

*OUTWARD SOUND Support Document*

*This document should be read in conjunction with completion of the relevant Outward Sound grant application template. Failure to follow the appropriate guidelines may render your application null and void.*

*Consult the Export Manager if you are unsure of any information contained herein.*

## **INTRODUCTION**

The purpose of providing assistance for market development initiatives is to encourage the entry of New Zealand music and musicians into global markets. New Zealand music industry practitioners (artists, managers etc) and firms (record companies, associated businesses) can apply for assistance through the programme with the implementation of a range of international market development activities including expenditure related to:

- Market visits.
- In-market representation.
- Publicity and promotion.
- Marketing materials.
- Showcases, trade fairs and other events.
- Market research.

The Outward Sound programme is implemented and managed by the New Zealand Music Commission. It is inclusive of music from all genres, styles and niches and applicants may target relevant markets around the world. Bands, composers, songwriters, producers and solo artists are able to benefit. Applicants at different stages of international market development can access the programme. The foundations of the programme are research, collaboration, network development and information sharing.

## **GUIDELINES FOR COMPLETING OUTWARD SOUND APPLICATION FORM**

Before sending in an application you must engage with the Outward Sound office to discuss your project and gain approval to apply for funding. This applies to resubmitting an application that was previously turned down, or any new project.

Applications must be completed electronically for ease of processing. You are required to print the whole document, sign the declaration page and supply an original copy when submitting your application. In addition to this it is essential to email a copy to [international@nzmusic.org.nz](mailto:international@nzmusic.org.nz) no later than 5pm on the closing day of the round.

A signed copy must be received by the Outward Sound office no later than 5pm on the closing day of the round, **no exceptions**.

***Handwritten applications will not be accepted.***

*General Points in Relation to the Grant*

- Market initiatives are eligible for a maximum of \$100,000 (GST inclusive) over a 3-year lifetime. (allowances will be considered in special circumstances)
- The minimum grant available is \$1,000 i.e. \$2,000 of eligible costs.
- The maximum grant available in any one stage is \$60,000 i.e. \$120,000 of eligible costs.
- Grants are funded on a dollar for dollar matched basis.
- Expenditure must be paid for in advance of reclaim.
- In the case of air travel applicants may be requested to show evidence of travel by boarding pass, therefore airline-boarding passes should be retained in all cases.
- Reporting is a mandatory requirement of all grants not only in direct relation to the project period, but also following the grant for statistical purposes.
- A portion of the grant will be with held until final reports have been submitted.
- Applicants must be GST registered. (For any exceptions please contact the Outward Sound office)
- It is essential you have a well thought out business plan for your proposed project.
- As this is a business development grants program you will need to show how this will grow your business internationally.

*Retrospective Funding*

Outward Sound grants are not retrospective. This means that the retrospective date is only allocated when a complete proposal has been received by the Outward Sound office. Any costs incurred before the application is received will not be eligible for reimbursement should the grant request be succesful.

*Internal Costs*

- Outward Sound grants do not cover internal staff costs i.e. salary or wage costs. Nor do they cover any business as usual costs already being incurred by the individual or company.
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## OUTWARD SOUND GRANT PROGRAM STAGES

**PLEASE NOTE: Applicants for all stages are required to present the Outward Sound office with an international market development package that includes recordings (such as audio, audio/visual and other media) and a press kit (including a biography, photographs and associated press coverage). This is essential for your application.**

### *Stage 1 - Market Development*

- Grants up to - \$10,000 i.e. Projects up to the value of \$20,000

Stage 1 of the Outward Sound grants enable representatives or artists to undertake a market development visit. This involves traveling to the desired market (or markets) and meeting with companies/individuals associated with your business plan. Stage 1 also supports costs related to showcasing opportunities, tradeshows and touring.

### *Stage 2 - In Market Support*

- Grants up to \$30,000 i.e. Projects up to the value of \$60,000

Stage 2 enables performance-orientated support by way of an in-market visit by export-ready artists and related business professionals, including showcases and tour support. In market professionals can be engaged in promotion and marketing.

Grants will be made available to applicants that have demonstrable evidence of interest and connection in the territory proposed and will be submitting an application with a full business and marketing plan.

### *Stage 3 - Market Infiltration*

- Grants up to \$60,000 i.e. Projects up to the value of \$120,000

Stage 3 will enable market infiltration by the artist including technical and touring support. Outward Sound grants at this level should enable the artist to maintain a presence in the territory for an extended period where there is potential high-level success.

