

SUPPORTING



A N N U A L

1997 / 1998

R E P O R T

NZ
ON
AIR
Irirangi TE MOTU

CONTENT





Annual Report

1997/1998

The New Zealand Wars - Prof James Belich

What Now? - Jason Fa'afoi, Anthony Samuels, Shavaughn Ruakere

National Radio - Kim Hill

The Topp Twins

Archives


New Zealand Music - Bic Runga

Cover photographs



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Chairman's Overview

Broadcasting is a powerful cultural force and resource. It helps shape our sense of identity. Over 90% of New Zealand homes have at least one television set. More have at least one radio receiver.

New Zealanders spend about two and a half hours a day watching television and about two hours a day listening to the radio.

For most New Zealanders, broadcasting is their major source of information and entertainment. That is why it is crucial to New Zealand's cultural wellbeing that New Zealand is well represented on television and radio – so we do not become passive consumers of the ideas, images, values, and stories of other countries and cultures.

Other countries and cultures can always flood our market with radio and television programmes which are significantly less expensive than those we make by ourselves, about ourselves, and for ourselves. We face a major challenge in securing an adequate place for our own visions and voices in one of the world's most open and competitive broadcasting environments.

NZ On Air faces that challenge by employing the Broadcasting Fee to fund local content and to ensure that there is diversity in our television and radio diet. This year, NZ On Air funding for broadcasting was \$84.3 million which was applied in the way shown in the chart on this page.

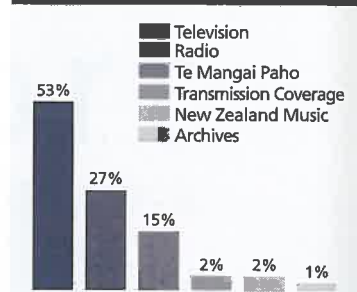
We made headway in some important areas this year –

- We increased income from the Public Broadcasting Fee – \$97.9 million compared to \$94.9 million last year.
- We funded more television – 801 hours of television compared to 775 hours last year.
- National Radio increased its audience to become the number one radio station in Wellington and number two in Auckland.
- We launched a satellite service to transmit National Radio to remote parts of New Zealand.
- We funded a new access radio station in the Manawatu.
- We introduced a new funding policy to increase the range of television and radio programmes that are archived.
- We made heartening progress in the campaign to get more New Zealand music played on the radio.



David Beatson

APPLICATION OF BROADCASTING FUNDING



But further progress is going to be increasingly difficult. We have gone about as far as we can this year to increase income from a Broadcasting Fee that has remained fixed at \$110 per annum since NZ On Air was set up in 1989. Meanwhile, the costs of producing programmes that reflect and develop New Zealand's culture are increasing, and the range and volume of broadcast material reflecting and developing the culture of other countries is expanding even more rapidly. There are problems to be confronted if we are to ensure true New Zealand broadcasting – local content – does not join the kiwi on the list of the world's endangered species.

Collecting the Broadcasting Fee

There has been no increase in the Broadcasting Fee for nearly ten years. This has put the onus on NZ On Air to maximise collection of the Fee to offset inflation and to keep pace with the increasing funding needs in radio and television. Over the last year, it has meant a concerted effort to collect old debt and increase the range and frequency of compliance campaigns.

Gross income from Fee billings rose by \$2.5 million (2.6%) over last year. The number of billings rose by 25,595 (2%) to 1,122,325 – about 93% of the households potentially liable to pay the Fee. This compares favourably with the BBC's compliance level of 91% in the United Kingdom.

Receipts from the payment of the Fee totalled \$94.6 million. This is \$3.3 million less than the amount of net income from the billings – mainly because of the fiscal effect of Fee-payers opting for periodic payments (monthly direct debits and quarterly payments) and because of lower

receipts from the compliance campaigns which were completed near to year's end.

Because receipts from the payment of the Fee were less than the amount of income from billings, the amount of public equity at year end has been increased by an equivalent amount to ensure funding expenditure is in line with cash received from the Fee.

Direct collection costs have remained steady, although additional compliance costs have been incurred with the push to increase billings. In the latter part of the year, a lobby group opposed to the Fee and the services it provides achieved significant media coverage. Our research indicates that their views are in the minority – 84% of Fee-payers watch New Zealand television programmes funded by NZ On Air, 35% are regular listeners to National Radio, and 65% support the payment of the Fee. These statistics indicate high levels of support for NZ On Air-funded services.

Television

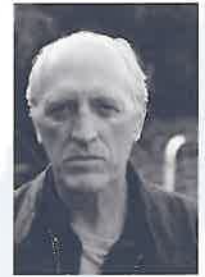
The funding of local content on television is central to NZ On Air's work in broadcasting. This year, \$44.3 million or 53% of NZ On Air's investment in broadcasting was devoted to the production of New Zealand programmes for television, resulting in 801 hours of local content.

Not all New Zealand programmes on television need funding from the Broadcasting Fee. About 30% of the cost of all local content on the nation-wide free-to-air television networks is funded by NZ On Air. The remainder is funded from the revenues the broadcasters earn from advertising. NZ On Air's focus is on what may be seen as the endangered species in a commercial broadcasting environment – local drama and comedy, documentaries and programmes for special interest audiences like children and minorities in the community – programmes which can't easily be justified in commercial terms but which are needed to ensure that New Zealanders have access to a rich and diverse television diet that reflects and develops our own culture.

As a result of the funding this year, New Zealand television viewers will be treated to a broad range of drama initiatives, designed for different tastes – like the major period piece *Greenstone* and the contemporary detective drama *Duggan* on TV One, the thriller mini-series *The Chosen* on TV2, a quirky range of one-off dramas on TV3, and the first two half-hour Pacific Island dramas ever to be made. Film adaptations funded this year include Anthony McCarten's acclaimed *Via Satellite* and Alan Duff's best seller *What Becomes Of The Broken Hearted*, from the award-winning director Ian Mune.

Diversity in comedy was also achieved with the welcome return of Roger Hall's iconic public service characters in *Market Forces*, the equally high-rating *McPhail & Gadsby*, the Topp Twins' special brand of kiwiana, the new TV2 sketch comedy *Newsflash* and the late-night antics of *Pulp Comedy*.

New Zealanders' appetite for documentaries is well known. This year, substantial audiences consistently enjoyed two major documentary strands supported by NZ On Air – *Documentary New Zealand* on TV One and *Inside New Zealand* on TV3. The highlight of the documentary year was undoubtedly *The New Zealand Wars*, one of the most substantial documentary series ever made in this country. That and *View From The Top*, the magnificent series on Sir Edmund Hillary, featured in the year's top ten most popular NZ On Air-funded programmes –



Duggan



Suzy Cato: "We all need a sense of identity, but children especially. We need to be proud of our country Aotearoa, New Zealand. But more importantly, we need to be proud of who we are."

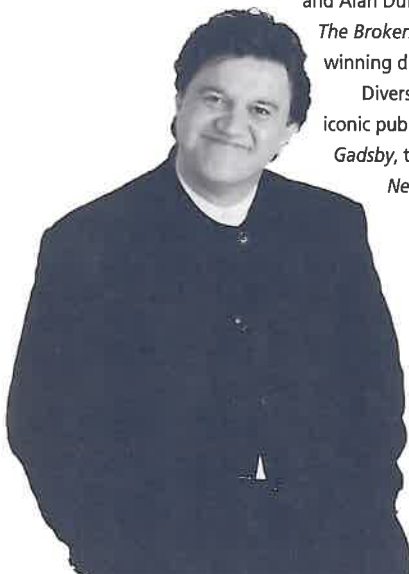


Mai Time



View From The Top

Backch@t



Pio Terei: "TV and radio are the main showplaces for our culture - the place where we play out our national dream of who we are and where we want to be."

TOP TEN NZ ON AIR-FUNDED TELEVISION PROGRAMMES

TITLE	VIEWERS	GENRE
The Two Of Us	662,500	Documentary
Private Lives Of Little People	661,400	Documentary
Fatal Denial	648,500	Documentary
Boys To Men	559,200	Documentary
Trick Or Treatment	561,600	Documentary
The New Zealand Wars	556,000	Documentary
Epitaph	519,900	Documentary
Motor Mania	516,000	Documentary
McPhail & Gadsby	508,500	Comedy
View From The Top	507,400	Documentary

Source: AC Nielsen. Programmes screened between 1 July 1997 and 30 June 1998. Series episodes are averaged across the series.

These popular successes were complemented by programmes for special interest audiences – like *The Drum*, *Ice TV*, *Mai Time*, and *Squeeze* for youth, the evergreen *What Now?* and *You & Me* for children, the new series *Inside Out* by and for people with disabilities, and feisty newcomer *Backch@t* with an arts and issues focus.

A list of television programmes funded by NZ On Air this year appears on pages 33 - 35.



Sir William Southgate: Local programmes on television and radio are important because.....

"THEY ARE A VITAL EXPRESSION OF OUR CULTURE, WITHOUT WHICH WE ARE DIMINISHED AS A NATION"

National Radio & Concert FM

NZ On Air's three-year funding contract with Radio New Zealand for National Radio and Concert FM expired on 30 June 1998. In the lead-up to the end of the contract term, the Government carried out a major review of National Radio and Concert FM's funding needs. The review was initiated by the Hon. Jenny Shipley when she was Minister Responsible for Radio New Zealand and was carried out by a committee of officials from The Treasury and the Crown Company Monitoring Advisory Unit, supplemented by representatives of the Radio New Zealand Board and one experienced, independent radio practitioner.

The review team reported in early 1998. The review finally concluded that there should be an increase in NZ On Air funding coupled with some cost-cutting at Radio New Zealand.

In May 1998, NZ On Air received a directive from the Minister of Communications to increase the funding for National Radio and Concert FM by \$2 million, from \$19.4 million a year to \$21.4 million a year for the three years from 1 July 1998 to 30 June 2001.

Meanwhile, National Radio and Concert FM continued to make and

broadcast quality radio programmes that were successful with audiences and in winning awards.

In the first round of audience surveys in 1998, National Radio increased its share of listening in four of the five markets surveyed (Auckland, Waikato, Wellington, Christchurch and Dunedin) and topped the Wellington survey. *Morning Report* won its day-part in Wellington and Dunedin, Kim Hill won in Wellington, and Brian Edwards' *Top O' The Morning* won its day-part in all five markets.

Overall, National Radio gained listeners across all the five markets – up 3% from 304,500 to 314,600 people a week. However, Concert FM slipped a little – down 3% from 136,600 people a week to 132,200 people.

The results, coupled with audience satisfaction results from NZ On Air's own surveys, suggest that New Zealanders want and enjoy quality public radio services.



Brian Edwards: "It is through local programming that we see ourselves reflected as a nation, and come to value our worth and identity."

Access Radio & Pacific Island Radio

In 1997, NZ On Air commissioned Brian Pauling of the New Zealand Broadcasting School at Christchurch Polytechnic to carry out a review of access radio in New Zealand. His brief was to undertake a health and fitness check on the NZ On Air-funded access stations and on NZ On Air's funding policy which has been in place – largely unchanged – since 1989.

Brian Pauling's report was presented in July 1997. The report commended the work of the access stations in Auckland, Wellington, and Christchurch but suggested that elsewhere in the country, some of the newer stations needed support to make better access radio. The report identified factors holding these stations back and suggested some new forms of assistance from NZ On Air. In response, NZ On Air commissioned Brian Pauling to provide a consultancy service to work directly with each of the stations over the calendar year 1998 on developing and implementing individually-crafted plans to shore up strengths and make improvements.

