



*New Zealand - our stories, our songs, our selves.*

## **Consultation Paper**

### **Review of Funding Policies for Community Access Radio and Regional Television**

#### **The Purpose of this Paper**

1. This paper seeks your views on NZ On Air funding policy on community access radio and regional television. This is your opportunity to contribute to our review of current policy.
2. After submissions have been analysed, NZ On Air will make available an overview report later in the year. Yours will not be considered confidential unless you specifically request this.

#### **Your Contribution**

3. This paper looks at how NZ On Air has engaged with access radio and regional television to date and the key issues around continued engagement. It poses specific questions. The deadline for responses to these questions is 30 May 2008.

This paper is available online at [www.nzonair.govt.nz/research.php](http://www.nzonair.govt.nz/research.php)  
All responses should be emailed to: [bernard@nzonair.govt.nz](mailto:bernard@nzonair.govt.nz)

Thank you for your consideration and input.

#### **Introduction**

4. NZ On Air is conducting a review of its funding policies for community access radio and regional television to determine whether the policies remain appropriate and relevant in a fast-changing media environment.

#### **Background**

5. NZ On Air funds a number of community access radio and regional television stations around New Zealand. These stations provide

services that assist NZ On Air in meeting its objectives under the Broadcasting Act 1989.

### **Access Radio**

6. Access radio has been funded by NZ On Air since 1989, but it has been a feature of the New Zealand broadcasting landscape since 1981.
7. Since then the number of funded stations has climbed to 11, with stations in Auckland, Hamilton, Hawke's Bay, Wairarapa, Palmerston North, Kapiti/Horowhenua, Wellington, Nelson/Tasman Bays, Christchurch, Dunedin and Invercargill.
8. Stations are operated by incorporated societies or charitable trusts and no two are the same, with each station reflecting the uniqueness of its particular community. From time to time NZ On Air has dealt with governance issues with some of these organisations.
9. Currently access radio stations are funded from a total budget of just over \$2 million pa. Individual station funding ranges from \$110,000 pa to \$220,000 pa. On average this is around 63% of the stations' total revenue. In return for this funding, the stations provide community programming. As part of its funding requirements NZ On Air has mostly required an emphasis on programmes that reflect the interests of the community groups identified in section 36(c) of the Act – specifically:
  - women;
  - youth;
  - children;
  - minorities in the community, including ethnic minorities; and
  - people with disabilities.
10. We also encourage programmes that reflect the diverse spiritual/ethical beliefs of New Zealanders.
11. Access radio programmes are made by, for and about particular groups with the help of access radio staff, who provide production and broadcasting equipment, and training.
12. Under current policies access radio is eligible for support in communities of 50,000 or more people to ensure the greatest impact and the most cost-effective usage of scarce resources. No new stations have been established since 2000.
13. NZ On Air funding accounts for a proportion of stations' operating budgets, with the stations raising the rest of their funding through limited advertising, sponsorship, donations and the sale of their air time to community groups. Some also receive funding through philanthropic and charitable funding organisations.

14. Unlike most of NZ On Air's other funding, which is programme specific, the funding provided to access radio covers station operating costs. The stations apply annually and, if approved, receive monthly drawdowns. They report quarterly to NZ On Air.
15. Additional funding can also be provided for special projects or necessary capital replacement or purchase. In 2006/2007 the total additional funding allocated amounted to around \$140,000.
16. Special projects funded in recent years have ranged from assistance for stations facing enforced relocation as leases expired and the replacement of aging and failing equipment, to the promotion of services to attract new programme makers and the development of a project to increase youth programming. Special project and capital equipment requests have been running roughly equal in terms of the number of funding requests.
17. As the number of stations supported increased over recent years, individual stations' funding levels decreased or remained static until the Government allocated additional funding for access radio in 2005.

