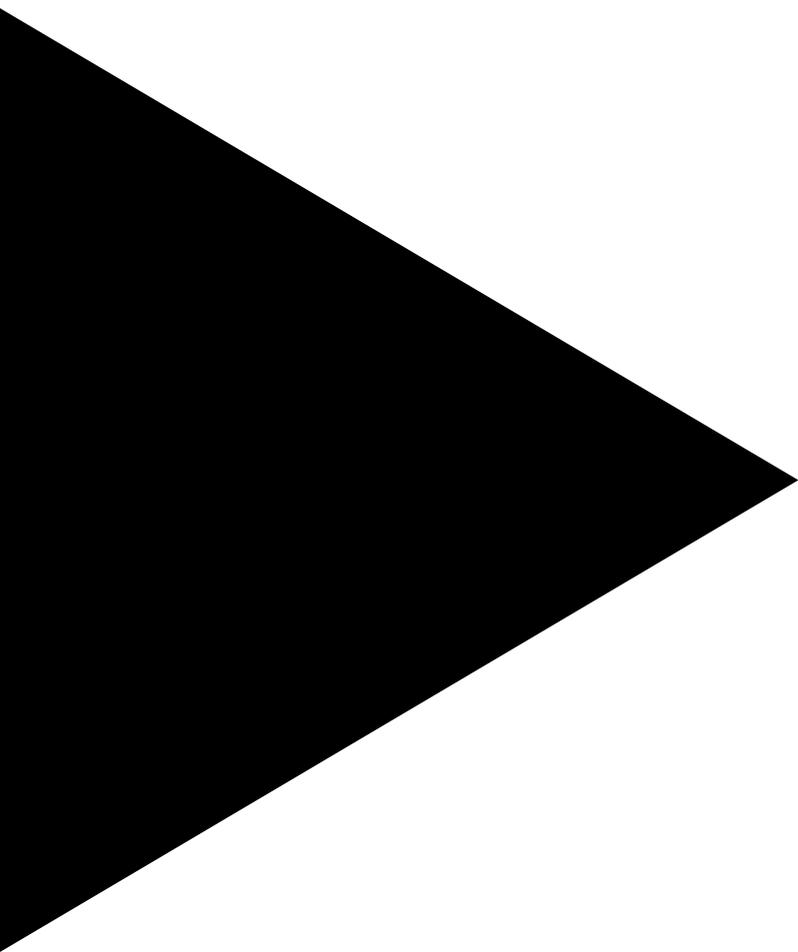


Statement of Intent.

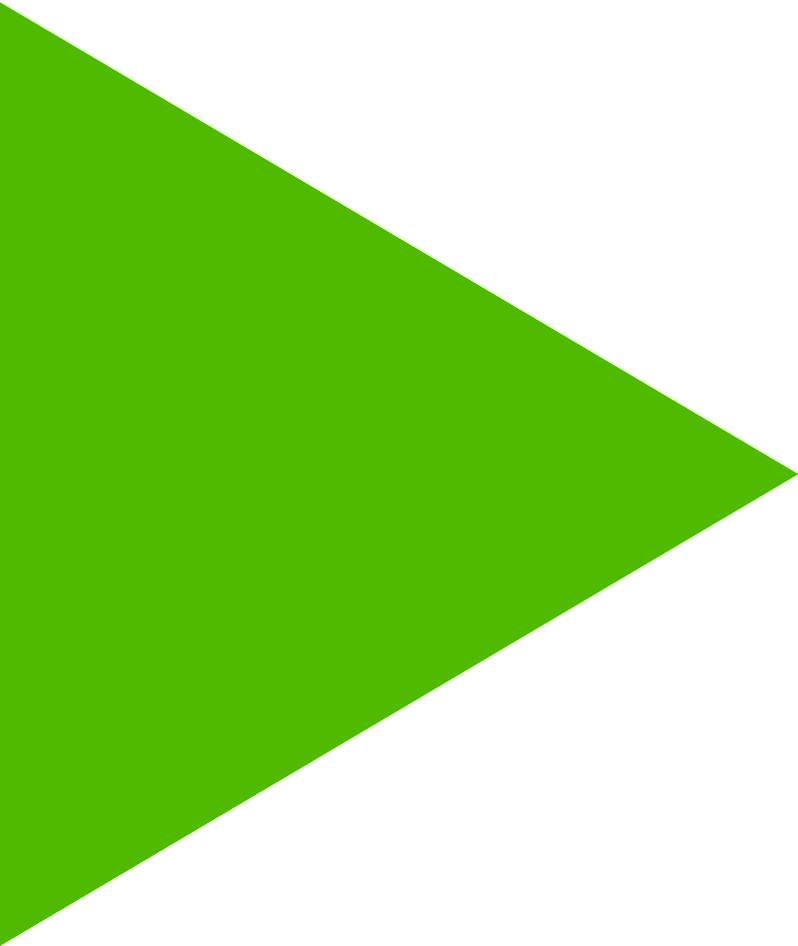


NZ On Air 2003-04



Our Vision:

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



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Acceptance of the Statement of Intent

In accordance with Section 41 of the Public Finance Act 1989, I agree to lay this Statement of Intent of the Broadcasting Commission (NZ On Air) for the 3 years ending 30 June 2006 before the House of Representatives.



Hon Steve Maharey
Minister of Broadcasting

Chairman's Introduction.

Overview

In accordance with the Public Finance Act 1989 and the Broadcasting Act 1989, I am pleased to present the Statement of Intent of the Broadcasting Commission (NZ On Air) for the three years ending 30 June 2006. The Statement of Intent sets out the outputs and outcomes that NZ On Air will secure for its customers – the Government and the New Zealand public – as agreed between the Minister of Broadcasting and the Board of NZ On Air. This statement also advises NZ On Air's service providers – the broadcasters, programme producers, transmission suppliers, archivists and suppliers of operational goods and services – of the services NZ On Air will endeavour to purchase during the year to 30 June 2004.

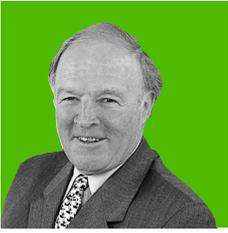
In the past year, the environment within which NZ On Air operates has changed significantly. The Government's decisions on broadcasting have resulted in several new mechanisms being put in place, including a Charter and new legislation for TVNZ, progress towards the launch of a Maori Television Service on UHF frequencies, the establishment of a local music code for radio and the Television Local Content Group, and the arrival of the pilot Pacific Island radio network, Niu FM.

The Government's identification of the screen industry's potential contribution to New Zealand's economic growth has resulted in broadcasting being considered in a wider – global – context, with its inclusion in the Screen Production Industry Taskforce set up as part of the Growth and Innovation Framework. The report of the Taskforce was published in March 2003.

All of these developments (and there are others not listed here) have taken place while NZ On Air has continued to operate on a "business as usual" basis during a period of transition. The new mechanisms, structures and accountabilities mean, however, that the agency must now develop relationships and policies that are appropriate to a changed environment.

Early in 2003 the Board spent some time taking stock of the situation. We analysed in detail the changing environment within which we are operating, and from there have developed a five-year strategic plan. The plan suggests a new approach to NZ On Air's role and relationships in a more diverse broadcasting sector. It re-examines our interface with Government in the post-Public Broadcasting Fee era. It considers the continuing relevance of the principles of public service broadcasting in the face of increasingly fragmented audiences and markets in the 21st century. At the same time, it remains firmly founded on the objectives, principles and provisions of the Broadcasting Act.

