



*NZ On Air
Statement of Intent
2004-05*





Chairman's Introduction.

OVERVIEW

In accordance with the Public Finance Act 1989 and the Broadcasting Act 1989, I am pleased to present the Statement of Intent of the Broadcasting Commission (NZ On Air) for the three years ending 30 June 2007. The Statement of Intent sets out the outputs and outcomes that NZ On Air will secure for its customers – the Government and the New Zealand public – as agreed between the Minister of Broadcasting and the Board of NZ On Air. This statement also advises NZ On Air's service providers – the broadcasters, programme producers, transmission suppliers, archivists and suppliers of operational goods and services – of the services NZ On Air will endeavour to purchase during the year to 30 June 2005.

INTRODUCTION

2003 saw the launch of a significant debate on public service broadcasting, as the Minister of Broadcasting announced his "first principles" strategy. The debate moved to a wider public platform – reflecting both national and international perspectives – with the "New Future for Public Broadcasting" conference, held in Wellington on 20 and 21 November.

This was the first time in more than a decade that questions around the role and significance of public service broadcasting had been so thoroughly aired. It was also the first time that these questions had been considered in the context of the emerging digital environment.

NZ On Air welcomed the conference, and particularly the high level of the debate that was engaged. For several years, our annual Statements of Intent have emphasised the importance of public service broadcasting to expressions of New Zealand culture and identity. They have also advanced the view that the core principles of public service broadcasting become more, rather than less, important in a digital era, which is characterised by the increasing fragmentation of audiences and the convergence of communications technology.

The symposium was only one step – albeit an important one – along the path of the Government developing a first principles strategy for broadcasting. At the time of writing, the strategy is still being formulated. We do know, however, that it will articulate the objectives for Government support of broadcasting over the medium term, that it will clarify the rationale for continuing public funding, and that it will be forward-looking to take account of the implications of the emerging digital environment. At its heart is likely to be a recognition of the social and cultural value of public service broadcasting to New Zealand society in the 21st century. This core principle has strong synergies with NZ On Air's implementing legislation.

At the same time, a review of the various screen production funding and support agencies is in train, as an outcome of the 2003 report released by the Screen Production Industry Taskforce. This review, too, is not yet complete, but takes as its starting point the potential for the screen production sector to contribute significantly to New Zealand's economic development. A central question will be how to secure better synergy through the various Government agencies, in support of maximising the potential for export and economic growth.

Both reviews are being coordinated by the Ministry for Culture and Heritage, and will involve wide consultation. NZ On Air looks forward to participating in the planned consultations, not least because one issue that crosses over both review processes is that of the most appropriate means of providing funding for screen production/public broadcasting, and hence the role of NZ On Air itself.

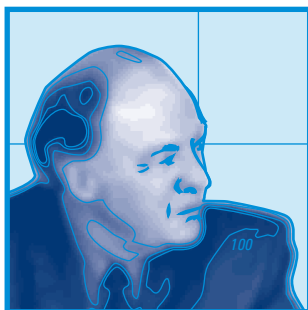
It is obvious that each of these reviews is likely to have a direct impact on NZ On Air. It is too early to say, however, just what that impact might be. In the meantime, therefore, the agency is continuing to operate very much on a "business as usual" basis, and this is reflected in the objectives and performance targets expressed for the year ahead.

In mid-2003, NZ On Air published a five-year strategic plan, to 2008. A key theme of the plan is our objective of seeking to clarify and strengthen our role as a funding agency. We are looking to the first principles strategy and the screen production review to help achieve this objective. The plan acknowledges that one result of a policy review could be a shift in NZ On Air's strategic direction and actions. An early conclusion to both processes will allow us either to confirm the course the agency will set for the next five-year period, or to make some navigational adjustments to suit a different prevailing wind.

In essence, however, whatever the outcome, NZ On Air accepts that in order to achieve its objectives in the new setting it must take a more active leadership role in promoting local content and diversity in broadcasting.

In the eleven months since launching NZ On Air's strategic plan, we have made good progress in a number of areas. In particular, we have committed resources to boost our programme of research, to improve industry outreach and consultation, and to develop initiatives that encourage diversity and innovation in funded television, music and radio projects.

Don Hunn
NZ On Air Chairman



MAIN THEMES FOR 2004/2005

Continuing the implementation of the Five-Year Plan is the underlying theme of this year's Statement of Intent. Our main activities over the next three years – and, in particular, in the year ahead – will be consistent with the following core objectives:

- Industry outreach and strategic partnerships
- Research and symposia
- Innovation and diversity
- Securing adequate funding to deliver agreed public broadcasting outcomes.

The primacy of policy developments together with fulfilment of the requirements of accountability documents, mean that it is sometimes easy to forget what it is all for. NZ On Air's funding helps to celebrate, foster and encourage creative expressions of New Zealand's culture and identity. We fund programmes and broadcasts reflecting our increasing diversity as a South Pacific nation – a rainbow of viewpoints, perspectives, stories and songs that are unique to New Zealand and enable New Zealanders to take pride in themselves and their achievements.

Television and radio broadcasting remain powerful and pervasive media. As the number of channels and stations proliferate and audiences fragment, NZ On Air will work to ensure the range of locally made programmes, broadcasts and songs is expanded, and is visible or audible where New Zealand audiences are watching or listening.

In 2003, for example, Prime Television's transmission rollout crossed a threshold to reach more than 90% of the country's population. Prime has since begun working to develop the presence of locally produced programmes on air, and has already commissioned two projects with funding from NZ On Air. Prime's support for local content adds a new dimension to the range of free-to-air services reflecting New Zealand culture and identity.

Last year, NZ On Air undertook a number of research and consultation initiatives to encourage diversity and innovation in local content for television and radio. These included a review of archiving services, a documentary symposium and revised funding strategy for this genre, an updated children's television strategy, research into international developments in public service broadcasting, production funding for a new radio comedy series, and the introduction of an innovation category for television funding.

NZ On Air intends to continue taking a leadership role in these areas in 2004/2005. We are constantly looking at how we can improve our funding policies and keep abreast of developments in international markets, broadcasting policy (here and elsewhere), technology and audience preferences. Initiatives planned for the year ahead therefore include:

- A drama consultation process and symposium, taking account of the rapid changes to the international market, the need for a long-term planning cycle, and the high-risk and costs associated with this important genre.
- An archiving symposium to follow up on the review conducted in 2003. This symposium will look at the implications of new technology, and the opportunities for improved coordination of archiving services.
- A comedy symposium (for television and radio) to follow-up on last year's comedy session and workshop held during the SPADA conference.
- Further research into international developments in digital broadcasting and their implications for New Zealand, to follow-up on the report completed in 2001.
- Research into the potential for NZ On Air's successful music promotions strategy to be extended into key international markets, as a support for increasing local airplay of New Zealand songs.
- Research into the options for developing a more strategic participation by NZ On Air in key international television markets.
- Further focus group research into audience preferences, including an international peer review of selected services.



In support of our objective of developing strong strategic partnerships, NZ On Air will continue to act as secretariat to, and a member of, the Television Local Content Group. The year ahead should see refinement and progression of the local content targets agreed for the first time in 2003. We have participated in the Music Industry Export Development Group, and hope to be a partner in the implementation of an agreed outcome from this process. While we are not represented on the Screen Council (announced in November last year), we are keen to offer our expertise and support in respect of the television work to be undertaken by the Council.

Last year, we announced our intention to establish a permanent Auckland presence for NZ On Air. Kathryn Quirk took up the position of Client Relations Manager in May this year. Her responsibilities include maintaining close contacts with industry guilds, broadcasters (including the regional broadcasters' association) and producers, primarily in the television sector, but also within radio. With the Maori Television Service launching transmission in March, establishing a positive and regular dialogue with the channel will also be a priority for this position.

Finally, NZ On Air will be reviewing the way in which our funding is acknowledged on air, and in print. After fifteen years, it is timely to assess whether and how credits can be enhanced, amended or expanded to better reflect the role our funding has played. In addition, we are looking at ways of making special acknowledgement of programme excellence: each year, there are stand-out programmes and broadcasts that deserve to be recognised for the work they do in "raising the bar" and taking their audiences on a voyage of discovery.

FUNDING FOR THE YEAR TO 30 JUNE 2005

Over the past two years, there have been modest increases in the Crown funding voted for NZ On Air. These have allowed us to maintain both the overall levels of funding, and the levels of programming purchased. In the 2004 Budget, additional funding totalling \$4 million (exc. GST) has been allocated to NZ On Air. Of this, \$2.67 million will be used to help maintain television hours at current levels. The remaining \$1.3 million will help Radio New Zealand to expand its services and coverage area, and to carry out more in-depth audience research. In addition, last year's Budget had included an increased allowance of \$400,000 for Radio New Zealand in 2004/2005 to continue the rollout of National Radio's FM service.

These developments have had the net effect of maintaining, rather than significantly improving, NZ On Air's funding position. While a longer-term funding strategy will need to await the outcome of the Minister's first principles exercise, part of our approach is to develop strategies that will ensure stable, secure funding to NZ On Air, that tie in with other screen production sector initiatives, and that are based on partnerships wherever possible. It will be important also to build into the funding arrangements an acceptance that the annual allocation will have to keep pace with community needs.

APPLICATION OF BROADCASTING FUNDING	Forecast 2004/2005	Budget 2003/2004
BROADCASTING FUNDING	\$96.53 million	\$93.03 million
<i>Allocation -</i>		
PROGRAMMING		
• <i>Television programmes</i>	64%	65%
• <i>Radio services</i>	30%	29%
• <i>NZ music</i>	4%	4%
TRANSMISSION COVERAGE	1%	1%
ARCHIVES	1%	1%

Note Full details of income and expenditure are provided on page 29

The total funds available for allocation in 2004/2005 will increase in comparison with the previous year. The allocation from Government will increase to \$93.79 million (exc. GST), reflecting the 2004 Budget announcement of increased funding for television and for Radio New Zealand. Total Crown funding, by comparison with the year earlier, reflects the deduction of \$1.15 million previously allocated to television transmission coverage.