Meanwhile, one new access radio station joined the existing stable of 11 stations during the year. Manawatu Sounz, based in Palmerston North, started broadcasting in December 1997 on frequency AM999 and at the year's end, the station was making good progress.

There was no change in the Pacific Island community radio map during the year. Two dedicated Pacific Island radio stations – Radio 531pi in Auckland and Samoan Capital Radio in Wellington – continued to provide Pacific Island community radio services for something like 70% of the Pacific Island population of New Zealand.

These two services supplemented and complemented the contribution that access radio itself makes to Pacific Island audiences throughout the country. Access radio stations in the main centres provide about 100 hours of Pacific Island programming each week.

A list of the access radio and Pacific Island radio services funded by NZ On Air appears on page 15.



Access Radio - Radio Southland

Radio Programmes

Since 1994, NZ On Air has been funding a handful of programmes for commercial radio airplay – mainly comedy shows, children's shows and magazine series for youth audiences. This year, NZ On Air expanded its work in this area, concentrating its attention on drama, comedy, and youth radio shows.

In early 1997, NZ On Air called for proposals for radio shows of this kind to play in the 1997/98 year. Of the dozen or so proposals that came forward, six projects were picked up. Three were drama series – *Claybourne*, a science fiction thriller for the Newstalk network; *Keep Up With The Jones*, a suburban soap for The Radio Network's Classic Hits and Community networks; and *Scrubcutter* a real-life narrative series, also for the Newstalk stations. Two were comedy shows – *Starship Cortina* and *News In Briefs*, which played on more than 50 independent stations around the country. One was a youth magazine programme – *Rampage* (with its variants

Te Puutake and *The Rampant Chat Room*) which played on more than 20 radio stations.

These projects gave NZ On Air the chance to reach out to substantial commercial radio audiences with projects that were close to NZ On Air's statutory heart but which were not being made on a commercial basis. It gave NZ On Air a chance to re-generate local drama as an art form on commercial radio.

Regrettably, however, at year's end, NZ On Air was obliged to cut funding for all but one of these projects (the youth show *Rampage*). The cut was forced by the need to find the extra funding required for National Radio and Concert FM for the coming year.

A list of the drama, comedy, and youth programmes funded by NZ On Air for commercial radio this year appears on page 36.

Maori Broadcasting

NZ On Air's major commitment to Maori broadcasting is delivered through Te Mangai Paho, the independent Maori broadcasting funding agency. Te Mangai Paho concentrates on the promotion of Maori language broadcasting initiatives for a Maori audience, and in 1997/98 14.4% of net Broadcasting Fee income – \$12.7 million – went to the agency to support this work – Maori radio stations, Maori language programmes on television and more.

On top of this, NZ On Air directly funds programmes on television and radio which feature Maori talents, stories, interests and perspectives and which are aimed at a general audience and are available through the mainstream broadcasting media.

This year, for example, NZ On Air funded the youth show *Mai Time* on TV2 and the sketch comedy series *Pio* and the language vignette series *Koina Te Korero* on TV3. There were also five documentaries funded for each of *Documentary New Zealand* on TV One and *Inside New Zealand* on TV3. On radio, National Radio offers *Mana News*, *Whenua!*, and *Mauri!* In New Zealand music, the *Iwi Hit Disc* and *Kool To Korero* disc – due for release in July 1998 – will help mainstream radio access Maori language and kaupapa music and profile Maori language on air in an easily accessible way.

These projects help to increase Maori presence in the mainstream media and present Maori language, culture, and issues in regular programming.



Te Mangai Paho

New Zealand Music

This year, NZ On Air intensified its campaign to get more New Zealand music played on radio.

NZ On Air's investment in its regular New Zealand music schemes – funding music videos, *Kiwi Hit Disc*, the *Indie Hit Disc*, New Zealand music shows on commercial and student radio and Radio Hits incentives – remains, but this year two initiatives – outlined below – were launched to tackle the challenge of increasing airplay of New Zealand music.

The proportion of New Zealand music on commercial radio averages a disappointing 5-6% of all music content.

There are oases of New Zealand music on the radio dial. National Radio, student radio, Channel Z in Wellington, 9inety6ixdot1 in Auckland, and Q92FM in Queenstown stand out. But elsewhere on commercial radio, New Zealand music has been poorly represented.

In March 1998, for example, New Zealand music content on Top 40 format radio was just 4% on average. On Rock radio it was about 5% and on Adult format radio it was a sorry 2-3%.

These figures come from a comprehensive and robust survey of radio station logs done by APRA for the Kiwi Music Action Group (Kiwi MAG) and published every quarter in the radio industry trade journal *Median Strip*. Kiwi MAG is a collaboration of music and radio industry interests – including NZ On Air – set up two years ago to work together on increasing New Zealand music content on radio.

This year, NZ On Air worked with its Kiwi MAG partners on the annual New Zealand Music Week promotion in April, the New Zealand music radio programmer of the year award (which went to John Diver at Channel Z in Wellington) and presenting a showcase of New Zealand music at the 1998 Radio Broadcasters Association conference in Auckland.

The first of the NZ On Air New Zealand music initiatives this year involves the promotion of *Kiwi Hit Disc*. NZ On Air has engaged a radio promotions person to push the *Kiwi Hit Disc* case. Her job is to get radio stations to playlist more of the tracks on *Kiwi Hit Disc* and increase New Zealand music content on Top 40 and Rock radio.



Bic Runga

The second initiative was the release of *Kiwi Gold Disc II*, NZ On Air's second major classic hits compilation designed to feed the playlists of stations which are targeting an adult audience. *Kiwi Gold Disc II* gave radio 116 familiar Kiwi classic hits from the 30 years 1965 to 1995 spread over six CDs.

At year's end, there were encouraging signs that the collaboration with radio via the Kiwi MAG, coupled with the NZ On Air initiatives, was paying off. New Zealand music content on Top 40 was up to 5.6%, Rock was up to 6.85% and Adult was over 4%.

The goal is to work progressively towards double digit percentages of New Zealand music on radio – double digits overall and format by format.

A list of the New Zealand music projects funded by NZ On Air this year appears on page 36.



**Student Radio -
Contact 89FM**



**Parka
on Indie Hit Disc**



**The Feelers
on Kiwi Hit Disc**



Dave Dobbyn:

"Local radio and TV should be the vehicles which reflect local cultures through New Zealand as evidence of creative life.

Go local!"

Transmission Coverage

NZ On Air spent \$2 million this year maintaining television and radio transmission services in remote and thinly populated parts of the country. The bulk of this went to TVNZ to maintain its TV One and TV2 services in these areas. About 43,000 people benefit from this subsidy. It is a high level of subsidy per household, exceeding the annual Broadcasting Fee paid by the household. Because of the pressure on funds for local television programmes and public radio services, NZ On Air is keen to encourage broadcasters to find more cost-effective ways of maintaining transmission services in fringe areas and reduce the reliance on NZ On Air funding.

Over the years, NZ On Air has progressively reduced its expenditure on radio coverage projects, passing the responsibility back to the broadcasters to maintain the services. This policy continued this year with Fife FM in Nelson taking over responsibility for its Murchison relay.

The new National Radio community self-help scheme – a scheme to help communities that are missing out on a National Radio service to set up their own community-owned and operated National Radio relays – became a reality this year. In September, the first of the satellite-fed relays in Twizel was commissioned. Tekapo went to air in May 1998 and Te Anau followed in June.



**National Radio
in Twizel**

Archives

After a major overhaul of NZ On Air's broadcast archiving policy last year, 1997/98 was a year of consolidation.

The New Zealand Film Archive took on responsibility for television archiving services while Radio New Zealand maintained its radio archiving services and planned to expand its reach to take in material from a wider range of broadcasters. Both archives will be responsible for providing core archiving services – selection and acquisition services, preservation and public access functions – for a three-year period from 1 July 1997.



Aunt Daisy

The Year Ahead

In July 1998, NZ On Air published its Statement of Intent for the year to 30 June 1999 and held industry briefings in Auckland and Wellington to explain the organisation's plans and priorities for the year ahead.

In the Statement of Intent, we say that we will continue our advocacy for a broadcasting system for New Zealanders that –

- Is accessible to all New Zealanders
- Reflects the diversity of the nation and its culture
- Is information-rich, enabling informed opinion and debate
- Is responsive and accountable to its audiences
- Provides a diverse range of choice
- Presents a range of views
- Is affordable to the society and audiences it serves.

We also point out that to provide additional funding for National Radio and Concert FM, we will be reducing the investment in New Zealand television production by \$1 million, curtailing most of the commercial radio programme initiatives taken this year, and freezing remote area transmission coverage at current levels.

Those interested in more detail on NZ On Air's work over the past year as well as its plans for the year ahead, are invited to read the Statement of Intent in conjunction with this Annual Report.

Board Membership & Staff Changes



David Beatson



Juliet McKee



Roger Horrocks



Pamela Meekings-Stewart



Trish Stevenson



Barbara Stewart

This year, Juliet McKee joined NZ On Air as Deputy Chair. Juliet brought a wealth of governance experience and real enthusiasm to NZ On Air's work but towards the end of the year, she was obliged to leave the Board to take up a position in the Ministry of Foreign Affairs and Trade, working on the forthcoming APEC conference in Auckland. We enjoyed and appreciated her contribution to NZ On Air's work.

At the year's end, Chief Executive Chris Prowse told us that he would not seek a renewal of his contract and wanted to establish his own business. Chris has been with NZ On Air since its beginning nine years ago, first as Finance Director, then Deputy Executive Director, and as Chief Executive for the last three years. His contribution to NZ On Air's work has been vital. He is respected by the Board, the staff, and the broadcasting industry alike, and we will all miss him.

Finally, my thanks to my fellow Board members and the NZ On Air staff for their good work through the year, and to the Minister of Communications, the Hon. Maurice Williamson, for his consistent encouragement and support.

David Beatson
CHAIRMAN

Financial Statements

Management Statement

for the year ended 30 June 1998

The management of the Broadcasting Commission (NZ On Air) is responsible for the preparation of these financial statements and the judgements used herein. The management of NZ On Air is responsible for 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 management, these financial statements fairly reflect the financial position and operations of NZ On Air for the year ended 30 June 1998.



David Beatson
CHAIRMAN



Chris Prowse
CHIEF EXECUTIVE

28 August 1998

Statement of Accounting Policies

for the year ended 30 June 1998

The following accounting policies have been applied in the preparation of the financial statements.

REPORTING ENTITY

The Broadcasting Commission (NZ On Air) was established by the Broadcasting Act 1989. The functions and procedures of NZ On Air are set out in the Broadcasting Act. The financial statements are prepared in accordance with the First Schedule of the Broadcasting Act and the Public Finance Act 1989. The financial statements cover the following activities of NZ On Air -

- Collection of the Public Broadcasting Fee; and
- Allocation of funds to -
 - television and radio broadcasting;
 - television and radio non-commercial transmission coverage;
 - television and radio archives; and
 - administration and consultation.

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, cashflows, commitments and contingencies have been applied -

Accounts receivable

Accounts receivable are shown at their estimated net realisable value after allowing for doubtful debts.

Fixed 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 residual value at the end of the economic life of the asset.

Computer equipment	3 years to a nil residual value
Office equipment	5 years to a nil residual value
Furniture and fittings	6 years to a nil residual value
Leasehold alterations	6 years to a nil residual value

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 exclusive of GST.

Taxation

NZ On Air is exempt from 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 includes funds committed but not paid out at the year end.

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.

Public Broadcasting Fee

Income from the Public Broadcasting Fee is accounted for at the time the invoice is issued. This is based on the Broadcasting (Public Broadcasting Fees) Regulations 1989 which establishes the Fee-payer's liability as payable in advance.