The Minister of Broadcasting has announced that he intends to undertake a "first principles" review of public broadcasting. We understand this policy review – to be coordinated by the Ministry for Culture and Heritage – will commence in the second half of 2003, and will involve wide consultation. NZ On Air looks forward to participating in the review, and indeed, its strategic planning document raises some fundamental issues, which are best addressed in that context. One such issue is that of the most appropriate means of providing funding for public broadcasting, and hence the role of NZ On Air itself.



Don Hunn
NZ On Air Chairman

The strategic planning process has nevertheless guided the development of this Statement of Intent. In summary, NZ On Air accepts that in order to achieve its objectives in the new setting it must take a more active leadership role in promoting local content and diversity in broadcasting.

Alongside its review of broadcasting, the Government is developing strategies to ensure New Zealand becomes a “knowledge economy” based on a cohesive, creative society. NZ On Air’s major contribution to this vision is to focus on those aspects of public broadcasting which will assist this process, by funding programmes and broadcasts reflecting our increasing diversity as a South Pacific nation – a rainbow of viewpoints, perspectives, stories and songs that are unique to New Zealand and enable New Zealanders to take pride in themselves and their achievements.

This is important in several senses.

- First, it is vital for achieving social cohesion – ensuring that the images of ourselves as both a bicultural and a multicultural society, are pervasive.
- Second, it is important to reinforce the aspirations we have to become a society which places greater emphasis on creativity and knowledge building.
- And, third, it is essential to take account of external perceptions of New Zealand because there is a lag between how a nation sees itself and how others perceive it.

For those external perceptions to move in the worldwide media marketplace beyond sheep and the All Blacks, there have to be powerful expressions of who we are and where we fit in the world.

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

NZ On Air will base its approach in this new environment upon developing and strengthening wider strategic partnerships throughout the industry. We are already beginning this process – for example, by our participation in the Television Local Content Group, our relationships with the NZ Music Industry Commission, TVNZ and the Maori Television Service. This year’s Statement of Intent reflects a number of new initiatives designed to achieve the partnership objective, from boosting NZ On Air’s permanent presence in Auckland through to proposals for facilitating partnerships between archiving providers and

for adding value to our funding relationship with Radio New Zealand.

In order to promote the value of public service broadcasting, it is important to expand and deepen the pool of knowledge about the concepts underpinning it and about its practical realisation. NZ On Air is required under its legislation to consult with a range of stakeholders on broadcasting matters. Over the years, we have developed a substantial body of research into audience preferences and developments in broadcasting both within New Zealand and internationally.

NZ On Air is now committed to building and disseminating our broadcasting knowledge and expertise even further. We are in a unique position to undertake independent research that not only helps us to refine our funding policies, but is also an invaluable source of information to broadcasters, to producers and to Government.

Four years ago, NZ On Air, in association with the Institute of Policy Studies, convened a one-day symposium on public broadcasting, with former Irish Minister of Culture, Michael D. Higgins as the keynote speaker. NZ On Air believes such symposia provide useful opportunities to debate the important “big picture” issues in a public forum. These include questions such as the implications of digital technology for New Zealand, or the relationship between broadcasting and the knowledge economy.

NZ On Air intends to host complementary fora that focus on specific programme genres or audience interests. By doing so, we hope to contribute towards a collaborative approach in which all partners have a common understanding of the environment and the part each of us plays in it. If synergies can be identified, all sectors of the industry should be better equipped to secure broadcasting growth, and deliver strong outcomes for audiences.

To underpin this strategy, NZ On Air will encourage risk-taking, creativity and innovation in local content that will engage and stimulate diverse audiences across the broadcasting spectrum. We are constantly aware that our role is to support programmes that go beyond what is likely to be produced in a fully commercial broadcasting environment. It is often a judgment call about where that line falls.

Chairman's Introduction.

Our surveys show there is clear evidence of growing broadcaster commitment to local programming, and increasing audience appetite for New Zealand content in music, radio or television. Against this background, NZ On Air believes its function is to encourage those making or broadcasting programmes to explore new directions and move into uncharted waters.

This does not mean supporting only broadcasting at the extremes of taste or content. It is an approach that is also firmly focused on the mainstream. The commercial risks inherent in broadcasting a local children's programme, for example, or supporting the launch of a new song or album will always be high, because the domestic market is small, and low-cost "tried and true" international alternatives are readily available.

Documentary is one genre we have singled out for attention here. It is our impression that, while New Zealand documentaries are compelling viewing and world-class, an element of sameness has begun to creep in. Broadcasters, producers, and audiences – many have told us they share this view. NZ On Air intends, as a priority, to revise our funding strategy, using a wide consultation process to make sure there is a shared vision that will breathe fresh life into documentary production, broadcast and viewing in New Zealand.

Finally, NZ On Air has concluded that this strengthened role can only succeed if greater government support is secured. The Government has confirmed that the role of NZ On Air as the primary contestable broadcasting funder remains unchanged. NZ On Air also provides bulk funding and fulfils a monitoring role for services such as Radio New Zealand. In addition, the Government has made separate arrangements for the Maori Television Service, and has provided direct funding for Television New Zealand and for Niu FM. The relationship between these various forms of funding will be clarified in the course of the planned broadcasting policy review. Whatever the outcome, NZ On Air is well-placed to work with a wide range of interests, and to ensure that a diversity of programmes, representing the best use of public funding, is provided across the broadcasting spectrum.

NZ On Air wishes to identify the public broadcasting outcomes that are considered desirable and sustainable by Government over the medium-term, and the funding level required to support those outcomes. Such a strategic analysis of funding levels for public broadcasting through NZ On Air has not yet been undertaken.

Additional funding for Radio New Zealand, announced in the 15 May Budget, means that NZ On Air's total allocation for radio in 2003/2004 will increase by \$2.5 million to \$27.6 million, allowing services to be maintained, and National Radio's transition to FM frequencies to begin. At the same time, an increase of \$1.78 million to NZ On Air's baseline funding for television was announced.

The transition from a Public Broadcasting Fee (PBF) system in 2000 led to a build-up of NZ On Air's public equity reserves. As a result, NZ On Air's funding expenditure has exceeded the level of Crown funding in recent years, while those reserves of public equity were being drawn down. The funding increase for the year ahead will help to maintain the television budget at current levels. However, with public equity reduced to \$1.1 million, and a conservative estimate of "income from other sources" in the year ahead, NZ On Air is forecasting a decrease in the television allocation of up to \$4 million in 2004/2005 if Crown funding is held at its present level.

Part of our approach is therefore to develop strategies that will ensure stable, secure funding to NZ On Air, that tie in with other screen production sector initiatives, and are based on partnerships wherever possible. It will be important also to build into the funding arrangements an acceptance that the annual allocation will have to keep pace with community needs.

Chairman's Introduction.

Funding for the year to 30 June 2004

Application of Broadcasting Funding		
	Forecast 2003/2004	Budget 2002/2003
BROADCASTING FUNDING	\$94.2 million	\$90.0 million
Allocation - PROGRAMMING		
• Television programmes	64%	65%
• Radio services	30%	28%
• New Zealand music	4%	4%
TRANSMISSION COVERAGE	1%	2%
ARCHIVES	1%	1%

Note: Full details of income and expenditure are provided on page 37.

The total funds available for allocation in 2003/2004 will increase in comparison with the previous year. The allocation from Government will increase to \$90.5 million (exc. GST), reflecting the Budget announcements of increased funding for Radio New Zealand, and for NZ On Air's television budget.

In 2002/2003, NZ On Air used reserves of public equity (totalling \$3.4 million), to ensure funding expenditure was maintained at the previous year's level. For the year ahead, a reserve of public equity has again been built up, with better than forecast income from other sources, including sales of programmes. In line with previous practice, the bulk of these reserves will be allocated to the broadcasting funding budget for the coming year.