In 2003/2004, NZ On Air used reserves of public equity (totalling \$4.5 million), to ensure funding expenditure was maintained at the previous year's level. In the absence of an increased allocation from Government, and of public equity reserves, NZ On Air had earlier been forecasting a decrease of up to \$4 million in the 2004/2005 television budget. For the year ahead, a reserve of public equity has again been built up, with better than forecast income from other sources, including sales of programmes. In line with previous practice, the bulk of these reserves (totalling \$3.69 million) will be allocated to the broadcasting funding budget for the coming year. This, together with the \$2.67 million increase in baseline funding, means that the total allocation for television programmes will be \$61.98 million.

Consequently total broadcasting funding expenditure for the 2004/2005 year is estimated to be \$96.53 million (exc. GST). This is an estimate based on expected revenue from the Crown of \$93.79 million, plus other income, less administration costs, and including the use of public equity reserves of \$3.69 million.

The chart above compares the forecast allocation of funding for the 2004/2005 year with the budget for the 2003/2004 year.

Details of NZ On Air's funding intentions are set out in the sections specific to each area of our operations, following this introduction. The most significant planned initiatives are on the following pages.



TELEVISION

The television budget will increase from \$60.3 million in 2003/2004, to \$61.98 million in the year ahead. Television will continue to receive almost two thirds of NZ On Air's funding to support programmes across a wide diversity of genres and interests. The main categories we fund will remain the same, and some changes are planned – to encourage creativity and diversity within those categories.

A modest innovation fund, established last year, will be continued, and slightly increased, with clear criteria for allocation. Further development of this fund in out-years will be dependent on an increase to our baseline funding for new initiatives. In the interim we will continue the use of tendered and targeted initiatives, in areas such as documentary and comedy, to stimulate diversity and innovation.

NZ On Air will continue its strong commitment to achieving a sustained presence of television drama, by supporting a solid base of series drama, supplemented by showcase television initiatives. The planned introduction of "producer development funds" should assist this. Our approach will also address the need to encourage exports of New Zealand programmes – especially of drama, children's drama and documentaries – since the high cost of drama programmes makes a viable volume of production difficult to sustain within the limits of NZ On Air funding.

RADIO

The greater part of NZ On Air's funding will continue to be directed to the flagship public radio services of National Radio and Concert FM. During the year, NZ On Air will continue to work closely with Radio New Zealand to manage the transition of National Radio to FM transmission, and to explore initiatives to secure enhanced qualitative feedback from both domestic audiences and international peers.

Last year, NZ On Air introduced a number of initiatives to achieve diversity in radio programmes, in line with Broadcasting Act priorities. These will be sustained and augmented in the year ahead, with support for spiritual, youth and Maori programmes, along with drama and comedy.

Finally, in 2003, NZ On Air commissioned a review of radio services for Pacific Island and other ethnic minorities in the community. The results of this review, expected in mid-2004, will inform NZ On Air's funding policies, and should assist with the Government's consideration of its long-term policy for the provision of Pacific Island radio services.

NZ MUSIC

NZ On Air will continue with its mix of funding and promotional strategies to get more New Zealand music played on commercial radio – including the Phase Four plan that was launched four years ago. The aim remains to help radio to meet – and beat – the NZ Music Code local content targets set for 2004 and 2005.

The three Phase Four "building blocks" – more pluggers power, more music television and more money for making and marketing music – will continue but there will be two changes.

First, NZ On Air will increase the number of Phase Four albums funded from 17 to 20 in 2004/2005, as foreshadowed in our Strategic Plan last year. Second, we will retire from investing in Phase Four international marketing projects now that the new NZ Trade & Enterprise New Zealand music export funding strategy has been launched.

Instead, NZ On Air will explore the viability of a new "Phase Five" international radio (and music television) airplay strategy, seeking to support New Zealand music airplay overseas. Phase Five would be developed as a complement to the new Trade & Enterprise export sales strategy with the aim of achieving airplay spin-off in the local radio market.

MAORI BROADCASTING

In August 2000, NZ On Air launched Te Rautaki Maori, our strategy for maximising the onscreen outcomes for Maori programmes. The strategy has brought good results, including support for two *Nga Reo* documentary series, three series of the drama anthology *Mataku*, the development of a set of cultural guidelines for programme producers, as well as a significant increase in the hours of Maori programming broadcast by National Radio and English language Maori programmes broadcast on iwi and access stations.

Since 2000, the environment has changed, particularly with the launch in March 2004 of the Maori Television Service (MTS). In the year ahead, NZ On Air will work to strengthen partnerships with MTS, Te Mangai Paho and other broadcasters, especially Television New Zealand.

In this new environment, NZ On Air's priority will be to continue and intensify the application of Te Rautaki Maori. Our role will be complementary to Te Mangai Paho's, in that we will focus our television funding on Maori programmes predominantly in English, for a mainstream audience that includes Maori. And we will seek re-transmission arrangements that maximise the screening opportunities for Maori programmes funded by NZ On Air. Finally, we will develop an initiative to increase the exposure of Te Reo Maori for mainstream NZ audiences.

ARCHIVING

In 2003, Dr Roger Horrocks and Mr Brian Pauling completed a major review of archiving on NZ On Air's behalf. The review provided a basis for NZ On Air to enter negotiations in 2003 for new three-year contracts with both the New Zealand Film Archive and the Sound Archives/Nga Taonga Korero.

The contractual arrangements ensure there is clear separation between the archiving function supported by NZ On Air, and the services as a production library that are from time to time provided by broadcasting archives.

At the same time, the review provided invaluable material on developments in the wider archiving environment for broadcasting. As a result, NZ On Air plans to facilitate a more coordinated approach to audio-visual archiving in New Zealand, and to encourage the increased use of digital technologies.

TRANSMISSION COVERAGE

During 2002, NZ On Air undertook a major analysis of the options for phasing out the subsidy paid towards television transmission coverage to remote areas. The analysis was needed in view of the digital alternative available to households in remote areas now that TV One and TV2 are transmitted via a satellite platform.

In 2004/2005, NZ On Air will participate in wider Government consideration of the options for digital technology in New Zealand. The twin aims in doing so are to ensure the transmission options available to remote communities are identified and understood, and to determine the most appropriate means of delivering public service programming for minority audiences in a digital environment.

RESEARCH AND CONSULTATION

NZ On Air is mandated under Section 37 of the Broadcasting Act to consult regularly with a range of interested parties in broadcasting. Over the years, this has resulted in the creation of a body of independent research to guide the formulation of NZ On Air's funding policies and programme decisions.

The research has produced valuable information about the implications of national and international developments in broadcasting for NZ On Air and for New Zealand. In turn, it has provided material of assistance to Government in the formulation of wider policy approaches to broadcasting.

NZ On Air will continue and expand this work, using a mix of quantitative, qualitative and analytical research to underpin our support for and the promotion of New Zealand content and diversity through broadcasting. We are also committed to undertaking this research using a consultative approach wherever possible, and will convene at least two symposia to explore the findings of research prior to reflecting the outcomes in revised approaches to funding policy (for example, for television and radio comedy and drama).

CONCLUSIONS

The review of public service broadcasting has highlighted an important debate. This centres on the question of whether public service broadcasting requires an environment with the sort of ethos that is engendered by a chartered broadcasting institution, or whether it can be defined in terms of qualities that are inherent in individual programmes. This is a philosophical debate that is being engaged internationally, not just in New Zealand. One of the main questions being raised is whether the concept of a public service broadcasting institution – such as the BBC – will remain relevant in a multi-channel digital era.

As with many such questions, there is no easy answer. The BBC is the bastion and long-standing embodiment of public broadcasting, but carries programmes such as *Big Brother*. Here in New Zealand, a television series made by and about minority groups in the community – *Open Door* – is screened on the commercial TV3 network. In NZ On Air's view, therefore, there is a legitimate role for both institutions and individual programmes to fulfil public broadcasting criteria. Supporting a diversity of programmes and ensuring they are available where people are watching or listening is an essential aspect of our Five-Year plan. In an expanding multi-channel environment, this latter objective becomes increasingly important.

NZ On Air is committed to working constructively with both Radio New Zealand and TVNZ as these institutions look to fulfilling their Charter objectives. Both play an important role in projecting and developing images that reflect New Zealand's evolving culture. Both encourage a national debate on issues of importance to all New Zealanders. And both are powerful expressions of the creative, imaginative, innovative and technological skills that are features of New Zealand's identity.

At the same time, we are committed to encouraging the widest diversity of perspectives and voices by allocating funds on a contestable basis for broadcast on both commercial and non-commercial television and radio outlets. That way all New Zealanders can derive benefits from the contributions their hard-earned tax dollars have made.

Funding for television and radio services sits at a nexus of cultural and economic imperatives. Both are important to us: the decisions we make on programme funding are based first and foremost on meeting social and cultural objectives. At the same time, the production skills, programme sales and technology innovations that flow from funding support are closely complementary to the Government's strategies through the Growth and Innovation Framework.

NZ On Air commissioned a report on "The Future of Public Broadcasting: the Experience in Six Countries" (written by Paul Norris *et al.*), which was published in November last year. The report confirms that public broadcasting policy is under review in a number of countries, and that the sorts of questions we are posing ourselves here – about how public service broadcasting might be delivered in the 21st century – are widespread. It is interesting to note that, in several instances and particularly in the UK, the options under consideration include structures similar to the system of contestable funding allocated through NZ On Air.

While each country's approach is unique, what is clear, however, is that the concept of public broadcasting itself finds universal and (largely) unqualified support within the six countries under analysis. It is also – increasingly – being defined in terms of local content.

NZ On Air looks forward to participating in further consultation and debate around the broadcasting strategy and screen production review. We look forward to the outcome from both of these processes over the course of the next few months. We would expect those outcomes to preserve and enhance the themes of accountability, transparency, independence and competition of ideas and voices that are touchstones for the current broadcasting philosophy.

The challenge for NZ On Air remains to develop its role in the increasingly complex broadcasting environment, through implementing a strategy that fulfils our mandate to support and promote the value of local content and the relevance of public service broadcasting in the 21st century. As part of this, we intend to make the case for a stable and sustainable funding base to invest in New Zealand public broadcasting over the long-term.

