



2006-07

Annual Report



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WHO WE ARE

NZ On Air celebrates New Zealand identity and culture by funding a unique range of broadcast programmes and broadcasting entities. We support New Zealand content for a wide range of audiences on an unmatched number of public, commercial and community broadcast outlets.

We concentrate on contestable funding to enhance wise spending of taxpayer funds. This stimulates the creative sector to produce the most widely accessible cultural product in the country. We also research and analyse developments in broadcasting so we can provide an authoritative voice across the electronic media sector.

We have varied functions set out in the Broadcasting Act 1989, broadly covering television, radio, music and archiving. We are an autonomous Crown entity in terms of the Crown Entities Act 2004 and are governed by a Board of six members.

MISSION STATEMENT

To be an independent leader in promoting local content and diversity in broadcasting.

Kia tū hei ngārahu motuhake, hei whakatairanga i ngā, hōtaka nō te paetata, hei whakanui hoki i te kanorau i te ao pāpāho.

PURPOSE

To be the principal source of Government funding for providing and preserving a diverse range of local content.

Hei mātāpuna pūtea Kāwanatanga e taea ai ngā tūmomo hōtaka rerekē nō te paetata te waihanga, te tiaki.



PART 1:

Our Year



Neil Walter
Chair



Judy Callingham
Deputy Chair



Edie Moke



Paul Smith



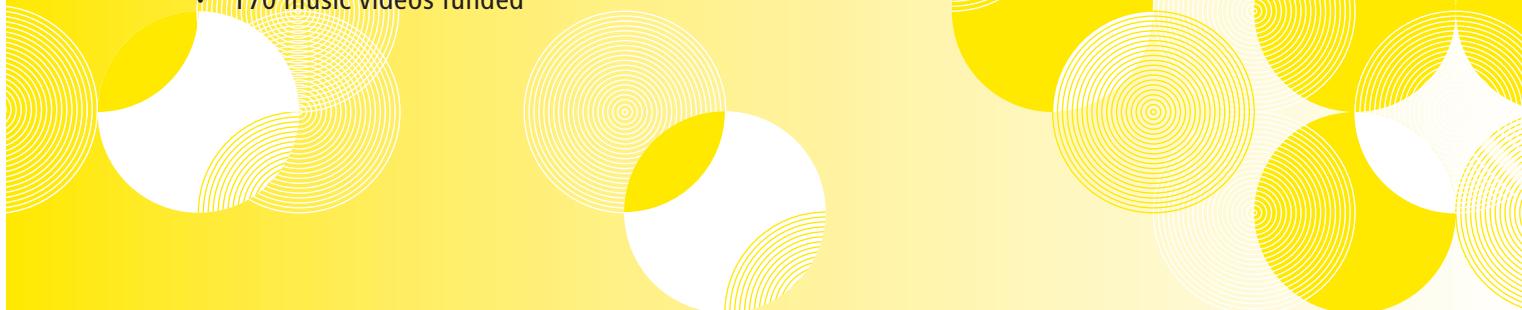
Nicole Hoey



Rhonda Kite

HIGHLIGHTS

- NZ On Air passes the 15,000 funded TV hours mark
- New Zealand audiences still hungry for local content – survey results
- NZ On Air-funded programmes dominate the Air NZ Screen Awards
- \$70m invested in new television content
- New terms of trade agreed with TV producers, intended to stimulate offshore sales
- All national free to air broadcasters now benefit from NZ On Air-funded programmes
- Local Content Report shows local content quickly spreading to new and different channels. Over 10,000 hours of New Zealand programmes screened on New Zealand's six free to air channels in 2006. Total first-run hours increased to just under 8,000 hours, with TV One and Māori TV screening the most local content.
- Broadcasting Amendment Bill introduced which will broaden NZ On Air's funding responsibilities
- Planning begins for funding innovative screen portal
- All stakeholder audits return positive results
- NZ On Air-funded albums delivered some of the biggest radio hits of the year
- 94% of the singles off funded albums were radio hits
- 75% of new artists songs were radio hits
- 170 music videos funded





CHAIR'S INTRODUCTION

In my first six months I have been privileged to be introduced to a remarkable range of people and enterprises. The broadcasting sector is notable for its creativity, spirited debates and a cast of characters dedicated to making and broadcasting content that inspires, entertains and engages New Zealand audiences.

NZ On Air relishes being in the thick of this – extending broadcasters' programming options, encouraging the broadcast of more NZ music, supporting local content creators and preserving New Zealand's broadcasting heritage.

We've had a few challenges this year as we worked to maintain our output while settling in new Board and staff members. Wider environmental shifts are also providing us and our industry colleagues with much food for thought: how to serve fragmenting audiences on multiple platforms, maintain programme diversity in accessible timeslots, balance the demands on our funds from increasing numbers of broadcasting stakeholders and develop sound policy around our impending responsibilities for digital content.

But our core aim remains constant: providing diverse local content for varied audiences.

I pay tribute to the Board members who have retired this year. Don Hunn in particular provided NZ On Air with outstanding leadership during his term as Chair. I am also grateful for the support of the current members, who bring a rich array of talent and experience to the Board table. The efforts of our talented and hardworking staff help NZ On Air maintain its reputation as a vibrant and highly effective organisation.

The Board is also grateful for the continuing support of Hon. Steve Maharey, Minister of Broadcasting, and the Ministry for Culture and Heritage.

Finally, my thanks go to all our stakeholders - audiences, programme makers, broadcasters, musicians, archivists and policy makers. Your support for NZ On Air is support for local content – and we appreciate it.

NEIL WALTER
CHAIR

KEY ACHIEVEMENTS

Television funding

We invested \$70.5 million in 909 hours of local production across a range of programme genres (exceeding our target by 132 hours). We aimed to fund fewer hours than last year as a deliberate move to increase production values and concentrate on genres which tend to be more expensive to make.

Generally we do not invest in programmes which have a high commercial or strategic value to networks, or which are cost-effective to make, such as news and current affairs, game shows and many popular factual formats.

NZ On Air's contribution is a subsidy, averaging 62% of the total cost of funded programmes. This subsidy is critical to many types of local production as the cost to broadcasters of purchasing programmes from overseas is far less than their cost of production.

Fig. 1: Hours of funded TV genres

	2007	2006	2005	2004	2003	2002	2001	2000
Drama/Comedy	103	89	103	115	108	109	112	73
Documentary/ Information	104	131	107	158	109	116	139	120
Children/ Young People	490	497	395	382	436	372	325	370
Special Interest/ Other	212	253	419	445	298	282	312	261
Total	909	970	1,024	1,100	951	879	888	824

Source: NZ On Air annual reports



Outrageous Fortune

Since its launch in July 2005 *Outrageous Fortune* has become appointment viewing for many New Zealanders, and the wildly entertaining lives of the West family show no sign of losing their ability to enthral.

Successful drama production is an incredibly complex and expensive pursuit. NZ On Air plays a crucial role in the development and funding of projects that ensure New Zealanders see great local TV drama.

Kelly Martin, TV3 Director of Programming

Drama (21.8% of TV spend)

Drama continues to be a high priority for us. This genre is a vital way of reflecting New Zealand life and stories to a very broad audience.

Most notably, *Outrageous Fortune* on TV3 entered its third series and proudly flew the flag for creative, popular local primetime drama. This series is the most critically acclaimed local drama for several years. *Outrageous Fortune* dominated major categories at the 2007 Air New Zealand Screen Awards, taking out the award for Best Drama. Core cast members Robyn Malcolm, Antony Starr and Frank Whitten received awards for their acting, and series personnel also received awards for Best Script and Achievement in Directing.

Another highlight was being able to support one-off dramas for the first time in some years. Four long-form dramas for Sunday evenings on TV One will screen in 2008. Shortlisting was taking place as this report was being completed.

We also contributed to three films and a docudrama. *We're Here to Help* is the story of a man's long running battle with the IRD. *The Strength Of Water* is Armagan Ballantyne's first film from a story by Briar Grace Smith, and romantic comedy *Separation City* is penned by satirist Tom Scott. The dramatised documentary *The Million Dollar Con Man* tells the story of a New Zealander convicted in the United States of defrauding investors of US\$90 million.

Two Signature Films, our co-venture with TVNZ and the NZ Film Commission, have been confirmed. Underway are *Apron Strings*, directed by Sima Urale from a script by Shuchi Kothari and Dianne Taylor, and *Show Of Hands*, written and directed by Anthony McCarten.

Children's Drama (6.9%)

Producers of children's drama series often find it difficult to secure broadcaster support. Therefore we were very pleased that TV2 agreed to support not one but two series during the year. We funded a second series of the highly entertaining superhero series *Amazing Extraordinary Friends*.

A new 13 part science fiction series *Time Hackers*, an Australasian co-production for TV2 and Channel 7, also went into production.

Comedy (12.5%)

Comedy continues to flourish, with our target hours well exceeded. This is a significant advance from the situation only three years ago. Returning popular satirical series included *Eating Media Lunch*, *The Unauthorised History Of New Zealand*, *Moon TV*, *Facelift* and *The Pretender*. All of these series gained devoted support from their target audiences.

As well as being a winner in the Air NZ Screen Awards, the ongoing success of animated series *bro'Town* has seen phrases and characters enter the national lexicon. Shot!

Prime TV also entered the local comedy stakes with situation comedy *Welcome To Paradise*. Set in a backpackers' hostel the cast of young actors had the benefit of the directorial efforts of veteran kiwi filmmaker Geoff Murphy.

Two comedies were also funded under our Innovation initiative.

Documentary (14.2%)

New Zealanders love locally made documentaries and this continues to be an important genre for NZ On Air. As well as new programmes for the long running *Inside New Zealand*, more recent successes such as *Money Man* and *Wa\$ted* received support for screening on TV3.

On TVNZ, perennial favourite *Country Calendar* continues to be one of our highest rating programmes. New projects funded include *Dirt*, a series on rural self sufficiency, *Here To Stay* a lively series featuring migration stories, *The World According To Willie And JT* with its irrepressible hosts skewering life in bicultural New Zealand and a documentary special *Honouring Hillary*.

We also supported projects for screening on Māori Television. We concentrate on programmes in English intended for a general audience, to complement programmes in te reo funded by Te Māngai Pāho.

Lost In Translation is Mike King's humorous odyssey following the versions of the Treaty of Waitangi that travelled around the country for signature. *He Wai No Nehe* is the inspirational story of Te Rangī Tawhiwhirangi, regarded as the mother of the Kohanga Reo movement. An important documentary on the diabetes epidemic *The Biggest Killer In Aotearoa* also received support, as did *Whanau*, a sociological documentary looking at developments in the lives of four Māori children seven years on.

Other single projects of note include Annie Goldson's *Tabu Soro* for TV3, a feature documentary exploring the story behind the murder of New Zealander John Scott and his partner in Fiji.

Notwithstanding funding over 100 hours of documentary programming, we are concerned at a possible narrowing of opportunities for this genre. While there are good opportunities for popular factual series, and these remain an important part of the programming mix, it seems increasingly difficult for producers to secure support for more weighty subject matter screened at an accessible time.

We are discussing this with broadcasters to ascertain the best way to ensure a diversity of documentary production remains a feature of the New Zealand broadcasting landscape.



Amazing Extraordinary Friends

Series 1 of this children's series, made by Greenstone Pictures, screened to wide acclaim during winter 2007. The series follows the adventures of 15 year old Ben Wilson, thrust into the world of superheroes and villains when he discovers a mysterious super insignia which turns him into Captain Extraordinary. Ben is played by newcomer Carl Dixon ably assisted by well-known New Zealand faces who appear throughout the series, including Peter Feeney, Mikey Havoc, Stuart Devenie, Mark Wright, John Leigh, Otis Frizzell and Madeline Lynch. This year we confirmed funding for a second series to screen in 2008. The series has also proved popular internationally.

Greenstone would never have got the series made without NZ On Air, says managing director John Harris. The agency is great to deal with and we really appreciate how flexible they are while still making sure the processes are sound. NZ On Air's support has been crucial in creating a world-class series.

Children's (20.8%)

Children's programming remains a priority for us. There is a plethora of international material cheaply available for broadcasters, so commitment to screening New Zealand programmes made for New Zealand children is critically important.

Along with renewals for popular stalwarts such as *What Now*, *Mai Time*, *Sticky TV* and *Studio 2* we were able to make some significant contributions to new programmes.

A new pre-school programme *Action Central* will screen on TV3 and a new cooking/game show *Activate* for TV2 will encourage children to consider exercise and the food they eat.

Successful newer series such as the highly creative science series *Let's Get Inventin'* and animated *Staines Down Drains* also received funding for a second series.

Fig. 2: NZ On Air Top 10 Funded Programmes [ALL PEOPLE 5+] July 2006 to June 2007

Rank	Programme Title	Channel	Episodes	Rating	Audience (000s)
1	National Bank Country Calendar	TVOne	23	15.2%	585.2
2	Kiwis At War	TVOne	7	11.8%	451.9
3	Outrageous Fortune: The Movie	TV3	1	9.0%	342.7
4	Whale Rider	TVOne	1	8.8%	339.7
5	Bro' Town	TV3	7	8.2%	312.2
6	Outrageous Fortune	TV3	16	8.1%	309.6
7	Money Man	TV3	9	8.0%	306.1
8	Wa\$ted	TV3	10	7.2%	279.2
9	In My Father's Den	TVOne	1	6.9%	265.3
10	Karaoke High	TV2	15	6.1%	231.5

Source: A C Neilsen

Fig. 3: NZ On Air TV funding by broadcaster and producer

By Broadcaster	2007	2006	2005	2004	2003	2002	2001	2000
	%	%	%	%	%	%	%	%
TVNZ	60	65	74	75	80	80	72	73
TV3	33	30	26	25	20	20	28	27
Prime	2	3						
Māori TV	4	1						
Regional channels	1	1						
	100%	100%	100%	100%	100%	100%	100%	100%
By Producer								
TVNZ	12.7	15	9	11	15	15	17	21
TV3	0.2	0.2	0	1	0	0	4	2
Prime	0	0						
Māori TV	0.1	0						
Independents	87	84.8	91	88	85	85	79	77
	100%	100%	100%	100%	100%	100%	100%	100%

Special Interest (20.5%)

The Special Interest category covers a range of programming targeted at specific audiences within the broader community. Our focus on this helps ensure diversity of local content on screen.

Programmes targeting particular ethnic audiences include *Tagata Pasifika* which celebrated its 20th year on screen, *Pacific Beat Street* and *Asia Downunder*. Other audiences were served by *Rural Delivery*, *Open Door* (community voices), *The Outlook* (gay and lesbian), *Attitude* (people with disabilities) and the funding of the Captioning Service for the hearing impaired.

Another vital component of special interest programming is programmes that explore New Zealand culture such as *Artsville*, *The Book Show*, *Westfield Style Pasifika* and coverage of the *World Of Wearable Art* and ANZAC day events.

Two new series supported this year were *Voyage Musique*, where iconic New Zealand songs are taken offshore and *Bassline*, a performance and magazine programme exploring urban youth culture in New Zealand.

Innovation (2%)

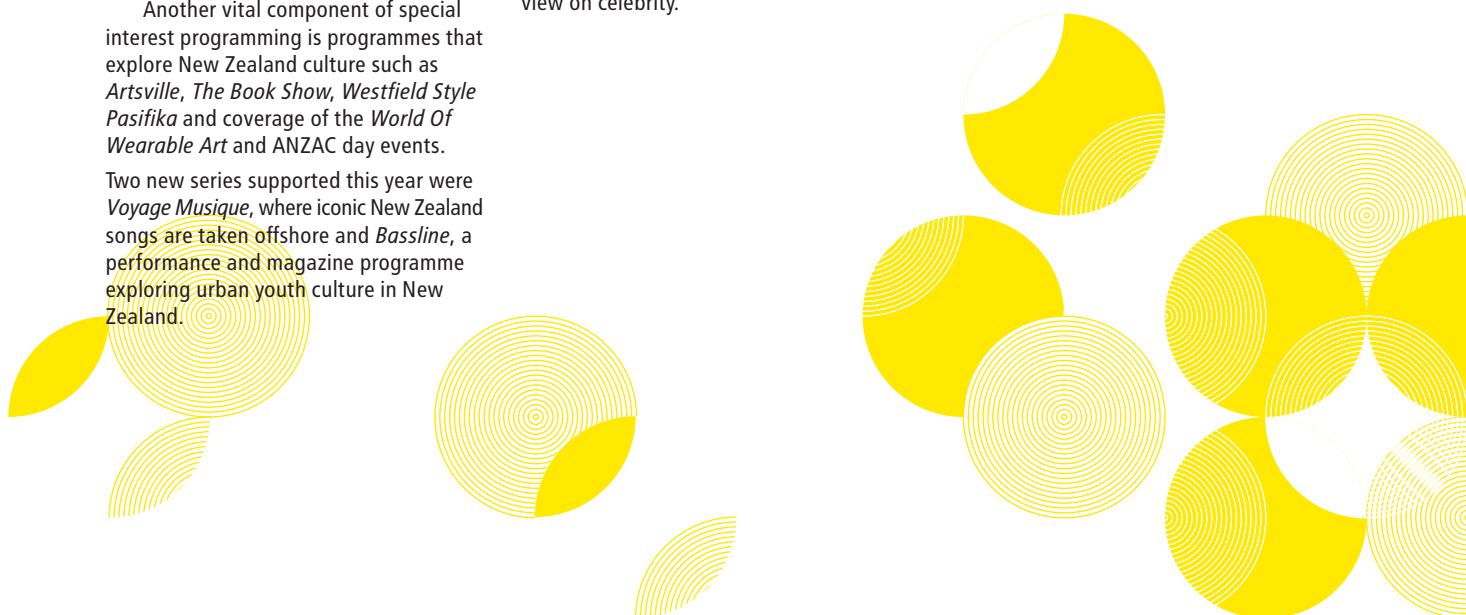
The Innovation Initiative is in its third year, designed to push creative boundaries a little. Audiences have reaped excellent rewards with production of such programmes as satire *The Pretender*, the multi-platform short form drama series *My Story*, and *Ride With The Devil*, a drama series set inside the car culture of the city boy racer scene.

Two comedy proposals for TV3 were funded under the Innovation Initiative this year. *A Thousand Apologies* will serve up New Zealand from an Asian perspective; *The Jaquie Brown Diaries* will take a wry view on celebrity.

Regional Television (1.3%)

A variety of channels broadcast local programmes to their communities the length and breadth of the country. Twelve broadcasters received funding support from NZ On Air, from Warkworth to Invercargill.

As more channels become eligible for funding under criteria developed in consultation with the regional broadcasters, the amount available to each channel reduces. We will be looking at policy around regional broadcasting funding in the upcoming year.



Māori programmes

We define a Māori programme as one that makes a conscious decision to reveal something of the past, present or future Māori world.