Grants will be made available only to applicants who have achieved investment 'buy-in' from experienced in-market professionals and tangible support of the industry within that market (such as evidence of a potential advance on a recording or distribution deal, interest in signing a publishing contract, etc).

## REPORTING

In all cases detailed reporting is required at the end of each project and where projects last for more than six months, interim reporting will be required. Any reporting should:

- Describe the activities undertaken, the costs of those activities and any actual or potential gains made.
- Identify strategic networks being targeted or being used.
- Summarise the outcomes resulting from the trip.
- Modify or confirm the business plan (including, if appropriate, a schedule of next steps as a basis for further support).
- If applicable, contracts signed and other tangible outcomes.

## APPLICANT ELIGIBILITY

An applicant may be a business, music industry practitioner or artist, but must be:

- A clearly defined legal entity (e.g. individual person, company, registered partnership, trust).
- Artist must be a New Zealand citizen.
- Registered in New Zealand for tax purposes.
- Operating or intending to operate in a commercial environment.
- Financially viable to the extent that they can demonstrate how they can finance at least 50 percent of the cost of the marketing initiative.
- Able to demonstrate they have the capacity and capability (including financial, business planning and delivery support) to carry the initiative through to completion and commercialization.
- Crown entities, government departments and their agencies are ineligible for support from Outward Sound grants.

## MARKET ELIGIBILITY

The following requirements apply to each applicant's international market development initiatives when seeking an Outward Sound grant:

- The repertoire promoted must be by a New Zealand citizen.
- The initiative must have the realistic potential to increase the applicant's commercial viability and sustainability.
- The marketing initiative must add value to the applicant's existing business.
- The activities must have a new international focus and not comprise 'business as usual'.
- It is expected that the applicant retain a portion of the value of the business generated through the initiative in New Zealand.
- The application must demonstrate how the initiative could impact for the benefit of the New Zealand economy both quantitatively and qualitatively.
- The activity must be consistent with relevant laws and regulations.

## **ELIGIBILITY CRITERIA**

Market development expenditure must support a strategic market development initiative in an overseas territory. The assessment of eligible activity will take into account New Zealand's international multilateral and bilateral trade commitments.

Any or all of the following categories may be eligible provided they are justified by the applicant's business and marketing plan and are endorsed by the Commission's in-market intelligence and analysis. Only actual costs incurred by the applicant are eligible.

Applicants are expected to comply and obtain the relevant visas for the targeted territory as required.

## **ELIGIBLE COSTS**

### Market Visits

- Costs related to travel to particular international destinations.
- Applicants should look to find the most economically priced fare without causing unreasonable disruption to reach their destination. Please note that Outward Sound cannot fund business class flights.
- Accommodation.
- Travel insurance, work visas, and band equipment insurance are acceptable costs.
- Excess baggage costs for transporting band equipment.
- Hiring a tour vehicle.

### In-Market Representation

- In-market advisors and consultancy.
- Legal costs associated with the establishment of the in-market representation and directly applicable set up costs.
- Lawyer fees.
- Performance visa costs.

### Market-specific Advertising, Promotion and Collateral

- Consultants related to marketing, advertising, PR strategy and placement.
- Consultants related to design and production.
- Advertising and promotional placement costs.
- Freight costs directly related to the market development activity.
- Production costs directly related to any promotional material.

### Trade Fairs and Events

- Registration, stand and performance fees relating to attendance at trade fairs and events.
- Management costs associated with the specific events.
- Freight costs to send appropriate items to these events.

## INELIGIBLE COSTS

Ineligible costs include the following:

- Capital expenditure.
- Costs towards (or any subsidy of) the creation, production and distribution of the product that is being marketed and promoted internationally with Outward Sound support (e.g. commercial CDs).
- Costs directly associated with income-generating performances.
- Activity that would more appropriately be supported through the mandate of other agencies (such as Creative New Zealand, NZ On Air, NZ Trade & Enterprise), research and development more suited to the Foundation for Research Science and Technology (FRST), support and tourism-based marketing expenditure that is better suited for Tourism NZ.
- Costs that were not incurred, including redemption of loyalty rewards such as air miles or air points.
- Retrospective costs (i.e. costs incurred by the applicant prior to the completed application being received by the Commission).
- Costs related to existing roles within New Zealand and international markets
- Costs related to transfer pricing or discounts.
- External consultancy / invoiced work being undertaken off-shore by an immediate family member of the applicant, except where that individual is the established and bona fide business representative and demonstrably the best person to undertake the work.
- Costs of anyone with a financial interest in the marketing initiative (e.g. shareholder of the applicant company) except where that individual is the established and bona fide business representative and demonstrably the best person to undertake the work.
- Work being undertaken by the applicant's employees or employees/office holders of any subsidiary/associate/parent company except where that work is specifically for the market initiative and displacing their normal salaried or contracted role within the organization.
- Costs associated with making an application under any government assistance program.
- Taxis/transfers/parking costs unless pre approved by the export manager.
- Fines (Parking fines, speeding tickets etc)
- Cell phone/landline and internet charges.
- No additional allowances will be made for use of accommodation for meetings. Funding is for the primary purpose only i.e. as a place of accommodation. This means also that phone charges, room service, laundry, bar, valet etc are also ineligible.
- 'Business as usual' costs are not funded under this program. Costs related to (normal business) operating expenses, expenditure not related to the strategic market development initiative, business establishment and the purchase of assets. This means that the expenditure supported by the Outward Sound grants program must be directly related to an international market development initiative that aims for a significant improvement in the applicant's business situation. It could, for example, include a new geographical region, a new album release/project, a broader