### **Regional Television**

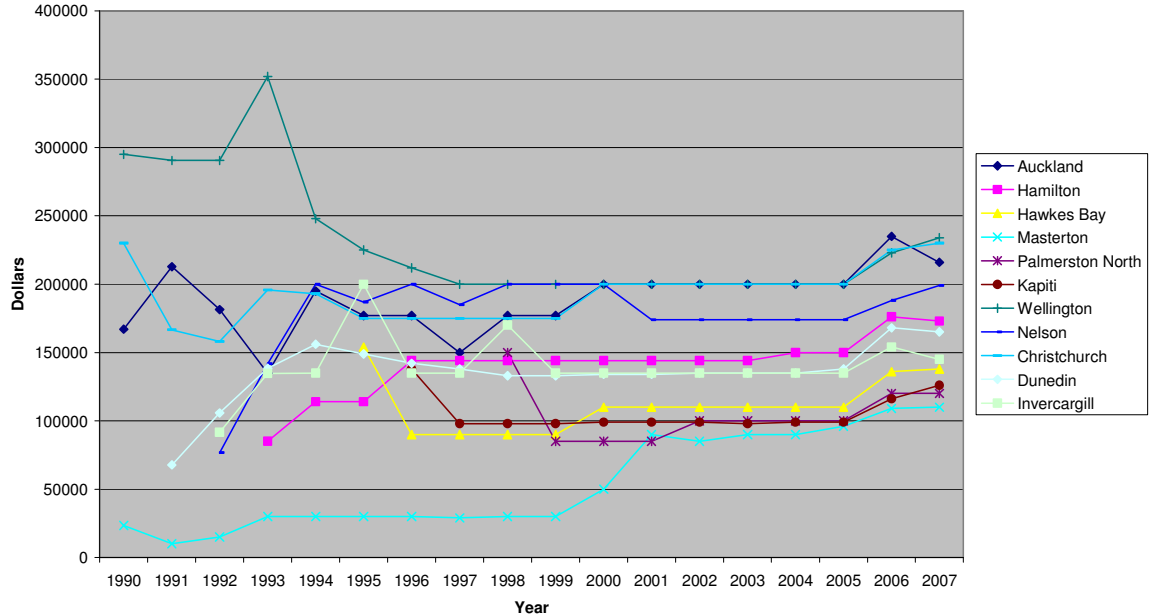
18. Stand-alone regional television began to emerge in the 1990s. Currently the Regional Television Broadcasters Association (RTB) has 16 members operating stations around the country providing coverage of local events in Kaitia, the *Rodney District, Auckland, Waikato, Rotorua, Hawke's Bay, Gisborne, Tararua, Wellington, Nelson, Christchurch, North Otago, Dunedin, Invercargill* and the Chatham Islands. In some of those locations there is more than one station operating.
19. Of these, the 11 in italics have received NZ On Air funding since 2005 when NZ On Air's television budget was boosted by the Government by \$890,000 per annum for regional television funding.
20. NZ On Air research indicates that regional television audiences look to their local channel for local news and current affairs and coverage of local sport and culture. In a fragmenting television environment these channels are now mostly the sole outlet for television exposure of regional communities.
21. Policy for funding regional television is based on supporting this type of programming. Programmes made must assist NZ On Air in achieving its objectives of reflecting and developing New Zealand identity and culture. The policy was developed in consultation with regional television operators.

22. NZ On Air takes a two-tiered approach to funding eligibility. Criteria include the size of the potential audience for the station, the community's support for it and the balance of the programming schedule. Applicants must also demonstrate financial viability.
23. Currently individual annual station funding ranges from \$81,000 to \$119,000. Total revenue for these stations is widely variable from market to market, with the NZ On Air contribution accounting for between 4% and 60+% of their income.
24. \$840,000 of the total \$890,000 available per annum is divided amongst stations that meet the eligibility requirements. The remaining \$50,000 is a contestable fund which is reserved for stations not able to meet the criteria.
25. As more stations have become eligible each year, the amount of funding allocated to individual stations has decreased. As additional assistance, fully NZ On Air-funded special interest programmes are made available for broadcast on regional channels at no charge after their initial broadcast on national television.
26. Regional television stations operate on a combination of commercial and non-commercial frequencies and licences, which means that some are more limited than others in their capacity to generate revenue other than public funding. NZ On Air may consider these variations in deciding the quantum of funding made available to each station.