Consequently total broadcasting funding expenditure for the 2003/2004 year is estimated to be \$94.2 million (exc. GST). This is an estimate based on expected revenue from the Crown of \$90.5 million, plus other income, less administration costs, and including the use of public equity reserves of \$4.5 million.

The chart above compares the budget allocation of funding for the 2003/2004 year with the forecast outcome for the 2002/2003 year.

Details of NZ On Air's funding intentions are set out in the sections specific to each area of our operations, following this introduction.

The most significant planned initiatives are highlighted on the following pages:

Chairman's Introduction.

Television

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

A modest innovation fund will be re-established, with clear criteria for allocation. Further development of this fund in out-years will be dependent on an increase to our baseline funding for new initiatives. In the interim we intend to discuss with the industry how further innovation can be stimulated.

NZ On Air will continue its strong commitment to achieving a sustained presence of television drama, by supporting a solid base of series drama, supplemented by showcase television initiatives. Our approach will also address the need to encourage exports of New Zealand programmes – especially of drama, children's drama and documentaries – since programmes cannot be produced over the long-term with budget deficits being covered by fee deferrals.

Radio

The greater part of NZ On Air's funding will continue to be directed to the flagship public radio services of National Radio and Concert FM, with funding increased by more than \$2 million to maintain core services. During the year, NZ On Air will be working closely with Radio New Zealand to manage the transition to FM transmission, and to explore initiatives to secure enhanced qualitative feedback from both domestic audiences and international peers.

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

NZ Music

NZ On Air will continue the implementation of the "Phase Four" initiative – for making and marketing New Zealand music – into its third year. A key objective of the initiative will be to support the full achievement of the agreed music industry code targets for 2003 and 2004.

The main planks of the "Phase Four" scheme will remain unchanged, although the number of new recording grants will be capped at forty for the year, while funding for seventeen albums will be allocated – up from the fourteen that last year's budget anticipated. This better reflects the supply and demand structure of the music and radio industries in New Zealand.

A major focus for 2003/2004 will be to ensure the outlets for free-to-air music television are increased, especially after the **M2** series concluded in March of this year. In tandem, the music video budget will be increased to enable more music videos to be made – up from 110 in 2002/2003 to 120 in the year ahead.

Working in partnership with other music industry stakeholders, especially the NZ Music Industry Commission, NZ On Air will refine NZ On Air's role as a supporter of New Zealand music exports. The work of the Music Industry Commission complements our own role in the making and marketing of local music for airplay in New Zealand.

Chairman's Introduction.

Maori Broadcasting

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

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

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

Finally, we will develop an initiative to increase the exposure of Te Reo Maori for mainstream NZ audiences.

Archiving

In late 2002, Dr Roger Horrocks and Mr Brian Pauling began a major review of archiving on NZ On Air's behalf.

The review provided a basis for NZ On Air to enter negotiations for new three-year contracts with both the New Zealand Film Archive and the Sound Archives/Nga Taonga Korero.

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

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

Transmission Coverage

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

In 2003/2004, NZ On Air will participate in wider Government consideration of the options for digital technology in New Zealand. The outcome of our options analysis for non-commercial transmission forms part of this. NZ On Air's preferred approach is to set in train a gradual phase-out of the subsidy for television transmission to remote areas.

Research and Consultation

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

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

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

Chairman's Introduction.

Conclusions

NZ On Air is operating in a changing environment. Government reviews of state agencies generally, and of broadcasting policy in particular, together with the establishment of new broadcasting/cultural development agencies, have resulted in a need for clarification of the roles and functions of those organisations which are funded by the taxpayer to promote public broadcasting.

Internationally, fragmentation of the media and the imposition of content quotas in some markets are making it increasingly difficult to share New Zealand's vision of itself with international audiences. If we want to overcome these difficulties we have to have a strong voice and competitive products.

There appears to be widespread agreement that the role and mandate of NZ On Air is as important today as when it was established in 1989. Certainly Government has recognised this: it has given assurances of its support for NZ On Air, and reinforced them through increases in our baseline funding.

The challenge for NZ On Air is to develop its role in this increasingly complex environment, through devising and implementing a strategy that fulfils its mandate to support and promote the value of local content and the relevance of public service broadcasting in the 21st century.

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



Don Hunn
NZ On Air Chairman

Statutory Role of NZ On Air.

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

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

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

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

by making funds available, on such terms and conditions as the Commission thinks fit, for –

 - (e) Broadcasting; and
 - (f) The production of programmes to be broadcast; and
 - (g) The archiving of programmes.

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

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

The activities of NZ On Air are –

To allocate funding for:

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

Mission Statement, Strategy and Outcomes.

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

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

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

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

To achieve this, NZ On Air's strategies for 2003-2006 are to:

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

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

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

Mission Statement, Strategy and Outcomes.

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

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

Objectives for the next three years

to 30 June 2006.

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

However, for each of the two subsequent financial years (until 30 June 2006), it is envisaged that the objectives and performance targets are likely to be similar to those for the year ending 30 June 2004.

Television Programmes

Objectives

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

Achieved by

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

Radio Services

Objectives

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

Achieved by

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

Objectives for the next three years

to 30 June 2006.

NZ Music

Objectives

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

Achieved by

- Seeking to ensure the annual local content targets in the NZ Music Code are exceeded by at least 2% – both format-by-format and overall – through to the end of the 2006 calendar year.
- Being an effective force for the promotion of New Zealand music on radio.
- Ensuring diverse New Zealand music is heard across a range of radio outlets.

Archiving

Objective

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

Achieved by

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

Transmission Coverage

Objectives

- 1) To phase out NZ On Air's subsidy for transmission coverage to remote areas, as digital transmission options are available.
- 2) To be a leading provider of advice as New Zealand makes the transition to digital transmission.

Achieved by

- Managing the phase-out of NZ On Air's transmission subsidy in a way that achieves NZ On Air's exit objectives with the support of all players.
- Building NZ On Air's capability as an expert and provider of advice in the area of digital technology.

Maori Broadcasting

Objectives

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

Achieved by

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

Objectives

for the next three years to 30 June 2006.

Research

Objective

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

Achieved by

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

Management

Objectives

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

Achieved by

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

Statement of Objectives and Performance Targets

for 2003/2004.

Unless otherwise stated, the time period for the following performance targets is for the year ending 30 June 2004.

1.0 Programme Funding

1.1 Television Programmes

Objectives

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

Description and Actions

The television budget in 2003/2004 will be increased slightly to \$60.3 million, allowing NZ On Air to continue to fund the same broad programme categories. We will also introduce strategic actions designed to ensure these objectives can be achieved over time:

(a) Initiatives

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

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

Statement of Objectives and Performance Targets

for 2003/2004.

- NZ On Air will conduct further, in-depth, targeted research into New Zealand audiences' comedy preferences as part of a review of comedy funding. The findings of this research will be presented and possible strategies discussed at a symposium.
- A review of documentary funding, held in the first half of 2003, will result in a new funding strategy, to be implemented fully by 2004/2005. The strategy is currently being developed in consultation with the industry. NZ On Air will seek to achieve better balance, across the spectrum of broadcasters, between populist and more in-depth programmes as well as a diversity of documentary styles.
- NZ On Air will establish a separate, tendered innovation fund to create demonstrably different programming. Clear parameters for the innovation initiative will be developed in consultation. Depending on the fund's success, and the level of Crown funding available, NZ On Air hopes to expand this initiative in the future.