Income from broadcast production funding

Income from the sale of programmes is treated as income as and when received.

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 financial statements. Revenue and expenditure in relation to all financial instruments are also recognised in the financial statements.

Statement of cash flow

Cash means cash balances on hand, held in bank accounts and on demand deposits.

Operating activities include cash received from the collection of the Public Broadcasting Fee and other income sources. Payment refers to the funds advanced for broadcasting services, used to collect the Public Broadcasting Fee, and for the general supply of goods and services to NZ On Air. Investing activities are those activities relating to the acquisition and disposal of fixed assets.

Commitments

The allocation of funds against 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 those used last year.

Statement of Financial Performance

for the year ended 30 June 1998

	Notes	Actuals 1998 (\$000)	Budget 1998 (\$000)	Actuals 1997 (\$000)
INCOME				
Public Broadcasting Fee	1	97,934	99,441	94,991
Other income	2	2,281	500	3,898
Total income		\$100,215	\$99,941	\$98,889
OPERATING EXPENDITURE				
Public Broadcasting Fee collection costs	3	11,402	11,229	11,128
Administration and consultation	4	1,632	1,674	1,595
		\$13,034	\$12,903	\$12,723
FUNDING EXPENDITURE				
Television	5	44,353	46,200	45,101
Radio	6	22,364	22,173	21,967
Te Mangai Paho		12,698	12,700	12,555
Transmission coverage	7	1,921	4,221	4,278
New Zealand music	8	2,066	2,200	1,930
Archives	9	922	980	644
		\$84,324	\$88,474	\$86,475
Total expenditure		\$97,358	\$101,377	\$99,198
Net surplus (deficit) for the year	10	\$2,857	(\$1,436)	(\$309)

Statement of Movements in Equity

for the year ended 30 June 1998

Total equity at the beginning of the year	619	1,436	928
Total recognised revenues and expenses for the period (as above)	2,857	(1,436)	(309)
Total equity at the year ended 30 June	\$3,476	-	\$619

Statement of Financial Position

as at 30 June 1998

	Notes	Actuals 1998 (\$000)	Budget 1998 (\$000)	Actuals 1997 (\$000)
CURRENT ASSETS				
Cash and bank	11	290	2,000	2,768
Accounts receivable				
- Public Broadcasting Fee	12	31,771	17,100	28,450
- General		91	100	97
- Prepayments		63	-	-
FIXED ASSETS	13	105	100	77
		<u>\$32,320</u>	<u>\$19,300</u>	<u>\$31,392</u>
CURRENT LIABILITIES				
Accounts payable		1,672	1,100	1,344
Employee entitlements		16	-	13
Funding liabilities	14	27,156	18,200	29,416
PUBLIC EQUITY		3,476	-	619
		<u>\$32,320</u>	<u>\$19,300</u>	<u>\$31,392</u>

Statement of Cash Flows

for the year ended 30 June 1998

	Notes	Actuals 1998 (\$000)	Budget 1998 (\$000)	Actuals 1997 (\$000)
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash was provided from -				
Public Broadcasting Fee		94,613	110,249	95,498
Interest received		133	500	242
Other income received		693	-	814
Goods and services tax (GST)		91	-	196
Cash was applied to -				
Funding advances to broadcasters and programme producers		(84,979)	(95,800)	(85,318)
Payment to suppliers and employees (including Public Broadcasting Fee collection costs)		(12,812)	(12,949)	(12,690)
Interest paid		(144)	-	(21)
Net cash (outflows)/inflows from operating activities	10	(2,405)	\$2,000	(\$1,279)
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash was provided from -				
Sale of fixed assets		1	-	-
Cash was applied to -				
Purchase of fixed assets		(74)	-	(32)
Net cash (outflows)/inflows from investing activities		(\$73)	-	(\$32)
Net (decrease)/increase in cash held		(2,478)	2,000	(1,311)
Opening cash as at 1 July		2,768	-	4,079
Closing cash as at 30 June		\$290	\$2,000	\$2,768
Actual cash balance is represented by -				
Bank of New Zealand call deposits		150	2,000	2,600
Bank of New Zealand current accounts		140	-	168
	11	\$290	\$2,000	\$2,768

Notes to the Financial Statements

for the year ended 30 June 1998

	1998 (\$000)	1997 (\$000)
1 PUBLIC BROADCASTING FEE INCOME		
Gross Public Broadcasting Fee income Note (i)	100,233	97,682
Less increase in the provision for doubtful debts Note (ii)	(2,299)	(2,691)
	<u>\$97,934</u>	<u>\$94,991</u>

Note (i) Income includes charges for periodic Fee payments of \$1,585,250. Charges for the periodic Fee payment represents the recovery of additional billing and payment processing costs that are paid for by Fee-payers who have chosen to pay the Public Broadcasting Fee by periodic payment rather than an annual Fee payment. The 1997 comparative figure has been adjusted to include periodic Fee payments of \$1,546,000. In prior annual reports, periodic Fee payments were netted off against direct collection costs.

Note (ii) There is an increase in the provision for doubtful debts to allow for Public Broadcasting Fee accounts which may not be collected.

2 OTHER INCOME

Writebacks of previous years' commitments which have since been withdrawn or reduced	1,605	3,188
Share of income from the sale of television programmes	687	489
Net interest from deposits Note (iii)	(11)	221
	<u>\$2,281</u>	<u>\$3,898</u>

Note (iii) Net interest from deposits of (\$11,000) is the difference between interest received of \$133,000 and interest paid of (\$144,000).

3 PUBLIC BROADCASTING FEE COLLECTION COSTS

Direct collection costs Note (iv)	7,561	7,576
Compliance costs	3,305	2,592
Awareness advertising campaign	334	758
Administration	198	196
Audit fees	3	3
Depreciation	1	3
	<u>\$11,402</u>	<u>\$11,128</u>

Note (iv) Direct collection costs for 1998 and 1997 have increased due to a change in the accounting treatment of additional income from the periodic Fee payments which now have been included in income. In prior annual reports, charges for periodic Fee payments were netted off against direct collection costs.

4 ADMINISTRATION AND CONSULTATION EXPENDITURE

Personnel costs	690	614
Legal, public relations, and expert advice	308	295
Office overheads	172	179
Travel and communications	145	145
Consultation and research	121	180
Commission members' fees	91	73
Rent	45	45
Depreciation	44	47
Audit fees	17	17
Loss/(Profit) on sale of fixed assets	(1)	-
	<u>\$1,632</u>	<u>\$1,595</u>

5 TELEVISION PROGRAMME FUNDING

	Hours	1998 Funding (\$000)	Hours	1997 Funding (\$000)
Drama	60	13,991	62	15,998
Documentaries	119	9,356	99	9,758
Children & young persons' programmes	369	9,409	410	8,295
Special interest programmes Note (v)	253	11,400	204	10,790
Total Production funding	801	\$44,156	775	\$44,841
Plus Development funding		197		260
TOTAL TELEVISION FUNDING		\$44,353		\$45,101

Note (v) Annual funding for the Teletext service (\$1,335,439) is included in the special interest programmes. However the total programme hours which have Teletext transcriptions are not included in the programme hours.

6 RADIO

	1998 (\$000)	1997 (\$000)
Radio New Zealand		
National Radio	15,132	15,132
Concert FM	4,268	4,268
	\$19,400	\$19,400
Access and special interest community radio		
Auckland Access Radio	177	150
Radio 531pi (Auckland Pacific Island Radio)	125	125
Hamilton Access Radio	144	144
Hawkes Bay Access Radio	90	90
Wairarapa Access Radio	30	29
Manawatu Access Radio	150	-
Print Disabled Radio (Levin)	107	107
Kapiti Coast Access Radio	98	98
Wellington Access Radio	200	200
Samoan Capital Radio (Wellington)	150	149
Tasman Bays Access Radio	200	185
Plains FM (Christchurch)	175	175
Otago Access Radio	133	138
Southland Access Radio	170	135
Access radio management support	35	-
	\$1,984	\$1,725
Programmes on commercial radio	980	842
TOTAL RADIO FUNDING	\$22,364	\$21,967

7 TRANSMISSION COVERAGE

Television

TVNZ's non-commercial transmission coverage	1,529	3,878
Chatham Islands' television service	228	228
Extension of TV3's non-commercial transmission coverage	-	2

Radio

The Radio Network's non-commercial community station - Te Kuiti	85	89
Other non-commercial community radio transmission	79	74
National Radio and Concert FM transmission extensions	-	7
	\$1,921	\$4,278

	1998 (\$000)	1997 (\$000)
8 NEW ZEALAND MUSIC		
New Zealand music on radio	1,656	1,425
New Zealand music videos	410	505
	<u>\$2,066</u>	<u>\$1,930</u>

9 ARCHIVES

Television

New Zealand Television Archive (TVNZ)	-	222
New Zealand Film Archive	481	-

Radio

Radio New Zealand Sound Archives (including Nga Taonga Korero)	441	422
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	<u>\$922</u>	<u>\$644</u>
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10 RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES WITH THE NET SURPLUS (DEFICIT) FOR THE YEAR

Reported net surplus (deficit) for the year	2,857	(309)
Add non-cash items: Depreciation	45	50
	<u>\$2,902</u>	<u>(\$259)</u>

Add (less) movements in other working capital items -

• Increase in accounts receivable	(3,315)	955
• Increase in prepayments	(63)	-
• Increase in accounts payable (including employee entitlements)	331	56
• Decrease in funding liabilities	(2,260)	(2,031)
	<u>(\$5,307)</u>	<u>(\$1,020)</u>

Net cash outflow from operating activities

	<u>(\$2,405)</u>	<u>(\$1,279)</u>
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11 CASH AND BANK

Cash comprises cash balances held on hand and with New Zealand banks.

Bank of New Zealand - call deposits	150	2,600
Bank of New Zealand - current accounts	140	168
	<u>\$290</u>	<u>\$2,768</u>

12 ACCOUNTS RECEIVABLE - PUBLIC BROADCASTING FEE

Accounts receivable - Public Broadcasting Fee	44,126	38,506
Less provision for doubtful debts	(12,355)	(10,056)
	<u>\$31,771</u>	<u>\$28,450</u>

13 FIXED ASSETS

	Original Cost (\$000)	Accumulated Depreciation (\$000)	1998 Book Value (\$000)	1997 Book Value (\$000)
Computer equipment	195	138	57	22
Furniture & fittings	145	127	18	25
Leasehold alterations	124	107	17	11
Office equipment	53	40	13	19
	<u>\$517</u>	<u>\$412</u>	<u>\$105</u>	<u>\$77</u>

14 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:

	1998 (\$000)	1997 (\$000)
Television programmes	24,810	25,712
Radio and non-commercial transmission coverage	2,346	3,704
	\$27,156	\$29,416

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

15 FINANCIAL INSTRUMENTS

Credit risk

Financial instruments which potentially subject NZ On Air to risk consist of cash and bank, short term deposits and accounts receivable. NZ On Air invests funds only with registered banks with satisfactory credit ratings or in government securities. Exposure to any one financial institution is restricted in accordance with NZ On Air's treasury policy.

Concentration of credit risk

NZ On Air is not exposed to any concentrations of credit risk.

Fair values

There were no differences between the fair value and carrying amounts of financial instruments as at 30 June 1998.

Credit facilities

As at 30 June 1998, NZ On Air had a credit facility of \$5 million. This facility has been used on rare occasions throughout the year.

Currency and interest rate risk

There is no exposure to currency risk and financial instruments are not interest rate sensitive.

