

NZ On Air
Annual Report
2003-04





Chairman's Overview

Public service broadcasting is a concept that has been with us for more than seventy years, since Lord Reith's tenure as the first Director General of the BBC, when he summed up its mission as being "to inform, educate and entertain". In its 21st century guise, public service broadcasting raises a different set of questions – what is it today? Why is it important? How is it best delivered in a digital age? If public service broadcasting implies some kind of "quality" standard, can we define and measure it?

NZ On Air's core business is supporting public service broadcasting, in the form of locally produced programmes for radio and television that the commercial market would not otherwise deliver. We are therefore actively looking for answers to these questions. In many ways, too, the strategic plan we published a year ago sets out the path by which we believe those answers will emerge.

For the third year in a row, there have been some significant developments in broadcasting policy and structures, made in 2003/2004. The changes made over recent years may sometimes have been subtle, but they have had a significant impact. NZ On Air has felt this especially strongly this year, in several areas:

- The Maori Television Service (MTS) was successfully and proudly launched in March 2004, with a resultant – exponential – growth in the Maori production and broadcast sector.
- The year to June 2004 was the first full year in which TVNZ's Charter has been in operation. This has entailed changes in the level and delivery of funding for broadcasting, as well as changes in the network's relationship with NZ On Air.
- The number of players in the game has increased, with (relative) newcomers Prime, MTS and several regional broadcasters making their presence felt.
- CanWest has floated a share of its New Zealand radio and television interests through the newly created company CanWest MediaWorks.
- Market developments have affected the relationships between competing broadcasters, especially as the different roles and expectations of public versus private broadcasters have been accentuated.
- This has had some flow-on effects on the relationships between NZ On Air and the broadcasters.
- Mergers and acquisitions in the recording industry look set to have important implications for the production and promotion of NZ music.

- Several policy developments have highlighted the vulnerability that is inherent in a market this size: most notably a hiatus in television drama production, which occurred alongside growth in large budget international production in New Zealand.
- As a result of the work of the Screen Production Industry Taskforce, the proposed Screen Council came into existence, and – by year end – a decision had been taken to establish a Screen Coordination Group to pull together the various film and television-related government agencies.
- And finally, by year-end, the Music Industry Export Development Group had released its report – *Creating Heat* – proposing a strategy to encourage increased exports of NZ music.

For NZ On Air, the year to 30 June 2004 also marked the first full year since the publication of our Five Year Plan. The plan sets out NZ On Air's vision:

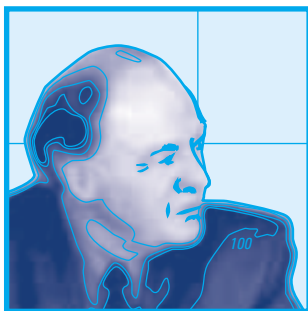
To be an independent leader in the promotion of local content and diversity in broadcasting.

The vision is underpinned by four strategic goals, which have given us the primary focus for our work in the past year. As a reminder, these goals are to:

- *Secure Government support for a strengthened role for NZ On Air.*
- *Develop and strengthen wider strategic partnerships throughout the industry.*
- *Be a recognised and respected source of broadcasting information and expertise.*
- *Encourage risk taking, creativity and innovation in local content that will engage and stimulate diverse audiences across the broadcasting spectrum.*

It has been possible to make good progress under several of these headings. In particular, our renewed focus on public service broadcasting means we have sought to push the edges of the funding envelope to encourage innovation and risk-taking. This is bearing fruit, as is evident in the body of this report, but it does come with a small price. If we encourage risk-taking, it also means that we must be prepared to accept the risk of (occasional) failure. In fact, it must go further than acceptance: if there were to be *no* failures, we would have to conclude we had not done our job properly.

Don Hunn
NZ On Air Chairman



In the year to June 2004, NZ On Air instituted a dedicated Innovation fund for television. It has begun at a modest level, but this year resulted in TV2's commitment to 24 hours of commercial-free 100% NZ music to bring the 2004 NZ Music Month to its grandest finale ever.

NZ On Air's focus is on the NZ audience – for whom we aim to deliver a diverse range of informative, entertaining, challenging and moving programmes and broadcasts.

The agency thus holds a unique position in the broadcasting landscape, which ensures we take a broad, sector-wide view. As such, we develop funding policies and strategies that take account of audience viewing or listening behaviour and preferences, basing this wherever possible on quantitative or qualitative research. In addition, we consider a range of other factors, including industry capabilities, production costs (and what is affordable within our funding budget), broadcaster interests, as well as both national and international market developments.

Our goal to establish wider strategic partnerships across the production, broadcast and government sectors is closely tied to successfully managing this process. This year, at Board level, we have met with a wide range of partners – from TVNZ, TV3, and Prime Television, to SPADA, the Screen Directors' Guild, the Writers' Guild, Maori representatives, the NZ Film Commission, Te Mangai Paho, the Radio Broadcasters' Association, APRA and the BSA – a list that is far from exhaustive. These contacts have been invaluable in ensuring a clear appreciation of many industry-wide, or sector-specific issues.

In one or two respects, however, progress with our strategic plan has been more limited during the year under review. Our first goal is to seek government support for a strengthened role for NZ On Air. We have been heartened by the Minister's clear statements that a system of contestable funding will remain a core element in the future NZ broadcasting landscape. It will not be possible, however, to resolve questions such as where contestable funding sits within the balance of broadcasting policies, or whether NZ On Air's role might be changed "at the margins" in other respects, until such time as the planned broadcasting programme of action is completed.

This programme of action will provide a significant opportunity to consider just what public service broadcasting means for New Zealand in the 21st century. Debate was initiated with a major symposium on public service broadcasting, held in Wellington last November, and in which NZ On Air participated.

Against the background of the debate and proposed strategy, NZ On Air has been doing a lot of thinking about public service broadcasting and our role in delivering it. We therefore commissioned a major piece of research – *The Future of Public Broadcasting: The Experience in Six Countries*, written by Paul Norris et al., was published at the time of the symposium.

We have also maintained close contacts with the BBC and the broadcasting regulatory body – Ofcom – about developments in the UK, where two important reviews were begun in late 2003. The first was a review of public service broadcasting, while the second was a quinquennial review of the BBC's Charter.

Interestingly, Ofcom has made a start at defining public service broadcasting. It points out that it has at least four different meanings: "good television, worthy television, television that would not exist without public funding, and the institutions which broadcast this type of television".

The report goes on to say that, in future, "public service broadcasting should be defined in terms of its purposes and characteristics rather than by specific types of programme". Those purposes and characteristics include being *high quality, original, new, challenging and widely available*; being *delivered on channels that reach their target audiences*, and – if publicly funded – it being clear that *the market would not deliver similar output, of the same quality, on the same scale*. Finally, the report also makes it clear that public service broadcasting is largely understood to take the form of local content, given its crucial linkages with expressions of cultural identity.

A key question within Ofcom's review has been consideration of whether public service broadcasting is best delivered through an institution or through programming – or a combination of the two – in a multi-channel environment. Ofcom's conclusion appears to acknowledge the special place of a public broadcaster such as the BBC in the UK landscape, but to reject putting all the public service broadcasting eggs in this one basket in a digital age.

While the UK is a very different market from New Zealand, the broad principles upon which these conclusions are based have been behind NZ On Air's desire to ensure a diverse range of locally produced programmes and broadcasts is available to NZ audiences where they are watching or listening.

While New Zealand's forays into digital broadcasting have to date been limited (other than the speedy penetration



of Sky Digital into more of the nation's households), the time is right to assess the options for the future. NZ On Air has therefore also been exploring developments in digital technology, and considering the agency's future role in this context. Digital technology cuts across not only the transmission of television and radio programmes, but also content issues, and into other areas of our work such as archiving.

FINANCIAL SITUATION

From a financial perspective, 2003/04 was a successful year for NZ On Air, with close to \$93 million (exc. GST) available for broadcast funding. This enabled us to contribute to 1,100 hours of television, 17,000 hours of world class public radio and many thousands more of community access radio, to support 124 music videos, 42 New Recording artists, 21 albums, and more than 2,000 hours of music television. Quantitative and focus group research commissioned by NZ On Air in 2003 confirmed ongoing high levels of audience support for local content and for New Zealand music.

However, it was only possible to achieve this level of funding support and audience appreciation by using reserves of public equity, built up through a combination of interest income, sales revenue, residual public broadcasting fee collections and programme writebacks.

In NZ On Air's Statement of Intent for the year to June 2005, we advise that this level of funding will be increased for the year ahead. This is, in part, thanks to additional funding that was announced in the May Budget – \$1.3 million for Radio New Zealand, and \$2.67 million to help maintain television hours at current levels. Reserves of public equity will again be used to give a slight boost to the television budget. A small contribution to our income continues to be made with the collection of residual Public Broadcasting Fees. This activity netted around \$12,000 per month during 2003/2004.

OUTLOOK

From a financial perspective, NZ On Air is forecasting a possible decrease in our television budget from 2005/2006. This is because, in order to maintain the total available for expenditure on broadcasting, we will once again be drawing on public equity reserves of \$3.6 million in the year to June 2005. The forecast decrease will be lessened to the extent that other income is generated, beyond the \$1.5 million forecast in 2004/2005.

For the year ahead, NZ On Air will be looking for renewed clarity and direction for our role as a result of the broadcasting programme of action. The foundation for this, we believe, should be a community consensus about the role and value of public service broadcasting. There is evidence of this in the audience research commissioned each year by NZ On Air, and which will be continued in 2004/2005.

New Zealanders' views of who we are and where we fit in the world are changing as we become more and more confident about our identity as a South Pacific nation. NZ music and New Zealand programmes on radio and television are the most pervasive, infectious and engaging drivers of this evolution.

In our work, NZ On Air will be looking to provide the funding vehicle by which creative New Zealanders can give expression to their dreams, stories, talents and passions. A consistent mantra has been our support for diverse expressions of New Zealand's cultural identity. We will continue to encourage innovation, to fund diverse programmes to cater for a smorgasbord of tastes and interests within the community, and to ensure audiences are delivered quality programming that takes them on a journey.

This commitment to innovation and diversity needs to be underpinned by an equally strong, vibrant production community providing a diversity of voices and perspectives. NZ On Air therefore also wishes to encourage industry growth and expertise – especially as this neatly complements the Government's wider economic objectives for the screen production and music sectors, where several initiatives are being managed through New Zealand Trade and Enterprise.

Quality is an elusive concept, but something we all want. Our belief is that a key measure of quality is how well programmes are received by their intended audience. Achieving quality can sometimes mean a higher programme

cost, with fully-researched documentary being one example. An emphasis on quality in this sense could therefore mean that fewer programme hours within some categories are achieved. NZ On Air must always make a trade-off between objectives and budgetary resources. In doing so, we will seek a balance between high-end, higher-cost projects and those that can deliver a higher yield within the limitations of our budget. We believe achievement of a "critical mass" of production within key genres is vital to provide the foundations from which "quality" in this sense can emerge. To help achieve the goals reflected in our Five Year Plan, we thus propose to identify and set a path towards an achievable long-term funding target.

In the year ahead, it will be vital to articulate a clear, future-focused role for NZ On Air, which will allow us to forge stronger working relationships and partnerships throughout the sector. One aspect of this will be to look at how we can work in support of the Government's wider cultural and economic goals for the broadcasting, film and music industries.

Finally, I wish to record my appreciation for Professor Albert Wendt's major contribution to the Board, as Deputy Chairman, both personally and professionally. His qualities, as a Pacific Island New Zealander, and also as one of our most distinguished writers, were invaluable assets to his colleagues during his four years as a member of the Broadcasting Commission. We wish Albert well for his new position as Citizens' Chair at the University of Hawaii.



Don Hunn
Chairman



Chief Executive's Report

New Zealand audiences love to watch local programmes on television – covering the range from documentary to drama, children's to arts and performance. They listen avidly to New Zealand music, and they are fiercely loyal to National Radio – the “number one” radio station for all people aged 15 years and over.

This positive response, NZ On Air believes, goes hand in hand with a growing confidence in New Zealanders' understanding of ourselves as a vibrant, culturally diverse South Pacific nation. The public service programming that NZ On Air supports across the spectrum of radio and television broadcasting – from access radio station Arrow FM in Masterton to *Fools Love* by the Misfits of Science, and *Country Calendar* on TV One – very clearly promotes and fosters expressions of New Zealand culture and identity. As measured by audience appreciation, the results speak for themselves. In short, this has been a good year.

HIGHLIGHTS OF THE YEAR

Once again, NZ On Air undertook a programme of research and consultation, consistent with section 37(a) of the Broadcasting Act. The purpose of this research is to guide the formulation of NZ On Air's funding policies, and to contribute to the Government's development of wider policy approaches to broadcasting.

It does so by tracking levels of local content and trends in the diversity of television programmes. It analyses viewing or listening behaviour and preferences of different audiences, with regard to different programme genres. And, it explores developments in broadcasting around the world, in order to consider the implications for New Zealand and for the work of NZ On Air.

The research conducted during the year confirmed that New Zealand audiences continue to enjoy locally-produced television programmes, with eight out of ten people saying that programmes supported by NZ On Air are important to New Zealanders.

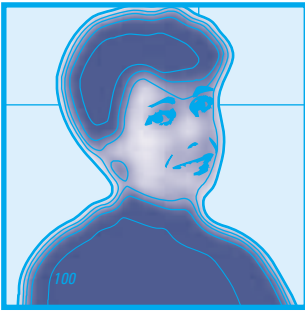
Similarly, some 78% agreed that New Zealand programmes contribute to the development of our sense of cultural identity, and seven out of ten said the amount of local content on our screens should increase. Two thirds of those surveyed believed that more New Zealand music is being played on radio, and that it was important to continue this trend.

During the year, as mentioned in the Chairman's Overview, NZ On Air commissioned a report on public service broadcasting (PSB) developments in six OECD countries to contribute to the debate on broadcasting in this country. This report updated similar work commissioned in 1999, and was published to coincide with the “New Future for Public Broadcasting” conference held in Wellington in November.

The report *The Future of Public Broadcasting: The Experience in Six Countries*, showed that while the development of PSB varies widely in such countries as the UK, Canada, Australia, Finland, Singapore and Ireland, all are facing the same questions of relevance, value and effect in a digital 21st century. A key question most are grappling with is how best to support PSB programming as broadcasting moves into the digital age.

In May 2004 NZ On Air published the TV Local Content Report 2003. It is an annually compiled report, and the latest edition confirmed that the record high levels achieved in 2003 have been all but maintained, especially when the

Jo Tyndall
NZ On Air Chief Executive



unusually high level of sports broadcasting during the 2002 year is taken into account.

The report concluded that just over 30% of the programmes transmitted between 6am and midnight on TV ONE, TV2 and TV3 were locally produced. The TV Local Content Group, which uses the report as a gauge, also reported success against agreed targets for 2003.

TV ONE, TV2 and TV3 exceeded the transmission targets for 2003, with local content on TV ONE reaching 54.6%, TV2 24.3% and TV3 20.4%, against targets of 52%, 17% and 20% respectively.

TELEVISION

In the 2003/2004 year \$60.7 million was allocated to produce 1,100 funded television hours. In a year that saw a greater emphasis on public service broadcasting with the TVNZ Charter coming into play, NZ On Air continued to provide funding support to television programmes across a wide diversity of genres and interests on all three main free-to-air networks. Following its transmission expansion to reach 90% of the country, funding was also allocated to two projects for screening on Prime TV.

Successful documentary strands, *Documentary NZ* on TV ONE and *Inside NZ* on TV3, continued throughout the year, and were complemented by a strand on TV2. In addition to these strands, *Wrestling with the Angel*, profiling acclaimed author Janet Frame, and *Marti*, featuring the life and photographic genius of Marti Friedlander, are just two of a number of in-depth biographical documentary projects supported.

Against the backdrop of the foreshore and seabed debate *The Kaipara Affair*, a 90 minute documentary which focuses on the community of Tinopai on the Kaipara Harbour, and the ownership issues surrounding the development of land in the area, was also funded. Producer Keith Hunter examined the controversial conviction of Scott Watson for the Marlborough Sounds double murder in *Murder on the Blade*, while the Barlow double homicide and the workings of the jury system were examined in *Trial by Ordeal*.

The year also saw the introduction of a *TV2 Documentary Innovation* initiative – a scheme that aims to foster innovation and stimulate new creative talent in documentary. In line with this initiative, ten low cost documentaries across a broad range of topics and viewpoints will be

commissioned. NZ On Air continues to partner with the industry to build and strengthen the documentary genre.

