase in the percentage of NZFC-funded films selected for premiere film festivals | Films featuring te reo Māori are a critical and commercial successNZFC-funded films reflecting New Zealand identity and culture are selected to screen at New Zealand film festivalsNew Zealanders are watching NZFC-funded films in cinema and on digital and other platforms | The NZFC delivers projects in collaboration with screen industry partners that support employment in the film industryThe percentage of cast and crew employed on international productions receiving the NZSPR remains consistentNew Zealand is viewed as world leading destination for screen production | Writers, producers, and directors funded through NZFC talent development initiatives go on to create feature filmsAn increase in projects funded with key creatives from underrepresented communitiesMore New Zealand filmmakers are globally recognisedAuthentic representation of Māori cultural content and stories are crafted by Māori creatives and screened for all New Zealanders |

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

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| --- | --- | --- | --- | --- |
|  | **Budget** | **Budget** | **Forecast** | **Actual** |
|  | FY24/25 | FY23/24 | FY23/24 | FY22/23 |
|  | $ | $ | $ | $ |
| **A. Revenue** |  |  |  |  |
| Crown revenue – MCH | 5,196 | 5,401 | 5,401 | 5,401 |
| Crown revenue – MCH Covid Recovery Funds | 0 | 0 | (2,059) | 692 |
| Lotteries Grant Board | 22,875 | 21,500 | 21,500 | 23,681 |
| Other revenue | 2,896 | 2,710 | 3,588 | 3,160 |
| **Total Revenue** | **30,967** | **29,611** | **28,430** | **32,934** |
| **B. Output Expenses** |  |  |  |  |
| Production & Development Funding | 24,873 | 25,587 | 17,390 | 24,146 |
| Attractions & Marketing | 1,404 | 1,433 | 1,191 | 1,395 |
| Co-Productions and Incentives | 30 | 271 | 246 | 262 |
| Industry Travel Support | 515 | 515 | 487 | 402 |
| Premium and Screen Recovery Funds | 0 | 0 | (2,059) | 1,377 |
| **Total Funding Expenditure** | **26,822** | **27,806** | **17,255** | **27,582** |
| Personnel | 4,949 | 5,621 | 5,697 | 5,610 |
| Corporate overheads | 2,993 | 2,085 | 2,479 | 2,366 |
| **Total Output 1 Expenses** | **34,765** | **35,512** | **25,431** | **35,558** |

**Output 2: Vote Business, Science and Innovation**

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| --- | --- | --- | --- |
| **Budget** | **Budget** | **Forecast** | **Actual** |
| FY24/25 | FY23/24 | FY23/24 | FY22/23 |
| $ |  | $ | $ | $ |
| **A. Revenue** |  |  |  |  |
| Crown revenue – MBIE | 1,300 | 1,300 | 1,300 | 1,300 |
| **Total Revenue** | **1,300** | **1,300** | **1,300** | **1,300** |
| **B. Output Expenses** |  |  |  |  |
| Int. screen business attraction | 356 | 395 | 398 | 296 |
| Int. screen promotion | 68 | 170 | 141 | 25 |
| Screen Incentive administration | 281 | 109 | 281 | 144 |
| **Total Funding Expenditure** | **705** | **674** | **820** | **466** |
| Personnel | 725 | 725 | 725 | 870 |
| Corporate overheads | 219 | 219 | 219 | 226 |
| **Total Output 2 Expenses** | **1,649** | **1,618** | **1,764** | **1,561** |

The forecast film investment targets and performance expectations related to the NZFC’s 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 cyclical nature of the industry), funds will be held over for the following financial year.

**Aromatawai Whakatutukinga Mahi | Performance Assessment**

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| 1. **BUILD CONSISTENT CREATIVE AND COMMERCIAL EXCELLENCE IN FILMMAKING**
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| --- | --- | --- | --- |
| **Measure** | **Actual 2022/23** | **Target 2023/24** | **Target 2024/25** |
| 1a. Number of NZFC-funded films that secured more than 50,000 admissions at the New Zealand box office (Admissions during one-year time-period 1 July – 30 June financial year) | 3 | 2 | 2 |
| 1b. Total annual admissions at the New Zealand box office for all NZFC-funded feature films (Admissions during 1 July – 30 June financial year)[[3]](#footnote-4) | 398,697 | 400,000 | 200,000 |
| 1c. Number of NZFC-funded feature and short films that are selected for premiere film festivals[[4]](#footnote-5) | 11 | 10 | 10 |
| 1d. 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 2018- 30 June 2025) | 5 | 6 | 6 |
| 1e. Number of feature film directors whose NZFC-funded short film(s) have screened at premiere film festivals (during the five-year period 1 July 2020 – 30 June 2025) | 3 | 4 | 4 |

