

Broadcasting And Cultural Issues At The Start Of The New Millennium

Under the Broadcasting Act 1989, NZ On Air has a legislated responsibility *"to reflect and develop local culture and identity"*. This is achieved by *"promoting programmes about New Zealand and New Zealand interests"*, and by *"promoting Maori language and Maori culture"*. In 1993 a separate funding agency, Te Mangai Paho, was established to fulfil the objectives of promoting Maori language and culture through broadcasting. Funding from NZ On Air was diverted for this purpose. Te Mangai Paho's focus is primarily on Maori language broadcasting, while NZ On Air seeks to ensure the promotion of Maori culture (including te reo) through programmes for a mainstream audience.

Given recent changes in broadcasting funding arrangements and the approach of the new century, it seems timely to look at the future of broadcasting and cultural issues.

In fulfilling its responsibilities, NZ On Air has commissioned a wide range of research. This document provides a summary of research findings as a way to raise key issues and to encourage discussion. It is intended to be exploratory rather than comprehensive. For anyone interested, the full documents are available from New Zealand on Air. They include:

- (a) Local Content and Diversity - Television in Ten Countries (NZ On Air - 1999)
- (b) New Zealand Television Local Content 98 (NZ On Air - 1998)
- (c) New Zealand Television and the Future of Local Content (NZ On Air - 1998)
- (d) Public Information Monitor Market Research Report (CM Research - August 1998)
- (e) Radio and Television Programming Market Research Report. (CM Research - March 1998)
- (f) Youth Television and Radio Needs (Research International - 1997)
- (g) Television Programmes - A Review of Funding Methods (NZ Institute of Economic Research - 1997)
- (h) Review of Funding Methods for Television Programmes (David Gascoigne - 1997)
- (i) The New Zealand Television Checklist (NZ On Air - 1998)

1. How is New Zealand Unique?

The report "Local Content and Diversity: Television in Ten Countries" noted that the structure of television broadcasting in New Zealand is unlike that in any other country surveyed. The key differences were:

- *New Zealand is right at the end of the international continuum in terms of its minimal amount of intervention and legislation in broadcasting matters.*
- *The main statutory requirements on the broadcaster are those in the State-Owned Enterprises Act which deals with commercial objectives. There is no charter for TVNZ... and there are no requirements regarding programming objectives or the nature or genres of programmes.*

- *TVNZ is the only publicly-owned broadcaster constituted as a State-Owned Enterprise and thus required to return a dividend to the government.*
- *New Zealand is one of only two countries where there is a separation of the funder from the broadcaster.*
- *New Zealand is also at the end of the international continuum in terms of the quantity of local content. Its figure of 24% is below all countries in this survey.*

(Doc A, page 16)

2. Why is Local Content Important?

An extensive survey into the extent to which people felt their interests were being met by current New Zealand-made programmes was completed by CM Research in March 1998. There was broad agreement that:

Radio and television both play important roles in New Zealanders' lives. They provide people with entertainment, a sense of connection with others, distraction, and the ability to keep informed about national and international news and share in historical moments and events.

(Doc E, page 11)

While there was not total agreement on the merits of existing local content, there was widespread agreement among viewers that local content is of value to New Zealanders, and that viewers want to see more local content on television.

(Doc E, page 60)

All viewers in this study express an abiding curiosity about their fellow New Zealanders, and are eager for local content that - as one respondent puts it - provides a window into other people's worlds. Viewers' suggestions for local content also express a desire for programmes which encourage New Zealanders to explore their country and their heritage. (Doc E, page 72)

3. How much local content does NZ have?

There are a number of dimensions to local content. These include percentage of the total schedule, total hours, proportion of prime time, range and diversity of programmes etc. The NZ On Air surveys have the advantage of maintaining consistent definitions for measurement over the last decade. In general:

