



Statement of Intent

local content

NZ On Air

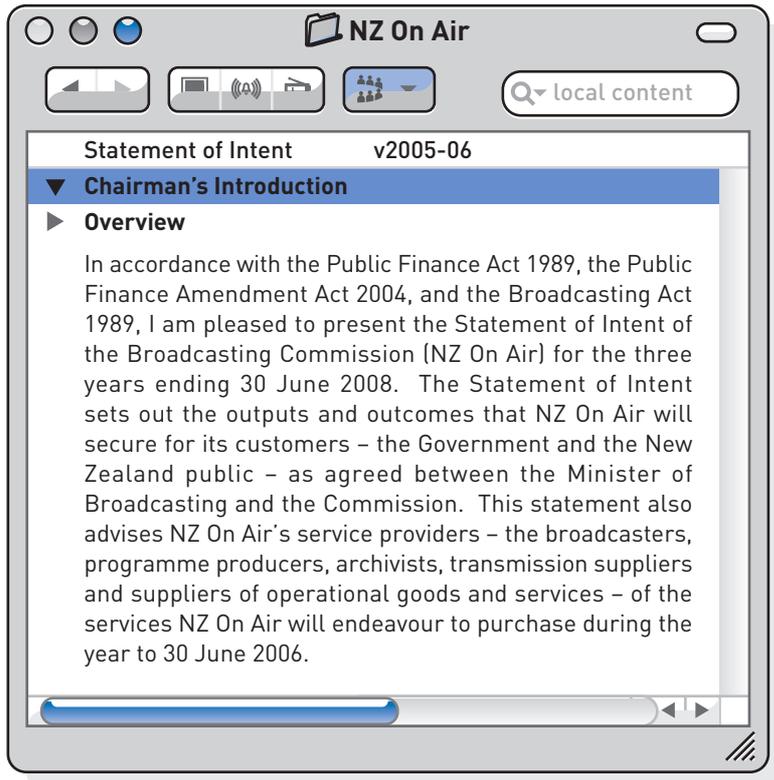
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Chairman's Introduction



INTRODUCTION

In July 2004, when NZ On Air's last Statement of Intent was published, the Minister of Broadcasting's Programme of Action for public broadcasting was still under consideration. Since then, it has been finalised and was released in early February 2005. The Programme of Action sets out an approach to building a strong and sustainable public broadcasting environment. In doing so, it takes into account New Zealand's "mixed economy" of both public and commercial broadcasting.

Its vision – **New Zealand Broadcasting: a shared space, informing and enriching a changing society** – is one to which we subscribe.

NZ On Air is a core component in the delivery of public broadcasting, ensuring locally-produced public interest programming is available to New Zealand audiences across a range of radio and television outlets. The "shared space" is, from our perspective, achieved by providing quality local content to diverse audiences where they are watching or listening.

This Statement of Intent has therefore been prepared against the backdrop of the vision and principles articulated in the Programme of Action. The four principles of Universality, Diversity, Independence and Quality are ones we have lived by for the sixteen years of our existence. They will continue to drive our work, with some (such as "quality") being given added emphasis and a new twist in the future.

The Programme of Action concludes with a proposal to review NZ On Air's functions. We welcome this. Having been set up in 1989, NZ On Air is a product of that time. Within the constraints of our mandate, we have achieved as much as we can. But, in sixteen years, broadcasting has changed significantly. Furthermore, radical change is on the horizon, with the arrival of digital technology.

The phenomenon of audience fragmentation, with the proliferation of channels we are already seeing in this country, is only the first step along the digital journey. Of more significance will be the impact of convergence, as internet and wireless-based technologies move ahead and challenge the dominance of the small screen, and of free-to-air television and radio as we know them.

NZ On Air is intent on preparing for this new future. We published a strategic plan in mid-2003, focusing on the significant changes to the structure of broadcasting, and funding for broadcasting, that had taken place during the 1990s and – more particularly – since 2000. At that point, a review of broadcasting had been announced, but the direction and outcome of what became the Programme of Action was not known. Nevertheless, it was NZ On Air's stated view that the changes that had taken place around us meant we could not continue exactly as we had before, and thought needed to be given to an updated role for the agency.

Early this year, therefore, the Board of NZ On Air spent some time considering what our role could and should be, in the 21st century broadcasting environment, and consistent with the Programme of Action.

We agreed that there are two key factors that will influence our future: the first is the impact of digital broadcasting, as it affects distribution systems, programme content, and audience behaviour. The second is the level of funding that is available for us to fulfil a public interest broadcasting mandate.

Last year, NZ On Air commissioned a major research project on developments in digital television and their implications for New Zealand. The report, written by Paul Norris and Brian Pauling, was published in May this year. It concludes that, within the next ten years, New Zealanders are likely to be able to access information and entertainment across a number of platforms, including free-to-air broadcast services using digital satellite (and/or possibly terrestrial platforms), a range of digital pay services delivered by satellite, and so-called "triple-play" services (voice, video and internet) using IP and ADSL over telephone copper wires. It is even possible that much traditional television broadcasting will migrate to the internet, as multi-casting of web signals now looks to be technologically feasible.



The challenge for NZ On Air in this future environment will be to find ways of disseminating local content in a number of forms across as many platforms as possible. Digital broadcasting creates new opportunities for reversioning, repeating and adding value to content.

The questions this report raises, and the suggestions it makes for NZ On Air to take advantage of the digital future have provided important guidance in the preparation of this Statement of Intent. While digital broadcasting may well be some years off, there is no doubt it is on its way. As an organisation administering significant public funding, we need to prepare for that future today.

MAIN THEMES FOR 2005/2006

NZ On Air will continue to implement the Five-Year Plan published in 2003. Refinements to the plan will, first, reflect the outcome of the Programme of Action, and second, prepare the ground for the future of broadcasting as we see it in New Zealand.

To illustrate this future, the stated core objectives of our published strategic plan are:

- **Industry outreach and strategic partnerships:** As convergence brings internet and telephony into the broadcasting arena, the scope of our strategic partnerships will need to grow.
- **Research and symposia:** Likely digital developments will influence the research projects prioritised for the year ahead.
- **Innovation and diversity:** The future of broadcasting, with growing audience choice in terms of channels and platforms, will require increasing emphasis on cutting-edge, innovative and high-quality content to make an impact.
- **Securing adequate funding to deliver agreed public broadcasting outcomes:** The level of funding required to reach and make an impact with audiences will be affected by the proliferation of channels, the growth of new platforms, and changes to revenue streams. Regional television is also relevant in this context.

While digital broadcasting is already a reality, traditional television and radio remain strong in New Zealand, with advertising revenue at record high levels and all commercial players reporting improved financial performance in the last year.

