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15 April 2019

Victoria University of Wellington
WELLINGTON

by email

Dear

Official Information request and response

Thank you for your request under the Official Information Act ("OIA") dated 7 March 2019 received by the Office of the Minister of Broadcasting, Communications and Digital Media, part of which was transferred to NZ On Air on 27 March 2019.

You have requested:

Any communications between the Office of the Minister of Broadcasting (and/or the Minister for Culture & Heritage), New Zealand on Air, Cabinet and MCH pertaining to the development of NZ on Air's revised Funding Strategy (which became the NZ Media Fund) between 2013 - 2016. I would like to request information pertaining to:

- a) The policy rationale for the new consolidated contestable fund;*
- b) The perceived limitations of the existing funding model;*
- c) Any discussion of how to evaluate the public value/policy outcomes of NZ On Air-funded content under the new contestable fund;*
- d) Any discussion of the likely impact of discontinuing the Platinum Fund and its more demanding public service-oriented criteria compared with the regular contestable fund;*
- e) Claims from other media stakeholders concerning their eligibility for the new fund.*

I have interpreted your date range as being between the year beginning July 2013 – year ending June 2017. I have attached various documents and summaries provided to MCH or the Minister during that time. Operating strategies are for NZ On Air to determine so there were no detailed briefing papers as we undertook development of the strategy and NZMF.

- Extracts from monthly reports to the Minister between February 2016 – March 2017
- Aide memoire for the Minister prior to a scheduled meeting between NZ on Air and the Minister dated 13 September 2016
- A summary of public feedback on the draft strategy released in December 2016
- The Letter of Expectations for NZ On Air from the Minister of Arts Culture and Heritage dated 28 March 2017
- NZ On Air's response to the draft Standards Estimates Questionnaire sent by MCH dated 3 April 2017

Connecting and reflecting our nation

- NZ On Air's response to the Letter of Expectations from the Minister of Arts Culture and Heritage dated 28 April 2017
- NZ On Air's response to MCH's draft Agency Profile for MCH's Four Year Plan dated 18 May 2017
- A letter from NZ On Air to the Minister of Arts Culture and Heritage outlining the results from the first round of the NZ Media Fund dated 24 July 2017 (out of scope but included as relevant information)

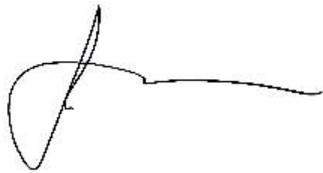
Other information is contained in the accountability documents on our website. This information is available on [our website here](#).

The only information withheld/redacted is contact details under s9(2)(a) of the Official Information Act.

You have the right to refer this response to the Ombudsman if you are dissatisfied with it. More information on how to do this is [here](#). NZ On Air proactively releases information in accordance with the Government's commitment to the Open Government Partnership National Action Plan. This includes publishing responses to requests for information under the OIA. Please note that this response (with your name removed) will be published on the NZ On Air website shortly and will remain on our website for 12 months.

Thank you for your interest in our work.

Yours sincerely

A handwritten signature in black ink, consisting of a large, stylized loop on the left and a long, horizontal tail extending to the right.

Jane Wrightson
CHIEF EXECUTIVE

Extracts: NZ on Air Monthly reports to Minister of Broadcasting

Feb 2016 – March 2017

February 2016

Significant Opportunities

Strategy: The Board had its annual planning day in February. We will be working on a new content strategy to roll out with our new SOI in 17/18 and will advise you once this is further developed.

March 2016

Significant Opportunities

Strategy: We are working on a new content strategy to roll out with our new SOI in 17/18 and will discuss this at our meeting with you on 11 May.

April 2016

Significant Opportunities

Strategy: We are working on a new content strategy to roll out with our new SOI in 17/18 and will discuss this at our meeting with you on 11 May.

May 2016

Significant Opportunities

Strategy: We are completing a new content strategy to roll out with our new SOI in 17/18.

June 2016

Significant Opportunities

Strategy: We are completing a draft new content strategy framework to roll out with our new SOI in 17/18 and are beginning to discuss this in the sector. Initial informal feedback has been very positive.

August 2016

Significant Opportunities

Strategy: We provided you with a draft of our new funding strategy which we are presenting to stakeholders for feedback in September.

September 2016

Headline Achievements

Strategy: We released our draft funding strategy and details of the NZ Media Fund at the Big Screen Symposium. Jane Wrightson spoke about the changes on RNZ's *Nine To Noon*. The response has been very positive and we are now attending various industry meetings to outline the changes. Feedback can be made until 18 November.

Significant Opportunities

Strategy: We intend to finalise the strategy by December to allow us to plan operating changes and hope you will be able to speak at our Auckland stakeholder function on 6 December.

October 2016

Headline Achievements

Strategy: We continue to attend various industry meetings to outline the proposed changes announced last month. Feedback can be made until 18 November.

Significant Opportunities

Strategy: We intend to finalise the funding strategy in December to allow us to plan operating changes. We are hosting a stakeholder function in Auckland on 6 December.

November 2016

Headline Achievements

Strategy: We are considering responses made to our request for feedback on the draft funding strategy. Overall feedback is very positive.

Significant Opportunities

Strategy: We intend to finalise the funding strategy in December to allow us to plan operating changes. We are hosting a stakeholder function in Auckland on 6 December.

January 2017

Headline Achievements

Strategy: We are developing new operating systems to support the new [NZ Media Fund](#) which commences from 1 July.

February 2017

Headline Achievements

Strategy: We are developing new operating systems to support the new platform-neutral [NZ Media Fund](#) which commences from 1 July, and have opened the [registration module](#) of our upcoming online applications system. Application guidelines will be released by the end of March.

March 2017

Headline Achievements

Strategy delivery: We opened the new online applications system '[Eric](#)' and published new guidelines, information sheets, and assessment templates on our website on 31 March. This is a new, highly transparent approach showing how we will assess projects in a competitive process. We developed these new systems for the new platform-neutral [NZ Media Fund](#) which commences from 1 July.



AIDE MEMOIRE

MEETING NOTE: MEETING WITH NZ ON AIR 15 SEPTEMBER 2016

Date:	13 September 2016	MCH Contact:	Carrie Cooke Manager, Media Policy [REDACTED]
BR Number:	2016/394	TRIM Ref: TRIM Folder:	D-0681259 2016-01296

Purpose

- 1 This aide memoire provides you with information for your meeting on 15 September at 4pm with NZ On Air Chief Executive, Jane Wrightson, and Chair, Miriam Rose Dean, CNZM, QC.