16 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:

Remuneration	Number of Employees
\$150,000 to \$160,000	1 (Chief Executive)
\$110,000 to \$120,000	1
\$100,000 to \$110,000	1

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, Te Mangai Paho 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 1989) and do not fall within the intended scope of related party disclosures.

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

18 POST BALANCE DATE EVENTS

There have been no material events subsequent to 30 June 1998.

Statement of Commitments & Contingent Liabilities

as at 30 June 1998

	1998 (\$000)	1997 (\$000)
STATEMENT OF COMMITMENTS		
Lease commitments		
• Less than 1 year	56	54
• 1 year to 2 years	56	-
• 2 years to 5 years	56	-
	\$168	\$54
Commitments for programme and project funding for future years Note		
• Less than 1 year	37,509	35,354
• 1 year to 2 years	22,432	1,841
• 2 years to 5 years	21,400	1,026
	\$81,341	\$38,221

Note Commitments include a commitment for next year for possible feature film financing in relation to a joint arrangement with the New Zealand Film Commission and Television New Zealand. The commitment is subject to suitable films being approved by NZ On Air.

STATEMENT OF CONTINGENT LIABILITIES

There were no contingent liabilities at year end.

Statement of Resources

for the year ended 30 June 1998

	1998	1997
Personnel		
Members of the Commission (part-time)	6	5
Staff (full-time equivalents)	11	11
Broadcasting Equipment		

NZ On Air has purchased equipment at a cost of \$287,622 (\$759,306 – 1997) which is used by Fifeshire FM, Port FM and Radio Scenicland for the extension of non-commercial community radio coverage. NZ On Air has expensed the cost of this equipment.

During the year NZ On Air transferred equipment of \$471,684 to Radio New Zealand. This equipment was expensed by NZ On Air in 1992.

Statement of Objectives & Service Performance

for the year ended 30 June 1998

This statement reports on NZ On Air's performance in relation to the objectives and targets set in its Statement of Intent for the year ending 30 June 1998. Unless otherwise stated, the time of delivery of the service performance targets is for the year ended 30 June 1998.

1.0 PROGRAMME FUNDING

1.1 TELEVISION PROGRAMMES

Outcome <i>To ensure that a diversity of New Zealand programming remains a significant feature of the main television schedules in order that New Zealanders are able to see their own identity and culture represented on television.</i>	PERFORMANCE TARGETS - QUANTITY AND COST		Actual Performance		
	Programme Type	Performance Targets Funded Hours	Funding \$millions	Funded Hours	Funding \$millions
Objective <i>To fund a range of high quality New Zealand programmes for broadcast, which meet NZ On Air's responsibilities under the Broadcasting Act so that New Zealanders have a wider choice of New Zealand programmes than would otherwise be provided by broadcasters on a regular basis.</i>	Documentaries	102	\$10.1	119	\$ 9.4
	Drama (including children's drama)	66	\$16.9	60	\$13.9
	Special interest programming for -				
	- Children and young persons	383	\$ 8.5	369	\$ 9.4
	- Arts and culture	75	\$ 3.9	149	\$ 5.7
	- Teletext and other disability services Note 1	13	\$ 2.3	20	\$ 2.3
	- Ethnic minorities	38	\$ 2.1	46	\$ 2.2
	- Other minorities	68	\$ 2.1	38	\$ 1.2
	Development	-	\$ 0.3	-	\$ 0.2
	Total	745	\$46.2	801	\$44.3 Note 2

Note 1 Annual funding for the Teletext service (\$1,335,439) is included as part of the funding. However, the total programme hours which have Teletext transcriptions are not included in the special interest hours.

Note 2 Funding for television was reduced from the performance target of \$46.2m to \$44.3m in recognition of PBF cashflow being less than originally forecast. However, hours funded have exceeded target due to fluctuations between genres.

PERFORMANCE TARGETS - QUALITY

To improve the prospects of successful target audience response to programmes by –

- assessing the performance record of the applicants and their proposed team;
- obtaining specialist external assessment and advice where appropriate;
- regularly commissioning research into audience preferences; and
- obtaining audience viewing results from industry surveys to ensure that expected viewing levels are achieved.

ACTUAL PERFORMANCE

Achieved. All successful applicants have had satisfactory production experience.

Achieved. This was achieved by obtaining external script assessments for drama applications, consulting with specialists when considering special interest and children's programmes, and consulting with Maori television producers by holding regular hui.

Achieved. By conducting regular research such as the broadcasting needs of youth, audience attitudinal surveys, and Fee-payer research.

Achieved. NZ On Air subscribes to AC Nielsen's peplemeter survey.

1.2 RADIO SERVICES

NATIONAL RADIO AND CONCERT FM

Outcome	PERFORMANCE TARGETS - QUANTITY		
<i>To provide cost-effective quality public radio services.</i>	Type of Programmes and Services	Performance Targets	Actual Performance
Objective (i) <i>To fund Radio New Zealand's National Radio and Concert FM services on a cost-effective basis to provide services required by the Radio New Zealand charter and to meet specific NZ On Air objectives required by the Broadcasting Act 1989.</i> (ii) <i>To ensure that the funding contract for National Radio and Concert FM includes conditions that require that the services are maintained at such a level that the audiences continue to consider that they are of a high quality and meet changing audience needs.</i>	National Radio		
	Total broadcast hours	8,760 hours	8,760 hours
	including -		
	• NZ content programmes Note 1	6,383 hours	8,062 hours
	which includes -		
	• Maori language and culture	250 hours	243 hours
	• Special interest	238 hours	389 hours
	• NZ drama	84 hours	159 hours
	% of NZ music on rotate Note 2	20%	21.8%
	% of population able to receive transmission Note 3	96%	97%
	Concert FM		
	Total broadcast hours Note 4	6,570 hours	8,010 hours
	% of NZ music composition	2%	2.7%
	% of NZ music performance	11%	11%
% of population able to receive transmission Note 3	94%	92%	

Note 1 NZ content programmes have increased as a result of Radio New Zealand broadcasting more repeat programmes during the year than had originally been anticipated.

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

Note 3 The percentage of the population able to receive National Radio and Concert FM transmission has changed as a result of Radio New Zealand using the 1996 Census data, rather than the 1991 Census data. More accurate measuring by Radio New Zealand using 1996 Census data has resulted in a reduction in the assessment of Concert FM's coverage by 2%.

Note 4 During 1997/98 Concert FM commenced broadcasting 24 hours a day which has resulted in an increase of 1,440 total broadcast hours.

PERFORMANCE TARGETS - QUALITY

Under the current service agreement, Radio New Zealand is required to provide audience listenership weekly cumulative audience, average audience and time-spent-listening and to demonstrate that the National Radio and Concert FM services have been maintained at such a level that the audience continues to consider that they are of a high quality.

ACTUAL PERFORMANCE

Two rounds of radio audience surveys were carried out by Research International NZ Limited during the year. The first (in October 1997) covered 10 major metropolitan and provincial markets; the second (in April 1998) covered Auckland, Waikato, Wellington, Christchurch and Dunedin.

In the markets covered by the two surveys, National Radio gained weekly cume audience (up 3% from 304,500 in the five centres to 314,600) but Concert FM lost weekly cume audience (down 3% from 136,600 over the five centres to 132,200).

In August 1997 the results of Fee-payers' attitudes were reported by CM Research. The report confirmed that 78% of National Radio's listeners and 83% of Concert FM's listeners believe that standards have remained constant or have improved.

COST

National Radio	\$15,100,000	\$15,100,000
Concert FM	\$4,300,000	\$4,300,000
Total Cost of National Radio and Concert FM	\$19,400,000	\$19,400,000

BROADCASTING COMMISSION
(NZ ON AIR)

Charter Function

Note 1

NATIONAL RADIO

	Performance Targets Note 2		Actual Performance		
	Annual Broadcast Hours	% Total Hours	Annual Broadcast Hours	% Total Hours	
A Intellectual, scientific and cultural development. Informed debate and critical thought.	5,850	67%	7,019	80%	Note 3
B Information, special interest and entertainment. Reflect cultural diversity including Maori language and culture.	5,025	57%	6,039	69%	Note 3
C Varied interests within the community. Information, educational, special interest and entertainment.	433	5%	542	6%	
D Musical, dramatic and performing arts. New Zealand and international composers, performers and artists.	961	11%	1,405	16%	
E Nationwide service, highest quality. Sense of citizenship and national identity.	8,760	100%	8,760	100%	
F Comprehensive, independent, impartial, balanced news and current affairs. Regional perspective.	2,448	28%	2,107	24%	Note 4
G Comprehensive, independent, balanced international news and current affairs.	2,210	25%	1,435	16%	Note 4

- Note 1 Particular programmes produced and broadcast by National Radio have been assessed in terms of the contribution that the programmes make to Radio New Zealand's statutory charter functions. Most programmes contribute to more than one charter function.
- Note 2 Some of National Radio's performance targets published in NZ On Air's 1997/98 Statement of Intent and provided by Radio New Zealand were later recalculated by Radio New Zealand. The performance targets as stated above are the recalculated targets.
- Note 3 Actual percentages have exceeded the performance target for National Radio's charter functions A (80%) and B (69%) due to additional hours of New Zealand produced features being broadcast.
- Note 4 National Radio news programming has not met charter function targets F and G for the year because the performance targets set by Radio New Zealand were later recalculated.

Charter Function

Note 1

CONCERT FM

	Performance Targets Note 2		Actual Performance		
	Annual Broadcast Hours	% Total Hours	Annual Broadcast Hours	% Total Hours	
A Intellectual, scientific and cultural development. Informed debate and critical thought.		Note 3		Note 3	
B Information, special interest and entertainment. Reflect cultural diversity including Maori language and culture.		Note 3		Note 3	
C Varied interests within the community. Information, educational, special interest and entertainment.	6,240	95%	7,667	96%	
D Musical, dramatic and performing arts. New Zealand and international composers, performers and artists.	6,240	95%	7,667	96%	
E Nationwide service, highest quality. Sense of citizenship and national identity.		Note 3		Note 3	
F Comprehensive, independent, impartial, balanced news and current affairs. Regional perspective.	230	4%	252	3%	Note 4
G Comprehensive, independent, balanced international news and current affairs.	290	4%	65	1%	Note 5

- Note 1 Particular programmes produced and broadcast by Concert FM have been assessed in terms of the contribution that the programmes make to Radio New Zealand's statutory charter functions. Most programmes contribute to more than one charter function.
- Note 2 Some of Concert FM's performance targets published in NZ On Air 1997/98 Statement of Intent and provided by Radio New Zealand were later recalculated by Radio New Zealand. The performance targets as stated above are the recalculated targets.
- 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 functions C and D.
- Note 4 Concert FM news programming has exceeded target hours although the proportion of hours broadcast is lower because Concert FM is now broadcasting 24 hours a day.
- Note 5 Charter function target G for Concert FM was not met due to the loss of the BBC news service during the year.

ACCESS RADIO & PACIFIC ISLAND RADIO

Outcome

To ensure that the interests of women, children, persons with disabilities, minorities in the community including ethnic minorities and non-profit community groups are adequately represented in radio broadcasting and to cater for special interest audiences in areas of significant population.

Objective

- (i) To contribute to the costs of maintaining access radio services for a broad range of non-profit community groups including in particular those specified in Section 36(c) of the Broadcasting Act 1989.
- (ii) To contribute to the costs of maintaining Pacific Island community radio services in areas of greatest Pacific Island population.

