

Office

Level 2, 119 Ghuznee St
PO Box 9744
Wellington
New Zealand

T: 04 382 9524

E: info@nzonair.govt.nz

W: www.nzonair.govt.nz

Auckland office (NZ Music)

Unit B1, One Beresford Square
Newton
Auckland
New Zealand



CONTENTS

Statement from the Board	2
Who we are	3
Strategic direction	4
<i>Environment</i>	4
<i>Framework</i>	5
<i>Delivery</i>	6
<i>Cultural contribution</i>	9
Performance assessment: three subjects of measurement	10
Organisational health and capability	11

*Champions of
local content*

FROM THE BOARD

Successive Governments have charged NZ On Air with creating a **meaningful** space on the airwaves for New Zealand audio/visual content among the near-limitless supply of easily-acquired foreign programming and music.

We invest in local content that the market cannot deliver alone - for both mainstream and specialist audiences on television, on radio and online.

And we aim for both range and diversity of content: popular, specialist, funny, thought-provoking, informative and inclusive.

Our work has provided sector certainty through two decades of major industry and audience shifts. We evolve and adapt our strategy and service delivery to maintain a strong impact.

NZ On Air's contestable funding processes ensure that the best content, from the most proficient practitioners, is supported at the right price. We scrutinise funding proposals with care to maximise available investment funds; we minimise administrative costs; and we collaborate with other agencies and stakeholders wherever we can to achieve the best possible results.



Miriam Dean CNZM, QC

Chair

8 May 2014

We are proud of our efficiency: agency running costs of just 2.5% of revenue mean that the maximum amount possible of public funds can be invested in content and services for New Zealanders.

We are an autonomous Crown entity (the Broadcasting Commission), governed by a Board of six members appointed by the Minister of Broadcasting. The Board is supported by a small agency of specialist staff. Our functions are set out in the Broadcasting Act, last updated in 2008 to include digital options.

This Statement of Intent sets out NZ On Air's intentions and undertakings for the medium term period 2014 - 2018.



Stephen McElrea

Chair, Audit and Risk Committee



WHO WE ARE

NZ On Air is a **champion** of New Zealand audio/visual content – an informed and stable **contributor** in the midst of significant environmental change.

Our primary function is to serve audiences by investing in a wide range of New Zealand television, radio and online content. The purpose is to add a diversity of local content to the almost-limitless range of foreign options available.

In short, we invest in important local content that New Zealand's small market cannot provide alone.

This content is made independently by a large number of businesses, entities and artists. These form part of a skilled technical, innovative, and entrepreneurial workforce in a New Zealand industry that is internationally recognised as creative and resourceful.

We work actively with content businesses, artists and their management, broadcasters, and platform providers to ensure every investment is completed and released to the widest possible audience. We collaborate with other relevant agencies to ensure New Zealanders are served well by cross-agency networks that encourage effective agency cooperation without duplication.

Most countries have market intervention mechanisms to retain a space for domestic content in the sea of global options. In television, intervention is necessary because, for broadcasters, the cost and risk of local production far exceeds the cost of purchasing ready-made foreign content. In radio, intervention protects core public broadcasting principles, enhances diversity, and allows multiple languages to be heard. In music, if left to the market, the range and diversity of professionally-produced and promoted music would be much more limited.

NZ On Air is New Zealand's main local content intervention. Annually we expect to invest over \$130 million into providing content for all significant audiences.

The presence of a wide range of well-made local content has a cultural impact far in excess of the financial investment. In short, authentic New Zealand stories and songs can only be made here.

OUR VISION:

*Diverse, relevant local content –
New Zealand on air*

strategic DIRECTION

Environment

NZ On Air is here to serve New Zealand audiences. Digital media platforms, with their endless information and entertainment options, have irrevocably changed audience behaviour and are contributing to audience fragmentation.

Most New Zealanders now have internet access; data consumption and mobile platform use continue to increase rapidly. Television and radio still deliver the largest audiences, but it could be argued that their functions are being reframed from content controllers to content curators or aggregators.