By doing so effectively, NZ On Air will make a worthwhile contribution to social cohesion, to the evolution of a creative society, and to building positive and realistic internal and external perceptions of New Zealand and New Zealanders.



Don Hunn
NZ On Air Chairman

Statutory Role of NZ On Air.

The Broadcasting Commission (NZ On Air) was established by the Broadcasting Act 1989 and is defined as a Crown Entity by the Public Finance Act 1989.

The functions and procedures of NZ On Air are set out in the Broadcasting Act.

The functions of NZ On Air as described in Section 36 of the Broadcasting Act are –

- (a) To reflect and develop New Zealand identity and culture by –
 - (i) Promoting programmes about New Zealand and New Zealand interests; and
 - (ii) Promoting Maori language and Maori culture; and
- (b) To maintain and, where NZ On Air considers that it is appropriate, extend the coverage of television and sound radio broadcasting to New Zealand communities that would otherwise not receive a commercially viable signal; and
- (c) To ensure that a range of broadcasts is available to provide for the interests of –
 - (i) Women; and
 - (ii) Youth; and
 - (iii) Children; and
 - (iv) Persons with disabilities; and
 - (v) Minorities in the community including ethnic minorities; and

To encourage a range of broadcasts that reflects the diverse religious and ethical beliefs of New Zealanders; and
- (d) To encourage the establishment and operation of archives of programmes that are likely to be of historical interest in New Zealand –

by making funds available, on such terms and conditions as the Commission thinks fit, for –
- (e) Broadcasting; and
- (f) The production of programmes to be broadcast; and
- (g) The archiving of programmes.

In the exercise of its functions NZ On Air shall, in accordance with the provisions of Section 37 of the Broadcasting Act, promote New Zealand content in programming by –

- (a) Consulting from time to time with persons having an interest in New Zealand broadcasting and the production of programmes, representatives of consumer interests and representatives of Maori interests;
- (b) Promoting a sustained commitment by television and radio broadcasters to programming reflecting New Zealand identity and culture;
- (c) Making reasonable provision to assist in the production of drama and documentary programmes; and
- (d) Making reasonable provision to assist in the broadcasting of New Zealand music.

The activities of NZ On Air are –

To allocate funding for:

- television and radio broadcasting;
- promotion of New Zealand music;
- radio non-commercial transmission coverage;
- television and radio archives; and
- administration and consultation.

Mission Statement, Strategy and Outcomes.

NZ On Air's mission is to be an independent leader in promoting local content and diversity in broadcasting.

NZ On Air's purpose is to be the principal provider of Government funding for a diverse range of local programmes for both public and commercial broadcasters.

In fulfilment of this mission statement, NZ On Air has the following objectives:

- To continue to serve the interests of a public which appreciates and values diversity and local content in broadcasting, and to improve their satisfaction levels with the funding spent on their behalf.
- To work with the industry to achieve strong, growth-focused broadcasting and music industries, delivering consistently high standard and innovative programmes and broadcasts to both New Zealand and international audiences.
- To ensure NZ On Air, the industry and the New Zealand public are ready to take advantage of new technology developments, and understand the options available.
- To analyse and promote the continuing relevance of public broadcasting principles in a rapidly changing environment.
- To secure a stable and sustainable funding base to invest in New Zealand broadcasting.
- To contribute, through the broadcasting services supported by NZ On Air, to the development of a knowledge economy and social cohesion in New Zealand.
- To enhance the on-screen outcomes of Maori television programmes aimed at a mainstream New Zealand audience, including Maori.

To achieve this, NZ On Air's strategies for 2004-2007 are to:

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

As a result of implementing this strategy, NZ On Air expects the following outcomes:

- There will be a strongly visible and audible presence of diverse New Zealand content across a range of public and commercial broadcasting services, representing the most efficient use of public funding.
- Locally-produced programmes and broadcasts will be well received by their intended audience, and considered to be "world-class". New Zealand audience satisfaction levels will be maintained or increased.
- New Zealand-made television programmes and New Zealand music will be more visible internationally, as well as within New Zealand.
- Public and commercial broadcasters will be encouraged to take more commissioning and scheduling risks with ground-breaking programmes made with NZ On Air funding.
- Creative and innovative local production, including programming that reflects our bicultural base, our multi-cultural society and our place as a South Pacific nation, will contribute to a stronger sense of New Zealand identity.
- There will be a vibrant production industry with a strong, secure base that can deliver consistently high-standard programmes and music.
- New Zealanders will be encouraged to take up new digital broadcasting technology in the most cost-effective and efficient manner available.
- The demand for Maori language and culture within a mainstream New Zealand audience, that includes Maori, will be further developed.

In working to achieve these objectives and outcomes, NZ On Air will apply the following principles:

- NZ On Air will allocate funding so that programmes and broadcasts that wouldn't otherwise be made in a commercial market can be produced – such as programmes generally falling into high-cost or high-risk genres, or appealing to minority interests or sectors within the community.
- NZ On Air will develop and implement its policies and initiatives with buy-in from key stakeholders – including Government, broadcasters, and the production industry.
- NZ On Air aims to operate in a manner that is flexible, but consistent and fair.
- NZ On Air is strongly supportive of production and creative teams that have demonstrated their ability to deliver, and recognises that these form the backbone of a successful industry. At the same time, opportunities for new talents to emerge and grow will be encouraged.
- NZ On Air expects to deliver the best value for public funding, and will ensure appropriate measures are in place to assess funding applications, to check the financial viability of funding recipients and to monitor the course of production.
- NZ On Air also accepts that production houses must be allowed to remain viable, expects that they will have sound financial systems in place, and will then be trusted to do the job at which they are skilled.



Objectives for the next three years

to 30 June 2007.

It is NZ On Air's policy to set objectives and performance targets on an annual basis.

However, for each of the two subsequent financial years (until 30 June 2007), it is envisaged that the objectives and performance targets are likely to be similar to those for the year ending 30 June 2005.

TELEVISION PROGRAMMES

OBJECTIVES

- 1) To achieve a diverse range of excellent locally-produced programmes that are pervasive on New Zealand television screens, and that New Zealanders will enjoy watching.
- 2) To be recognised as the independent, expert agency with primary responsibility for funding and monitoring public service broadcasting on television.

ACHIEVED BY

- Using carefully planned research or funding initiatives, with broadcaster buy-in, to improve diversity and quality outcomes.
- Ensuring that local programmes funded through NZ On Air are visible where New Zealand audiences are watching.
- Exploring and implementing initiatives for encouraging, measuring and rewarding a consistently high standard in local production.
- Ensuring accountability, transparency and consistent outcomes for public service broadcasting on television.
- Being an effective voice for the promotion of public television broadcasting.

RADIO SERVICES

OBJECTIVES

- 1) To ensure NZ On Air is recognised as the independent, expert agency responsible for funding and monitoring public service radio broadcasting.
- 2) Through NZ On Air's funding and monitoring, to achieve a wide range of quality programmes on public and commercial radio services, that are well received by their audiences.

ACHIEVED BY

- Ensuring accountability, transparency and consistent outcomes for public service broadcasting on radio.
- Establishing initiatives for encouraging, measuring and rewarding a consistently high standard in public service radio broadcasting.
- Ensuring diverse public radio programming is available across a range of public and commercial outlets.
- Being an effective voice for the promotion of public service radio broadcasting.

NZ MUSIC

OBJECTIVES

- 1) To get more New Zealand music played on New Zealand radio, focusing on commercial radio as a strategic priority.
- 2) To exploit opportunities to promote diversity in New Zealand music so that those making music outside the commercial mainstream are also heard.

ACHIEVED BY

- Helping radio stations not just to meet the annual local content targets in the NZ Music Code but to beat the overall targets by at least 2% through to the end of the 2006 calendar year.
- Being an effective force for the promotion of New Zealand music on radio.
- Ensuring diverse New Zealand music is heard across a range of radio outlets.

ARCHIVING

OBJECTIVE

To build an efficient, cost-effective archiving system that minimises duplication and maximises both the amount and diversity archived and public access to it.

ACHIEVED BY

- Supporting the archiving of programmes and broadcasts likely to be of historical interest to New Zealanders.
- Focusing funding on public service archiving activity as distinct from the production library services that might be provided by archives.
- Encouraging the use of digital technologies to contribute to increased efficiency and access in public archives.
- Promoting the value of archiving, and ensuring better coordination and information sharing within the archiving community.

TRANSMISSION COVERAGE

OBJECTIVE

To be a source of advice as New Zealand makes the transition to digital transmission.

ACHIEVED BY

- Building NZ On Air's capability through research as a provider of advice in the area of digital technology.

MAORI BROADCASTING

OBJECTIVES

- 1) To ensure a presence in mainstream broadcasting for programmes, predominantly in English and reflecting a Maori perspective, especially in prime time.
- 2) To maximise the screening opportunities across a range of channels for Maori programmes.

ACHIEVED BY

- Developing and enhancing NZ On Air's Maori strategy for television, Te Rautaki Maori.
- Building partnerships with broadcasters (including the Maori Television Service), and funding agencies (especially Te Mangai Paho) to maximise the screening and broadcasting opportunities for Maori programming funded through NZ On Air.
- Increasing the opportunities for Maori programming to be heard across a range of public and commercial radio stations.

RESEARCH

OBJECTIVE

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

ACHIEVED BY

- Developing and commissioning research projects in accordance with NZ On Air's long term strategic plan.
- Ensuring a diverse range of research tools – including quantitative, qualitative, peer review and analytical research – are used.
- Ensuring commissioned research is published and widely publicised, and that public fora or symposia are held wherever possible and appropriate.
- Ensuring the research plan is backed up by adequate funding through NZ On Air's administration budget.