Its creative core will be Māori. Its cultural control will be Māori. Its management may be Māori or Pakeha.

Several entities are now involved in funding Māori programmes. NZ On Air concentrates on programme funding complementary to other agencies to ensure the most effective spend of public money. Therefore our focus is on Māori programmes made for the general audience including Māori. NZ On Air's work in promoting the Māori language focuses on use of the language in mainstream programmes.

Our key objectives for funding Māori projects are:

- To support the production of Māori programming made for a general audience in prime-time
- To support the development of mainstream Māori television in specific genres
- To have good relationships with the Māori broadcasting industry
- To complement the funding activities of Te Māngai Pāho
- To enhance Māori and Pakeha communication and cooperation in the industry
- To uphold the mana tangata and mana iwi of all funded productions

We require a proportion of Māori projects in each funded documentary strand. Other funded programmes with a significant Māori presence include feature films *The Strength of Water* and *Rain of the Children*, *ANZAC Day – Songs from the Vietnam Era*, *Waka Moana*, *Manu Rere*, *Tu Te Puehu*, youth series *Pukana 2007* (subtitling) and documentaries on John Rowles and Brian Tamaki.

Just over \$5.67m was committed to Māori television programmes. This does not include programmes that may feature Māori but which do not fit the definition above.

Our contract with Radio New Zealand (RNZ) also requires a Māori programming output and we ensure a proportion of Māori artists are funded through the NZ Music schemes.

We spent a further \$1.13m on Māori content for radio and \$90,000 for 18 music videos.

Tu Te Puehu

Bilingual series *Tu Te Puehu* screens both on TV3 and Māori Television, promoting an active lifestyle for young people.

It's great to be able to make a series that reaches out to both Māori and Pakeha youth. NZ On Air support means we really can be cross-cultural. **Paora Maxwell**, Te Aratai Productions



Radio funding

Radio New Zealand

We are proud to be the principal funder of RNZ's flagship networks RNZ National and RNZ Concert.

We provided \$27.932 million for public radio services. This included funding for the completion of the roll out of RNZ National on to the FM broadcast band across the country, and implementation of a revised remuneration strategy.

Independent audience research conducted for RNZ during the year confirmed listener satisfaction with RNZ National's programming, but saw RNZ Concert return to its 2004 level after peaking in 2005. RNZ also reports lower audience numbers, but attributes this development to the growing number of listeners using its services on the internet.

RNZ staff were well represented in the winners' list in the New Zealand Radio Awards for 2007, picking up a total of 11 awards in a variety of categories.

A baseline review of RNZ funding will be completed in 2007 and its results will be used to help determine the appropriate level of funding for this major public broadcaster.

Access and Pacific Island Radio

Access radio stations enable groups to produce and broadcast programmes to their own communities. Funding in excess of \$2.3 million was allocated to 11 community access radio stations around New Zealand.

Stations currently funded are located in Southland, Otago, Christchurch, Nelson, Wellington, Kapiti Coast/Horowhenua, the Wairarapa, Palmerston North, Hawkes Bay, Hamilton and Auckland.

We also contribute funding to NZ Radio for the Print Disabled in Levin and two Pacific Island community stations, Samoa Capital Radio and Radio531pi. With the latter now merged

with Niu FM, itself in receipt of direct government funding, we will look at whether this funding should be rationalised in the year ahead.

Special "kick-start" funding was allocated to Christchurch Resettlement Services to enable them to begin broadcasting a programme for recent immigrants on Plains FM.

Some community access stations also received additional funding to enable them to replace aging equipment, and to undertake special projects to enhance their programming.

In August 2006, we once again hosted all the managers of the access stations at the seventh annual managers' retreat. These gatherings provide an excellent opportunity for managers to share experiences.



Serving Auckland for 20 Years

2007 marks the twentieth birthday of Auckland's access radio station, now known as Planet FM104.6. The papers of incorporation for the Access Community Radio Incorporated Society were signed in September 1987, and the station has become one of the flagships among the community access stations up and down New Zealand, partly funded by NZ On Air.

Over those 20 years thousands of Aucklanders have voluntarily produced around 100,000 hours of community radio.

Described by an independent expert access radio consultant as "the quintessential access radio station", the programming across its schedule is diverse and varied, representing Auckland's widely diverse ethnic make-up across each week.

The year has seen the staff of Planet FM move into first-class facilities located on Unitec's Mount Albert campus and the station continues to go from strength to strength.

Planet FM104.6 Broadcast Manager, Terri Byrne says: *In the early days of the station, NZ On Air funding kept it alive. Over time, as the station has built infrastructure and resources from member funds and fundraising, we knew NZ On Air was there to support the essential operational costs, allowing us to focus on programme development so that now over 100 groups are represented in 52 languages. NZ On Air support has been our safety net and remains so today as costs climb while revenue is capped by full schedules.*



Commercial Radio Programmes

We also fund programmes for broadcast on commercial and other private radio stations so many different radio audiences can be served. The current priority is radio programming for young New Zealanders, and also programmes that reflect different ethical and spiritual beliefs of New Zealanders. Both are important criteria in the Broadcasting Act.

Music, drama and comedy radio shows are funded for broadcast on commercial radio, and a radio series dealing with Māori issues, in English, for broadcast on iwi and access radio.

Youth programmes funded during 2006/2007 included *Upload*, broadcast on a large number of stations nationwide, and also *Te Puutake*, heard on the George FM network and other stations.

Children's programme *That's The Story* was funded for the Classic Hits network. In total around 150 hours of programming for young people were funded during the year.

In a useful partnership with Radio Rhema and the Newstalk ZB network, we funded the values-based series *Scrubcutter* played throughout the year, along with Christmas and Easter specials and the series *Real Life* with its spiritual/ethical slant.

Māori issues programme *Paakiwaha* continued through the year, and funding was provided for the topical comedy series *Pop! Goes the Weasel* and *2006 Wrap Up*, a light-hearted look at the year that was.

A second series of *Parliament Today* detailed the day-to-day workings of Parliament on the Radio Live network, which also broadcast the NZ On Air-funded *Public Address System*.

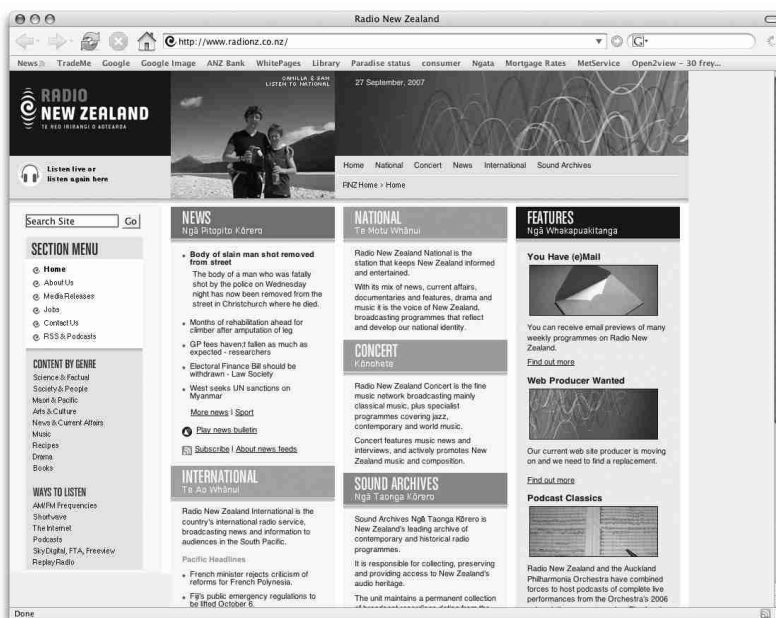
New Zealand music programmes for radio are covered in the NZ Music section next in this report.

Bright Ideas

Ryan Hutchings, Nigel McCulloch and Jarrod Holt are the down low concept, a multi-media production company based in Auckland.

A number of innovative ideas for radio and television programmes from this talented team have made NZ On Air sit up and take notice. We contributed funding during the year to projects for broadcast on the George FM, Radio Live and Kiwi FM networks.

We started our company over five years ago, says Ryan, and our first job was writing a series of radio ads for Pulp magazine. We were paid with a handful of CD singles and an ill-fitting pair of shoes (which we fought over). Since forging a relationship with NZ On Air, they have supported us all of the way as we have grown from one radio show to a business that produces radio, television and now film. We really value what NZ On Air does and I think that if we tried to do this anywhere else in the world we would still be writing bad radio copy and fighting over unwanted contra.



Changes at Radio New Zealand

Radio New Zealand implemented a successful rebranding exercise during the year, which saw the introduction of new corporate logos and a name change for National Radio (which became Radio New Zealand National) and Concert FM (now Radio New Zealand Concert).

RNZ's website also underwent an overhaul, and has become an overwhelming success. It has been accessed more than eight million times during the year, with live streaming for RNZ National being requested almost 500,000 times and RNZ Concert 200,000. There were almost one and a half million single items requested through the audio-on-demand service and around 19,000 subscribers to podcast feeds. The site also picked up the Qantas Media Award for the best designed website.

77 albums have been released since NZ On Air's album funding scheme was launched in 2000.

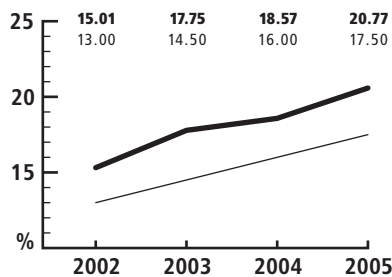
Those albums have delivered 263 radio singles, of which 249 have been radio hits (meaning that they achieved a Top 40 peak placing).

That is a 95% radio hits strike-rate and a fantastic success story.

NZ Music funding

Local music on the radio

Over the last five years, we have reported annual increases in the levels of New Zealand music content on commercial radio. Every year since 2002, New Zealand music content on commercial radio has beaten the annual NZ Music Code target by at least 2%.



In the 2006 calendar year, however, content dropped to 19.29% against the NZ Music Code target of 20%. Just 0.71% below target, 2006 was the last year of the original five-year Code agreement between the Radio Broadcasters Association (RBA) and the Government, so it was disappointing to drop the ball with the try line in sight.

Pleasingly, however, the RBA voluntarily renewed their pledge to maintain the 20% Code target for another five years. By 30 June 2007 local content on commercial radio was back up over the 20% mark, reaching 21.48% around the end of the year, despite disappointing numbers from the Urban stations.

Our strategic priority is to feed the Code and get more New Zealand music played on commercial radio.

Album funding

Through the year, we funded another 20 albums by New Zealand artists with a commercial radio airplay track record – artists like the feelers, Fur Patrol, Katchafire and The Phoenix Foundation. These “Phase Four” albums are a source of future radio singles and, hopefully, substantial radio hits that will feed the local content campaign. This year, Phase Four-funded albums delivered some of the biggest radio hits of the year – songs like *Maybe* by Opshop, *Deciphering Me* by Brooke Fraser, *Light Surrounding You* by Evermore and *One World* by the feelers.

Atlas

Once there was a band called **Zed** who delivered a slew of big radio hits in the 1990s and through 2000. **Zed** is no longer but out of the ashes came **Atlas**, formed by **Zed** bass-player, Ben Campbell with his sister, Beth and an American friend Sean Cunningham, joined later by Andy Lynch, the original **Zed** guitarist. The band self-funded a first single called *Is It Real*, which was a decent radio hit but they really nailed it with their follow-up song called *Crawl*.

The *Crawl* recording and the accompanying music video were funded by NZ On Air via the Phase Four New Recording Artist scheme, selected from 155 demos submitted in the August 2006 funding round. *Crawl* was released in February 2007 and went to the top of the RadioScope NZ Airplay Chart in March. With two radio hits under their belt, the band has the credentials to get Phase Four Album funding and to continue to deliver big radio hits. Next step? A Phase Five part-funded radio promo campaign to break the band in Australia.



At year's end, seven New Recording Artist songs were in the NZ Airplay Chart Top 40, a brilliant indicator for the future of the local content campaign.

New recording artists scheme

We are conscious that the local content campaign cannot afford to rely on a handful of big artists. The radio repertoire base also needs to grow a new generation of radio hit-makers. This is the strategic objective of our New Recording Artist Scheme where radio singles by new artists are funded so as to build a radio hits track record.

This year, we revamped the scheme, halving the number of grants from 40 to 20 per year but doubling funding to \$10,000 each, so a music video could be included to support the release of the song to radio. The aim of the change was to back the best projects and to achieve greater breakthrough at radio. In doing so, we lifted the radio hits strike-rate from 49% before the change to 75% at year's end.

We had great results with the band Atlas whose New Recording Artist song *Crawl* topped the NZ Airplay Chart and with Hollie Smith's song *I Will Do* (which peaked at #8) and Luke Thompson's *Perfect Drive* (which peaked at #4).

We also

- revamped our Kiwi Hit Disc and Fresh NZ Music programme
- launched a series of radio showcases
- revived the practice of taking artists out on regional and provincial radio visits when our NZ Music Promotions team is doing the rounds

- inaugurated a new airplay awards programme in association with RadioScope to acknowledge stations' contributions to the airplay success of songs
- resurrected the annual Tui award for the Radio Airplay Record Of The Year at the NZ Music Awards.

Music videos help create radio hits and are a key part of our radio campaign.

To help get more songs played on the radio, we funded another 170 music videos (up from 160 last year), renewing our partnership with C4 and Juice to ensure there is ample opportunity for airplay exposure.

Alternative music

While penetrating commercial radio (and thus supporting the Code) remains our major strategic objective, we are conscious too that it is important to encourage and support difference and diversity in New Zealand music and to ensure that those making music outside the commercial mainstream are also heard.

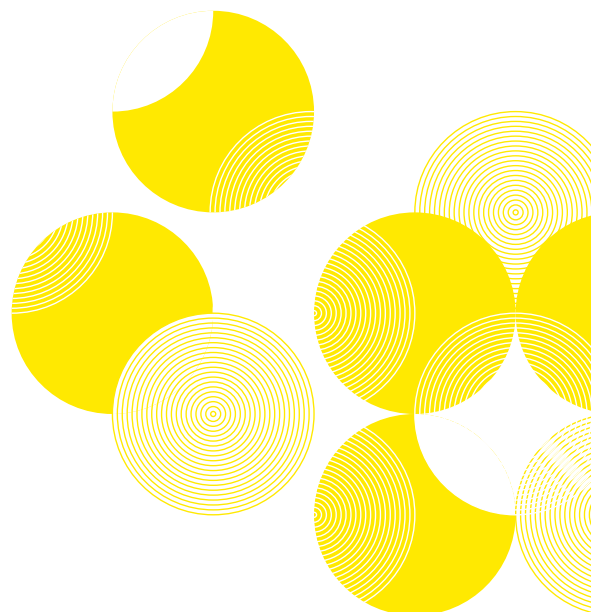
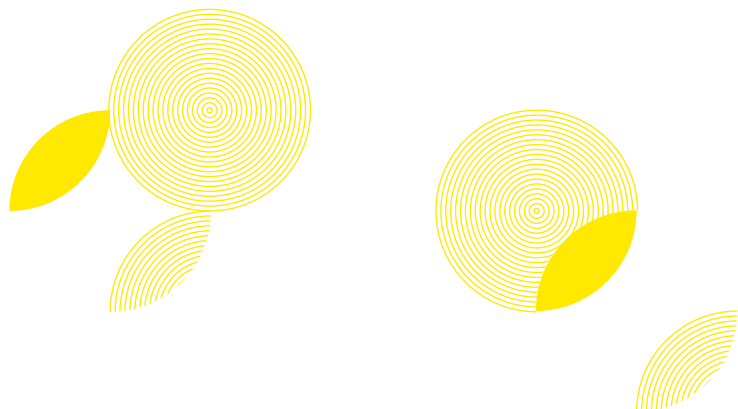
Our main vehicle for promoting difference and diversity is the funding we provide for the six b.net student radio stations – and latterly to Kiwi FM – for specialist New Zealand music programmes and promotions. They act as a New Zealand music seedbed.

Phase Five

Last year, we branched out to help take New Zealand music to the world via the "Phase Five" plan. This operates side-by-side with the NZ Music Commission's funding programme. The aim is to increase awareness of New Zealand music with international music media "tastemakers", targeted with samplers and partnerships with the likes of *Music Week* in the UK, A&R Worldwide in Los Angeles, IMF (the International Music Feed music television channel) in Los Angeles and *The Music Network* in Australia. With international recognition, we expect domestic airplay to increase further.

This year, we also began a partnership with *CMJ* (the College Music Journal based in New York) in an attempt to infiltrate college radio in the US.

Phase Five is an international New Zealand music heads-up campaign, targeting the music industry and radio and music television. The campaign got underway in earnest in early 2006. To date we have produced seven Phase Five "Five-by-Five" samplers (meaning five songs and videos by five export-ready New Zealand artists),



a second New Zealand music sampler for distribution to the UK trade via *Music Week* magazine and the first two college radio samplers with the *CMJ New Music Report*.

Through the Phase Five programme, we have also funded 15 radio promotion campaigns for New Zealand songs in overseas markets, sharing the costs on a 50/50 basis with the New Zealand repertoire-owners. Examples include Sony's campaign to break Brooke Fraser at radio in Australia, the campaign to launch Tim Finn's *Imaginary Kingdom* album in the US, the campaigns to break The Mint Chicks and The Phoenix Foundation at college radio in the US and the campaign to support the release of Cut Off Your Hands' song *Still Fond* in the UK.

It is early days for Phase Five but the early signs are promising with concrete airplay results on a number of fronts. Indeed, in February 2007, the Phase Five Part 05 sampler (featuring the feelers, The Tutts, The Datsuns, The Mint Chicks and Steriogram) even turned up at #8 on the FMQB Speciality Radio Airplay Albums Chart in the US – an unusual feat for a promotional sampler – thanks to the good work of our Phase Five agents in Los Angeles, A&R Worldwide. The Phase Five initiative will be evaluated in the 2008/2009 year.

Cut Off Your Hands

Cut Off Your Hands are a "buzz" band, not just in New Zealand but also in the UK. How did that happen? It's a good example of the Phase Five/Outward Sound partnership at work.

The band's first single, *You & I*, was picked by UK music trade bible, *Music Week*, for a NZ On Air Phase Five New Zealand music sampler which went out with the 25 November 2006 issue of the magazine to 8,000 UK trade and industry subscribers. When the band played the SXSW (South By South West) music festival in Austin, Texas the following March as part of the Music Commission's Outward Sound-sponsored contingent, the UK music media made a bee-line for the band. And that led *New Music Express* and *Music Week* to name the band as one of the ten highlights of SXSW and led Steve Lamacq from BBC Radio One to name them his "new favourite band". That in turn resulted in a release deal on the Fandango label in the UK for the band's NZ On Air New Recording Artist song, *Still Fond*.