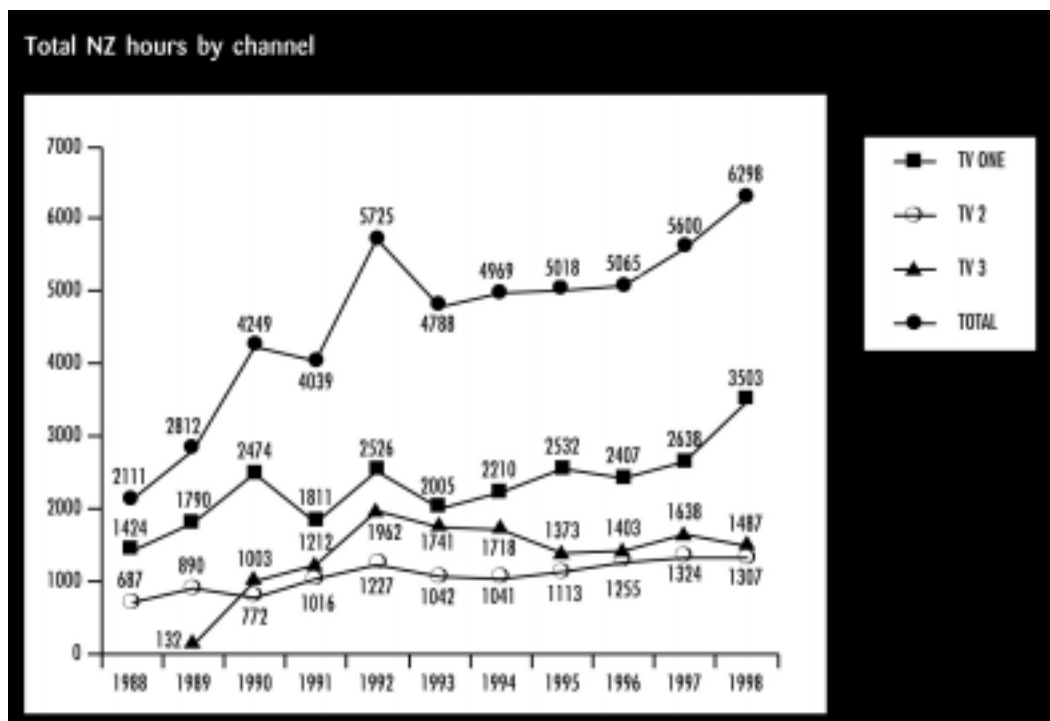
New Zealand content is classified as material which is both predominantly made in New Zealand and which reflects New Zealand identity and culture. Thus programmes which are made in New Zealand but which have no New Zealand flavour are not counted (such as the drama series Hercules). Neither are programmes about New Zealand but made for foreign television channels. (See Local Content Surveys for more detailed criteria.) (Doc B, page 23)

According to the most recent (1998) survey:

The increase in total hours means that local content comprised 24% of the total broadcast hours in 1998, up from just over 21% in 1997.

(Doc B, page 3)

The following chart summaries trends in local programming on the three main free to air channels:



New Zealand content has tripled since 1989, rising [198%] from 2112 hours to 6296 hours in 1998. During this time the total hours of transmission have increased [by 217%] from approximately 8,288 hours in 1988 to around 26,280 in 1998. This is because all three channels now broadcast for 24 hours a day, meaning the proportion of local content to total hours has decreased.

(Doc B, page 7)

The 1998 survey also measured the proportion of local content of some of the non-national channels. The figures were generally much lower than the national channels.

TV4 screened a very low level of New Zealand content. A total of 150 hours (2%) of New Zealand programming aired.

Prime transmitted for four months in 1998...Its local content (382 hours or 26% primarily consisted of the predominantly infomercial series Prime Living and the weekend sports series Prime Sport. Both series were also repeated, meaning nearly half of this channel's output comprised repeats.

Local content on the Sky Channels predominantly comprises News and Sport...Trackside, the TAB racing channel, has around 90% local content and screened around 2000 hours a year of racing. Sky Sport screened over 1000 hours of local content or 12% of its schedule. There was an additional 100 hours on Sky Sport 2 and 400 hours on CNN (mainly repeats of One Network News and Holmes).