MANAGEMENT

OBJECTIVES

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

ACHIEVED BY

- Striving for high levels of public understanding of and support for public service broadcasting.
- Making the case to increase over time the funding available to NZ On Air for support for a diverse range of local content programmes and broadcasts, for the promotion of New Zealand music, for archiving of programmes and broadcasts and for research into broadcasting issues.
- Ensuring agency risks are clearly identified and managed through a risk management framework.
- Ensuring NZ On Air's role in a changing policy environment is clarified, understood, and given effect.
- Ensuring NZ On Air's human resource planning is matched to the agency's strategic plan.
- Ensuring financial controls, assessment, monitoring and funding policies are transparent, consistent and fair.
- Placing a high emphasis on expertise and knowledge-building, and on monitoring both industry and international trends.
- Building relationships and industry networks, and seeking opportunities for increased public participation.



Statement of Objectives and Performance Targets *for 2004/2005.*

Unless otherwise stated, the time period for the following performance targets is for the year ending 30 June 2005.

1.0 PROGRAMME FUNDING

1.1 TELEVISION PROGRAMMES

OBJECTIVES

- 1) To achieve a diverse range of excellent locally-produced programmes that are pervasive on New Zealand screens and that New Zealanders will enjoy watching
- 2) To be recognised as the independent, expert agency with primary responsibility for funding and monitoring public service broadcasting on television.

DESCRIPTION AND ACTIONS

The television budget in 2004/2005 will increase slightly to total \$61.98 million. This will allow NZ On Air to continue to fund the same broad programme categories and to maintain total hours funded in key genres, which are facing increased production costs. In support of the stated objectives, the following strategic actions will be taken:

(a) Initiatives

NZ On Air has, from time to time, used carefully planned research or funding initiatives to improve diversity and quality outcomes. Several such initiatives are planned for the year ahead and, in each case, NZ On Air will work closely with broadcasters and producers in the development of planned research, tenders for funding or symposia.

- NZ On Air's drama strategy will continue, with the aim of achieving a sustained consistent presence of New Zealand drama across the three main free-to-air channels. The foundation of the strategy is the provision of series or anthology drama to encourage "appointment viewing" with local audiences.
- In addition, NZ On Air will seek diversity in drama projects, including showcase dramas, by contributing to up to two feature films, one mini-series and one telefeature.
- Funding for children's drama will continue at around the same level, allowing at least two series to be produced. Since the first initiative in 1999 funding has been allocated to seven children's drama productions.

- Following NZ On Air's presentation at the 2003 SPADA conference, further in-depth, targeted research into New Zealand audiences' comedy preferences will be conducted as part of a review of comedy funding. The findings of this research will be presented and possible strategies discussed at a symposium on comedy to be held in the second half of 2004.
- A 2003 review of documentary funding resulted in a new funding strategy which will be fully implemented by the end of 2004/2005. In consultation with the industry, NZ On Air will continue to develop the strategy, which is already achieving a better balance, across the spectrum of broadcasters, between populist and more in-depth programmes as well as a diversity of documentary styles. A special documentary initiative will be run again in the latter part of the financial year.
- NZ On Air will establish a separate, tendered innovation fund to create demonstrably different programming. Clear parameters for the innovation initiative will be developed in consultation with broadcasters. Depending on the fund's success, and the level of Crown funding available, NZ On Air hopes to expand this initiative in the future.

(b) Visibility

NZ On Air's long-term strategy is to ensure a diverse range of local programmes is available to audiences, where they are watching. While many funded programmes are targeted at special interest or minority audiences – and will therefore screen off-peak – a key objective is to fund programmes such as documentary, arts & performance, comedy or drama for a prime time audience.

- NZ On Air will provide funding for programmes across a range of nationwide public and commercial broadcasters. When it passed 90% coverage, nationwide, Prime Television joined the family of NZ On Air broadcasters and has begun a strategy of commissioning local programmes.
- In 2004, a protocol agreement between NZ On Air and the Maori Television Service will be finalised and put into effect. We will be seeking to ensure Maori projects made with funding from NZ On Air are able to be re-transmitted at an early date on MTS. Where NZ On Air provides funding for projects with a first transmission on MTS, a commitment to re-screen the programme on a national free-to-air network will be a requirement.

for regional television, NZ On Air will continue the current initiatives to facilitate re-transmission opportunities for funded programmes on free-to-air regional broadcasters. This includes the supply of fully funded programmes at no cost, and access to a comprehensive database of programmes funded by NZ On Air.

(c) Consistent High Standards

Much New Zealand-produced programming is world-class, and NZ On Air's focus group research into audience preferences in 2002 confirmed that viewers share this view. We now wish to establish or grow a number of initiatives for encouraging, measuring and rewarding a consistently high standard in local production.

- NZ On Air will re-examine the feasibility of an objective quality measurement tool, to develop a "quality mark" award for outstanding programmes.
- In January 2002, NZ On Air introduced a "Making and Marketing" strategy, which incentivises producers, in return for risk-taking and the attraction of other investment, by allowing equity and recoupment shares to be negotiated on a case-by-case basis. The policy is being well-utilised by producers, and will continue in 2004/2005.
- The International Marketing Fund (part of the above strategy) will also continue, to provide re-packaging loans for projects selling overseas, and to help a number of new and emerging producers travel internationally to market and seek investment partners for NZ On Air funded programmes.
- In addition to its project by project development funding, NZ On Air will implement a development fund initiative to allow selected, experienced production houses to invest in the initial stages of project development before approaching broadcasters or funders.

(d) Accountable and Transparent Outcomes

In its role as an agency responsible for the allocation of a significant level of public funding, NZ On Air aims for a balance between robust assessment and monitoring processes and ensuring production companies and broadcasters are free to do their job. NZ On Air's guiding principles are to ensure accountability, transparency and consistent outcomes for public service broadcasting on television.

- NZ On Air will review and improve current content and financial assessment procedures for higher-cost projects to ensure that a balanced and fair approach continues to be taken in the allocation of NZ On Air funding.
- Financial systems advice will continue to be given to production companies where necessary or requested, to ensure minimum accounting standards and reporting requirements for publicly funded programmes are in place.
- NZ On Air will work with industry groups to promote awareness of good business practice. Dialogue with other funding agencies will also be maintained to ensure a consistent approach and an appropriate level of information-sharing.

(e) An Effective Voice

As the principal provider of funding for public service broadcasting in New Zealand, NZ On Air believes it is important for the concepts underpinning this term to be widely understood and promoted. This is achieved first and foremost through the genre and programme choices made by NZ On Air in the allocation of funds. It will also be achieved by implementing a more strategic partnership approach.

- NZ On Air will continue its support for special interest programming and will work with producers and broadcasters to build on the 2002 review, by identifying fresh approaches – relevant to their audiences – for the long-running series in this category.
- A comprehensive children's programming strategy, instigated in August 2003, will continue and be enhanced with input from producers and broadcasters.
- NZ On Air will continue to take an active and constructive role in the Television Local Content Group, and to act as a secretariat for the group.
- NZ On Air will continue to form and strengthen strategic partnerships in the broadcasting and production sectors, including working with the New Zealand Film Commission as a minority investor in up to two feature films per year or in signature television projects.
- The TVNZ charter has now been in place for more than a year and the broadcaster is receiving some direct funding from Government. NZ On Air will work with the Government and TVNZ to ensure that, through co-ordinated dialogue, best use is made of the pool of public funding allocated to broadcasting.
- NZ On Air will work strategically with industry partners to find opportunities to encourage exports of New Zealand programmes, especially drama, children's drama and documentaries.

OUTCOMES

- There will be a strongly visible presence of New Zealand content across a range of free-to-air broadcasting services.
- Locally produced programmes will be well received by their intended audiences, with audience satisfaction levels maintained or increased.
- Television broadcasters will be encouraged to take more risks with programmes made with NZ On Air funding.
- A stronger sense of New Zealand identity will be fostered and promoted through funding creative and innovative local production, including programming that reflects our bicultural base, our multi-cultural society and our place as a South Pacific nation.

PERFORMANCE TARGETS

Quantity and Cost

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

TELEVISION PROGRAMME FUNDING				
PROGRAMME TYPE	2004/2005		2003/2004	
	Target Hours	Funding \$millions	Target Hours	Funding \$millions
Drama	53	19.00	56	18.9
Comedy	32	4.90	39	4.7
Children's drama	16	4.80	13	4.6
Documentaries	105	9.00	121	9.1
<i>Special Interest programming for:</i>				
– Children and young people	400 (Note 2)	11.40	419	11.0
– Arts, culture and performance	163	3.60	107	3.5
– Innovation	10	0.60	8	0.5
– People with disabilities (including Teletext)	85	2.57	20	2.5
– Ethnic minorities	64	3.21	56	2.7
– Other minorities	51	2.20	64	2.3
Development	–	0.70	–	0.5
TOTAL	979 (Note 1)	61.98	900	60.3

Note 1 While the funding allocated to each programme genre is unlikely to change, the target hours may vary to some extent. This is because project funding applications cannot be predicted and may impact significantly (under or over) on the "average cost per hour" calculations used by NZ On Air to achieve these targets. Variances in either direction are expected to balance out, leaving the total target unchanged.

Note 2 The Television Local Content Group has recommended the inclusion of a benchmark for the number of repeats in children's programmes. NZ On Air will analyse the results of the Local Content Survey (2003) to identify an appropriate benchmark.

Quality

- Levels of audience support for the programmes and services funded by NZ On Air will be maintained or increased. This will be measured against benchmarks established in 2000/2001:
 1. Around 70% or more of respondents in a major survey believe it is important for NZ On Air to fund programmes such as children's programmes, in-depth documentary, programmes for people with disabilities, drama and children's drama.
 2. 75% or more of respondents in a major survey agree that NZ On Air supports programmes and services that are important to New Zealanders.
 3. 62% of respondents in a major survey believe that the amount of New Zealand-made TV programmes should increase.
- Levels of audience satisfaction for prime time NZ On Air funded series will be measured by:
 - Comparing expected levels with AC Neilsen's daily surveys; and
 - Within budget constraints, performing qualitative research that considers the specific viewing preferences of audience focus groups.
- 60% of NZ On Air fully-funded programmes will be re-screened on national or regional channels. (Note that timing differences between funding and broadcast may mean that benchmarks cannot be established until 2004/2005).
- At least two symposia focusing on areas of interest to NZ On Air television funding will be held.