Work to achieve a strong, growth-focused children's programming sector through NZ On Air's funding strategy, *Space for the New*, is on going. This year, innovative children's programming included the new linking show *Studio 2*, which featured local programmes such as *Get Invent'n' with the Goober Brothers*, providing an opportunity for children to contribute ideas for inventions and develop them. Funding was also committed to an animated children's programme by accomplished animator Bob Stenhouse, featuring three stories by Joy Cowley, as well as to returning favourites such as *Squirt*, *Sticky TV* and second series of preschool show, *Party Animals*.

TV2 screened quirky, edgy, funny children's drama *Hard Out*, where two skateboarding 'dorks' battle an alien takeover of their suburb. A series of *Secret Agent Men* screened on TV3, with some very cool teenage spies battling some really, really bad guys, and funding was also committed to a second series.

P.E.T. Detectives, where supernaturally talented heroes battled against aliens and incursions from the paranormal realms went into production, and NZ On Air was also a minority investor to *Holly's Heroes* on TV2. Holly is the "new girl" from New Zealand who uses her love of basketball to fit in to small town Australia.

Comedy is an important part of the programming mix and is a genre NZ On Air is keen to continue developing through further research and industry consultation. Highlights of the year were the launch of *Facelift*, an innovative political satire series featuring actors wearing prosthetic faces modelled from caricatures, while *Serial Killers*, introduced viewers to the "reality" of the writing team behind a weekday soap opera.

Eating Media Lunch debuted on TV2 to immediate controversy and critical delight, and funding for a return series was approved. The team responsible for *Eating Media Lunch* will also produce *The Unauthorised History of New Zealand*, which promises an irreverent look at unique New Zealand moments from our recent – and not so recent – past.

Drama remains an area critical to NZ On Air's aims and objectives and the agency continues to be strongly committed to achieving a sustained presence of New Zealand television drama on our screens. The jewel in the year's drama crown was the critically acclaimed *Insiders Guide to Happiness*. Funding was also allocated to support

the return of the popular Maori supernatural series *Mataku*, which is currently in production.

During 2003, final episodes of three long-run series were screened. *Mercy Peak* on TV ONE, *Street Legal* on TV2 and *The Strip* on TV3 raised New Zealand drama to a new level, and resulted in increased audience appreciation for local shows.

While a number of factors contributed to delays in commissioning new projects in this genre, by year-end a number of projects were in advanced development, and it seems likely that early in 2004/2005, production will return to levels experienced in recent years.

Providing funding support for programming that meets the needs of special interest television audiences is another essential function of NZ On Air. The year saw the return of a diverse range of programmes including *Inside Out*, *Asia Down Under*, *Praise Be* and *Queer Nation*. NZ On Air and TVNZ jointly reviewed gay and disability programming during the year resulting in a fresh approach to series in both categories that will become apparent in the coming months.

Following on from the 2003 success of *Home Truths* NZ On Air has supported *A Queen's Tour*, a 12-part series, hosted by John Campbell, which follows the path of the 1953/54 Royal Visit and provides a modern day take on the provincial centres visited by Her Majesty fifty years ago. *Frontseat*, an unashamed celebration of New Zealand art and culture, made its debut this year, and NZ On Air also contributed funding – from the re-introduced Innovation category budget – to *National Anthem*, a 24-hour live celebration of New Zealand music – a great and fitting conclusion to a fantastic NZ Music Month.

A phenomenal success on the music front was *NZ Idol*, the series that saw new performing talent, such as Michael Murphy, and the eventual winner Ben Lummis emerge. *NZ Idol* created a shared experience for the whole country, and gave ordinary New Zealanders an opportunity to show that they were capable of extraordinary things.

NZ On Air continues to encourage a diversity of challenging, entertaining and innovative programming with a distinctive New Zealand voice, at the same time responding to the challenges presented by the continually evolving television environment.

A review of the top ten NZ On Air funded programmes for the year demonstrates that the effort delivers results, which are appreciated by New Zealand audiences.

Title	Genre	Viewers
<i>Dare to Be Free</i>	Documentary	829,000
<i>National Bank Country Calendar</i>	Documentary	666,500
<i>NZ Idol</i>	Arts, Culture & Performance	631,200
<i>Murder On The Blade</i>	Documentary	558,300
<i>Colour Of War: The ANZACS</i>	Documentary	530,400
<i>Coromandel Med</i>	Documentary	528,600
<i>Secret New Zealand</i>	Documentary	509,700
<i>Willy Nilly</i>	Comedy	474,300
<i>Pakeha Maori</i>	Documentary	469,000
<i>Documentary New Zealand</i>	Documentary	454,400

Source: ACNielsen. Programmes screened between 1 July 2003 and 30 June 2004. Series audiences are averaged across the series.

WILL HALL (*James in Insiders Guide to Happiness*)



He might only be 24, but actor Will Hall has already suffered for his art. After uprooting himself from a comfortable life in Christchurch, he went to Sydney where he struggled financially, had his actor's portfolio stolen, got arrested for pasting up posters in the

dead of night, and then, when he came to Wellington to try to find an agent, ended up sleeping in a van in a car park – ironically right across the road from the Gibson Group – where his luck was about to change.

Will scored the role of James in the Gibson Group production, *Insiders Guide to Happiness*. He believes all his experiences have given him great sympathy for James, a loans officer at the bank, who is just cruising through his life. Will reckons if he hadn't moved out of his own comfort zone, he could have been just like James.

"I took the step and moved to Australia. That was a hard thing because all my friends and family are in Christchurch, but I knew if I wanted to act I couldn't stay there," says Will. "And James' journey is a bit like that. Initially he thinks he's happy and everything's great. Then through what happens to him he realises that he can do more."

"One of the great things about *Insiders Guide to Happiness* is most people only know happiness after the fact. The key to happiness is knowing when you've got it. And those occasions are very rare."

RADIO

NATIONAL RADIO AND CONCERT FM

This was the final year of the three covered by NZ On Air's current funding agreement with Radio New Zealand, and \$24.642 million was allocated to the funding of National Radio and Concert FM. The funding level is an increase on previous years, with Government providing an additional \$2.5 million this year to enable Radio New Zealand to maintain services and begin the roll out of National Radio on FM around the country.

Highlights on National Radio in the 2003/2004 year included the introduction of an audience interactive programme *Outspoken*, which discussed issues of the day with a panel of contributors, and broadcast calls from interested listeners at home.

On 8 June, live from Te Papa, a three-hour broadcast marked the Transit of Venus. This was the culmination of a series of lectures from around New Zealand and Australia, in which experts discussed the significance of the event, and its particular relevance to New Zealand because of Captain Cook's 18th century journey to the Pacific to observe it.

A range of new drama produced and broadcast on National Radio included *The Fat Man* by Maurice Gee, *Lifestyle Block* from Sue McCauley and *The Debate* by Rivvia Brown, while the Tangiwai disaster was marked, exactly 50 years on, with a two-hour programme of archival sound and new interviews on Christmas Eve.

With additional funding from NZ On Air, National Radio's roll out to broadcast on FM throughout the country began in earnest in the second half of 2003. The station can now be received on 101MHz in Christchurch, Wellington, Hamilton and the Waikato, Dunedin, Palmerston North and Manawatu, Tauranga, and Hawkes Bay. More centres will come on stream as the project continues.

Concert FM's highlights included a collaboration with the Department of Conservation to produce a CD entitled *Wild Music* that highlights conservation issues relevant to New Zealand. The on-air success last year of the 10-part series about Douglas Lilburn: *The Landscape of a NZ Composer* also resulted in that series becoming commercially available on CD.

During the year Concert FM recorded 30 concerts from the NZ International Arts Festival 2004. The network also revised its format to provide listeners with incremental programme changes. *Sound Lounge* is one result, giving contemporary music its own forum on Tuesday evenings.

And Radio New Zealand programmes and staff won a significant number of the Qantas Radio Awards, and picked up six New Zealand Radio Awards in their first foray back to that forum for a number of years.

ACCESS RADIO AND PACIFIC ISLAND RADIO

NZ On Air continued to provide funding support to eleven access radio stations around New Zealand this year. Funding was also provided for two Pacific Island community radio services and NZ Radio for the Print Disabled's radio reading service based in Levin.

Access radio stations operate in Auckland, Hamilton, Hawkes Bay, Palmerston North, Wairarapa, Kapiti/Horowhenua, Wellington, Nelson/Tasman Bays, Christchurch, Dunedin and Southland. They provide an important platform for community groups and minorities to make and broadcast their own programmes to their own communities.

An access radio managers' retreat was held in August 2003, where managers discussed issues and concerns, and took part in workshops to improve their ability to promote their services, enhance their understanding of the respective roles of governors and management and to formulate strategic planning decisions for the future.

NZ On Air continued to monitor stations' use of the access radio manual, "Radio Diversity". This manual has clear guidelines for the appropriate operation of a NZ On Air-funded community access station, and has proven a valuable tool for managers, Trusts and broadcasters alike.

Funding has continued to be provided for Pacific Island community radio stations 531pi in Auckland and Samoa Capital Radio in Wellington, the radio services established and maintained as part of NZ On Air's long-standing policy to fund dedicated Pacific Island radio services in areas of greatest Pacific Island population.

A full list of the access and Pacific Island radio services funded by NZ On Air this year may be found on page 22.

COMMERCIAL RADIO PROGRAMMES

NZ On Air funds radio programmes, which reflect priorities under Sections 36(a) and (c), and Section 37(d) of the Broadcasting Act. This refers, inter alia, to programmes, which cater for the interests of young people and for the diverse ethical and spiritual beliefs of New Zealanders. Support is also provided for a series, which discusses Maori issues in English, and for music and drama and/or comedy programmes.

Youth radio shows funded in 2003/2004 included *The Voice* on the Edge radio network, and *Te Puutake* on George FM, and iwi and access radio stations.

Upload, was broadcast on the Channel Z network and a selection of other independent radio stations, and *Etu O Matariki*, a programme with a Cook Island youth focus was heard on Niu FM. The Solid Gold FM network provided an outlet for *Small World*, a magazine series for children.

Funding was allocated to a New Zealand music quiz programme on Channel Z called *Pop! Goes The Weasel*, and the English-language Maori issues programme *Paakiwaha* was funded for broadcast on iwi and access stations.

The values-based *Scrubcutter* series broadcast on the Newstalk ZB and Radio Rhema networks, and special Easter and Christmas programmes, were broadcast on the Newstalk ZB and Radio Sport networks.

Funding for radio drama and comedy projects resulted in *The Cab Ride to Destiny*, which was heard on LocalWorks radio stations nationwide, while another two projects were developed, one of which may go into full production later this year.

New Zealand music programmes are covered in the NZ Music part of this annual report.

TE PUUTAKE



NZ On Air-funded youth radio programme *Te Puutake* has had a great year. *Te Puutake* is a weekly one-hour radio show that goes out on a number of stations in New Zealand, including the George FM network, and a selection of iwi and community access stations, to highlight young

achievers and role models in the community, with a particularly strong focus on Maori and Pacific Island youth.

This year *Te Puutake* has featured interviews with videomaker Chris Graham, All Blacks Carlos Spencer and Joe Rokocoko, screen star Cliff Curtis, TV news anchor Carol Hirschfeld, and many other New Zealand luminaries, bringing their stories to a wide young audience. And they've talked to young Kiwi entrepreneurs and up-and-coming musicians.

Each week, presenters Irene Crawford Kaleopa and Marama Papau introduce experts who offer advice on everything from relationships and money to language and study tips, in a complete package that is fast-paced and energetic. And this year, Irene and Marama have been joined by Nesian Mystik's Te Awanui Reeder, who has added a new dimension by bringing the world of hot New Zealand music to the fore.

To cap off a year that has seen *Te Puutake* go from strength to strength, the production team won the Open Category in the inaugural Maori Media Awards, and also awards for the Best Maori Language programme and Best Ethnic and Access radio show in the 2004 New Zealand Radio Awards.

Ka pai!

NZ MUSIC

Radio support for NZ Music has been outstanding this year, with music content records broken across the board.

A record annual peak of 17.75% was recorded for the 2003 calendar year, a record quarterly peak of 19.43% for the October/December 2003 quarter, and the last week of May 2004 saw a record weekly peak of 25.47%.

By the end of the 2003/2004 year, NZ Music content on radio stood at 18.23%, including a new commercial format record of 33.37% on Rock radio.

The 17.75% result for the 2003 calendar year was 3.25% ahead of the NZ Music Code target of 14.5% for the year. It was the second year of the Code and the second time that radio had exceeded the Code target by more than 2%. Radio's commitment to the Code and to achieving these remarkable results is to be applauded.

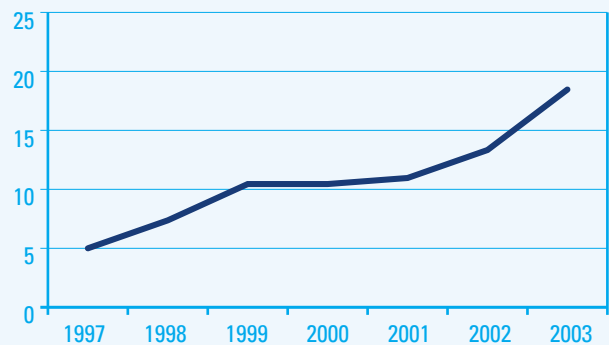
To help radio stations achieve these results they need plenty of good music to play. The overall strategic aim of NZ On Air's NZ music work is to help radio increase local content by helping create and deliver the quality music that radio can play, not just because they *have* to (in order to meet target) but because they *want* to.

NZ On Air does that with a mix of funding schemes – for example, for albums by established artists and radio singles by new artists, and promotional strategies – such as the pluggers (music promotion team), the hit discs and funding for music videos. This year, NZ On Air's investment in these schemes was maintained – and in some cases, increased. 42 radio singles by new artists were funded, as well as 16 albums by artists with a track record of delivering radio hits, and 124 music videos. NZ On Air produced 17 new music hit discs for radio and again contracted pluggers to promote the songs on those hit discs at radio. The pluggers are the trump cards in NZ On Air's campaign to get more New Zealand music played on commercial radio.

The launch of the Phase Four New Zealand music plan in 2000 marked a turning point in the campaign. Phase Four promised –

- More pluggers power;
- More music television; and
- More money for making and marketing music.

Since the Phase Four plan was launched, local music content has increased by an extraordinary 75% – from 10.42% in June 2000 to 18.23% in June 2004. The following graph shows clearly what a difference the Phase Four plan – in tandem with the NZ Music Code in 2002 – has made.



More music television was always seen as a key to getting more New Zealand music played on commercial radio. Music television has had a roller coaster ride in New Zealand, but this year the drive for more music television stepped up a gear with the launch of **C4** in October 2003 – music videos 58 hours a week in prime-time, free-to-air to 70%+ of the population, with 25-30% New Zealand music. Coupled with Juice TV's decision to simulcast free-to-air via UHF in Auckland, this changed music television overnight and meant that music videos, funded by NZ On Air as part of the drive to increase local content on the radio, started getting unprecedented exposure.

NZ On Air continued to fund radio shows like the **NZ Music Revolutions** on More FM, **The Slab** on The Edge, and **Soundcheck** on The Rock as a way of introducing and profiling new artists and new songs on radio, and on ZM, **The Beat Files** gave way to **The Word**.

Funding was again allocated to the New Zealand music work of the six b.net student radio stations to provide opportunities for music that is not generally heard on commercial radio. The b.net stations champion difference and diversity in New Zealand music and are important as a seedbed for new New Zealand music.

NZ On Air marked two milestones this year. The production of 1,000 NZ On Air-funded music videos was celebrated at a function in Auckland in October 2003 and the release of the third NZ On Air **Kiwi Gold Disc** classic hits compilation was marked in May 2004.

Ten years ago, the major challenge facing the New Zealand music industry was how to get our songs played on the radio. There is now close to ten times more New Zealand music on the radio than there was ten years ago.

If airplay was the big challenge ten years ago, export is today's big challenge. The twin tyrannies of the small home market and distance from the big markets make it vital that the New Zealand music industry now looks to export. The current domestic success provides a springboard for international growth. This, in turn, will encourage more domestic airplay and sales success.

This year, NZ On Air participated (as an observer) in the review of New Zealand music export strategy initiated by NZ Trade & Enterprise. The Music Industry Export Development Group convened by NZ Trade & Enterprise met in September 2003 and the Group's report – called *Creating Heat – Tumata Kia Whita!* was released in July 2004.

NZ On Air is looking closely and carefully at what contribution it might make to the Government's ambitions for New Zealand music internationally, whether that is via an international airplay strategy or supporting the 'NZ Out There' strategy outlined in the *Creating Heat* report.

A full list of the New Zealand music projects funded by NZ On Air this year can be found on pages 58 to 61.