Agenda

- 2 This meeting is an opportunity to discuss NZ On Air's new funding strategy that it intends to implement from July 2017. The strategy would see the transformation of the current scheme, from multiple funds and strategies to a single strategy and the creation of "The NZ Media Fund". Officials provided information on this in the Broadcasting Status Report for week ending 2 September (attached as **Appendix One** for your reference).
- 3 The purpose of this change is to provide a more flexible approach to funding content (at present the funding streams are platform specific).
- 4 You may wish to inquire about the progress of an online space for New Zealand children. NZ On Air sees this as an additional opportunity for children and caregivers to access locally-produced audio-visual content free-to-view in an increasingly commercially-focussed television market. In May, in its call for expressions of interest for a possible online children's media option, two applicants of nine were shortlisted and were assessed by a panel including two external advisors.
- 5 Following the NZ Music Code meeting you had with the Radio Broadcasters Association in August, you may wish to discuss NZ On Air's perspective on the code. In particular how the New Music funding scheme, launched in July, will work with commercial radio to promote artists.
- 6 NZ On Air wishes to have a general conversation on funding looking forward to the 2017/18 year and beyond. NZ On Air intend to present a budget bid to you this year and is in the planning phase of this process.

Officials Attending

- 7 Carrie Cooke, Manager, Media Policy and Sophie Bradley, Policy Advisor, Media, will be attending.


Carrie Cooke
Manager, Media Policy

Appendix One

NZ On Air Draft Funding Strategy

MCH has reviewed the document and provided feedback to NZ On Air. We are comfortable with the draft strategy.

The paper sets out the new funding strategy that NZ On Air intends to implement from July 2017. In short, the revised strategy would see the transformation of the current scheme, from multiple funds and strategies to a single strategy and the creation of "The NZ Media Fund".

The intention with this change is to create a simple and flexible approach to funding content in an increasingly complex converged media environment.

The new strategy has three goals: quality content, New Zealanders enjoy well-made local content that matters; diverse content, New Zealanders value local content made for a range of communities; and discoverable content, New Zealanders can find and appreciate local content.

Key changes are:

- The NZ Media fund will have four streams: Factual, Scripted, Music and Platforms. (Platforms recognises the funding of some services that deliver public media content such as RNZ.) The Board will set the amount in each stream annually.
- Funded content may be for a range of platforms – but the platforms will be expected to co-invest, and demonstrate they can reach the audience the content is intended for.
- Applications for funding will be fully online to streamline and standardise the process, reducing duplication of effort for all parties.

The core principles of the current strategies underpin the new single strategy. NZ On Air will maintain support for Māori content and content for diverse regional, age, ethnicity and gender interests. Content will be available free to New Zealand viewers and listeners for as long as possible.

Once NZ On Air has received final feedback from you and MCH, the draft strategy will then be opened to the sector for feedback. Jane Wrightson is speaking at a number of events over the week of 19 September, with main public messaging on 23 September. A final decision will be made by the Board in December 2016.

NZ On Air Funding Strategy –

Summary of stakeholder feedback



Purpose

1. This document summarises the issues raised through feedback on our [draft Funding Strategy](#) and discusses NZ On Air's response to those issues.
2. NZ On Air is very grateful for the time and effort spent by respondents in making their points. We have changed various aspects of the strategy and the NZ Media Fund in response. We see this new framework and the operation of the NZ Media Fund as a work in progress: we will learn as we develop a new way of operating and will review progress each year to see where we need to improve.

Introduction

3. In response to massive media disruption and audience change, NZ On Air proposed a new funding approach - a single strategy guiding a single fund, The NZ Media Fund. In doing this we sought to be more flexible and responsive to the changing environment, while staying true to our core purpose as the "Broadcasting Commission", which is to fund local content primarily for broadcast, and then for online audiences as we determine a need.
4. The draft strategy was released on 23 September 2016 and was explained and discussed at length in industry meetings, conferences, and in mainstream media. We sought feedback to help us refine and finalise the strategy, receiving 325 submissions. The large majority of these (270 submissions from members of the public) were a pro forma submission in support of matters raised by the Coalition for Better Broadcasting (CBB). Some of these submitters also made general points about public broadcasting which are noted but are out of scope of this process.
5. The remaining 54 submissions can be broadly categorised as:
 - Broadcaster (4 submissions)
 - Online platform/archive (3)
 - Industry associations/advocates (14)
 - Content creators (11)
 - Individuals (23)
6. Overall the response has been positive, with a general consensus that we are responding appropriately to the changing environment. A number of submissions were wholly supportive of the strategy. Many more praised the direction, and raised questions about specific details.
7. The following section draws out the key issues submitters have raised and our response to them. Changes to the strategy and NZ Media Fund are **marked in green**.

Key themes

8. We received multiple comments on the following key areas, which will be addressed in detail:

The meaning of "quality content"

- **Should content be free-to-air first?**
- **Qualifying commissioning platforms**
- **The co-investment requirement**
- **An argument for ring-fencing for certain content or audiences**
- **Folding the Platinum Fund into the Media Fund**
- **Providing for children**
- **Te Rautaki Māori**
- **The four series limit on funding**
- **Concerns about cost pressures**
- **The 'Platforms' funding stream**
- **Using NZ music**

The meaning of “quality content”

9. *Goal 1: Quality Content* – the strategy enlarges on this at Para. 7 with the following:

- *Well-made funded content will reflect New Zealand in engaging and informative ways*
- *Funded content will be different to similar local content made without public funding*

9.1. Two issues were raised in relation to the second point. Several people weren't sure what this means. One submitter argued that the strategy seems to say that quality content cannot be at the same time popular or commercial.

NZ On Air comment: From a public funder's perspective, not all NZ content is the same. We absolutely understand the uphill battle that all local content has to get made and the sector knows that we at NZ On Air are passionate advocates of all things local.

When it comes to funding, however, we need to apply a different lens. In a tight funding environment funding recipients are scrutinised as much as we the funders are. So the rationale for winning NZOA funding is much more than just being from NZ or being expensive to make. Therefore we need to increase our focus on public media principles.

The content we are most interested in will have something to say about us and our place in the world. Public media is a broad church so content of course can be funny, irreverent, joyful and silly, as well as serious: it's not the treatment that's the focus, it's the message.

A public media headspace asks what the point of the content is: What are the big themes? Is it innovative? Is it shining a light on an aspect of NZ that makes us reflect? Can it play a role on how NZ society shapes itself or talks about the big issues? Does it inform or educate or challenge as well as entertain? Is it good of its type?

In other words publically-funded content may entertain but it will add cultural value.

We have added the words in green to acknowledge this is a value judgement.

- *Funded content will be **seen to be** different to similar local content made without public funding*

We have also reinforced this at Para 23 (What Is Different?).

9.2. Several comments were made on the need to still fund high quality drama and factual content, and not to deplete this funding in favour of content for smaller platforms.

NZ On Air comment: Having Quality Content as the first of three goals for the strategy sends the strong signal that all content will be quality (or, good of its type). We agree that 'blue chip' drama and documentary content will still be prized. The challenge is in getting the mix right across audience needs. Our premium value content, such as programmes previously made through the Platinum Fund, will still be the gold standard of what we fund.

Should content be free-to-air first?

10. The draft strategy said:

“Contestable content applications must have a qualifying commissioning platform that ... provides free access to the content unless we accept an alternative distribution plan...” (Para 16)

“Content will be available free to New Zealand viewers and listeners for as long as possible” (Para 36)

“All content must be free to New Zealanders at some point. We will prefer a free first release but may consider varying business cases.” (Pg 5 Under Goal 3: Discoverable content)

10.1. There was a feeling the statements are contradictory, and there were particularly divergent views on the possibility that some content might have its first exposure on a pay/subscription basis.