(b) Visibility

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

- NZ On Air will provide funding for programmes across a range of nationwide public and commercial broadcasters. Additional free-to-air broadcasters – such as Prime Television – are likely to become eligible for funding support for commissioned programmes as they expand their transmission to reach national audiences.
- A protocol agreement is being negotiated with the Maori Television Service, including an understanding that programmes may be considered for NZ On Air funding if an arrangement has been secured for them to be re-screened on one of the mainstream, free-to-air national broadcasters. We expect to see this protocol implemented in time for the launch of the channel.
- In the absence of additional funding for regional television, NZ On Air will continue the current initiatives to facilitate re-transmission opportunities for funded programmes on free-to-air regional broadcasters. This includes the supply of fully funded programmes at no cost, and access to a comprehensive database of programmes funded by NZ On Air.

(c) Consistent High Standards

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

- NZ On Air will examine the feasibility of an objective quality measurement tool, adapted from overseas, to develop a "quality mark" award for outstanding programmes.
- In January 2002, NZ On Air introduced a "Making and Marketing" strategy, which incentivises producers, in return for risk-taking and the attraction of other investment, by allowing equity and recoupment shares to be negotiated on a case-by-case basis. The policy is being well-utilised by producers, and will continue in 2003/2004.
- The International Marketing Fund (part of the above strategy) will also continue, to provide re-packaging loans for projects selling overseas, and to help a number of new and emerging producers travel internationally to market and seek investment partners for NZ On Air funded programmes.

(d) Accountable and Transparent Outcomes

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

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

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(e) An Effective Voice

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

- NZ On Air will continue its support for special interest programming and will work with producers and broadcasters to build on the improvements made as a result of last year's review of long-run series in this category.
- A comprehensive children's programming strategy, developed in association with producers and broadcasters will be instigated in time for the October 2003 children's (and special interest) funding round.
- In the second half of 2003, a review of the funding of Arts and Performance programming will also commence.
- NZ On Air will take an active and constructive role in the newly formed Television Local Content Group, and will act as a secretariat for the group.
- NZ On Air will continue to form and strengthen strategic partnerships in the broadcasting and production sectors, including working with the New Zealand Film Commission as a minority investor in approximately two feature films per year.
- TVNZ has now entered its new, chartered environment, and is receiving some direct funding from Government. NZ On Air will work with Government and TVNZ to ensure that, through co-ordinated dialogue, best use is made of the pool of public funding made available to broadcasting.

Outcomes

There will be a strongly visible presence of New Zealand content across a range of free-to-air broadcasting services.

Locally produced programmes will be well received by their intended audiences, with audience satisfaction levels maintained or increased.

Television broadcasters will be encouraged to take more risks with programmes made with NZ On Air funding.

A stronger sense of New Zealand identity will be fostered and promoted through funding creative and innovative local production, including programming that reflects our bicultural base, our multi-cultural society and our place as a South Pacific nation.

Statement of Objectives and Performance Targets

for 2003/2004.

Performance Targets

Quantity and Cost

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

Television Programme Funding				
Programme Type	2002/2003		2003/2004	
	Target Hours	Funding Millions	Target Hours	Funding Millions
Drama	53	18.1	56	18.9
Comedy	45 (Note 1)	4.7	39	4.7
Children's drama	13	4.8	13	4.6
Documentaries	95	8.8	121	9.1
Special interest programming for:				
– Children/young people	375	11.0	416	11.0
– Arts, culture and performance	105	3.0	107	3.5
– People with disabilities (including Teletext)	20	2.5	20	2.5
– Ethnic minorities	55	2.6	56	2.7
– Other minorities	60	2.2	64	2.3
Maori Re-versioning	85	0.3	– (Note 3)	–
Innovation	–	–	8	0.5
Development	–	0.5	–	0.5
TOTAL	906 (Note 2)	58.5	900	60.3

Note 1 The comedy target was revised to 35 hours during the year, although the total hours target remained unchanged.

Note 2 It is expected the total hours target will be exceeded this year. Targets for 2003/2004 in areas such as children's and documentary reflect the expected outcome of hours funded in these categories in 2002/2003.

Note 3 Due to low calls on the Maori reversioning budget together with a lack of impact and the imminent arrival of the Maori Television Service this category has been discontinued for 2003/04. This is the main cause of the slight decrease in the overall hours target.

Quality

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

Statement of Objectives and Performance Targets

for 2003/2004.

1.2 Radio Services

NATIONAL RADIO & CONCERT FM

Objectives

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

Description and Actions

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

NZ On Air's three-year funding agreement with Radio New Zealand will expire on 30 June 2004. The contract specifies the services that will be delivered via National Radio and Concert FM in return for which NZ On Air will provide funding and set output targets, and audience satisfaction benchmarks for the networks.

In 2003/2004, NZ On Air intends to undertake the following approach to the funding and monitoring relationship with Radio New Zealand:

(a) World Class Public Radio

- NZ On Air will provide funding of not less than \$24.642 million per annum to National Radio and Concert FM to provide services required by the Charter described in the Radio New Zealand Act 1995, and to assist NZ On Air to meet its objectives under the Broadcasting Act 1989. This reflects an increase in funding announced in the 2003/2004 budget.
- A further \$300,000 will be provided to assist Radio New Zealand to begin migrating National Radio from the AM to FM broadcast band, so that by 2006 the majority of New Zealand's population will be able to listen to National Radio in FM.
- During the year, NZ On Air will begin negotiations to establish a funding agreement to take effect from 1 July 2004.

(b) Service Delivery

- National Radio and Concert FM are required under the terms of the agreement to ensure their services are maintained at a level that is considered to be high quality by their audiences.
- Since 1999 Radio New Zealand has commissioned AC Nielsen to conduct annual listener surveys to measure audience satisfaction. These have provided quality benchmarks against which future performance will be measured. Another survey will be conducted in 2003.

(c) Highest Standards

- NZ On Air will ensure accountability, transparency and consistent outcomes for public service broadcasting on radio by establishing initiatives for monitoring, measuring and rewarding high standards in public service broadcasting. This will include a peer review to measure Radio New Zealand's services against international public broadcasters.

Outcomes

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

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

Statement of Objectives and Performance Targets for 2003/2004.

Performance Measures

Quantity

The Charter functions and programme hours devoted to the fulfilment of these functions are:

Charter Functions (Note 1)	National Radio (Note 2)		Concert FM (Note 2)	
	Annual Broadcast Hours	% Total Hours	Annual Broadcast Hours	% Total Hours
A. Intellectual, scientific and cultural development. Informed debate and critical thought.	7,446	85%	(Note 3)	
B. Information, special interest and entertainment. Reflect cultural diversity including Maori language and culture.	7,534	86%	(Note 3)	
C. Varied interests within the community. Information, educational, special interest and entertainment.	1,310	15%	8,760	100%
D. Musical, dramatic and performing arts. New Zealand and international composers, performers and artists.	1,655	19%	8,420	96%
E. Nationwide service, highest quality. Sense of citizenship and national identity.	8,760	100%	(Note 3)	
F. Comprehensive, independent, impartial, balanced news and current affairs. Regional perspective.	2,452	28%	260	3%
G. Comprehensive, independent, impartial, balanced international news and current affairs.	1,084	12%	85	1%

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

Note 2 NZ On Air negotiates output targets annually with Radio New Zealand. This table contains the targets agreed for 2003/2004. Targets A, B, F & G for National Radio have increased from those agreed last year, and the remaining targets are the same as 2002/2003.

Note 3 While Concert FM's programmes may broadly meet the intentions of Charter functions A, B and E, its primary role is to provide services intended by function D.

Statement of Objectives and Performance Targets

for 2003/2004.