1.2 RADIO SERVICES

NATIONAL RADIO & CONCERT FM

OBJECTIVES

- 1) To ensure that a wide range of quality programmes that promote New Zealand culture and identity – including the unique dimension of Maori language and culture – are broadcast on National Radio and Concert FM.
- 2) To promote innovation and diversity in the programming on Radio New Zealand's networks.

DESCRIPTION AND ACTIONS

NZ On Air is directed, under the Broadcasting Act 1989 (and in particular Sections 36 and 44) to provide radio broadcasting services that reflect and develop New Zealand identity and culture. This is achieved partly through the funding of Radio New Zealand's two networks, National Radio and Concert FM, to provide a range of broadcasts that meet the objectives of the Act.

In June 2004 NZ On Air and Radio New Zealand were finalising a new funding agreement for the three years 1 July 2004 to 30 June 2007. The contract will specify the services that Radio New Zealand will deliver via National Radio and Concert FM in return for which NZ On Air will provide funding and set output targets, and audience satisfaction benchmarks for the networks.

(a) Public Radio for All New Zealanders

- NZ On Air will provide funding of not less than \$25.975 million in 2004/2005 to National Radio and Concert FM to provide services required by the Charter described in the Radio New Zealand Act 1995, and to assist NZ On Air to meet its objectives under the Broadcasting Act 1989.

(b) Service

- National Radio and Concert FM will be required under the terms of the agreement to ensure their services are maintained at a level that is considered to be high quality by their audiences.
- Annual listener surveys will measure audience satisfaction levels.
- Additional funding of \$700,000 will be provided to enable Radio New Zealand to continue its migration of National Radio to the FM band, broadcasting on 101MHz throughout New Zealand.

(c) Standards

- NZ On Air will ensure accountability, transparency and consistent outcomes for public service broadcasting on radio by pursuing initiatives for monitoring, measuring and rewarding high standards in public service broadcasting, in consultation with Radio New Zealand and its audiences.
- Such initiatives could include a peer review, to be developed in consultation with Radio New Zealand, which measures the broadcaster's services against international public broadcasters.
- NZ On Air will also work to encourage Radio New Zealand to explore the potential for using a wider range of producers to provide programme concepts and initiatives.

OUTCOMES

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

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

PERFORMANCE MEASURES

Quantity

The Charter functions and programme hours devoted to the fulfilment of these functions in 2004/2005 are:

CHARTER FUNCTIONS <small>(Note 1)</small>	National Radio		Concert FM	
	Annual Broadcast Hours	% Total Hours	Annual Broadcast Hours	% Total Hours
A. Intellectual, scientific and cultural development. Informed debate and critical thought.	7,446	85%	(Note 2)	
B. Information, special interest and entertainment. Reflect cultural diversity including Maori language and culture.	7,534	86%	(Note 2)	
C. Varied interests within the community. Information, educational, special interest and entertainment.	1,664	19%	8,760	100%
D. Musical, dramatic and performing arts. New Zealand and international composers, performers and artists.	2,014	23%	8,497	97%
E. Nationwide service, highest quality. Sense of citizenship and national identity.	8,760	100%	(Note 2)	
F. Comprehensive, independent, impartial, balanced news and current affairs. Regional perspective.	2,452	28%	175	2%
G. Comprehensive, independent, impartial, balanced international news and current affairs.	1,084	12%	85	1%

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

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

The funding agreement also requires Radio New Zealand to deliver services to NZ On Air to meet its responsibilities under the Broadcasting Act 1989. They are listed below, with the targets agreed for 2004/2005 –

TYPES OF PROGRAMMES AND SERVICES	National Radio	Concert FM
Total broadcast hours including:	8,760 hours	8,760 hours
NZ content programmes which includes:	7,505 hours	–
– Maori language and culture	350 hours	–
– Special interest	339 hours	–
– NZ drama	194 hours	–
% of New Zealand music on rotate <small>(Note 1)</small>	33%	–
% of New Zealand composition	–	3%
% of New Zealand music performance	–	13%
% of population able to receive transmission <small>(Note 2)</small>	97%	94%

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

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

Quality

Overall audience satisfaction levels, as measured in Radio New Zealand's annual independent surveys, will not fall below 80% in the case of National Radio and 75% in the case of Concert FM based on a realistic assessment of levels achieved in the 2000/2001 year. Other qualitative benchmarks do not fall below the levels achieved in the last survey in 2003.

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

COST

National Radio	\$21,160,000
Concert FM	\$4,815,000
National Radio FM Migration	\$700,000
Total Cost of National Radio and Concert FM	\$26,675,000

ACCESS & PACIFIC ISLAND RADIO

OBJECTIVE

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

DESCRIPTION AND ACTIONS

NZ On Air provides 11 access radio stations and Print Disabled Radio with a portion of their operational funding provided that they continue to meet NZ On Air's existing funding criteria, and deliver programming that meets with NZ On Air's objectives under Section 36(c) of the Broadcasting Act 1989.

Section 36(c) of the Act provides specifically for a range of broadcasts that reflect the interests of women, youth, children, persons with disabilities and minorities (including ethnic minorities). NZ On Air funding contributes to the operation of these access stations, and to two Pacific Island radio stations, so that community groups can broadcast programmes to their communities.

(a) Diversity

- NZ On Air will 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.
- Funding set aside to assist access radio stations currently broadcasting on the AM band to make the transition to FM broadcasting will be provided, should appropriate frequencies become available.
- A small allocation will be reserved to enable NZ On Air to respond to any legitimate expression of interest in setting up a new access station that meets NZ On Air's funding criteria.

(b) Our Place in the World

- NZ On Air will contribute to the costs of maintaining Pacific Island community radio services in areas of greatest Pacific Island population.
- NZ On Air will also work with the Ministry for Culture and Heritage towards better clarity of policy and co-ordination of funding for all Pacific Island radio services.
- To assist with the provision of accurate advice in this area, NZ On Air has commissioned a study on the appropriateness of its current funding policies with respect to radio for ethnic minorities, and a report is expected to be complete by the beginning of the 2004/2005 year.

(c) Efficient and Effective

- Through research and consultation, NZ On Air will offer support and provide guidance for access radio governing boards and management.

OUTCOMES

Diverse public radio programming will be available across a range of public radio outlets.

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

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

PERFORMANCE MEASURES

Quantity

- NZ On Air will fund 11 access radio stations, which serve communities of 50,000-plus population in Auckland, Hamilton, Hawkes Bay, Manawatu, Wairarapa, Kapiti Coast/Horowhenua, Wellington, Nelson/Tasman Bays, Christchurch, Dunedin and Invercargill. A Radio Reading Service for the print-disabled, based in Levin, will also be funded.
- An annual retreat for access radio managers will be held.
- Pacific Island community radio services, provided by Radio 531pi in Auckland and Samoa Capital Radio in Wellington will continue.
- NZ On Air will encourage re-transmission of Pacific Island and Maori programmes to a wider audience.

Quality

- An average of 60% of the programmes broadcast across the funded access radio stations will meet the needs of the groups specified in Section 36(c) of the Broadcasting Act.
- The guidelines in "Radio Diversity", the handbook for New Zealand community access radio developed by NZ On Air, will be consulted and followed by access radio trusts, boards, management, volunteers and staff.
- Access stations will be assisted with the transition from AM to FM broadcasting where necessary and desirable, in a cost-effective manner.
- Pacific Island radio services will provide a range of programming suitable for Pacific Island audiences as determined through consultation.

COST

<i>Access Radio</i>	<i>\$1,817,900</i>
<i>Pacific Island Radio</i>	<i>\$275,000</i>
Total Cost of Access and Pacific Island Radio	\$2,092,900

COMMERCIAL RADIO PROGRAMMES

OBJECTIVES

- 1) To ensure that programmes for young New Zealanders are broadcast on mainstream commercial radio.
- 2) To ensure that a range of radio programmes focusing on spiritual/ethical beliefs, Maori issues, drama and comedy are produced and widely broadcast.

DESCRIPTION AND ACTIONS

NZ On Air has funded radio programmes with a youth focus for broadcast on commercial radio since the mid-1990s. These programmes are broadcast on mainstream commercial radio stations, where the majority of the radio audience listens. They provide a forum for youth issues and interests and an outlet for youth voices on radio stations that are popular with young people.

In recent years an allocation of funding has also enabled the production and broadcast of spiritually/ethically focused series on the Newstalk ZB and Radio Rhema networks, and Easter and Christmas specials for Newstalk ZB and Radio Sport.

Youth and spiritual projects are funded in line with NZ On Air's objectives under Section 36(c) of the Broadcasting Act.

Funding has also been provided to produce an English-language series on Maori issues for broadcast on iwi and access radio stations in line with Section 36(a) of the Act, and a radio comedy series has been produced and broadcast on commercial radio throughout New Zealand.

In the coming year:

- NZ On Air will fund nationally-syndicated radio shows which deal with youth issues and youth interests for broadcast on commercial radio stations that are popular with young New Zealanders.
- Funding will be provided for spiritual/values-based radio series and special programmes for play on commercial radio stations.
- Production funding will be allocated for radio drama and/or comedy series for broadcast on commercial radio and further projects may be developed.
- NZ On Air will support English-language Maori issues-based series for broadcast on radio, especially on iwi and access stations.

OUTCOMES

The interests of youth will be reflected through dedicated radio shows broadcast on mainstream commercial radio.

Spiritual and ethical values will be promoted and reflected on commercial radio.

Locally produced drama and/or comedy will be broadcast on mainstream commercial radio in New Zealand.

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

PERFORMANCE MEASURES

Quantity

- At least one hundred and fifty hours of youth-focused programming will be produced for broadcast on at least 20 radio stations each or on commercial radio networks with equivalent audience reach; and
- At least one spiritual/values-based radio series, and Easter and Christmas specials will be produced and broadcast on at least 20 radio stations each or on commercial radio networks with equivalent audience reach; and
- Up to two radio drama and/or comedy series will be produced and broadcast on commercial radio and up to two development projects will be funded; and
- At least one English-language current issues series, which is produced with a Maori perspective, will be broadcast.