10.2. There were strong statements against this concept, many from broadcasters, arguing for free-to-air first and for a minimum of 24 months. *“...this is a fundamentally inappropriate use of taxpayer funds.”* These respondents also noted that first run content on pay/subscription channels would only increase the pressure on the NZ Media Fund.

10.3. Meanwhile some producers thought the local production industry could flourish and fulfil its ‘enormous potential’ if our funding strategy embraced the growth in SVOD. It was further argued that SVOD is a more creative and diverse content arena.

NZ On Air comment: We confirm that content behind a paywall is currently not eligible for funding. We will review this annually and seek feedback if market shifts indicate we should consider a policy change.

We have amended all three paragraphs above for consistency and clarity.

Qualifying commissioning platforms

11. The draft strategy defines qualifying commissioning platforms at Para 16. At **Appendix 3** “How will funding rounds be organised?” we state that for the highest value applications (a funding request of more than \$500k) it is *“likely to have both a broadcast (free to air television) and online outcome.”*

11.1. A concern expressed here is that this makes possible a funding investment of more than \$500k on an online only platform. Several submitters believe this should be changed from “likely to have” to “must have.”

11.2. A number of submitters make the point that unlike broadcast television there is no independently rated and objectively assessed audience measure for online content. *“taxpayer funds should only be spent where outcomes can be reliably measured and online platforms haven’t yet demonstrated this. There is considerable debate in the market about true audience sizes on digital...”*

11.3 We are also asked to more explicitly state that channels/platforms delivering the largest audiences will be prioritised: *“Is 100,000 views the same as 100,000 simultaneous views??”*

11.4 And a suggestion that online-only content have its first exposure on well-established sites such as The Wireless.

The co-investment requirement

12. The draft strategy emphasises co-investment - *“There is a greater expectation of co-investment at increased levels. Commissioning platforms will be expected to provide an adequate contribution to the production budget. Applicants are also encouraged to explore third party investment options.”* (Para 26).

NZ On Air comment: The size of potential audience is a key factor in determining our level of investment. However smaller audiences need also to be catered for, especially where the content delivers on our statutory responsibilities for special interest.

Proven platforms with larger audiences will be preferred but we will also be considering how relevant that platform is to the target audience (namely a smaller platform successfully targeting a particular audience may be as valuable, in some cases, as a larger general platform).

We need to leave open the possibility open that at some point in the future an online platform may have a sufficiently large audience to justify an investment of this size.

In **Appendix 3** para 2.1, we have added the word **most** – *“most likely to have a broadcast (free to air television) and online outcome”*.

We will also investigate how to establish a more consistent and reliable measurement framework for online content.

- 12.1. There is a very mixed response to this requirement. On the one hand it is welcomed for ‘levelling the playing field’, but on the other hand it is seen as potentially constraining some types of content, producers and platforms.
- 12.2. Those who already pay a licence fee for content query whether the licence fee will be proportionate to audience size, platform size, and content type? They and producers have asked for more clarity such as a transparent guideline or contribution model that makes the expectations clear at each level.
- 12.3. There is concern that NZ opportunities for co-investment are limited, raising the question of whether more international co-investment might dilute the “New Zealandness” of content.
- 12.4. Some argue that the co-investment requirement may lock out some content creators, and that it will distort the nature of funded content further towards commercial, less-risky projects. It is suggested we need a less restrictive set of criteria for co-funding/licensing to account for non mainstream content for specialist audiences from smaller independent producers.

- 12.5. The template email from the CBB, which most of 272 public submitters via that source used, said we should: ‘ease requirements for non-commercial and minimally funded platforms to provide license fees, co-investment *and third-party funding as I believe this could seriously hinder their ability to receive funding.*’

NZ On Air comment: NZ On Air funding is not a grant: it is an investment in the business of making creative content.

The point of the co-investment requirement is three-fold. It ensures platforms have some ‘skin in the game’ (it’s very easy to say Yes to free content); it brings money to the table, making our funds go further; and requiring market attachment is one form of quality control to help us assess the potential success of applications amid growing demand.

Individual platform contributions tend to be commercially sensitive. However we expect the contribution will be proportionate to the size of the ask and the reach of the platform.

We will consider case by case and likely reject the proposal if the platform contribution is comparatively unattractive.

In short it’s a balancing act. We need an audience size and business case appropriate to the level of funding and we also take into account other criteria, such as cultural value. This is a cost and benefit balance.

We confirm that 100% funding for projects will be very rare. The limited exceptions will be for some types of special interest content (and if there are two similar applications with a similar business case, we will likely prefer the one that offers co-investment).

While we prefer platform co-investment we encourage producers to negotiate other co-investment options, as a way to offset the cost to us while encouraging content diversity.

We are also considering how we actively encourage innovation and will occasionally issue an RFP that does not include a financial co-investment requirement to stimulate interest.

We have clarified our policy as follows:

27. There is a **greater expectation of co-investment** at increased levels. Commissioning platforms will be expected to provide an adequate contribution to the production budget in almost all cases. Applicants are also encouraged to explore third party investment options. We may consider proposals that do not offer platform co-investment if they provide a compelling way to reach a target special interest audience: efforts by the producer to bring other investment to offset the cost to NZ On Air will be one of the decision-making criteria used in such cases.

- 12.6. Producers say they also might find it easier to attract overseas investors if they have an “offer of funding” in advance of confirmed production funding so they can “shop” the project overseas.

NZ On Air comment: We might consider this for significant blue chip broadcast projects that have clear international investment potential and a producer who is experienced in securing international funds. Producers can discuss this with us.

An argument for ring-fencing for certain content or audiences

13. A number of submitters are concerned about the removal of genre targets and specific funds for particular audiences. They say this makes it harder to plan with creative partners, because they won't know how much is available.
 - 13.1. The areas mentioned as being of biggest concern are Children's, Māori, Regional Media, Arts & Culture, and Special Interest programmes. It is suggested there is a minimum funding allocation for these within the factual and scripted streams.
 - 13.2. One broadcaster claimed the funds spent by Te Māngai Pāho and Māori Television *should not relieve NzoA of its responsibilities to fund Māori content That it should be recognised that MTS is a relatively unique media organisation – our cultural drivers are more dominant than our commercial ones and that should be reflected in funding priorities.*
 - 13.3. Another broadcaster said: *The removal of all sub-genre funding targets such as those which currently exist for children's, Māori or special interest programming concerns us as it makes it much more challenging to plan with creative partners. We have relied on the genre funding targets to allow us to work with producers and the NZOA team to table proposals within available funding and consistent with the objectives of NZOA and TVNZ. In the absence of such we are vulnerable to encouraging creators to develop projects that have little chance of success or to waste precious funding and resources.*
 - 13.4. A concern raised by a number of submitters is that children as an audience have specific needs and should have ring-fenced funding; also a concern that there is a shift away from free-to-air to online for this age group: *Not all children can freely access the internet but by enshrining children as a priority audience this could be mitigated.*
 - 13.5. Another submitter said: *Children's rights under the United Nations Convention on the Rights of the Child should be acknowledged within the NZOA proposed funding strategy.*
 - 13.6. It is also suggested there needs to be a more clear demarcation between mainstream and special interest funding and that some funds should be earmarked for more "risky, innovative ventures."
 - 13.7. There is also some support for the idea of an innovation fund: for example, suggestions were that we could try out new development processes, drama on new platforms, but also that innovation should not only mean 'online'.