2004 saw CanWest float on the local sharemarket, Sky Television post a significant profit, Prime Television make a determined foray into New Zealand's free-to-air market, and TV4 successfully re-brand itself as a music channel. The Māori Television Service marked its first full year of transmission in March 2005, with positive critical feedback and growing audience support. TVNZ, for its part, completed its second year as a chartered public broadcaster. With direct funding from Government to assist with its implementation, the network stepped up local commissioning to a new level as it moved towards its aspirational target of 50% local content across both TV One and TV2.

Within this environment, NZ On Air is seeking to ensure the range of locally made programmes, songs and broadcasts is expanded, and is visible or audible where New Zealand audiences are watching or listening. This has, in the last year, extended to a small number of programmes on Prime Television.

Last year, NZ On Air undertook several research and consultation initiatives, consistent with our obligations under Section 37 of the Broadcasting Act. These initiatives, designed to encourage diversity and innovation in television and radio, included a symposium on disabilities programming, a consultation on television drama, a comedy symposium and a day-long seminar on audio-visual archiving. Key research projects included focus group research into audience attitudes towards comedy and drama programming, and the above-mentioned digital television report.

NZ On Air intends to continue with this unique and important research programme in 2005/2006. Initiatives planned for the year ahead include:

- Research into production industry capacity and capability, as well as trends in production costs (to determine a sustainable level of production, and consider appropriate average per hour allocations).
- Further focus group, international and stakeholder research to develop a workable definition of public interest programming from NZ On Air's perspective, including the establishment of indicators and criteria to assess "quality".
- Research into rights issues and options for NZ On Air to secure maximised airplay or broadcast for funded programmes, both now and in a digital future.
- Follow-up to the November 2004 Archiving Symposium, to research ways in which better coordination and networking of audio-visual archiving might be achievable.
- Research into the options for NZ On Air to encourage a better coordinated NZ On Air presence at key international markets.

In other respects, NZ On Air has developed or maintained strong industry links – by continuing to provide secretariat services to the Television Local Content Group, and preparing the survey of Local Content figures for television, by which the group measures broadcaster progress against targets. During the year, the Screen Coordination Group was formed, and is already providing a useful forum for government agencies operating in the screen sector to discuss sector-wide issues, as well as maintaining dialogue with the Screen Council. In music, we have continued to work with our partners in radio, record companies and the Music Industry Commission: NZ On Air is poised to take our support for NZ music through to the next level, with the implementation of "Phase Five".

In May 2004, we established a permanent presence in Auckland, with the appointment of Kathryn Quirk. This service has been appreciated by Auckland-based producers, broadcasters and guilds. The team of four music promotions people, ably led by Nicky Donoghue, also works out of the Auckland office and ensures that our presence there is solid and well-received.

Finally, last year we flagged our desire to review the way our funding is acknowledged on air. This process has not yet been completed, but remains a priority for the year ahead. As mentioned above, in an increasingly fragmented broadcasting world, the visibility of local content becomes an ever more important issue, and is harder to sustain. Given the proliferation of channels on offer to listeners and viewers, local content may be swamped by programmes from elsewhere, finding itself "peppered" through packed schedules, so it is important to mark the local content for what it is, and recognise it as such.

This year, we mean business, and plan to consider options for recognising programme excellence – for those programmes or broadcasts that really raise the bar, and expand our horizons as an audience.

FUNDING FOR THE YEAR TO 30 JUNE 2006

Over the past three years there have been modest increases to the Crown funding voted for NZ On Air. These have allowed us to maintain both the overall levels of funding, and the volume of programming purchased.

The Government's longer-term funding objective for broadcasting has been signaled through the Programme of Action, although it is not yet clear how this will translate through to NZ On Air, as there are a number of other arms to public broadcasting.

Thanks to almost \$7 million additional funding announced in the May Budget, however, the total funds available in 2005/2006 will increase by comparison with the previous year. The allocation from Government will be \$100.84 million (exc. GST), and includes \$850,000 for the implementation of the Phase Five NZ music initiative, \$890,000 for regional television, \$711,000 for Radio New Zealand, \$222,000 for community radio, \$4.38 million for television programming and \$60,000 to maintain archiving services.

In 2004/2005, NZ On Air used reserves of public equity totalling \$3.7 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 – thanks to better than forecast income generated by a combination of sales revenue, programme writebacks and interest income. In line with previous practice, the bulk of these reserves (totalling \$4.8 million) will be allocated to the broadcasting funding budget for the coming year. This, together with increased Crown revenue, will ensure programming outputs are not just maintained, but can be increased.

Total broadcasting funding expenditure for the 2005/2006 year is thus estimated to be \$105.1 million (exc. GST). This is an estimate based on expected revenue from the Crown of \$100.84 million, plus other income, less administration costs, and including the use of public equity reserves of \$4.8 million. Within this total, the allocation for television programmes will be \$68.6 million.

The chart [below] compares the forecast allocation of funding for the 2005/2006 year with the budget for the 2004/2005 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 summarised on the following pages.

	Forecast 2005/2006	Budget 2004/2005
Broadcasting Funding	\$101.15 million	\$96.95 million
Allocation – Programming		
• Television programmes	65%	64%
• Radio services	29%	30%
• NZ Music	5%	4%
Transmission Coverage	*%	1%
Archives	1%	1%

Full details of income and expenditure are provided on page 32.

* Funding for transmission coverage is now under 1%.

TELEVISION

The television budget, at \$68.6 million, will show a healthy increase from last year. Television will continue to receive almost two thirds of NZ On Air's funding to support a range of programmes reflecting a wide diversity of genres and interests. Regional television will receive funding for the first time. Otherwise, the main categories we fund will remain the same, but with changes to encourage innovation and programme excellence.

The innovation category, introduced two years ago, will continue, with funding to be allocated on the basis of a competitive tender. Over time, our aim is to build our commitment to innovation so that it approaches 20% of the television allocation. We will also continue the use of tendered and targeted initiatives in specific areas, such as documentary, Māori documentary, comedy and children's drama.

Scripted television, especially drama, remains a high profile, high-cost and risky area for NZ On Air support. As such, we will continue with a strategic approach to drama funding, seeking a foundation of drama series, with diversity delivered through telefeatures, "showcase" mini-series and anthologies. The signature television initiative, launched with the NZ Film Commission and TVNZ in 2004, will continue into its second year.

RADIO

The greater part of NZ On Air's radio funding will continue to be directed to the flagship public radio services delivered by National Radio and Concert FM. During the year, NZ On Air will continue to work closely with Radio New Zealand to manage the completion of its programme to roll-out FM transmission for National Radio.