New Recording Artists First XV

- 1 *Maybe Tomorrow* by Goldenhorse
- 2 *Better* by Brooke Fraser
- 3 *Broken Wings* by K'Lee
- 4 *It's On* by Nesian Mystik
- 5 *This Is It* by Carly Binding
- 6 *Walkie Talkie Man* by Steriogram
- 7 *Did You Do It All For Love* by Nurture
- 8 *Clav Dub* by Rhombus
- 9 *Fools Love* by Misfits Of Science
- 10 *1+1+1 (It Ain't Two)* by K'Lee
- 11 *Nothing Can Wait* by Opshop
- 12 *In This Life* by Michelle Kazor
- 13 *Funny Boy* by Rubicon
- 14 *Fast Times In Tahoe* by Elemeno P
- 15 *Place To Be* by goodshirt

Source: Based on RadioScope airplay statistics.

MISFITS OF SCIENCE



At the end of this financial year, a song by a new New Zealand hip hop act was burning up the charts. The Misfits Of Science's *Fools Love*, with its infectious Doris Day sample, was huge on Pop radio and music channels C4 and Juice TV had the video on high rotate.

The Misfits Of Science is a great example of the NZ On Air music machine at work. *Fools Love* began as a rough demo by an unknown act, then called Logistix. NZ On Air saw the potential and invested \$5,000 via the New Recording Artists scheme to professionally record and finish the song. That was backed up with a \$5,000 music video grant and a place on Kiwi Hit Disc 64 to get the song out to every radio station in the land.

The *Fools Love* music video – made by Shane Mason and Mark Trethewey – was as irresistible and as catchy as the song itself and directly helped us get the record played on the radio. Once it was on heavy rotate on The Edge and ZM, it was away! It hit #1 in July and stayed there for four weeks, selling platinum – a great result for the artists and for BMG who released the record and did a great job of promoting it.

It's also a great result for NZ On Air and our mission to create the hits that commercial radio can play and wants to play.

MAORI BROADCASTING

NZ On Air's *Rautaki Maori* continued to underpin and drive our work to support Maori programming. The strategy aims to enhance the on-screen outcomes of mainstream Maori programming for television. The strategy was reviewed in June 2004, with the NZ On Air Board confirming its continuation and a fresh programme of action for the year ahead.

Tainui Stephens continued his work as NZ On Air's *Kai Urungi* providing assistance and a liaison point for those making Maori stories for television. As a result, a diverse range of Maori programmes has been encouraged.

During the year, funding was committed to a second series of the acclaimed anthology – *Mataku* – for screening on TV ONE. A commitment to a second series of half-hour *Nga Reo* documentaries was also made. A range of documentaries was made and/or screened within both the *Documentary New Zealand* and *Inside New Zealand* strands, with memorable programmes including *Mana Wahine*, *Kohanga Kids*, *The Brown Factor* and *Nesian Mystik*. Funding was allocated to a special series – *Taonga* – delving into the stories behind Maori treasures, and to a one-off documentary looking at a community solution to the conflict that can arise when lifestyle sub-divisions begin to encroach on traditionally held New Zealand land, *The Kaipara Affair*.

A hui was held at *Takapuwahia Marae* in August 2003, with producers, broadcasters and iwi representatives present. This hui generated an important discussion about the aim of moving from a "social justice" paradigm to a "creative excellence" approach to Maori production and broadcasting.

Perhaps a living example of this was the successful launch of Maori Television in March. The channel has brought an exciting new dimension to New Zealand television, and is being widely watched by a broad cross-section of New Zealanders. NZ On Air has consulted MTS closely about its plans, and is committed to facilitating the best possible outcomes for our funding of Maori programmes.

We acknowledge that Te Mangai Paho is the primary funder of Maori Television. NZ On Air's main focus is thus to provide support for programmes predominantly in English and for transmission on the three main free-to-air channels, so that there is a good presence of Maori programming within the general television diet for New Zealanders (especially during prime time). We are ensuring, however, that funded Maori programmes are available at the earliest

opportunity for re-transmission on Maori Television. Conversely, if programmes are commissioned for a first window on Maori Television, NZ On Air will require an advance commitment to re-screen the programme from TV ONE, TV2 or TV3.

On radio NZ On Air funding supports the interests of Maori in a variety of ways.

To meet the requirements of the funding agreement between NZ On Air and Radio New Zealand, National Radio produces and broadcasts programmes promoting Maori language and culture. The network reported a total of 404 hours of programming devoted to meeting its obligation in this area this year, against an agreed target of 342.

On National Radio, *Mana Korero*, *Mana Tangata* and *Mana News* maintained coverage of issues affecting Maori, and on weekday afternoons, Ana Tapiata explored aspects of Maori language and culture in te reo Maori in *Rourou*. *Waiata*, a new programme mixing contemporary and historical Maori music, and *Nga Taonga Korero*, drawing on treasures from the archives, added diversity to Maori programming.

NZ On Air continued to fund the English language, Maori issues-based series *Paakiwaha*, which was broadcast on iwi and access stations. The award-winning youth programme, *Te Puutake*, was also funded.

As part of the NZ Music Phase Four strategy this year, four volumes of the *Iwi Hit Disc* Maori music compilation discs were produced for distribution to every radio station in the country. The *Iwi Hit Disc* features contemporary Maori language and kaupapa music and is put together for NZ On Air by maorimusic.com.

NZ On Air also funded its first three Te Reo Radio Hits projects. The Te Reo Radio Hits initiative is aimed at producing and promoting te reo radio singles with commercial radio airplay potential. The first three pilot projects, funded at year's end, were *Tenei Taonga Te Reo Maori* by Whirimako Black (Mai Music), *Kia Mau Ki Te Reo Maori* by Dam Native (Heart Music) and *Rangiataea* by Ruia (Tangata Records).

Maori artists also featured in NZ On Air's regular music video and new recording funding decisions and on *Kiwi Hit Disc*.

ARCHIVES

NZ On Air spent \$1.104 million this year on radio and television archiving services. The New Zealand Film Archive (NZFA) provides television programme archiving services, and Sound Archives/Nga Taonga Korero (SA/NTK) looks after radio archiving.

This year, the New Zealand Film Archive archived 1,266 hours of television programmes and carried out preservation work on another 251.6 hours of programmes. The Sound Archives/Nga Taonga Korero archived 1,744 hours of radio programmes and carried out preservation work on another 1,756.5 hours. Both agencies exceeded their contractual targets for the year.

During the year, NZ On Air entered into a further three-year contract with NZFA and a new two-year contract with SA/NTK. Annual funding for both archives was increased slightly. In addition, special one-off funding set aside in 2003/2004 for SA/NTK will be used, in part, to help meet costs associated with the purchase of a new Quadriga digital archiving system.

This will improve cataloguing and monitoring capabilities, provide high quality controlled analogue to digital conversion and improve the longevity and quality of archived material.

As a follow up to the report on the current archiving environment commissioned by NZ On Air in 2003, an archiving symposium will be held in November 2004. The symposium will address current gaps in the archiving environment, look at ways of improving coordination between stakeholders, and consider the wider issues affecting audio/visual archiving.

TRANSMISSION

While \$1.24 million was budgeted to maintain non-commercial television and radio transmission services to remote areas of New Zealand, only \$16,500 was committed during the year.

TV ONE and TV2 are now simultaneously broadcast via a digital satellite platform. NZ On Air therefore no longer has a mandate to maintain television transmission services to remote areas of New Zealand. Since July 2003, the \$1.15m allocated annually for this purpose has been deducted from Crown revenue to NZ On Air, and is being paid directly to TVNZ via the Ministry for Culture and Heritage, in recognition of the networks' ongoing

responsibility for maintaining the analogue transmission system to remote areas.

During the year, NZ On Air amended its policy to provide one-off capital funding to ensure the availability of a primary strength community radio service, by reducing the threshold from communities of 500+ people to 400+. Following this change funding of up to \$16,500 was committed for the purchase of capital equipment to provide a community radio service for the Karamea community. This service is expected to be up and running in the early part of the 2004/2005 financial year.

STAFF CHANGES

In May 2004, NZ On Air fulfilled its objective of establishing a permanent presence in Auckland, with the appointment of Kathryn Quirk as Client Relations Manager. Kathryn brings a wealth of experience, having worked both in independent production and within TVNZ.

Early in 2004, we said goodbye to Donnawaree Ryder and to Annie Murray. While Donnawaree moved into a new role in the private sector, we were pleased that our association with Annie could continue as she took up a position as Assistant Commissioner – Documentary & Special Interest, with TVNZ.

In March, Antony Shaw joined us as Manager Project and Financial Analysis (replacing Donnawaree), and in April Alicia Sutton replaced Annie as Television Contracts Coordinator.

Finally, Sally Courché resumed her role (part time) as Deputy Television Manager in May, after a period of parental leave.

As at the end of the year, therefore, NZ On Air staff was at full complement. The team, though small, is dedicated, passionate and highly skilled. I want to close by thanking them for their tireless work over the last year, and for their commitment to NZ On Air's vision.



Jo Tyndall
Chief Executive



Financial Statements

Statement of Responsibility for the year ended 30 June 2004

The Board and management of the Broadcasting Commission (NZ On Air) are responsible for –

- the preparation of these financial statements and the judgements used therein; and
- establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Board and management, these financial statements for the year ended 30 June 2004 fairly reflect the financial position and operations of NZ On Air.



Don Hunn
Chairman



Jo Tyndall
Chief Executive

Statement of Accounting Policies for the year ended 30 June 2004

The following accounting policies have been applied in the preparation of the financial statements for the year ended 30 June 2004.

REPORTING ENTITY

The Broadcasting Commission (NZ On Air) was established by the Broadcasting Act 1989 and is a Crown Entity in terms of the Public Finance Act 1989. The functions and procedures of NZ On Air are set out in the Broadcasting Act 1989. The financial statements are prepared in accordance with the First Schedule of the Broadcasting Act and the Public Finance Act 1989.

MEASUREMENT BASE

The measurement base adopted is that of historical cost.

ACCOUNTING POLICIES

The following accounting policies which materially affect the measurement of the financial performance, financial position, cash flows, commitments and contingencies have been applied –

- **Accounts receivable**
Accounts receivable are shown at their estimated net realisable value after allowing for doubtful debts.
- **Non-current assets and depreciation**
Fixed assets 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 assets by equal instalments to an estimated nil residual value at the end of the economic life of the asset.

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

21 October 2004

- **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 the accounting policies adopted by NZ On Air.
- **Goods and services tax (GST)**

The financial statements have been prepared on a GST exclusive basis.
- **Taxation**

NZ On Air is exempt from the payment of income tax in accordance with Section 51 of the Broadcasting Act 1989.
- **Broadcasting services**

The allocation of funds to broadcasting services is treated as expenditure when the allocation is approved by the Board and committed against the current year's income. Expenditure therefore includes funds committed but not paid out at the year end, which are recorded as funding liabilities.
- **Cost allocation policy**

All expenditure not related to the collection of the Public Broadcasting Fee or used to fund broadcasting services has been allocated to administration expenditure. The Government approves the level of administration expenditure in accordance with Section 49 of the Broadcasting Act 1989.
- **Cash and bank and short term deposits**

These investments are recorded at cost.
- **Employee entitlements**

Provision is made in respect of NZ On Air's liability for annual leave. Annual leave has been calculated on an actual entitlement basis at current rates of pay.
- **Operating leases**

Operating lease payments, where the lessor retains substantially all the risks and benefits of ownership of the leased items, are charged as expenses in the periods in which they are incurred.
- **Revenue**

Crown revenue is recognised as revenue when received. Other revenue is recognised on an accruals basis in the Statement of Financial Performance.
- **Income from broadcast production funding**

Income from the sale of programmes is treated as income as and when received.
- **Direct collection costs**

Direct collection costs are incurred in enforcing payment of, existing Public Broadcasting Fee-payers.
- **Financial instruments**

NZ On Air is party to financial instrument arrangements including cash and bank, short term deposits and accounts receivable as part of its everyday operations, which are recognised in the Statement of Financial Position. Revenue and expenditure in relation to all financial instruments are recognised in the Statement of Financial Performance. Except for those items covered by separate accounting policy, all financial instruments are shown by estimated fair value.
- **Statement of Cash Flows**
 - **Cash** means cash balances on hand, held in bank accounts, demand deposits and highly liquid investments in which NZ On Air invests as part of its day-to-day cash management.
 - **Operating activities** include cash received from all income sources of NZ On Air and records the cash payments made for the supply of goods and services.
 - **Investing activities** are those activities relating to the acquisition and disposal of non-current assets.
 - **Financing activities** comprise those activities relating to the change in equity and debt capital structure of NZ On Air.
- **Commitments**

Funding expenditure approved by the Board by 30 June that relates to future years' income is recorded in the Statement of Commitments. Other future payments are also 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

There have been no changes in accounting policies. All policies are applied on a basis consistent with previous years.

Statement of Financial Performance

for the year ended 30 June 2004

	Notes	Actuals 2003/2004 (\$000)	Budget 2003/2004 (\$000)	Actuals 2002/2003 (\$000)
Income				
Crown Revenue	1	89,388	90,540	86,330
Other Revenue	2	5,898	1,500	5,577
Total Income		95,286	92,040	91,907
Operating Expenditure				
Public Broadcasting fee collection costs		45	–	53
Administration and consultation	3	2,449	2,450	2,132
(Recovery) in provision for doubtful debts	4	(198)	–	(220)
Total Operating Expenditure		2,296	2,450	1,965
Funding Expenditures				
Television	5	60,702	60,300	58,996
Radio	6	27,418	27,640	25,114
Transmission Coverage	7	16	1,240	1,150
New Zealand music	8	3,749	3,900	3,724
Archives	9	1,104	1,100	1,184
Total Funding Expenditure		92,989	94,180	90,168
Total Expenditure		95,285	96,630	92,133
Net surplus/(deficit) for the year		1	(4,590)	(226)

Statement of Movements in Equity

for the year ended 30 June 2004

	Actuals 2003/2004 (\$000)	Budget 2003/2004 (\$000)	Actuals 2002/2003 (\$000)
Public Equity at beginning of the year	5,668	5,695	5,894
Plus: Net Operating surplus/(deficit)	1	(4,590)	(226)
Total recognised revenues and expenses for the period	1	(4,590)	(226)
Total Public Equity at the end of the year	5,669	1,105	5,668



Statement of Financial Position

as at 30 June 2004

	Notes	Actuals 2003/2004 (\$000)	Budget 2003/2004 (\$000)	Actuals 2002/2003 (\$000)
Current Assets				
Cash and bank	10	45,910	42,000	41,265
Accounts receivable – General		29	100	25
Accounts receivable – interest		575	–	135
Total Current Assets		46,514	42,100	41,425
Non-Current Assets				
Fixed Assets	11	149	154	177
Total Non-Current Assets		149	154	177
Total Assets		46,663	42,254	41,602
Current Liabilities				
Accounts payable		406	300	295
GST payable		271	–	297
Employee entitlements		103	–	120
Funding liabilities	12	40,214	40,849	35,222
Total Current Liabilities		40,994	41,149	35,934
Public Equity		5,669	1,105	5,668
Total Liabilities and Public Equity		46,663	42,254	41,602

Statement of Cash Flows

for the year ended 30 June 2004

	Note	Actuals 2003/2004 (\$000)	Budget 2003/2004 (\$000)	Actuals 2002/2003 (\$000)
Cash flows from operating activities				
Cash provided from:				
Net Public Broadcasting Fee		153	–	167
Crown Funding		89,388	90,540	86,330
Interest Received		1,440	–	1,923
Other Income Received		546	1,500	1,207
Net GST received		–	–	219
Cash applied to:				
Funding to broadcasters and programme producers		(84,528)	(90,590)	(89,217)
Payment to suppliers and employees		(2,283)	(2,450)	(2,219)
Net GST Paid		(26)	–	–
Net cash inflows/(outflows) from operating activities	13	4,690	(1,000)	(1,590)
Cash flows from investing activities				
Cash applied to:				
Purchase of Fixed Assets		(45)	–	(38)
Net cash (outflows) from investing activities		(45)	–	(38)
Net increase/(decrease) in cash held		4,645	(1,000)	(1,628)
Opening cash		41,265	43,000	42,893
Closing cash		45,910	42,000	41,265
Actual Cash Balance represented by:				
Current Accounts		25	25	36
Call Deposits		45,885	41,975	41,229
		45,910	42,000	41,265

Statement of Commitments

as at 30 June 2004

	2004 (\$000)	2003 (\$000)
Lease Commitments		
Less than 1 year (2004/2005)	116	107
1 year to 2 years (2005/2006)	38	107
2 years to 5 years (2006/2008)	38	29
Total Lease Commitments	192	243

At balance date, NZ On Air has an operating lease for the premises on the 2nd floor, Lotteries Commission Building, Wellington and also a lease for the premises at 1 Beresford Square, Auckland.