NZ On Air comment: We confirm that we will be continuing to serve the audiences set out in the Broadcasting Act and remain absolutely committed to providing for these priority audiences.

We have created a simple, flexible fund so that we can manage increasing demand in a static funding environment, and find new ways to reach audiences. So we are unlikely to return to designated genre funds; nor to long strategy documents.

We understand that this flexibility creates some uncertainty. It also provides opportunity. We are working on operational details for the NZ Media Fund and will release more detail in early 2017.

Folding the Platinum Fund into the NZ Media Fund

14. Several submitters are concerned that there will be less commitment to blue-chip programming, without a Platinum Fund. That this content will be diluted and perhaps overall content will become less uniquely New Zealand as producers look overseas for co-investment partners.

14.1. It is suggested there is a platform-neutral equivalent of the Platinum Fund.

NZ On Air comment: Our first Goal is Quality Content. We confirm that blue chip projects like those previously funded through the Platinum Fund will continue to be highly valued by us.

Te Rautaki Māori

15. The draft strategy enshrines Rautaki Māori principles throughout our work. Particular concern was raised about the proposed change to criteria for key personnel on a Rautaki programme to be Māori. We had softened the requirement to: *“Content that is led by or with the significant involvement of Māori key creative.”* Previously we specified *“at least two of the three key roles of producer, director and writer/researcher must be Māori.”*

15.1. We had opposing views in the feedback on this. One broadcaster sees the change as a “pragmatic response to the difficulty finding these personnel”, but wants to see the criteria applied consistently.

15.2. A second broadcaster objected to the change arguing that Māori key creatives must be mandatory to retain a strong element of Māori creative control. Strong Māori-themed projects that do not meet the Rautaki criteria should be funded from the general pool. Attendees at a hui led by Nga Aho Whakaari also supported this.

15.3. A second concern raised by broadcasters is that without ring-fenced funding there will be less money spent on Rautaki content. Some wanted to see a minimum funding level set for these projects. One broadcaster suggests a minimum spend of 17% of the total budget.

15.4. A further submission that the NZ On Air team - Board and staff – need to be more up-skilled in Māori tikanga and reo and in particular the assessors of these projects need to include Māori people.

15.5. There was also a worry that the Rautaki only applied to the Factual stream, not the Scripted stream.

NZ On Air comment: We confirm that we will be continuing to serve the audiences set out in the Broadcasting Act and remain absolutely committed to providing for these priority audiences including Māori.

Te Rautaki Māori is a strategy not a funding pool. It is primarily intended to ensure that mainstream media provides a window into Te Ao Māori. We will encourage Te Rautaki content - content that reveals aspects of the Māori world - on all channels and platforms.

We have created a simple, flexible fund so that we can manage increasing demand in a static funding environment, and find new ways to reach audiences. So we are unlikely to return to designated genre funds; nor to introduce minimum spends. We will continue to report Māori content outcomes in our Annual Reports.

We have had consistent feedback from the Māori production community to retain the Rautaki production personnel requirement *“at least two of the three key roles of producer, director and writer/researcher must be Māori.”* Therefore we are happy to retain it.

We confirm Rautaki projects can be funded from both the Scripted and Factual streams.

We have amended Appendix 2, “Priorities” to stipulate:

- Content that is led by or with the significant involvement of Māori key creatives: at least two of the three key roles of producer, director and writer/researcher

The series limit on funding

16. The draft strategy states (para. 44) that we will not fund *“more than four series of the same factual idea or more than six series of the same scripted idea, unless exceptional circumstances exist”*. One broadcaster argues this principle penalises success and deprives the audience of content they have grown to love. A similar point was raised in relation to children’s content.

NZ On Air comment: The policy notes there will be exceptions where a series has ‘special audience or cultural appeal and maintains platform support’.

However with limited funding and increasing demand we must make room for new ideas. Most content does reach the end of its natural life: while decisions to cancel or finish a series are normally made by a platform or producer, NZ On Air also reserves this right to refresh its slate. Therefore we will maintain this policy so producers and platforms can plan accordingly.

Concerns about cost pressures

17. Concern was expressed by several industry groups and individuals that best production practice is not adhered to at lower budget levels and poor practices could migrate through to higher budget projects with associated risks. There is a rising concern that low-budget is becoming the industry norm and a warning to be wary of strategies that incentivise exploitation of creative personnel. It is suggested guild standard pay rates should be mandatory for all NZ On Air funded content.

NZ On Air comment: With the strategy allowing more applications to come in at the lower end of the budget range NZ On Air is carefully considering two matters in particular: that we are not creating a precedent for unsustainable or unsafe production, and that we are able to manage quality of output.

We will continue to consult with industry as we consider appropriate production practices and pay levels for lower budget production.

We are likely to attach an Executive Producer to projects with a less-experienced team, or without an active commissioning structure supporting them. This will help address both production quality and appropriate production processes.

The Platforms funding stream

18. A couple of submissions pointed to some confusion around eligibility for the Platforms funding stream.

NZ On Air comment: We primarily fund content but we must maintain funding for a relatively small number of platforms without which we would not be able to reach audiences with special content (as large as RNZ; as small as specialist radio and websites).

We confirm the Platforms stream is not an open contestable fund.

Using NZ music

19. Submissions from the music industry were strongly supportive about incentivising the use of NZ music in funded productions (para 30).

- 19.1. Producers noted the cost implications meaning production budgets would increase.

NZ On Air comment: We acknowledge this may be inflationary. However we intend to implement this to bring more synergies to our funding and to assist the music industry.

We are initially likely to restrict this to drama and blue chip production. We will maintain data on usage and encourage all funded productions to actively consider NZ music when appropriate.

Various other questions/concerns

Below is a Q and A based on other concerns raised. Our comments are below each question.

20. Timing of rounds (Appendix 4): one submission says it looks particularly challenging for returning series, especially current affairs. There is also a request for more flexibility for time-sensitive projects.

NZ On Air comment: We will take this on board as we tweak the timing. We are always sensitive to not holding up production, but need to be able to line projects up against each other to choose the best.

We have amended Appendix 4 : Proposed meeting schedule, clarifying and simplifying the rounds. We will continue to work on this in early 2017.

21. Separating out 'broadcast' in the July round is counter to the notion of platform neutral. Should this instead be "Funding request of more than \$500k?" (Appendix 4)

NZ On Air comment: In response to feedback we have decided to change the July round from Broadcast Factual to General Factual.

22. Shouldn't funded businesses be more than just NZ registered but have an NZ presence, and themselves be investing in local content as well? Non NZ-owned businesses should not be eligible for funding.