PERFORMANCE TARGETS - QUANTITY

- To continue funding the existing ten access radio stations which serve communities of 50,000-plus population and to consider on its merits a proposal to establish one new access radio station in line with NZ On Air's current funding criteria.
- To continue to fund the existing Pacific Island community radio services of Radio 531pi in Auckland and Samoan Capital Radio in Wellington.

QUALITY

- To ensure that 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.
- To ensure that Pacific Island radio services provide a range of programming suitable for Pacific Island audiences as determined through consultation.

LOCATION

NZ On Air's current access radio policy identifies areas of 50,000-plus population as a priority. Funded access radio services are located in Auckland, Hamilton, the Hawkes Bay, the Wairarapa, the Kapiti Coast/Horowhenua, Wellington, Tasman Bays, Christchurch, Dunedin and Invercargill. The new access radio service is likely to be based in Palmerston North and will serve the Manawatu.

To date, NZ On Air has responded to initiatives to establish Pacific Island radio services in areas of greatest Pacific Island population – Auckland and Wellington. In Wellington, the service is dedicated to the largest Pacific Island ethnic group in the area – the Samoan community which makes up about 70% of the Pacific Island population in Wellington.

ACTUAL PERFORMANCE

Achieved. Funding has been provided to ten access radio stations (Auckland, Hamilton, Hawkes Bay, Wairarapa, Kapiti Coast/Horowhenua, Wellington, Tasman Bays, Christchurch, Dunedin and Invercargill). In addition, NZ On Air provided funding to establish a new access radio station which serves a community of 50,000-plus people in the Manawatu.

Achieved. NZ On Air has continued to provide funding to Radio 531pi and Samoan Capital Radio.

The stations achieved an average of 89% for the year ended 30 June 1998.

Achieved. NZ On Air consulted with Radio 531pi and the Ministry of Pacific Island Affairs to discuss Pacific Island broadcasting needs.

Achieved.

Achieved.

COST

Access Radio	\$1,649,000	\$1,709,000	Note
Pacific Island Radio	\$ 274,000	\$ 275,000	
Total Cost of Access Radio & Pacific Island Radio	\$1,923,000	\$1,984,000	

Note NZ On Air has exceeded the funding target of \$1,649,000 by \$60,000 due to engaging consultants to work with the stations to implement the recommendations made in the 1997 review of access stations. Special funding was also provided to the Southland access station for relocation expenses.

RADIO PROGRAMMES

Outcome

To respond to audience interest in locally-made youth radio programmes and radio drama and comedy with quality programmes which reach and are enjoyed by as many New Zealanders as possible.

Objective

To provide for the interests of commercial radio audiences by promoting specific programmes which are relevant to NZ On Air's responsibilities under the Broadcasting Act but which are not available on a commercial basis.

PERFORMANCE TARGETS - QUANTITY

- To fund at least one youth radio series and at least one New Zealand radio drama series (comprising either plays, comedy or readings) on network radio or via a consortium of individual stations to achieve the maximum reach across the country.

QUALITY

- Programme producers will be required to submit scripts and audition tapes which will be evaluated by three qualified but independent individuals with experience in the programming of successful commercial radio stations.
- Producers will also be required to provide broadcast commitments from commercial radio stations interested in carrying the programmes and scheduling the programmes in good timeslots.
- Contracts with successful applicants will require quarterly reports on listenership and audience feedback. Programmes will also be submitted for peer evaluation in the annual New Zealand Radio Awards.

ACTUAL PERFORMANCE

Achieved. Two radio comedy series have been funded - *Starship Cortina* and *News In Briefs* - three drama productions - *Claybourne*, *Keep Up With The Jones* and *Scrubcutter* - and a youth series - *Rampage*.

Achieved.

Achieved.

Achieved. Reports on listenership and audience feedback were received and reviewed by NZ On Air throughout 1997/98. In addition, *Te Puutake* (one version of *Rampage*) won an award at the 1998 NZ Radio Awards held in May.

COST

Radio Programmes

\$850,000

\$980,000 Note

Note Due to the quality of the radio production proposals submitted to the August 1997 meeting, NZ On Air's Board agreed to exceed budget by \$130,000.

1.3 MAORI BROADCASTING

Outcome

To ensure the promotion of Maori language and culture by providing funds for Te Mangai Paho for Maori programming for a Maori audience, coupled with direct funding from NZ On Air to provide for adequate representation of Maori and Maori interests in mainstream television and radio programming.

Objective

- (i) To comply with the direction from the Minister of Communications pursuant to Section 53L of the Broadcasting Act 1989 to transfer to Te Mangai Paho (Te Reo Whakapuaki Irirangi) a proportion of 14.4% of the Public Broadcasting Fee (net of collection costs) to enable Te Mangai Paho to meet its statutory responsibilities of promoting Maori language and culture through broadcasting.
- (ii) To promote programming featuring Maori and Maori interests through the general funding of television and radio programming which is of interest to a general audience including Maori.
- Note

PERFORMANCE TARGETS - QUANTITY

- To provide 14.4% of the Public Broadcasting Fee (after deducting collection costs) to Te Mangai Paho to enable it to meet its statutory responsibilities of promoting Maori language and Maori culture through broadcasting.
- As a condition of funding, to require that approximately 15% of hours funded within a television "umbrella" funding arrangement, such as a generic series of one-off documentary or drama programmes (eg *Inside New Zealand* and *Documentary New Zealand*) involves substantial Maori creative participation on a topic of relevance to Maori language and culture.
- To continue to fund programming featuring Maori and Maori interests intended for a general audience (eg *Mai Time*) as opportunities are developed.
- To require children's programming funded by NZ On Air to promote Maori language and culture as an essential aspect of the programme.
- To ensure that National Radio produces and broadcasts at least 250 hours a year of programmes about Maori and Maori interests.
- To ensure that approximately 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 tracks played on key syndicated radio shows like *Counting The Beat* are by Maori artists.
- To produce up to four volumes of the Maori language and kaupapa music disc, *Iwi Hit Disc*, and at least one volume of a companion spoken features disc, *Kool To Korero*, for distribution to every radio station in the country.

QUALITY

- Regular consultations will be held with television broadcasters to discuss progress against targets, and with Maori programme makers as required.
- Contracts with Radio New Zealand for the funding for National Radio and with the producers of syndicated radio drama and youth radio shows will include an obligation to report at least quarterly on what has been done to reflect Maori and Maori interests in programming.
- NZ On Air will consult regularly with Radio New Zealand management on what progress has been made to extend the audience for National Radio's Maori programmes via Maori radio.

ACTUAL PERFORMANCE

Achieved. The Ministry of Commerce is responsible for monitoring the activities of Te Mangai Paho.

Two documentary strands have received NZ On Air funding this year – TVNZ's *Documentary New Zealand* and TV3's *Inside New Zealand*. A target of 5 Maori documentary hours out of the total of 30 hours for each series has been agreed to by both TVNZ and TV3. A strand of one-off dramas is in development for TV3, to which this condition will also be applied.

Achieved. Television funding has been applied to *Mai Time*, *Maori Sports Awards*, *Koia Te Korero*, *Pio*, and *What Becomes Of The Broken Hearted*.

Maori language and culture is predominant in *Mai Time*, regularly included in *You & Me* and where appropriate in *What Now?* and *The Big Chair*.

National Radio has continued with its programmes *Whenua!*, *Mauri!*, daily news in Maori and *Mana News* as well as featuring Maori music in the regular playlists. During 1997/98, National Radio broadcast 243 hours of Maori programming.

For the year ended 30 June 1998, 7 out of 81 (9%) funded music videos and 11 out of 70 (16%) *Kiwi Hit Disc* tracks were by Maori artists.

The debut *Iwi Hit Disc* and *Kool To Korero* disc were scheduled for release in July 1998. The first *Iwi Hit Disc* was produced during the year.

Regular discussions were held with TVNZ and TV3 during the year to ensure that the two documentary strands *Inside New Zealand* and *Documentary New Zealand* and TV3's strand of one-off dramas would include the targeted Maori input.

Also during the year, NZ On Air held two hui in Auckland with Maori programme makers.

Achieved. NZ On Air has received and reviewed quarterly reports from Radio New Zealand throughout 1997/98.

Regular discussions were held with Radio New Zealand.

COST

Funding for Te Mangai Paho

\$12,700,000

\$12,698,000

Note The cost of Maori programming related to Objective (ii) is included as part of general radio and television funding. The estimated cost for 1997/98 is \$4.6million. This is in addition to the funding provided to Te Mangai Paho.

1.4 NEW ZEALAND MUSIC

Outcome

A higher profile for New Zealand music on radio and television with more New Zealand music being seen and heard by the radio and television audience with special attention to the youth audience.

Objective

- (i) *To promote the broadcast of New Zealand music to provide for the interests of New Zealand youth.*
- (ii) *To increase the amount of New Zealand music played on both radio and television.*

PERFORMANCE TARGETS - QUANTITY

- To encourage an increase in the level of New Zealand music content on the specialist music video shows on national television and on music television as measured by annual surveys of the playlists of the national television music shows and the music channels.
- To ensure that there is at least one regular weekly New Zealand music show on each of the main metropolitan and provincial centre commercial radio stations and to ensure that there is a range of specialist New Zealand music shows on all six student radio stations.
- To encourage an increase in the level of New Zealand music content on commercial radio stations which play new music and are catering for or are successful with the youth audience ("pop radio") as measured by the regular industry surveys conducted by APRA and monitored and published by the Kiwi Music Action Group (Kiwi MAG) in the radio industry trade journal, *Median Strip*.

ACTUAL PERFORMANCE

NZ On Air funds music videos to ensure New Zealand music is available to the music video broadcasters. This year, NZ On Air funded 81 music videos for this purpose. At year's end, there were three music video shows on television (*Video Hits: New Releases*, *Video Hits: Chart* and *Squeeze*, all on TV2). New Zealand music content averaged 16.2% across the three outlets, which compares with the 13.1% on the *Video Hits: New Releases* and 7.3% on *Video Hits: Chart* shows reported last year.

Achieved. *Counting The Beat*, *Rock Your Radio*, *Keeping It Kiwi*, *Kiwi Chart Breakdown*, *Kiwi Chat Lounge*, *Kiwi Bites* and *Kiwi Jazz Tracks* were on air in the main metropolitan and provincial centre commercial radio stations and the New Zealand music news show *un-chart-ed* was on air on all six student radio stations.

The percentage of New Zealand music content on Top 40, Rock and Progressive/Alternative format radio at year's end is given in the chart below. These three formats cover stations which play new music and target a youth audience.

Radio Format	As at 30 June 1997	As at 30 June 1998
Top 40	4.43%	5.60%
Rock	4.05%	6.85%
Progressive/Alternative	25.67%	22.53%

(Source: APRA/*Median Strip*)

QUALITY

- In order to maximise the chances that all funded music videos and tracks on NZ On Air hit discs will receive significant television and radio airplay, NZ On Air will consult selected television and radio programme directors before selecting projects that will be supported and will obtain from them an assessment of the airplay potential of the songs. Achieved.
- In order to guarantee exposure for New Zealand music via networked and syndicated radio shows, NZ On Air will require the producers of such shows to have written commitments to broadcast the shows from an acceptable number of radio stations throughout the country (usually not less than 20 stations) and will ask those stations to declare the timeslots given to the shows. Achieved.
- As a guideline, the level of New Zealand music played on music television and on pop radio should not on a monthly average fall below the proportion of new New Zealand entries to total new entries on the weekly singles charts published by Record Publications Limited.

The proportion of new New Zealand entries on the singles charts for the year ended 30 June 1998 was 6.6%. The level of New Zealand music played on TV2's music video shows for the year ended 30 June 1998 was 16.2% while the level of New Zealand music played on the three formats which might be categorised as "pop radio" were as follows -

- 5.60% for Top 40 radio;
- 6.85% for Rock radio;
- 22.53% for Progressive/Alternative radio.