The sector business environment is volatile. Rapid change to New Zealand's technology options and demography, in particular, means that audience behaviour and expectations are changing quickly. A challenging business environment, after the global financial crisis, means that our content partners have restricted co-investment options and less appetite for diversity.

Nonetheless, what remains true amid this volatility is the quest by audiences for quality, relevant content.

A cornerstone of NZ On Air's investment strategies, derived from our public broadcasting roots, is that publicly-funded content is available free to audiences. Another is that we go where the audience is, irrespective of platform or technology.

Newer platforms, in particular, provide fresh opportunities for innovative content.

While our mandate is cultural, our investments also have clear business benefit and create skilled jobs. The associated economic impact on other sectors (e.g. tourism, hospitality, facilities and equipment, the wider screen and music industries) is also important. For example, television production can be seen as the 'engine room' of screen production, helping underpin the skills training, infrastructure, work flow and creative development necessary for successful film making. Producers own the intellectual property of funded content and can market it both here and offshore. In music, our support adds opportunities for recording professionals, music video makers and tour promotion. A radio hit can boost record sales and build audiences for live shows and tours, stimulating the wider music economy.

We work in a highly collaborative industry and have a long history of initiating successful partnerships. We will continue to work - and enjoy exploring new options with - other agencies with complementary mandates.

Framework

Our strategic framework describes our **long-term focus**: careful *adaptation* to environmental change.