NZ On Air also funds community access radio and two Pacific Island radio stations to provide diversity and an outlet for community groups to make and broadcast programmes. Increased funding will be available to access radio through the additional Crown allocation for community radio.

In the past two years, NZ On Air has been able to set aside, and build, a modest fund for initiatives to achieve greater radio diversity, consistent with Broadcasting Act priorities. These have included spiritual, youth, children's, comedy and Māori programmes. These programme categories will continue in the year ahead, and total funding will be slightly increased.

Finally, following a review of ethnic radio conducted by Brian Pauling in 2004, NZ On Air suspended its policy for the provision of funding to ethnic communities of 10,000 or more. This was to allow time to develop a new policy, depending on the availability of funds to sustain it. The allocation of new funding for community radio will allow a modest ethnic programming policy to be developed, in consultation with community and broadcasting interests.

NZ MUSIC

NZ On Air will continue with its mix of funding and promotional strategies to get more New Zealand music played on commercial radio – including the Phase Four plan that, in July, marks five years since its launch. The three major Phase Four "building blocks" – more pluggers, more music television and more money for making and marketing music, including funding for 20 albums by bands that have a track record of delivering radio hits – will continue in 2005/2006.

The aim remains to help radio to meet the NZ Music Code local content targets agreed for 2005 and 2006 and to achieve – and maintain – 20%-plus New Zealand music on commercial radio before the end of the 2006 calendar year, and beyond.

In support of this aim, the Phase Five Five Point Plan developed in 2004/2005 will be implemented in full in 2005/2006. The plan will raise the profile of New Zealand music internationally through radio and the music media, using some of the same strategies that have proved so successful in the campaign to increase New Zealand music content on New Zealand radio over the past decade.

MĀORI BROADCASTING

In 2005, NZ On Air's Rautaki Māori is celebrating its fifth year. The strategy has brought a diverse range of mainstream programmes, predominantly in English, but with a strong Māori perspective to screen and to air. These have included documentaries within established strands, the **Ngā Reo** and **He Matapaki** documentary series, three series of **Mataku** and special programmes or series such as **Te Hokinga Mai**, **Taonga**, and **He Whare Kōrero**. On radio, we have funded the highly successful **Te Puutake** and **Paakiwaha**.

In March, the Māori Television Service marked its first anniversary. Now that the channel is firmly established in the broadcasting landscape, NZ On Air will be seeking to strengthen partnerships with both MTS and our sister funding agency, Te Māngai Pāho. In particular, we will be looking to maximise the screening opportunities for funded Māori programmes, and to partner on projects that meet both mainstream and MTS objectives.

We plan to take Te Rautaki Māori to a next phase, for example by partnering with other Government stakeholders to undertake a study of industry capacity and capability, in recognition of the exponential growth in Māori production over the last two years. A qualitative review of the Māori projects funded to date under the Rautaki is also planned. Finally, we will be looking at the options for introducing more Reo Māori – possibly as interstitials – into television for mainstream audiences.

ARCHIVING

In November 2004, NZ On Air hosted a major symposium on audio-visual archiving, with guest speaker, Canadian Sam Kula, providing an external expert perspective. This well-attended event was the first occasion on which a significant group of archiving practitioners and experts in this field had gathered together.

In the wake of the symposium, NZ On Air has been looking at the options for encouraging better coordination of the various audio-visual archiving activities in New Zealand. In this area, as with the wider broadcasting environment, the development of digital technology is beginning to have profound implications for the collection, preservation, cataloguing and public access of television and radio content. A well-coordinated approach, based on networking and information-sharing, should minimise duplications and maximise the coverage of archiving services.

RESEARCH AND CONSULTATION

NZ On Air is mandated under Section 37 of the Broadcasting Act to consult regularly with a range of interested parties. 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 with a strategic research and consultation programme in the year ahead. We will use a combination of quantitative, qualitative and analytical research to underpin the promotion of high-standard, diverse New Zealand content in public service and public interest broadcasting. Wherever possible, we will undertake this research using a consultative approach. Once reports have been published, we will convene at least two symposia to explore their findings prior to reflecting the outcomes in revised approaches to funding policy.

CONCLUSIONS

Over the years, NZ On Air's focus has shifted subtly, to adapt to the changing broadcasting environment. For our first decade, when local content was a relatively rare commodity for television, radio and NZ music, NZ On Air's focus was to support and promote local content, and to do so across a spectrum from the relatively commercial to the non-commercial.

More recently, as broadcasters have better understood the commercial and cultural value of local content, the proportion of programming supported by NZ On Air has fallen to just over 20% of total local content on the main free-to-air networks. The introduction of a Charter for TVNZ and the launch of MTS have reinforced this. It has therefore been necessary for NZ On Air to refine its policy on what types of local content it should support. Increasingly, this is being referred to as public interest programming.

A second influential factor is that the impending "digital age" creates both a need and an opportunity for broadcasting policy – and those who are charged with implementing public broadcasting services – to change the way they work to adapt to new audience behaviours and preferences.

In brief, developments in digital broadcasting technology elsewhere suggest that these will involve the fragmentation of audiences as they are offered increasingly specialised viewing or listening choices in a multi-channel environment. At the same time, the technologies behind the internet, telephony and television are converging, with a consequent quantum leap in what constitutes audience interactivity. The arrival of personal video recorders (PVRs) is heralding the likelihood of tailored "me" channels, that could call into question our traditional notion of a television schedule – other than for news coverage and live events. Equally, developments in internet technology mean new opportunities for heritage or local content to be widely accessible by the public, and could eventually blur the line between broadcast and archiving.

Fundamental to all of these changes is a gradual decline in the audience share (and ultimately advertising revenues) of free-to-air broadcasters. This may well take a very long time, but in the US, free-to-air television now accounts for less than 50% of the audience, while in the UK, subscription revenues have overtaken television advertising revenues for the first time. The eventual implications of digital technology for free-to-air broadcasters – whether state-owned or private – are profound, as the traditional revenue model and mass audience programming will both need to change.

It is, of course, very difficult to predict the pace and exact direction of these technology developments. NZ On Air will thus continue to conduct its core business with few changes for some time to come. To prepare for the likely future, however, NZ On Air intends to focus more overtly on supporting quality programming. Quality programmes need to be well funded and well produced. To be visible and

accessed, they need to be well promoted. We know New Zealand audiences strongly support local television and music, but they do so only so long as it is perceived to be as good as “overseas” material. As digital take-up grows, and our traditional model of TV schedules or radio programming changes, the content produced with the help of NZ On Air funding will have to be associated with a trusted image of quality to ensure it finds its place on the small screen, PC, the radio dial or the mobile phone.