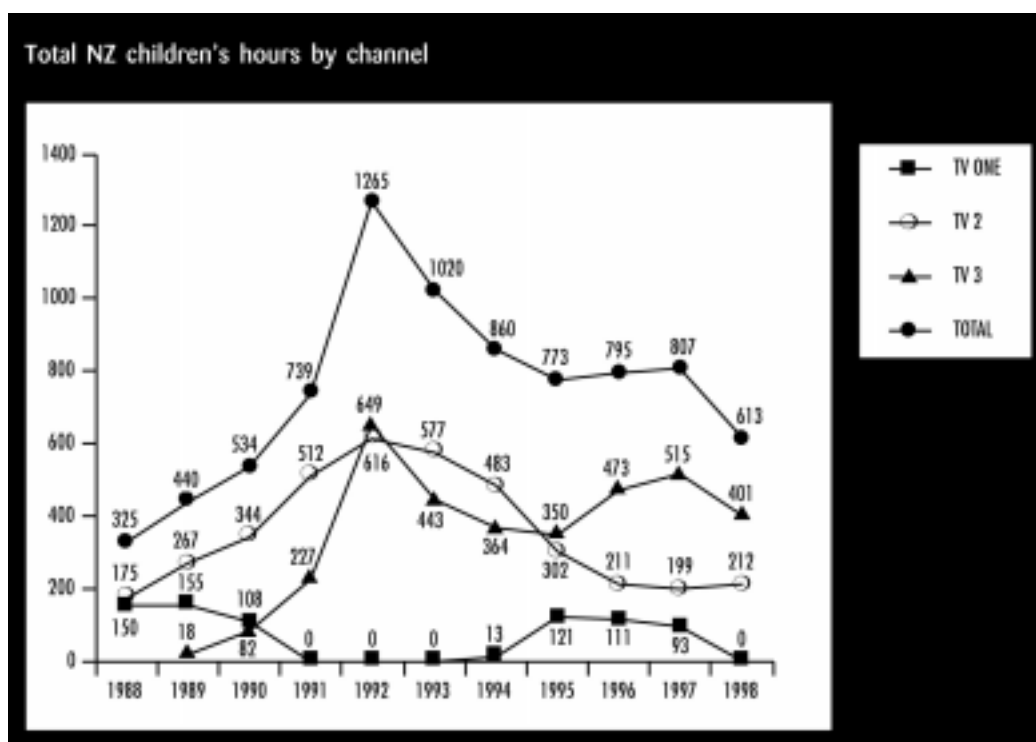
(Doc B, page 21)

The above figures refer to local content as a percentage of the total schedule. In terms of range of local content:

NZ On Air concentrates funding on four key genres: drama, documentary, children's and young people's programming, and programming for special interest audiences. These are the genres assessed as being the most at risk because of their cost and/or lack of commercial viability. This survey clearly reveals that such protection is necessary. Three of these genres show first-run hours as static or in decline, as detailed in the survey... These disappointing trends are directly related to NZ On Air's loss of spending power. (Doc B, page 2)

Broadcasters are generally reluctant to support children's drama projects which are a higher-cost category and, of necessity, must screen outside prime time. It is considered particularly important for children to be able to identify with role models and images of their own culture and society through the medium of television.

The following graph reveals a worrying downward trend in locally-produced children's programming:



Hours of children's programming reduced considerably in 1998, with only 613 hours transmitted against 1997's 807 hours. The 1998 figure is the lowest since 1990.

(Doc B, page 17)

4. How do New Zealanders feel about Local Content?

New Zealand-made programmes are always strongly represented in the lists of most popular programmes on all the main national channels. Demand for local programming on television was confirmed in a NZ On Air survey in 1998. The key findings of that research were that:

- 89% of the people surveyed considered that the amount of New Zealand programmes on television should either increase or at least stay the same.

- *Almost half (45%) of respondents think that the amount of New Zealand programmes shown on television should increase.* (Doc D, page 7)

82% of people believe the government should support and encourage culture and cultural activities. (Doc C, page 7)

Range of local programming is also an issue. NZ On Air has summed up its problems in achieving a diversity of programming in this way:

Over recent years NZ On Air has experienced increasing difficulty in meeting its legislative requirements. The narrowing of what broadcasters are prepared to accept is clearly a flow on effect from the increased competition and the pressures for profit. Even when a programme is offered to them free of charge, broadcasters may decline to accept it on the basis of opportunity cost." (Doc C page 9)

Many New Zealanders feel that television is worse than it used to be with too much violent and sexual content, too many advertisements, too many repeats, too little quality and educational programming.

(Doc C, Appendix 5)

5. Why is there not more local content?

The reason that we have such comparatively low figures has been explained in terms of the following factors:

- *our small population base;*
- *the expensive nature of television production;*
- *overseas programmes being sold into the NZ market at relatively low prices (that is at only a fraction of what such programmes have originally cost to produce); and*
- *no local content quotas similar to those that apply in countries such as Australia and Canada.* (Doc C, page 6)