Figure 1: Strategic framework

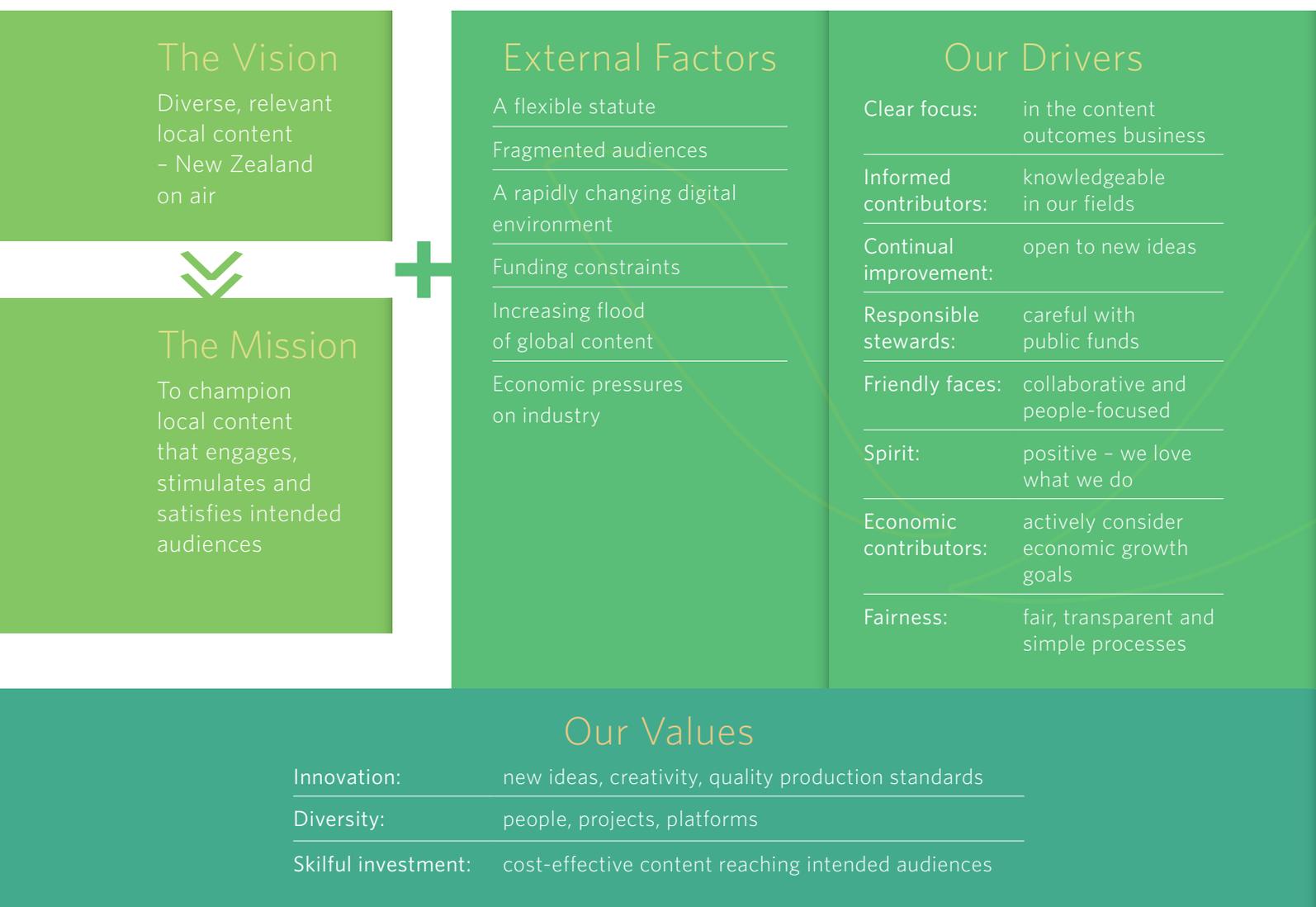
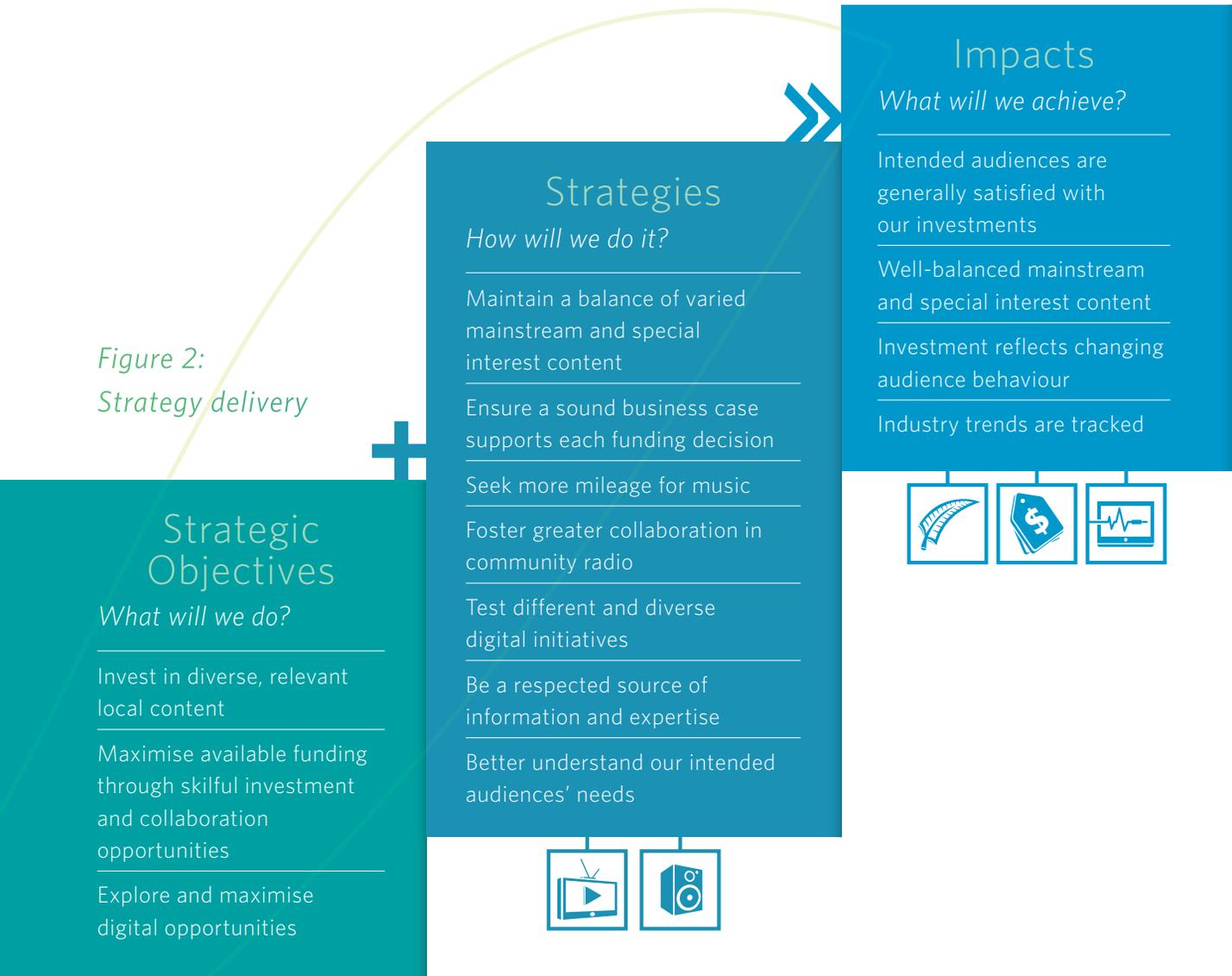