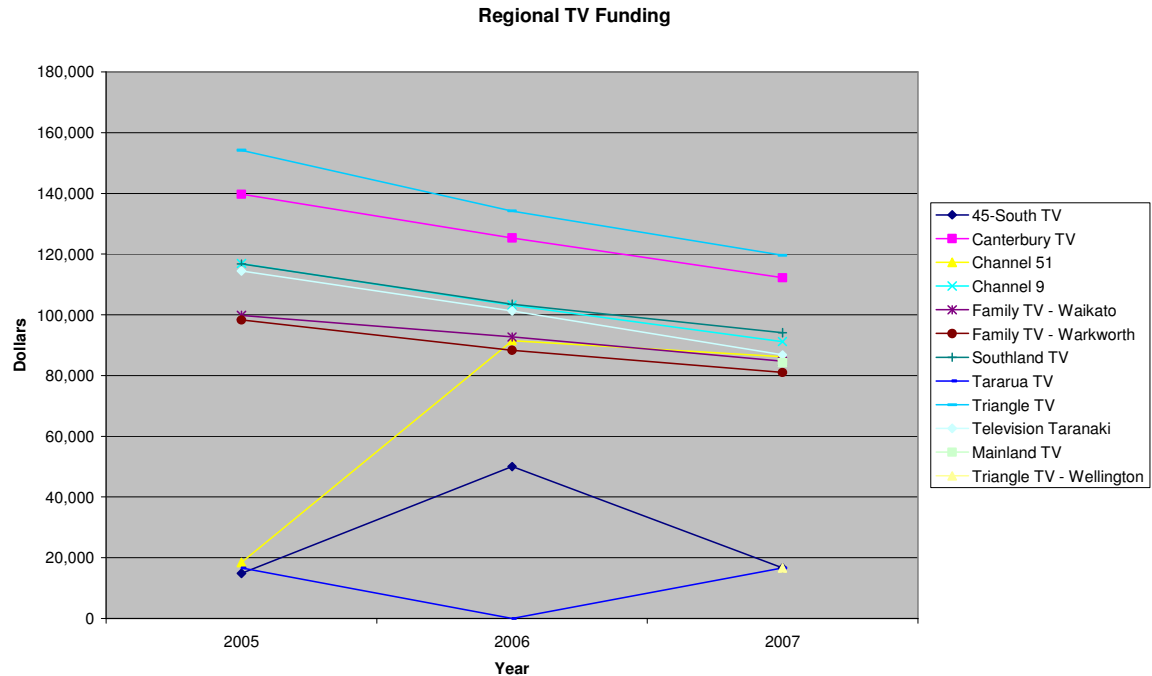
### **Cost Comparisons**

27. As noted earlier, access radio funding levels have fluctuated over the years, with current station funding ranging from \$110,000 to \$220,000. Section 36(c) programming receives an average NZ On Air contribution in the region of \$60 - \$80 per hour.
28. It should be noted that this represents NZ On Air's contribution to the broadcasts, not their actual cost. The following graph demonstrates access radio funding since 1989:

Access Radio Funding from NZ On Air



29. By comparison, Te Māngai Pāho (TMP) currently funds 21 iwi stations around New Zealand by providing operational funding for each station of \$384,000 pa for the provision of eight hours of Māori language programming per day. Funding is also allocated to news, youth and Kaumātua programming, sports and Kapa Haka.
30. Total iwi radio funding in 2006/2007 was \$9,830,100, which resulted in a per hour cost for the year of about \$150.
31. Regional television funding from NZ On Air since 2005 is demonstrated in the following graph:



32. A rough calculation based on the budgets provided with the most recent funding applications from these broadcasters, and the number of hours of programming produced, indicates an across-the-group average cost to NZ On Air of about \$551 per hour of television programming. (This is not the actual cost of producing the programmes, but rather the level of NZ On Air's contribution towards it.)

### Radio Programming

33. Funded access radio and regional television stations provide quarterly reports to NZ On Air, which detail the programmes that have been produced and the community groups for which they are made. The reports demonstrate a wide range of programming and reflect the ability of communities to support these stations.
34. There are a number of factors that affect access radio's ability to generate s36(c) programming and attract revenue. Regional variances in community size and diversity mean that some stations are able to broadcast a wider range of programmes.
35. For example, most stations can broadcast youth and spiritual/ethical programmes, but generating a significant number of minority programmes can be difficult for some. In other communities it is easier to develop a range of ethnic minority programmes, but not children's programmes. Practical seasonal factors can also have an impact on the number of community groups wanting to produce and broadcast

programmes on access radio, with programme makers often unavailable over summer. Sponsorship levels can also fluctuate.

36. A sample of recent quarterly reports from some access radio stations reveals the different levels of s36(c) programming that are broadcast:

Section 36(c) Programming Hours per Quarter					
Station	Women	Youth/Children	Minorities	Disability	Spiritual
Auckland	12	37	1050	19	200
Hamilton	-	88	163	39	62
Hawke's Bay	30	-	84	21	108
Manawatu	-	22	6	3	86
Wellington	25	34	800	-	160
Dunedin	2	28	87	45	66

## Issues

37. As part of the process of reviewing its funding policies for access radio and regional television, NZ On Air consulted access radio and regional television station managers and chief executives to ascertain their views on the key issues for this sector. Some clear themes emerged:
- funding does not keep pace with the CPI;
  - small, especially some rural, communities cannot sustain a local broadcaster with sponsorship or airtime purchase;
  - robust business planning is a challenge;
  - NZ On Air's reporting systems to monitor funding offer a good level of protection of public funding;
  - increased funding would permit better programme quality;
  - regional broadcasters established in some small communities may not be sustainable;
  - there may be a case for funding regional television for operational costs as well as programmes, or a mix of the two;
  - in the rapidly changing broadcasting technology landscape additional funding is required for stations to adapt to the digital environment;
  - governance often poses problems;
  - pressure on staff and staffing numbers are such that no mentoring of smaller stations can take place;
  - the metropolitan experience is quite different from the provincial;
  - local broadcasters do not expect to match the quality of national broadcasters, but quality is high considering the funding available;