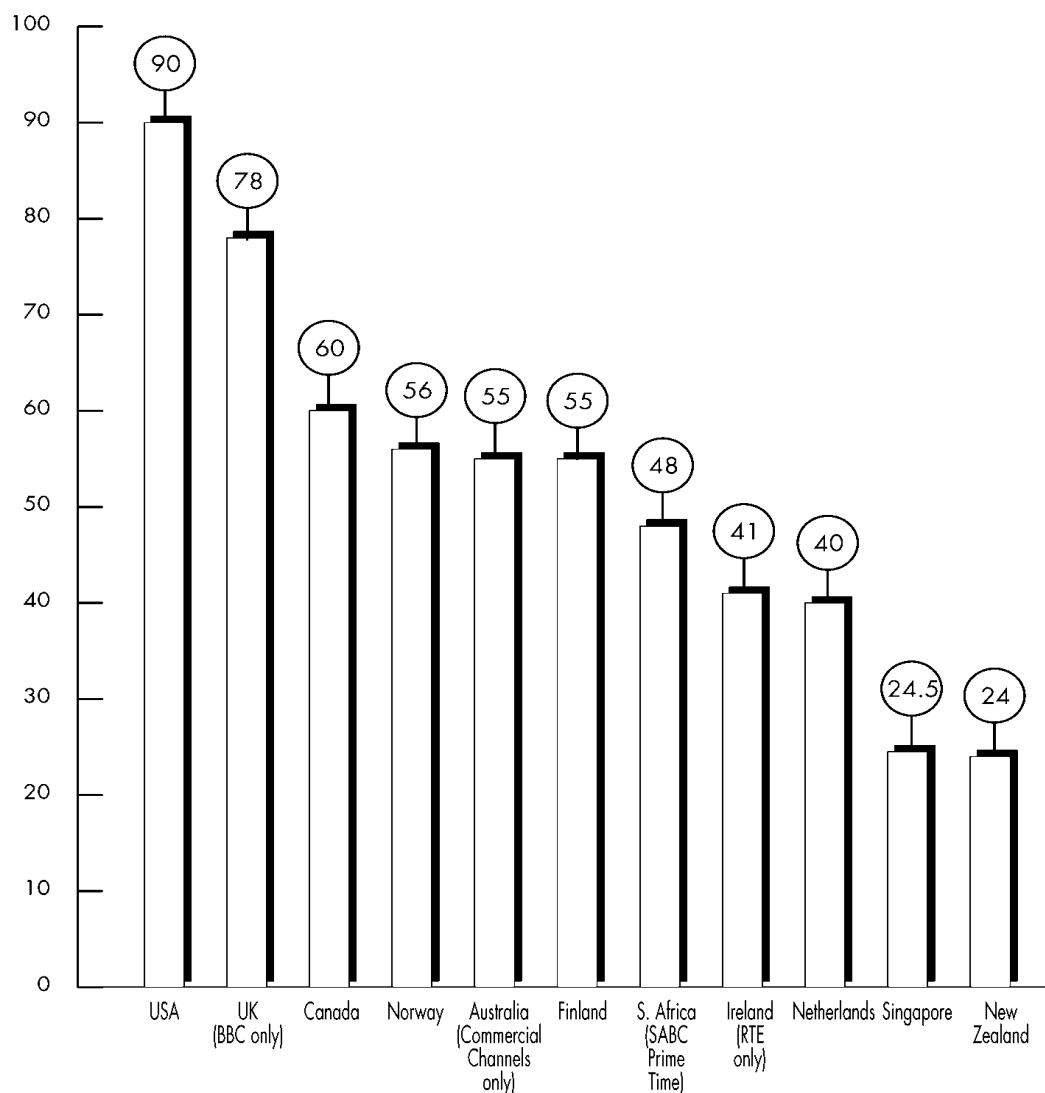
Television production in New Zealand is cost-effective but it cannot compete with the low prices at which overseas programmes are offered to New Zealand broadcasters. For example, an overseas programme that costs over US\$1million per hour to produce in Britain or the USA will typically be sold to the small New Zealand market for between \$1,000 and \$15,000 per hour. Even though New Zealand viewers may want local programmes, the comparative costs with cheaper overseas programming are a huge disincentive to our broadcasters. (Doc C, page 6)

By comparison, the average hourly cost of producing local drama is around \$300,000 or more.

6. How do our local content figures and broadcasting policies compare internationally?

As noted earlier, New Zealand has a relatively low level of local content when compared to other countries. The Local Content and Diversity Report found the following:

Local content levels in the countries studied



Please note:

1. Where countries have a local content quota, this figure has been used.
2. Figures for some countries do not include all broadcasters, eg in the UK the only known local content figure is for the BBC - figures for the independent channels are compiled to meet the EU quota and therefore may include programmes from other European countries.
3. Other figures are from published sources or analysis by the researchers.