We recognise that, to do all of this, NZ On Air must work in partnership with a complex range of stakeholders – both existing and new. In addition to our core relationships with the state broadcasters and other free-to-air broadcasters, new ones, appropriate to the new digital developments, will need to be forged with, for example, telecommunications companies and internet providers. Equally, the digital age will mean an even greater battle for New Zealand’s share of the international voice, and there will be a need for New Zealand’s public broadcasting content to be promoted internationally as well as at home.

In the future that is emerging, there will still be a place for public service broadcasters although they, too, will need to evolve. There will also, however, be an increasing need to provide locally-produced content that caters for a range of tastes and perspectives, and that is accessible through the widest number of platforms and outlets possible. As an agency that funds public service broadcasting institutions (such as Radio New Zealand) and provides public interest programming on a contestable basis to a range of other broadcasters, NZ On Air is already well-suited to the digital future.

The competition for funding brings competition of ideas, innovation and quality.

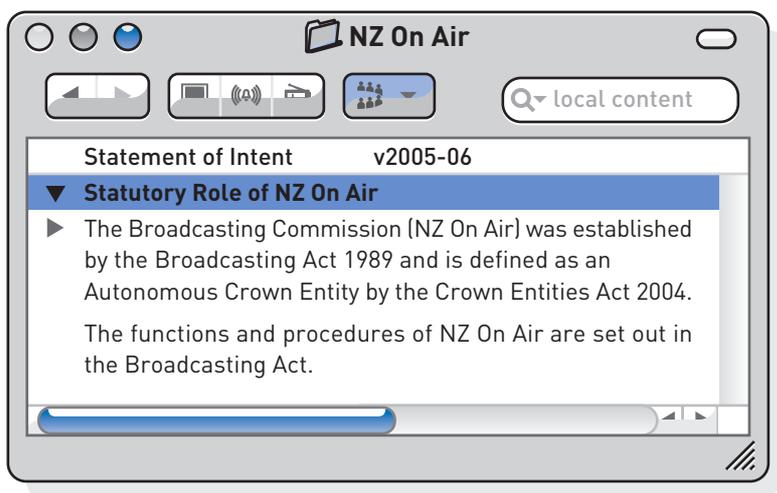
NZ On Air believes it has a strong and enduring role in an increasingly complex and pluralistic broadcasting environment. The Programme of Action flags an intention to review NZ On Air’s functions. We have a vision for the kind of organisation we wish to be: one that will play a forceful and collaborative role in the delivery of public interest programming in the 21st century, by supporting innovative content catering to diverse audience needs wherever they might be watching or listening. We look forward to working with the Government to identify ways of achieving that.



Don Hunn
NZ On Air Chairman



Statutory Role of NZ On Air



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 Māori language and Māori 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 women, youth, children, persons with disabilities and minorities in the community including ethnic minorities; and to encourage a range of broadcasts that reflects the diverse religious and ethical beliefs of New Zealanders.
- (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 Māori 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.

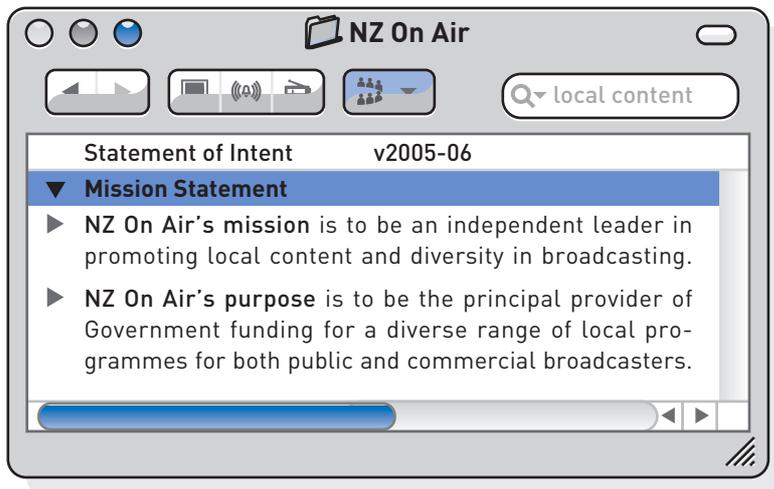
The activities of NZ On Air are –

To allocate funding for:

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



Mission Statement, Strategy and Outcomes



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 enhance the on-screen outcomes of Māori television programmes aimed at a mainstream New Zealand audience, including Māori.

To achieve this, NZ On Air's strategies for 2005-2008 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 Māori language and culture within a mainstream New Zealand audience, that includes Māori, will be further developed.

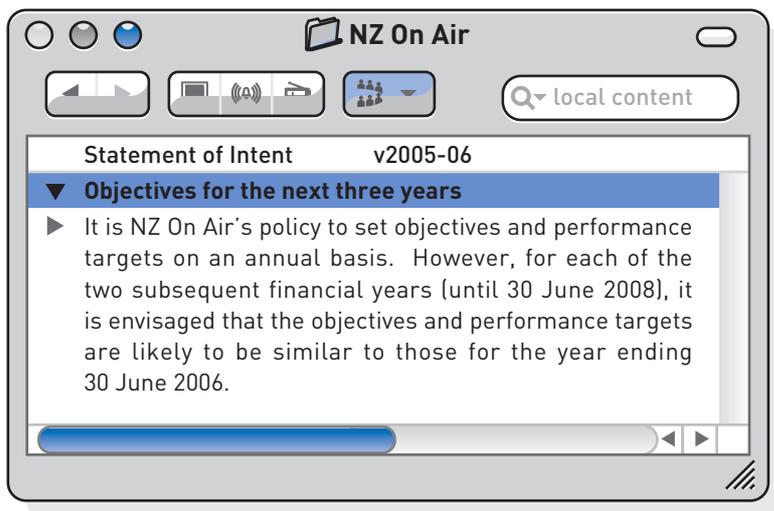
In working to achieve these objectives and outcomes, NZ On Air will apply the following principles:

- 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 falling into high-cost or high-risk categories, 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 2008



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 interest 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 television broadcasting.

RADIO SERVICES

Objectives

- 1) To ensure NZ On Air is recognised as the independent, expert agency responsible for funding and monitoring public interest 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.

NZ MUSIC

Objectives

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

Achieved by

- Helping radio stations to meet the annual local content targets in the NZ Music Code and to achieve – and maintain – 20%-plus New Zealand music content before the end of the 2005/2006 year (and beyond).
- Introducing new artists to commercial radio and working to achieve radio hits with those new artists.
- 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

Objective

To be a source of advice as New Zealand makes the transition to digital transmission.

Achieved by

- Building NZ On Air's capability through research as a provider of advice in the area of digital technology.

