

Production Budget Expectations

Updated June 2024

A. Purpose

This document outlines NZ On Air’s requirements and expectations around acceptable budget/line items for funded projects. It should inform the production budget you submit as part of your funding application and should be read in conjunction with the [other documents that help you structure your application](#).

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

B. Introduction

NZ On Air aims 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.

C. Budget format

NZ On Air expects budgets to be submitted in Excel format and presented in a way that shows how individual budget line items have been calculated and the cost unit, rate and period of time that underpin these calculations.

The more detailed your breakdown, showing how you are calculating your production’s costs, the better clarity for NZ On Air around the true costs associated with your application and its scale.

1500	PRODUCTION/ASSIST DIRECTOR					
1500	Production Manager	1	12 wks	Weekly Rate	Weeks (12.0) x Rate	
1500	1st AD	1	4.5 weeks	Weekly Rate	Weeks (4.5) x Rate	
1500	Continuity	1	4 wks	Weekly Rate	Weeks (4.0) x Rate	
1500	Production Assistant/Runner	1	10 wks	Weekly Rate	Weeks (10.0) x Rate	
						SUBTOTAL
1600	CAMERA					
1601	DOP	1	15 days	Daily Rate	Days (15.0) x Rate	
1602	DOP Prep	1	6 days	Daily Rate	Days (6.0) x Rate	
1603	B-Cam Operator	1	16 days	Daily Rate	Days (16.0) x Rate	
1604	Data Wrangler/BTS camera	1	15 weeks	Weekly Rate	Weeks (15.0) x Rate	
1605	Camera Assist	1	15 weeks	Weekly Rate	Weeks (15.0) x Rate	
						SUBTOTAL

NZ On Air also expects to see the budget ordered in the following way:

1. Above The Line Costs
2. Below The Line Costs
3. Contingency (if applicable)
4. Production Company Overhead (if applicable)

Please see further guidance at Paragraph H on the calculations for Contingency and Production Company Overhead budget lines.

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

NZ On Air will not accept budget line items that are considered to be the usual business costs of content commissioning and acquisition, regardless of who funded the content.

Here are examples of specific costs NZ On Air does not generally expect to provide funding towards nor form part of the commissioning platform's in-kind/non-cash resource contribution.

- **Commissioning fee:** This includes any fee payable to the commissioning platform for the normal oversight of projects, including but not limited to: 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:** All producing fees in the budget should go to the production company (or third party individuals contracted for the production only) and not the commissioning platform. 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 typically 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). If a production has a heightened legal risk we would expect to see this acknowledged in the proposal with a plan to manage and finance this risk agreed between the platform and production company.
- **Platform's internal promotional fee:** Promotion of a production is largely 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.
 - Applications can include costs to create marketing campaigns to drive discoverability. But this should not replace the promotion contributions from supporting platforms, particularly larger platforms with dedicated marketing departments. **Please read our [Discoverability Guidelines](#) for more information about marketing costs in your budget.**

E. Internal and Related Party costs

NZ On Air requires a Production Company's Internal and Related Party costs to be identified in the budget submitted as part of your funding application. These costs will be reviewed as part of our assessment process at the time of application and will be further assessed for final sign off at the time of contract initiation if funding is approved.

By Related Party Costs, we mean any payment intended to be made 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.

Internal and Related Party budget lines should be highlighted, as they are in the example below.

1100 WRITING							
1101 Writers Fees	1	7 eps	Weekly Rate	Eps (7) x Rate			
1102 Writers Fees	1	1 eps	Weekly Rate	Eps (1) x Rate			
1103 Script Consultants	1	1 allow	Fee	Fee			
1104 Writers Room	8	3.0 days	Daily Rate	Writers (8) x Days (3.0) x Rate			
							SUBTOTAL
1200 DIRECTORS							
1201 Director Fees	1	8 eps	Rate	Eps (8) x Rate			
							SUBTOTAL
1300 PRODUCERS							
1301 Producer	1	1 fee	Fee	Fee			
1302 Co-Producer	1	1 fee	Fee	Fee			
							SUBTOTAL
TOTAL ABOVE THE LINE							TOTAL

In-kind and non-cash contributions in the budget

NZ On Air will accept the use of in-kind or non-cash resources in the production budget, provided that the value of any such resource is clearly shown in the production budget (see example below). NZ On Air would expect that all non-monetary transactions and resources are supported by contractual agreements, recording the transaction and the value associated with it.