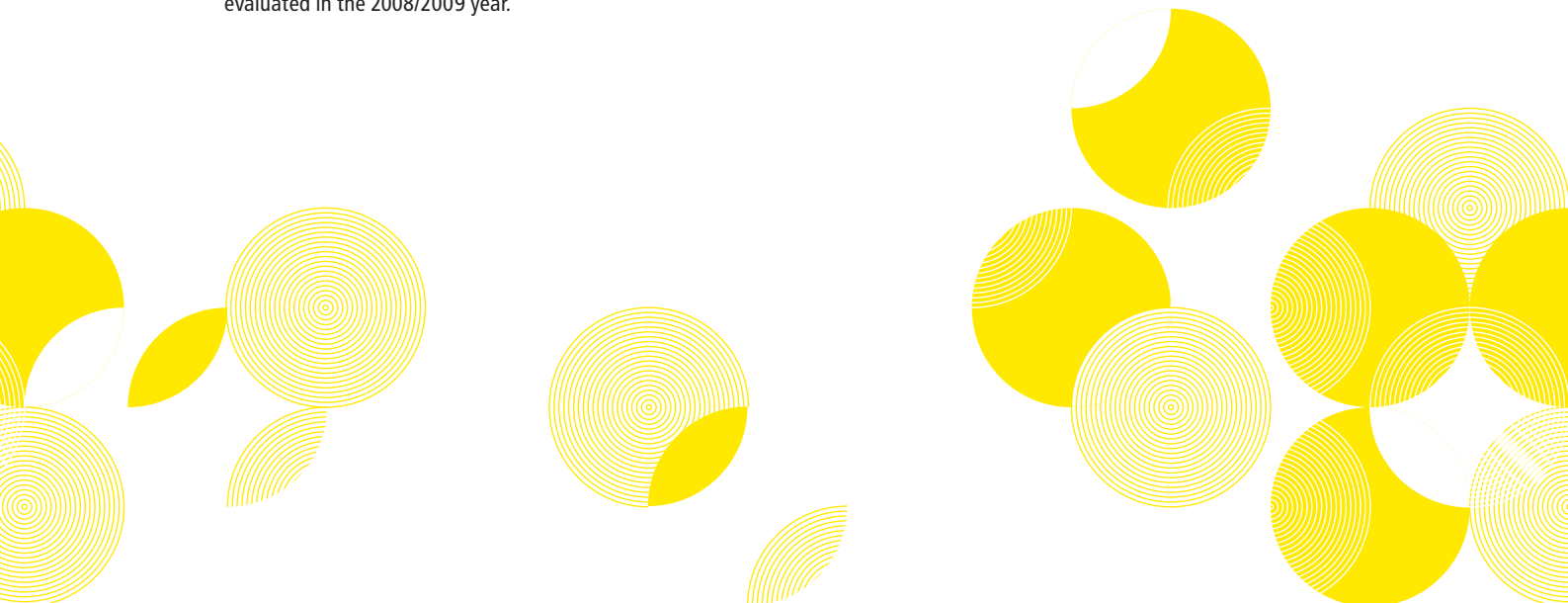
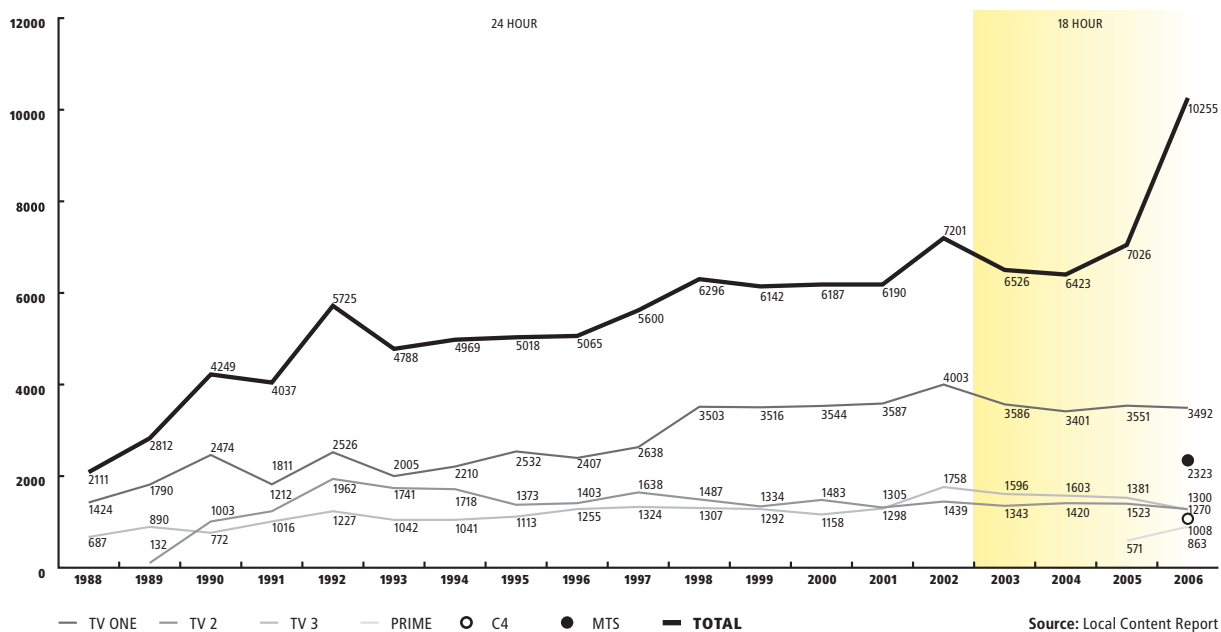


Fig. 4: Local TV content hours



Source: Local Content Report

Archiving funding

We fund the New Zealand Film Archive (NZFA) to provide television programme archiving services and Sound Archives/Ngā Taonga Kōrero to provide radio programme archiving services.

We spent \$1.264 million this year on radio and television archiving services.

The New Zealand Film Archive archived 1,440 hours of television programmes and carried out preservation work on another 210 hours of programmes. The Sound Archives/Ngā Taonga Kōrero archived 1,983 hours of radio programmes and carried out preservation work on another 2,003 hours.

As well we supported the NZ Film Archive to purchase digitising equipment so it can move forward with its strategy to enhance public access to archived material.

During the year we explored options arising from opportunities offered by digital developments. We examined the feasibility of a portal to celebrate New Zealand's screen culture and enable unprecedented access by New Zealanders to a broad range of moving image history. Stakeholder reaction was uniformly enthusiastic and by September 2007 the NZ On Screen Trust had been formalised. NZ On Air will provide funding for this portal as a significant new archiving initiative. We will report more on this next year.

Research

NZ On Air commissions research to help us stay abreast of social and environmental trends and to help with policy development.

Our annual Public Information and Opinion Monitor takes a snapshot of New Zealanders' attitudes towards local content on television and radio. Year on year the Monitor confirms local audiences' appreciation of locally produced programming with 79% saying NZ On Air-funded programmes are important to them.

We published the *Local Content Report 2006*, our unique measure of how much locally made programming screens on free-to-air television. As the proliferation of channels in New Zealand continues, there is more local content being made and screened. (See Fig.4)

Other research conducted during the year included work to assess the viewing and listening needs of ethnic minorities in the community, and also work by Unitec's Peter Thompson to identify how quality in broadcasting is measured in a variety of countries.

KEY FINDINGS

Nine out of 10 New Zealanders have heard of NZ On Air. Respondents consider:

- Documentaries are NZ On Air's most popular funded programmes
- TV local content levels should increase
- More NZ music should be played on the radio
- Children's programmes and other special interest productions are vitally important to the broadcast mix
- NZ On Air provides an important service

Māori tend to support a wider range of local content than non-Māori.

Source: Public Information and Opinion Monitor 2006



NZ On Air staff

Clockwise from top left: Brenda Leeuwenberg, Elaine Wong, Glenn Usmar, Bernard Duncan, Robyn Andrews, Trish Cross, Melanie Gordon, Clare O'Leary, Jane Wrightson, Teresa Tito and Anita Roberts
Inset: Elizabeth Morrison and Brendan Smyth
Absent: Christine Westwood



Transmission funding

We retained a small allocation to maintain non-commercial radio transmission services to remote areas but no applications were received during the year.

NZ On Air's policy has been to provide one-off capital funding to ensure the availability of a primary strength community radio service to communities of 400+ people if no such service is currently provided. Since no applications have been received for this subsidy in the past two years, no provision has been made for transmission funding in the coming year.

Governance

Neil Walter was appointed Chair of NZ On Air in December 2006 by the Minister of Broadcasting. Mr Walter replaced Don Hunn who retired after one and a half terms. Also during the year, television producers Nicole Hoey and Rhonda Kite were appointed to the Board. They replaced Gaylene Preston and James Coleman.

The Board expresses its appreciation for the dedicated service provided by the three retiring members.

Given the changes in Board membership a review of Board and committee structures was undertaken. Three standing Committees were confirmed.

Eddie Moke, Neil Walter and Nicole Hoey form the Board's Audit and Risk Committee. Rhonda Kite leads the Board's Māori Committee and Paul Smith the Ethnic Committee.

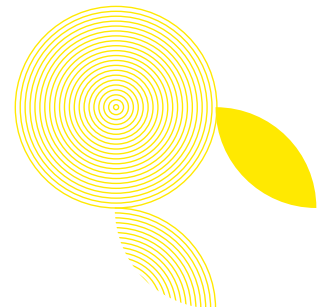
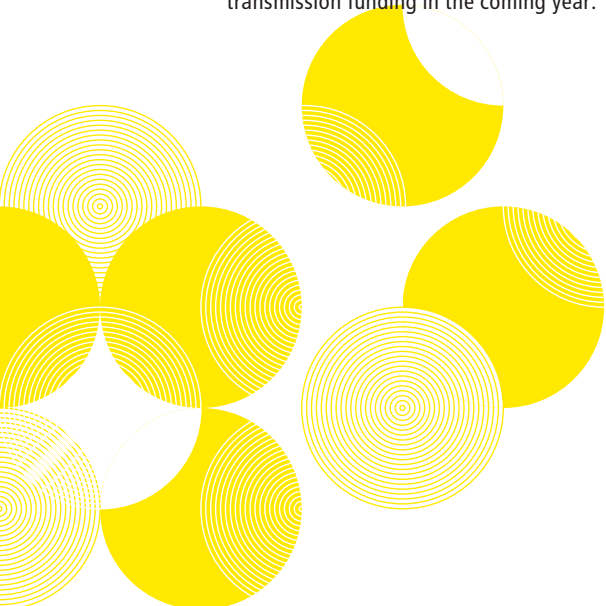
Individual members are from time to time appointed to funding subcommittees as delegated by the Board.

The Minister of Broadcasting may not direct us on cultural or programme matters but may issue directives through Parliament on more general matters. No directives were issued this year.

Management

We are a small organisation of twelve staff in Wellington, and three music contractors in Auckland. Our focus is on low infrastructure expenditure so that high levels of funding are available to achieve our broadcast funding objectives.

During the year a new Chief Executive, Television Manager and Legal Affairs Executive were appointed to permanent staff. Two fixed term contractors were appointed to assist with digital strategy as we consider the best structure for NZ On Air going forward, and we continued to contract the services of Tainui Stephens as Kairurungi to help us with Māori issues.



Good employer policies

Below is a summary of our good employer policies, as required by the Crown Entities Act, using a template recommended by the Human Rights Commission.

We also require funding recipients to follow EEO principles, in accordance with the Broadcasting Act.

HRC good employer element	NZOA policy/procedure	Issues	Action taken
Leadership, accountability and culture	Staff involved in decision-making relevant to their area. Staff encouraged to devise and manage own solutions	New staff need adequate information channels for good decision-making	Monthly management meetings as well as weekly staff meetings. Planning for improved technology tools underway
Recruitment, selection and induction	All permanent staff vacancies advertised. Positions are mainly specialised: focus is on best range of skills for each job	Reasonable gender balance. No Māori, Pasifika or disabled people on staff	Improve advertising scope as vacancies occur
Employee development, promotion and exit	Staff encouraged to develop individual training needs plan	Few opportunities for promotion given size of NZOA	Improve generic skills with better technology implementation
Flexibility and work design	Flexible work practices encouraged – focus on outputs not process	None	None
Remuneration, recognition and conditions	Equitable gender-neutral remuneration	No recruitment issues. No external parity exercise done for some time	Remuneration review to be conducted 07/08
Harassment and bullying prevention	Zero tolerance policy	None	None
Safe and healthy environment	Proactive health and safety approach	None	Policies reviewed annually

Stakeholder consultation

We consult regularly with a range of external stakeholders. This year, after fruitful discussion with the television production industry, we agreed on new terms of trade intended to assist producers to market programmes internationally in a more viable way. NZ On Air retains a financial interest in its funded programmes so that a return can be made to the taxpayer. By 30 June we had issued over 100 contract letters of variation.

We believe these new terms of trade will be very positive both for the independent screen production industry and NZ On Air, who have approached these recent negotiations most constructively. These new terms will enable production houses to retain a greater share of returns to their programmes, resulting in a strengthening of the economic and creative value of the screen production sector, as well as the creative sector as a whole.

Penelope Borland, Chief Executive, SPADA.

Statement of Responsibility

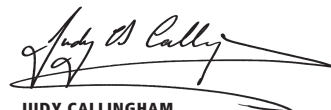
This Annual Report is produced in accordance with sections 150 – 157 of the Crown Entities Act 2004.

The financial statements, statement of service performance and the judgments in this report are authorised as appropriate for issue by the Board of NZ On Air in accordance with its role under the Crown Entities Act. The Board has established and maintained internal control systems which are designed to provide assurance about the integrity and reliability of NZ On Air's financial reporting.

In our opinion, and in the opinion of the Board and management, the Annual Report, financial statements and the statement of service performance fairly reflect the financial position and operations of NZ On Air for the year ended 30 June 2007.



NEIL WALTER
CHAIR



JUDY CALLINGHAM
DEPUTY CHAIR

31 OCTOBER 2007



PART 2:

Financial and accountability statements

Statement of accounting policies

The following accounting policies have been applied. The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand.

Reporting Entity

The Broadcasting Commission (NZ On Air) was established by the Broadcasting Act 1989, and is an autonomous Crown Entity in terms of the Crown Entities Act 2004.

Our functions and responsibilities are set out in the Broadcasting Act 1989.

Measurement Base

The measurement base adopted is that of historical cost modified by the revaluation of certain assets and liabilities as identified in this Statement of Accounting Policies. The accrual basis of accounting has been used unless otherwise stated. These financial statements are rounded to the nearest thousand, unless otherwise stated.

Accounting Policies

The following accounting policies that materially affect the measurement of the financial performance, financial position, cashflows, commitments and contingencies have been applied -

• Revenue

Revenues are derived and recognised as follows:

- Crown revenue from the Government is recognised as revenue when it is received
- Sales revenue from funded programmes is recognised as revenue when the income is received
- Interest income is derived from investments held to maturity, and is recognised on an accrual basis
- If applicable, other income is recognised at the time the services are rendered

• Accounts Receivables

Accounts and other receivables are shown at their estimated net realisable value after allowing for doubtful debts.

• Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation. The provision for depreciation is calculated on a straight-line basis to write down the cost of the asset over its useful life. The depreciation rates have been estimated as follows:

Computer equipment	3 years
Office equipment	5 years
Furniture and fittings	6 years
Leasehold alterations	6 years

• Employee Entitlements

Employee entitlements to salaries, annual leave and other similar entitlements are recognised when they accrue to employees and are based on current rates of pay.

• Budget Figures

The budget figures are those approved by the Board at the beginning of the financial year. The budget figures have been prepared in accordance with generally accepted accounting practice and are consistent with our accounting policies.

• Taxation

Income tax: We are exempt from the payment of income tax in accordance with section 51 of the Broadcasting Act 1989.

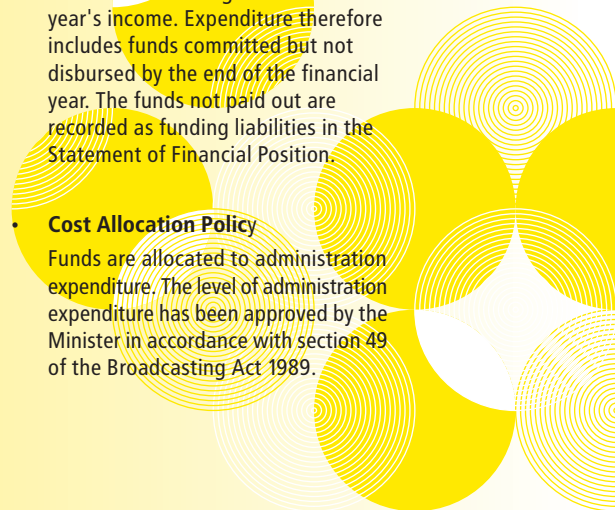
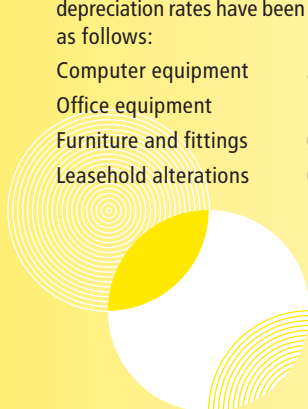
GST: The financial statements are prepared exclusive of GST except accounts receivable and payable which are GST inclusive.

• Broadcasting Funding Expenditure

The allocation of funds to broadcasting services is treated as expenditure when the allocation is approved by the Board and is committed against the current year's income. Expenditure therefore includes funds committed but not disbursed by the end of the financial year. The funds not paid out are recorded as funding liabilities in the Statement of Financial Position.

• Cost Allocation Policy

Funds are allocated to administration expenditure. The level of administration expenditure has been approved by the Minister in accordance with section 49 of the Broadcasting Act 1989.



- **Cash at Bank and Short Term Deposits**
These investments are recorded at cost.

- **Operating Leases**
An operating lease is a lease that does not transfer substantially all the risk and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight line basis over the lease term.

- **Direct Collection Costs**
Direct collection costs are incurred in the recovery of outstanding Public Broadcasting Fees.

- **Financial Instruments**
We are party to financial instrument arrangements as part of our normal operations. These financial instruments include bank accounts, short term deposits, trade payables and receivables. There are no known significant concentrations of credit risks. For financial instruments, the carrying amount is adjusted to fair value if the carrying value is not a reasonable approximation of fair value. All revenues and expenses in relation to financial

instruments are recognised in the Statement of Financial Performance.

- **Statement of Cash Flows**
The following definitions apply to terms used in the Statement of Cash Flows:
Cash means cash on hand and deposits held at call with banks, and other short term liquid investments.

Operating activities includes cash received from all income sources and records the cash payments made for the supply of goods and services, and the funding to broadcasters and programme producers.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise those activities relating to changes in the equity.