	2004 (\$000)	2003 (\$000)
Programme and Project Funding Commitments		
Less than 1 year (2004/2005)	33,704	35,698
1 year to 2 years (2005/2006)	574	–
2 years to 5 years (2006/2008)	–	–
Total Programme and Project Funding Commitments	34,278	35,698
Total Commitments	34,470	35,941

Statement of Contingent Liabilities

as at 30 June 2004

As at 30 June 2004, NZ On Air has a contingent liability of up to \$160,261. This relates to the possible overpayment to NZ On Air for its share of sales of a NZ On Air funded television programme. NZ On Air, in conjunction with the two other funders of this programme, commissioned an auditor to check the records of the programme's distributor to determine the amount of any overpayment (2003: nil).

Statement of Resources

for the year ended 30 June 2004

	2004	2003
Personnel		
Members of the Commission (part-time)	6	6
Staff (full-time equivalents)	13	12.5

Broadcasting Equipment

Several years ago, NZ On Air purchased broadcasting equipment at a cost of \$287,622, which is currently being used by Fifeshire FM, Port FM and Radio Scenicland for the extension of non-commercial community radio coverage. NZ On Air expensed the cost of this equipment at the time the equipment was purchased.



Notes to the Financial Statements

for the year ended 30 June 2004

1. CROWN REVENUE

Following the Government's budget announcement in May 1999 that the Public Broadcasting Fee (PBF) was to be phased out by 30 June 2000, NZ On Air's main source of revenue is Crown funding.

Crown revenue is \$1.152m less than budget for the year ended 30 June 2004. This is the result of the \$1.15m previously allocated annually (and budgeted for in the current year) to TVNZ for subsidising television transmission coverage to remote areas now being paid directly to TVNZ via the Ministry for Culture and Heritage.

2. OTHER INCOME

	Actuals 2004 (\$000)	Actuals 2003 (\$000)
<i>Writebacks of previous years' commitments which have since been withdrawn or reduced</i>	3,469	2,645
<i>Share of income from the sale of television programmes</i>	299	945
<i>Interest received</i>	1,880	1,923
<i>Other income</i>	250	64
Total Other Income	5,898	5,577

3. ADMINISTRATION AND CONSULTATION EXPENDITURE

	Actuals 2004 (\$000)	Actuals 2003 (\$000)
<i>Personnel costs</i>	1,009	927
<i>Legal, public relations and expert advice</i>	490	348
<i>Office overheads</i>	196	159
<i>Consultation and research</i>	257	239
<i>Travel and communications</i>	222	213
<i>Board Members' fees</i>	95	74
<i>Rent</i>	83	78
<i>Depreciation</i>		
<i>Furniture & Fittings</i>	11	11
<i>Leasehold Alterations</i>	19	19
<i>Computer Equipment</i>	31	35
<i>Office Equipment</i>	11	9
<i>Audit fees for the audit of the financial statements</i>	25	20
Total Administration and Consultation Expenditure	2,449	2,132

4. (RECOVERY) IN PROVISION FOR DOUBTFUL DEBTS

	Actuals 2004 (\$000)	Actuals 2003 (\$000)
(Recovery) in provision for doubtful debts		
Accounts receivable – Public Broadcasting Fee	1,035	1,233
Less provision for doubtful debts	(1,035)	(1,233)
Total accounts receivable – PBF	–	–

NZ On Air's PBF collection process will continue in 2004/2005 while residual activity is wound-down. However, there is significant uncertainty as to how much money will be collected. Therefore NZ On Air has taken a conservative approach, and maintained a provision for doubtful debts of approximately \$1.035 million that represents all of the outstanding PBF debtors as at 30 June 2004.

In 2003/2004 the amount of Public Broadcasting Fee (PBF) cash received was \$0.198m. This reduced the doubtful debt provision to \$1.035m at year-end.

5. TELEVISION PROGRAMME FUNDING

	2004		2003	
	Hours	Funding (\$000)	Hours	Funding (\$000)
Drama/Comedy	115	27,858	107	27,915
Documentaries/Information/Innovation	158	9,880	109	8,704
Children & young persons' programmes	383	11,251	436	11,008
Arts, Culture & Performance	292	3,656	107	3,384
Special Interest programmes	153	7,579	192	7,665
Total Production Funding	1,101	60,224	951	58,676
Plus Development Funding		478		320
Total Television Funding		60,702		58,996

6. RADIO

	Actuals 2004 (\$000)	Actuals 2003 (\$000)
Radio New Zealand		
National Radio	20,300	18,145
Concert FM	4,642	4,145
	24,942	22,290
Access and special interest community radio		
Auckland Access Radio*	200	50
Radio 531pi (Auckland Pacific Island Radio)**	125	200
Hamilton Access Radio	150	144
Hawkes Bay Access Radio*	55	110
Wairarapa Access Radio	90	90
Manawatu Access Radio	100	100
Print Disabled Radio (Levin)	90	90
Kapiti Coast Access Radio	99	98
Wellington Access Radio	200	200
Samoa Capital Radio (Wellington)**	150	160
Tasman Bays Access Radio	174	174
Christchurch Access Radio*	100	200
Otago Access Radio	135	135
Southland Access Radio	135	135
Access Radio Retreat	15	15
Pacific Island Initiatives	–	161
Access Radio Development	3	130
	1,821	2,192
Programmes on Commercial Radio	655	632
Total Radio Funding	27,418	25,114

* The significant movements in Auckland, Hawkes Bay, and Christchurch Access Radio Stations funding levels from 2003 are a result of bringing these stations' funding cycles into line with NZ On Air's financial year of July to June. Actual funding levels for these stations have not changed.

** Funding allocated to Radio 531pi and Samoa Capital Radio remained at the same level as 2003. Total allocations to the two stations were maintained by drawing on a supplementary fund established in 2000 for Pacific Island radio, which is why the additional funding is not reflected in the table above.

7. TRANSMISSION COVERAGE

	Actuals 2004 (\$000)	Actuals 2003 (\$000)
Television		
TVNZ's non-commercial transmission coverage*	–	1,150
Community Radio transmission coverage	16	–
Total Transmission Coverage	16	1,150

* The \$1.15m allocated annually to TVNZ for subsidising television transmission coverage to remote areas is now being paid directly to TVNZ via the Ministry for Culture and Heritage. This is due to a digital satellite signal for TV One and TV2 now being available unencrypted to 100% of the New Zealand population.

8. NEW ZEALAND MUSIC

	Actuals 2004 (\$000)	Actuals 2003 (\$000)
New Zealand music on radio	3,129	3,159
New Zealand music videos	620	565
Total New Zealand Music	3,749	3,724

9. ARCHIVES

	Actuals 2004 (\$000)	Actuals 2003 (\$000)
Television		
New Zealand Film Archive	574	534
Radio		
Sound Archives/Nga Taonga Korero	530	470
Sound Archives Special Project	–	180
Total Archives	1,104	1,184

10. CASH AND BANK

	Actuals 2004 (\$000)	Actuals 2003 (\$000)
Cash comprises deposits with registered banks and treasury bills		
Current accounts	25	36
Call deposits	45,885	41,229
Total Cash at Bank	45,910	41,265

11. FIXED ASSETS

	Original (\$000)	Accumulated Depreciation (\$000)	Book Value (\$000)
2004			
Computer equipment	263	219	44
Furniture & fittings	181	159	22
Leasehold improvements	212	163	49
Office equipment	83	49	34
Total Fixed Assets – as at 30 June 2004	739	590	149
2003			
Computer equipment	180	148	32
Furniture & fittings	211	143	68
Leasehold improvements	246	209	37
Office equipment	78	38	40
Total Fixed Assets – as at 30 June 2003	715	538	177

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 and the liability is then 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 –

	Actuals 2004 (\$000)	Actuals 2003 (\$000)
Television programmes	37,002	31,599
Radio, music, archiving, and non-commercial transmission coverage	3,212	3,623
Total Funding Liabilities	40,214	35,222

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

13. RECONCILIATION OF NET SURPLUS WITH NET CASHFLOWS FROM OPERATING ACTIVITIES

	Actuals 2004 (\$000)	Actuals 2003 (\$000)
Net surplus/(deficit) from operations	1	(226)
Add non-cash items:		
Depreciation	72	74
	73	(152)
Add (less) movements in working capital items –		
(Increase)/Decrease in accounts receivable	(443)	198
(Decrease)/Increase in GST payable	(26)	219
Increase/(Decrease) in accounts payable (including employee entitlements)	94	(161)
Increase/(Decrease) in funding liability	4,992	(1,694)
	4,617	(1,438)
Net cash inflow/(outflow) from operating activities	4,690	(1,590)

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. NZ On Air's investments include on-call deposits and short-term deposits. NZ On Air does not hold financial derivatives providing interest rate protection. NZ On Air is primarily a short-term investor and carries any interest rate risk itself.

Concentration of credit risk

Credit risk is the risk that a third party will default on its obligation to NZ On Air, causing NZ On Air to incur a loss.

NZ On Air has a minimal credit risk in its holding of various financial instruments. These instruments include cash, bank deposits, and accounts receivable.

NZ On Air places its investments with institutions 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

During the year, the number of employees of NZ On Air, not being members, who received remuneration and other benefits in excess of \$100,000 were –

	Number of Employees 2003/2004	Number of Employees 2002/2003
Salary Band		
\$100,000 to \$110,000	3	2
\$170,000 to \$180,000	–	1*
\$200,000 to \$210,000	1*	–

* Chief Executive's total remuneration.

16. BOARD FEES

	Actuals 2004 (\$000)	Actuals 2003 (\$000)
Don Hunn	29	26
Prof Albert Wendt (Deputy Chairman)	12	8
Judy Callingham	14	12
James Coleman	14	9
Edie Moke	14	13
Gaylene Preston	12	6

From July 2003, payments to Board members have been on the basis of honoraria (rather than a daily rate), as approved by the Minister of State Services and advised by the Minister of Broadcasting.

17. RELATED PARTY TRANSACTIONS

NZ On Air is a wholly owned entity of the Crown. The entity enters into a number of transactions with State Owned Enterprises and Crown entities (for example, Television New Zealand Limited and Radio New Zealand Limited). These transactions are carried out on a commercial and arms length-basis (or as required by Ministerial directions made in accordance with Section 44 of the Broadcasting Act) and do not fall within the intended scope of related party disclosures.

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

18. COMPARATIVE NUMBERS

Certain prior year numbers have been separated to ensure consistent comparison with the current year numbers.

19. POST BALANCE DATE EVENTS

There have been no material events subsequent to 30 June 2004 (2003: nil).

Statement of Objectives and Service Performance

for the twelve months ending 30 June 2004

INTRODUCTION

This statement reports on NZ On Air's performance in relation to the objectives and targets set in its Statement of Intent for the twelve months ending 30 June 2004.

1.0 PROGRAMME FUNDING

1.1 TELEVISION PROGRAMMES

OBJECTIVES

To achieve a diverse range of excellent locally produced programmes that are pervasive on New Zealand screens and that New Zealanders will enjoy watching.

To be recognised as the independent, expert agency with primary responsibility for funding and monitoring public service broadcasting on television.

OUTCOMES

A strongly visible presence of New Zealand content across a range of free-to-air broadcasting services.

Locally produced programmes are well received by their intended audiences, with audience satisfaction levels maintained or increased.

Television broadcasters are encouraged to take more risks with programmes made with NZ On Air funding.

A stronger sense of New Zealand identity is fostered and promoted through funding creative and innovative local production, including programming that reflects our bicultural base, our multi-cultural society, and our place as a South Pacific nation.

PERFORMANCE TARGETS

QUANTITY AND COST

In keeping with the above objectives and strategic actions NZ On Air will allocate funding to the specific genres as follows:

**ACTUAL PERFORMANCE
2003/2004**

Achieved.

TELEVISION PROGRAMME FUNDING				
PROGRAMME TYPE	BUDGET 2003/2004		ACTUAL 2003/2004	
	<i>Target Hours</i>	<i>Funding Millions</i>	<i>Actual Hours</i>	<i>Funding Millions</i>
<i>Drama (Note 1)</i>	56	18.90	53.5	18.90
<i>Comedy</i>	39	4.70	36.5	4.15
<i>Children's drama (Note 2)</i>	13	4.60	25	4.81
<i>Documentaries</i>	121	9.10	133.5	9.38
Special Interest programming				
<i>Children and young people (Note 3)</i>	416	11.00	382.5	11.25
<i>Arts, culture and performance (Note 4)</i>	107	3.50	292.5	3.65
<i>People with disabilities (including Teletext)</i>	20	2.50	32	2.81
<i>Ethnic minorities</i>	56	2.70	58.5	2.84
<i>Other minorities (Note 5)</i>	64	2.30	62.5	1.93
<i>Reversioning</i>	–	–	–	–
<i>Innovation</i>	8	0.50	24	0.50
<i>Development</i>	–	0.50	–	0.48
TOTAL	900	60.30	1,100.5	60.70

Note 1 Higher than expected drama costs and delays in commissioning mean this target is under-achieved by 2.5 hours.

Note 2 Target exceeded because of minority investment in international co-productions Holly's Heroes and Maddigan's Fantasia.

Note 3 The target for Children and Young People of 416 hours was under-achieved by 33.5 hours because of the higher cost of variety show What Now?, combined with the new Children's strategy that resulted in more stand-alone (but lower volume) Children's shows.

Note 4 The Arts, Culture and Performance category is considerably overachieved due to NZ On Air's contribution towards 193 hours of 'Top of the Pops'.

Note 5 Other Minorities is underachieved because of a decision to tender for a gay magazine show. A shorter run of Queer Nation was commissioned as a consequence.

QUALITY

Levels of audience support for the programmes and services funded by NZ On Air will be maintained or increased. This will be measured against benchmarks established in 2000/2001:

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.

60% of NZ On Air fully funded programmes are re-screened on national or regional channels. (Note that timing differences between funding and broadcast may mean that benchmarks cannot be established until 2004/2005).

At least two symposia focusing on areas of interest to NZ On Air television funding are held.

ACTUAL PERFORMANCE 2003/2004

Achieved.

An average of 72% of respondents in 2003 believe it is important that NZ On Air funds these programmes.

Achieved.

80% of the respondents questioned in the NZ On Air Public Information and Opinion Monitor in 2003 agreed.

Achieved.

In 2003, 60% said they believed the amount of New Zealand made programmes should increase. The 2% difference is not considered statistically significant.

This was the first year that this target has been set, and as noted, benchmarks based on this year's achievements will be applied from 2004/2005. Special Interest programme *Asia Down Under* is the most widely rebroadcast programme at this stage.

Achieved.

NZ On Air convened an Arts funding symposium with TVNZ. A comedy workshop was arranged to take place during the SPADA Conference in November 2003.

1.2 RADIO PROGRAMMES

NATIONAL RADIO AND CONCERT FM

OBJECTIVES

To ensure that a wide range of quality programmes that promote New Zealand culture and identity, including Maori language and culture, are broadcast on National Radio and Concert FM.

To promote innovation and diversity in the programming on Radio New Zealand's networks.

OUTCOMES

The skill base of the creative industries is enhanced through experience and exposure on New Zealand's public radio services.

New Zealanders have access to a wide range of quality radio services that provide a diversity of programming reflecting New Zealand identity and culture.

QUANTITY

The Charter functions and programme hours devoted to the fulfilment of these functions are –

CHARTER FUNCTION (Note 1)	Target Hours 2003/2004				Actual Hours 2003/2004			
	National Radio (Note 2)		Concert FM (Note 2)		National Radio		Concert FM	
	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 3)		7,294	83%	(Note 3)	
B. Information, special interest and entertainment. Reflect cultural diversity including Maori language and culture.	7,534	86%	(Note 3)		7,837	89%	(Note 3)	
C. Varied interests within the community. Information, educational, special interest and entertainment.	1,310	15%	8,760	100%	1,706	19%	8,784	100%
D. Musical, dramatic and performing arts. New Zealand and international composers, performers and artists.	1,655	19%	8,420	96%	2,199	25%	8,480	97%
E. Nationwide service, highest quality. Sense of citizenship and national identity.	8,760	100%	(Note 3)		8,784	100%	(Note 3)	
F. Comprehensive, independent, impartial, balanced news and current affairs. Regional perspective.	2,452	28%	260	3%	2,269	26%	227	3%
G. Comprehensive, independent, impartial, balanced international news and current affairs.	1,084	12%	85	1%	1,127	13%	76	1%

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

Note 2 NZ On Air negotiates output targets annually with Radio New Zealand. This table contains the targets agreed for 2003/2004. Targets A, B, F & G for National Radio have increased from those agreed last year, and the remaining targets are the same as 2002/2003.