NZ On Air comment: Our Investment Principles (Pg 10) state we: 'Expect commissioning platforms to show a sustained commitment to New Zealand identity and culture.'

We also say at Para 16 that qualifying commission platforms must have a sustained commitment to local content for New Zealand audiences.

The funding we provide goes to NZ-registered production companies for content that is almost always made in NZ with NZ production personnel.

23. There were a few comments and requests in relation to development funding, namely: More bold and innovative ideas would emerge if TV projects did not need a distribution plan at time of development funding

NZ On Air comment: We are trialling a new opportunity for developing projects that do not yet have a platform commitment. This will allow for more innovation at the early stage. Production funding will still require a platform commitment. Details are on our website [here](#).

24. Request that NZ On Air fund (from development funds) the "trailer, episode or online taster" required for some types of content in the strategy

NZ On Air comment: We are looking at the current requirement for webseries (for example) to have an existing series or pilot with a minimum number of views. We understand that can pose problems – however it's a big part of raising the bar, particularly for projects that don't have the involvement of a platform. We note the rising number of self-funded projects.

25. One submitter is disappointed the strategy has an "Obsession with television and audio/visual", a "fundamental bias toward the moving image and spoken word over the written word or still image".

NZ On Air comment: NZ On Air's legal name is the Broadcasting Commission and we are governed by the Broadcasting Act. We fund broadcast and broadcast-type content, namely audio-visual and moving image content. We do not have a mandate to fund written word or still image content.

26. It was suggested the new strategy should be implemented for a trial period of two years.

NZ On Air comment: We intend to review our progress under this strategy annually and amend as necessary. We think the strategy gives us the building blocks for change, and it is deliberately flexible to take into account the continuous change needed to keep up with the environment.

27. An appeal for more funding for Music, to take on the global markets rather than just focus on local.

NZ On Air comment: Our remit in this area is clearly local. We are required to ensure there is adequate local content for radio, which includes music. We fund more than 250 new songs a year and are putting more effort into promotion of those tracks. Our work in extending exposure through global streaming platforms will assist artists to achieve international exposure.

28. One submitter argues the principle that we will support content that the market alone cannot support is flawed. That just because it has commercial value does not mean the content would be made if the funding is not available, or that it is not worthy of funding.

NZ On Air comment: We think this is a logical place to draw the line for public funding. If a project has clear commercial value it should be funded by the market.

29. A submitter asks if we could re-weight the funding allocations to give more funds to factual programming than scripted.

NZ On Air comment: The weighting was provided as an example and was based on current spend. It may be adjusted over time. This will be detailed in our annual Statement of Performance Expectations.

Policy issues for further discussion

A number of submissions raised matters that are policy issues outside this strategy, or beyond NZ On Air's remit. We will refer these issues to the appropriate agencies, or respond to them separate to this process.

Appendix: Names of submitters and organisations

Broadcaster (4 submissions)
Andrew Shaw – TVNZ
Annie Murray – Prime TV
Makere Edwards – Comms Manager for Māori Television
Alex Nicholson – MediaWorks

Online platform/archive (3 submissions)
Duncan Grieve – The Spinoff
Janine Faulknor – Digital Media Trust
Myles Thomas – Very Nice Productions

Industry associations/advocates (14 submissions)
Geoff Lealand – Screen & Media Studies, Uni of Waikato
Marshall Smith (chair) & Tom McLeod (member) – Screen Composers Guild of New Zealand
Darren Ludlow on behalf of the Assn of Community Access Broadcasters (ACAB)
Victoria Kelly - APRA AMCOS
Rebecca Elvy – Ngā Taonga Sound and Vision
Janette Howe (Chair), John Harris, Kate Stevenson, Dr Ian Hassall, Martin Baynton, Gervais Laird Pieter Holl, Yvonne Mackay – NZCST
Vivien Maiadaborn – UNICEF NZ
Jude Morgan – National Assn of Media Educators
Janette Howe – Screenies Festival Director
Tui Ruwhiu – Directors and Editors Guild of NZ
Alice Shearman – NZ Writers Guild
Peter Thompson – Coalition for Better Broadcasting
Sandy Gildea – SPADA
Ngā Aho Whakaari

Content creators (11 submissions)
Alister Barry
Ivan Barge
Philly De Lacey – CEO Screentime
Steven Zanowski with Rachel Lang and Gavin Strawhan – Filthy Productions
Amy Bowie – singer-songwriter, actress, vocal tuition and voiceover
Paula Boock and Donna Maclane
Arthur Baysting – Past Director
Suzy Cato – Treehut/ Kiwi Kids
Janine Morell-Gunn (Whitebait Media) and Mary Phillips (Pickled Possum Pdns)
Michael Duignan

Individuals (23 submissions)	
Kathryn Quirk	Stuart Burns
Peter McDermott	Carline Stone
Mike Cunliffe	Win (no surname provided)
Jason Martin	Keith Betteridge
Maurice Alley	Julia McNaughton
Brent Jackson	Mary Jeffcoat
Lesley King	Pat Smit
Rosemary Brewer	Mary Tallon
Ann Pomeroy	Rocky Renquist and Regina Pernice
Michael Browne	Carol Wildermoth
Dr Ruth Zanker - Researcher	Nick Wiffen
Robert Boyd-Bell	

CBB and public (270 submissions)		
Peter Todd	Annie Murrell	Lani Dodds
Mike McGreevy	Margaret Williamson	Dale Julius
Tim Harding	Alison Ritchie	Jane Strachan
Carmen Melican	Janet Roderick	Jenny Jones
Jennifer May	Kristy Glengarry	Peggy Fittes
Veda Winsley	Chris Davies	Margaret and Selwyn Stuart
Tim Crompton	Max Thomson	Athena Papadopoulos
Kris Vollebregt	Angela Caughey	Jackie McKenzie
Jan Skogstad	Paul De Rungs	Dawn McLaughlan
Kaye Kearney	Paul Elliott	Angeline Dew
Luke Anderson	Sandra Chesterman	Sue Esterman
Roger Miller	Anne Baird	Hadley Thomson
Juliet Feast	Tanya Lyders	Margaret Campbell
Ingrid Self	John Garwood	Keith Hargis
James Bartle	Grant Coupland	Astrid Gluth
Maria Oorthuys	Beate Jones	Kirsten Ruch
Stuart Rose	Lynaire Barry	Sue Sutherland
Ian Forsyth	David Yetton	Cherry Mackenzie
Morgan Hanks	Louise Croot	Rosemary Jorgensen
Margaret Mollison	Megan Smith	Astrid Gluth
Frida Inta	Stephen Head	Edd Morris
Daphne Bell	Colleen Bright	Pamela Hill
Dan Mace	Margaret Crosswell	John and Margaret Lovell
Lorna Clauson	Michele Fantl	Sel Jones
Johannes Laubach	Lynette Gubb	Peter Howes
Jane Clark	Dennis Frank	James Jones
Jasmine Archer	Malcolm Rees-Francis	Adrian Dickison
Norm Holm	Carolyn Blackford	Jenny Saywood
Graham Kelly	Isabel Morris	Chris Cameron
Philip Logan	John Peet	Catherine Bish
Miriam Pascoe	Jenny Martin	Fleur Rodway
Frank Silgo	Cecily Jean Thompson	Leo Hobbis
Nigel Edgecombe	Dennis and Rosalie Small	Matheson Beaumont
Sharon Rochford	Rosemary Dahl	David Reid
Katherine Lyons	John Birkbeck	Linda Pears
Lyn Topley	Eric Carley	Rosemary Hudson