- **Commitments**
Funding expenditure approved by the Board during the financial year that relates to future years' revenue are recorded as commitments. Other future payments are disclosed as commitments at the point a contractual obligation arises, to the extent that they are unperformed obligations.

- **Contingent Liabilities**

Contingent liabilities are disclosed at the point at which the contingency is evident.

- **Changes in Accounting Policies and the impact of adopting the New Zealand International Financial Reporting Standards (NZ IFRS)**

In December 2002 the New Zealand Accounting Standards Review Board announced that New Zealand International Financial Reporting Standards ("NZ IFRS") will apply to all New Zealand reporting entities for the periods commencing on or after 1 January 2007. Entities have the option to adopt NZ IFRS for periods beginning on or after 1 January 2005. NZ On Air intends to implement NZ IFRS in its annual financial statements for the year ending 30 June 2008. NZ On Air has assessed the key differences in accounting policies under NZ IFRS and current accounting policies, is determining the impacts on the financial statements from transition and considering processes to deal with any related business impacts. NZ On Air has determined that changes to the recording of provisions under IAS 37 may result in changes to current accounting treatment though this potential impact is yet to be quantified. Other changes as a result of implementing NZ IFRS are expected to be very minor. There have been no other changes in accounting policies. All other policies have been applied on bases consistent with those used in previous years.

Statement of financial performance

for the year ended 30 June 2007

	Note	Actual 2006/2007 \$ 000	Budget 2006/2007 \$ 000	Actual 2005/2006 \$ 000
Income				
Crown revenue	1	106,671	106,671	100,838
Other income	2	5,096	2,500	4,730
Total Income		111,767	109,171	105,568
Operating Expenditure				
Administration and consultation	3	2,914	2,910	2,780
(Recovery) in provision for doubtful debts	4	(58)	-	(94)
Total Operating Expenditure		2,856	2,910	2,686
Funding Expenditure				
Television	5	69,794	69,664	70,078
Radio	6	30,990	31,183	30,437
Transmission coverage	7	-	90	-
New Zealand music	8	5,174	5,046	4,832
Archives	9	1,622	1,264	1,164
Total Funding Expenditure		107,580	107,247	106,511
Total Expenditure		110,436	110,157	109,197
Net (deficit)/surplus for the year		1,331	(986)	(3,629)

The accompanying accounting policies and notes form part of and should be read in conjunction with these financial statements.

Statement of movements in equity
for the year ended 30 June 2007

	Actual 2006/2007 \$ 000	Budget 2006/2007 \$ 000	Actual 2005/2006 \$ 000
Public Equity at beginning of the year	2,311	1,986	5,940
Plus: Net Operating Surplus/(Deficit)	1,331	(986)	(3,629)
Total recognised revenues and expenses for the period	1,331	(986)	(3,629)
Total Public Equity at the end of the year	3,642	1,000	2,311

The accompanying statements of accounting policies and notes form an integral part of these forecast financial statements

Statement of financial position

as at 30 June 2007

	Note	Actual 2006/2007 \$ 000	Budget 2006/2007 \$ 000	Actual 2005/2006 \$ 000
Current Assets				
Cash and bank	10	60,742	54,501	57,803
Accounts receivable - General		91	100	304
Accounts receivable - Interest		1,121	-	1,207
Total Current Assets		61,954	54,601	59,314
Non-Current Assets				
Property, plant and equipment	11	81	80	79
Total Non-Current Assets		81	80	79
Total Assets		62,035	54,681	59,393
Current Liabilities				
Accounts payable		247	300	371
GST payable		162	-	222
Employee entitlements		108	-	150
Funding liabilities	12	57,876	53,381	56,339
Total Current Liabilities		58,393	53,681	57,082
Public Equity		3,642	1,000	2,311
Total Liabilities and Public Equity		62,035	54,681	59,393

The accompanying statements of accounting policies and notes form an integral part of these forecast financial statements

Statement of cash flows
for the year ended 30 June 2007

	Actual 2006/2007 \$ 000	Budget 2006/2007 \$ 000	Actual 2005/2006 \$ 000
Cash Flows from Operating Activities			
Cash provided from:			
Crown funding	106,671	106,671	100,838
Interest received	4,510	2,500	3,989
Other income received	885	-	321
Net Public Broadcasting Fee	58	-	94
Cash applied to:			
Funding to broadcasters and programme producers	(106,043)	(106,050)	(96,410)
Payment to suppliers and employees	(3,011)	(2,910)	(2,528)
Net GST paid	(60)	-	91
Interest paid	(21)	-	-
Net Cash Inflows/(Outflows) from Operating Activities	2,989	211	6,395
Cash Flows from Investing Activities			
Cash applied to:			
Purchase of fixed assets	(50)	-	(21)
Net Cash (Outflows) from Investing Activities	(50)	-	(21)
Net Increase/(Decrease) in Cash Held	2,939	211	6,374
Opening cash	57,803	54,290	51,429
Closing cash	60,742	54,501	57,803
Actual cash balance is represented by:			
Current accounts	42	-	22
Call deposits	60,700	54,501	57,781
	60,742	54,501	57,803

Note

13

The accompanying statements of accounting policies and notes form an integral part of these forecast financial statements

Statement of commitments

as at 30 June 2007

	2007 \$ 000	2006 \$ 000
Lease commitments		
Less than 1 year (2008)	126	94
1 year to 2 years (2009 to 2010)	41	84
2 years to 5 years (2011 to 2012)	10	-
Total Lease Commitments	177	178

At balance date, NZ On Air has operating leases for premises on the 2nd floor, Lotteries Commission Building, Wellington and One Beresford Square, Auckland.

Programme and project funding commitments		
Less than 1 year (2008)	33,321	32,965
1 year to 2 years (2009 to 2010)	665	-
Total Programme and Project Funding Commitments	33,986	32,965
Total Commitments	34,163	33,143

Contingent Liabilities

NZ On Air has no contingent liability as at 30 June 2007. (2006:\$160,261)

Notes to the financial statements

as at 30 June 2007

1 Crown Revenue

NZ On Air's main source of revenue is Crown funding.

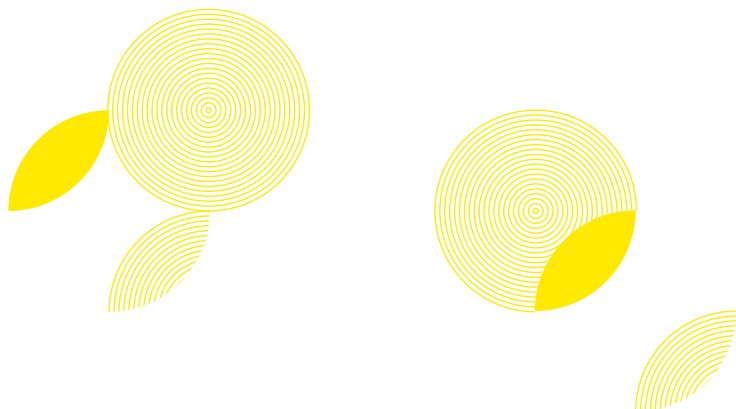
	2007 \$000	2006 \$000
2 Other Income		
Share of income from programme sales	646	211
Interest received	4,424	4,277
Other income	26	242
Total Other Income	5,096	4,730

	2007 \$000	2006 \$000
--	---------------	---------------

3 Administration and Consultation Expenditure

Personnel costs	1,321	1,124
Legal, public relations and expert advice	510	437
Office overheads	197	167
Consultation and research	342	499
Travel and communications	211	236
Board Members' fees	106	99
Rent*	92	92
Public Broadcasting Fee collection costs	13	21
Depreciation		
Furniture and fittings	6	8
Leasehold alterations	11	11
Computer equipment	20	18
Office equipment	11	12
Audit fees	48	56
Interest paid	26	-
Total Administration and Consultation Expenditure	2,914	2,780

* Total annual rent was \$125,000, of which \$19,000 is included in NZ music expenditure shown in Note 8.



	2007	2006
	\$000	\$000
4 (Recovery) in provision for doubtful debts		
Accounts receivable – Public Broadcasting Fee	709	768
Less provision for doubtful debts	(709)	(768)
Total accounts receivable - Public Broadcasting Fee	-	-

Public Broadcasting Fee (PBF) collections continue but there is uncertainty as to the amount that will be collected in the future. We have taken a conservative approach, and maintained a provision for doubtful debts which represents the outstanding fees as at 30 June 2007. The amount of PBF received this year was \$58,000. (2006: \$94,000)

	2007		2006	
	Hours	Funding \$000	Hours	Funding \$000
5 Television Programme Funding				
Drama/Comedy	89	24,161	81	28,911
Documentaries/Information/Innovation	110	11,431	131	13,313
Children & Young Persons' Programmes	504	19,584	505	15,790
Arts, Culture & Performance	54	3,933	63	3,926
Special Interest Programmes/Captioning	152	10,867	191	10,505
Total Production Funding	909	69,976	971	72,445
Less writebacks of previous years' commitments		(750)		(2,690)
Plus Development Funding		568		323
Total Programme Funding		69,794		70,078

	2007	2006
	\$000	\$000
6 Radio		
Radio New Zealand		
RNZ National	23,118	22,604
RNZ Concert	4,814	4,718
	27,932	27,322

	2007	2006
	\$000	\$000
Community Access and Pacific Island Radio		
Auckland Access Radio	216	235
Radio 531pi (Auckland Pacific Island Radio)	200	125
Hamilton Access Radio	173	176
Hawkes Bay Access Radio	138	136
Wairarapa Access Radio	110	109
Manawatu Access Radio	120	120
Print Disabled Radio (Levin)	100	95
Kapiti Coast Access Radio	126	116
Wellington Access Radio	234	223
Samoa Capital Radio (Wellington)	165	165
Tasman Bays Access Radio	199	188
Christchurch Access Radio	230	225
Otago Access Radio	165	168
Southland Access Radio	145	154
Access Radio Retreat	15	15
Access Radio developments	-	45
	2,336	2,295
Programmes on commercial radio	722	820
Total Radio Funding	30,990	30,437

7 Transmission Coverage

There were no applications for Community Radio transmission coverage this year. (2006: nil)

8 New Zealand Music

New Zealand music on radio	4,324	4,018
New Zealand music videos	850	814
Total New Zealand Music	5,174	4,832

9 Archives

Television		
New Zealand Film Archive	1,030	609
Radio		
Sound Archives Nga Taonga Korero	592	555
Total Archives	1,622	1,164

10 Cash and Bank

Cash comprises deposits with registered banks and treasury bills

	2007	2006
	\$000	\$000
Current accounts	42	22
Call deposits	60,700	57,781
Total Cash at Bank	60,742	57,803

11 Property, Plant and Equipment

	Cost	Accumulated Depreciation	Book Value
	\$ 000	\$ 000	\$ 000
2007			
Computer equipment	300	251	49
Furniture & fittings	191	176	15
Leasehold improvements	212	203	9
Office equipment	89	81	8
Total as at 30 June 2007	792	711	81
2006			
Computer equipment	279	249	30
Furniture & fittings	187	174	13
Leasehold improvements	213	192	21
Office equipment	87	72	15
Total as at 30 June 2006	766	687	79

12 Funding Liabilities

At the time funds are committed against the current year's income to a programme or a particular project, the commitment is recorded as a liability. The liability is reduced as the funds are advanced according to the terms of the funding agreement. Funds are normally paid by instalments to meet the cash flow requirements of the programme or the particular project. At year-end, funds had yet to be drawn down for the following activities -

	2007	2006
	\$000	\$000
Television programmes	53,400	52,049
Radio, music and archiving	4,476	4,290
Total Funding Liabilities	57,876	56,339

It is expected that these funding liabilities will all be paid during the next 12 months.

	2007	2006
	\$000	\$000
13 Reconciliation of net surplus with net cash flows from operating activities		
Net Surplus/(Deficit) from operations	1,331	(3,629)
Add non-cash items:		
Depreciation	48	49
	1,379	(3,580)
Add (less) movements in working capital items-		
- Decrease/(Increase) in accounts receivable	299	(420)
- (Decrease)/Increase in GST payable	(60)	91
- (Decrease)/Increase in accounts payable (including employee entitlements)	(166)	203
- Increase in funding liability	1,537	10,101
	1,610	9,975
Net cash inflow/(outflow) from operating activities	2,989	6,395

14 Financial Instruments

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Our investments include on-call deposits and short-term deposits. We do not hold financial derivatives providing interest rate protection. We are primarily a short-term investor.

Concentration of credit risk

Credit risk is the risk that a third party will default on its obligation to us, causing us to incur a loss. We have a minimal credit risk in holding various financial instruments. These instruments include cash, bank deposits, and accounts receivable. We invest with institutions such as registered banks, that have a high credit rating. There is no significant concentration of credit risk.

Foreign currency risk

There is no exposure to foreign currency risk.

15 Employee Remuneration

The number of employees, who received remuneration and other benefits in excess of \$100,000¹ were:

	Numbers of employees 2007	Numbers of employees 2006
Salary Band		
\$110,000 to \$120,000	1	1
\$180,000 to \$190,000	-	1
\$210,000 to \$220,000	1	-
\$230,000 to \$240,000	-	1

Chief Executive commenced in February 2007 and received \$90,000 for the year ended 30 June 2007.

During the year no compensation or benefit was paid to any employee who ceased to be employed by us. (2006: \$17,885)²

16 Board Fees³	2007 \$000	2006 \$000
Neil Walter - Chair (appointed December 2006)	18	-
Don Hunn - Chair (retired December 2006)	14	29
Judy Callingham - Deputy Chair	15	14
Edie Moke	15	14
Paul Smith	15	14
Nicole Hoey (appointed October 2006)	10	-
Rhonda Kite (appointed January 2007)	8	-
Gaylene Preston (retired October 2006)	6	14
James Coleman (retired October 2006)	5	14
Total Board Fees	106	99

17 Related Party Transactions

We are a wholly owned entity of the Crown. We enter into a number of transactions with other Crown Entities, Crown Companies and Government Departments. These transactions are carried out on an arm's length basis and are not considered to fall within the intended scope of related party disclosures.

Where a member of the Board has an interest in a NZ On Air project, the interest is disclosed and the member does not take part in decisions relating to that project.⁴

James Coleman declared interests in projects relating to six Kiwi FM Radio Shows. NZ On Air provided funding of \$300,000 for these projects. (2006: \$896,648 total funding to three companies using Mr Coleman's services.)

Board member Nicole Hoey declared interests in two projects relating to Cinco Cine Film Productions. NZ On Air provided funding of \$545,630 in relation to these projects.

Board member Rhonda Kite declared interests in Eden Post Production Ltd. Where there may be conflict subsequent to NZ On Air funding decisions, she has not taken part in these discussions or decisions.

Nicole Hoey and Rhonda Kite did not participate in the decision relating to the revised television recoupment policy as their production companies are likely to benefit from the outcome.

Tainui Stephens, NZ On Air's Kaiurungi, declared an interest in a project relating to Conbrio Media Ltd which received \$89,915 in funding.

18 Comparative Numbers

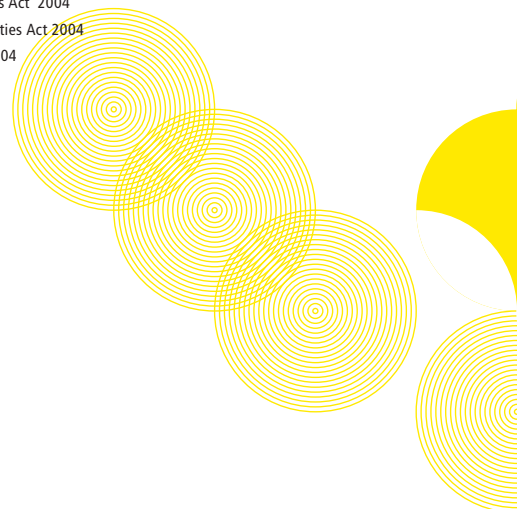
Certain prior year numbers have been restated to ensure consistent comparison with the current year numbers. This did not affect the financial results for 2006.

19 Post Balance Date Events

There have been no material events subsequent to 30 June 2007 (2006: nil).

Notes

1. s152 (1)(c) Crown Entities Act 2004
2. s152 (1)(d) Crown Entities Act 2004
3. s152 (1)(a)(b) Crown Entities Act 2004
4. s66 Crown Entities Act 2004



Statement of service performance

for the year ended 30 June 2007

1.0 PROGRAMME FUNDING

1.1 TELEVISION PROGRAMMES

Performance against quantity and cost targets

The total television hours target was exceeded, with various fluctuations in genres.

Television programme funding	BUDGET 2006/2007		ACTUAL As at 30 June 2007	
	Target hours	Funding \$ Millions	Actual hours	Funding \$ Millions
Programme Type				
Drama	51	22.09	36	15.43
Comedy	29	8.18	53	8.79
Children's Drama	12	5.08	14	4.91
Documentaries	84	8.20	104	9.99
Special Interest Programming				
Children and Young People	386	11.36	490	14.67
Arts, Culture and Performance	68	3.06	53.5	3.93
Innovation	10	1.0	6	1.38
People with Disabilities (+ Captioning)	20	3.15	20	3.15
Ethnic Minorities	68	3.75	84	4.50
Other Minorities	49	2.20	48.5	2.33
Development	-	0.70	-	0.57
Regional Television	-	0.89	-	0.89
Total	777	69.66	909	70.54
Children's Repeats	230			

Notes

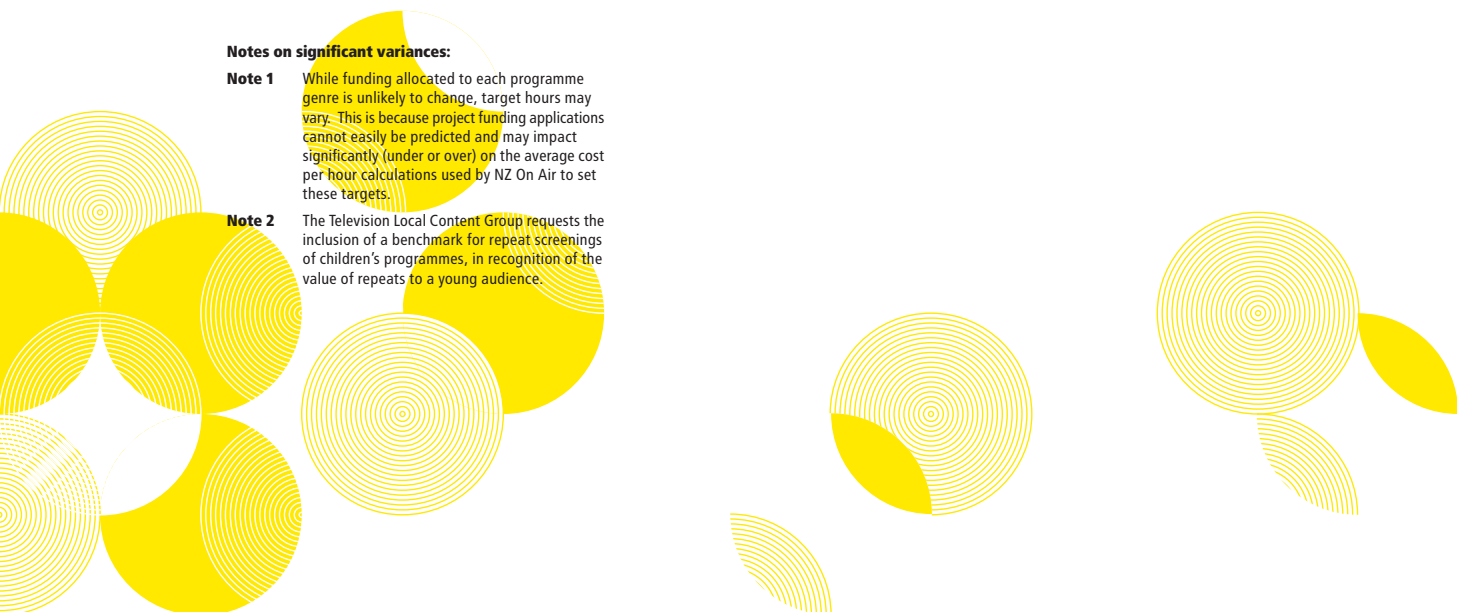
1

2

Notes on significant variances:

Note 1 While funding allocated to each programme genre is unlikely to change, target hours may vary. This is because project funding applications cannot easily be predicted and may impact significantly (under or over) on the average cost per hour calculations used by NZ On Air to set these targets.