(Doc A. Page 6).

The role of legislation in maintaining local content levels and diversity is important in the broadcasting policies of other countries:

Most countries have comprehensive legislative requirements to promote their national identity and culture, and to safeguard minorities. Intervention, in the form of legislation and

regulation, is seen as not only desirable but essential... All the public broadcasters have either a detailed Charter or a substantial legislative remit in which their purpose is enshrined and specific programming goals are laid down. These will usually embrace requirements for the fostering of national identity and culture, diversity and provisions for minorities, especially language minorities. (Doc A. page 8)

7. Possible forms of market intervention.

NZ On Air was created to compensate for market limitations in the commercial model. The "Local Content and Diversity" research shows that many other countries have mechanisms of a different kind, addressing broadcasting as well as funding issues. If local content is considered important, there are a number of possible models which could provide a more secure environment:

- 1) *A semi- or non-commercial state-owned channel which acts as the guardian of New Zealand culture and identity (a **public ownership model**).*
- 2) *Privately-owned channels providing local content in response to regulatory quotas (**quota model**).* (Doc C, para 4.1.1)

The New Zealand model consists of:

- 3) *(State and) Privately-owned channels providing local content with the support of subsidies from a purchasing agency like NZ On Air (**funding model**).*

The report adds:

These models can, of course, be combined. Australia has all three - public channels, quotas, and some public funding for production of local programmes broadcast by private channels. (Doc C, para 4.1.1)

Methods of funding public broadcasting include;

- *Licence Fee*
- *Direct government grant*
- *The public broadcaster's commercial revenue*
- *Subsidies from commercial broadcasters.*

(Doc A, page 9)

8. New Technologies

A comparison of the situation today with that of the beginning of the decade shows that the predicted wave of change towards both convergence and a multi-channel environment has occurred more gradually than was expected. However, some changes have certainly occurred, such as:

- 1) the growth of pay TV (Sky)
- 2) digitalisation (in gradual stages)
- 3) internet take-up
- 4) satellite coverage

Other changes which have taken place more slowly than predicted include cable, digital compression, and fragmentation of the market. A 1998 report notes that:

The new multi-channel situation will in some respects provide a greater variety of overseas programming. However, it will not provide a greater variety of local programming. Nor will

it necessarily mean a major loss of audience share for the three major networks. The major networks will continue to be the most watched and where local content will be seen by most New Zealanders. (Doc C, para 3.2.5)

The first of these points is reinforced by the latest Local Content survey:

The absence of local content is notable on most non-national channels. These television channels are often cited as a positive addition to viewer choice, but it is clear that the choice is primarily limited to foreign programmes. (Doc B, page 21)

9. Copyright and the Knowledge Economy

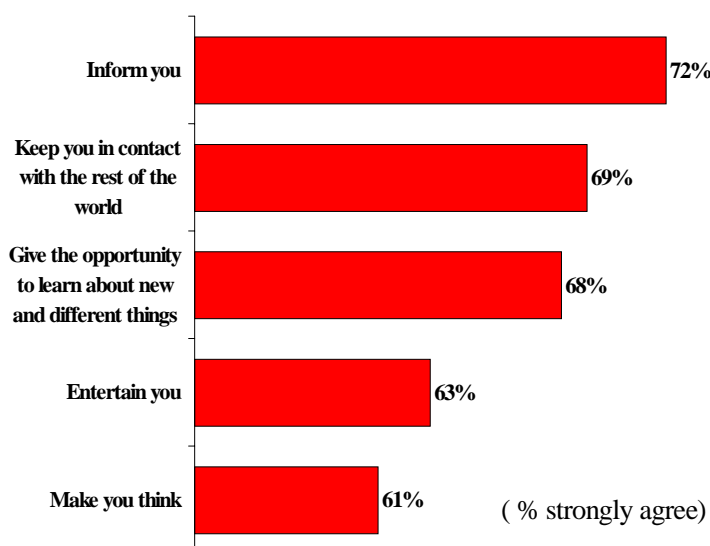
There has been much discussion in recent years of the importance of 'the knowledge economy'.