Veronica Parton	John Jenkins	Susan Coubrough
Joyce Sheehan	Alan King	Don Thompson
Jane Catherine Severn	Blanche Charles	Rachel Rose
Lesley Harrison	Marian Poole	Petra Stephenson
Ian Appleton	Maire Leadbeater	Peter Elder
Annie Opie	Sue Goldwater	David Mourant
Maree Williamson	William Hibbard	Winifred Jackson
Billy T SaxMan	Nina Harris	Colin Gauld
IMM Teoh	Garry Casey	Patricia Simpson
Judith Wise	Joshua Salter	Heather Denny
Bruce Philpott	Patti Wicksteed	Donna Mummery
Tonia Matthews	Jan Edwards	Yvonne Wier
Jasmin Taylor	Ray Hawkins	Ian & Rosemary Bywater
Stephanie Long	Eric Pollock	Brenda Ebbeling
Wayne Whelan	Patricia Armour	Margaret Guthrie
Natalie Wilkinson	Marcus Newton-Howes	Peter Over
Gail Fleming	Gillian Luttrell	Heff Hefferan
Peter Pascoe	Blair Donkin	Pip Walls
Annette Hamblett	Wendy Davies	Franz Kammerer
Cam Web	Jo Randerson	Lesley Clark
Karen du Fresne	Jude Lambert	Wallace Russell
Franca Morani	Karen Brookes	Cathie Bullock
Brian and Robin Griffiths	Irene Brodie	Anna Rugis
Lorraine Barton	Katrina Benecke	Don McMorland
Ian Dean	Angela de Bres	John Holding
Judith Doyle	Sara Caplain	Jo-Anne Vaughan
Jim Flewitt	Miles Rogers	Chips Jones
Kim Webby	Julia Durkin	Shirley Angela
Janet Gough	David Morris	Dave Mercer
Val Jackson	Jane Vinnell	Michael Wraight
Lyndsey Knight	Janet Thomson	Wendy Parker
Diane Brown	Clare Hynd	Jen Kenning
G Ellwood	Ridgway Lythgoe	Barbara Evans
Steve & Jill Tetley	Moira Statham	Kevin Low
Josephine Dodd	Lindy Hayward	Jeremy Dunningham
Grant Dunford	Barbara Burton	Wayne Oakley
Sandie Hunt	Derrick Hampton	Rita Robson
Natalie Wilson	Maggie Williams	Monika Schneider
Tony Timps	Patrick Wildermoth	Shirley Vollweiler
Phil Robinson	Gerry Hill	Alastair and Harriette Brickell
Sandy and John Rentoul	Kate White	Jim Foxwell
Jonathan Neal	Pat Lakeman	Gerry Hill
Alison Safey	Alison Robinson	Lynette Buchanan
Susan Free	Sarah Lees-Jeffries	Genevieve Utting
Nicky Owers	Joyce Sheenan	Mike Keys
Pamela & Michael Criglington	Anne de Felice	Lois & David Westwood
Jean Dowson	Jacqueline Gilmore	Don & Rosemary Andrew
Liz Keys	Janet Hector	Miriam Bell
Jane Kenny	Philippa Binney	Juliet Adams
David Findlay	Kristin Hughes	Dinah Taylor
John Patchett	Ric Stacey	Jennifer Johnsen
Karin van Dijk	Sue Gregory	Clare Needham

Charmian Koed	Jeanette Fenn	Marilyn Elliston
Anne Stowell	Jenny Jones	David Woodhams

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Office of Honourable Maggie Barry ONZM

MP for North Shore

Minister for Arts, Culture and Heritage

Minister of Conservation

Minister for Seniors

28 MAR 2017

Miriam Dean
Chair
NZ On Air
PO Box 9744
WELLINGTON

Dear Ms Dean

LETTER OF EXPECTATIONS FOR 2017/18

This letter sets out my expectations for the Broadcasting Commission (NZ On Air) in 2017/18. Its purpose is to assist the Board to draft the 2017/18 Statement of Performance Expectations and other strategic planning documents.

But first, I wish to acknowledge NZ On Air's success in 2015/16, in funding 897 hours of television content and reaching audiences over 500,000 for four of the programmes it funds. Maintaining high levels of public appreciation of the local projects NZ On Air supports while operating within the constraints of static funding is to be commended.

Enduring Letter of Expectations

Before outlining my specific expectations for NZ On air, I would like to reiterate that the enduring letter of expectations¹ to all Statutory Crown Entities remains in force and to emphasise two of the expectations outlined in this letter - effective governance and "no surprises".

The Government requires effective self-monitoring by Crown entity boards. While your board has the most immediate and direct responsibility for monitoring the performance of the NZ On Air, I expect it to continue to provide me (as responsible Minister) with high quality information on performance against your planning documents, and timely information on the risks and opportunities facing your organisation. I have asked the Ministry for Culture and Heritage (the Ministry), acting as my monitoring agent, to focus on the quality and timeliness of performance information.

As always, I ask you to maintain a "no surprises" approach to briefing me, and to work constructively with the Ministry in its Vote performance monitoring role and in any policy issues that may arise. You should ensure that the Ministry is engaged when the Board is considering significant issues that may materially affect your plans and operations.

For the avoidance of doubt, "no surprises" means that I expect you to inform me in a timely manner about matters of significance within my portfolio responsibilities,

¹ Refer to <http://www.ssc.govt.nz/expectations-letter-crown-entities-july12>

particularly where these matters may be controversial or may become the subject of public debate.

In addition, I ask that you work with the Ministry, as required, by providing relevant production and sector information to support policy consideration, for example on work towards a Digital Convergence Bill, and other matters that may arise over the year.

Specific Expectations

My specific expectations for 2017/18 relating to core business, collaboration with the sector, and specific reviews are as follows:

- 1 *Funding Strategy* – I would like you to keep me informed of the implementation of the NZ Media Fund and to provide me with evidence of its results once it is implemented in July 2017.
- 2 *New Zealand Music Code* – please continue working with the Ministry and the Radio Broadcasters Association to develop a new Music Code, and tools to ensure its implementation, which maintains New Zealanders' ability to access New Zealand music.
- 3 *Regional broadcasting* – please keep me informed of the results of multi-platform projects across the seven regions funded in 2016 and any further developments in this area.
- 4 *Disability services* – continue to focus on maintaining quality service outcomes for captioning and the audio description service.

Finally, I would appreciate a response to this letter, which outlines the key strategic challenges and opportunities facing NZ On Air and how the Board intends responding to the expectations contained in this letter.