consumer base, new opportunities for strategic relationships or other changes in the marketing mix and new market niches.

- Internal staff costs. I.e salary and wages.
- Band equipment i.e. strings, drum sticks, leads etc.

*Please note: this list is provided for information purposes and the Commission reserves the right to exclude other costs as ineligible if appropriate i.e. support inconsistent with New Zealand's trade obligations.*

## **OUTWARD SOUND APPLICATION FORM**

The information below relates to all Outward Sound applications.

### *Part One – Applicant Details*

This first section should be self explanatory to applicants. If you are applying for an Outward Sound grant and you are not a registered company, business partnership or sole traders, please verify with the International Manager that your application will be for consideration.

### *Part One – General Information*

This section allows the Commission to gain an understanding of the business or individual applying for funding. Applicants must have the ability to fund their share of the project costs and may be asked for evidence of this e.g. bank statement demonstrating that the funds exist or letter of sponsorship from private organisation partnering the project.

The financial table is designed to allow applicants to demonstrate that the project activity will translate into growth. These forecasts should be realistic. You may be asked for the basis of your assumptions. Please note that this is turnover history and forecasts (Gross revenue), please include all revenue streams in these figures.

The sales table is simply to demonstrate the sales history to date and projected local (and international where applicable) success of each recording project. Please also include any other sales streams, ie digital, ringtones, merchandising, touring etc.

### *Part Two – Project Plan*

This section is designed to allow applicants to put the essence of the project into their own words. Explain why the items being applied for are important and how the project would suffer if you were unable to complete the activities. If your project has multiple destinations and several relationships that you wish to establish, explain why they are linked, or mutually exclusive as the case may be.

Associated with the outline of the activities to be undertaken is the associated timelines and the way in which the Outward Sound grants program will be able to measure success. What would be a suitable milestone e.g. the trip was completed and a distribution contract signed.

The project plan should also include the following;

- i) Overview of the business or individual with a brief historical summary
- ii) The market niche that the project is intended to cater to
- iii) The current activity already occurring round the proposed activity
- iv) The new market being targeted, why and what research has been done to verify this
- v) Criteria which can be used to measure if the project is successful or not e.g. number of meetings completed during trip and what outcomes where achieved
- vi) The key people involved in the project
- vii) Tangible measures of success e.g. showcases, signed agreements
- viii) Any other factors that the applicant thinks relevant to the project

Funding is designed to allow you to focus on business activities. Therefore you must make a declaration if you intend to have any personal time within the funded activities i.e. taking a weeks holiday. This may result in a reduction of eligible funding.

#### *Part Three – Schedule of Project Cost*

You must complete this table for all individual items that you are wishing to apply for grants funding. It is recommended that you show the total cost of the project activity along with the eligible components so the grant assessment panel can see the total contribution that the applicant is making.

Please name the people taking part in the project. This is important as it shows how many people are travelling and this should be reflected in the costs.

The schedule of projected costs on the application form is divided into five cost areas.

These are:

- **Flights and Accom – National:** For travel costs in NZ only (e.g., travel to Auckland airport from Dunedin etc).
- **Flights and Accom – International:** This includes per diems.
- **Production:** Costs related to showcases e.g., backline hire, excess baggage costs, crew etc.
- **Administration:** This includes visas, legal costs, etc.
- **Marketing:** Marketing and promotional costs (e.g., in-market consultants, PR, pluggers, promotional items and promotional stock)
- **Trade Shows:** Costs associated with attending trade shows or other events (e.g., registration fees, stand hire costs, etc)

Where you have travel requirements, show the final destination that you will land in and if more than one sector flight is required, indicate this also e.g. flight from Auckland to Los Angeles and then internal flight to Austin. You are not able to claim the cost of rental cars or taxi/bus fares (unless expressly agreed on a case by case in advance).