The funding agreement also requires Radio New Zealand to deliver services to NZ On Air to meet its responsibilities under the Broadcasting Act 1989. They are:

Types of Programmes and Services	National Radio (Note 1)	Concert FM (Note 1)
Total broadcast hours including:	8,760 hours	8,760 hours
NZ content programmes which includes:	7,505 hours	–
- Maori language and culture	342 hours	–
- Special interest	339 hours	–
- NZ drama	190 hours	–
% of New Zealand music on rotate (Note 2)	33%	–
% of New Zealand composition	–	3%
% of New Zealand music performance	–	13%
% of population able to receive transmission (Note 3)	97%	92%

Note 1 NZ On Air negotiates output targets annually with Radio New Zealand. This table contains the targets agreed for 2003/2004. There is no significant change from last year.

Note 2 In addition to the New Zealand music content on rotate, National Radio produces and broadcasts feature programmes on New Zealand music.

Note 3 This is the proportion of the population able to receive National Radio and Concert FM via terrestrial transmission. As a result of an arrangement with Sky Television, 100% of the country is able to access a National Radio or Concert FM signal via a Sky satellite dish and decoder.

Quality

Overall audience satisfaction levels, as measured in Radio New Zealand's annual independent surveys, do not fall below 80% in the case of National Radio and 75% in the case of Concert FM based on a realistic assessment of levels achieved in the 2000/2001 year. Other qualitative benchmarks do not fall below the levels achieved in the last survey in 2002.

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

Cost

National Radio	\$20,000,000
Concert FM	\$4,642,000
National Radio FM Migration	\$300,000
Total Cost of National Radio and Concert FM	\$24,942,000

Statement of Objectives and Performance Targets

for 2003/2004.

ACCESS & PACIFIC ISLAND RADIO

Objective

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

Description and Actions

NZ On Air provides funding towards 11 access radio stations, on the condition that they meet NZ On Air's existing funding criteria, and deliver programming that fulfils NZ On Air's objectives under Section 36(c) of the Broadcasting Act 1989.

Section 36(c) of the Act provides specifically for a range of broadcasts that reflect the interests of women, youth, children, persons with disabilities and minorities (including ethnic minorities). NZ On Air funding contributes to the operation of these access stations, and to two Pacific Island radio stations, so that programmes can be broadcast by and for different communities. From 2003/2004, however, NZ On Air will no longer be responsible for allocating a fund of \$250,000 per year for Pacific Island radio: this will instead be administered by the National Pacific Radio Trust.

In support of the overall objective, NZ On Air will undertake the following actions in 2003/2004:

(a) Radio Diversity

- NZ On Air will contribute to the costs of maintaining access radio services for a broad range of non-profit community groups, including in particular those specified in Section 36(c) of the Broadcasting Act 1989.
- Funding will also be set aside to assist access radio stations currently broadcasting on the AM band to make the transition to FM broadcasting should appropriate frequencies become available.
- A small allocation will be reserved to respond to any legitimate expression of interest in setting up a new access station that meets NZ On Air's funding criteria.

(b) A South Pacific Nation

- NZ On Air will contribute to the costs of maintaining Pacific Island community radio services in areas of greatest Pacific Island population.
- NZ On Air will also work with the Ministry for Culture and Heritage towards improved co-ordination of funding for all Pacific Island radio services.

(c) Efficiency and Effectiveness

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

Outcomes

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

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

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

Performance Measures

Quantity

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

Quality

- At least 60% of the programmes broadcast by funded access radio stations meet the needs of the groups specified in Section 36(c) of the Broadcasting Act.
- The guidelines in "Radio Diversity", the handbook for New Zealand community access radio developed by NZ On Air, are consulted and followed by access radio trusts, boards, management, volunteers and staff.

Statement of Objectives and Performance Targets

for 2003/2004.

- Governance and management roles are clearly understood by all involved in funded access and Pacific Island stations, and appropriately adhered to.
- Access stations are assisted with the transition from AM to FM broadcasting where necessary and desirable, in a cost-effective manner.
- Pacific Island radio services provide a range of programming suitable for Pacific Island audiences, as determined through consultation.

Cost

Access Radio	\$1,767,900
Pacific Island Radio	\$275,000
Total Cost of Access and Pacific Island Radio	\$2,042,900

COMMERCIAL RADIO PROGRAMMES

Objectives

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

Description and Actions

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

For the past two years, an allocation of funding has enabled the production and broadcast of spiritually/ethically-focused series on the Newstalk ZB network, and Easter and Christmas specials for the Newstalk ZB, Radio Rhema and Radio Sport networks.

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

In the past year, funding has been allocated to Maori radio projects in English, for broadcast on iwi and access stations, in line with Section 36(a) of the Act. A small allocation has also been made for script development of drama and comedy initiatives (Section 37(d) of the Act).

In the year ahead –

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

Statement of Objectives and Performance Targets

for 2003/2004.

Outcomes

The interests, ideas, and creativity of youth will be reflected in radio shows broadcast on mainstream commercial radio.

Spiritual and ethical values will find an outlet through programmes broadcast on commercial radio.

New Zealand drama and/or comedy programmes, showcasing the talents of local writers and actors, will be broadcast on mainstream commercial radio.

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

Performance Measures

Quantity

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

Quality

Target audience feedback, audience numbers, numbers of radio outlets, award nominations and commendations will be indicators of the success of the programmes, and will be monitored throughout the year.

Drama and comedy projects will attract broadcast commitments from radio providers, and an assessment of audience feedback will be made.

Radio issues and initiatives will be included in NZ On Air's planned symposia.

Cost

Total Cost of Commercial Radio Programmes	\$655,000
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1.3 New Zealand Music

Objectives

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

Description and Actions

In 2003/2004, NZ On Air will continue with the same broad range of funding schemes and promotional activities that have been pursued over the last three years to get more New Zealand music played on New Zealand radio – including the Phase Four music strategies that were launched in July 2000.

NZ On Air will pursue five strategies:

(a) Better than Target

This year, we will work with the radio and music industries not just to meet the local content targets in the NZ Music Code, but to exceed targets by at least 2% – format-by-format and overall.

- NZ On Air will aim to achieve 19% local music on Pop format radio; 23% on Rock format radio; 13% on Adult Contemporary radio; 10% on Easy format stations; 16% on Urban radio and 16.5% overall on commercial radio.

To do this, NZ On Air will aim for the best airplay results from our investment in music funding schemes and our promotional work.

- We will increase the budget for the making and marketing of albums by New Zealand artists with proven airplay credentials so that, in partnership with record companies, we will fund at least 17 projects (up from 14 last year) and will achieve at least four substantial radio hits from each.
- Funding will be allocated to up to 40 radio singles by new artists, with a radio hits target of at least 60% overall.

Statement of Objectives and Performance Targets for 2003/2004.

(b) Increased Visibility

NZ On Air will be an independent, effective and assertive voice for the promotion of New Zealand music. A raft of promotional strategies will be implemented to increase the visibility and profile of New Zealand music at commercial radio –

- NZ On Air will continue to contract a team of pluggers, make and distribute hit discs, publish the **Fresh Air** music supplement, fund up to 120 music videos and, as a priority, look for opportunities to expand free-to-air music television. The budget for making music videos will be increased – from 110 projects last year to 120 this year – but an allowance for televising a music awards show has been transferred to NZ On Air's television budget.
- The pluggers will mount New Zealand music showcases for radio and will take New Zealand artists with them when they go out to radio. They will work with radio stations on joint-venture promotions – including high profile NZ Music Month promotions – that will get more New Zealand music on air and in front of the radio audience.