Note 2 The Television Local Content Group requests the inclusion of a benchmark for repeat screenings of children's programmes, in recognition of the value of repeats to a young audience.



Performance against quality targets

Levels of audience support for the programmes and services funded by NZ On Air will be maintained or increased.

Around 70% or more of respondents in a major survey believe it is important for NZ On Air to fund programmes such as children's programmes, in-depth documentary, programmes for people with disabilities, drama and children's drama.

75% or more of respondents in a major survey agree that NZ On Air supports programmes and services that are important to New Zealanders.

62% of respondents in a major survey believe that the amount of New Zealand-made TV programmes should increase.

At least one symposium focusing on areas of interest to NZ On Air television funding will be held.

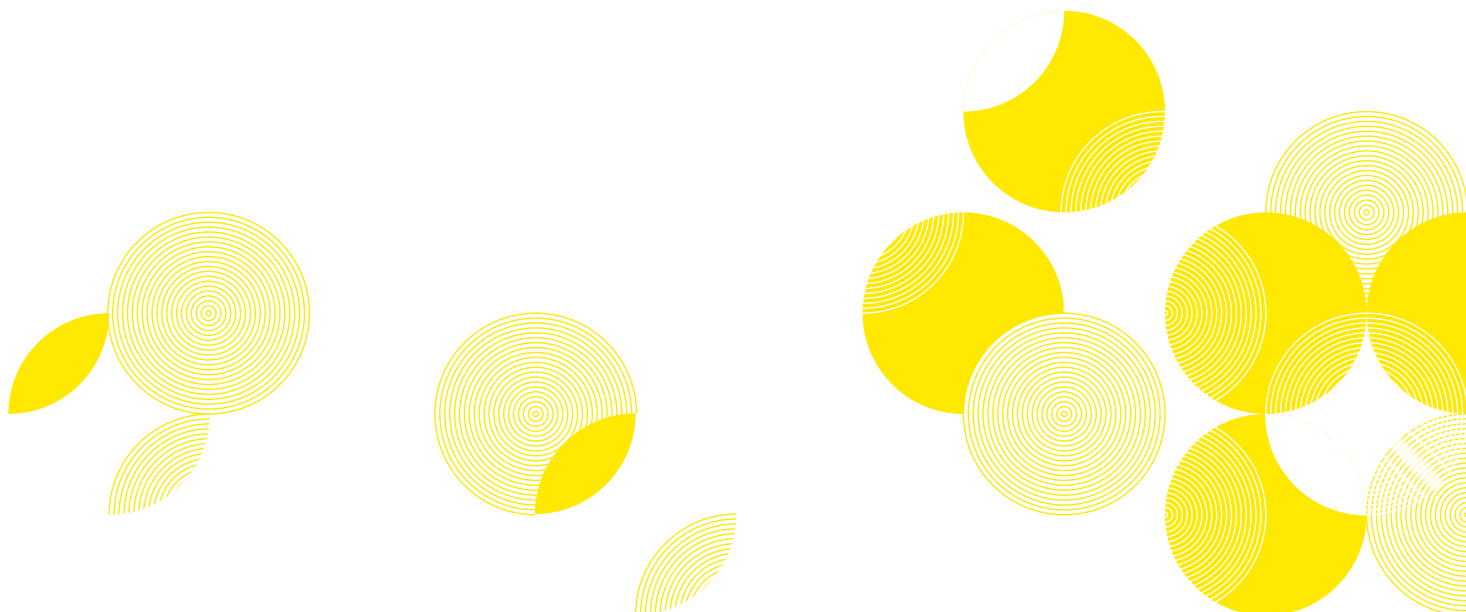
Achieved. See below:

Public Information Monitor 2006: high proportions of people consider it important for NZ On Air to fund teletext captions on TV programmes (80%), children's programmes (76%), in-depth documentaries (77%), and programmes for people with disabilities (77%).

Public Information Monitor 2006: 79% of respondents agree.

Public Information Monitor 2006: When the proportion of local content in other countries is discussed, 61% agree.

None have been held this year owing to staffing changes.



1.2 RADIO SERVICES

(a) RADIO NEW ZEALAND: RNZ NATIONAL AND RNZ CONCERT

Performance against quantity (Charter) targets

Achieved hours showed no material variations from targets. Charter functions and programme hours devoted to the fulfillment of these functions are as follows:

Charter Functions (Note 1)	Target Hours 2006/2007				Actual Hours As at 30 June 2007			
	RNZ National		RNZ Concert (Note 2)		RNZ National		RNZ Concert (Note 2)	
	Broadcast Hours	% Total Hours	Broadcast Hours	% Total Hours	Broadcast Hours	% Total Hours	Broadcast Hours	% Total Hours
A. Intellectual, scientific and cultural development. Informed debate and critical thought.	7,446	85%	(Note 2)		7,768	89%	(Note 2)	
B. Information, special interest and entertainment. Reflect cultural diversity including Māori language and culture.	7,708	88%	175	2%	8,310	95%	66	1%
C. Varied interests within the community. Information, educational, special interest and entertainment.	1,664	19%	8,760	100%	1,619	18%	8,693	99%
D. Musical, dramatic and performing arts. New Zealand and international composers, performers and artists.	2,104	23%	8,497	97%	1,891	22%	8,405	96%
E. Nationwide service, highest quality. Sense of citizenship and national identity.	8,760	100%	(Note 2)		8,760	100%	(Note 2)	
F. Comprehensive, independent, impartial, balanced news and current affairs. Regional perspective.	2,628	30%	175	2%	2,723	31%	179	2%
G. Comprehensive, independent, impartial, balanced international news and current affairs.	1,084	12%	85	1%	1,186	14%	84	1%

Note 1 Programmes produced and broadcast by either RNZ National or RNZ Concert have been assessed in terms of the contribution that the programme makes to RNZ's Charter functions. Most programmes contribute to more than one Charter function.

Note 2 While RNZ Concert's programmes may broadly meet the intentions of Charter functions A, B and E, its primary role is to provide services intended by function D.

Performance against quantity (Broadcasting Act) targets

Our funding agreement also requires RNZ to deliver services so we can meet our responsibilities under the Broadcasting Act 1989. They are:

Types of Programmes and Services	Target Hours 2006/2007		Actual Hours As at 30 June 2007	
	RNZ National	RNZ Concert	RNZ National	RNZ Concert
Total broadcast hours including:	8,760	8,760	8,760	8,760
New Zealand content programmes which includes:	7,800	-	8,056	-
• Māori language & culture	350	-	357	-
• Special interest	340	-	374	-
• New Zealand drama	200	-	291	-
% of New Zealand music on rotate (Note 1)	33%	-	40%	-
% of New Zealand music composition	-	3.5%	-	3.9%
% of New Zealand music performance	-	14%	-	14%
% of population able to receive transmission (Note 2)	97%	92%	97%	92%

Note 1 In addition to the New Zealand music content on rotate, RNZ National produces and broadcasts feature programmes on New Zealand music.

Note 2 Proportion of the population able to receive RNZ via terrestrial transmission. As a result of an arrangement with Sky Television, 100% of the country is able to access a RNZ National or RNZ Concert signal via a Sky satellite dish and decoder.

Performance against cost targets

Target \$

RNZ National	\$23,118,000
RNZ Concert	\$4,668,000
RNZ International & Sound Archives/Ngā Taonga Kōrero	\$146,000

Target RNZ **\$27,932,000**

Committed Expenditure As at 30 June 2007

RNZ National	\$23,118,000
RNZ Concert	\$4,668,000
RNZ International & Sound Archives/Ngā Taonga Kōrero	\$146,000

TOTAL COST **\$27,932,000**

Performance against quality targets

Target

Overall audience satisfaction levels, as measured in RNZ's annual independent surveys, should not fall below 80% in the case of RNZ National and 75% in the case of RNZ Concert based on a realistic assessment of levels achieved in the 2000/2001 year. Other qualitative benchmarks should not fall below the levels achieved in the last survey in 2005.

NZ On Air will work with RNZ to establish whether such things as international public broadcasting benchmarks and some form of international peer review might provide a valuable basis to assess the quality of the broadcaster's programming and presentation.

**Actual Performance
As at 30 June 2007**

Achieved. Both RNZ National and RNZ Concert's cumulative audiences dropped compared to 2005. Audience satisfaction levels of 84% and 78% for RNZ National and RNZ Concert respectively were recorded. RNZ National's figure is similar to the previous year (86%). RNZ Concert's satisfaction rating dropped from 85% last year to the same level that was recorded in 2004 – 78%. RNZ suggests that a large volume of podcasts downloaded from the RNZ website could indicate that people are listening less to live radio.

Not achieved. RNZ prefers to work independently. RNZ is currently party to an international public broadcasting Key Performance Indicator measurement system developed in the past five – six years.

(b) ACCESS AND PACIFIC ISLAND RADIO

Performance against quantity targets

Target

NZ On Air will contribute funding to 11 access radio stations, which serve communities of 50,000-plus population in Auckland, Hamilton, Hawkes Bay, Manawatu, Wairarapa, Kapiti Coast/Horowhenua, Wellington, Nelson/Tasman Bays, Christchurch, Dunedin and Invercargill. A Radio Reading Service for the print-disabled, based in Levin, will also receive funding.

Pacific Island community radio services, provided by Radio 531pi in Auckland and Samoa Capital Radio in Wellington, will continue.

NZ On Air will encourage retransmission of Pacific Island and Māori programmes to a wider audience.

Additional funding will be available towards new and innovative ethnic radio services.

**Actual Performance
As at 30 June 2007**

Achieved. 11 access stations and Print Disabled Radio funded.

Achieved.

Achieved. *Te Puutake* (broadcast on George FM, and iwi and high school stations) is also broadcast on access radio. *Paakiwaha* (broadcast on iwi radio) also broadcasts on a number of access stations.

Achieved. "Kick-start funding" designed to help new ethnic programmes start up on access stations allocated during the October, December and February meetings.

Additional community access funding was also allocated to Arrow FM in the Wairarapa to contribute to a project to enhance programming that meets with the objectives of Section 36(c) of the Broadcasting Act 1989.

\$8,800 was allocated to Wellington 783AM Access radio to engage an intern to assist with increasing opportunities for Broadcasting Act Section 36(c) programming.

\$17,000 was approved to help Coast Access Radio in Waikanae to upgrade their accommodation.

Supplementary funding went to:
 Fresh FM, Nelson (\$16,000) to contribute to the purchase of new transmission equipment, Hills AM, Dunedin (\$15,000) to upgrade studio equipment.
 Wellington Access radio (\$3,280) for continued Section 36(c) broadcasting.
 \$29,500 was allocated to Wellington, Auckland and Coast access radio for capital works.
 Community Radio Hamilton, Radio Kidnappers, Wellington 783AM and Plains FM received supplementary funding (\$40,442) for Section 36(c) initiatives.

Performance against quality targets

Target

An average of 60% of the programmes broadcast across the funded access radio stations will meet the needs of the groups specified in Section 36(c) of the Broadcasting Act.

The guidelines in "Radio Diversity", the handbook for New Zealand community access radio developed by NZ On Air, will be consulted and followed by access radio trusts, Boards, management, volunteers and staff.

An annual retreat for access radio managers will be held.

Access stations will be assisted with the transition from AM to FM broadcasting where necessary and desirable, in a cost-effective manner.

Pacific Island radio services will provide a range of programming suitable for Pacific Island audiences as determined through consultation.

Actual Performance As at 30 June 2007

Achieved. An average of between 60 and 70% of the programmes broadcast across the access radio group meets NZ On Air's objectives under Section 36(c) of the Broadcasting Act 1989. A number of access stations continue to apply for additional funding for projects to increase and improve these programmes.

Achieved. Station management have commented on the value of the "Radio Diversity" access radio manual in guiding station operation, particularly when issues surrounding governance and management arise.

Achieved. NZ On Air hosted managers from access radio stations at a retreat in Arthur's Pass in August 2006.

No new access radio frequencies have been allocated during this reporting period.

Achieved. Both Radio 531pi and Samoa Capital Radio provide a range of programmes for Pacific Island audiences in Auckland and Wellington. 531pi broadcasts programmes in at least eight Pacific Island languages.

Performance against cost targets

Target \$

Access Radio	\$2,033,400
Pacific Island Radio	\$497,000

Target	\$2,530,400
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Actual Performance As at 30 June 2007

Access Radio	\$1,945,938
Pacific Island Radio	\$390,200

TOTAL COST (Note 1)	\$2,336,138
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Note 1 Access radio budget underspent because some contingency funding reserved for transition to FM broadcasting was not allocated. No FM frequencies were allocated this year.

(c) COMMERCIAL RADIO PROGRAMMES**Performance against quantity targets****Target**

At least 150 hours of youth-focused programming will be produced for broadcast on at least 20 radio stations each or on commercial radio networks with equivalent audience reach; and

At least one spiritual/values-based radio series, and Easter and Christmas specials will be produced and broadcast on at least 20 radio stations each or on commercial radio networks with equivalent audience reach; and

Up to two radio drama and/or comedy series will be produced and broadcast on commercial radio and up to two development projects will be funded; and

Up to two English-language current affairs series, which are produced with a Māori perspective, will be broadcast.

Actual Performance

As at 30 June 2007

Exceeded. 155 hours of programming in this category were funded. \$103,480 was allocated to Loudmouth Productions, to continue production of the children's story radio programme *That's the Story* for Classic Hits FM networks.

\$128,611 allocated to Stretchmark Productions, for the production of 50 episodes of the youth radio programme *Te Puutake* for broadcast on the George FM network and iwi, access, and student radio stations.

\$14,000 to the Down Low Concept to produce *Pop! Goes the Weasel*.

\$115,950 to Base Two Ltd to produce the youth programme *Upload*.

Exceeded. Four projects funded. *Christmas Special* for the Christian Broadcasting Association (CBA) on Newstalk ZB and Radio Sport on Christmas Day (\$11,142). *Easter Special* for the same networks on Good Friday (\$13,481). Real Life, a weekly, faith-based talkback show for NewstalkZB (\$5,000). The CBA-produced spiritual/ethical series *Scrubcutter* for Newstalk ZB (\$60,000).

Exceeded. Four projects funded.

Comedy music quiz series *Pop! Goes The Weasel* for Kiwi FM and Radio Live. (\$14,000).

2006 Wrap-up for Radio Live (\$4,000).

Public Address System (series) for Radio Live (\$80,000).

Silly Ads for the Radio Hauraki network (\$17,000).

One development project funded.

Achieved. English-language Māori issues series *Paakiwaha* funded (\$70,000).

Performance against quality targets**Target**

Target audience feedback, audience numbers, numbers of radio outlets and award nominations and commendations will measure audience acceptance and high standards. This will be monitored throughout the year.

Drama and/or comedy projects will be widely broadcast and audience feedback will be monitored.

NZ On Air research projects and symposia will address and include radio issues and initiatives.

Formal and informal feedback from stations broadcasting NZ On Air funded programmes remains positive.

Funded series have good audience following and sustained radio broadcaster commitment.

No symposia convened during the year, but the Public Information Monitor included radio questions.

Performance against cost targets**Target \$**

Target commercial radio programmes **\$721,000**

Committed Expenditure

As at 30 June 2007

TOTAL COST **\$721,834**

1.3 NZ MUSIC

Performance against quantity targets

Target

Up to 20 radio singles by new New Zealand artists who have commercial radio airplay potential and up to three te reo singles with commercial radio airplay potential will be funded.

Partnerships will be established with music television providers that will increase the opportunities for music videos to play on free-to-air television.

An annual NZ Music Awards ceremony will be broadcast on national free-to-air television.

At least 170 music videos by New Zealand artists will be funded for broadcast on every music video outlet on air.

An international radio (and music television) airplay plan will be implemented, resulting in –

(a) the production of up to six five-act New Zealand music sampler CD/DVDs for distribution to selected tastemakers in radio and the music media in Australia, the US, Canada and the UK;

(b) funding for up to 15 radio promo sampler packs by artists with a release deal in one or more of the target territories, sharing the costs with the New Zealand repertoire-owners;

(c) publication of regular New Zealand music features in at least one leading radio and music industry trade magazine in each territory;

(d) contracting agents and/or pluggers in each of the target territories to service the Phase Five samplers and maintain the tastemaker networks;

(e) funding – on a joint-venture basis with New Zealand record companies – up to 15 independent radio plugging campaigns to support the release of radio singles by New Zealand artists in one or more of the target territories;

(f) funding the production of up to four New Zealand music radio shows for international and local radio syndication.

Actual Performance

As at 30 June 2007

Exceeded (in relation to the New Recording Artists scheme). Funding was provided for 21 New Recording Artist projects (\$105,000).

Further development of the Te Reo Radio Hits scheme is on hold, pending a review of the original pilot projects.

Achieved. Funding was provided for the C4 music television channel for its fourth and final year (\$250,000). Any subsequent funding will be programme-specific.

Funding was provided for the *NZOwn* New Zealand music show on Juice Music Television (\$100,000).

Achieved. Funding was provided to Visionary Film & TV to produce television coverage of the 2006 NZ Music Awards which was subsequently broadcast on C4 and TV3 (\$128,148).