Where you have accommodation, show the number of nights you will be staying and the location of the accommodation (city). If you are sharing accommodation with another party who is also applying for an Outward Sound grant, the costs of the accommodation

must be split between the two parties i.e. you cannot claim the full amount for each grant application.

Per Deims are acceptable as an eligible cost to a maximum amount of NZD \$100 (\$50 Outward Sound funding) per day per person. These must be tallied on a spreadsheet with a breakdown of who has received this money and the days they received it. This document must be signed by each recipient.

You must keep proof of expenditure in order to claim these costs. This means boarding passes/tickets and receipts from accommodation and incidentals. Reimbursement will be by way of actual expenditure as set out in the schedule of project costs.

Where you are engaging external experts, please supply quotes for activities to be undertaken with your grant application. Where this is not possible you will be expected to supply proof of expenditure through a signed copy of the supplier invoice indicating that payment has been made in full for services provided.

Any costs incurred in foreign currency will need to be converted back to NZ dollars and GST added when you claim. This should also be reflected in the schedule of costs table e.g. accommodation of £200 would convert as follows, Pounds to NZD exchange rate 0.40 equals NZD \$500 plus GST \$62.50, total eligible cost \$562.50 divided by two, grant payment NZD \$281.25. Grants are on a dollar for dollar basis where eligible. In kind contributions are not eligible costs for consideration when requesting reimbursement.

Freight costs will be allowable where the freight component is for a showcase event or trade show. If applicants are unable to freight goods to the destination, then consideration will be made for the rental of similar equipment for the purpose of the showcase. Capital expenditure will not be allowed nor will allowances for customs charges.

In all cases please indicate when you anticipate incurring the costs and when you expect to apply for your funded portion. When claiming Outward Sound money it is necessary to use the *OS Recipient Claim Form* template in order to make the correct calculations. This document is sent to all successful applicants on receipt of a signed contract. You will need to create a tax invoice from your entity to the Commission and attach relevant receipts and Invoices to make any claim. Also note that grants are GST inclusive and claims must also be GST inclusive.

Funding is considered income and must be declared as such for NZ tax purposes. You should always seek independent financial advice if you are unsure of the implications to you or your organisation.

#### *Part Four – Business Plan*

All applicants must supply a business plan with their application. See full business plan guidelines further on in this document. If an applicant already has a suitable business plan, as agreed with the International Manager, this should be attached with the final application.

The following information must be clearly articulated through the full business plan.

- General background information on the history of the artist/band and/or entity
  - Description of 'the business' (legal structure, organisational structure, assets, staff etc).
  - Relevant achievements in the domestic market and in other overseas markets (awards, sales figures etc).
- Management team supporting the above and the expertise of the individual or entity.
- A clear outline of the strategy behind the international marketing initiative, including:
  - A marketing overview with detailed description of the components that will be required to implement the market development strategy.
  - The market niche/customer target group(s).
  - Comparative position in the marketplace i.e. what other artists and/or bands operate in the same or similar segment and what are the merits of the applicant's music.
  - Objectives / expected outcomes.
  - Information on market professionals (e.g. agents, publicists), businesses (e.g. record companies, distributors, publishers, concert-tour promoters) and contractors that will likely be involved.
- Budget information, including:
  - Total expenditure, highlighting eligible expenditure to be incurred for the relevant stage (include available quotes where possible) and the whole international marketing initiative.
  - Evidence of confirmed investment in the artist and/or music repertoire from external sources (private/commercial) - of at least the equivalent amount being sought for eligible expenditure from Outward Sound.
  - Estimated income (over a realistic time frame) resulting from the international marketing initiative for which Outward Sound support is being sought.
  - Cash flow projections.
- Business plan relevant to the marketing initiative, including (as applicable):
  - Key people involved in the project with a profile of their skills and achievements.
  - Route to market including the distribution network to be used.
  - The growth potential over the next three years.
  - Information on how the various income streams from the proposed market initiative will generate a return on investment - both directly and indirectly - to the applicant (and, by extension, to the domestic music industry and the New Zealand economy in general).
  - Risk factors i.e. what are the financial risks, market risks, operational risk, key person risk and intellectual property risk. (Compile a table stipulating the risk factor and the mitigation strategy to be adopted).
  - Project impacts. What skills, capabilities and intellectual capital will be built as a result of this project?
- Other information that may support the application (e.g. company financial accounts, letters of commitment from potential domestic and overseas investors).