Research has consistently shown that television is a key source of public information and attitudes. This is reinforced by the fact that the average New Zealander watches 2.5 hrs of television per day. The importance of the medium is shown by the example of the extensive public discussion that followed "The New Zealand Wars" series. This programme also received widespread educational use. A recent survey suggested, however, that the potential of television for informational purposes is under-used. Around 70% of viewers "strongly agreed" they wanted to see television which kept them "informed", "in contact with the rest of the world" and also gave them the opportunity "to learn about new and different things."

TVNZ's educational television service ended in 1997. NZ On Air's latest local content report notes that the current environment provides *"less opportunity for documentaries of substance, particularly the thoughtful works relying on heavy research."* (Doc B, page 1)

The following graph reflects viewers' needs and expectations of television:

How Much do You Agree or Disagree that You Want to See Programmes that ...



(Doc D, page 134)

If New Zealand's future as a knowledge economy, in competition with high achievers such as Ireland and Finland, is to have any chance of success, the outsiders' perception of us as a nation is going to have to be extended.

The image we have of ourselves as a vibrant, unique culture with strong South Pacific connections has to be projected beyond our shores so that we are looked to provide the creative, innovative and high technology results our store of intellectual and social capital can deliver.

The television sector is a powerful and pervasive media, capable of projecting New Zealand images and stories to a wide audience. It has strong linkages to other forms of delivery, including video, video on demand, internet, CD Rom etc. Television can therefore contribute to New Zealand's development as a knowledge economy in two vital ways:

- (1) in reflecting, fostering and developing our own self-image
- (2) in ensuring images of New Zealand are projected to the rest of the world

Television is relevant to the first – to be a knowledge-based economy, we have to believe in ourselves. Our children and young people need self-assurance, and to believe that we are capable, creative, innovative and highly-skilled.

Television, and particularly local programmes, draw on our own stories and shared histories to building up a store of cultural capital.

Television is also relevant to the second – television programmes are exported and seen by millions. Decades ago, with the development of film and then television, the US understood the power of the media to boost trade. Today, Australia is successfully using film and television exports to raise its profile internationally.

The future opportunities for television are significant: communications technology relies on content. No matter how good the technology, it will not attract an audience if the content doesn't excite interest. New Zealand's competitive edge will be in the unique perspective we can bring to programme content. A multi-channel digital television system, CD Rom and internet technology will vastly expand the opportunities for content industries.

Together with the music, film and software industries, television is a powerful force for the knowledge economy. Decisions affecting one broadcasting mechanism have major implications in other areas. It is therefore imperative that, before decisions are made on changes to any mechanisms operating here, all possible implications are given consideration.

10. Questions for Consideration.

What does New Zealand want from a broadcasting system? The New Zealand Television Checklist asked the following questions.

Affordability: What constitutes an "adequate" level of local content? What types of programming (e.g. children's, educational) should be included in the mix? Can we afford this level and diversity? What is the most cost-effective approach?

Accessibility: Will a multi-channel environment provide all the choice people need? Should public interest programming be focused on one channel, or spread across several to target a range of age groups and interests?

Contestability: Should an arms-length system be retained to keep programme costs contained by seeking competitive bids? Can independence and a contestable funding approach work to keep public service ideals “honest”?

Accountability: *Should television broadcasters be accountable to the public, or only to shareholders? Is television different from any other business in this sense? Should the public have a say in how television services are delivered? If so, how, and to what extent?*

Editorial Freedom: *How important is editorial freedom and in-depth analysis on television? Does the current system provide this? If not, how do we achieve it? Does having a state-owned broadcaster protect or threaten editorial freedom and in-depth analysis?*

Competition: *How important is competition in the television system? What benefits does competition deliver? What are the drawbacks? How does a strongly competitive environment affect the broadcast of local content and diversity? Who benefits? Who loses out?*

(Doc I, page 4)

11. Possible Options

If change was thought to be desirable, a number of possibilities are suggested by the Local Content and Diversity report. Mechanisms used in other countries to ensure that television "reflects and develops local content and diversity" may be adapted for New Zealand, and include, but are not limited to:

- 1- The transformation of TV One into a "semi-commercial or non-commercial public service channel." (comparable to ABC, SBS, CBC, etc.)
- 2- The introduction of targeted quotas similar to those of Australia or Canada.
- 3- The TVNZ dividend ploughed back into local production.
- 4- A levy on advertising or on broadcasters.
- 5- A higher level of public funding from taxation revenue.

A broadcasting policy framework might continue to rely substantially on a single mechanism or could introduce a mix of policies to achieve the desired outcome.