MĀORI BROADCASTING

Objectives

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

Achieved by

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

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

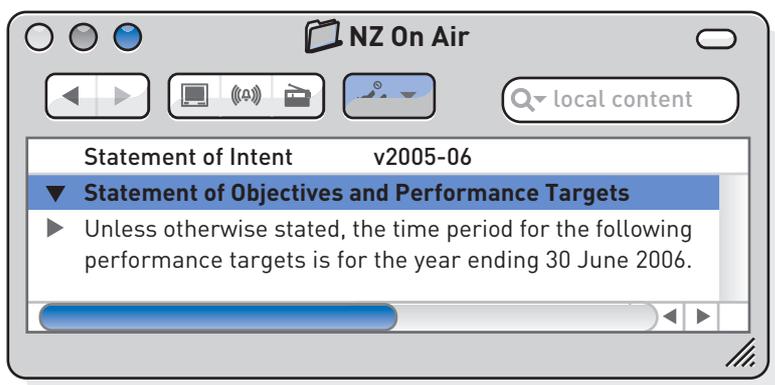
- 1) To be a cost-effective, efficient agency that administers public funding for broadcasting wisely and well.
- 2) To define and give effect to a clear role for NZ On Air within a changing broadcasting environment, consistent with the Broadcasting Act, and reflected in relationships with key stakeholders.

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 2005/2006



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 interest programming on television.

Description and Actions

The television budget in 2005/2006 will increase to a total of \$68.6 million. This will allow NZ On Air to continue to fund the same broad programme categories, to maintain outputs in the face of rising production costs, and where possible increase them. New funding is also earmarked for regional television. In support of the stated objectives, the following strategic actions will be taken:

(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 on 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 13-part 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, one or two mini-series and one telefeature.
- NZ On Air's Signature Television partnership with the New Zealand Film Commission and Television New Zealand will continue.
- Funding for children's drama will continue, allowing at least two series to be produced. Since the first initiative in 1999, funding has been allocated to ten children's drama productions.
- Following on from NZ On Air's in-depth research into comedy programming in 2004 and subsequent symposium in early 2005, a comedy initiative is being developed in consultation with the industry and broadcasters.
- A 2003 review resulted in a new documentary funding strategy, which has now been fully implemented. In consultation with the industry, NZ On Air will continue the strategy, which is already achieving a 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 continue with the separate, tendered innovation fund to create demonstrably different programming, using the same clear parameters that were developed in consultation with the broadcasters in 2004/2005. As funding allows the aim would be to move, over time, towards innovation counting for up to 20% of the television budget.

(b) Visibility

NZ On Air's long-term strategy is to ensure a diverse range of local programmes is 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. When it reached 90% coverage nationwide, Prime Television joined the family of NZ On Air

broadcasters and has begun a strategy of commissioning a modest slate of local programmes.

- Now that the Māori Television Service has completed its first year of service NZ On Air will be seeking to ensure Māori projects made with funding from NZ On Air are able to be re-transmitted at an early date on MTS. Where NZ On Air provides funding for projects with a first transmission on MTS, a commitment to re-screen the programme on a national free-to-air network will be a requirement.
- Funding of \$890,000 per annum announced in the May Budget has been allocated for regional television. A policy and criteria for this new initiative were in development at the time this SOI was being prepared, for consultation with regional broadcasters in late June/early July. The funding will contribute to the cost of the distinct programming provided by regional channels – such as local news, current local issues, and coverage of local sporting or cultural events.

(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.

- Work presaged in 2004/2005 will continue as NZ On Air develops an objective quality measurement tool, adapted from overseas, to create a "quality mark" for outstanding programmes and scripts
- 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 2005/2006. An analysis of outcomes to date was begun in the first part of 2005, and the results will be used to consider the future of this initiative prior to the five-year review flagged in the published strategy.
- NZ On Air is committed to encouraging a well co-ordinated international profile and increased sales of New Zealand projects, as well as aiming to ensure intellectual property rights stay within New Zealand to maximise returns to local rights holders. Options for improving this will be explored in the year ahead.
- 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. NZ On Air will consult with the industry, however, about the future of this fund.
- In addition to its project-by-project development funding, NZ On Air will continue with the newly implemented "Springboard" development fund to allow selected, experienced production houses to build a slate consistent with an overall business plan by investing in the initial stages of development, before approaching broadcasters or seeking finance.

(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, especially through the Screen Coordination Group, to ensure a consistent approach and an appropriate level of information-sharing.

(e) An Effective Voice

As the principal provider of funding for public interest 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.

- Over the past two years reviews have been conducted and new strategies have been put in place for Special Interest, Children's, Comedy (in development) and Documentary programming. In the year ahead these strategies will continue and be enhanced with input from producers and broadcasters.
- NZ On Air will continue to take an active and constructive role in the Television Local Content Group, and to act as a secretariat for the group. NZ On Air will also participate in a Screen Coordination Group, established following the 2003/2004 review of Government funding structures for the screen sector.
- 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 partner in signature television projects, and as a minority investor in up to two feature films per year.
- The TVNZ Charter has now been in place for more than two years and the broadcaster 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 allocated to broadcasting.

NZ On Air will work strategically with industry partners to find opportunities to encourage exports of New Zealand programmes, especially drama, comedy, children's drama and documentaries.

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.

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:

Programme Type	2005/2006		2004/2005	
	Target Hours	Funding \$ millions	Target Hours	Funding \$ millions
Drama	57	21.26	53	19.00
Comedy	36	6.10	32	4.90
Children's Drama	16	5.50	16	4.80
Documentaries	106	9.60	105	9.00
Special Interest programming:				
- Children and young people	435	11.70	400	11.40
- Arts, culture and performance	130	3.60	163	3.60
- Innovation	8	0.70	10	0.60
- People with disabilities (including Teletext/Te Karere subtitling)	85	2.90	85	2.57
- Ethnic minorities	59	3.25	64	3.21
- Other minorities	51	2.40	51	2.20
Development	-	0.70	-	0.70
Regional Television (Note 1)	-	0.89	-	-
TOTAL	983	68.60	979 (Note 2)	61.98
Children's Repeats	230 (Note 3)	-	-	-

Note 1 In 2005/2006, for the first time, an allocation of funding for regional television has been made. A funding policy and criteria were still being formulated at the time this Statement of Intent was being prepared. Target hours for regional television will be determined once the funding policy has been finalised.

Note 2 While the funding allocated to each programme genre is unlikely to change, the target hours may vary to some extent. This is because project funding applications cannot be predicted and may impact significantly (under or over) on the "average cost per hour" calculations used by NZ On Air to set these targets. Variances of up to 20% are expected to balance out, leaving the total target unchanged.