Achieved. Funding for 170 music video projects was provided (\$850,000).

Achieved (in relation to the US and Australia). Seven Phase Five five-act samplers have been produced and distributed. Currently researching UK and Canadian opportunities.

Achieved. Funding has been approved for 15 projects to date.

Achieved (in relation to the UK, the US and Australia). Phase Five New Zealand music features with accompanying New Zealand music samplers appeared in Music Week in the UK, The Music Network in Australia and the CMJ New Music Report in the US. A Canadian intervention is on hold.

Achieved (in relation to the US, the UK and Australia). A contract has been negotiated with A & R Worldwide based in Los Angeles to act as NZ On Air's Phase Five partner in the US and as a "tastemaker" portal.

Music Week contracted as Phase Five partners in the UK.
The Music Network contracted as Australian partners.
CMJ contracted as partners for the Phase Five college radio campaign in the US.

Achieved. Funding approved for 15 projects (see (b) above).

In train. A partnership has been set up with Kiwi FM to produce a New Zealand music radio segment for the Passport Approved new music show that plays on selected independent commercial radio stations in the US, Canada and Germany.

At least one regular daily or weekly New Zealand music feature will be broadcast on all major commercial radio networks and dedicated New Zealand music shows will be funded on all b.net student radio stations.

Achieved. Funded New Zealand music radio shows are broadcast on all the major commercial radio networks and stations that want them (for example, The Edge, ZM, The Rock and Flava) and on the six b.net radio stations.

Up to twelve volumes of Kiwi Hit Disc (incorporating the former Indie Hit Disc and A/C Hit Disc) and up to four volumes of Iwi Hit Disc; will be produced for distribution to every radio station.

Achieved. Eleven volumes of **Kiwi Hit Disc** (#84 - #94) were produced and three new volumes of the **Iwi Hit Disc** (#20 - #22).

Radio Hits funding will be provided for up to 20 records that have picked up significant airplay on commercial radio (provided those records have not already been funded through the Phase Four Albums or New Recordings tiers).

Achieved. Funding for 20 eligible Radio Hits projects has been provided.

A New Zealand music promotions campaign will be run, including partnering with the NZ Music Commission to promote NZ Music Month and the NZ Music Showcase at the annual Radio Broadcasters Association conference.

Achieved. We continued to produce the Fresh NZ Music magazine that accompanies the Kiwi Hit Disc this year. The first two of a new series of (at least) three annual New Zealand music showcases for radio were held.

Three radio road trips with New Zealand artists were undertaken. NZ On Air again participated in the annual NZ Music Month promotion in May.

Performance against quality targets

Quality

New Zealand music content on commercial radio will be 20%-plus by the end of the 2006/2007 year.

Actual Performance As at 30 June 2007

Not achieved. Local music content on commercial radio in the June 2007 quarter was as follows –

Pop	14.71%
Rock	21.58%
A/C	22.37%
Hot A/C	17.98%
Easy	15.24%
Urban	06.38%
Overall	19.91%

The 19.91% quarterly result at the end of the 2006/2007 year was just under the 20% target. In the last weeks of the year, local content was back over the 20% mark (20.38% in the week to 24 June and 20.84% in the week to 01 July).

Each NZ On Air-funded album will produce at least four commercial radio hits (meaning singles that achieve a Top 40 peak on the weekly RadioScope NZ Airplay Chart).

Exceeded. As at 30 June, 94% of the singles from Phase Four-funded albums had achieved "radio hit" status.

Each of the radio singles funded via the revamped New Recording Artist Scheme will be commercial radio hits.

As at 30 June, eight of the new New Recording Artist funded songs had been released and six had achieved "radio hit" status. This 75% radio hits strike rate contrasts with the 49% achieved before the scheme was revamped.

At least 50% of the artists and songs featured in NZ On Air's Phase Five campaign will secure significant radio and music television airplay overseas, measured by radio airplay chart performance, territory by territory.

Too soon to measure the impact of the Phase Five plan. This will be done in 2008/2009.

At least 75% of the artists featured in the Phase Five campaign will attract further investment from record companies in recording and delivering radio hits for the local (and international) airplay market.

As above.

At least 50% of the artists featured in the Phase Five campaign will go on to achieve a better RadioScope NZ Airplay Chart performance with future releases than they achieved before their international campaign was launched.

As above.

Performance against cost targets

Target \$

Target NZ Music **\$5,045,700**

Committed Expenditure As at 30 June 2007

TOTAL COST (Note 1) **\$5,174,196**

Note 1 Additional funding provided to NZ Music Awards

1.4 MĀORI BROADCASTING

Performance against quantity targets

Target

Upwards of 10% of hours funded within a television 'umbrella' funding arrangement will involve substantial Māori creative participation on a topic of relevance to Māori language and culture.

Other television programmes featuring Māori and Māori interests intended for a general audience – such as a documentary strand, a drama project and language interstitials – will be supported as funds permit.

Actual Performance As at 30 June 2007

Achieved. Funding for Inside NZ XVI (TV3) approved with provision for 2 of the 15 hours to be Māori. Two Māori programmes commissioned so far in the strand are:

The Secret of John Rowles (\$101,526)

Life of Brian (\$95,667)

There are still 8 titles yet to be commissioned in this series.

Achieved. Funding for TVOne Docs (TVNZ) approved with a provision for 2 of the 20 hours to be Māori. One series (3 x 1 hour) commissioned: *The Pledge* (\$285,000)

In train. Funding for Sunday Drama (TV One) approved with the provision that 1 of the 4 productions would be Māori. One Māori project out of five put into development and one more being sought. (*Budget \$1,350,000*)

Achieved. Funding has been allocated to the following adult programmes that feature strong Māori content:

The Strength of Water (\$500,000)*

ANZAC Day – Songs From The Vietnam Era (\$150,000)*

Waka Moana (\$84,296)*

Turangaarere (\$80,000)*

Tu Te Puehu 7 (\$200,000)

Pukana 2007 (subtitling) (\$64,000)

AotearoHa (\$116,407)

Lost In Translation (\$650,170)

Rain Of The Children (\$277,127)*

Let My Whakapapa Speak (\$89,915)*

The Biggest Killer In Aotearoa (\$124,500)*

Whanau (drama) (\$480,870)

Whanau (doco) (\$115,620)*

* For broadcast on Māori Television.

Children's programmes funded by NZ On Air will promote Māori language and culture as an essential aspect of the programme.

Achieved. 14 hours of children's drama have been funded, all series with one or more principal Māori child characters.

Of nine children's general series funded, one series of 40 hours is principally Māori:

Mai Time 2007 (\$904,985).

Of the remainder all but one have varying degrees of Māori content.

The programmes *The Go Show 3* and *The Go Show Hour* have at least 10% Māori language content.

RNZ National will be contracted to produce and broadcast at least 350 hours a year of programmes reflecting Māori language and culture.

Achieved. RNZ National broadcast 357 hours of programmes reflecting Māori language and culture during the year.

Upwards of 15% of the music videos funded by NZ On Air during the year, 15% of the tracks on *Kiwi Hit Disc*, and 15% of the new recording artists grants will be by Māori artists.

Achieved in part. Of the 170 music videos funded this year, 18 were by Māori artists (11% - \$90,000). Funding for 20 New Recording Artist projects has been approved and 2 were by Māori artists (10%). Twenty-six of the 176 (15%) tracks on the 11 volumes of *Kiwi Hit Disc* this year were by Māori artists.

Up to four volumes of *Iwi Hit Disc* will be produced for distribution to every radio station in the country.

Achieved. Three new volumes of the *Iwi Hit Disc* (#20 - #22) were released to radio this year.

NZ On Air, in partnership with Te Māngai Pāho, will fund up to three te reo radio singles that have commercial radio airplay potential.

Not achieved. Waiting on delivery of the first three pilot te reo radio hits songs to evaluate the success of the pilot before developing the te reo radio hits project further. This year, we provided te reo radio hits funding for the winner of the *Toru* talent quest broadcast by Māori Television.

Performance against quality targets

Target

Up to two well-attended Māori broadcasting hui will be held during the year in order to survey progress made by NZ On Air in meeting the Maori broadcasting performance targets outlined above.

At least one internal review of the implementation of NZ On Air's Te Rautaki Māori will be conducted.

NZ On Air's audience research will confirm that levels of support for and appreciation of funded Māori programmes are at least maintained, or are improved, using benchmarks established in 2002.

Actual Performance As at 30 June 2007

Not achieved due to staffing changes.

Review completed. Revised Rautaki published on NZ On Air's website.

Public Information Monitor 2006 confirmed the importance of NZ On Air supporting programmes reflecting Maori language and culture, with two thirds of respondents saying it was important.

Performance against cost targets

Target \$

Target Māori Programmes \$3,900,000

Committed Expenditure As at 30 June 2007

Television	\$5,670,843
Radio (Note 1)	\$1,128,331
NZ Music Videos	\$90,000
TOTAL (Note 2)	\$6,889,174

Note 1 The estimate for Radio is based on 4% of the total funding provided to RNZ National, as Māori programming occupies about 4% of programme hours (0.04 * \$23,118,000). This estimate includes Māori programming's proportionate share of the broadcaster's total overall costs for the period (\$924,720).

The estimate also includes funding allocated to Māori radio programmes *Paakiwaha* (\$75,000) and *Te Puutake* (\$128,611).

Note 2 Target exceeded primarily due to additional drama and documentary opportunities.

2.0 ARCHIVING

Performance against quantity targets

QUANTITY

Funding for core archiving services of New Zealand television and radio programmes is provided to achieve:

Service	Television Target Hours (Note 1)	Radio Target Hours	Television Actual Hours	Radio Actual Hours
Selection and acquisition of programmes to be archived	1,440 hours	1,300 hours	1,440 hours	1,983 hours
Preservation of programmes	210 hours	1,900 hours	210 hours	2,003 hours
Public access to the archived broadcast programmes (Note 2)	-	-	-	-

Note 1 Targets were agreed after publication of the 2006/2007 Statement of Intent so figures differ from the prior targets published, which related to the previous year.

Note 2 Public access to archive material held by either the New Zealand Film Archive or Sound Archives/Ngā Taonga Kōrero Ltd is available during these archives' working hours in line with generally accepted archiving procedures.

Performance against quality targets

Target

An independent archiving consultant reviews the six monthly reports provided by the New Zealand Film Archive (NZFA) and Sound Archives/Ngā Taonga Kōrero (SA/NTK). The reports will confirm:

The standards for diversity, preservation, and public accessibility are being achieved.

At least one initiative to achieve better industry outreach has been developed and implemented.

Opportunities for co-ordination and information sharing using new technology to reduce duplications are being identified.

Actual Performance As at 30 June 2007

Achieved. Independent consultants Roger Horrocks and Brian Pauling have reviewed the NZFA and SA/NTK reports respectively and advise that both archiving service providers are performing well against agreed targets.

Achieved. Archiving consultants report a broadening diversity in the archiving collections being selected and archived. Public access has improved considerably in recent years, particularly in the case of the NZFA, and SA/NTK continues to work to improve its accessibility.

In train. A portal development will enhance access to collections.

In train. NZ On Air continues to encourage dialogue and information sharing to ensure funded archiving services continue to operate in an effective and efficient manner. Additional funding was allocated to NZFA to assist them to achieve digitisation objectives (\$350,000).

Performance against cost targets

Target \$
Archiving **\$1,263,650**

**Committed Expenditure
As at 30 June 2007**
TOTAL COST (Note 1) **\$1,622,150**
Note 1 Additional funding provided to NZ Film Archive

3.0 TRANSMISSION COVERAGE (RADIO)

Performance against quantity targets

Target

Applications for funding of capital equipment to establish up to three new community radio facilities in areas of 400+ people that are not served by a primary-strength community radio signal will be considered by NZ On Air.

**Actual Performance
As at 30 June 2007**

No applications received.

Performance against quality targets

Target

Where NZ On Air subsidises a community radio service, the broadcaster will make available to the agreed number of potential listeners in the coverage area a signal suitable to provide a field strength of at least 54dBu per metre for FM or 60dBu per metre for MF (AM).

NZ On Air contracts with broadcasters to ensure that community radio services broadcast for 24 hours per day and that the programming includes local news, weather and community information and is capable of carrying local civil defence information in an emergency.

**Actual Performance
As at 30 June 2007**

Achieved.

Achieved.

Performance against cost targets

Target \$
Radio transmission coverage **\$89,500**

**Committed Expenditure
As at 30 June 2007**
TOTAL COST **Nil**
Summary of Output Revenue and Expenses
Output Expenses

	2006/2007 SOI \$000	Actual Expenditure \$000
1.0 Funding	105,893	105,958
2.0 Archiving	1,264	1,622
3.0 Transmission Coverage	90	
	107,247	107,580

Output Revenue

	2006/2007 SOI (Note 1) \$000	Actual Revenue \$000
1.0 Funding	105,893	107,235
2.0 Archiving	1,264	1,642
3.0 Transmission Coverage	90	
	107,247	108,877

Note 1 Consistent with the functions of a funding agency, budgeted expenses are deemed to be revenue for this exercise.

Statement of management procedures

Funding allocation process

Descriptions Of Actions

Actual Performance As at 30 June 2007

Management Procedures

NZ On Air seeks to apply principles of consistency, fairness and transparency in the allocation and monitoring of funding for broadcasting. In order to achieve this, the following actions are taken:

All complete funding applications received by NZ On Air by its published deadlines, will be considered by the Board in the month following the application deadline.

Achieved.

All funding decisions will be made by NZ On Air's Board in accordance with the provisions of the Broadcasting Act, any directions issued by the Minister of Broadcasting and NZ On Air's current policies (as outlined in the funding guidelines available to the public).

Achieved.

NZ On Air will communicate funding decisions by letter to applicants as soon as practicable and by press releases where appropriate to the general public.

Achieved

NZ On Air will enter into funding contracts with service providers to obtain a range of broadcasting services.

See table below. The number of television contracts is below target because more series were funded as opposed to single programmes. Both television and music contract numbers are affected by the time lag between approval and contracts signed.

Broadcasting Services	Expected Number of Funding Contracts for 2006/2007	Actual Number of Funding Contracts for 2006/2007
Television	180	131
Radio	15	34
Commercial Radio Programmes	12	16
Transmission Coverage	1	-
New Zealand Music	267	257
Archiving	2	5
Total	477	443

Risk Management

NZ On Air regularly reviews and where necessary updates its various risk management (e.g. IT policy, Treasury policy, disaster recovery, delegations & payment authorities, and conflict of interest) and human resource (e.g. health and safety, and code of conduct/conditions of employment) policies and strategies.

Achieved. All policies reviewed by Board in April 2007.

The work plan developed by NZ On Air's audit committee for 2004-2007 will continue to be implemented during the year. Major risk areas to be audited in 2006/2007 include:

Funding recipient compliance audits
Reliability of NZ On Air decision-making
Appropriateness of NZ On Air funding methods
Statutory compliance
Governance controls
Environmental risks

A risk management framework, developed in early 2003, will be regularly reviewed and updated. High-risk areas are reviewed by the Board four-monthly.

Policies for management of stress and management of harassment were adopted in 2003.

Human Resources

The broadcasting industry is substantially based in Auckland. This means that many of NZ On Air's working relationships, with the television, radio and music production and broadcasting industry must be maintained in Auckland, while the agency is based in Wellington. Within the music sector, NZ On Air has contracted a team of pluggers, or music promotions people, who are based in Auckland. At least one senior staff member will continue to be based in Auckland to manage client relationships.

In Wellington, NZ On Air will add to staff resources to address increased activity particularly in areas of television and digital developments. The organisation will also focus on maintaining and improving relationships with Government and related funding agencies, as well as production and broadcasting representatives based in the capital.

Achieved. Five TV audits completed:

Frontseat 2
House Trap 2
Tu Te Puehu 5
The Go Show 2
Pacific Beat Street 4

No significant issues were reported. No funding decisions were subjected to significant criticism or judicial review.

Achieved

Policies reviewed at regular intervals and amendments approved by the Board.

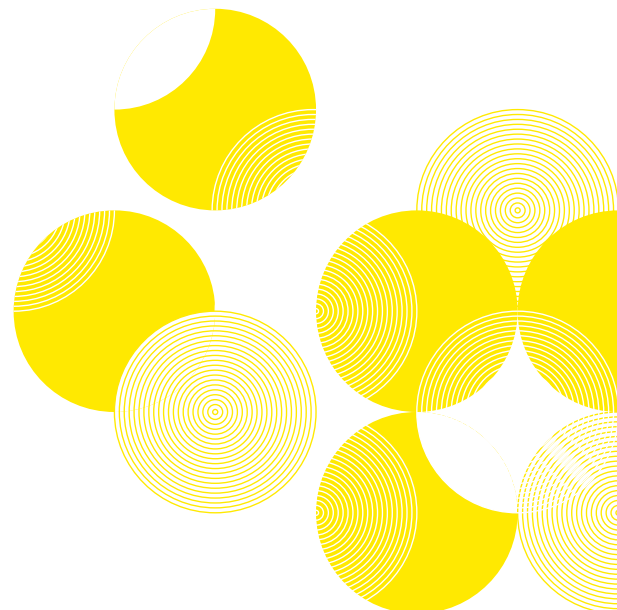
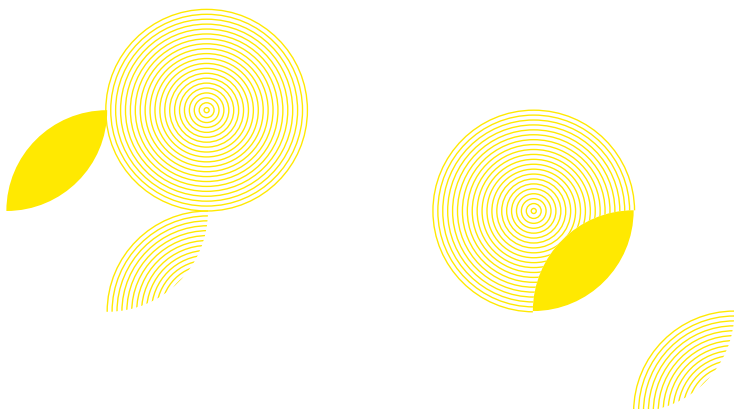
Achieved.

The Chair, Chief Executive and TV Manager travelled frequently to Auckland during the reporting period.

The NZ Music Manager and Radio Manager also travel regularly. An industry function was held on 18 April in Auckland.

Client Relations Manager (Auckland) position disestablished as part of a staffing review.

Achieved. Two new staff and two contractors have joined since March .



Funding allocation process

Descriptions Of Actions

Communications

NZ On Air will institute an effective two-way communication process with stakeholders, so that there is a high level of understanding of and support for public service broadcasting by –

Publishing a regular newsletter reporting on the full range of NZ On Air's activities.

Organising and conducting relevant symposia on broadcasting issues.