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| 1. **EMPOWER AND CHAMPION AUTHENTIC AND DIVERSE FILMS THAT ARE UNIQUELY OF AOTEAROA AND MAXIMISE AUDIENCES FOR NEW ZEALAND FILMS**
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| --- | --- | --- | --- |
| **Measure** | **Actual 2022/23** | **Target 2023/24**  | **Target 2024/25** |
| 2a. Number of short films and feature films in te reo Māori receiving NZFC development or production funding[[5]](#footnote-6) | 10 | 3 | 2 |
| 2b. Percentage of NZFC-financed long-form screen stories that are culturally significant (over a three-year time frame)[[6]](#footnote-7) | 91% | 80% | 80% |
| 2c. Number of NZFC-funded long-form screen stories to screen in the New Zealand international Film Festival or Doc Edge Film Festival  | 11 | 10 | 10 |
| 2d. Percentage of New Zealanders who agree that New Zealand screen stories are important[[7]](#footnote-8) | 86% | 90% | 90% |
| 2e. Percentage of New Zealanders who have seen a New Zealand film in the last 12 months[[8]](#footnote-9) | 50% | 55% | 55% |
| 2f. Number of NZFC-funded films released in the last five years that secured more than 100,000 viewers on New Zealand television or digital platforms in the financial year | N/A | N/A | New Measure |

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| 1. **COLLABORATE STRATEGICALLY TO PROMOTE EMPLOYMENT AND PRODUCTIVITY IN THE NEW ZEALAND FILM INDUSTRY**
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| **Measure** | **Actual 2022/23** | **Target 2023/24**  | **Target 2024/25** |
| 3a. Percentage of New Zealand cast employed on international productions receiving the NZSPR[[9]](#footnote-10) | N/A | N/A | 60% |
| 3b. Percentage of New Zealand crew employed on international productions receiving the NZSPR | N/A | N/A | 90% |
| 3c. Number of enquiries for prospective productions serviced within the financial year[[10]](#footnote-11)  | 82 | 30 | 30 |
| 3d. Number of international productions starting principal photography within the financial year | 7 | 8 | 8 |
| 3e. Number of international screen productions submitting new registrations for the NZSPR[[11]](#footnote-12) | N/A | 10 | 18 |
| 3f. Percentage of international stakeholders who agree that New Zealand is considered a world leading destination for screen production[[12]](#footnote-13)  | 75% | Biennial measure | 80% |

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| 1. **INVEST IN TALENT BY SUPPORTING CAPABILITY DEVELOPMENT WITH DIVERSITY, EQUITY AND INCLUSION AT ITS CORE**
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| **Measure** | **Actual 2022/23** | **Target 2023/24**  | **Target 2024/25** |
| 4a. Percentage of long-form screen stories produced with NZFC development support (direct or devolved)[[13]](#footnote-14)  | N/A | N/A | New measure |
| 4b. Percentage of short films and feature films that receive NZFC production funding with a woman or gender-diverse director attached | 41% | 50% | 50% |
| 4c. Percentage of short films and feature films that receive NZFC development and/or production funding with Māori practitioners in at least two key creative roles[[14]](#footnote-15) | 25% | 20% | 20% |
| 4d. Number of Māori practitioners supported through Te Rautaki Māori talent development initiatives  | 16 | 15 | 15 |
| 4e. Total number of writers, producers and directors 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 | 46 | 30 | 30 |

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| **ORGANISATIONAL HEALTH**  |

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| --- | --- | --- | --- |
| **Measure** | **Actual 2022/23** | **Target 2023/24**  | **Target 2024/25** |
| Annual Staff engagement survey – performance index | 74% | 68% | 68% |
| All staff are offered learning in te reo Māori and/or tikanga Māori  | Achieved | Achieved | Achieve |
| NZFC staff agree that people from all backgrounds and cultures feel included, welcomed and valued in the organisation[[15]](#footnote-16) | N/A | New Measure | 90% |
| Reduce overall carbon emissions by 6% per annum | N/A | New Measure | Achieve |
| Complete an annual review of the NZFC Pay Gap Action Plan | N/A | New Measure | Achieve |

**Pūrongo Pūtea E Tū Mai Nei | Prospective Financial Statements**

The prospective financial statements provide all appropriate financial information and explanations needed to fairly reflect the prospective financial operations and financial position of the NZFC for the year ending 30 June 2025 in accordance with section 149G of the Crown Entities Act 2004.