Note 3 The Television Local Content Group has recommended the inclusion of a benchmark for repeat screenings of children's programmes, in recognition of the value of repeats to a young audience. NZ On Air has examined the results of the Local Content Survey 2003 and 2004 to identify the benchmark of 230 hours. These hours are not included in the total target hours.

Quality

- Levels of audience support for the programmes and services funded by NZ On Air will be 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.
- 40% of NZ On Air fully-funded programmes will be re-screened on national or regional channels.
- At least one symposium focusing on an area of interest to NZ On Air television funding will be held.

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 the unique dimension of Māori 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

Sections 36 and 44 of the Broadcasting Act 1989 direct NZ On Air to provide radio broadcasting services that reflect and develop New Zealand identity and culture. Funding Radio New Zealand's two networks, National Radio and Concert FM, to provide a range of broadcasts that meet the objectives of the Act, is one of the ways in which this is achieved.

Last year NZ On Air and Radio New Zealand finalised a funding agreement for the years 1 July 2004 to 30 June 2007, which was signed in July. This contract outlines the services that Radio New Zealand will deliver on National Radio and Concert FM with funding from NZ On Air, and details agreed output targets and audience satisfaction benchmarks for the networks.

(a) Public Radio that is World Class

- NZ On Air will provide funding of not less than \$26,313,000 in 2005/2006 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 includes additional funding allocated for Radio New Zealand in the 2005 Budget, which NZ On Air will use to support the broadcaster in its efforts to complete and mainstream recent programming initiatives, and to further enhance its performance.

(b) Delivery

- National Radio and Concert FM are required under the terms of the agreement to ensure their services are maintained at a level that their audiences consider to be high quality.
- Annual listener surveys and NZ On Air's Public Information and Opinion Monitor will measure audience satisfaction levels.
- Additional funding of \$1,009,000 will be provided to enable Radio New Zealand to continue its roll out of National Radio to the FM band, broadcasting on 101MHz throughout New Zealand.

(c) Standards

- NZ On Air will ensure accountability, transparency and consistent outcomes for public service broadcasting on radio by pursuing initiatives for monitoring and measuring standards in public service broadcasting, in consultation with Radio New Zealand and its audiences.

- NZ On Air will also work to encourage Radio New Zealand to explore the potential for using a wider range of programme makers to provide programme concepts and initiatives.

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.

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.	7,466	85%	[Note 3]	
B. Information, special interest and entertainment. Reflect cultural diversity including Māori language and culture.	7,534	86%	[Note 3]	
C. Varied interests within the community. Information, educational, special interest and entertainment.	1,664	19%	8,760	100%
D. Musical, dramatic and performing arts. New Zealand and international composers, performers and artists.	2,104	23%	8,497	97%
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%	175	2%
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 At the time that this Statement of Intent was prepared, target hours for 2005/2006 were being discussed with Radio New Zealand as per the three-year funding agreement for 2004-2007. With the allocation of additional funding to Radio New Zealand in the Government's 2005 budget, some of these targets may change. The target hours given here are those applying to the 2004/2005 year.

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.

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 broadcasting hours including:	8,760 hours	8,760 hours
NZ content programmes which include:	7,505 hours	-
- Māori language and culture	350 hours	-
- Special interest	339 hours	-
- NZ drama	194 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 At the time that this Statement of Intent was prepared, target hours for 2005/2006 were being discussed with Radio New Zealand as per the three-year funding agreement for 2004-2007. With the allocation of additional funding to Radio New Zealand in the Government’s 2005 Budget, some of these targets may change. The target hours given here are those applying to the 2004/2005 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, should 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 should not fall below the levels achieved in the last survey in 2004.

NZ On Air will work with Radio New Zealand to establish whether such things as international public broadcasting benchmarks and/or other qualitative tools might provide a valuable basis to assess the quality of the broadcaster’s programming and presentation.

Cost

National Radio (exact proportion of allocation TBC)	\$21,007,000
Concert FM (exact proportion of allocation TBC)	\$4,595,000
Additional funding for National Radio & Concert FM in May Budget	\$711,000
National Radio FM Roll-out	\$1,009,000
Total Cost of National Radio and Concert FM	\$27,322,000

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), and the diverse religious and ethical beliefs of New Zealanders.

Description and Actions

NZ On Air provides 11 access radio stations and Print Disabled Radio with a portion of their operational funding provided that they continue to meet NZ On Air’s existing funding criteria, and deliver programming that meets with NZ On Air’s objectives under Section 36(c) of the Broadcasting Act 1989.

Section 36(c) requires NZ On Air 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), and also the diverse ethical and spiritual beliefs of New Zealanders. NZ On Air funding helps these access stations, and two Pacific Island radio stations, to enable community groups to broadcast programmes to their communities.

(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 set aside to assist access radio stations currently broadcasting on the AM band to make the transition to FM broadcasting will be provided, should appropriate frequencies become available.
- A small allocation will be reserved to enable NZ On Air to respond to any legitimate expression of interest in setting up a new access station that meets NZ On Air’s funding criteria.

(b) Our South Pacific Home

- 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 better clarity of policy and co-ordination of funding for all Pacific Island radio services.
- Wide-ranging research and consultation, including a recently completed NZ On Air study on the radio needs of ethnic minorities, and the monitoring of successful examples of public radio for ethnic minorities in other countries will help contribute to the development of NZ On Air’s radio funding policies.

(c) Efficiency and Effectiveness

- Through research and consultation, NZ On Air will offer support and provide guidance for access radio governing boards and management.
- NZ On Air will also administer additional non-commercial community radio funding of \$222,000 announced in the Government’s 2005 Budget, allocating it to projects and services that deliver enhanced

community programme outcomes. As this Statement of Intent is being written, funding policies and criteria for the allocation of this additional funding are under discussion between NZ On Air and its stakeholders.

Outcomes

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

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

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

Measures

Quantity

- NZ On Air will contribute funding to 11 access radio stations, which serve communities of 50,000-plus population in Auckland, Hamilton, Hawkes Bay, Manawatu, Wairarapa, Kapiti Coast/Horowhenua, Wellington, Nelson/Tasman Bays, Christchurch, Dunedin and Invercargill. A Radio Reading Service for the print-disabled, based in Levin, will also receive funding.
- Pacific Island community radio services, provided by Radio 531pi in Auckland and Samoa Capital Radio in Wellington, will continue.
- NZ On Air will encourage retransmission of Pacific Island and Māori programmes to a wider audience.
- Additional funding of \$222,000 will provide enhanced programming and community radio services.