Quality

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

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

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

COST

Total Cost of Commercial Radio Programmes	\$656,000
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1.3 NZ MUSIC

OBJECTIVES

- 1) To get more New Zealand music played on New Zealand radio, focusing on commercial radio as a strategic priority.
- 2) To exploit opportunities to promote diversity in New Zealand music so that those making music outside the commercial mainstream are also heard.

DESCRIPTION AND ACTIONS

In 2004/2005, NZ On Air will continue with the same mix of funding schemes and promotional activities that have been pursued over the last four years to get more New Zealand music played on New Zealand radio – including the Phase Four New Zealand music plan that was launched in July 2000.

We will continue to pursue five strategies –

(a) Better Than Target

This year, NZ On Air will work again with the radio and music industries to help radio not just to meet the local content targets in the NZ Music Code, but to beat the overall 2004 and 2005 targets by at least 2%.

- In 2004, NZ On Air will strive for 18% local music on commercial radio – better than the Code target of 16% for the year – and in 2005, will strive for 19.5% – better than the Code target of 17.5% for the year.

To do this, NZ On Air will help radio to meet and better all individual format targets – Pop, Rock, Adult Contemporary, Hot A/C, Easy and Urban – and will aim to get the best airplay results from our investment in music funding schemes and our promotional work.

- The budget for making and marketing albums by New Zealand artists with proven airplay credentials will be increased so that, in partnership with record companies, at least 20 albums (up from 17 last year) can be funded. This increase is possible because of revenue generated from the sale of Phase Four funded albums over the past 12 months.
- NZ On Air will aim to achieve at least four substantial radio hits from each funded album.
- Funding will also be allocated for up to 40 radio singles by new artists and NZ On Air will aim to achieve a radio hits strike rate of at least 60% overall from these singles.

(b) Increased Visibility

NZ On Air will be an independent, effective and assertive voice for the promotion of New Zealand music, working to increase the visibility and profile of New Zealand music at commercial radio.

- NZ On Air will continue to contract a team of radio pluggers; will make and distribute hit discs; publish the *Fresh NZ Music* magazines; fund up to 140 music videos; provide funding for the *C4* music channel and look for opportunities to expand free-to-air music television.

- The pluggers will mount New Zealand music showcases for radio and will take New Zealand artists with them when they go out to radio. They will work with radio stations on joint-venture promotions – including high profile NZ Music Month promotions – that will get more New Zealand music on air and in front of the radio audience.

(c) Working Together

The success of the campaign to get more New Zealand music on radio depends on a partnership approach amongst music and radio industry interests.

- NZ On Air will maintain strong strategic partnerships with record companies, radio programmers and industry bodies like the NZ Music Industry Commission, APRA, the NZ Music Promotion Committee (aka the “NZ Music Code Committee”), the RBA, RIANZ, Independent Music New Zealand, the Maori Music Industry Coalition and the Music Managers’ Forum.

New Zealand music has never been stronger at home and is attracting world notice. Export is the “next frontier” for New Zealand music. The new New Zealand music export strategy launched in mid 2004 by NZ Trade & Enterprise will explore and exploit this new frontier.

- NZ On Air will seek to actively support the policies and strategies developed by the export-focused agencies, such as the NZ Music Industry Commission and NZ Trade & Enterprise, to pave the way for the exporting of New Zealand music.
- NZ On Air will explore the feasibility of a coordinated international radio (and music television) airplay strategy – dubbed the “Phase Five” plan – to infiltrate overseas airwaves with New Zealand music, thus complementing and supporting the new Trade & Enterprise export sales strategy with airplay action while at the same time, bolstering the domestic airplay quest.

(d) Difference & Diversity

While establishing a significant New Zealand music presence on commercial radio remains NZ On Air’s strategic priority, it is important that there are also opportunities on the radio dial for those who are making music outside the commercial mainstream to be heard.

These outlets bring difference and diversity to New Zealand music by providing for the new and the eclectic, and represent an investment in the future – because today’s alternative is tomorrow’s mainstream.

- NZ On Air will continue to fund outlets for New Zealand music that is not heard on commercial radio, such as National Radio and Concert FM and access radio (via the Radio budget) and the b.net student radio network (via the NZ Music budget).

(e) Te Reo Radio Hits

Last year, NZ On Air signalled an intention to work with Te Mangai Paho and Maori music interests, such as the new Maori Music Industry Coalition, maorimusic.com and Mai FM, on a strategy to create te reo commercial radio hits. This project will be implemented in 2004/2005.

- NZ On Air will earmark funds for a pilot project with Te Mangai Paho to produce and promote up to six te reo radio singles with commercial radio airplay potential.

OUTCOMES

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

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

Effective partnerships with key radio industry and music industry interests will be forged.

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

PERFORMANCE MEASURES

Quantity

- At least 20 new albums by New Zealand artists with a proven commercial radio track record (matching funding of up to \$50,000 from the record company involved with the project) will be funded.
- Up to 40 radio singles by new New Zealand artists who have commercial radio airplay potential will be funded, and up to six te reo singles with commercial radio airplay potential will be part-funded (with Te Mangai Paho).
- Partnerships will be established with music television providers that will increase the opportunities for music videos to play on free-to-air television.
- An international radio (and music television) airplay plan will be developed, in cooperation with local and international music and broadcasting industry interests.
- At least 140 music videos by New Zealand artists will be funded for broadcast on every music video outlet on air.
- At least one regular daily or weekly New Zealand music feature will be broadcast on all major commercial radio networks and dedicated New Zealand music shows will be funded on all six b.net student radio stations.
- At least six volumes of *Kiwi Hit Disc*; up to six volumes of *Indie Hit Disc*; at least four volumes of *Iwi Hit Disc*; and at least one volume of the *A/C Hit Disc* will be produced for distribution to every radio station in the country.
- Record companies will be assisted with the costs of radio remixes of up to 5 songs that have the potential to get more commercial radio airplay in a remixed form.

- Radio Hits funding will be provided for up to 20 records that have picked up “significant airplay” on commercial radio (provided those records have not already been funded through the Phase Four Albums or New Recordings tiers).
- Three pluggers (New Zealand music promotion people) will be contracted to promote the use of NZ On Air’s hit disc catalogue at commercial radio.
- A New Zealand music promotions campaign will be run, including publishing up to 12 issues of the *Fresh NZ Music* magazine for distribution to every radio station in the country; partnering with the NZ Music Industry Commission to promote NZ Music Month and the NZ Music Showcase at the annual Radio Broadcasters Association conference; partnering with key commercial radio networks in promotions that increase the presence of New Zealand music on air; and mounting at least four New Zealand music showcases for key commercial radio programmers.

Quality

- New Zealand music content on commercial radio will exceed the annual overall targets in the NZ Music Code by at least 2%. In 2004, that means 18% local music overall on commercial radio. In 2005, it means 19.5% overall.
- Each NZ On Air-funded album will produce at least four commercial radio hits, and at least 60% of the radio singles funded via the New Recording Artist scheme will be commercial radio hits. A radio hit is defined as a song that achieves a RadioScope NZ Airplay Chart Top 30 placing.

COST

New Zealand Music

\$3,936,300

1.4 MAORI BROADCASTING

OBJECTIVES

- 1) To ensure programmes and broadcasts, predominantly in English and reflecting a Maori perspective, have a presence in mainstream broadcasting.
- 2) To maximise the broadcast opportunities across a range of channels for Maori programmes.

DESCRIPTION AND ACTIONS

The Maori broadcasting funding agency, Te Mangai Paho, operates separately from NZ On Air and, since 1 July 2000, has been funded directly by the Crown. Prior to that, the agency was funded through NZ On Air, receiving a percentage of Public Broadcasting Fees collected each year. Te Mangai Paho continues to have the primary role in promoting Maori language and culture in broadcasting, particularly in relation to the Maori Television Service and Iwi radio, and with a primary focus on programming in te reo.

- NZ On Air will liaise regularly with Te Mangai Paho to coordinate funding policies and to share information where possible.
- NZ On Air will work closely with the Maori Television Service to maximise the screening opportunities for funded programmes.

(a) Television

In its own television funding, NZ On Air encourages programme makers to include Maori language, culture and points of view wherever relevant in programmes of all genres. NZ On Air also funds programmes which feature Maori talents, stories, interests and perspectives intended for a mainstream audience, of which Maori are a part.

In 2000, NZ On Air implemented a comprehensive Rautaki Maori – a strategy which aims to enhance the on-screen outcomes of mainstream Maori programming for television, and to improve the broadcast experience for Maori practitioners through better consultation and communication.

- Te Rautaki Maori will continue to form the backbone of NZ On Air’s strategy for Maori programming in 2004/2005, having been updated (in April 2003) to reflect developments since 2000.

Seven years ago, NZ On Air introduced a policy of setting targets for a minimum number of projects with substantial Maori creative involvement, and featuring some aspect of Maori life and culture, to be included in each of the “umbrella” strands it funds (e.g. TV One’s *Documentary New Zealand* and TV3’s *Inside New Zealand*). NZ On Air has also worked to support other Maori programmes during prime time, such as the drama series *Mataku* and documentary strand *Nga Reo*.

- Upwards of 15% of programmes within umbrella strands will be Maori projects, as nominated by the producer.

- A broadcaster commitment to a separate strand of Maori documentaries (*Nga Reo*) will result in the minimum requirement for Maori programmes within an umbrella strand being reduced.
- NZ On Air will actively seek to support Maori drama on prime time television, building on the success of the *Mataku* series.
- An initiative will be run to seek proposals for a series of interstitials to promote understanding of Maori language amongst the general New Zealand audience.

A key element of NZ On Air's Rautaki Maori was the creation of a mentoring role – Te Kai Urungi.

- NZ On Air will continue its commitment to the role of Te Kai Urungi, to mentor and oversee Maori projects.
- Te Kai Urungi will schedule policy and craft-based hui during the year, to facilitate dialogue both within the production industry and between producers and broadcasters.