Note 3 While Concert FM'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.

The funding agreement also requires Radio New Zealand to deliver services to NZ On Air to meet its responsibilities under the Broadcasting Act 1989. They are –

TYPES OF PROGRAMMES AND SERVICES	Target Hours 2003/2004		Actual Hours 2003/2004	
	National Radio (Note 1)	Concert FM (Note 1)	National Radio	Concert FM
Total broadcast hours including:	8,760	8,760	8,784	8,784
NZ content programmes which includes:	7,505	–	7,854	–
– Maori language and culture	342	–	404	–
– Special interest	339	–	366	–
– New Zealand drama	190	–	202	–
% of New Zealand music on rotate (Note 2)	33%	–	36%	–
% of New Zealand composition	–	3%	–	3%
% of New Zealand music performance	–	13%	–	14%
% of population able to receive transmission (Note 3)	97%	92%	97%	92%

Note 1 NZ On Air negotiates output targets annually with Radio New Zealand. This table contains the targets agreed for 2003/2004. There is little significant change from the previous year.

Note 2 In addition to the New Zealand music content on rotate, National Radio produces and broadcasts feature programmes on New Zealand music.

Note 3 This is the proportion of the population able to receive National Radio and Concert FM via terrestrial transmission. As a result of an arrangement with Sky Television, 100% of the country is able to access a National Radio or Concert FM signal via a Sky satellite dish and decoder.

As at 30 June 2004, Radio New Zealand had achieved or exceeded all targets, except the target agreed for Charter Function A for National Radio and Charter Function targets F and G for Concert FM, on the first of these two tables. The shortfalls against these targets, however, are

considered negligible, and in the case of Concert FM result from a slight format change during the year in response to audience research. This has been recognised in negotiation of targets for 2004/2005.

QUALITY

Overall audience satisfaction levels, as measured in Radio New Zealand's annual independent surveys, should not fall below 80% in the case of National Radio and 75% in the case of Concert FM 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 2002.

A peer review, which compares Radio New Zealand's performance with international public broadcasters, will serve to establish additional benchmarks against which future performance can be measured.

COST

National Radio	\$20,000,000
Concert FM	\$4,642,000
National Radio FM Roll Out	\$300,000
Total Cost of National Radio and Concert FM	\$24,942,000

**ACTUAL PERFORMANCE
2003/2004**

Radio NZ conducts audience surveys annually to gauge, inter alia, audience satisfaction.

Achieved.

In a survey conducted from May to July 2003, 90% of National Radio's audience of 494,700 said they were satisfied with the programming on the network. 83% of Concert FM's 137,400 listeners said they were satisfied with that network's programming.

A similar range of audience research is planned for 2004.

A peer review has been discussed with Radio New Zealand management, and NZ On Air and RNZ have agreed to explore options for such a review by the end of 2004.

**ACTUAL COMMITTED EXPENDITURE
2003/2004**

National Radio	\$20,000,000
Concert FM	\$4,642,000
National Radio FM Roll Out	\$300,000
Total Cost of National Radio and Concert FM	\$24,942,000

ACCESS & PACIFIC ISLAND RADIO

OBJECTIVE

To ensure that a range of broadcasts are provided that reflect the interests of women, youth, children, persons with disabilities and minorities (including ethnic minorities).

OUTCOMES

Diverse public radio programming is available across a range of outlets.

The interests of women, youth, children, persons with disabilities, minorities in the community (including ethnic minorities and those reflecting the diverse religious and ethical beliefs of New Zealanders), and non-profit community groups are adequately represented on radio.

Special interest audiences – including Pacific Island audiences – are catered for in areas of significant population.

PERFORMANCE TARGETS

QUANTITY

NZ On Air will fund 11 access radio stations, which serve communities of 50,000-plus populations 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 be funded.

An annual retreat for access radio managers will be held.

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

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

ACTUAL PERFORMANCE 2003/2004

Achieved.

Funding has been allocated to the 11 access stations listed and to NZ Radio for the Print Disabled.

Achieved.

A retreat was held in August 2003 at the Heritage, Hamner Springs. Sessions focused on:

- Governance
- Legal Issues
- Promoting Access Radio
- New Technology
- Strategic Planning
- General Issues

Achieved.

NZ On Air has allocated funding to Radio 531pi & Samoa Capital Radio.

Achieved.

Radio programmes, *Te Puutake* and *Paakiwaha* are broadcast on access radio (in addition to iwi radio).

QUALITY

At least 60% of the programmes broadcast by funded access radio stations 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.

Governance and management roles will be clearly understood by all involved in funded access and Pacific Island stations, and appropriately adhered to.

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.

COST

Access Radio	\$1,767,900
Pacific Island Radio	\$275,000
Total Cost of Access and Pacific Island Radio	\$2,042,900

**ACTUAL PERFORMANCE
2003/2004**

Achieved.
While the level of Section 36(c) programming varies from station to station, an average of close to 70% is broadcast across the group.

Achieved.
Access Radio management report regular consultation and use of Radio Diversity.

Achieved.
NZ On Air closely monitors the relationship between governing Boards and management to ensure respective roles are clear.

Achieved.
Coast Access Radio was allocated funding to enable their broadcast on a recently allocated permanent FM frequency.

Achieved.
Radio 531pi & Samoa Capital Radio provide programming valued in the community, as reflected through audience interaction with, and feedback to the stations, and improved sales revenue.

**ACTUAL COMMITTED EXPENDITURE
2003/2004**

Access Radio	\$1,545,529
Pacific Island Radio	\$275,000
Total Cost of Access and Pacific Island Radio	\$1,820,529

COMMERCIAL RADIO PROGRAMMES

OBJECTIVES

To ensure that youth-focused programmes are broadcast on mainstream commercial radio.

To ensure that a range of radio programmes, focusing on spiritual/ethical beliefs, Maori issues, drama and comedy are produced and widely broadcast.

OUTCOMES

The interests, ideas, and creativity of youth are reflected in radio shows broadcast on mainstream commercial radio.

Spiritual and ethical values find an outlet through programmes broadcast on commercial radio.

New Zealand drama and/or comedy programmes, showcasing the talents of local writers and actors, are broadcast on mainstream commercial radio.

New Zealand audiences, including Maori, are better informed on current issues from a Maori perspective.

PERFORMANCE TARGETS

QUANTITY

At least two hundred 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

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

At least one English-language current issues series, produced from a Maori perspective, will be broadcast.

QUALITY

Target audience feedback, audience numbers, numbers of radio outlets, award nominations and commendations will be indicators of the success of the programmes, and will be monitored throughout the year.

Drama and comedy projects will attract broadcast commitments from radio providers, and an assessment of audience feedback will be made.

Radio issues and initiatives will be included in NZ On Air's planned symposia.

COST

Total Cost of Commercial Radio Programmes \$655,000

ACTUAL PERFORMANCE

2003/2004

Achieved.

NZ On Air funded 226 hours of youth programming, comprising *Te Puutake*, *Pop! Goes the Weasel*, a programme for Cook Island youth called *Etu O Matariki* and *Small World* for younger people. After a brief hiatus during the year, youth programme *Upload* resumed broadcasting by the end of June 2004.

These programmes are broadcast on a variety of commercial radio stations and networks, and also iwi, student and access radio.

Achieved.

Scrubcutter, a values-based series, and Christmas and Easter Specials were funded and broadcast.

Achieved.

Comedy series *The Cab Ride to Destiny* went into full production, and two additional projects were in development.

Achieved.

Paakiwaha – The News Bearer broadcasts on iwi and selected access radio stations.

Achieved.

Youth programme *Te Puutake* won a Maori Media Award, and two New Zealand Radio Awards. *Etu O Matariki* was a finalist in the New Zealand Radio Awards, and *Paakiwaha* was a finalist in the Qantas Media Awards.

A comedy project, *The Cab Ride to Destiny*, was produced and broadcast.

A focus group based research project into radio and television drama and comedy will be commissioned during 2004.

After results are analysed, a symposium with key stakeholders will be convened.

ACTUAL COMMITTED EXPENDITURE

2003/2004

Total Cost \$654,993

1.3 NZ MUSIC

OBJECTIVES

To get more New Zealand music played on New Zealand radio, focusing on a presence on commercial radio as a strategic priority;

To exploit opportunities to expose diversity in New Zealand music so that those making music outside the commercial mainstream are also heard.

OUTCOMES

There is more New Zealand music on New Zealand radio so that more New Zealanders hear more New Zealand music.

New Zealand music is vigorously promoted at commercial radio so that New Zealand music cannot be ignored.

Effective partnerships with key radio industry and music industry interests are forged.

There are outlets on the radio dial that champion diversity and provide an opportunity for New Zealand music other than commercial music to be heard.

PERFORMANCE TARGETS

QUANTITY

NZ On Air will assist with the international release and marketing of at least 4 albums by New Zealand artists who have first proved successful on the domestic market (matching funding of up to \$50,000 from the record company involved with the project).

At least 17 new albums by New Zealand artists with a proven commercial radio track record (matching funding of up to \$50,000 from the record company involved with the project) will be funded.

Up to 40 radio singles by new New Zealand artists who have commercial radio airplay potential are funded, and up to six Te Reo singles with commercial radio airplay potential will be part-funded (with Te Mangai Paho)

A partnership will be established with a music television provider that will increase the opportunities for music videos to play on free-to-air television by at least 40 hours a week.

At least 120 music videos by New Zealand artists are funded for broadcast on every music video outlet on air.

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 are funded on all seven b.net student radio stations.

At least six volumes of *Kiwi Hit Disc*; at least four volumes each of *Indie Hit Disc* and *Iwi Hit Disc*; and at least one volume of the *A/C Hit Disc* are produced for distribution to every radio station in the country.

ACTUAL PERFORMANCE

2003/2004

Achieved.

Funding for 5 International Marketing projects was approved. Funding for one extra international project was achieved as a result of adjusting the target for album projects.

Funding for 16 Album projects was approved, recognising that the target for International Marketing projects (as above) was exceeded by one project.

Achieved.

Funding for 42 New Recording Artist projects was approved. Consultation with Maori music interests about a scheme to promote Te Reo Radio Hits was undertaken through the year and three pilot projects were funded.

Achieved.

Funding was provided for the 58-hour a week C4 music television channel.

Achieved.

Funding for 124 Music Videos was approved.

Achieved.

Funded New Zealand music radio shows broadcast on all major commercial radio stations during the year and on all six b-net radio stations. Examples include *The Word*, *Soundcheck*, *NZ Music Revolution*, *The Slab*, *Freak The Sheep* and *un-chart-ed*.

Achieved.

Seventeen hit discs were produced and distributed to radio this year – six *Kiwi Hit Disc*, six *Indie Hit Disc*, three *Iwi Hit Disc* (with one more in production at year end) and

Record companies will be assisted with the costs of radio remixes of up to 5 songs that have the potential to get more commercial radio airplay in a remixed form.

Radio Hits funding 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) will be provided.

Three pluggers (New Zealand music promotion people) will promote the use of NZ On Air’s hit disc catalogue at commercial radio.

A New Zealand music promotions campaign will be run, including publishing up to 12 issues of the Fresh Air magazine for distribution to every radio station in the country; partnering with the NZ Music Industry Commission to promote NZ Music Month and the NZ Music Showcase at the annual Radio Broadcasters Association conference; partnering with key commercial radio networks in promotions that increase the presence of New Zealand music on air; and mounting at least four *Kiwi Hit Disc* showcases for key commercial radio programmers.

QUALITY

New Zealand music content on commercial radio will exceed the annual targets in the NZ Music Code by at least 2% format-by-format and overall. In 2003, that means 19% local music on Pop format radio; 23% on Rock format radio; 13% on Adult Contemporary radio; 10% on Easy format stations; 16% on Urban radio and 16.5% overall on commercial radio. In 2004, that means 21% on Pop radio; 24% on Rock radio; 14% on Adult Contemporary radio; 11% on Easy radio; 18% on Urban radio and 18% overall.

Each funded album will produce at least four commercial radio hits.

At least 60% of the radio singles funded via the New Recording Artist scheme will be commercial radio hits.

COST

Total Cost of New Zealand Music \$3,900,000

two *A/C Hit Disc*. The third NZ On Air Kiwi classic hits compilation – the seven-volume *Kiwi Gold Disc III* – was also released in May 2004.

Achieved.
Funding for 5 Radio Remix projects was approved.

Achieved.
Funding for 20 Radio Hits projects was approved.

Achieved.
Two full-time and two part-time pluggers were contracted – making three full-time equivalents.

Achieved.
This year, 12 issues of *Fresh Air* were published. NZ On Air worked with the Music Commission on the *It’s On* campaign and on NZ Music Month 2004; partnered with the ZM radio network on its *nZM* project and with other radio networks on NZ Music Month promotions – for example, live-to-airs. Two major New Zealand music showcases were mounted – one for the annual RadioWorks “bootcamp” in Auckland in January and the other at the Radio Broadcasters Association conference in May.

Achieved.
All format targets were exceeded, although not all were exceeded by 2%. The key overall target was, however, exceeded by 3.25%.

Since the quality measures opposite were established, the RBA has adjusted the individual format targets in the Code for the 2004 calendar year.

At year end, 30 of the 61 albums funded by NZ On Air since the launch of the Phase Four plan in 2000 had been released. Those 30 albums had yielded 110 radio singles – an average of 3.6 singles per album. Of those 110 radio singles, 97 (88%) have been commercial radio hits (meaning that they were RadioScope Top 30 NZ Airplay charting singles) – an average of 3.2 radio hits per album.

At year end, 128 of the 173 New Recording Artist radio singles funded by NZ On Air since the launch of the Phase Four plan in 2000 had been released to radio. Of those 128 singles, 120 (94%) have shown up on the RadioScope NZ Airplay Chart and 55 (43%) have been commercial radio hits (meaning that they were RadioScope Top 30 NZ Airplay charting singles).

ACTUAL COMMITTED EXPENDITURE 2003/2004

Total Cost \$3,749,006

1.4 MAORI BROADCASTING

OBJECTIVES

To ensure programmes and broadcasts, predominantly in English and reflecting a Maori perspective, have a presence in mainstream broadcasting.

To maximise the broadcast opportunities across a range of channels for Maori programmes.

OUTCOMES

There is a good presence of Maori programmes and songs, predominantly in English, on a variety of broadcast outlets, and opportunities for re-transmission are exploited.

Maori programmes, broadcasts, and songs are well-received by their intended audiences, and are considered a normal part of New Zealanders' television and radio diet.

Good synergies and partnerships are developed amongst funding bodies, and with broadcasters.

PERFORMANCE TARGETS

QUANTITY

Upwards of 15% of hours funded within a television 'umbrella' funding arrangement will involve substantial Maori creative participation on a topic of relevance to Maori language and culture.

Other television programmes featuring Maori and Maori 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

2003/2004

Achieved.

Funding has been committed to the following documentary strands:

- Documentary NZ VII – within which a minimum of 4 projects out of 23 will be Maori projects (17.4%)
- Inside New Zealand XIII – within which a minimum of 2 projects out of 12 will be Maori projects (16.7%)
- TV2 Documentary strand II – within which a minimum of 2 projects out of 8 will be Maori projects (25%)
- TV2 Innovation strand – within which a minimum of 1 project out of 10 will be a Maori project (10%)

During the 2003/2004 year, documentary subcommittee funding decisions resulted in funding allocations for:

- *Kohanga Kids* (DNZ VII)
- *The Brown Factor* (DNZ VII)
- *Mana Wahine* (DNZ VII)
- *Papa Joe* (INZ XIII)
- *Nesian Style* (TV2 Documentary strand)
- *Gang Girls 2* (TV2 Documentary strand)
- *Hobson's choice* (INZ XIII)
- *Tame Iti: Behind the Moko* (TV2 Documentary Innovation strand)

Achieved.

Funding was allocated to the following programmes that feature Maori content:

- *Mataku III*
- *Korero Time*
- *Taonga*
- *Nga Reo: Haka Time*
- *Pine or Pohutakawa* (doco special)
- *Te Kopara*
- *Maori Sports Awards*

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

National Radio will be contracted to produce and broadcast at least 342 hours a year of programmes reflecting Maori language and culture.

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 Maori artists.

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

NZ On Air, in partnership with Te Mangai Paho, will fund at least six Te Reo radio singles that have commercial radio airplay potential.

QUALITY

Performance measures to be applied are –

Up to three well-attended Maori 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 Maori will be conducted.