(Source: APRA/*Median Strip*)

COST

New Zealand Music	\$2,200,000	\$2,066,000
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2.0 TRANSMISSION COVERAGE

2.1 TELEVISION TRANSMISSION COVERAGE

Outcome

To ensure that the maximum number of New Zealanders are able to receive TV One, TV2 and TV3 where the cost-benefits can be supported within the funds available.

Objective

- (i) To subsidise existing coverage of TV One and TV2 by funding the transmission costs to the extent to which NZ On Air considers the transmission to be non-commercial.
- (ii) To maintain a television service to the Chatham Islands.
- (iii) To operate cost-effective schemes with TVNZ and TV3 to assist communities not receiving TV One, TV2 and TV3 to receive these services.
- (iv) Where feasible and cost-effective to encourage the use of satellite technology to increase the coverage of TV One, TV2 and TV3.

PERFORMANCE TARGETS - QUANTITY AND LOCATION

- Where necessary, to subsidise the cost of transmission to those areas which are non-commercial in order to maintain TV One's coverage at 99.7% of the population.
- Where necessary, to subsidise the cost of transmission to those areas which are non-commercial in order to maintain TV2's coverage at 99.5% of the population.
- To continue to subsidise the cost of operating the Chatham Islands' television service to provide New Zealand television services. This service will be reviewed during the year to consider the possibility of using satellite to deliver the service.
- To continue to operate a joint scheme with both TVNZ and TV3 to assist communities to purchase transmission equipment and establish new transmission sites to bring a TV One, TV2 or TV3 signal to areas where coverage is not commercially viable to the broadcaster.

QUALITY

- Where NZ On Air subsidises 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 aspects of television transmission coverage funding applications.
- NZ On Air will contract with the Chatham Islands' Television & Radio Society to ensure that the Chatham Islands' television service broadcasts for at least 5 hours per day and that the programme mix provides an adequate variety of programming.

ACTUAL PERFORMANCE

A subsidy was provided to TVNZ during the year ended 30 June 1998 to ensure that TV One's coverage reached 99.7% of the population.

A subsidy was provided to TVNZ during the year ended 30 June 1998 to ensure that TV2's coverage reached 99.5% of the total population.

A subsidy has been provided to the Chatham Islands' Television & Radio Society to continue to provide a selection of New Zealand television by a combination of video and satellite to the Chatham Islands' residents. A satellite delivery option was not available to the Chatham Islands during the year.

Achieved.

TVNZ provided transmission to the agreed number of potential viewers in subsidised coverage areas. The signal conformed to International Radio Consultative Committee recommended standard R500-4 of PQ3 or better.

Independent technical expertise has been obtained where necessary in evaluating transmission coverage funding applications.

NZ On Air funded the Chatham Islands' Television & Radio Society for the year ended 30 June 1998 to broadcast 5 hours a day of a programme mix providing an adequate variety of programmes.

COST

Television Transmission Coverage

\$4,002,000

\$1,757,000 Note

Note NZ On Air's actual expenditure was less than budget due primarily to continuing negotiations with TVNZ about the cost of replacing transmitters in non-commercial areas.

2.2 RADIO TRANSMISSION COVERAGE

Outcome

To ensure that as many New Zealanders as possible are able to receive a community radio service and a National Radio signal.

Objective

- (i) To ensure every community of 1,000 people is served by a primary-strength community radio service signal.
- (ii) To ensure that small and remote communities outside the current National Radio coverage area can access a National Radio signal by making the signal available nationwide via satellite.

PERFORMANCE TARGETS - QUANTITY AND LOCATION

- To consider applications for funding to establish community radio facilities in areas of 1,000-plus people that are not served by a primary-strength community radio signal. In assessing applications for funding, NZ On Air will give priority to areas where there has never been a primary-strength community radio service established on a commercial basis.
- To maintain community radio services in Te Kuiti, Murchison, the Mackenzie Country and South Westland to the extent that they are non-commercial.
- To meet the cost of providing the National Radio signal via satellite to community-owned and operated local National Radio relay facilities.

QUALITY

- Where NZ On Air subsidises a community radio service, the broadcaster will make available to the agreed number of potential viewers in the coverage area a signal suitable to provide a field strength of at least 54dBu per metre for FM or 60dBu per metre for MF(AM).
- NZ On Air will contract with the broadcasters to ensure that the community radio service broadcasts for 24 hours per day and that the programming includes local news, weather and community information and is capable of carrying local civil defence information in an emergency.

ACTUAL PERFORMANCE

- Achieved.
- Achieved.
- Achieved. NZ On Air has agreed to meet the cost of providing a National Radio signal via satellite to community-owned and operated transmission sites.

Achieved.

Achieved.

COST

Radio Transmission Coverage

\$219,000

\$164,000

3.0 ARCHIVES

Outcome

To ensure that television and radio programmes of historical interest are archived for the benefit of future New Zealanders.

Objective

To continue to encourage suitable archiving arrangements for television and radio programmes which are likely to be of historical interest in New Zealand.

PERFORMANCE TARGETS - QUANTITY

- To provide funding for core archiving services for television and radio programmes which are likely to be of historical interest in New Zealand. These services include -
 - Selection and acquisition of broadcast programmes to be archived;
 - Preservation of programmes; and
 - Public access to the archived broadcast programmes.

QUALITY

- To regularly monitor and review the services provided by the archives to the specified standards of performance as outlined in their respective funding contracts.

ACTUAL PERFORMANCE

For the year ended 30 June 1998, funding has been provided to The New Zealand Film Archive, Radio New Zealand Sound Archives and Nga Taonga Korero to provide broadcasting archiving services including selection and acquisition, preservation and public access.

Achieved. NZ On Air has received and reviewed regular reports from The Film Archive, Radio New Zealand Sound Archives and Nga Taonga Korero throughout 1997/98.

COST

Archives

\$980,000

\$922,000

4.0 PUBLIC BROADCASTING FEE (PBF) COLLECTION

Outcome

To maximise the level of compliance by enforcing the Broadcasting (Public Broadcasting Fee) Regulations and by increasing the understanding and support for the contribution that the Public Broadcasting Fee makes to the cultural wellbeing of New Zealand through the medium of broadcasting.

Objective

To at least maintain the level of PBF compliance and, where possible, to increase the net income from the PBF by increasing the level of billings as a result of population growth and decreasing collection costs.

PERFORMANCE TARGETS - QUANTITY

	Targets 30 June 1998	Actual 30 June 1998
The following targets are based on the 1996 Census data.		
• Gross PBF income from billings	\$99,441,000 Note 1	\$100,233,000
• Collection costs expressed as a percentage of gross PBF income (less the increase in the provision for doubtful debts)	11.3%	11.6%
• Number of billings Note 2	1,151,000	1,122,325
• Fee income net of collection costs and increase in the provision for doubtful debts	\$88,212,000	\$86,532,000
• Gross cashflow from current billings and prior year's debtors prior to paying for collection costs	\$103,000,000	\$94,613,000
Cost of PBF Collection Notes 1 & 3 (including advertising and programme promotional costs for the year)	\$11,229,000	\$11,402,000

Note 1 Prior to deducting \$2.3 million for an increase in the provision for doubtful debts and also including additional periodic Fee payments of \$1,585,250. The periodic Fee payment represents the recovery of additional billing and payment processing costs that are paid for by Fee-payers who have chosen to pay the Public Broadcasting Fee by periodic payment rather than an annual Fee payment. The performance target has been adjusted to include the budgeted periodic Fee payments of \$1,549,000. In prior annual reports, periodic Fee payments were netted off against the cost of PBF collection.

Note 2 Active number of billings as at 30 June 1998.

Note 3 PBF collection costs are over budget by \$173,000. This is mainly due to increased collection agent costs incurred during 1997/98.

Statement of Management Procedures

for the year ended 30 June 1998

FUNDING ALLOCATION PROCESS

Objective

To allocate income derived from the Public Broadcasting Fee for the purpose of providing broadcasting services to Government and the New Zealand public as required by the Broadcasting Act 1989 (the Act) and directions issued by the Minister of Communications pursuant to Section 44 of the Act.

MANAGEMENT PROCEDURES

- 1 To consult regularly with broadcasters, producers, special interest groups and other relevant parties as outlined in Section 37(a) of the Act and, where necessary, modify policies in relation to changes in the broadcasting environment.
- 2 To commission specific research, where necessary, to –
 - inform NZ On Air decision makers;
 - understand particular audience needs; and
 - provide information on Fee-payer preferences for NZ On Air services.
- 3 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 Communications and NZ On Air's policies.
- 4 To enter into funding contracts with service providers to obtain a range of broadcasting services.

ACTUAL PERFORMANCE

Achieved.

Refer Accountability and Consultation (below) for examples of specific research that has been undertaken by NZ On Air during 1997/98.

Achieved.

Broadcasting Services

Expected Number of Funding Contracts for 1997/98

Actual Number of Funding Contracts for 1997/98

Television	130	137
National Radio & Concert FM	1	1
Access radio & Pacific Island radio	13	13
Radio programming	4	6
Maori broadcasting	1	1
Transmission coverage	7	7
New Zealand music	150	148
Archiving	2	1
Total	308	314

- 5 All funding contract requirements will be monitored and reviewed by NZ On Air on a regular basis from the time of signing the contract to service delivery to ensure service providers attain specified standards of performance and account for the use of the funds. Achieved.
- 6 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. Achieved.
- 7 To communicate NZ On Air funding decisions by letter to applicants as soon as practicable and by press releases where appropriate to the general public. Achieved.

ACCOUNTABILITY AND CONSULTATION

Objective

- (i) *To operate an effective two-way communication process (including consultation, research and publications) with Government and the users of NZ On Air-funded services (NZ On Air's customers) and broadcasters, programme producers, transmission suppliers, archivists and other suppliers (NZ On Air's service providers);*
- (ii) *To assess the needs of customers by research and consultation; and*
- (iii) *To inform customers and service providers of NZ On Air policies, requirements, decisions, and results.*

MANAGEMENT PROCEDURES

Provide information 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 an annual report for tabling in Parliament and for issue to the public within 3 months following the 30 June year end.
- Publishing any new NZ On Air funding policies and guidelines within 1 month of adoption and to circulate them to all interested groups.
- Communicating NZ On Air funding decisions by letter to applicants and by press releases to the general public.

Obtain feedback by -

- Obtaining regular audience survey information for television and radio in order to measure audience response to NZ On Air-funded programmes. Survey information to include -
 - Weekly TV programme ratings; and
 - Metropolitan and provincial radio audience surveys.
- Where necessary, commissioning specific research to -
 - assess audience needs and preferences;
 - provide data that will enhance NZ On Air's outcomes; and
 - inform NZ On Air decision makers.
- Monitoring the development of broadcasting, and where necessary, modify policies to provide for any changes in the broadcasting environment.

ACTUAL PERFORMANCE

Achieved. The 1997/98 Statement of Intent has been tabled in Parliament in July 1997 and was then issued to the public.

Achieved. The 1996/97 annual report was tabled in Parliament in September 1997 and was then issued to the public.

Achieved.

Achieved.

NZ On Air subscribes to the AC Nielsen television research.

NZ On Air receives the radio surveys from Research International NZ Limited covering the metropolitan and main provincial areas.

Research into the broadcasting needs of youth was completed in December 1997.

Audience attitude research about viewers' television and radio preferences was completed in March 1998.

NZ On Air published its annual local content survey for 1997.