Quality

- An average of 60% of the programmes broadcast across the funded access radio stations will 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, will be consulted and followed by access radio trusts, boards, management, volunteers and staff.
- An annual retreat for access radio managers will be held.
- Access stations will be assisted with the transition from AM to FM broadcasting where necessary and desirable, in a cost-effective manner.
- Pacific Island radio services will provide a range of programming suitable for Pacific Island audiences as determined through consultation.

Cost

Access Radio	\$2,068,400
Pacific Island Radio	\$275,000
Total Cost of Access and Pacific Island Radio	\$2,343,400

COMMERCIAL RADIO PROGRAMMES

Objectives

- 1) To ensure that programmes for young New Zealanders are broadcast on mainstream commercial radio.
- 2) To ensure that a range of radio programmes focusing on spiritual/ethical beliefs, Māori issues, drama and/or comedy are produced and widely broadcast.

Description and Actions

Youth focused programming, supported by NZ On Air funding, has broadcast on commercial radio since the mid-1990s. Commercial radio stations have the highest number of young listeners, so the priority for the broadcast of these programmes is those mainstream stations. The programmes provide a forum for youth issues and interests and an outlet for youth voices on radio stations that are popular with young people.

More recently, in recognition of the dearth of radio programming for children, funding has also been allocated to radio shows to meet their needs.

An allocation of funding in the last few years has also enabled the production and broadcast of spiritually/ethically-focused series on the Newstalk ZB and Radio Rhema networks, and Easter and Christmas specials for Newstalk ZB and Radio Sport.

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

Funding has also been provided to produce an English-language series on Māori issues for broadcast on iwi and access radio stations in line with Section 36(a) of the Act, and a radio comedy series has been produced and broadcast on commercial radio throughout New Zealand.

In the coming year:

- NZ On Air will fund nationally-syndicated radio shows which deal with youth issues and youth interests for broadcast on commercial radio stations that are popular with the young New Zealanders, including programmes for children.
- Funding will be provided for spiritual/values-based radio series and special programmes for play on commercial radio stations.
- Production funding will be allocated for radio drama and/or comedy series for broadcast on commercial radio and further projects may be developed.
- NZ On Air will support English-language Māori issues-based series for broadcast on radio, especially on iwi and access stations.

Outcomes

The interests of youth and children will be reflected through dedicated radio shows broadcast on mainstream commercial radio.

Spiritual and ethical values will be promoted and reflected on commercial radio.

Locally produced drama and/or comedy, including stories for children, will be broadcast on mainstream commercial radio in New Zealand.

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

Measures

Quantity

- At least one hundred and fifty hours of youth-focused programming, including programming for children, will be 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 will be produced and broadcast on at least 20 radio stations each or on commercial radio networks with equivalent audience reach; and
- Up to two radio drama and/or comedy series will be produced and broadcast on commercial radio and up to two development projects may be funded; and
- Up to two English-language current affairs series, which are produced with a Māori perspective, will be broadcast.

Quality

Target audience feedback, audience numbers, numbers of radio outlets and award nominations and commendations will measure audience acceptance and high standards. This will be monitored throughout the year.

Drama and/or comedy projects will be widely broadcast and audience feedback will be monitored.

NZ On Air research projects and symposia will address and include radio issues and initiatives.

Cost

Total Cost of Commercial Radio Programmes	\$721,000
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1.3 NZ MUSIC

Objectives

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

Achieved by

- Helping radio stations to meet the annual local content targets in the NZ Music Code and to achieve – and maintain – 20%-plus New Zealand music content before the end of the 2005/2006 year (and beyond).
- Introducing new artists to commercial radio and working to achieve radio hits with those new artists.
- Being an effective force for the promotion of New Zealand music on radio in New Zealand.
- Raising the profile of New Zealand music in the international music media so as to excite more interest in New Zealand music, stimulate more investment in New Zealand music in New Zealand and generate more radio hits.
- Ensuring diverse New Zealand music is heard across a range of radio outlets.

Description and Actions

In 2005/2006, NZ On Air will continue with the same mix of funding schemes and promotional activities that have been pursued over the last five years to get more New Zealand music played on New Zealand radio – including the Phase Four New Zealand music plan that was launched in July 2000 and the new Phase Five Five Point Plan to promote New Zealand music internationally.

Five strategies will be pursued –

(a) Topping 20

This year, NZ On Air will work again with the radio and music industries to help commercial radio to meet the local content targets in the NZ Music Code and to achieve – and maintain – 20%-plus New Zealand music content before the end of the 2005/2006 year and beyond.

The investment in making and marketing albums by New Zealand artists with proven airplay credentials will be maintained so that, in partnership with record companies, NZ On Air can fund up to 20 albums. The goal will be to achieve at least four substantial radio hits from each funded album.

Funding for up to 40 radio singles by new artists will also be allocated and NZ On Air will aim to achieve commercial radio airplay for all the funded songs and a radio hits strike rate of at least 50% overall from these singles.

(b) Increasing Visibility

NZ On Air will be an independent, effective and assertive voice for the promotion of New Zealand music, working to increase the visibility and profile of New Zealand music at commercial radio, both here in New Zealand and overseas.

Like last year, a team of independent radio pluggers will be contracted; NZ On Air will make and distribute hit discs; publish the **Fresh NZ Music** magazine; fund at least 160 music videos (up from 140 last year); provide modest funding for the C4 music channel and Juice Music Television; and will fund television coverage of a major annual New Zealand music awards show, conditional upon a free-to-air broadcast commitment.

The pluggers will again 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.

For the first time, NZ On Air will extend its work internationally, striving to get New Zealand music noticed by radio and the music media in four target territories – Australia, the US, Canada and the UK – and backing up the efforts of the NZ Music Industry Commission's Creating Heat funding schemes as well as the record companies' own efforts to get New Zealand music moving internationally. This will be done via the Phase Five Five Point Plan –

- Producing special targeted New Zealand music samplers for distribution overseas and to selected New Zealand media;
- Building an international radio and music media "tastemaker" network;
- Taking space in key international radio industry trade magazines to profile New Zealand music;
- Contracting agents in the target territories to service the samplers and maintain the tastemaker network and to "plug" New Zealand music on radio overseas;
- Producing radio shows showcasing New Zealand music for national and international radio syndication.

The strategic aim of this work will be to raise the profile of New Zealand music internationally, with the ultimate goal of supporting and building the campaign to get more New Zealand music played on New Zealand radio and to increase the range of quality New Zealand music played on the radio here.

(c) Working Together

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

NZ On Air will maintain strategic partnerships with record companies, radio programmers and industry bodies like the NZ Music Industry Commission, APRA, the NZ Music Promotion Committee (aka the "NZ Music Code Committee"), the RBA, RIANZ, Independent Music New Zealand, the Māori Music Industry Coalition and the Music Managers' Forum.