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

COST

Total cost of general mainstream programmes featuring Maori	\$3,700,000
--	--------------------

- *The Kaipara Affair*
- *Haka Time*
- *Westfield Style Pasifika*
- *Te Karere subtitling*
- *Pacifica Beats*

Achieved.
Mai Time was funded during the year. All children’s programmes commissioned are encouraged to feature a significant amount of Maori content.

Achieved.
National Radio broadcast 404 hours of programmes reflecting Maori language & culture.

Achieved.
21 of the 124 music videos funded were by Maori artists (16.9%); 20 of the 98 songs on *Kiwi Hit Disc* were by Maori artists (20.4%); and 8 of the 42 New Recording Artist projects funded were by Maori artists (19%).

Achieved.
Three volumes of *Iwi Hit Disc* were produced and a fourth was in production at year’s end.

Consultations with Te Mangai Paho and Maori music industry interests about a Te Reo Radio Hits funding strategy were undertaken and three pilot projects were funded.

Achieved.
A hui with producers, broadcasters and iwi representatives was held at Takapuwahia Marae, Titahi Bay on 27 August. One of the planned hui was replaced by a meeting between senior Maori broadcasting representatives and the Board and senior staff of NZ On Air.

Achieved.
A review was conducted in June 2004, and a work programme to continue Te Rautaki Maori was agreed for the year ahead.

The 2003 Public Opinion Survey only included a booster sample of Pacific Islanders, so the appreciation of Maori programmes against the benchmarks set in 2002 cannot be measured exclusively for Maori. However, the 2003 survey confirmed that the number of all New Zealanders (including Maori) regularly watching Maori programmes on television has increased significantly compared with 2002. The 2004 survey will include a booster sample of Maori.

ACTUAL COMMITTED EXPENDITURE

2003/2004

(See Note 1)	\$6,079,069
---------------------	--------------------

Note 1

Breakdown of funding for general mainstream programmes featuring Maori as at 30 June 2004.

	Total Funding
Television Programming	\$4,873,210 (a)
Radio	\$1,100,859 (b)
NZ Music Videos	\$105,000 (c)
TOTAL	\$6,079,069

The table above can be explained in more detail by the following notes:

(a) Television Programmes	Funding
Documentaries	\$608,963
Taonga	\$685,630
Nga Reo II	\$344,000
Mataku	\$1,487,500
Korero Time	\$40,058
Mai Time	\$870,000
Maori Sports Awards	\$50,465
Te Kopara	\$330,975
The Kaipara Affair	\$130,000
Haka Time	\$60,000
Westfield Style Pasifika	\$123,847
Te Karere subtitling	\$64,900
Pacifica Beats	\$76,872
TOTAL	\$4,873,210

(b)

The estimate for Radio is based on 4.6% of the total funding provided to National Radio, as Maori programming occupies 4.6% of programme hours (0.046 * \$20,000,000). This estimate includes Maori programming's proportionate share of the broadcaster's total overall costs for the period (\$920,000).

The estimate also includes funding allocated to two Maori radio programmes – *Paakiwaha* (\$60,000) and *Te Puutake* (\$120,859).

(c)

A total of 21 music videos (at a cost of \$5,000 per video) featuring Maori artists were funded during the year.

2.0 ARCHIVES

OBJECTIVES

To ensure a diverse range of New Zealand television and radio programmes, broadcast today, are archived for tomorrow.

To encourage the development of an efficient, cost effective archiving system that minimises duplication, maximises the amount of programmes archived, and enhances the public access services currently available.

OUTCOMES

There is better understanding of the value of archiving by the broadcasting and production industries, encouraging them to ensure programmes and broadcasts are available to be archived.

Public access to archived material and utilisation rates are improved, both through visits to archives and electronically.

The diversity of television programmes and radio broadcasting is well reflected across the range of material archived.

PERFORMANCE TARGETS

QUANTITY

NZ On Air will provide funding for core archiving services for a wide range of television and radio programmes which are likely to be of historical interest in New Zealand –

Achieved.

A new three-year contract was negotiated with the NZ Film Archive in May 2003.

A new two-year contract was being negotiated with the Sound Archives/Nga Taonga Korero at year-end.

SERVICE	Television Target Hours	Radio Target Hours	Television Actual Hours	Radio Actual Hours
<i>Selection and acquisition of programmes to be archived</i>	1,230 hours	1,300 hours	1,266 hours	1,744 hours
<i>Preservation of programmes</i>	250 hours	1,700 hours	251.6 hours	1,756.5 hours
<i>Public access to the archived broadcast programmes (Note 1)</i>	-	-	-	-

Note 1 Public access to archive material held by either the New Zealand Film Archive or Sound Archives/Nga Taonga Korero is available during these archives' working hours in line with generally accepted archiving procedures.

QUALITY

An independent archiving consultant will review the six monthly reports provided by The New Zealand Film Archive and Sound Archives/Nga Taonga Korero (SA/NTK). The reports confirm the standards for:

Diversity, preservation, and public accessibility to be achieved.

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

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

COST

Total cost of archiving	\$1,100,000
--------------------------------	--------------------

ACTUAL PERFORMANCE

2003/2004

Achieved.

Archives' reports for the six months to 31 December 2003 were independently reviewed. The reports noted that both archives had met all obligations under their respective contracts.

Achieved.

Achieved.

SA/NTK Chief Archivist, Rachel Lord, made a presentation at the Association of Community Access Broadcasters (ACAB) conference in October, to encourage access radio stations to deposit material with the Sound Archive. NZ On Air and Archives' representatives attended the National Digital Forum in September.

The Film Archive opened a new public viewing and exhibition space in May.

Achieved.

An archiving review, conducted by Roger Horrocks and Brian Pauling, was made publicly available in September. NZ On Air will coordinate an archiving forum for stakeholders on 3 November 2004.

ACTUAL COMMITTED EXPENDITURE

2003/2004

Total cost of archiving	\$1,103,650
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3.0 TRANSMISSION COVERAGE

TELEVISION TRANSMISSION COVERAGE

OBJECTIVES

To phase out over time NZ On Air’s subsidy for television transmission coverage of TV One and TV2 to non-commercial areas now that a more cost-effective digital signal is available through a satellite platform.

To be a leading provider of advice as New Zealand makes the transition from analogue to digital transmission.

OUTCOMES

Viable long-term options to secure free-to-air television reception for remote area communities are identified.

The need for public funding to operate and maintain analogue transmitters in remote areas is reduced over time and eventually eliminated.

PERFORMANCE TARGETS

QUANTITY

NZ On Air will continue to subsidise the transmission coverage of TV One and TV2 to those communities that are unable to receive a commercially viable analogue signal.

QUALITY

Where NZ On Air will continue to subsidise transmission coverage, the broadcaster will make available to the agreed number of potential viewers in the coverage area a signal suitable to provide a received picture quality that conforms to the International Radio Consultative Committee recommended standard R500-4 of PQ3 or better.

NZ On Air will obtain technical advice where necessary to validate any technical issues that relate to transmission coverage.

COST

Total cost of Television Transmission Coverage \$1,150,000

NZ On Air has ceased direct subsidisation of transmission coverage of TV One and TV2. The \$1.15m (originally allocated for television transmission coverage) is now being paid directly to TVNZ, in recognition of their ongoing responsibility for maintaining the non-commercial analogue transmission system.

NZ On Air no longer has a legislative mandate to subsidise transmission coverage, now that TV One and TV 2 signals may be accessed throughout the country unencrypted via a satellite dish and set-top-box.

In August, the Ministers of Broadcasting and Communications announced their intention to establish a New Zealand Digital TV Group made up of broadcasting industry representatives, to plan for and promote digital television. NZ On Air has signaled its desire to contribute to the group.

ACTUAL COMMITTED EXPENDITURE

2003/2004

Total Cost

Nil

RADIO TRANSMISSION COVERAGE

OBJECTIVES

To encourage the use of NZ On Air's scheme to make a primary-strength community radio service available to every community of 500+ people

OUTCOMES

That as many New Zealanders as possible are able to receive a community radio service.

PERFORMANCE TARGETS

QUANTITY

Applications for funding of capital equipment to establish up to three new community radio facilities in areas of 500+ people that are not served by a primary-strength community radio signal will be considered by NZ On Air.

QUALITY

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 field strength of at least 54dBu per metre for FM or 60dBu per metre for MF (AM).

A review will be conducted on the status of NZ On Air's radio equipment in the South Island and of the current leases held by the Community Radio Network. Future options are determined from the results of the review.

NZ On Air will contract 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.

COST

Total cost of Radio Transmission Coverage \$89,500

Achieved.

As a result of an application received from the Karamea community in July 2003, NZ On Air amended its policy, and reduced the minimum population eligible for community radio service funding from 500+ to 400+ people. NZ On Air has committed funding up to \$16,500 for the purchase of capital equipment to provide a community radio service for the Karamea community.

Achieved.

Achieved.

A review, completed in 2003, found that the lease equipment was in good condition. The leases were therefore extended until 30 June 2008.

Achieved.

ACTUAL COMMITTED EXPENDITURE 2003/2004

Total Cost \$16,500

Statement of Management Procedures

for the twelve months ending 30 June 2004

FUNDING ALLOCATION PROCESS

OBJECTIVES

- 1) To be a cost-effective, efficient agency that administers public funding wisely and well, for the provision of broadcasting services to Government and the New Zealand public as required by the Broadcasting Act.
- 2) To define and give effect to a clear role for NZ On Air within a changing broadcasting environment, consistent with the Broadcasting Act, and reflected in relationships with key stakeholders.

DESCRIPTION

During the year, NZ On Air will continue to allocate funds for the production of radio and television broadcasts and programmes which reflect New Zealand identity and culture, Maori broadcasting, for special interest audiences (Section 36(c) of the Act), New Zealand music, archiving broadcasts of historical interest, teletext subtitles, and where necessary, ensure the availability of transmission to areas which would not otherwise receive a commercially viable signal.

The funding allocation process involves:

- determining priorities for allocating funds to meet audience needs in relation to NZ On Air's statutory responsibilities;
- making funding allocation decisions;
- contracting with broadcasting service providers; and
- monitoring contract compliance.

ACTUAL PERFORMANCE

2003/2004

Achieved.

DESCRIPTION	ACTUAL PERFORMANCE 2003/2004
<p>Management Procedures</p> <p>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.</p> <ul style="list-style-type: none"> • All complete funding applications received by NZ On Air by its published deadlines, will be considered by the Board within one month following the deadline. • 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). • 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. • NZ On Air will enter into funding contracts with service providers to obtain a range of broadcasting services. 	<p>Achieved.</p> <p>Achieved. NZ On Air's policies were summarised in the 5-year plan published on 30 July 2003, and may be viewed on NZ On Air's website.</p> <p>Funding allocations are published on NZ On Air's website and funding recipients are notified soon after decisions are made.</p> <p>Achieved. See table below.</p>

BROADCASTING SERVICES <i>(Note 1)</i>	Expected Number of Funding Contracts for 2003/2004	Actual Number of Funding Contracts for 2003/2004
<i>Television</i>	160	142
<i>Radio</i>	16	20
<i>Commercial Radio Programmes</i>	9	11
<i>Transmission Coverage</i>	2	0
<i>New Zealand Music</i>	225	232
<i>Archiving</i>	2	1
TOTAL	414	406

Note 1 The table above indicates the volume of work that is undertaken by NZ On Air in preparing funding contracts. The complexity of the funding contracts will vary across the range of broadcasting services.

DESCRIPTION	ACTUAL PERFORMANCE 2003/2004
<p>All funding contract requirements will be monitored and reviewed by NZ On Air on a regular basis from the time of signing the contracts to service delivery.</p> <p>NZ On Air will undertake financial health checks of funding recipients, where necessary or requested by the production entity, in order to ensure minimum accounting and financial reporting standards are in place in respect of funded programmes.</p> <p>NZ On Air will audit a random selection of funding recipients throughout 2003/2004 to ensure that these service providers attain specified standards of performance and account for the use of the funds.</p>	<p>Achieved.</p> <p>For example, a status report of funded NZ Music projects was completed during the year.</p> <p>Achieved. There were seven financial health checks conducted during the year.</p> <p>Achieved. There were 21 audits completed during the year.</p>

DESCRIPTION

Risk Management

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

The work plan developed by NZ On Air's audit committee for 2003-2005 will be implemented during the year. Major risk areas to be audited in 2003/2004 include:

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

A risk management framework, developed in early 2003, will be regularly reviewed and updated. High-risk areas will be reviewed at each two-monthly Board meeting.

A stress management policy for staff (currently in draft form) will be finalised, following consultation, and implemented.

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. It was timely in early 2003 to consider the options for extending this presence to other areas of our activity.

In Wellington, NZ On Air will maintain the current staff complement, and will focus on maintaining and improving relationships with Government, related funding agencies as well as with production and broadcasting representatives based in the capital.

ACTUAL PERFORMANCE

2003/2004

Achieved.

All policies were reviewed, and the conditions of employment and travel policies were updated during the twelve-month period.

Conditions of employment were reviewed in the first quarter of 2004 to ensure consistency with current legislation including the new Holidays Act.

Achieved.

Achieved.

The following funding recipient audits were completed during the year.

- 7 Television Funding recipients
- 2 Student Radio Stations
- 1 Radio Programme
- 2 Pacific Island Radio Stations
- 1 Access Radio Station
- 1 Music Programme
- 2 New Recordings
- 3 Music Videos
- 2 Albums

A Board Paper review and Board self-evaluation were also undertaken.

Achieved.

High-risk areas were reviewed at the August, December, April, and June Board meetings.

Achieved.

The policy was approved and implemented in August 2003.

Achieved.

DESCRIPTION

NZ On Air will establish a contract position for an Office Manager, to be based in Auckland, to maintain relationships with broadcasters, producers and the range of industry organisations, primarily in television.

A contract position to provide mentoring and executive producer services to Maori practitioners will be continued, as will contracts for three music promotions people under the Phase Four plan.

**ACTUAL PERFORMANCE
2003/2004**

Achieved.
The Client Relations Manager, Auckland took up her position in May 2004.

Achieved.
The contract with Te Kai Urungi was renewed in September 2003. Contracts with music promotions people have been renewed for the year to 30 June 2004. A part-time music promotions assistant was contracted in August.

COMMUNICATIONS AND CONSULTATION

OBJECTIVES

To lead the way in consulting and communicating effectively.

To develop and publish a body of high quality relevant research that increases the knowledge and expertise of NZ On Air and the wider broadcasting sector, assists with the formulation of funding policy, and helps inform Government policy-making.

To define and give effect to a clear role for NZ On Air within a changing broadcasting environment, consistent with the Broadcasting Act, and reflected in relationships with key stakeholders.

DESCRIPTION

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.

**ACTUAL PERFORMANCE
2003/2004**

Achieved.
NZ On Air’s 5-year plan was published in July 2003 and accompanied by briefing sessions with stakeholders in Auckland, Wellington and Christchurch.

Achieved.
The newsletter has been revamped to provide news across all sections of NZ On Air’s business and is now distributed primarily by email.

Achieved.
NZ On Air participated in the New Future for Public Broadcasting Conference, held in November, the NZBS “Back to the Future” conference in March, and at year-end was planning for a Disabilities symposium in July 2004, and an Archiving symposium to be held in November 2004.

DESCRIPTION

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

Research and Consultation

The research programme in 2003/2004 will be based on the following activities –

NZ On Air will obtain regular audience survey information for television and radio in order to measure the audience response to funded programmes. Survey information to include -

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)

ACTUAL PERFORMANCE

2003/2004

Achieved.

The website is updated regularly, and a new website will go live in August 2004.

Achieved.

Results of the Regional Television survey were published in July 2003. A report on “The Future of Public Broadcasting: The Experience in 6 Countries” was published to coincide with the New Future for Public Broadcasting conference.

On-going.

Achieved.

The SOI was tabled on 30 July 2003.

Achieved.

Draft funding strategies and policies for Children's and Documentary programming were published for feedback in August 2003 and implemented following the October 2003 Board meeting.

Achieved.

Achieved.

The Annual Report was provided in time for tabling in the House of Representatives on 1 October 2003.

Achieved.

Achieved.

A focus group research project on perceptions of local content and the broadcasting landscape was conducted by NFO NZ during the period.

Achieved and on going.

Achieved.

The Public Opinion and Information Monitor 2003, conducted by NFO New Zealand was published in December.

NZ On Air called for tenders for two projects:

- A qualitative study of TV and Radio Comedy & Drama programming.
- A report on developments in digital technologies in relation to local content and public service broadcasting.

DESCRIPTION

Local Content Survey for 2003 (quantitative study)
Comedy programming, audiences views and preferences
(focus group and symposium)

Analysis of international developments in public
broadcasting

Archiving symposium (to follow the independent review
of archiving completed in mid-2003)

Report on Pacific Peoples' broadcasting views and
preferences (collation of existing research)

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.