Maintaining an up-to-date user-friendly web site.

Organising and conducting presentations of national and international research project results for targeted audiences.

Reporting

NZ On Air will provide information to Government, related Crown entities, industry representatives and the wider public by –

Publishing NZ On Air's Statement of Intent for tabling in Parliament and for issue to the public at the beginning of the financial year.

Publishing any new NZ On Air funding policies and guidelines within one month of adoption and circulating them to all interested groups.

Communicating NZ On Air funding decisions in writing to applicants and by press releases to the general public.

Publishing NZ On Air's annual report within three-months of the end of the financial year.

Providing quarterly reports to the Minister of Broadcasting. Meeting regularly with industry stakeholders to ensure NZ On Air's policies, processes and procedures are clearly understood.

Research and Consultation

The research programme in 2006/2007 will be based on the following activities –

Daily TV programme ratings; and topline metropolitan and provincial radio audience survey data.

Specific research to be commissioned, will include:

Public Opinion and Information Monitor (quantitative study)

Local Content Survey for 2006 (quantitative study)

Options for NZ On Air in a digital environment (qualitative and quantitative).

Actual Performance As at 30 June 2007

Achieved. Email newsletter distributed bi-monthly and published on NZ On Air's website.

None undertaken due to staffing changes.

Achieved. The website has recently undergone a programming update and has been reviewed to ensure content is fully up to date.

Public Information Monitor 2006 published.

Achieved. 2006/2007 SOI tabled on 7 July 2006.

Achieved.

Achieved. Funding recipients notified within 5 working days of decisions. Funding allocations are published on NZ On Air's website, normally accompanied by media releases.

2005/2006 Annual Report tabled on 30 October 2006.

Achieved. Four reports provided. Industry functions held in October 2006 and April 2007. NZ On Air staff and often Board Members regularly meet with stakeholders outside official meeting times.

Ongoing. Ratings are reviewed weekly.

Achieved. *Public Opinion and Information Monitor 2006* published late in 2006.

Local Content 2006 published in May 2007.

In train.

Audience attitudes towards screen content with the Special Interest genre (qualitative and quantitative)

NZ On Air will continue to monitor the development of the broadcasting environment, and where necessary, modify policies to provide for any changes in the environment.

Achieved. Surveys on Asian programming and programming for gay and lesbian audiences completed during 2006 and results informed NZ On Air's approach to Special Interest programming.

Achieved. New TV terms of trade were agreed in March 2007.

Performance against cost targets

Target \$

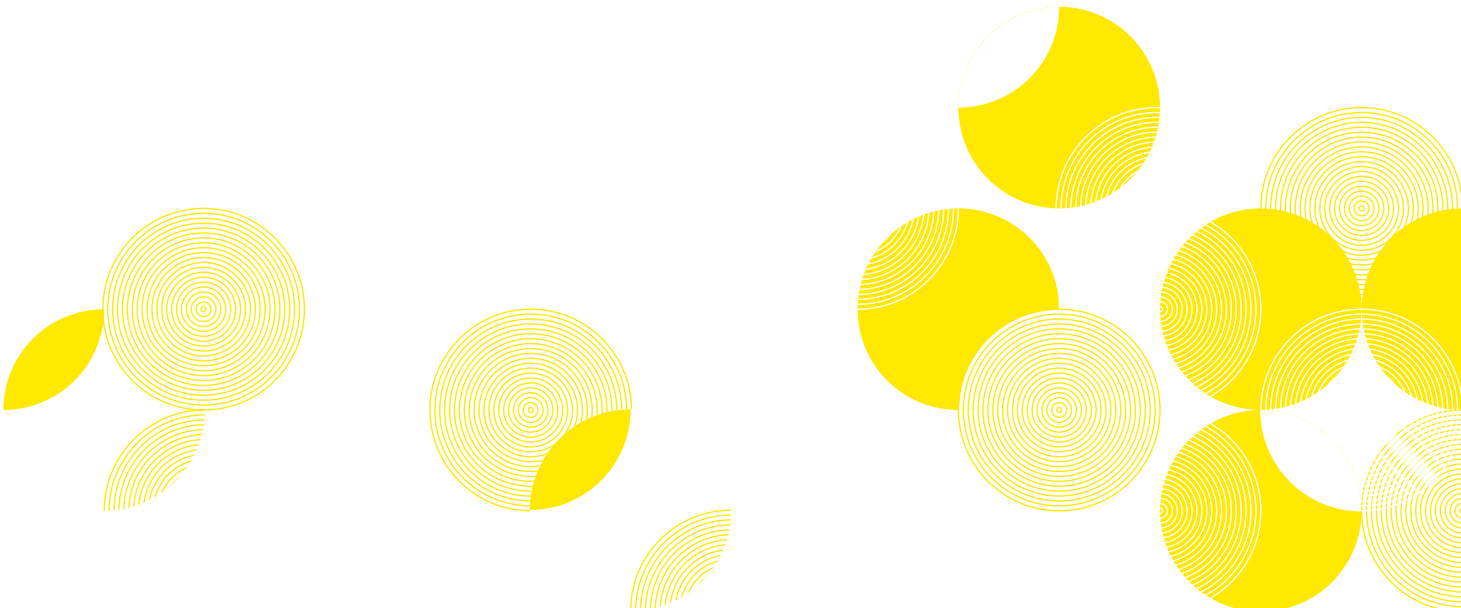
TOTAL COST OF ADMINISTRATION (including funding allocation process, accountability and consultation)

\$2,910,000

Committed Expenditure As at 30 June 2007

TOTAL COST

\$2,910,969



Audit report

To the readers of NZ On Air's financial statements and performance information for the year ended 30 June 2007

The Auditor-General is the auditor of NZ On Air. The Auditor-General has appointed me, Ajay Sharma, using the staff and resources of Audit New Zealand, to carry out the audit on his behalf. The audit covers the financial statements and statement of service performance included in the annual report of NZ On Air for the year ended 30 June 2007.

Unqualified Opinion

In our opinion:

- The financial statements of NZ On Air on pages 16 to 26:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - NZ On Air's financial position as at 30 June 2007; and
 - the results of its operations and cash flows for the year ended on that date.
- The statement of service performance of NZ On Air on pages 27 to 39:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects for each class of outputs:
 - its standards of delivery performance achieved, as compared with the forecast standards outlined in the statement of forecast service performance adopted at the start of the financial year; and
 - its actual revenue earned and output expenses incurred, as compared with the forecast revenues and output expenses outlined in the statement of forecast service performance adopted at the start of the financial year.

The audit was completed on 31 October 2007, and is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board and the Auditor, and explain our independence.

Basis of Opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements and statement of service performance did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and the statement of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements and statement of service performance. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Board;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement and statement of service performance disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements or statement of service performance.

We evaluated the overall adequacy of the presentation of information in the financial statements and statement of service performance. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the Board and the Auditor

The Board is responsible for preparing financial statements and a statement of service performance in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of NZ On Air as at 30 June 2007 and the results of its operations and cash flows for the year ended on that date. The statement of service performance must fairly reflect, for each class of outputs, NZ On Air's standards of delivery performance achieved and revenue earned and expenses incurred, as compared with the forecast standards, revenue and expenses adopted at the start of the financial year. The Board's responsibilities arise from the Crown Entities Act 2004 and the Broadcasting Act 1989.

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and the Crown Entities Act 2004.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

Other than the audit, we have no relationship with or interests in NZ On Air.



AJAY SHARMA
AUDIT NEW ZEALAND
ON BEHALF OF THE AUDITOR-GENERAL
WELLINGTON, NEW ZEALAND

Matters relating to the electronic presentation of the audited financial statements

This audit report relates to the financial statements of NZ On Air for the year ended 30 June 2007 included on NZ On Air's website.

The governing body is responsible for the maintenance and integrity of NZ On Air's website. We have not been engaged to report on the integrity of NZ On Air's website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 31 October 2007 to confirm the information included in the audited financial statements presented on this website.

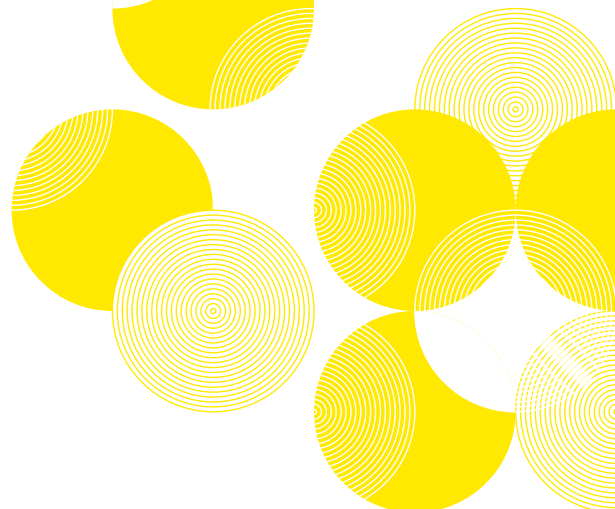
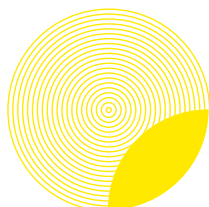
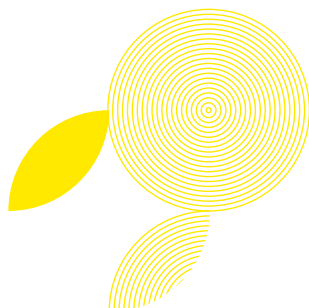
Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Appendix 1: Funded television programmes

Programme	Broadcaster	Producer	Episodes & Duration	NZ On Air Funding	% of Cost
Drama					
We're Here to Help	TV3	South Pacific Pictures	1 x 2 hour	250,000	
Outrageous Fortune 3 (2nd tranche)	TV3	South Pacific Pictures	18 x 1 hour	7,625,524	
Predicament	TV ONE	Top Shelf Productions	1 x 2 hour	425,000	
Rain Of The Children	Māori Television	Forward Films	1 x 2 hour	277,127	
Separation City	TV ONE	Direct Hit Productions	1 x 2 hour	475,000	
The Million Dollar Con Man	TV3	Isola Productions	1 x 2 hour	477,181	
The Strength Of Water	Māori Television	Filmwork (Strength of Water) Ltd	1 x 2 hour	500,000	
TV One Sunday Dramas 2007	TV ONE	Various	4 x 1-1/2 hour	5,400,000	
Total Drama			36 hours	15,429,832	42%
Children's Drama					
Amazing Extraordinary Friends 2	TV2	Greenstone Pictures	13 x half hour	1,875,376	
Karaoke High (additional)	TV2	Television New Zealand	2 x half hour	384,622	
Time Hackers	TV2	Gibson Group	13 x half hour	2,655,000	
Total Children's Drama			14 hours	4,914,998	74%
Comedy					
AotearoHa	TV3	TVWorks	1 x 1 hour	116,407	
Back Of The Y	TV3	Great Southern Television	7 x half hour	285,761	
Bro' Town 4	TV3	Firehorse Films	6 x half hour	1,550,000	
Comedy Gala 2007	TV2	Satellite Media	2 x 1 hour	128,655	
Eating Media Lunch 6	TV2	Great Southern Television	9 x half hour	241,486	
Facelift 4	TV ONE	Gibson Group	10 x half hour	1,800,000	
Moon TV 4 - The Great NZ Road Trip	TV2	Moon Enterprises	10 x half hour	293,208	
Moon TV Network	TV2	Moon Enterprises	10 x half hour	293,208	
Paua Point	TV3	Great Southern Television	8 x half hour	797,600	
Pop Goes The Weasel 3	C4/TV3	The Down Low Concept	12 x half hour	240,117	
The Pretender 2	TV ONE	Great Southern Television	8 x half hour	1,600,295	
Unauthorised History Of New Zealand 3	TV2	Great Southern Television	7 x half hour	295,514	
Welcome To Paradise	PRIME	Gibson Group	13 x half hour	1,148,000	
Total Comedy			53 hours	8,790,251	77%
Documentary					
Biggest Killer In Aotearoa	Māori Television	Greenstone Pictures	1 x 1 hour	124,500	
Country Calendar 2006/07	TV ONE	Television New Zealand	22 x half hour	320,000	
Dirt	TV ONE	Jam TV	13 x half hour	713,866	
Donated To Science *	TV ONE	PRN Films	1 x 1-1/2 hour	95,000	
Here To Stay 2	TV ONE	Gibson Group	6 x 1 hour	1,038,000	
Homegrown	TV ONE	Imagination Television	7 x half hour	311,951	
Honouring Hillary	TV ONE	Television New Zealand	1 x 1 hour	218,284	
How The Other Half Lives	TV ONE	Chico Productions	8 x half hour	394,656	
Let My Whakapapa Speak	Māori Television	Conbrio Media	1 x 1-1/2 hour	89,915	
Lost In Translation	Māori Television	Ponsonby Productions	10 x half hour	650,170	
Turangaarere	Māori Television	Martinsquare	1 x 1 hour	80,000	
Money Man 2	TV3	Cream TV	9 x half hour	351,847	
Murder In The Forest	TV ONE	Gibson Group	1 x 1 hour	135,000	
Night After Night	Māori Television	Bushcraft	1 x 1-1/2 hour	158,752	
Nobody's Heroes	TV ONE	Landmark Productions	1 x 1 hour	144,999	
NZSAS: First Among Equals (additional)	TV3	DRTV SAS Limited		179,238	
Project Fresh Start	TV3	Greenstone Pictures	7 x 1 hour	514,897	
Relocated Mountains	Māori Television	Butobase Film & TV	1 x 2 hour	71,290	
Tabu Soro	TV3	Occasional Productions	1 x 1 hour	200,000	
The Nuclear Comeback (additional)	TV ONE	The TV Set		14,973	
The Outlook For Someday	Māori Television	Connected Media	1 x 1 hour	129,820	
Transforming Keegan	TV3	Greenstone Pictures	1 x 1 hour	64,272	
Waka Moana	Māori Television	Splice Ltd	1 x 1 hour	84,296	
Wasted 2	TV3	Fumes NZ Ltd	10 x half hour	469,463	
Whanau	Māori Television	Tumanako Productions	1 x 1 hour	115,620	

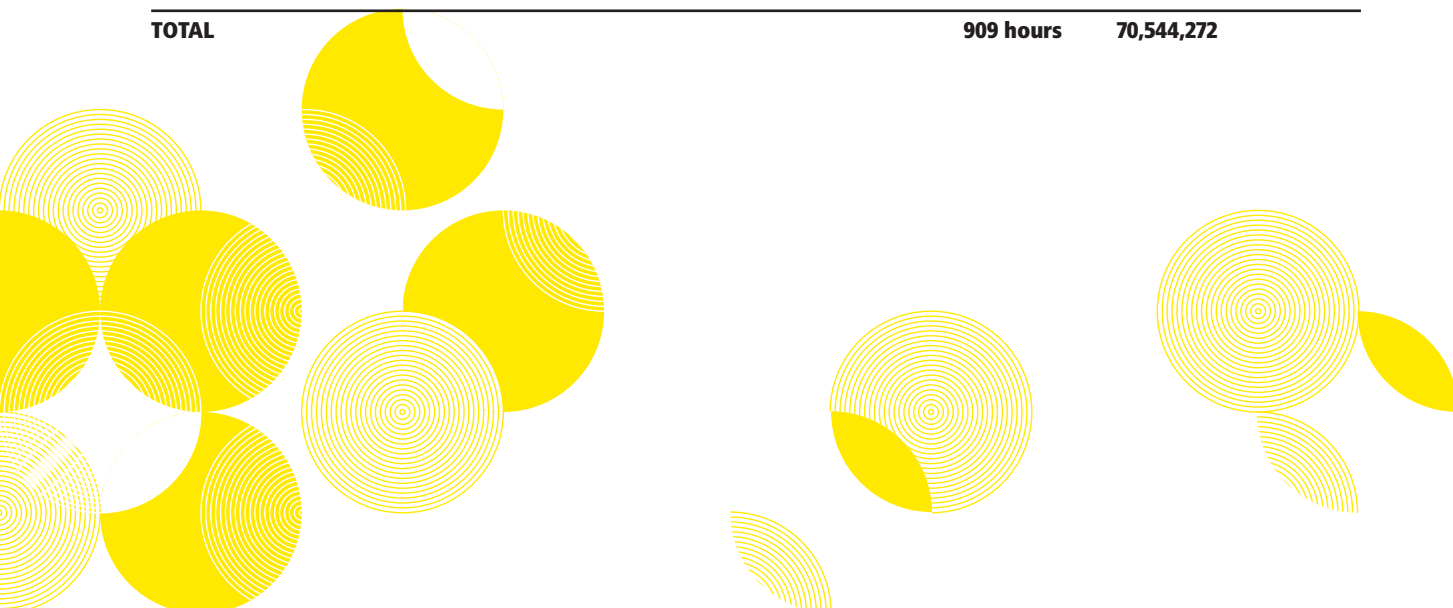
* This project was later transferred to TV3

Programme	Broadcaster	Producer	Episodes & Duration	NZ On Air Funding	% of Cost
<i>Documentary [continued]</i>					
TV One Docs (20 hours)	TV ONE				
Beyond The Darklands		ScreenTime Limited	6 x 1 hour	393,224	
Fatal Attraction		Cream Media	1 x 1 hour	95,163	
NZ Medical Mysteries		Great Journeys Resources	4 x 1 hour	340,000	
The Pledge		Greenstone Pictures	3 x 1 hour	356,967	
The School Of Success		Greenstone Pictures	3 x 1 hour	343,227	
Undercover		Gibson Group	3 x 1 hour	300,000	
Unallocated funding at time of publication				71,419	
Inside New Zealand XVI (15 hours)	TV3				
An Insatiable Hunger		Gibson Group	1 x 1 hour	94,510	
Gangs Of Auckland 1		Top Shelf Productions	1 x 1 hour	137,124	
Gangs Of Auckland 2		Top Shelf Productions	1 x 1 hour	73,593	
Life Of Brian		Ross Jennings Productions	1 x 1 hour	95,667	
No Way Out		Wheke Pictures	1 x 1 hour	113,465	
The Secret Of John Rowles		Butobase Film & TV	1 x 1 hour	101,526	
The Time Of Our Lives		Gaylene Preston Productions	1 x 1 hour	74,809	
Unallocated funding at time of publication				8 x hours	734,306
Total Documentary			104 hours	9,995,809	62%
Children and Young Persons					
Action Central	TV3	Pickled Possum Productions	65 x 10 min	1,295,521	
Activate	TV2	Quick TV	15 x half hour	458,338	
Bryan & Bobby	TV3	Treehut Productions	30 x 10 min	100,000	
Buzzy Bee And Friends	TV3	Lion Rock Ventures	26 x 11 min	1,100,000	
Just The Job	TV2	Dave Mason Productions	10 x half hour	96,502	
Let's Get Inventin' Series 2	TV2	Television Spaceman	15 x half hour	709,726	
Mai Time 2007	TV2	Television New Zealand	40 x half hour	904,985	
Rockquest 2007	C4	Visionary Film & TV	6 x half hour	193,361	
Stage Challenge 2007	TV2	Whitebait Productions	6 x half hour	282,000	
Staines Down Drains 2	TV2	Flux Animation	26 x half hour	1,000,000	
Sticky TV 2007	TV3	Pickled Possum Productions	210 x 35 min	1,757,205	
Studio 2	TV2	TVNZ/TaylorMade	209 x half hour	2,456,087	
Studio 2 Saturday - The Hub	TV2	TaylorMade Media	40 x 1 hour	470,000	
The Go Show 3	TV2	Pickled Possum Productions	65 x 25 min	880,359	
The Go Show Hour	TV2	Pickled Possum Productions	104 x 15 min	164,674	
What Now 2007	TV2	Whitebait Productions	40 x 2 hour	2,800,000	
Total Children and Young Persons			490 hours	14,668,758	54%