(c) Working Together

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

- NZ On Air will maintain strong strategic partnerships with record companies, radio programmers and industry agencies such as the NZ Music Industry Commission, APRA, the NZ Music Promotion Committee (the "NZ Music Code Committee"), the RBA, RIANZ and Independent Music New Zealand.

New Zealand music is in a healthy and hearty state at home and is attracting world notice. Export is the "next frontier" for New Zealand music. While this is not NZ On Air's core function, ways in which the export campaign can be supported, without compromising the Phase Four airplay kaupapa, will be explored.

- NZ On Air will seek to be actively involved in and support the policies and strategies developed by export-focused agencies, such as the NZ Music Industry Commission and New Zealand Trade & Enterprise, to pave the way for the exporting of New Zealand music.

(d) Difference and Diversity

While establishing a significant New Zealand music presence on commercial radio remains NZ On Air's strategic priority, it is important that there are also opportunities on the radio dial for those who are making music outside the commercial mainstream to be heard. These outlets bring difference and diversity to New Zealand music by providing for the new and the eclectic, and represent an investment in the future – because yesterday's alternative is tomorrow's mainstream.

- NZ On Air will continue to fund outlets for New Zealand music that is not (yet) heard on commercial radio, such as National Radio and Concert FM and access radio (via the Radio budget) and the b.net student radio network (via the NZ Music budget).
- Funding for New Zealand music programmes and promotions broadcast by the group of b.net student radio stations in the year ahead will reflect the outcomes of a review of the b.net funding rationale and funding mechanism carried out in the last quarter of the 2002/2003 year.

(e) Te Reo Radio Hits

A priority in the year ahead is to bring Maori music – meaning music in te reo – to a wider audience.

- Consultation with Te Mangai Paho and Maori music interests, such as the new Maori Music Industry Coalition, maorimusic.com and MaiFM, will lead to the development of a strategy to create te reo commercial radio hits.
- NZ On Air will earmark funds for a pilot project with Te Mangai Paho to produce and promote up to six te reo radio singles with commercial radio airplay potential.

Outcomes

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

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

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

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

Statement of Objectives and Performance Targets

for 2003/2004.

Performance Measures

Quantity

- Assistance with the international release and marketing of at least 4 albums by New Zealand artists who have first proved successful on the domestic market (matching funding of up to \$50,000 from the record company involved with the project) is provided.
- At least 17 new albums by New Zealand artists with a proven commercial radio track record (matching funding of up to \$50,000 from the record company involved with the project) are funded.
- Up to 40 radio singles by new New Zealand artists who have commercial radio airplay potential are funded, and up to six te reo singles with commercial radio airplay potential are part-funded (with Te Mangai Paho)
- A partnership is established with a music television provider that will increase the opportunities for music videos to play on free-to-air television by at least 40 hours a week.
- At least 120 music videos by New Zealand artists are funded for broadcast on every music video outlet on air.
- At least one regular daily or weekly New Zealand music feature is broadcast on all major commercial radio networks and dedicated New Zealand music shows are funded on all b.net student radio stations.
- At least six volumes of **Kiwi Hit Disc**; at least four volumes each of **Indie Hit Disc** and **Iwi Hit Disc**; and at least one volume of the **A/C Hit Disc** are produced for distribution to every radio station in the country.
- Record companies are assisted with the costs of radio remixes of up to 5 songs that have the potential to get more commercial radio airplay in a remixed form.
- Radio Hits funding for up to 20 records that have picked up "significant airplay" on commercial radio (provided those records have not already been funded through the Phase Four Albums or New Recordings tiers) is provided.
- Three pluggers (New Zealand music promotion people) are contracted to promote the use of NZ On Air's hit disc catalogue at commercial radio.

- A New Zealand music promotions campaign is run, including publishing up to 12 issues of the **Fresh Air** magazine for distribution to every radio station in the country; partnering with the NZ Music Industry Commission to promote NZ Music Month and the NZ Music Showcase at the annual Radio Broadcasters' Association conference; partnering with key commercial radio networks in promotions that increase the presence of New Zealand music on air; and mounting at least four **Kiwi Hit Disc** showcases for key commercial radio programmers.

Quality

- New Zealand music content on commercial radio exceeds the annual targets in the NZ Music Code by at least 2% format-by-format and overall. In 2003, that means 19% local music on Pop format radio; 23% on Rock format radio; 13% on Adult Contemporary radio; 10% on Easy format stations; 16% on Urban radio and 16.5% overall on commercial radio. In 2004, that means 21% on Pop radio; 24% on Rock radio; 14% on Adult Contemporary radio; 11% on Easy radio; 18% on Urban radio and 18% overall.
- Each funded album produces at least four commercial radio hits.
- At least 60% of the radio singles funded via the New Recording Artist scheme are commercial radio hits.

Cost

New Zealand Music	\$3,900,000
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Statement of Objectives and Performance Targets for 2003/2004.

1.4 Maori Broadcasting

Objectives

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

Description and Actions

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

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

(a) Television

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

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

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

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

- Upwards of 15% of programmes within umbrella strands will be Maori projects, as nominated by the producer.
- A broadcaster commitment to a separate strand of Maori documentaries will result in the minimum requirement for Maori programmes within an umbrella strand being reduced.
- NZ On Air will actively seek to support Maori drama on prime time television, building on the success of the **Mataku** series on TV3 in 2002.
- An initiative will be run to seek proposals for a series of interstitials to promote understanding of Maori language amongst the general New Zealand audience.

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

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

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

- Work to further develop and implement funding and operating guidelines with respect to Maori projects will be undertaken in 2003/2004. This will include analysis of the defining characteristics of Maori programmes.

During 2003, the Maori Television Service is expected to begin broadcasting. In anticipation of this, NZ On Air has been discussing the basis for a relationship agreement with the Maori Television Service and Te Mangai Paho. NZ On Air's main focus, however, will be to maintain our support for Maori programmes on mainstream television – especially during prime time.

Statement of Objectives and Performance Targets

for 2003/2004.

- In 2003, a protocol agreement between NZ On Air and the Maori Television Service will be finalised and put into effect. As a result, we will be seeking to ensure Maori projects made with funding from NZ On Air are able to be re-transmitted at an early date on the Maori Television Service. Where NZ On Air provides funding for projects with a first transmission on the Maori Television Service, a commitment from a national free-to-air network to rescreen the programme will be a requirement.
- NZ On Air will work closely with Te Mangai Paho to identify projects which may be suitable for joint funding, again with the objective of ensuring transmission on a national free-to-air channel, as well as the Maori Television Service.

(b) Radio

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

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

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

- NZ On Air will allocate funding for youth-focused radio programming, and for current affairs programmes reflecting a Maori perspective.
- NZ On Air will actively encourage the re-broadcast of these programmes on access and other radio.

NZ Music

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

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

Outcomes

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

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

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

Statement of Objectives and Performance Targets

for 2003/2004.

Performance Measures

Quantity

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

Quality

Performance measures to be applied are -

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

Cost

Estimated funding for general mainstream programmes featuring Maori

\$3,700,000

2.0 Archiving

Objectives

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

Description and Actions

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

These core archiving services include:

- Selection
- Acquisition
- Preservation
- Public Accessibility

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

- New contracts with the NZ Film Archive and SA/NTK for the next 3 years (1 July 2003 to 30 June 2006) will ensure core archiving services are provided for television and radio, respectively.
- Quarterly meetings will be held with the NZ Film Archive and SA/NTK to explore opportunities for the archives to secure funding from a range of sources to help support new archiving initiatives.
- NZ On Air will host a symposium to encourage coordination and information-sharing, taking advantage of the opportunities provided by new technology, amongst the archiving community.