NZ On Air has continued to monitor the developments in broadcasting and where necessary has modified policies to provide for changes in the broadcasting environment.

Cost of Administration

(including funding allocation process, accountability and consultation)

\$1,674,000

\$1,632,000



Audit New Zealand

Report of the Audit Office

for the year ended 30 June 1998

To the readers of the financial statements of the Broadcasting Commission for the year ended 30 June 1998

We have audited the financial statements on pages 9 to 30. The financial statements provide information about the past financial and service performance of the Broadcasting Commission and its financial position as at 30 June 1998. This information is stated in accordance with the accounting policies set out on page 10.

Responsibilities

The Public Finance Act 1989 requires the Board to prepare financial statements in accordance with generally accepted accounting practice which fairly reflect the financial position of the Broadcasting Commission as at 30 June 1998, the results of its operations and cash flows and the service performance achievements for the year ended 30 June 1998.

Auditor's Responsibilities

Section 38(1) of the Public Finance Act 1989 requires the Audit Office to audit the financial statements presented by the Board. It is the responsibility of the Audit Office to express an independent opinion on the financial statements and report its opinion to you.

The Controller and Auditor-General has appointed John O'Connell of Audit New Zealand to undertake the audit.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing -

- the significant estimates and judgements made by the Board in the preparation of the financial statements; and
- whether the accounting policies are appropriate to the Broadcasting Commission's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Other than in our capacity as auditor acting on behalf of the Controller and Auditor-General, we have no relationship with or interests in the Broadcasting Commission.

Unqualified opinion

We have obtained all the information and explanations we have required.

In our opinion the financial statements of the Broadcasting Commission on pages 9 to 30 -

- comply with generally accepted accounting practice; and
- fairly reflect -
 - the financial position as at 30 June 1998;
 - the results of its operations and cash flows for the year ended on that date; and
 - the service performance achievements in relation to the performance targets and other measures set out in the forecast financial statements for the year ended on that date.

Our audit was completed on 21 September 1998 and our unqualified opinion is expressed as at that date.

John O'Connell

Audit New Zealand

On behalf of the Controller and Auditor-General

Wellington, New Zealand

21 September 1998

Historical Statistics

six year comparison

PUBLIC BROADCASTING FEE (PBF) STATISTICS

	1998	1997	1996	1995	1994	1993
Total number of Fee-payers at year end.	1,122,325	1,096,729	1,075,065	1,051,417	1,009,019	974,520
Total number of concessional Fee-payers at year end. Concessional rates apply to New Zealand superannuitants who live alone.	135,509	135,778	135,723	137,160	136,581	137,626
Standard annual PBF (excluding GST of \$12.22)	\$97.78	\$97.78	\$97.78	\$97.78	\$97.78	\$97.78
Concessional annual PBF (excluding GST of \$8.12)	\$64.88	\$64.88	\$64.88	\$64.88	\$64.88	\$64.88
Residential compliance level (based on 1991 Census data for years 1993-1997. From 1998 these figures are based on the 1996 Census data).	93%	95%	94%	93%	90%	86%

TELEVISION PRODUCTION FUNDING STATISTICS

By Producer						
- TVNZ	23%	29%	39%	28%	36%	40%
- TV3	2%	2%	3%	5%	4%	2%
- Independent Producers	75%	69%	58%	67%	60%	58%
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

By Broadcaster						
- TVNZ	66%	78%	70%	60%	56%	75%
- TV3	34%	22%	30%	40%	44%	25%
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

By Programme Type

Hours funded -						
- Drama	60	62	77	218	229	213
- Documentaries	119	99	103	169	200	214
- Children and young persons	369	410	391	469	476	447
- Special interest programmes	253	204	248	210	148	134
- Maori programmes Note 1	-	-	-	-	116	118
	<u>801</u>	<u>775</u>	<u>819</u>	<u>1,066</u>	<u>1,169</u>	<u>1,126</u>

RADIO FUNDING STATISTICS

Number of Access stations Note 2	12	11	11	10	9	9
Number of Pacific Island stations	2	2	2	2	2	2
Number of Maori stations Note 1	-	-	-	24	22	21

Note 1 Now funded by Te Mangai Paho.

Note 2 Includes 11 Access radio stations and Print Disabled Radio which broadcasts from Levin.

Television Programmes

funded during the year ended 30 June 1998

Programme (Broadcaster)	Producer	Episodes & Duration	NZ On Air Funding \$	% of Total Cost
DRAMA/COMEDY				
Bow Down Shadrach (TVNZ)	Kiwi Film Productions	1 x 2 hour	400,000	
Duggan II* (TVNZ)	Gibson Group	1 x 2 hour	780,000	
Maddigan's Fantasia (TVNZ)	South Pacific Pictures	13 x 1/2 hour	1,300,000	
McPhail & Gadsby I (TVNZ)	South Pacific Pictures	8 x 1/2 hour	630,000	
McPhail & Gadsby II (TVNZ)	Denis Spencer Productions	7 x 1/2 hour	560,000	
Newsflash (TVNZ)	Gibson Group	13 x 1/2 hour	1,152,850	
One-Off Dramas (TV3)	Various - tbc	6 x 1 hour	2,945,000	
Pio II (TV3)	Pipi Productions	10 x 1/2 hour	900,000	
Pio III (TV3)	Pipi Productions	11 x 1/2 hour	990,000	
Pulp Comedy III (TV3)	Phoenix Television	13 x 1/2 hour	257,875	
Tala Pasifika* (TVNZ)	Tala Pasifika Productions	2 x 1/2 hour	300,000	
The Chosen* (TVNZ)	Communicado	2 x 2 hour	1,960,000	
Tiger Country (TV3)	Gibson Group	1 x 2 hour	820,000	
Topp Twins II (TV3)	Oceania/Henhouse Productions	6 x 1/2 hour	594,786	
What Becomes Of The Broken Hearted (TV3)	South Pacific Pictures	1 x 2 hour	400,000	
Total Drama/Comedy		59 1/2 hours	\$13,990,511	50%
DOCUMENTARY				
A Mother's Story (TVNZ)	Occasional Productions	1 x 1 1/2 hour	140,000	
Country Calendar 1998/99 (TVNZ)	TVNZ	18 x 1/2 hour	320,000	
Epitaph II (TVNZ)	Greenstone Pictures	13 x 1/2 hour	636,126	
In The Deep End II (TV3)	Touchdown Productions	13 x 1/2 hour	440,500	
Koina Te Korero (TV3)	Tahi Communications	19 x 1 min	199,380	
McCormick II (TVNZ)	Morrison Grieve	20 x 1/2 hour	585,000	
McCormick Specials (TVNZ)	Morrison Grieve	2 x 1 hour	199,600	
More Flatmates (TV4/TV3)	Top Shelf Productions	13 x 1/2 hour	327,999	
Old Money* (TVNZ)	Messenger Films	2 x 1 hour	240,750	
River Deep, Mountain High (TVNZ)	Bryan Bruce Productions	1 x 1 hour	112,000	
Rust In My Car (TVNZ)	TVNZ	13 x 1/2 hour	297,046	
Serena (TVNZ)	Communicado	1 x 1 hour	50,000	
The \$20 Challenge (TVNZ)	Pinnacle Producing	1 x 1 hour	104,588	
The Mighty Moa (additional) (TVNZ)	Greenstone Pictures		23,590	
Wearable Arts 1997 (TV3)	TV3	1 x 1 hour	120,000	
Inside New Zealand VII (TV3)				
An Inside Story	Seannachie Productions	1 x 1 hour	89,010	
Cave Creek	Greenstone Pictures	1 x 2 hour	155,624	
David Tua – Local Hero	Top Shelf Productions	1 x 1 hour	105,332	
Deadly Love	Future Productions	1 x 1 hour	51,956	
Doing It Our Way	Te Reo Television	1 x 1 hour	83,155	
Dying For A Smoke	Tahi Communications	1 x 1 hour	88,774	
Fear In The Playground	Coalface Productions	1 x 1 hour	98,918	
Getting On	Ninox Films	1 x 1 hour	93,290	
Going It Alone	Coalface Productions	1 x 1 hour	88,959	
Holly By The Sea	Frame Up Films	1 x 1 hour	91,040	
Home Help	Top Shelf Productions	1 x 1 hour	86,260	
Love Hurts	Future Productions	1 x 1 hour	98,757	
Moments That Change Your Life	Future Productions	1 x 1 hour	97,525	
Monkey Business	Ninox Films	1 x 1 hour	90,945	
More Obsessions	Top Shelf Productions	1 x 1 hour	78,814	
North By Westie Tour	Oceania Productions	1 x 1 hour	105,760	
Otara: Defying The Odds	Airforce Recording Studios	1 x 1 hour	112,697	
Postscript	Top Shelf Productions	1 x 2 hour	94,822	
Remember The Days	Frame Up Films	1 x 1 hour	87,950	
Risk	Making Movies	1 x 1 hour	85,000	

* Funding also allocated in a previous financial year

BROADCASTING COMMISSION
(NZ ON AIR)

Programme (Broadcaster)	Producer	Episodes & Duration	NZ On Air Funding \$	% of Total Cost
DOCUMENTARY CONTINUED				
Six Go Wild Coast To Coast	Frame Up Films	1 x 1 hour	85,790	
Sometimes It's Hard To Say Goodbye	Top Shelf Productions	1 x 1 hour	85,081	
Taming The Mountain	Ninox Films	1 x 1 hour	96,420	
Tarawera	Messenger Films	1 x 1½ hour	145,900	
The Fitness Factory	Ninox Films	1 x 1 hour	82,585	
The Gospel According To David	Landmark Productions	1 x 1 hour	82,064	
Triplets	RSVP Productions	1 x 1 hour	83,820	
Volunteers In Uniform	Paewai Productions	1 x 1 hour	91,588	
Wings (additional) *	Ninox Films	1 x 1½ hour	57,610	
Young Doctors	Ninox Films	1 x 1 hour	99,130	
Your Home, Your Castle	Messenger Films	1 x 1 hour	82,750	
Less: Writeback of unspent funds			(170,801)	
Documentary New Zealand I (TVNZ)				
Another Woman's Child	RSVP Productions	1 x 1 hour	81,820	
Blokes And Their Sheds	Taylormade Productions	1 x 1 hour	85,000	
Cindy's Diary	RSVP Productions	1 x 1 hour	90,750	
Crump -- A Wand'r'in Star	Greenstone Pictures	1 x 1½ hour	136,995	
Facing Failure	Frame Up Films	1 x 1 hour	87,300	
Find My Sister Please	Harker-Lee Lewes Films	1 x 1 hour	81,850	
Girl Talk	Top Shelf Productions	1 x 1½ hour	82,525	
Going Bust	Top Shelf Productions	1 x 1 hour	85,368	
Heavy Petting	Bryan Bruce Productions	1 x 1 hour	84,230	
Hikoi, The Long Trek	Frame Up Films	1 x 1 hour	90,000	
Location Location Location	Ninox Films	2 x 1 hour	138,080	
Love Thy Neighbour	Greenstone Pictures	1 x 1 hour	94,766	
Ngati Ocker	Chas Toogood Productions	1 x 1 hour	94,113	
Nurse Terri	Nona Films	1 x 1 hour	72,617	
On The Road	Ninox Films	1 x 1 hour	90,420	
Rural Dreaming	Nona Films	1 x 1 hour	80,958	
Table Talk	Ninox Films	1 x 1 hour	87,800	
Tale Of The Fish	Hawk & Dove Films	1 x 1 hour	94,690	
The Family Court	Top Shelf Productions	1 x 1 hour	104,459	
The Famous Five	Communicado	1 x 2 hour	77,265	
The Nanny	TVNZ	1 x 1 hour	80,661	
Tough Choices	Top Shelf Productions	1 x 1 hour	84,110	
Trick Or Treatment	Frame Up Films	1 x 1 hour	90,000	
Vet	Morningside Productions	1 x 1 hour	84,970	
When Age Doesn't Matter	RSVP Productions	1 x 1 hour	77,920	
White Sheep	Wide Eye Productions	1 x 1 hour	73,025	
Unallocated funding as at 30 June			521,308	
Total Documentary		119 hours	\$9,356,104	64%