3300 OFFLINE EDIT							
3301 Editor	1	6.0 weeks	Weekly Rate	Weeks (6.0) x Rate			
3302 Assistant Editor	1	100 hrs	Hourly Rate	Hours (100) x Rate			
3303 Edit Suite Hire	1	6.0 weeks	Weekly Rate	Weeks (6.0) x Rate			
3304 External hard drives	8	1 allow	Fee	Fee			
							SUBTOTAL
3400 SOUND POST							
3401 Sound Foley & Design	1	8 eps	Rate	Eps (8) x Rate			
3402 Sound Mix	1	8 eps	Rate	Eps (8) x Rate			
3403 Sound Suite - Design & Mix	1	1 allow	Fee	Fee			
3404 Music Composition, Rights and Clearances	1	8 eps	Rate	Eps (8) x Rate			
							SUBTOTAL

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 in the same manner as the above example.

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 would require an explanation as to why a Production Company must use this particular provider.

F. How to treat staff costs in a budget

When a Production Company is allocating a staff member's time to a production, that staff member should be charged at their actual salary rate. Staff entitlements associated with the

actual time spent working on the production may be included, such as: public holiday pay, overtime and KiwiSaver employer contributions.

NZ On Air requires that this rate only apply on actual hours spent working on the production (i.e. if they are taking annual or sick leave then there is no charge to the budget during that time).

G. Company or platform assets

You cannot make capital purchases (i.e. assets such as cameras, laptops etc.) through your production budgets.

Any items (costumes, sets etc.) purchased using production budgets must be sold prior to submitting your final cost report. Exceptions may be made for productions anticipating a second season.

The income from sales of such items must be reported as part of a production's final cost report and can be used to offset any overages in the production budget or, otherwise, will form part of the production budget's underspend amount.

Charging for company or platform assets

- We would expect any internal capital assets to be rented to the production at below market rates.
- NZ On Air recognises that production companies must maintain and update equipment, however we would not expect to pay more on one piece of rental equipment for one production than the cost of purchasing the equipment.
- If NZ On Air funds multiple projects for one company at the same time, the same piece of equipment must not be charged out 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). NZ On Air may request additional information from a Production Company to verify whether this is occurring.
- Overhead costs (separate to the Production Company Overhead – see Section H) should be related to the funded production and proportionate to that production.

H. Production Company Overhead (PCO) and Contingency

A Production Company Overhead (PCO) is a budget cost that a production company can include and charge for in their production budget.

Contingency is a budget line that can be used to help offset overages in a production budget.

Both the PCO and Contingency should be no more than 10% of the cash Below the Line costs or 7% of the Total cash budget costs, respectively. Non-cash contributions in a production budget should not form part of the PCO or Contingency calculations.

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 and 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).

NZ On Air reserves its right to request a reduction in the proposed PCO or Contingency budget amounts of a submitted application's production budget.

I. Music/sync licensing for Scripted projects

NZ On Air can provide sync licencing funding for Scripted projects that plan to incorporate a significant amount of local music (both track licensing and composition) into their productions.

Please refer to the [current round information](#) for specific guidance on whether sync licencing applications will be accepted to the upcoming round, as there may be limitations due to funding constraints. We may not be able to accommodate all sync licensing requests.

You can indicate in your production funding application if you would like to allocate up to \$250k for sync licensing in addition to your budget. Your proposal should explain how your production will be demonstrably enhanced by sync licensing. Priority will be given to projects that present the strongest rationale for why a deeper integration of local music will elevate your project.

If your request for sync licensing is approved with your funding application, we will then require an indicative budget prior to contract initiation. Items in your budget might include the roles of music supervisor, composer and music clearance, as well as other costs including licences. Once approved, sync licensing costs will be ringfenced and cannot be reallocated for any other purpose within your production's budget.

At present, sync licensing funding requests for Non-Fiction projects are not eligible due to funding constraints. But if music is an integral part of your Non-Fiction project (i.e. a music documentary), this should be budgeted accordingly and your application will be considered as long as it contains detailed and accurate music costs. All productions should have reasonable provisions for music licensing in their application budgets.