Programme	Broadcaster	Producer	Episodes & Duration	NZ On Air Funding	% of Cost
Arts, Culture and Performance					
ANZAC Day Wreathlaying Ceremony 2007	TV ONE	Television New Zealand	1 x 1 hour	35,000	
Artsville	TV ONE	Various	8 x 1 hour	1,000,000	
Bassline	Māori Television	Revolution Productions	13 x 1 hour	540,137	
Chunuk Bair - Our Place	Māori Television	Screenetime Limited	1 x 1 hour	160,369	
First Communion Of Christmas	TV ONE	C4 Productions	1 x 1-1/2 hour	62,600	
Frontseat 5	TV ONE	Gibson Group	10 x half hour	423,000	
Montana World Of WearableArt Awards 2007	TV ONE	Television New Zealand	1 x 1 hour	131,483	
Play It Strange 3	TV2	Isola Productions	1 x 1 hour	118,792	
Polyfest 2007	TV2	Television New Zealand	5 x half hour	185,674	
Qantas Television Awards 2007	TV ONE	Television New Zealand	1 x 2 hour	150,000	
Songs From The Vietnam Era	Māori Television	Screenetime Limited	1 x 2 hour	150,000	
The Book Show 2	TV ONE	Third Party Productions	10 x half hour	414,580	
The Nation Remembers - ANZAC Day 2007	TV ONE	Television New Zealand	1 x 1-1/2 hour	36,809	
Voyage Musique	C4/TV3	Two Heads Ltd	6 x 1 hour	299,966	
Westfield Style Pasifika 2007	TV ONE	Drum Productions	1 x 1 hour	129,837	
Year Of The Veteran Military Pageant	Māori Television	Māori Television	1 x 2 hour	94,439	
Total Arts, Culture and Performance			53.5 hours	3,932,686	90%
Innovation					
A Thousand Apologies	TV3	Great Southern Television	6 x half hour	696,063	
Ride With The Devil (additional)	TV2	Isola Productions		35,000	
The Jaquie Brown Diaries	TV3	Young, Gifted & Brown	6 x half hour	645,068	
Total Innovation			6 hours	1,376,131	99%
Special Interest					
Asia Downunder 2007	TV ONE	Asia Vision	40 x half hour	1,127,594	
Attitude 3	TV ONE	RSVP Productions	40 x half hour	1,400,000	
Captioning 2006/07		Television New Zealand		1,679,002	
Captioning (additional)		Television New Zealand		71,000	
My God 2	TV ONE	Pacific Crews	10 x half hour	380,000	
Open Door 2007	TV3	Morningside Productions	10 x half hour	347,932	
Pacific Beat Street 5	TV3	Drum Productions	24 x half hour	846,682	
Pacific Beat Street 6	TV3	Drum Productions	12 x half hour	423,336	
Praise Be 2007	TV ONE	Television New Zealand	35 x half hour	459,133	
Pukana Subtitles	TV3	Cinco Cine Film Productions		64,760	
Rural Delivery 3	TV ONE	Showdown Productions	30 x half hour	728,670	
Tagata Pasifika 2007	TV ONE	Television New Zealand	52 x half hour	1,359,000	
The Outlook	TV2	The Umbrella Company	10 x half hour	364,774	
Tu Te Puehu 7	TV3	Te Aratai Productions	20 x half hour	200,000	
Whanau	TV ONE	Cinco Cine Film Productions	78 x 6 min	480,870	
Young Farmer Contest 2007	TV ONE	Dexterity Productions	1 x 1 hour	45,000	
Total Special Interest			152.5 hours	9,977,753	93%

Programme	Broadcaster	Producer	Episodes & Duration	NZ On Air Funding	% of Cost
Regional Television					
Canterbury TV		Canterbury Television		125,300	
Channel 51 Hawke's Bay		Television Hawke's Bay		91,500	
Channel 9		Dunedin Allied Press		103,200	
Family TV North		Family Television Network		88,300	
Family TV Waikato		Kaimai Family TV N/W Trust		92,700	
Southland TV		Mercury Television		103,500	
45 South Television		45 South Television		50,000	
Television Taranaki		Television Taranaki		101,300	
Triangle TV		Triangle Television		134,200	
Total Regional				890,000	
Development					
Action Central	TV3	Pickled Possum Productions		24,204	
Activate	TVNZ	Quick TV		15,000	
Amazing Extraordinary Friends 2	TVNZ	Greenstone Pictures		15,000	
Away With The Fairies	TVNZ	Great Southern Television		10,000	
Bob The Blob	TVNZ	Sasquatch Productions		12,500	
Bro' Town 4	TV3	Firehorse Films		40,000	
Dirt Rich	TVNZ	Comedia Pictures		10,000	
Find Me	TV3	General Film Corporation		10,000	
Get Shrek	TVNZ	Great Southern Television		7,500	
I See The Sea	TVNZ	Buys Boys Productions		5,000	
Kaitangata Twitch	Maori Television	Production Shed TV		71,350	
Let's Get Inventin' 2	TVNZ	Television Spaceman		10,000	
Meri: The Suzanne Aubert Story	Maori Television	Just The Ticket Productions		40,000	
The Cult	TVNZ	Great Southern Television		10,000	
The Project	TVNZ	Gibson Group		30,000	
The Snakepit	TV3	Frame Up Films		10,000	
This Is Not My Life	TVNZ	Desert Road Television		77,500	
Time Hackers	TVNZ	Gibson Group		20,000	
Springboard 3					
Desert Road Television		Desert Road Television		50,000	
Imagination Television		Imagination Television		50,000	
Jam TV		Jam TV		50,000	
Total Development				568,054	
TOTAL			909 hours	70,544,272	



Appendix 2: Funded radio projects

Programme	Producer	Funding \$
Te Puutake	Stretchmark Productions	128,611
Distinguished New Zealanders In Their Own Words	Distinguished New Zealanders	43,750
Upload	Base2	115,950
That's The Story	Loudmouth Productions	103,480
Wrap-up 2006	thedownlowconcept	4,000
Public Address System	thedownlowconcept	80,000
Pop! Goes The Weasel	thedownlowconcept	14,000
Real Life	Christian Broadcasting Association	5,000
Christmas Special	Christian Broadcasting Association	11,142
Easter 2007	Christian Broadcasting Association	13,481
Scrubcutter	Christian Broadcasting Association	60,000
Paakiwaha	UMA Broadcasting	70,000
Celebrity	thedownlowconcept	2,420
Parliament Today	InHouse Broadcasting	50,000
Silly Ads	Loudmouth Productions	17,000
Voice Of Mesopotamia	Christchurch Resettlement Services	3,000
Total		721,834

Appendix 3: Funded NZ music videos

	Funding \$		Funding \$
		Sleepless Lions/Cobra Khan	5,000
		Harbour Bridge/Don McGlashan	5,000
		People/Nesian Mystik	5,000
Ironman/Amp	5,000	Rollin' With Punches/Cyphanetik	5,000
I Will Not Let You Down/Don McGlashan	5,000	Fiasco/III Semantics	5,000
Listen To The Music/Deceptikonz & Adeaze	5,000	It's Alright/Deceptikonz	5,000
Faith/Aaradhna	5,000	Who Better Than This/PNC	5,000
It's The Flow/4 Corners	5,000	Perfect Kind Of Pain/5Star Fallout	5,000
Fly Away/5Star Fallout	5,000	Comfortable/Chong Nee	5,000
Just Like You/Steriogram	5,000	Simply On My Lips/Kimbra	5,000
Lull/Blindspott	5,000	Fratnation/Deja Voodoo	5,000
One By One/The Black Seeds	5,000	The Pool/The Reduction Agents	5,000
Anyone Can Say Goodbye/Greg Johnson	5,000	Let Me Count The Ways/Paul McLaney	5,000
I Bet Myself/Ted Brown	5,000	The One/Exiles	5,000
You Will Know/Fuser	5,000	Bad Karma In Yokohama/SJD	5,000
Blazin'/AL	5,000	Own Way Home/Steriogram	5,000
Beautiful Day/Voom	5,000	Lovin' You Baby/Annabel Fay	5,000
Everybody Else Is Busy Mess/Flip Grater	5,000	Syphlike/Solaa	5,000
Into The Night/City Newton Bombers	5,000	Deciphering Me/Brooke Fraser	5,000
Safety In Numbers/Jakob	5,000	Expectations/Cut Off Your Hands	5,000
I Need A Girl/Tyree	5,000	Ain't That Bad/Cassette	5,000
Undisputed/Young Sid	5,000	155/Die! Die! Die!	5,000
Do You See It/Rebecca Le Harle	5,000	Fake/Minuit	5,000
Seek/Solaa	5,000	Get Up/The Chalk	5,000
Chains Reloaded/Che Fu featuring P-Money	5,000	Red Tide/The Have	5,000
Let It Go/Starlett	5,000	Electric Dream/Shapeshifter	5,000
Not Home/Cassette	5,000	SOS/Elemeno P	5,000
Friday Night/The Rabble	5,000	Night Sky/The Bleeders	5,000
Minutes Last For Years/Tourist	5,000	Neil Robinson/The Epic Battle Of Jude & His Monkey	5,000
Join The Two/dDub	5,000	Unbreakable/Tyna & JB	5,000
Many Are Called/Spacifix	5,000	Get Wid It!/Bling	5,000

Appendix 4: **NZ music production**

	Funding \$		
Radio Hits:		Phase Four – More Music Television	
Bathe In The River/Mt Raskil Preservation Society featuring Hollie Smith	5,000	C4 Music Channel	250,000
What I Had/Starlett	5,000	NZOwn on Juice	100,000
Shake/Aaradhna	5,000	NZ Music Awards on C4	128,148
You & Me, My Friend/Donald Reid	5,000	<hr/>	
Let's Stay Together/Adeaze	5,000	Total committed to 30 June 2007	478,148
I Love You Too/Aaradhna	5,000		
Is This Real?/Atlas	5,000	Phase Four – Making & Marketing: Albums	
Roady/Fat Freddy's Drop	5,000	The Phoenix Foundation	50,000
Lost In Translation/Frontline	5,000	Tiki Taane	50,000
Cruizin'/Zero T	5,000	Dei Hamo	50,000
Lovin' You Baby/Annabel Fay	5,000	Jimmy Christmas	50,000
K/The Tutts	5,000	Aaradhna	50,000
Don't Front On Me/Deceptikonz	5,000	Savage	50,000
I Need A Girl/Tyree	5,000	SJD	45,000
Now I Know/4 Corners	5,000	Donald Reid	50,000
Hold Out/Matt Saunoa	5,000	Minuit	50,000
Notice You/Wiremu Hohaia	5,000	Fur Patrol	50,000
Shake It Off/Annabel Fay	5,000	Shihad	50,000
Get Back Down/4 Corners	5,000	Chong Nee	50,000
PNWhoa!/PNC	5,000	Lucid 3	50,000
<hr/>		Frontline	50,000
Total committed to 30 June 2007	100,000	Ivy Lies	50,000
		Dion Palmer	50,000
Hit Discs		the feelers	50,000
Kiwi Hit Disc	72,626	The Rabble	50,000
Iwi Hit Disc	37,133	Pistol Youth	50,000
<hr/>		Katchafire	50,000
Total committed to 30 June 2007	109,759	<hr/>	
		Total committed to 30 June 2007	995,000
Promotions			
NZ Music Awards	142,000	Phase Four – Making & Marketing: New Recordings	
NZ Music website	50,000	Crawl/Atlas	10,000
Fresh NZ Music	42,200	Inside Out/Nik Carlson	10,000
<hr/>		Fighting Fire With Fire/The Madison Press	10,000
Total committed to 30 June 2007	234,200	Resist/Solstate	10,000
		Make Things Right/Spacifix	10,000
Phase Four – More Plugger Power		Neil Robinson/The Epic Battle Of Jude & His Monkey	5,000
Pluggers and support	321,881	It's So Typical/Elle Harris	10,000
Plugger Promotions	84,694	Still Fond/Cut Off Your Hands	10,000
<hr/>		I Will Do/Hollie Smith	10,000
Total committed to 30 June 2007	406,575	Crash & Burn/The Decoders	10,000
		A New Day/The Midnight Youth	10,000
		High/Hayley Fisher	10,000
		Turn Out The City Lights/Odessa	10,000
		Peace Is Coming To Fight/Soul Satellites	10,000
		Hey O/Streetwise Scarlet	10,000
		Turn It Up/Taye Williams	10,000
		Hold You Here/Anna Coddington	10,000
		Journal/Daniel Munro	10,000
		Feels So Good/Hera	10,000
		Fake/The Braxton Hicks	10,000
		The Letter/The Midnight Youth	10,000
		<hr/>	
		Total committed to 30 June 2007	205,000

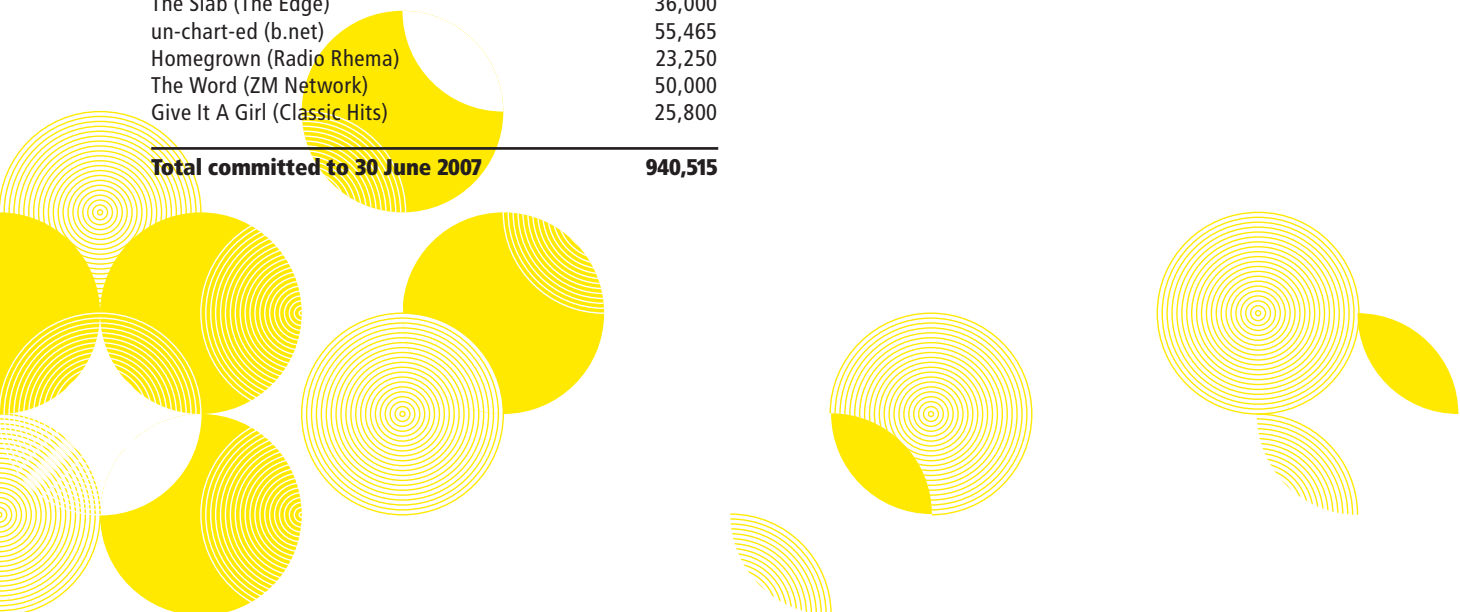
	Funding \$
Phase Five	
Samplers	160,000
Trade Publications	160,000
Consultancy	184,000
Representation	123,000
Radio Shows	23,000
International Plugging	200,000
Total committed to 30 June 2007	850,000

**Phase Five –
International Plugging Campaigns**

Commitment made February 2007	200,000
Tim Finn (USA)	(20,000)
The Black Seeds (USA)	(20,000)
Paul McLaney (USA)	(20,000)
Balance unallocated at 30 June 2007	140,000

Radio Programmes – NZ Music

95bFM (Auckland)	129,000
The Most FM (New Plymouth)	45,000
Radio Control (Palmerston North)	45,000
Active 89FM (Wellington)	70,000
98RDU (Christchurch)	61,000
Radio One (Dunedin)	50,000
Off The Record (The Rock)	50,000
Big Questions (Kiwi FM)	50,000
The Get Up Show (Kiwi FM)	50,000
Voices From The Wilderness (Kiwi FM)	50,000
Seasons (Kiwi FM)	50,000
New Artists, Recording (Kiwi FM)	50,000
The Source (Flava)	50,000
The Slab (The Edge)	36,000
un-chart-ed (b.net)	55,465
Homegrown (Radio Rhema)	23,250
The Word (ZM Network)	50,000
Give It A Girl (Classic Hits)	25,800
Total committed to 30 June 2007	940,515



Directory

MEMBERS

Neil Walter	of Wellington	Chair
Judy Callingham	of Auckland	Deputy Chair
Edie Moke	of Christchurch	
Paul Smith	of Auckland	
Nicole Hoey	of Auckland	
Rhonda Kite	of Auckland	

STAFF

Jane Wrightson	Chief Executive
Bernard Duncan	Deputy Chief Executive, Radio and Public Affairs Manager
Brendan Smyth	NZ Music Manager
Glenn Usmar	Television Manager
Elizabeth Morrison	Finance & Administration Manager
Elaine Wong	Manager Project & Financial Analysis
Clare O'Leary	Strategic Analyst
Melanie Gordon	Legal Affairs Executive
Anita Roberts	Personal Assistant to CEO
Teresa Tito	Executive Assistant Television
Robyn Andrews	Administrator/Finance Assistant
Christine Westwood	Finance & Administration Assistant
Trish Cross	Receptionist (shared with BSA)

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