COST

Total cost of Administration \$2,450,000

**ACTUAL PERFORMANCE
2003/2004**

Achieved.
The Local Content Survey was published in May, and was
used by the Television Local Content Group to measure
performance against targets.

Achieved.
Paul Norris et al. produced a report on "The Future of
Public Broadcasting: The Experience in 6 Countries" – in
November 2003.

To be held on 3 November 2004.

Achieved.
The report was completed in the second quarter of 2004.

Achieved.
New strategies for funding television documentaries and
children's programmes were developed in consultation
with stakeholders, and were published in October 2003.

**ACTUAL COMMITTED EXPENDITURE
2003/2004**

Total Cost \$2,449,187



Audit Report

To the readers of New Zealand On Air's Financial Statements for the year ended 30 June 2004.

Matters relating to the electronic presentation of the audited financial statements

This audit report relates to the financial statements of New Zealand On Air for the year ended 30 June 2004 included on New Zealand On Air's website. The organisation is responsible for the maintenance and integrity of New Zealand On Air's website. We have not been engaged to report on the integrity of New Zealand On Air's web site. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

We have not been engaged to report on any other electronic versions of New Zealand On Air's financial statements, and accept no responsibility for any changes that may have occurred to electronic versions of the financial statements published on other websites and/or published by other electronic means.

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 21 October 2004 to confirm the information included in the audited financial statements presented on this web site.

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

The Auditor-General is the auditor of New Zealand On Air. The Auditor-General has appointed me, Ajay Sharma, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of New Zealand On Air, on his behalf, for the year ended 30 June 2004.

Unqualified opinion

In our opinion the financial statements of New Zealand On Air on pages 13 to 49:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect:
 - New Zealand On Air's financial position as at 30 June 2004;
 - the results of its operations and cash flows for the year ended on that date;
 - its service performance achievements measured against the performance targets adopted for the year ended on that date.

The audit was completed on 21 October 2004, and this is the date at which our opinion is expressed.

The basis of the 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 our audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements 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. If we had found material misstatements that were not corrected, we would have referred to them in the opinion.

Our audit involved performing procedures to test the information presented in the financial statements. 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;
- determining whether all financial statement disclosures are adequate.

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

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

Responsibilities of the Board and Auditor

The Board is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must fairly reflect the financial position of New Zealand On Air as at 30 June 2004. They must fairly reflect the results of its operations and cash flows and service performance achievements for the year ended on that date. The Board's responsibilities arise from the Public Finance Act 1989 and the Broadcasting Act 1989.

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 43(1) of the Public Finance Act 1989.

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 New Zealand on Air.



Ajay Sharma
 Audit New Zealand
 On behalf of the Auditor-General
 Wellington, New Zealand



Historical Television Statistics

six year comparison

	2004	2003	2002	2001	2000	1999
By Producer						
TVNZ	11%	15%	15%	17%	21%	23%
TV3	1%	0%	0%	4%	2%	2%
Independent Producers	88%	85%	85%	79%	77%	75%
	100%	100%	100%	100%	100%	100%
By Broadcaster						
TVNZ	75%	80%	80%	72%	73%	83%
TV3	25%	20%	20%	28%	27%	17%
	100%	100%	100%	100%	100%	100%
Programme type/Hours funded						
Drama/Comedy/Children's drama	115	108	109	122	73	66
Documentaries/Information/Innovation	157.5	109	116	139	120	104
Children/Young people	382.5	436	372	325	370	367
Special interest	445.5	298	282	312	261	234
	1,100.5	951	879	898	824	771



Television Programmes

funded during the year ended 30 June 2004

PROGRAMME	Broadcaster	Producer	Episodes & duration	NZ On Air funding \$	% of cost
Drama					
<i>Fracture (additional)</i>	TV3	<i>Crime Story/NZFC</i>		120,000	
<i>Doves of War</i>	TV3	<i>ScreenWorks</i>	6 x 1 hour	2,400,000	
<i>Outrageous Fortune</i>	TV3	<i>South Pacific Pictures</i>	13 x 1 hour	4,964,905	
<i>Insiders Guide to Happiness</i>	TV2	<i>Gibson Group</i>	13 x 1 hour	4,823,000	
<i>Mataku 3</i>	TV ONE	<i>4 Winds Films</i>	7 x half hour	1,387,500	
<i>Mercy Peak III (2nd tranche)</i>		<i>South Pacific Pictures</i>	12 x 1 hour	4,154,595	
<i>Number 2</i>	TV2	<i>Colonial Encounters</i>	1 x 2 hour	450,000	
<i>Sione's Wedding</i>	TV3	<i>South Pacific Pictures</i>	1 x 2 hour	300,000	
<i>Spooked</i>	TV3	<i>Silver Screen Films</i>	1 x 2 hour	300,000	
Total Drama			53.5 hours	18,900,000	52%
Children's Drama					
<i>Holly's Heroes</i>	TV2	<i>Gibson Group</i>	26 x half hour	1,430,000	
<i>Maddigan's Fantasia</i>	TV3	<i>South Pacific Pictures</i>	13 x half hour	1,870,000	
<i>Secret Agent Men</i>	TV3	<i>Greenstone Pictures</i>	11 x half hour	1,510,736	
Total Children's Drama			25 hours	4,810,736	27%
Comedy					
<i>Comedy Gala 2004</i>	TV2	<i>Satellite Media Group</i>	1 x 2 hour	100,000	
<i>Eating Media Lunch I</i>	TV2	<i>Great Southern Television</i>	6 x half hour	262,180	
<i>Eating Media Lunch II</i>	TV2	<i>Great Southern Television</i>	8 x half hour	349,557	
<i>Facelift</i>	TV ONE	<i>Gibson Group</i>	7 x half hour	1,240,000	
<i>Havoc Presents Quality Time</i>	TV3	<i>Mint Communications</i>	12 x half hour	375,555	
<i>Serial Killers</i>	TV ONE	<i>Landry Ltd</i>	7 x half hour	989,930	
<i>The Tem Show</i>	PRIME	<i>Leonard Veitch Television</i>	6 x 1 hour	248,968	
<i>Unauthorised History of New Zealand</i>	TV2	<i>Great Southern Television</i>	7 x half hour	281,378	
TV2 Comedy Innovation	TV2	Various	10 x half hour		
<i>Barry</i>		<i>Pearler Productions</i>	1 x half hour	30,154	
<i>Bogan's Heroes</i>		<i>Satellite Media Group</i>	1 x half hour	25,008	
<i>Fame</i>		<i>Greenstone Pictures</i>	1 x half hour	29,995	
<i>Oswald Gold</i>		<i>Hazardous Films</i>	1 x half hour	30,000	
<i>Sole</i>		<i>Satellite Media Group</i>	1 x half hour	29,292	
<i>The Pitz</i>		<i>Taylormade Media</i>	1 x half hour	30,000	
<i>The Magical Love Gang</i>		<i>Eleven Media</i>	1 x half hour	30,000	
<i>Who's Ya Mate?</i>		<i>Satellite Media Group</i>	1 x half hour	29,568	
Unallocated funding as at 30 June				65,984	
Total Comedy			36.5 hours	4,147,568	71%

PROGRAMME	Broadcaster	Producer	Episodes & duration	NZ On Air funding \$	% of cost
Documentary					
Age of Aquariums	TV3	Visionary Film & TV	1 x 1 hour	39,600	
Bright Williams - Last Man Standing	PRIME	Execam Film & Video Production	1 x half hour	20,000	
Colin McCahon: I AM	TV ONE	Screentime Ltd	1 x 1 hour	170,000	
Dare To Be Free	TV ONE	Gibson Group	1 x half hour	72,500	
Flipside 3	TV2	Television New Zealand	52 x half hour	400,000	
Forgotten Champion	TV3	Visionary Film & TV	1 x 1 hour	150,767	
Give It A Whirl (additional)	TV ONE	Visionary Film & TV		36,254	
Intrepid Journeys 2	TV ONE	JAM TV	11 x 1 hour	100,000	
John Campbell With A Queen's Tour	TV3	TV3	12 x 1 hour	631,361	
Lands Of Our Fathers	TV3	Bushcraft	1 x 1 hour	160,000	
Lost Dreaming: Naomi's Story	TV ONE	Pacific Rose Productions	1 x 1 hour	26,364	
Marti: The Passionate Eye	TV ONE	Point Of View Productions	1 x 1 hour	100,912	
Murder On The Blade (additional)	TV ONE	Hunter Productions	1 x half hour	40,046	
Nga Reo II	TV ONE	Various	7 x half hour	350,000	
Our Lost War	TV ONE	JAM TV	1 x 1 hour	145,998	
Out In The Garden	TV ONE	Greenstone Pictures	1 x 1 hour	92,069	
Pine Or Pohutakawa	TV ONE	AKA Productions	1 x 1 hour	68,403	
Sheilas: 28 Years On	TV ONE	Occasional Productions	1 x 1 hour	120,000	
Some Of My Best Friends II	TV ONE	AKA Productions	7 x half hour	266,666	
Special Investigators	TV ONE	Greenstone Pictures	10 x half hour	291,276	
Taonga	TV ONE	Greenstone Pictures	10 x half hour	685,630	
The Explorers	TV ONE	Television New Zealand	4 x 1 hour	920,000	
The Kaipara Affair	TV ONE	He Taonga Films	1 x 1.5 hour	130,000	
TV2 Documentary Innovation	TV2	Various	10 x half hour	300,000	
Witi	TV ONE	Front Of The Box Productions	1 x 1 hour	147,187	
Wrestling With The Angel	TV ONE	Ninox Films	1 x 1.5 hour	200,016	
Documentary New Zealand Series VII	TV ONE		23 x 1 hour		
A Death In The Family		Homegrown Television	1 x 1 hour	94,738	
Deadly Business		Isola Productions	1 x 1 hour	78,845	
In Search Of The Hoofman		Eleven Media	1 x 1 hour	85,000	
Kohanga Kids		Greenstone Pictures	1 x 1 hour	81,151	
Lisa's Miracle Baby		RSVP Productions	1 x 1 hour	105,900	
Mama Tere		Showdown Productions	1 x 1 hour	84,723	
Out Of Sight Out Of Mind		Frank Film	1 x 1 hour	84,848	
People Like Maria		Greenstone Pictures	1 x 1 hour	80,760	
Tampa		Occasional Productions	1 x 1 hour	94,775	
The Age Of Consent		Greenstone Pictures	1 x 1 hour	82,530	
The Lifting Of The Matakū		Watershed Films	1 x 1 hour	94,369	
The Other Olympiad		RSVP Productions	1 x 1 hour	81,720	
The Promise		Spacific Films	1 x 1 hour	115,500	
The Shape Of A Kiwi		Gibson Group	1 x 1 hour	81,600	
The Viagra Generation		Top Shelf Productions	1 x 1 hour	80,753	
Too Much, Too Young		Room 8	1 x 1 hour	76,327	
Whistleblowers		AC Productions	1 x 1 hour	88,245	
Who Owns New Zealand?		Tawera Productions	1 x 1 hour	79,815	
Unallocated funding as at 30 June				383,401	



PROGRAMME	Broadcaster	Producer	Episodes & duration	NZ On Air funding \$	% of cost
Inside New Zealand Series XIII					
	TV3		12 x 1 hour		
Albino		Greenstone Pictures	1 x 1 hour	92,771	
Asleep At The Wheel		Top Shelf Productions	1 x 1 hour	87,945	
Eyes Wide Shut		Drum Productions	1 x 1 hour	90,000	
Gatekeepers		Raconteur Productions	1 x 1 hour	89,476	
Hobson's Choice		ScreenTime Ltd	1 x 1 hour	90,949	
Millionaire Mums		Southern Screen Productions	1 x 1 hour	90,202	
Sleep		The TV Set	1 x 1 hour	92,682	
Sold Short		Top Shelf Productions	1 x 1 hour	93,142	
The Robbery		Greenstone Pictures	1 x 1 hour	97,171	
The Technology Debate		Greenstone Pictures	1 x 1 hour	91,661	
The Street Kids		ScreenTime Ltd	1 x 1 hour	85,038	
What's Your Verdict?		Gibson Group	1 x 1 hour	100,450	
Less transferred from previous series				- 21,487	
TV2 Documentary Strand Series 2					
	TV2		8 x 1 hour		
Crowded House		Top Shelf Productions	1 x 1 hour	79,488	
Culture Shock		Gogglebox Productions	1 x 1 hour	105,275	
Gang Girls 2		Front Of The Box Productions	1 x 1 hour	86,735	
Human Traffic		The TV Set	1 x 1 hour	94,950	
It's Not A Game		Top Shelf Productions	1 x 1 hour	79,028	
A Drinking Problem		Greenstone Pictures	1 x 1 hour	80,098	
Nesian Mystik – For The People		Front Of The Box Productions	1 x 1 hour	80,871	
Six Billion Dollar Kids		Southern Screen Productions	1 x 1 hour	79,849	
Less transferred from previous series				- 48,095	
Unallocated funding as at 30 June				41,801	
Total Documentary			133.5 hours	9,380,049	60%

PROGRAMME	Broadcaster	Producer	Episodes & duration	NZ On Air funding \$	% of cost
Children & Young Persons					
Fish Bay 2	TV2	Robert J Stenhouse	1 x half hour	51,875	
L Plates	TV3	Raconteur Productions	7 x half hour	339,058	
Let's Get Inventin'	TV2	Republic TV	52 x 11 min	878,164	
Mai Time 2004	TV2	Television New Zealand	35 x 1 hour	870,000	
Pacifica Beats 2004	TV2	Television New Zealand	2 x 1 hour	76,872	
Party Animals II (2nd tranche)	TV2	Imagination Television	40 x half hour	999,746	
Rockquest 2004	TV2	ScreenTime Ltd	5 x half hour	224,865	
Squirt 2004	TV2	TaylorMade Media	40 x half hour	1,250,200	
Stage Challenge 2004	TV2	Guru Entertainment	8 x half hour	289,500	
Staines Down Drains	TV2	Flux Animation	26 x half hour	300,000	
Studio 2 – Linking Show 2004	TV2	Television New Zealand	200 x 12 min	240,227	
Studio 2 – Sports & Entertainment	TV2	TaylorMade Media	200 x 18 min	947,200	
The Cherry Ball	TV2	Raynbird Productions	13 x half hour	579,273	
The Dress Up Box 4	TV3	Papageno Productions	10 x 5 min	177,203	
Underwater Melon Man (additional)	TV3	Monkey Biz		14,000	
Sticky TV 2004	TV3	Pickled Possum Productions	150 x half hour	966,790	
Wannabes 2004	TV3	Whitebait Productions	13 x half hour	545,818	
What Now 2004	TV2	Whitebait Productions	40 x 2 hour	2,500,000	
Total Children & Young Persons			382.5 hours	11,250,791	47%

PROGRAMME	Broadcaster	Producer	Episodes & duration	NZ On Air funding \$	% of cost
Arts, Culture & Performance					
<i>Big Night In (2nd tranche)</i>	TV ONE	David Spencer Productions	6 x 1 hour	536,380	
<i>Edwards At Large</i>	TV ONE	Television New Zealand	12 x 1 hour	190,000	
<i>Frontseat</i>	TV ONE	Gibson Group	13 x half hour	480,000	
<i>Home Truths</i>	TV3	TV3	10 x half hour	58,084	
<i>Hum II</i>	TV ONE	Television New Zealand	10 x 1 hour	54,532	
<i>NZ Idol</i>	TV2	South Pacific Pictures	total 24.5 hours	450,000	
<i>NZ Music Awards 2004</i>	TV3	Visionary Film & TV	1 x 1 hour	118,655	
<i>Space 2004</i>	TV2	Satellite Media	20 x half hour	150,000	
<i>Squeeze 2004</i>	TV2	Satellite Media	35 x half hour	272,647	
<i>The Living Room II</i>	TV3	Sticky Pictures	10 x half hour	409,986	
<i>Top Of The Pops</i>	TV2	Satellite Media	193 hours	700,000	
<i>Westfield Style Pasifika 2004</i>	TV ONE	Drum Productions	1 x 1 hour	123,847	
<i>World Of WearableArt Awards 2004</i>	TV3	TV3	1 x 1 hour	111,555	
Total Arts, Culture & Performance			292.5 hours	3,655,686	34%

PROGRAMME	Broadcaster	Producer	Episodes & duration	NZ On Air funding \$	% of cost
Innovation					
<i>National Anthem</i>	TV2	Television New Zealand	1 x 24 hour	500,000	
Total Innovation			24 hours	500,000	30%