Figure 2:
Strategy delivery



Delivery

We deliver our strategies by way of an annual work programme. We divide investment into **screen** content (television and digital media) and **sound** content (radio and music).

We use a mix of investment models ranging from fully contestable content funding rounds; to issuing specific requests for proposals; to considering annual funding for selected entities to provide related services such as captioning or online content curation; to ring-fenced and monitored funding for public radio.

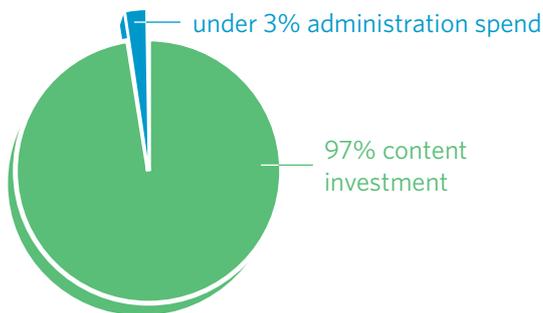
We continually seek to improve performance and service delivery so we remain abreast of change. We summarise our strategy delivery in Figure 2.



We set targets in the Statement of Performance Expectations and will report results in our Annual Reports.

We will continue aiming to deliver the most content for the least overhead. Consistent with previous years, we are targeting an administration spend of under 3%. (Fig. 3) We do not know of any other funding agency with such a low overhead level.

Figure 3: Maximising content investment



Our investment priorities are based on various criteria set out in the Broadcasting Act. We review the results each year to assess market shifts, and attempt to keep the proportion of investment allocated between our operating units as consistent as we can to avoid unnecessary sector disruption. The largest investment is traditionally in television content: this generally receives the balance of funding available after we provide for the other ongoing services and content requirements.

We use nine consistent principles to frame our decision-making. These are derived from our values (innovation, diversity and skilful investment: see Figure 1) and feed into our performance assessment framework (Figure 6). The principles consider, to differing degrees, the impact and outcome affecting audiences, taxpayers and funding applicants.

We summarise these nine principles in Figure 4.

Figure 4: Investment principles

	Investment principle	Description	Measurement base (see Figure 6)
1	Cultural value	Invest in New Zealand content and entities valued by target audiences	Cultural impact 
2	Content balance	Balance mainstream content and special interest content for audiences cited in the Broadcasting Act	
3	Risk	Generous with creative risk in funded content; conservative with business risk	
4	Competition	Support a range of content and entities, both to encourage multiple views and voices, and to encourage competition for the best ideas	Economic value 
5	Value for money	Using efficient processes, focus on cost-effective content and entities that attract audiences of appropriate size	
6	No duplication	Invest in content and entities of a type not seen or heard elsewhere and which the market alone cannot support	
7	Leverage	Prioritise content and entities that attract other investment	Industry health 
8	Partner capability	Invest in content and entities run or supported by capable partners. This means we can monitor efficiently, balancing robust accountability for public funds with a minimum of red tape	
9	Fairness	Efficient, transparent and fair procedures serve funding applicants and taxpayers well	