- barriers to growth can include transmission quality, difficulty in identifying what the community wants, financial constraints and location;
- capital funding should be available for regional television broadcasters;
- the cost of digital broadcasting may be prohibitive;
- it is difficult to attract and retain good staff;
- stations need to promote their services to attract programme makers;
- investment in internet broadcasting and training is important;
- many stations would like more up-to-date equipment.

Clearly, the question of funding levels is relevant to most of the issues raised.

### **Digital Developments**

38. Recent years have seen radical development occur in broadcasting with the emergence of digital technology. Some regional television broadcasters have already taken advantage of this, with Cue TV available on Sky Digital and content-aggregator Stratos on both Sky and the Freeview platform.
39. The digital future is high on the agenda for the regional television providers, and the cost of making the change to this platform is a key issue facing them.
40. The radio broadcasters seem to be focussing their efforts on the internet. Some access stations stream content. Through a recent initiative, funded through the Digital Community Partnership Fund, three stations (Community Radio Hamilton, Wellington Access Radio and Fresh FM) share their broadcasts via the internet at <http://www.accessradio.org>
41. Internationally the growth of community radio on the internet is rapid and widespread.

### **Questions**

42. You do not need to answer every question.

### **Community Access Radio**

#### ***Existing Policy***

43. Since 1989 NZ On Air has funded community access radio stations to provide programmes that assist the organisation in achieving its objectives under the Broadcasting Act.

- Q1:** Is the existing funding policy and the way in which NZ On Air currently funds and monitors access radio still appropriate? Why?
- Q2:** Is the focus on s36(c) audiences still the right one?
- Q3:** Should NZ On Air maintain a baseline bulk operating fund for eligible station operations?
- Q4:** Should NZ On Air introduce a contestable fund for innovative programming? (This might have to be at the expense of increased bulk operating funding levels.)
- Q5:** Could NZ On Air better assist access radio in achieving outcomes that are appropriate for local communities, and if so, how?

### ***Airtime Sales***

44. Most access radio stations raise funds by selling airtime to community groups who make and broadcast programmes of interest to their members.

- Q6:** Is the “user pays” model still appropriate, or is there a better method for securing third-party funding?

### ***Other Radio***

45. In recent years, particularly in the larger centres, commercial ethnic radio stations have emerged to serve particular communities. Offshore stations, in a variety of languages and serving a variety of niche audiences, are also available on the internet.

- Q7:** Does New Zealand access radio remain relevant as a vehicle for the broadcasting of minority interests and languages? Which particular audiences does access radio serve best?

### ***Digital Broadcasting***

46. Some access radio stations are making greater use of websites to offer live streaming and on demand listening.

- Q8:** What type of internet-based initiatives would be of most value to access radio audiences?

### ***Anything Else***

- Q9:** Do you have any questions about this consultation and review process that have not been covered, or any comments to make with respect to community access radio?

### **Regional Television**

***Existing Policy***

47. Since 2005 NZ On Air has contributed funding to regional television stations around New Zealand to assist them to provide programming that reflects and develops New Zealand identity and culture at a local level. The emphasis to date has been on news, current affairs, local sport and culture.
48. Core funding is allocated to stations that meet a set of criteria, and a modest contestable fund is also available for other stations.

**Q10:** Is the existing funding policy and the manner in which NZ On Air currently funds and monitors regional television still appropriate? Why?

**Q11:** Could NZ On Air better assist regional television in achieving outcomes that are appropriate for local communities, and if so, how?

***Other Television***

49. New Zealand television viewers now have access to a range of channels and content (via free-to-air, pay TV, private satellite and the internet), including a number of foreign language channels.

**Q12:** Should regional television in New Zealand have a role in providing for the interests of ethnically diverse audiences? Which audiences does regional television serve best?

***Sustainability***

50. It has been suggested that some communities are too small to sustain a regional television station, and funding such stations is risky.

**Q13:** Should NZ On Air add a minimum community size criterion for funding? If so, what should the minimum population level be?

***Commercial vs. Non-commercial***

**Q14:** Should NZ On Air treat stations broadcasting on non-commercial licences differently from those on commercial licences? How?

***Anything Else***

**Q15:** Do you have any questions about this consultation and review process that have not been covered, or any comments to make with respect to regional television?