Statement of Objectives and Performance Targets

for 2003/2004.

- A process of consultation will be undertaken to assess the medium-term funding requirements for television and sound archiving to ensure a minimum viable level of material is able to be acquired and preserved, at an affordable cost.

Outcomes

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

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

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

Performance Measures

Quantity

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

Service	Television Target Hours (Note 1)	Radio Target Hours (Note 1)
Selection and acquisition of programmes to be archived	654 hours	1,300 hours
Preservation of programmes	170 hours	1,700 hours
Public access to the archived broadcast programmes (Note 2)	–	–

Note 1 At the time the 2003/2004 Statement of Intent was prepared, new three year contracts were being negotiated with the NZ Film Archive and SA/NTK. The target hours above are those applying under the current contracts.

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

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

Quality

- An independent archiving consultant reviews the six monthly reports provided by the New Zealand Film Archive and Sound Archives/Nga Taonga Korero. The reports confirm the standards for:

- Diversity, preservation, and public accessibility have been achieved.
- At least one initiative to achieve better industry outreach is developed and implemented.
- Opportunities for co-ordination and information-sharing using new technology to reduce duplications are identified.

Cost

Archiving	\$1,100,000
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Statement of Objectives and Performance Targets

for 2003/2004.

3.0 Transmission Coverage

3.1 Television Transmission Coverage

Objectives

- 1) To phase out over time NZ On Air's subsidy for television transmission coverage of TV One and TV2 to non-commercial areas now that a more cost-effective digital signal is available through a satellite platform.
- 2) To be a leading provider of advice as New Zealand makes the transition from analogue to digital transmission.

Description and Actions

In June 1989, the then Minister of Communications issued a directive to NZ On Air pursuant to Section 44 of the Broadcasting Act 1989 to maintain transmission coverage of TV One and TV2 to certain communities that cannot be provided with a commercially viable signal. This directive remains in force.

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

TV One	99.7%
TV2	99.5%
TV3	96%

In February 2003, NZ On Air completed a major analysis of remote area television transmission coverage and assessed the options, now that a more cost-effective digital signal for TV One and TV2 is available to 100% of the New Zealand population through a satellite platform.

The report proposes a phase-out of NZ On Air's current subsidy, to be accompanied by a comprehensive communication plan for affected communities. The plan will remain on hold, however, until the Government has made decisions on the wider issues surrounding a transition to digital transmission in New Zealand. In the meantime –

- NZ On Air will continue to provide an operating subsidy through TVNZ, to maintain the remote area sites currently supported.

- NZ On Air will make a constructive contribution to the Ministry of Economic Development and Ministry for Culture and Heritage consultations on digital transmission, scheduled for 2003.
- NZ On Air will further develop a phase-out plan, aiming to progressively withdraw the subsidy for nominated analogue transmitters.

Outcomes

Viable long-term options to secure free-to-air television reception for remote area communities are identified.

The need for public funding to operate and maintain analogue transmitters in remote areas is eventually eliminated.

Performance Measures

Quantity

- NZ On Air continues to subsidise the transmission coverage of TV One and TV2 to those communities that are unable to receive a commercially viable analogue signal.

Quality

- Where NZ On Air will continue to subsidise transmission coverage, the broadcaster will make available to the agreed number of potential viewers in the coverage area a signal suitable to provide a received picture quality that conforms to the International Radio Consultative Committee recommended standard R500-4 of PQ3 or better.

NZ On Air will obtain technical advice where necessary to validate any technical issues that relate to transmission coverage.

Cost

Television Transmission Coverage	\$1,150,000
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Statement of Objectives and Performance Targets

for 2003/2004.

3.2 Radio Transmission Coverage

Objective

To encourage the use of NZ On Air's scheme to make a primary-strength community radio service available to every community of 500+ people.

Outcome

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

Description and Actions

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

In the first half of 2001, NZ On Air commissioned an independent report on the current status of (a) communities of 1,000+ and (b) communities with a population of between 500 and 1,000 currently not served by a primary-strength community radio signal. In light of this review, NZ On Air has made a policy amendment beyond the existing Ministerial directive, to include a one-off subsidy for capital equipment to communities of 500+ population who are not served by a primary strength community radio service. In assessing applications for funding, NZ On Air will give priority to areas where there has never been a primary-strength community radio service established on a commercial basis.

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

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

NZ On Air currently owns and leases transmission equipment on several sites in order to provide a community radio service to Murchison, South Westland and the MacKenzie Country. This equipment is now over 6 years old with leases due to expire on 30 June 2003.

- NZ On Air will extend leases by up to five years, but will review the status of the equipment and future options by 30 November 2005.

Performance Targets

Quantity

- Applications for funding of capital equipment to establish up to three new community radio facilities in areas of 500+ people that are not served by a primary-strength community radio signal are considered by NZ On Air.

Quality

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

Cost

Radio Transmission Coverage

\$89,500

Statement of Management Procedures.

Funding Allocation Process

Objectives

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

Description and Actions

NZ On Air's administration budget for the 2003/2004 year will be \$2,450,000. This is an increase over the previous year's level, and reflects the decision to introduce a number of new initiatives, as a result of a strategic planning process undertaken in January 2003. Nevertheless, NZ On Air's administration budget had remained unchanged for three years and, even with this increase, equates to only 2.8% of the agency's total income.

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

The funding allocation process involves:

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

(a) Management Procedures

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

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

Broadcasting Services	Expected Number of New Funding Contracts for 2003/2004
Television	160
Radio	16
Commercial radio programmes	9
Transmission coverage	2
New Zealand music	225
Archiving	2
TOTAL	414

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

Statement of Management Procedures.

- All funding contract requirements will be monitored and reviewed by NZ On Air on a regular basis from the time of signing the contracts to service delivery.
- NZ On Air will undertake financial health checks of funding recipients, where necessary or if requested by the production entity, in order to ensure minimum accounting and financial reporting standards are in place in respect of funded programmes.
- NZ On Air will audit a random selection of funding recipients throughout 2003/2004 to ensure that these service providers attain specified standards of performance and account for the use of the funds.

(b) Risk Management

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

- The work plan developed by NZ On Air's audit committee for 2003-2005 will be implemented during the year. Major risk areas to be audited in 2003/2004 include:
 - Funding recipient compliance audits
 - Reliability of NZ On Air decision-making
 - Appropriateness of NZ On Air funding methods
 - NZ On Air financial systems and internal controls
 - Statutory compliance
 - Governance controls
 - Environmental risks
- A risk management framework, developed in early 2003, will be regularly reviewed and updated. High-risk areas will be reviewed at each two-monthly Board meeting.
- A stress management policy for staff (currently in draft form) will be finalised, following consultation, and implemented.

(c) Human Resources

The broadcasting industry is substantially based in Auckland. This means that many of NZ On Air's working relationships, with the television, radio and music production and broadcasting industry must be maintained in Auckland, while the agency is based in Wellington. Within the music sector, NZ On Air has contracted a team of pluggers, or music promotions people, who are based in Auckland. It was timely in early 2003 to consider the options for extending this presence to other areas of our activity.

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

- NZ On Air will establish a contract position for a Liaison Manager, to be based in Auckland, to maintain relationships with broadcasters, producers and the range of industry organisations, primarily in television.
- The Television Contracts Coordinator – originally a part-time position – has been employed full-time since January 2003.
- A contract position to provide mentoring and executive producer services to Maori practitioners will be continued, as will contracts for three music promotions people under the Phase Four plan.

Statement of Management Procedures.