PROGRAMME	Broadcaster	Producer	Episodes & duration	NZ On Air funding \$	% of cost
Special Interest					
<i>Anzac Day Ceremony 2004</i>	TV ONE	Television New Zealand	1 x 1 hour	32,328	
<i>Asia Downunder 2004</i>	TV ONE	Asia Vision	40 x half hour	1,105,672	
<i>Captioning 2004</i>	TVNZ	Television New Zealand		1,500,000	
<i>Grassroots Business 2004</i>	TV ONE	ScreenTime Ltd	20 x half hour	100,000	
<i>Haka Time 2004</i>	TV2	Front Of The Box Productions	2 x 1 hour	60,000	
<i>Inside Out 2004</i>	TV ONE	Long White Cloud Productions	40 x half hour	1,000,000	
<i>Korero Time 2003</i>	TV2	Front Of The Box Productions	2 x half hour	40,058	
<i>Maori Sports Awards 2003</i>	TV ONE	Television New Zealand	1 x 1.5 hour	50,465	
<i>No 8 Wired</i>	TV3	Gibson Group	20 x half hour	100,000	
<i>Open Door 5</i>	TV3	Morningside Productions	10 x half hour	300,621	
<i>Paralympics 2004</i>	TV ONE	Television New Zealand	12 x 1 hour	250,000	
<i>Praise Be 2004</i>	TV ONE	Television New Zealand	48 x half hour	615,491	
<i>Queer Nation 2004</i>	TV2	Livingstone Productions	23 x half hour	665,514	
<i>Tangata Pasifika 2004</i>	TV ONE	Television New Zealand	52 x half hour	1,248,871	
<i>Te Karere Subtitling 2004/05</i>	TV ONE	Television New Zealand		64,900	
<i>Te Kopara</i>	TV3	Front Of The Box Productions	16 x half hour	330,975	
<i>Young Farmer Contest 2004</i>	TV ONE	Dexterity Productions	1 x 1 hour	114,628	
Total Special Interest			153 hours	7,579,523	77%



PROGRAMME	Broadcaster	Producer	Episodes & duration	NZ On Air funding \$	% of cost
Development					
<i>Alphabet Alive</i>	TV2	Republic TV		20,000	
<i>Back On Track</i>	TV2	Southern Screen Productions		13,000	
<i>Bro' Town Series II</i>	TV3	Firehouse Films		40,000	
<i>Check Mates</i>	TV3	Gibson Group		16,000	
<i>Coconut Ruffs</i>	TV2	ScreenWorks		14,687	
<i>Code Of Silence (additional)</i>	TV3	ScreenWorks		17,500	
<i>Common Ground</i>	TVNZ	AKA Productions		12,500	
<i>Facelift</i>	TVNZ	Gibson Group		20,000	
<i>Fields Of Dreams</i>	TV3	Isola Productions		10,000	
<i>Folk The World</i>	TVNZ	Big House Productions		15,000	
<i>Hidden In the Numbers</i>	TVNZ	Razor Films		10,000	
<i>Interrogation</i>	PRIME	South Pacific Pictures		40,000	
<i>Kiwifruit</i>	TV2	Cream TV		10,000	
<i>Let's Get Inventin'</i>	TV2	Republic TV		11,000	
<i>Letting the Children Speak (additional)</i>	TV ONE	Hunter Productions		15,000	
<i>Lifeblood</i>	TVNZ	Gibson Group		10,000	
<i>Meat TV</i>	TV2	Gibson Group		3,000	
<i>The Outhouse</i>	TV2	Imagination Television		10,000	
<i>Outrageous Fortune</i>	TV3	South Pacific Pictures		18,150	
<i>R&D/Biography Interview Series</i>		AC Productions		10,000	
<i>R&D/Love and Greenpeace</i>		Pinflicks Productions		5,000	
<i>Rainbow House</i>	TV2	Livingstone Productions		4,000	
<i>Seven Periods With Mr Gormsby</i>	TVNZ	Direct Hit Productions		72,000	
<i>Somehow Sisters</i>	TV2	South Pacific Pictures		20,000	
<i>The Kaipara Affair</i>	TV ONE	He Taonga films		10,356	
<i>The Market</i>	TV2	Isola Productions		12,500	
<i>The Other Side Of Where?</i>	TV3	Landry Ltd		15,000	
<i>Three Days</i>	TVNZ	Gibson Group		23,000	
Total Development				477,693	
Grand Total				60,702,045	



Radio Programmes

funded during the year ended 30 June 2004

PROGRAMME	Producer	NZ On Air funding \$
<i>Etu O Matariki (additional)*</i>	<i>Matariki Trust</i>	<i>4,683</i>
<i>Small World</i>	<i>Lorna Plant</i>	<i>114,214</i>
<i>Pop! Goes The Weasel</i>	<i>the downlowconcept</i>	<i>85,000</i>
<i>Te Puutake</i>	<i>Irene Crawford Kaleopa</i>	<i>126,000</i>
<i>Upload</i>	<i>BaseTwo</i>	<i>115,650</i>
<i>Scrubcutter</i>	<i>Christian Broadcasting Assoc.</i>	<i>50,000</i>
<i>Christmas 2003</i>	<i>Christian Broadcasting Assoc.</i>	<i>10,236</i>
<i>Easter 2004</i>	<i>Christian Broadcasting Assoc.</i>	<i>9,900</i>
<i>Paakiwaha</i>	<i>UMA Broadcasting</i>	<i>60,000</i>
<i>The Cab Ride to Destiny</i>	<i>the downlowconcept</i>	<i>76,800</i>
<i>Drama/Comedy Development</i>		
<i>The Late Night Adventures of Chaz & Dave</i>	<i>the downlowconcept</i>	<i>2,510</i>
Total Radio Programmes		654,993

* *Etu O Matariki* was funded for the most part from a Pacific Island Radio Initiative fund committed last year and reflected in NZ On Air's 2002/2003 Annual Report, with supplementary funding of \$4,683 (as noted above) from the 2003/2004 youth radio programme budget.

NZ Music Projects funded during the year ended 30 June 2004

RADIO PROGRAMMES	Producer	NZ On Air funding \$
95bFM (Auckland)		126,700
The Most FM (New Plymouth)		45,100
Radio Control (Palmerston North)		45,100
Active 89FM (Wellington)		68,900
98-RDU (Christchurch)		60,400
Radio One (Dunedin)		48,500
NZ Music Revolution	More FM	52,000
Keeping It Kiwi	P C Brain	75,000
un-chart-ed	Base2	55,465
The Word	Player Down Productions	49,920
The Coleman Sessions	Channel Z	41,250
Soundcheck	Media Music	22,310
The Slab	The Edge	36,000
Total Radio Programmes: NZ Music		726,645

MUSIC VIDEOS / NZ On Air funding of up to \$5,000 each			
Song	Artist	Song	Artist
I Hear You Call My Name	Gasoline Cowboy	I Just Can't Help It	Fang
Brothaz	Nesian Mystik	Cement	goodshirt
Don't Tell Me	Concord Dawn	I Got	Fast Crew
Stop, Drop & Roll	Mareko	Come Here	Dimmer
Not Many	Scribe	Blue Team Go	The Mint Chicks
Stomping	King Kapisi	Loner	Goodnight Nurse
Cigars in The Suitcase	PanAM	Dance Stamina	Pluto
Century Sky	Emma Paki	Fine Today	Whiz Kidz
Don't Go Losing	The Bads	Stand Alone	Emma Paki & Dam Native
What's Down Low	Baitercell	All I Need	Soane featuring Boh Runga
Move Over	betchadupa	Inside	Sommerset
Colour Me Life	Katchafire	Feels Good	K'Lee
I'll Go	Taisha	Bounce	Katchafire
2 Can	Jorge & The Woodcut Crew	Northern Lights	Goldenhorse
The Be All & End All	Bic Runga	Saturated	Opshop
Menace	Minuit	At Seventeen	Amber Claire
Going Downtown	Augustino	Saving The World	Brooke Fraser
Nu Steppa	Salmonella Dub	Slide	Salmonella Dub
Hold On	Evermore	It's Too Late	Evermore
Larger Than Life	the feelers	Backstabbers Inc	Stylus
Stay Hard	Crumb	As I Fall	Aerial
Out Your Window	Revolver	Sort It Out	The Black Seeds
A Life With You	Adeaze	Fiji Baby	goodshirt
Dreaming	Scribe	You Don't Know Me	Autozamm
No Way To Decide	eight	Silver & Gold	Herman
Falling To Pieces	Falter	Scribble	Lazrus
Redlight	Stoods	Today, Tomorrow, Timaru	Deja Voodoo
Day To Day	Autozamm	Take It From Me	Confucius featuring Sarah Brown
Nothing's Changed	3 The Hard Way	Sunshine	Rhian Sheehan featuring Jess Chambers
Point & Shoot	Damien Binder	What You Owe	The Have
All My Riches	Dead End Beat	Here It Comes Again	Amber Claire
Distance	Savant	Except You	Minuit
I Am	Deep Obsession	Sick Of It	The WBC
Lifeline	Brooke Fraser	When I Return	Shapeshifter featuring LadiSix
High Places	One Million Dollars	Claim To Fame	Elemeno P
Urban Getaway	Elemeno P	Get Ready	Concord Dawn featuring Scribe
If It's Not Too Late	Dean Chandler	Gold	Verse Two
Home Again (Live)	Pacifier	Longtime	Salmonella Dub
Rubicon City	Rubicon	Weapons Of War	the feelers
C'mon Hallelujah	Paselode	Leather & Tattoos	48May
Come Back Down	48May		

MUSIC VIDEOS (continued) / NZ On Air funding of up to \$5,000 each			
Song	Artist	Song	Artist
All That Glitters	The Bleeders	Something Good	Fang
Centre Of Me	eight	Stars	Evolver
Sweet Division	Del Rey System	Recovery	Gramsci
Freak	Nesian Mystik	HmmMmm	Misfits Of Science
You've Been On My Mind	Strawpeople	Jump Up!	Definite & Bling
Roadtrip	Steriogram	Say What You Want	Sommerset
So True	The Black Seeds	Memory Lane	Adeaze
The Incredible	Fast Crew	My Racing Head	goodshirt
Finality	Dimmer	Kiss Me	Greg Johnson
Taking Over	Goodnight Nurse	Loopy Loopy Love	The Brunettes
Runaway	Soane featuring Hassanah Iroeghu	Case	Dimmer
AM Radio	Lucid 3	You Are	Sara-Jane Auva'a
Done Did It	Katchafire	Who Is Coming Through	betchadupa
Riverhead	Goldenhorse	The Window	
No Ordinary Thing	Opshop	Pitch Jumping	Lucid 3
Arithmetic	Brooke Fraser	Anytime	Damien Binder
Makin' Me Sober	Augustino	Forget Me	Dead End Beat
There They Go	Jordan Luck	Monday Through Friday	The Have
Supernova	the feelers	2D	Che Fu
Fear Of Heights	Falter	Do You Feel The Cold?	Tourist
They Can't Take That Away	Ben Lummis	In Your Company	Graham Brazier
Got It All	Crumb	Incredible	Stylus
Total Music Videos			\$620,000

RADIO HITS / NZ On Air funding of up to \$5,000 each			
Song	Artist	Song	Artist
Dancehall Girl	Salmonella Dub	Lifeline	Brooke Fraser
Love Remains	Amber Claire	Urban Getaway	Elemeno P
For The Ladies	Dubious Bros	Stop, Drop & Roll	Mareko & Deceptikonz
Verona	Elemeno P	Motherf**ker From Hell	The Datsuns
Wake Up Brother	Goldenhorse	Dreaming	Scribe
Stand Up	Scribe	Northern Lights	Goldenhorse
Mareko (Here To Stay)	Mareko	Saving the World	Brooke Fraser
Hot Girl	Dei Hamo	A Life With You	Adeaze
Ez On	Salmonella Dub	At Seventeen	Amber Claire
Not Many	Scribe	Claim To Fame	Elemeno P
Total Radio Hits			\$100,000

HIT DISCS	NZ On Air funding \$
Kiwi Hit Disc & A/C Hit Disc	72,740
Indie Hit Disc	40,500
Iwi Hit Disc	39,200
Total Hit Discs	152,440

NZ MUSIC PROMOTION	NZ On Air funding \$
Advertising	13,837
Fresh Air in Median Strip	28,800
NZ Music Month 2004	5,000
Total Music Promotion	47,637

PHASE FOUR NZ MUSIC PLAN

MORE PLUGGER POWER	NZ On Air funding \$
Pluggers	254,500
Pluggers support and promotions	127,563
Total Plugger Power	382,063

MORE MUSIC TELEVISION	NZ On Air funding \$
C4	500,000
Total More Music Television	500,000

MAKING & MARKETING: INTERNATIONAL	NZ On Air funding \$
Blindspott/Blindspott	50,000
Passenger/Carly Binding	50,000
2nd Round Testament/King Kapisi	50,000
Primary/Rubicon	50,000
Riverhead/Goldenhorse	50,000
Total Making & Marketing: International	250,000

MAKING & MARKETING: ALBUMS			
	NZ On Air funding \$		NZ On Air funding \$
Evermore	50,000	King Kapisi 3	50,000
Stellar 3	50,000	Katchafire 2	50,000
Damien Binder	16,000	Brooke Fraser 2	50,000
betchadupa 2	50,000	Elemeno P 2	50,000
Goldenhorse 2	50,000	Blindspott 2	50,000
Gramsci 3	50,000	PanAm 2	50,000
Nesian Mystik 2	50,000	Scribe 2	50,000
Carly Binding 2	50,000	Sommerset	28,000
Total Making & Marketing: Albums			744,000

NEW RECORDING ARTISTS / NZ On Air funding of up to \$5,000 each			
Song	Artist	Song	Artist
Come On Down	48May	I Wonder	Aly Cook
No DJs	Beetrootz	Baby It's Over	Naomi Cramer
By My Side	Centreshift	Maybe	Die! Die! Die!
Loner	Goodnight Nurse	Play My Music	EPR
Overcoat	Cliff Hedley	Innocent Love	Flow On Show
Represent The Homeland	No Artificial Flavours	Taking Over	Goodnight Nurse
In My Dreams	Polly Prior	Truly Mine	JCK
Inside	Sommerset	Wonderful	Mars
Simple Days	Stardrunk	Say What You Want	Sommerset
Falling To Pieces	Falter	Do You Feel The Cold?	Tourist
Mercia	1QA	Over You	4Eulogi
On That Line	Farmer Pimp	Always	Aerial
No Reason Why	Mo'Reece	Teenage Frustration	Currently
Summer Breeze	New Beginning	Last American Outlaws	Rod Gardner
Never Knew	Redline	Ordinary Girl	Nick Hohepa
Up On Your Heels	The Accelerants	Anywhere But Here	Nikita
Sort It Out	The Black Seeds	Strung	Sooz Fougere
All That Glitters	The Bleeders	They Don't Know	Tyree
A Song For You	The Tuesdays	True Love	The Artistry
Sick Of It	The WBC	So Lonely	The Bleeders
Nobody Knows	Niki Ahu	What You Heard	The Checks
Te Reo Radio Hits Pilot Projects			
Tenei Taonga Te Reo Maori	Whirimako Black		
Kia Mau Ki Te Reo Maori	Dam Native		
Rangiataea	Ruia		
Total New Recording Artists			\$221,221

RADIO REMIX PROJECTS / NZ On Air funding of up to \$1,000 each			
Song	Artist	Song	Artist
Love Remains	Amber Claire	Getaway	Katchafire
Sweet As Bro	No Artificial Flavours	Scribble	Lazrus
Century Sky	Emma Paki		
Total Radio Remixes			\$5,000



Directory

MEMBERS

Don Hunn	of Otaki.....	Chairman
Albert Wendt	of Auckland.....	Deputy Chairman
James Coleman	of Auckland.....	
Gaylene Preston	of Wellington.....	
Judy Callingham	of Auckland.....	
Edie Moke	of Rangiora.....	

STAFF

Jo Tyndall	Chief Executive
Bernard Duncan	Deputy Chief Executive, Radio & Communications Manager
Neil Cairns	Television Manager
Brendan Smyth	NZ Music Manager
Elizabeth Morrison	Finance & Administration Manager
Sally Courché	Deputy Television Manager
Kathryn Quirk	Client Relations Manager (Auckland)
Antony Shaw	Manager, Project & Financial Analysis
Alicia Sutton	Television Contracts Coordinator
Robyn Andrews	Personal Assistant
Anita Roberts	Personal Assistant
Teresa Tito	Personal Assistant
Trish Cross	Receptionist (Shared with Broadcasting Standards Authority)
Christine Westwood	Administration Assistant

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