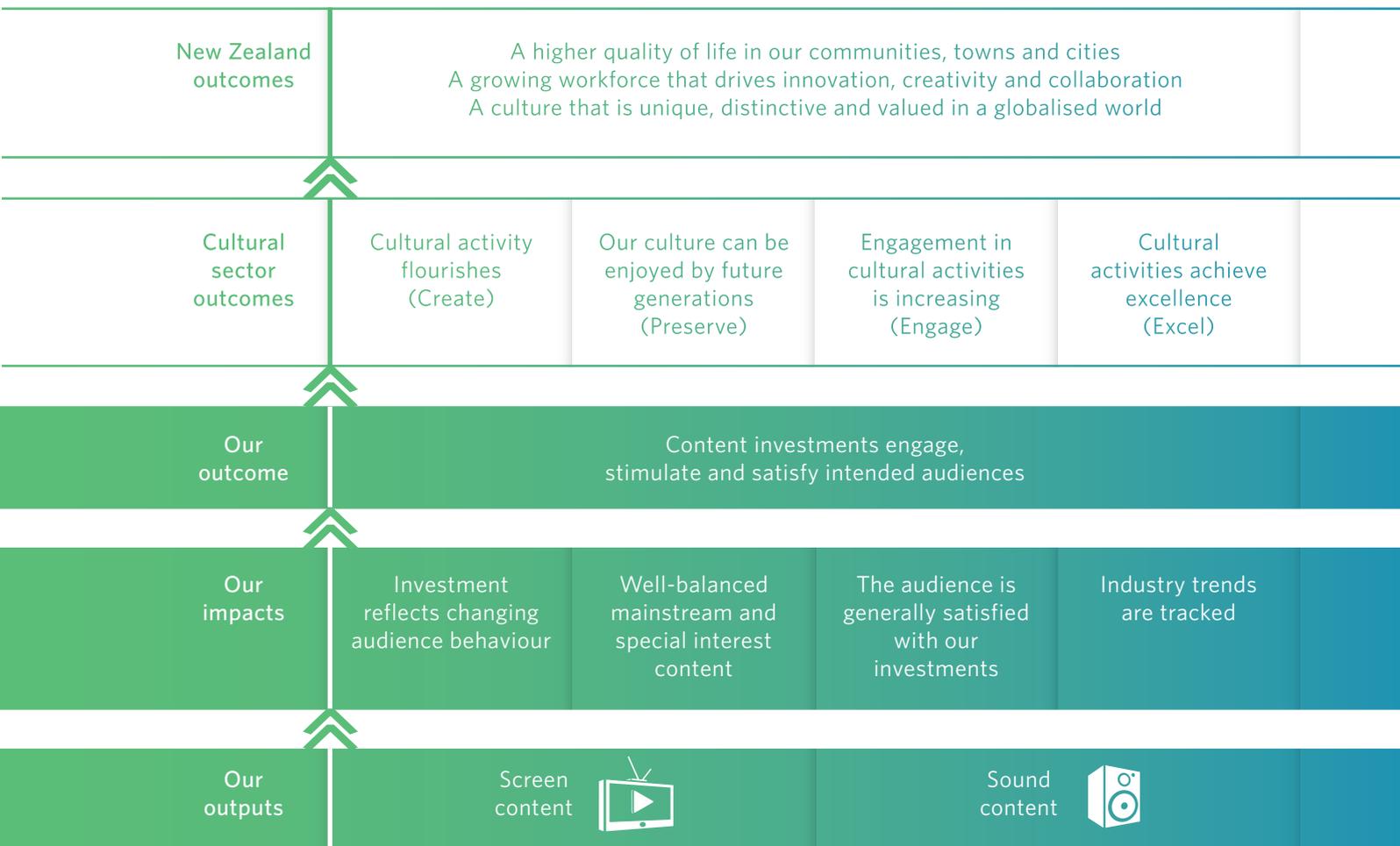


Cultural contribution

Our strategy also connects to a wider cultural sector framework so NZ On Air’s high level impacts can contribute to desired sector outcomes.

See a summary in Figure 5: the full framework is set out in our Statement of Performance Expectations.