NZ On Air worked with Te Kai Urungi to support his development of a set of guidelines for producers working on Maori projects. These guidelines were finalised and circulated in 2001.

- Work to further develop and implement funding and operating guidelines with respect to Maori projects will be undertaken in 2004/2005. This will include analysis of the defining characteristics of Maori programmes.

In a landmark moment, the Maori Television Service began broadcasting in March 2004. To reflect this, NZ On Air has developed a working relationship with the Maori Television Service and Te Mangai Paho. NZ On Air's main focus, however, will be to maintain our support for Maori programmes on mainstream television – especially during prime time.

- In 2004, a protocol agreement between NZ On Air and the Maori Television Service will be finalised and put into effect. As a result, we will be seeking to ensure Maori projects made with funding from NZ On Air are able to be re-transmitted at an early date on the Maori Television Service. Where NZ On Air provides funding for projects with a first transmission on the Maori Television Service, a commitment to re-screen the programme on a national free-to-air network will be a requirement.
- NZ On Air will work closely with Te Mangai Paho to identify projects which may be suitable for joint funding, again with the objective of ensuring transmission on a national free-to-air channel, as well as the Maori Television Service.

(b) Radio

The funding agreement between NZ On Air and Radio New Zealand requires National Radio to produce and broadcast a minimum amount of programming designed to promote Maori language and culture.

- NZ On Air will encourage National Radio to continue to develop its plans to reflect and integrate Maori and Maori interests in regular programming.
- NZ On Air will work with Radio New Zealand to incrementally increase its Maori content.

In addition, NZ On Air supports Maori radio programmes in English for transmission on iwi and access radio.

- NZ On Air will allocate funding for youth-focused and current issues programmes reflecting a Maori perspective.

(c) NZ Music

NZ On Air has consistently aimed to ensure that Maori artists are represented in the funding decisions made via our various music schemes – including the Phase Four schemes.

- NZ On Air will make video funding and new recording artist decisions that include Maori artists. Track-lists for mainstream hit discs, such as *Kiwi Hit Disc* will also include Maori artists.
- NZ On Air will continue to produce the *Iwi Hit Disc*, featuring Maori language and kaupapa music, for distribution to every radio station in the country.
- NZ On Air will work with key Maori music interests to develop a pilot funding scheme with Te Mangai Paho to produce te reo radio hits for commercial radio.

OUTCOMES

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

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

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

PERFORMANCE MEASURES

Quantity

- Upwards of 15% of hours funded within a television 'umbrella' funding arrangement will involve substantial Maori creative participation on a topic of relevance to Maori language and culture.
- Other television programmes featuring Maori and Maori interests intended for a general audience – such as a documentary strand, a drama project and language interstitials – will be supported as funds permit.
- Children's programmes funded by NZ On Air will promote Maori language and culture as an essential aspect of the programme.
- National Radio will be contracted to produce and broadcast at least 342 hours a year of programmes reflecting Maori language and culture.
- Upwards of 15% of the music videos funded by NZ On Air during the year, 15% of the tracks on *Kiwi Hit Disc*, and 15% of the new recording artists grants will be by Maori artists.
- Up to four volumes of *Iwi Hit Disc* will be produced for distribution to every radio station in the country.
- NZ On Air, in partnership with Te Mangai Paho, will fund at least six te reo radio singles that have commercial radio airplay potential.

Quality

Performance measures to be applied are:

- Up to two well-attended Maori broadcasting hui will be held during the year in order to survey progress made by NZ On Air in meeting the Maori broadcasting performance targets outlined above.
- At least one internal review of the implementation of NZ On Air's Te Rautaki Maori will be conducted.
- NZ On Air's audience research will confirm that levels of support for and appreciation of funded Maori programmes are at least maintained, or are improved, using benchmarks established in 2002.

COST

Estimated funding for general mainstream programmes featuring Maori

\$3,700,000

2.0 ARCHIVING

OBJECTIVES

- 1) To ensure a diverse range of New Zealand television and radio programmes broadcast today are archived for tomorrow.
- 2) To encourage the development of an efficient, cost effective archiving system that minimises duplication, maximises the number of programmes archived and enhances the public access services currently available.

DESCRIPTION AND ACTIONS

For the past seven years, NZ On Air has contracted the NZ Film Archive and Sound Archives/Nga Taonga Korero (SA/NTK) to provide core archiving services for television and radio, respectively.

These core archiving services include:

- Selection
- Acquisition
- Preservation
- Public Accessibility

In December 2002, NZ On Air commissioned a review of its archiving services and the wider archiving environment. As a result of the review, NZ On Air began negotiations to renew both contracts for a further three years. In doing so, NZ On Air sought a number of improvements to the archiving services to be provided under the contracts.

- Regular meetings will be held with the NZ Film Archive and SA/NTK to explore opportunities for the archives to secure funding from a range of sources to help support new archiving initiatives.
- NZ On Air will host a symposium to encourage coordination and information sharing, taking advantage of the opportunities provided by new technology, amongst the archiving community.
- A process of consultation will be undertaken to assess the medium-term funding requirements for television and sound archiving to ensure a minimum viable level of material is able to be acquired and preserved, at an affordable cost.

OUTCOMES

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

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

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

PERFORMANCE MEASURES

Quantity

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

SERVICE	Television Target Hours (Note 1)	Radio Target Hours (Note 1)
Selection and acquisition of programmes to be archived	1,190 hours	1,300 hours
Preservation of programmes	280 hours	1,700 hours
Public access to the archived broadcast programmes (Note 2)	–	–

Note 1 At the time the 2004/2005 Statement of Intent was prepared, a new contract was being negotiated with SA/NTK. The target hours for 2004/2005 were still being negotiated with the NZ Film Archive, and those listed reflect the totals agreed for the first year of the new 3-year contract, concluded in mid-2003. The target hours above are therefore yet to be finalised.

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

- Benchmarks for public access (either visitors or through websites) are established in consultation with the NZ Film Archive and Sound Archives/Nga Taonga Korero.

Quality

- An independent archiving consultant will review the six monthly reports provided by the New Zealand Film Archive and Sound Archives/Nga Taonga Korero. The reports should confirm:
 - The standards for diversity, preservation, and public accessibility are being achieved.
 - At least one initiative to achieve better industry outreach is being developed and implemented.
 - Opportunities for co-ordination and information-sharing using new technology to reduce duplications are being identified.

COST

Archiving
\$1,100,000

3.0 TRANSMISSION COVERAGE

3.1 TELEVISION TRANSMISSION COVERAGE

OBJECTIVE

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

DESCRIPTION & ACTIONS

With the assistance of past funding from NZ On Air, the following transmission coverage, as a percentage of population, has been achieved for the analogue transmission coverage network.

TV One	99.7%
TV2	99.5%
TV3	96%

Since 2003, simultaneous transmission of TV One and TV2 by means of a digital satellite signal has resulted in these services being available to 100% of the New Zealand population.

As a result, NZ On Air no longer has a mandate to continue paying a subsidy for television transmission coverage to remote areas. Accordingly, since July 2003, the \$1.15m allocated annually for this purpose has been deducted from Crown revenue to NZ On Air (and is being paid directly to TVNZ via the Ministry for Culture and Heritage).

In August 2003, the Ministers of Broadcasting and of Communications announced plans to establish a group to consider issues around a rollout of digital television in New Zealand. Interested parties have been contacted and invited to establish a digital television group. NZ On Air hopes to participate in any such group that is convened.

NZ On Air intends to continue researching digital technology, together with its implications for New Zealand audiences and the delivery of public service broadcasting. One aspect of this might be for NZ On Air to become a source of advice to rural communities on their transmission options in a digital era.

3.2 RADIO TRANSMISSION COVERAGE

OBJECTIVE

To encourage the use of NZ On Air’s scheme to make a primary-strength community radio service available to every community of 400+ people.

OUTCOME

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

DESCRIPTION AND ACTIONS

In June 1989, the Minister of Communications gave a direction to NZ On Air pursuant to Section 44 of the Broadcasting Act 1989 to ensure that every community with a population of 1,000+ is served by a primary-strength community radio signal.

In 2001, NZ On Air made a policy amendment beyond the existing Ministerial directive, to include a one-off subsidy for capital equipment to communities of 500+ population. In December 2003 NZ On Air further amended the agency policy, by lowering the threshold to include communities with a population of 400+. The cost of reducing the community population threshold below this level in the future, however, would most likely exceed the benefits that could be derived from the subsidy.

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.

With the assistance of past funding from NZ On Air, transmission coverage for community radio has achieved 99.6% as a percentage of the population.

- Funding will be made available to support a maximum of three new community radio services per year.
- NZ On Air will also maintain a modest provision for any necessary capital replacement of Tiny Towns and Community Radio equipment.

PERFORMANCE TARGETS

Quantity

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

Quality

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

COST

Radio Transmission Coverage	\$89,500
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Statement of Management Procedures.

FUNDING ALLOCATION PROCESS

OBJECTIVES

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

DESCRIPTION AND ACTIONS

NZ On Air's administration budget for the 2004/2005 year will be \$2,450,000. This is the same as the previous year's level, which had allowed for the introduction of a number of new initiatives, as a result of a strategic planning process undertaken in January 2003. NZ On Air's administration budget equates to only 2.6% of the agency's total income.

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

The funding allocation process involves:

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

(a) Management Procedures

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

- All complete funding applications received by NZ On Air by its published deadlines, will be considered by the Board within one month following the deadline.
- All funding decisions will be made by NZ On Air's Board in accordance with the provisions of the Broadcasting Act, any directions issued by the Minister of Broadcasting and NZ On Air's current policies (as outlined in the funding guidelines available to the public).
- NZ On Air will communicate funding decisions by letter to applicants as soon as practicable and by press releases where appropriate to the general public.
- NZ On Air will enter into funding contracts with service providers to obtain a range of broadcasting services.