Communications and Consultation

Objectives

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

Description and Actions

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

(a) Communications

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

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

(b) Reporting

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

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

(c) Research and Consultation

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

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

Statement of Management Procedures.

The research programme in 2003/2004 will be based on the following activities –

- NZ On Air will obtain regular audience survey information for television and radio in order to measure the audience response to funded programmes. Survey information to include:
 - Daily TV programme ratings; and
 - Topline metropolitan and provincial radio audience survey data.
- Specific research to be commissioned, will include:
 - Public Opinion and Information Monitor (quantitative study)
 - Local Content Survey for 2003 (quantitative study)
 - Comedy programming: audiences views and preferences (focus group and symposium)
 - Analysis of international developments in public broadcasting
 - Archiving symposium (to follow the independent review of archiving completed in mid-2003)
 - Report on Pacific Peoples' broadcasting views and preferences (collation of existing research).
- NZ On Air will continue to monitor the development of the broadcasting environment, and where necessary, modify policies to provide for any changes in the environment.

Cost

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

for the twelve months ending 30 June 2003, 2004, 2005, 2006.

	Forecast Actual 2002/2003	Budget 2003/2004	Budget 2004/2005	Budget 2005/2006
Income				
Crown Revenue	86,330	90,540	90,940	91,245
Other Income (Note 1)	5,570	1,500	1,500	1,500
Total Income	91,900	92,040	92,440	92,745
Operating Expenditure				
Public Broadcasting Fee collection costs (Note 2)	50	–	–	–
Administration and consultation (Recovery) in provision for doubtful debts (Note 2)	2,130 (200)	2,450 –	2,450 –	2,450 –
Total Operating Expenditure	1,980	2,450	2,450	2,450
Funding Expenditure				
Television	58,950	60,300	55,880	55,830
Radio	25,150	27,640	28,015	28,325
Transmission coverage	1,150	1,240	1,300	1,240
New Zealand music	3,700	3,900	3,800	3,800
Archiving	1,170	1,100	1,100	1,100
Total Funding Expenditure	90,120	94,180	90,095	90,295
Total expenditure	92,100	96,630	92,545	92,745
Net (deficit)/surplus for the year	(200)	(4,590)	(105)	0
Public equity 1 July	5,895	5,695	1,105	1,000
Public Equity 30 June	5,695	1,105	1,000	1,000

Note 1 The 2003/2004 forecast for Other Income includes income from sales of programmes and writebacks for previous years' funding commitments, which have since been withdrawn or reduced.

Note 2 As at 30 June 2003, it is expected that the collection of outstanding PBF broadcasting fees will virtually cease.

Statement of Financial Position

as at 30 June 2003 and for the year ending 30 June 2004.

	Forecast Actual 2002/2003	Budget 2003/2004
Current Assets		
Cash and Bank	43,000	42,000
Accounts Receivable - General	100	100
Total Income	43,100	42,100
Non-Current Assets		
Fixed Assets	184	154
Total Non-Current Assets	184	154
Total Assets	43,284	42,254
Current Liabilities		
Accounts Payable	300	300
Funding Liabilities	37,289	40,849
Total Current Liabilities	37,589	41,149
Public Equity	5,695	1,105
Total Liabilities and Public Equity	43,284	42,254

Statement of Cash Flows

for the years ending 30 June 2003 and 2004.

	Forecast Actual 2002/2003	Budget 2003/2004
Cash Flows from Operating Activities		
Cash Provided from:		
Public Broadcasting Fee	200	–
Crown Revenue	86,330	90,540
Other Income received	5,570	1,500
Total Income	92,100	92,040
Cash Applied to:		
Payment to broadcasters & programme producers	(89,813)	(90,590)
Payment to suppliers and employees (including PBF collection costs)	(2,180)	(2,450)
Total Expenses	(91,993)	(93,040)
Net cash inflows/(outflows) from Operating Activities	107	(1,000)
Opening cash	42,893	43,000
Closing cash	43,000	42,000

Statement of Accounting Policies.

The following accounting policies will be applied in the preparation of financial statements for the year ending 30 June 2004, and are applied to the financial statements on pages 37 and 38.

Reporting entity

The Broadcasting Commission (NZ On Air) was established by the Broadcasting Act 1989. The functions and procedures of NZ On Air are set out in the Broadcasting Act. The financial statements are prepared in accordance with the First Schedule of the Broadcasting Act and the Public Finance Act 1989.

Measurement base

The measurement base adopted is that of historical cost.

Accounting policies

The following accounting policies which materially affect the measurement of the financial performance, financial position, cashflows, commitments and contingencies have been applied:

- **Accounts receivable**

Accounts receivable are shown at their estimated net realisable value after allowing for doubtful debts.

- **Fixed assets and depreciation**

Fixed assets are stated at historical cost less accumulated depreciation. The provision for depreciation is calculated on a straight line basis to write down the cost of the assets by equal instalments to an estimated residual value at the end of the economic life of the asset.

Computer equipment	3 years to a nil residual value
Office equipment	5 years to a nil residual value
Furniture and fittings	6 years to a nil residual value
Leasehold alterations	6 years to a nil residual value

- **Budget figures**

The budget figures are those approved by the Board at the beginning of the financial year. The budget figures have been prepared in accordance with generally accepted accounting practice and are consistent with the accounting policies adopted by NZ On Air for the preparation of the financial statements.

Statement of Accounting Policies.

- **Goods and service tax (GST)**

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

- **Taxation**

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

- **Broadcasting services**

The allocation of funds to broadcasting services is treated as expenditure when the allocation is approved and committed against the current year's income and includes funds approved but not paid out at the year end.

- **Cost allocation policy**

All expenditure not related to the collection of the Public Broadcasting Fee or used to fund broadcasting services has been allocated to administration expenditure. The Government approves the level of administration expenditure in accordance with Section 49 of the Broadcasting Act 1989.

- **Cash and bank, and short term deposits**

These investments are recorded at cost.

- **Revenue**

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

- **Income from broadcast production funding**

Income from broadcast production funding is treated as income as and when received.

- **Financial instruments**

NZ On Air is party to financial instrument arrangements including cash and bank, short term deposits and accounts receivable as part of its everyday operations, which are recognised in the Statement of Financial Position. Revenue and expenditure in relation to all financial instruments are recognised in the Statement of Financial Performance. Except for those items covered by separate accounting policy all financial instruments are shown by estimated fair value.

- **Statement of Cash Flows**

Cash means cash balances on hand, held in bank accounts and on-demand deposits.

Operating activities includes cash received from all income sources of NZ On Air and records the cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of fixed assets.

- **Commitments**

The allocation of funds against future years' income is recorded in the Statement of Commitments. Other future payments are also disclosed as commitments at the point a contractual obligation arises, to the extent they are equally unperformed obligations.

- **Contingent liabilities**

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

Changes in accounting policies

There have been no changes in accounting policies. All policies are applied on a basis consistent with previous years.

Directory

Members

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

Chairman
 Deputy Chairman

Staff

Jo Tyndall
Bernard Duncan
Neil Cairns
Brendan Smyth
Elizabeth Morrison
Sally Courché
Donnamaree Ryder
Annie Murray
Robyn Andrews
Anita Roberts
Teresa Tito
Trish Cross
Christine Westwood

Chief Executive
 Deputy Chief Executive, Radio & Communications Manager
 Television Manager
 NZ Music Manager
 Finance & Administration Manager
 Deputy Television Manager
 Manager, Project & Financial Analysis
 Television Contracts Coordinator
 Personal Assistant
 Personal Assistant
 Personal Assistant
 Receptionist (Shared with Broadcasting Standards Authority)
 Administration Assistant (Part-time)

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