#### Prospective Statement of Financial Performance

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Budget** | **Budget** | **Forecast** | **Actual** |
|  | FY24/25 | FY23/24 | FY23/24 | FY22/23 |
|  | $ | $ | $ | $ |
| **Revenue** |  |  |  |  |
| Crown revenue – MCH | 5,196 | 5,401 | 5,401 | 5,401 |
| Crown revenue – MBIE | 1,300 | 1,300 | 1,300 | 1,300 |
| Government Covid Recovery Grants | 0 | 0 | (2,059) | 692 |
| Lottery Grants Board grant | 22,875 | 21,500 | 21,500 | 23,681 |
| Film income and sales commission | 1,175 | 1,450 | 667 | 1,190 |
| Interest received and other income | 1,721 | 1,260 | 2,921 | 1,970 |
| **Total revenue** | **32,267** | **30,911** | **29,729** | **34,233** |
| **Expenditure** |  |  |  |  |
| Production & Development Funding | 24,873 | 25,587 | 17,390 | 24,146 |
| Attractions & Marketing | 1,828 | 1,828 | 1,730 | 1,691 |
| Co-Productions and Incentives | 311 | 550 | 527 | 432 |
| Industry Travel Support | 515 | 515 | 487 | 402 |
| Premium and Screen Recovery Funds | 0 | 0 | (2,059) | 1,377 |
| Corporate | 3,212 | 2,304 | 2,698 | 2,592 |
| Personnel costs | 5,674 | 6,346 | 6,422 | 6,480 |
| **Total expenditure** | **36,414** | **37,130** | **27,195** | **37,119** |
|  |  |  |  |  |
| **Net Surplus/(Deficit)** | **(4,147)** | **(6,219)** | **2,534** | **(2,885)** |

|  |
| --- |
| **Prospective Statement of Financial Position** |
|  | **Budget** | **Budget** | **Forecast** | **Actual** |
|  | FY24/25 | FY23/24 | FY23/24 | FY22/23 |
|  | $ | $ | $ | $ |
| **Equity** |  |  |  |  |
| Accumulated Funds | 11,173 | 5,445 | 15,320 | 12,786 |
| **Total Equity** | **11,173** | **5,445** | **15,320** | **12,786** |
| *Represented by:* |  |  |  |  |
| **Current Assets** |  |  |  |  |
| Cash and cash equivalents | 3,002 | 3,000 | 2,418 | 4,411 |
| Term deposits | 27,000 | 20,000 | 32,500 | 41,000 |
| Accounts receivable | 4,200 | 4,710 | 4,200 | 8,065 |
| **Total current assets** | **34,202** | **27,710** | **39,118** | **53,476** |
| **Non Current Assets** |  |  |  |  |
| Fixed assets | 1,021 | 450 | 574 | 359 |
| **Total non-current assets** | **1,021** | **450** | **574** | **359** |
| **Total Assets** | **35,223** | **28,160** | **39,692** | **53,835** |
| **Current Liabilities** |  |  |  |  |
| Accounts payable | 3,000 | 3,000 | 3,000 | 8,008 |
| Employee entitlements | 200 | 300 | 200 | 473 |
| Film income account | 850 | 500 | 1,472 | 301 |
| Project commitments | 20,000 | 18,915 | 19,700 | 32,267 |
| **Total current liaibilities** | **24,050** | **22,715** | **24,372** | **41,049** |
| **Net Assets** | **11,173** | **5,445** | **15,320** | **12,786** |

|  |
| --- |
| **Prospective Statement of Cash Flows** |
|  | **Budget** | **Budget** | **Forecast** | **Actual** |
|  | FY24/25 | FY23/24 | FY23/24 | FY22/23 |
|  | $ | $ | $ | $ |
| **Cash flows from operating activities** |  |  |  |  |
| Receipts from the Crown and other revenue | 32,067 | 31,000 | 32,591 | 57,005 |
| Interest received | 1,721 | 1,250 | 2,327 | 1,600 |
| Production funding, marketing, industry support, suppliers and employees | (35,209) | (34,250) | (29,083) | (70,594) |
| Goods and services tax (net) |  | 0 | (48) | (59) |
| **Net cash from operating activities** | **(2,942)** | **(2,000)** | **5,787** | **(12,048)** |
| **Cash flows from investing activities** |  |  |  |  |
| Sale of investments | 36,000 | 30,000 | 39,000 | 80,500 |
| Purchase of investments | (32,000) | (30,000) | (46,000) | (69,500) |
| Purchase of property, plant and equipment | (474) |  | (780) | 1 |
| Sale of property, plant and equipment |  |  | 0 | (86) |
| Purchase of intangible assets |  |  |  | 0 |
| **Net cash from investing activities** | **3,526** | **0** | **(7,780)** | **10,915** |
| **Cash flows from financing activities** | 0 | 0 | 0 | 0 |
| **Net increase/(decrease) in cash at bank** | **584** | **(2,000)** | **(1,993)** | **(1,134)** |
| Opening cash at bank | 2,418 | 5,000 | 4,411 | 5,545 |
| **Closing cash at bank** | **3,002** | **3,000** | **2,418** | **4,411** |