I look forward to working with you, the rest of the Board over the coming year, and to seeing the expectations outlined above reflected in your planning documents.

Yours sincerely



Hon Maggie Barry ONZM
Minister for Arts, Culture and Heritage

cc Jane Wrightson
Chief Executive
NZ On Air
PO Box 9744
WELLINGTON

From: [Jane Wrightson](#)
To: [Hilaire Carmody](#)
Subject: FW: MCH - Standard Estimates Questionnaire 201..NZOA_03_2017
Date: Thursday, 28 March 2019 1:58:19 PM
Attachments: [image001.jpg](#)
[MCH - Standard Estimates Questionnaire 201..NZOA_03_2017.docx](#)

From: Clare Helm <[REDACTED]>
Sent: Monday, 3 April 2017 1:34 PM
To: Christopher Jones <[REDACTED]>
Cc: Jane Wrightson <[REDACTED]>
Subject: MCH - Standard Estimates Questionnaire 201..NZOA_03_2017

Hi Chris

Our responses to the SEQ attached – please let me know if you have any questions or need further information.

Kind regards
Clare

	Clare Helm
	Head of Corporate Services NZ On Air Irirangi Te Motu DDI: [REDACTED] Cell: [REDACTED] 04 382 9524 (tel) www.hzonair.govt.nz follow us on Facebook or Twitter PO Box 9744 Wellington New Zealand 6141

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1. *What is planned for significant capital expenditure and investment, including information system investments, for 2017/18 and out-years? How will these be funded and how have they been affected by fiscal pressures?*

2017 response: NZ On Air is planning to implement the next stages of its planned functionality for the online application and finance systems. NZ On Air is also planning a full website refresh so it can provide accurate, detailed information on its new funding and entity structure. These will be funded within the existing funding in line with its capital expenditure plan.

Last year's response:

NZ On Air plans to implement an online application system and upgrade the finance system. These will be funded within the existing funding in line with its capital expenditure plan.

2. *For any Crown entities funded by the Vote, are there any particular performance risks or concerns for the 2017/18 year?*

2017 response: NZ On Air is rolling out an entirely new platform neutral funding strategy, and has restructured the entity, to meet a fast-changing media environment. After nine years of static funding, there is an increasing risk NZ On Air will not be able to effectively deliver the full range of public media services envisaged by the Broadcasting Act.

Last year's response:

N.A.

3. *What specific risks and challenges to the capability of agencies delivering outputs under this Vote have been identified? What action is being taken to manage these challenges?*

2017 response: There are no capability issues.

Last year's response:

N.A.

4. *What staff groups have you identified as being critical to the delivery of essential core services under the Vote? What risks are there to capability in these critical areas? Please provide information about the level of risk to this capability.*

2017 response: NZ On Air has a small staff of 18. All are crucial for service delivery. There are no concerns about capability.

Last year's response:

NZ On Air has a small staff of 18. All are crucial for service delivery. There are no concerns about capability.



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28 April 2017

Hon Maggie Barry ONZM
Minister for Arts, Culture and Heritage
Private Bag 18041
Parliament Buildings
WELLINGTON 6160

cc Sophie Bradley, MCH

Dear Minister

LETTER OF EXPECTATIONS FOR 2017/18 AND SOI/SPE

Thank you for your letter of 28 March 2017 setting out your expectations for NZ On Air for the next financial year. We appreciate your interest in our work.

We address your specific points below and at the same time are pleased to attach our draft Statement of Intent for 2017-2021 and Statement of Performance Expectations for 2017/18. These discuss our wider environment and set out our intended approach to support a wide range of public media content and platforms for many New Zealanders.

The key strategic challenge is to provide New Zealanders with the diverse local content - reflecting and connecting our nation - which they demand in a fast-changing and disruptive media environment.

We are addressing this, as you know, with a new funding system developed over the past year. We note in the introduction to the SOI:

As we face massive change in New Zealand media, NZ On Air is embarking on the most profound strategic shift in our history. In the 2017 year we will move from a broadcast-centric approach to a platform neutral public media funding agency.

These fundamentals won't change:

- *Ensuring New Zealand stories and songs are available free on the platforms most-used by New Zealanders. It means there are more, diverse options for audiences to choose from amid limitless foreign content*
- *Carefully selecting investments to support and grow skilled jobs in the creative and production sectors, and contributing to economic growth*
- *Requiring a solid business case to underpin great content ideas*
- *Keeping it simple – we minimise red tape.*

The new platform-neutral NZ Media Fund (NZMF) has received excellent support from our stakeholders whom we consulted during the fund's development. You will recall the fund has four streams: Scripted, Factual, Music (all contestable) and Platforms (closed unless we issue an RFP). It's sufficiently simple and flexible for us to adapt swiftly as the environment changes.

Supporting local content

In that context, and regarding your specific expectations, we make the following comments:

1. *Funding strategy.* We confirm that we will report on the roll out of the NZMF as a core part of our regular reporting and also via press releases. Evidence of the results (audience outcomes) from the new scheme will be evaluated annually: we note the usual time lag between funding decisions and broadcast/upload. Investment trends (outputs) will be regularly reported as investment decisions are taken.

A key strategic challenge for the success of the NZMF is our financial position. While we understand the pressures on Government, you will be aware from our Budget bid of the impact on our work from a long period of static funding, despite increasing demand and costs of production. If we continue with status quo funding there will be further difficult funding decisions to take and there will likely be negative comment as funding applications, especially for long running programmes, have to be declined. The effectiveness of our new strategy may be weakened.

2. *NZ Music Code.* We will keep the Ministry fully informed as the RBA develops its position.

The key strategic challenge is ensuring active engagement of the RBA members in improving radio's support for New Zealand music. We will convene round table meetings to see if consensus can be reached.

3. *Regional broadcasting.* We will keep you informed of developments through our regular reporting.

The key strategic challenges will be cut-through - we are experimenting with the new approach to see if audience interest will increase - and our own financial position. If our funding remains static we will need to consider whether continued funding provides sufficient value for money.

4. *Disability services.* We will keep you informed of developments though our regular reporting. We expect output to be relatively static without a funding boost.

We note your enduring expectations for effective governance, 'no surprises', and assistance with policy work. Funded creative and journalistic content will sometimes cause public debate and we will alert the Ministry when we can to the possibility of such debate.

Our SOI and SPE have been restructured to address the fast-changing environment by taking a higher level and more strategic approach. We have worked hard to produce plain-English documents with useful, high-level measures which will track outcomes from our investments. Both the NZMF and these accountability documents have been carefully designed so we can take a simple, flexible approach to addressing complicated and competing issues.

We look forward to your comments on both documents.

Thank you again for your support for our work. We appreciate it very much.

Yours sincerely



Miriam Dean CNZM
CHAIR

From: [Jane Wrightson](#)
To: [Hilaire Carmody](#)
Subject: FW: NZOA Four year plan (mch)
Date: Thursday, 28 March 2019 1:57:45 PM
Attachments: [Agency profile NZ ON AIR 4 YEAR PLAN MCH 2017 revised_05_2017.docx](#)

Attached and email below for OIA

From: Clare Helm <[REDACTED]>
Sent: Friday, 19 May 2017 2:33 PM
To: Sophie Bradley <[REDACTED]>
Cc: Jane Wrightson <[REDACTED]>
Subject: RE: NZOA Four year plan (mch)

Hi Sophie

We've made some changes to reflect the NZMF in the attached – changes are tracked so you can follow them. Let me know if you've any questions.