*Part Five – Application Checklist*

Applicants must make sure they have signed the declaration, completed all sections to the best of their ability and attached a suitable business plan.

Please check that you have completed the project costs table correctly. Where external suppliers are being used all endeavours must be made to supply quotations with the application.

*Part Six – Confirmation and Acknowledgement*

You must sign the declaration page before submitting your application. If you are unsure of any items on this page, please consult with the International Manager. Terms and conditions may vary at the discretion of the Export Manager.

Finally you are required to attach a bank deposit slip as evidence of an NZ bank account and this will be used for reimbursement of granted funds.

## **SUPPORTING MATERIAL**

In completing the application you should undertake the following,

- Press and publicity pack.
- Relevant quotes (as set out below). Where quotes cannot be easily obtained e.g. online travel bookings then relevant details should be attached electronically estimating costs of travel.
- Letters/emails of support (if you are meeting with anyone named in your application labels/promoters/bookers etc you need to include relevant correspondence from them to support your application).

*Information to be provided on supplier costs*

Prior to applications being assessed, information (provided on the relevant external advisors'/suppliers' headed paper) is required to support the costs requested. All external advisors/suppliers must be clearly identified with the following information supplied in the form of a quote:

- Name
- Company name
- Address and contact details
- Company/personal profile
- Terms of reference for the work to be undertaken in relation to the project including:
  - Scope of the work to be undertaken
  - Cost of work
  - Hourly rate and time frame for activities
  - Disbursements.

In addition, you must let us know about any previous or existing dealings or relationships you/your staff or officers have had with these advisors/suppliers.

## CONDITIONS FOR ASSESSMENT OF APPLICATIONS

The Outward Sound Grants budget is limited. Applications to receive grants will be carefully assessed to ensure they meet the criteria, and that the project/activity involved has been thoroughly planned and has good prospects for commercial success.

All applications will be reviewed for eligibility and completeness following the close off of a round. Receipt will be acknowledged by email on delivery of a completed application.

Any incomplete proposals will be returned to applicants for completion, with the retrospective date only allocated when a complete proposal has been received by the Commission (please ensure you submit all the required supporting information listed in the application form). If you are unsure of any criteria please contact your Export Manager.

Once it is established that the basic entry criteria have been met, the application is assessed based on the value of the project/activity, its planning and prospects for success.

### **General Criteria:**

Each applicant's business and marketing plan (including promotional material) and evidence of domestic and international achievements to date will be assessed to determine:

- The quality of the New Zealand music being promoted relative to other music products in the international music marketplace
- The applicant's business capability, access to capital and ability to sustain international networks
- The suitability, robustness and likely degree of 'international connectedness' of the marketing strategy proposed.

The competitive quality of the artists' work, the capacity of their record company and management infrastructure and the strategy described in the business/marketing plan will be considered in light of the Grant Assessment Panel's knowledge of external factors including:

- The interests and trends of music consumers in the target territory
- The success of various promotional strategies for different genres in the target territory
- The nature of the music industry in the target market and the quality of on-the-ground support available for the proposed initiative.

The assessment panel's knowledge will be supplemented when necessary by consultation with music industry professionals operating in the target territories.

This process will enable the applications for Outward Sound grants to be priority ranked according to their realistic potential to have a beneficial impact, direct or otherwise, on the domestic music industry and the New Zealand economy.

## CLOSING DATES

Please refer to the Funding Deadlines document downloadable from the Outward Sound section of the [www.nzmusic.org.nz](http://www.nzmusic.org.nz) website.

## CONTACT DETAILS

Please verify you have completed the application via the checklist on the form.

We recommend you courier your application to us as we will not be responsible for any late applications. Should you choose to post your application please allow 7 days for delivery.

Post:  
Outward Sound  
New Zealand Music Commission  
PO BOX 68-524  
Newton  
Auckland 1145

Courier:  
Outward Sound  
New Zealand Music Commission  
7 Great North Road  
Ponsonby  
Auckland

Delivery by hand must be with prior approval and should be directed to the Export Manager.

Applications must be received by the Outward Sound office in both digital and physical form by 5pm on the closing of any round, there are no exceptions. Late applications will not be considered.

If you are unsure about any information regarding your application, please contact the Outward Sound team.

Contact: Gary Fortune ( Export Manager) or Alan Holt (Export Coordinator)

Email: [international@nzmusic.org.nz](mailto:international@nzmusic.org.nz)  
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Fax: +64 9 376 0116  
Web [www.nzmusic.org.nz](http://www.nzmusic.org.nz)