Figure 5: Sector outcomes framework



performance assessment: three subjects of MEASUREMENT

We are developing a **framework** to assess the wider impacts of our work.

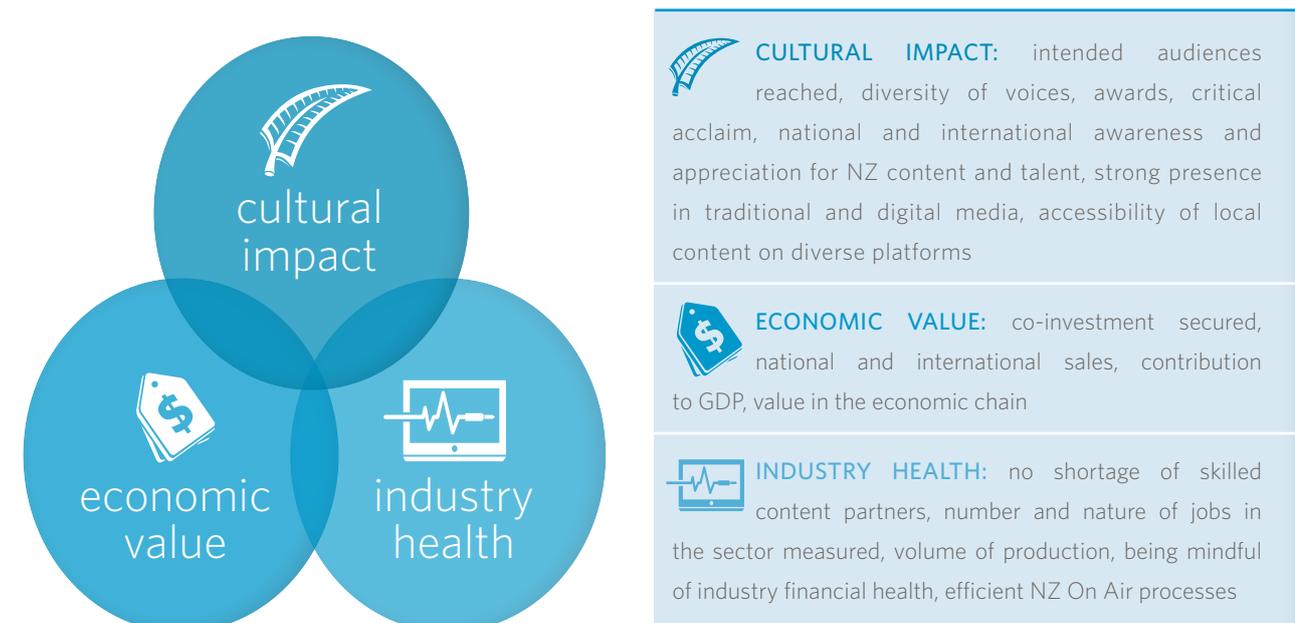
The framework considers the cultural, economic and industry impacts resulting from our investments. See Figure 6.

This is similar to an 'impact to outcome' model. It is adapted from a model used by funding agency Telefilm Canada. We will develop further measures in stages and ultimately hope to find useful international benchmarks.

We have set out our detailed performance measures in the Statement of Performance Expectations. Measures focus on both the quantitative and qualitative impacts of our funding.

Results against individual measures will be reported in each Annual Report.

Figure 6: Three subjects of measurement





organisational health and CAPABILITY

We are a small entity and rely on our staff being **multi-functional** and **adaptable**.

We record our good employer and personnel policies formally and include a commitment to equal employment opportunities. We do not tolerate harassment or discrimination of any type.

We have five core goals.

- » Recruitment, training and remuneration policies focus on attracting and retaining skilled, flexible, efficient and knowledgeable team players.
- » Staff are committed to the agency and its work.
- » Our office environment and equipment are safe and well maintained.
- » Equal employment opportunity principles are incorporated in staff selection and management, to achieve as diverse a workforce as possible within the limits of our small size.
- » Consider capability improvement options arising from the co-location of three media agencies as vacancies arise.

The measures we use to assess organisational health and capability are set out in our Statement of Performance Expectations.