BROADCASTING SERVICES	Expected Number of New Funding Contracts for 2004/2005
Television	150
Radio	15
Commercial radio programmes	9
Transmission coverage	1
New Zealand music	244
Archiving	1
TOTAL	420

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

- All funding contract requirements will be monitored and reviewed by NZ On Air on a regular basis from the time of signing the contracts to service delivery.
- NZ On Air will undertake financial health checks of funding recipients, where necessary or requested by the production entity, in order to ensure minimum accounting and financial reporting standards are in place in respect of funded programmes.
- NZ On Air will audit a random selection of funding recipients throughout 2004/2005 to ensure that these service providers attain specified standards of performance and account for the use of the funds.

(b) Risk Management

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

- The work plan developed by NZ On Air's audit committee for 2003-2005 will continue to be implemented during the year. Major risk areas to be audited in 2004/2005 include:
 - Funding recipient compliance audits
 - Reliability of NZ On Air decision-making
 - Appropriateness of NZ On Air funding methods
 - NZ On Air financial systems and internal controls
 - Statutory compliance
 - Governance controls
 - Environmental risks
- A risk management framework, developed in early 2003, will be regularly reviewed and updated. High-risk areas are reviewed by the Board four-monthly.
- Policies for management of stress and management of harassment were adopted in 2003.

(c) Human Resources

The broadcasting industry is substantially based in Auckland. This means that many of NZ On Air's working relationships, with the television, radio and music production and broadcasting industry must be maintained in Auckland, while the agency is based in Wellington. Within the music sector, NZ On Air has contracted a team of pluggers, or music promotions people, who are based in Auckland. Since May 2004, the appointment of an Auckland-based Client Relations Manager has extended this presence to other areas of our activity.

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

COMMUNICATIONS AND CONSULTATION

OBJECTIVES

- 1) To lead the way in consulting and communicating effectively.
- 2) To develop and publish a body of high-quality, relevant research that increases the knowledge and expertise of NZ On Air and the wider broadcasting sector, assists with the formulation of funding policy, and helps inform Government policy-making.
- 3) To define and give effect to a clear role for NZ On Air within a changing broadcasting environment, consistent with the Broadcasting Act, and reflected in relationships with key stakeholders.

DESCRIPTION AND ACTIONS

To carry out its functions under the Broadcasting Act successfully, NZ On Air conducts regular consultation and research to ensure the programmes and services that it funds meet audience needs. NZ On Air also has reporting systems to provide full accountability to Government for the services it provides.

(a) Communications

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

- Publishing a regular newsletter reporting on the full range of NZ On Air's activities.
- Organising and conducting relevant symposia on broadcasting issues.
- Maintaining an up-to-date user-friendly web site.
- Organising and conducting presentations of national and international research project results for targeted audiences.

(b) Reporting

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

- Publishing NZ On Air's Statement of Intent for tabling in Parliament and for issue to the public at the beginning of the financial year.
- Publishing any new NZ On Air funding policies and guidelines within one month of adoption and circulating them to all interested groups.
- Communicating NZ On Air funding decisions in writing to applicants and by press releases to the general public.
- Publishing NZ On Air's annual report within three months of the end of the financial year.
- Providing quarterly reports to the Minister of Broadcasting.

(c) Research and Consultation

In accordance with Section 37(a) of the Broadcasting Act, NZ On Air consults with those having an interest in broadcasting and programme production, with representatives of consumer interests and with representatives of Maori interests.

The purpose of doing so is both to inform NZ On Air's funding policies, and to help inform the development of Government policy on broadcasting matters. The role and structure of public service broadcasting is evolving rapidly in the 21st century, and it has become more important for NZ On Air to undertake a targeted and comprehensive programme of research and consultation.

The research programme in 2004/2005 will be based on the following activities:

- NZ On Air will obtain regular audience survey information for television and radio in order to measure the audience response to funded programmes. Survey information to include:
 - Daily TV programme ratings;
 - Topline metropolitan and provincial radio audience survey data; and
 - Annual surveys commissioned by Radio New Zealand to gauge audience levels and satisfaction with National Radio and Concert FM.
- Specific research to be commissioned, will include:
 - Public Opinion and Information Monitor (quantitative study)
 - Local Content Survey for 2004 (quantitative study)
 - Comedy and drama programming, audiences views and preferences (focus group and symposium)
 - Analysis of the digital environment, and implications for public broadcasting
 - Archiving symposium (to follow the independent review of archiving completed in mid-2003)
 - Report on options for providing radio services for Pacific peoples and other ethnic minorities in the community.

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

COST

<i>Administration (including funding allocation process, accountability and consultation)</i>	\$2,450,000
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Statement of Financial Performance

for the twelve month periods ending 30 June 2004, 2005, 2006, 2007.

	Forecast Actual 2003/2004	Budget 2004/2005	Budget 2005/2006	Budget 2006/2007
Income				
Crown Revenue	89,390	93,790	93,723	93,723
Other Revenue	5,522	1,500	1,500	1,500
Total Income	94,912	95,293	95,223	95,223
Operating Expenditure				
Public Broadcasting Fee collection costs	50	-	-	-
Administration and consultation	2,450	2,450	2,450	2,450
(Recovery) in provision for doubtful debts	(210)	-	-	-
Total Operating Expenditure	2,290	2,450	2,450	2,450
Funding Expenditure				
Television	61,000	61,978	58,723	58,423
Radio	27,415	29,424	29,360	29,360
Transmission coverage	0	90	90	90
New Zealand music	3,787	3,936	3,800	3,800
Archiving	1,100	1,100	1,100	1,100
Total Funding Expenditure	93,302	96,528	93,073	92,773
Total Expenditure	95,592	98,978	95,523	95,223
Net (deficit)/surplus for the year	(680)	(3,688)	(300)	0
Public Equity 1 July	5,668	4,988	1,300	1,000
Public Equity 30 June	4,988	1,300	1,000	1,000



Statement of Financial Position

as at 30 June 2004.

	Forecast Actual 2003/2004	Budget 2004/2005
Current Assets		
Cash and Bank	43,000	42,000
Accounts Receivable – General	100	100
Total Current Assets	43,100	42,100
Non-Current Assets		
Fixed Assets	162	150
Total Non-Current Assets	162	150
Total Assets	43,262	42,250
Current Liabilities		
Accounts Payable	300	300
Funding Liabilities	37,974	40,650
Total Current Liabilities	38,274	40,950
Public Equity	4,988	1,300
Total Liabilities and Public Equity	43,262	42,250



Statement of Cash Flows

for the twelve months ending 30 June 2004.

	Forecast Actual 2003/2004	Budget 2004/2005
Cash Flows from Operating Activities		
Cash Provided from:		
Public Broadcasting Fee	210	–
Crown Revenue	89,390	93,790
Other Income Received	5,522	1,500
Total Cash provided from Operating Activities	95,122	95,290
Cash Applied to:		
Payment to broadcasters & programme producers	(90,887)	(93,840)
Payment to suppliers and employees (including PBF collection costs)	(2,500)	(2,450)
Total Cash applied to Operating Activities	(93,387)	(96,290)
Net cash inflows/(outflows) from Operating Activities	1,735	(1,000)
Opening cash	41,265	43,000
Closing cash	43,000	42,000



Statement of Accounting Policies.

The following accounting policies will be applied in the preparation of financial statements for the year ending 30 June 2004, and are applied to the financial statements on pages 29 and 30.

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.

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 historical 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 for the preparation of the financial statements.

Goods and service tax (GST)

The financial statements are prepared on a GST exclusive basis, with the exception of accounts receivable and accounts payable which are stated with GST included.

Taxation

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

Broadcasting services

The allocation of funds to broadcasting services is treated as expenditure when the allocation is approved and committed against the current year's income and includes funds approved 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.

Revenue

Crown revenue is recognised as revenue when received. Other revenue is recognised on an accruals basis in the Statement of Financial Performance.

Income from broadcast production funding

Income from broadcast production funding 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 Statement of Financial Position. Revenue and expenditure in relation to all financial instruments are recognised in the Statement of Financial Performance. Except for those items covered by separate accounting policy all financial instruments are shown by estimated fair value.

Statement of Cash Flows

- **Cash** means cash balances on hand, held in bank accounts and on-demand deposits.
- **Operating activities** includes cash received from all income sources of NZ On Air and records the cash payments made for the supply of goods and services.
- **Investing activities** are those activities relating to the acquisition and disposal of 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 they are equally unperformed obligations.

Contingent liabilities

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

CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies.

All policies are applied on a basis consistent with previous years.



Directory.

MEMBERS

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

STAFF

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

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OUR VISION

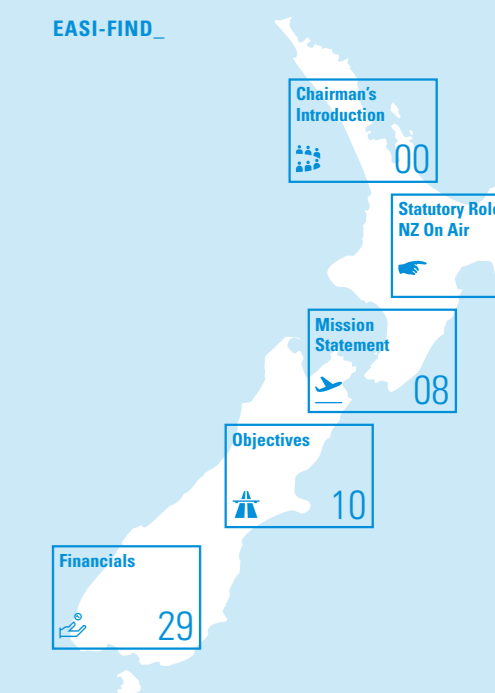
NZ On Air will be an independent leader in promoting local content and diversity in broadcasting.

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EASI-FIND



ACCEPTANCE OF THE STATEMENT OF INTENT

In accordance with Section 41 of the Public Finance Act 1989, I agree to lay this Statement of Intent of the Broadcasting Commission (NZ On Air) for the 3 years ending 30 June 2007 before the House of Representatives.

Hon David Benson-Pope
 Acting Minister of Broadcasting



*New Zealand –
Our Stories, Our Songs, Our Selves*

*Aotearoa –
A Tatou Korero, A Tatou Waiata, Koina Tatou*