* Funding also allocated in a previous financial year

Programme (Broadcaster)	Producer	Episodes & Duration	NZ On Air Funding \$	% of Total Cost
CHILDREN & YOUNG PERSONS				
Animation Project (TVNZ)	tbcc	1 x 1/2 hour	500,000	
Corresponding Stories (TVNZ)	Communicado	1 x 1 hour	40,000	
High Country (TVNZ)	TVNZ	1 x 1 hour	89,550	
Ice TV 1998 (TV4/TV3)	TV3	30 x 1 hour	846,400	
Mai Time 1998 (TVNZ)	TVNZ	36 x 1 hour	791,000	
Oscar & Friends II (TV3)	Ninox Films	39 x 5 min	289,449	
Smokefree Rockquest (TVNZ)	ScreenTime (NZ)	1 x 1 hour	90,000	
Smokefree Stage Challenge 1998 (TVNZ)	TVNZ	2 x 1 hour	200,000	
Squirt III (TVNZ)	TaylorMade Productions	30 x 1/2 hour	925,000	
The Big Chair (TV3)	Raconteur Productions	13 x 5 min	165,412	
What Now? 1998 (TVNZ)	TVNZ	355 x 1/2 hour	4,350,000	
You & Me VII (TV3)	Kids TV	200 x 1/2 hour	1,122,160	
Total Children & Young Persons		369 hours	\$9,408,971	69%
ARTS, CULTURE & PERFORMANCE				
Backch@t (TVNZ)	Gibson Group	25 x 1/2 hour	1,098,125	
Big Comedy Gala (TVNZ)	Phoenix Television	1 x 1 hour	110,070	
Billy T Awards 1997 (TVNZ)	Phoenix Television	1 x 1 hour	115,500	
Billy T Awards 1998 (TVNZ)	Phoenix Television	1 x 1 hour	115,500	
Day One - Opening Of Te Papa (TVNZ)	Ninox Films	1 x 2 hour	120,000	
Mobil Song Quest 1998 (TVNZ)	C4 Productions	1 x 1 hour	80,000	
NZ Music Awards 1998 (TV3)	Livingstone Productions	1 x 1 hour	127,000	
Other (TVNZ)	Other Productions	10 x 10 min	30,000	
Showcase 1998 (TVNZ)	Denis Spencer Productions	17 x 1 hour	900,000	
Squeeze (TVNZ)	Satellite Pictures	35 x 1 hour	250,000	
Star Turn (TV3)	Touchdown Productions	13 x 1/2 hour	639,160	
The Drum 1997 (TV4/TV3)	ScreenTime (NZ)	13 x 1 hour	512,896	
The Drum 1998 (TV4/TV3)	ScreenTime (NZ)	18 x 1 hour	621,733	
Young Entertainers (TVNZ)	Denis Spencer Productions	13 x 1 hour	968,721	
Total Arts, Culture & Performance		149 hours	\$5,688,705	70%
SPECIAL INTEREST				
Anzac Day National Wreathlaying Ceremony (TVNZ)	TVNZ	1 x 1 hour	20,871	
Asia Dynamic 1998 (TVNZ)	Asia Vision	40 x 1/2 hour	990,509	
Hero Parade (TV3)	Livingstone Productions	1 x 2 hour	100,000	
Inside Out (TVNZ)	Long White Cloud Productions	40 x 1/2 hour	1,000,000	
MDC Maori Sports Awards 1997 (TVNZ)	TVNZ	1 x 1/2 hour	43,500	
Praise Be 1998 (TVNZ)	TVNZ	47 x 1/2 hour	560,342	
Queer Nation (TVNZ)	Big Sky Films	13 x 1/2 hour	183,872	
Religious Specials (TVNZ)	TVNZ	3 x 1 hour	164,332	
Tagata Pasifika 1998 (TVNZ)	TVNZ	52 x 1/2 hour	1,212,451	
Teletext 1998 (TVNZ, TV3)	TVNZ/Teletext		1,335,439	
Young Farmer Of The Year (TVNZ)	TVNZ	1 x 1 hour	100,000	
Total Special Interest		104 1/2 hours	\$5,711,316	95%

Radio Programmes & NZ Music Projects

funded during the year ended 30 June 1998

RADIO PROGRAMMES: DRAMA, COMEDY, YOUTH

Programmes	Producers	NZ On Air Funding
Claybourne	Pronoun Productions	177,820
Keep Up With The Jones	Studio Time	91,489
Rampage	Rampant Media	246,384
Scrubcutter	Christian Broadcasting Association	47,504
Starship Cortina/News In Briefs	ComedyFest/Studio Time	416,733
Total Radio Programmes : Drama, Comedy & Youth		\$979,930

RADIO PROGRAMMES: NZ MUSIC

Producers	NZ On Air Funding
95bFM	128,000
Contact 89FM	53,120
Radio Massey	49,600
Active 89FM	60,480
98RDU	56,160
Radio One	52,640
Counting The Beat	165,000
Keeping It Kiwi	140,000
Kiwi Bites	80,000
Kiwi Chat Lounge	45,000
Kiwi Chart Breakdown	110,000
Kiwi Jazz Tracks	75,000
Rock Your Radio	165,000
un-chart-ed	45,000
Total Radio Programmes : NZ Music	\$1,225,000

MUSIC VIDEOS

NZ On Air funding of \$5,000 each

Songs	Artists
Dynamite	Eye TV
Refrain	Propeller
Sound Advice	Breaks Co-op
Be A Girl	The Stereo Bus
Welcome To My World	Bike
Feel Alright	Garageland
I'll Be Seeing You	Mary
Inject Me	Strawpeople
Change Your Mind	The Exponents
Suddenly Strange	Bic Runga
People Of The Sun	Indigenous Funk Company
Sub-Cranium	King Kاپisi
I Don't See Anyone At All	Dead Flowers
Kickback	Muckhole
Freeze	Second Child
Wish It All Away	Eye TV
Transistor	Breaks Co-op
Johnny 14	The New Loungehead
Don't Be Late	Ermehn
Anybody Know	Bike
Beatnik	Head Like A Hole
Dark Angel	Headless Chickens
Too Bad	5 Go Mad
Depend On Me	Ma-V-Elle
Roll Into One	Bic Runga
Keep On Moving	Moizna
Pressure Man	The Feelers
Y'r Head Is A Rock	Shihad
Free	Dead Flowers
Comfort Me	Lole
Mutilator	Freaker
Little Bit Of Lonely	Pause
Climb Back Up	Greg Johnson
Velo	Bailter Space
Ride	Mink
Console	Charlotte Yates
Strength To Love	Maree Sheehan
Tied Up Tight	Tim Stewart
Waiting	Dave Dobbyn
Shouldn't Be Allowed	The Exponents
Redemption Song	D-Faction
Above My Head	5 Go Mad
So Long	B
Get To You	Breathe
Relax	The Feelers
In The City	Ermehn
Take You Higher	Lole
Purple	Breathe
Take In The Sun	Bike
Smokin' Big Ted	Headless Chickens
Angelfish	Karen Hunter
Never	Coelacanth
We Don't Know How Lucky	Fred Dagg & Friends
Moko	Moana & The Moahunters
Loletta	Salmonella Dub
Super System	The Feelers
Freeze Frame & Fade Out	Eye TV
I Can Change	Trip To The Moon
Give Up	Inchworm
Started Something	Breathe
Argonaut	Bailter Space
Lie	Muckhole
Pate Pate	Te Vaka
Culture Cross	Michelle Rounds
Colour Me Blue	Barry Saunders
Someone Else	Mary
Say	Southside Of Bombay
The Deep Sleep Song	Jody Lloyd & Claire Falloon
Outer Space	Dead Flowers
Blind	Tadpole
Ike Just Do It	The New Loungehead
All Alone	Freaker
Jana	Pause
Grey Land	Graham Brazier
Lull	HDU
Don't Be Shy	Sina
Hanging In The Wire	Dave Dobbyn
Space Cadet	The Feelers
Wet Rubber	Head Like A Hole
Recording Artists Development Scheme	
Recording Artists Development Scheme	
Recording Artists Development Scheme	
Total Music Videos	\$ 410,000

RADIO HITS

NZ On Air funding of \$5,000 each

Songs	Artists
Just Another Day	Moizna
Jesus I Was Evil	Darcy Clay
Shallow	The Stereo Bus
Magnet	Headless Chickens
April	The Mutton Birds
Circus Kids	Bike
Dome	Bailter Space
Ain't It The Truth	Dead Flowers
Elevator	Dancing Azians
My Ship Is Sitting Low	Greg Johnson
Don't Open Your Eyes	The Stereo Bus
Snakes & Ladders	Eye TV
Close	The Exponents
Welcome To My World	Bike
It's A Go	Shihad
I'm On Fire	Head Like A Hole
The Son	Dam Native
Summer In The Winter	Lost Tribe
Feel Like Making Love	Lole
Suddenly Strange	Bic Runga
Keep On Moving	Moizna
Pressure Man	The Feelers
I Wanna Know	Dead Flowers
Keith	Head Like A Hole
Drivin'	Breathe
Feel Alright	Garageland
Dark Angel	Headless Chickens
Roll Into One	Bic Runga
Freedom	Ma-V-Elle
Second Time Virgin	Headless Chickens
Lie In The Arms	The Stereo Bus
Hey	Bic Runga
Super System	The Feelers
I Don't See Anyone At All	Dead Flowers
Y'r Head Is A Rock	Shihad
Loletta	Salmonella Dub
Started Something	Breathe
Nothing	Jody Lloyd & Jeremy Taylor
Lost In Love	Deep Obsession
Total Radio Hits	\$ 195,000

HIT DISCS

	NZ On Air Funding
Kiwi Gold Disc II	114,626
Indie Hit Disc	13,500
Kiwi Hit Disc	53,573
Total Hit Discs	\$ 181,699

MUSIC PROMOTIONS

	NZ On Air Funding
Kiwi Hit Disc promotion	35,000
Median Strip supplements	14,400
Kiwi MAG	5,000
Total Music Promotions	\$ 54,400

Directory

MEMBERS

David Beatson	of Auckland	Chairman
Juliet McKee	of Wellington	Deputy Chairman
Roger Horrocks	of Auckland	
Pamela Meekings-Stewart	of Wellington	
Trish Stevenson	of Wellington	
Barbara Stewart	of Christchurch	

STAFF

Chris Prowse	Chief Executive
Jane Wrightson	Deputy Chief Executive/Television Manager
Selwyn Crane	General Manager, Revenue & Marketing
Brendan Smyth	Radio & New Zealand Music Manager
Elizabeth Morrison	Finance & Administration Manager
Justine Wilkinson	Manager, Project Analysis
Sally Courché	Manager, Television Contracts
Robyn Andrews	Personal Assistant
Anita Roberts	Personal Assistant
Teresa Tito	Personal Assistant
Madeline Palmer	Receptionist (Shared with Broadcasting Standards Authority)
Christine Westwood	Administration Assistant (Part-time)

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NZ
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Whānui TE MOTU