Notes to Prospective Statements of Account

**FINANCIAL PLANNING ASSUMPTIONS**

In the prospective financial statements for the year ending 30 June 2025 we have assumed that:

1. Our core business will remain unchanged with financing the production of New Zealand feature films/screen stories remaining the most important activity.
2. We will continue to take commercial recoupment positions in the films we invest in.
3. Film income estimated as $1.175M and interest received estimated as $1.72M 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.
4. The increase in corporate costs between FY23/24 and FY24/25 assumes that there is high potential for significant legal costs borne out of activities passed onto the Serious Fraud Office in FY23/24, further costs for stronger data protection and ICT resilience and research activity into our changing audience behaviours. These costs are considered one off and are not, as at time of reporting, definitive, rather these costs are provisioned based on our reasonable expectation that they are most likely to occur.

The year ending 30 June 2024 will result in a surplus position which will be reinvested into FY24/25. The NZFC will run a deficit position of $4.5M.

**REPORTING ENTITY**

Pursuant to the New Zealand Film Commission Act 1978, the NZFC was established on 13 November 1978 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 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 and 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**

The prospective financial statements of the NZFC have been prepared in accordance with the requirements of the Crown Entities Act 2004, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

The prospective financial statements have been prepared in accordance with Tier 1 PBE accounting standards. These financial statements comply with PBE accounting standards.

These prospective financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the year.

 **Functional and presentation currency**

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar.

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**

**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 allocations**

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.

 **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 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:

1. The funding has been approved by the relevant NZFC decision-making body;
2. The funding recipient has been advised; and
3. It is probable (more likely than not) that the funded proposal will be completed.
1. <https://www.treasury.govt.nz/publications/estimates/vote-arts-culture-and-heritage-social-services-and-community-sector-estimates-appropriations-2022-23> [https://www.treasury.govt.nz/publications/estimates/vote-business-science-and-innovation-economic-development-and- infrastructure-sector-estimates-appropriations-2023-24](https://www.treasury.govt.nz/publications/estimates/vote-business-science-and-innovation-economic-development-and-%20infrastructure-sector-estimates-appropriations-2023-24) [↑](#footnote-ref-2)
2. <https://www.mch.govt.nz/publications/strategic-intentions-2021-2025> [↑](#footnote-ref-3)
3. This measure has fluctuated over the past four years due to COVID-19 and the impact on cinemas. Due to changing cinema habits, we are reducing this target to our pre-COVID target of 200,000. [↑](#footnote-ref-4)
4. Premiere film festivals are Cannes, Berlin, Toronto, Sundance, Venice, Melbourne, Rotterdam, SXSW, Tribeca, IDFA, Clermont Ferrand, Busan, Sydney and Hot Docs. [↑](#footnote-ref-5)
5. The majority of dialogue must be in te reo Māori. [↑](#footnote-ref-6)
6. 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 this criteria. [↑](#footnote-ref-7)
7. Based on responses to a survey of 1000 randomly selected New Zealanders asking “Do you believe New Zealand screen stories are important?” [↑](#footnote-ref-8)
8. 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?” [↑](#footnote-ref-9)
9. Measures 3a and 3b have previously been combined (measuring the percentage of cast and crew). These have been separated in 2024/25. [↑](#footnote-ref-10)
10. This includes both new and existing prospects. A “new” prospect is a new enquiry related to an actual production, one which we assess to have meaningful potential to be made in New Zealand at some point in time. An “existing” prospect is an enquiry first received during a previous period, and continuing to engage. This measure is specifically in relation to the MBIE appropriation of $1.3M. [↑](#footnote-ref-11)
11. This measure is specifically in relation to the MBIE appropriation of $1.3M. This measure includes both live action and PDV. [↑](#footnote-ref-12)
12. Calculated from the NZFC biennial stakeholder survey. The percentage of respondents (producers or studio executives who have made enquiries about international productions of the NZSPR International) who strongly agree with the statement: New Zealand is a leading destination for screen production. [↑](#footnote-ref-13)
13. 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 NZSPR-NZ. Development support includes funding through schemes such as Seed, Early Development, Advanced Development, He Ara, Boost or Whakawhanake Kiriata: Māori Development Funds. [↑](#footnote-ref-14)
14. Key creatives are defined as writer, director, producer. [↑](#footnote-ref-15)
15. Calculated from an annual survey conducted with staff. This is one of the targets set out in He Ara Whakaurunga Kanorau Diversity and Inclusion Strategy. [↑](#footnote-ref-16)