Have a good weekend
Clare

From: Sophie Bradley [[mailto:\[REDACTED\]](mailto:[REDACTED])]
Sent: Thursday, 18 May 2017 9:13 a.m.
To: Clare Helm <[REDACTED]>
Cc: Jane Wrightson <[REDACTED]>
Subject: RE: NZOA Four year plan (mch)

Hi Clare

Further to our correspondence on this from November last year, we are in the final stages of our Four year plan.

Just wanted to run this past you to check if there is anything that is now obsolete or should be updated (since November) in the Agency profile attached.

If there is anything, can you let me know by 12pm Monday, apologies for the tight time frame.

Kind regards
Sophie

From: Sophie Bradley
Sent: Tuesday, 22 November 2016 4:09 p.m.
To: 'Clare Helm' <[REDACTED]>
Cc: Carrie Cooke <[REDACTED]>
Subject: NZOA Four year plan

Kia ora Clare

I hope you have had a good day so far.

Just letting you know that we have had to update the Four Year plan to replace the section on the budget bid with an overview of the cost pressures NZ On Air is facing. I have attached it for your information.

This is a change that we have had to implement across the report.

Kind regards

Sophie

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Agency profile

NZ On Air (the Broadcasting Commission) runs competitive public media funding schemes to improve content choices for audiences. The majority of its funds are fully contestable¹, priorities are set in the Broadcasting Act, and funded content is free to access.

Each year NZ On Air co-invests in ~~up to over~~ 1,000 hours of professionally -produced content for broadcast and online; around 250 professionally-produced and marketed music tracks; provides incentives for content innovation; and assesses and supports the best media options for audiences with multiple languages² and interests.

The flexible model ensures value for money is optimised:

- Public funding can shift quickly in response to market and audience trends
- The best ideas with the best business and creative cases receive support after intensive analysis
- No one platform or service is automatically favoured
- Transparent data: the quantum of every funding decision is made public
- An agency of just 18 staff can efficiently manage over \$130m and several hundred contracts each year

NZ On Air has also led New Zealand's investment in digital media content as viable options emerged. But it can no longer meet demand due to a combination of:

- ~~• The successful ultrafast broadband (UFB) rollout.~~
- Changing audience demand for multiplatform content and interactivity.
- ~~• The successful ultrafast broadband (UFB) rollout~~
- Rising demand for production investment plus production cost increases.

Strategic intentions and risks

To respond to the challenges of the changing environment, NZ On Air has introduced a new strategy, the New Zealand Media Fund (NZMF). Effective from 1 July 2017, the NZMF provides a simple, flexible approach to navigating a dynamic environment, bringing New Zealanders quality local content, songs and stories made to surprise and delight. This is a platform-neutral approach and has been welcomed as a positive innovation, putting NZ On Air well ahead of similar agencies internationally in dealing with digital disruption. However, its success is threatened with ongoing static funding.

NZ On Air has already:

- Conducted ongoing reviews; changed and cut funding outputs
- Run its reserves down by \$15.7m to close to the minimum viable level
- Put more pressure on funding applicants to reduce budgets and seek more co-investment
- Cut and adjusted what it can, which is now reducing the volume of content investments. Inflation has decreased its purchasing power for funded content by \$8.8m since 2010
- Managed the rising costs of platforms which has decreased funding available for content by another \$6.6m since 2010
- Kept its own operating costs strictly in check at less than 3% of revenue

¹ Included in NZ On Air's slate is funded service Radio New Zealand which has funding allocated directly by Ministers. Not included is Māori Television (MTS), a Treaty-based language intervention. MTS received a \$10m increase in the 2015 Budget.

² For example our funded 12 access radio stations stream NZ content in over 40 languages to assist ethnic communities

- And it will find further savings of \$4m, by cutting existing content, to make space for new general projects

Challenges and choices

NZ On Air will ~~meet cost pressures by~~ continuing to prune its slate and encourage third party investment to meet cost pressures.

However, ~~without additional baseline funding~~, it will need to ~~make~~ make increasingly tougher choices about the type of content it can fund. Linear broadcast content is where the majority of audiences are, for now, yet it is vital NZ On Air meet rising demand for multiplatform content so that the sector can continue to upskill and grow. It needs to provide for a content-rich digital future.

In order to continue to add to NZ On Air's suite of funded content and focus on innovation and new platforms, it needs to rebalance its investment options. ~~Without new funding~~ This will mean a choice between continuing to invest in mainstream supported content, and new innovations. The introduction of the NZMF is a starting point but without any change in funding, investment choices will become significantly more challenging, and put at risk the level of NZ content we can support and the platforms we fund.

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24 July 2017

The Hon. Maggie Barry
Minister for Arts, Culture and Heritage
Private Bag 18041
Parliament Buildings
WELLINGTON 6160

cc: Paul James, Karen Adair, Sophie Bradley

Dear Minister

NZ On Air has just announced its public media funding decisions from the new NZ Media Fund (NZMF), the first time the agency has considered television, radio and online projects on a level playing field. Given the significance of the new strategy – and the way we approached this round as a result – I thought it might be helpful to provide you with some key data from the round, the first of five this year. Some applicants will be disappointed their application as part of the new strategy was declined – and may voice their concerns accordingly. The good news, however, is that New Zealanders will now be viewing quality local content in more places than ever before.

Briefly:

- We received 87 applications – 80 were eligible for funding.
- The quality of applications was uniformly very high.
- For the Scripted stream, 21 applications were successful – just over 70% and we committed 38% of the annual budget for such content.
- For the Factual stream, 27 applications were successful – just over 50% and we committed 26% of the annual budget for such content.
- Most applications came in with co-investment. Online co-investment, however, remains generally low. Online platforms are still trying to include their promotion and marketing as a part of their content contribution. We have rejected this approach since such contributions do not help with production budgets.
- We agreed to consider applications supported by Radio New Zealand as a platform provided they are independently produced, RNZ contributes cash resources to the production budget and the proposal is distinctly different from content which it provides with its ring-fenced funding.
- The Platforms stream (closed unless we issue an RFP) is almost fully committed as operating funds for these entities is approved at the beginning of the financial year.
- We will be holding an industry forum on drama trends as this genre, a statutory priority for us, is being particularly affected by changing audience behaviour (a global trend).

For your information, the next funding round in September is targeted at special interest audiences, including applications for content for the new children's online platform. In relation to the latter, I am pleased to say that NZ On Air and TVNZ are working together very well on this ambitious, but incredibly important, project and we are presently on track to meet a March 2018 launch.

I am, as always, happy to meet with you to discuss at a high level our funding activities, if that were helpful.

Yours sincerely,

Miriam Dean CNZM QC
CHAIR

Supporting local content