(d) Difference & 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 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) and will explore ways in which depth and diversity might be further promoted by encouraging and funding new, cutting edge New Zealand music.

(e) Te Reo Radio Hits

In 2003/2004, NZ On Air initiated a scheme to find and fund te reo radio hits – songs that have at least 50% te reo Māori lyric content and have got the right kind of pop ingredients to play on commercial radio.

Since then, four pilot projects have been funded. NZ On Air will look for more such opportunities in 2005/2006.

Outcomes

There will be more New Zealand music on New Zealand radio – in terms of both quantity and range – 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.

New Zealand music will infiltrate radio and the music media internationally.

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.

Performance Measures

Quantity

- Up to 20 new albums by New Zealand artists with a proven commercial radio track record will be funded (matching funding of at least \$50,000 from the record company involved with the project).
- Up to 40 radio singles by new New Zealand artists who have commercial radio airplay potential and up to three te reo singles with commercial radio airplay potential will be funded.
- Partnerships will be established with music television providers that will increase the opportunities for music videos to play on free-to-air television.
- An annual NZ Music Awards ceremony will be broadcast on national free-to-air television.

- At least 160 music videos by New Zealand artists will be funded for broadcast on every music video outlet on air.
- An international radio (and music television) airplay plan will be implemented, resulting in –
 - (a) the production of up to six five-act New Zealand music sampler CD/DVDs for distribution to selected tastemakers in radio and the music media in Australia, the US, Canada and the UK;
 - (b) funding for up to 15 radio promo sampler packs by artists with a release deal in one or more of the target territories, sharing the costs with the New Zealand repertoire-owners;
 - (c) publication of regular New Zealand music features in at least one leading radio industry trade magazine in each territory;
 - (d) contracting agents and/or pluggers in each of the target territories to service the Phase Five samplers and maintain the tastemaker networks;
 - (e) funding – on a joint-venture basis with New Zealand record companies – up to 15 independent radio plugging campaigns to support the release of radio singles by New Zealand artists in one or more of the target territories;
 - (f) funding the production of up to four New Zealand music radio shows for international and local radio syndication.
- At least one regular daily or weekly New Zealand music feature will be broadcast on all major commercial radio networks and dedicated New Zealand music shows will be funded on all b.net student radio stations.
- Up to seven volumes of **Kiwi Hit Disc**; six volumes of **Indie Hit Disc**; and at least four volumes of **Iwi Hit Disc** will be produced for distribution to every radio station in the country.
- Record companies will be 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 will be provided 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).
- A New Zealand music promotions campaign will be run, including partnering with the New Zealand Music Industry Commission to promote NZ Music Month and the NZ Music Showcase at the annual Radio Broadcasters Association conference.

Quality

- New Zealand music content on commercial radio will be 20%-plus by the end of the 2005/2006 year.
- Each NZ On Air-funded album will produce at least four commercial radio hits (meaning singles that achieve a Top 30 peak on the weekly RadioScope NZ Airplay Chart).
- At least 50% of the radio singles funded via the New Recording Artist scheme will be commercial radio hits (meaning that they achieve a Top 30 peak on the weekly RadioScope NZ Airplay Chart).

- At least 50% of the artists and songs featured in NZ On Air's Phase Five campaign will secure significant radio and music television airplay overseas, measured by radio airplay chart performance, territory by territory.
- At least 75% of the artists featured in the Phase Five campaign will attract further investment from record companies in recording and delivering radio hits for the local (and international) airplay market.
- At least 50% of the artists featured in the Phase Five campaign will go on to achieve a better RadioScope NZ Airplay Chart performance with future releases than they achieved before their international campaign was launched.

Cost

New Zealand Music	\$4,921,300
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1.4 MĀORI BROADCASTING

Objectives

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

Description and Actions

The Māori broadcasting funding agency, Te Māngai Pāho, 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 Māngai Pāho continues to have the primary role in promoting Māori language and culture in broadcasting, particularly in relation to the Māori Television Service and iwi radio, and with a primary focus on programming in te reo.

- NZ On Air will liaise regularly with Te Māngai Pāho to coordinate funding policies and to share information where possible.
- NZ On Air will work closely with the Māori 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 Māori language, culture and points of view wherever relevant in programmes of all genres. NZ On Air also funds programmes which feature Māori talents, stories, interests and perspectives intended for a mainstream audience, of which Māori are a part.

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

- Te Rautaki Māori will continue to form the backbone of NZ On Air's strategy for Māori programming in 2005/2006, having been updated (in April 2003) and reviewed (in early 2005), to reflect developments since 2000.

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

- Upwards of 15% of programmes within umbrella strands will be Māori projects, as nominated by the producer.
- A broadcaster commitment to a separate strand of Māori documentaries (*He Matapaki*) will result in the minimum requirement for Māori programmes within an umbrella strand being reduced.

- NZ On Air will actively seek to support Māori drama on prime time television, building on the success of the *Mataku* series.
- An initiative will be run to seek proposals for a series of interstitials to promote understanding of Māori language amongst the general New Zealand audience.

A key element of NZ On Air's Rautaki Māori 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 Māori projects.
- Te Kai Urungi will schedule 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 Māori projects. These guidelines were finalised and circulated in 2001.

- A qualitative assessment of the programmes produced to date under NZ On Air's Rautaki Māori will be undertaken in 2005/2006. This will also provide some insight into the defining characteristics of Māori programmes.

In a landmark moment, the Māori Television Service began broadcasting in March 2004. To reflect this, NZ On Air has developed a working relationship with the Māori Television Service and Te Māngai Pāho. NZ On Air's main focus, however, will be to maintain our support for Māori programmes on mainstream television – especially during prime time.

- NZ On Air will ensure Māori projects made with funding from NZ On Air are able to be re-transmitted at an early date on the Māori Television Service. Where NZ On Air provides funding for projects with a first transmission on the Māori Television Service, a commitment to re-screen the programme on a national free-to-air network will be a requirement.
- With the arrival of MTS, the independent Māori production industry has grown rapidly. NZ On Air will seek to partner with other stakeholders in a research project to assess production capacity and capability in the sector.

NZ On Air will work closely with Te Māngai Pāho 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 Māori Television Service.

(b) Radio

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

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

In addition, NZ On Air supports Māori radio programmes in English for transmission on iwi and access radio.

- NZ On Air will allocate funding for programmes aimed at young New Zealanders, and current issues programmes, reflecting a Māori perspective.

(c) NZ Music

NZ On Air aims to ensure that Māori music artists are represented in the funding decisions made under our various music schemes, including the Phase Four funding schemes.

- Music video funding and new recording artist funding decisions will include Māori artists, and Māori artists will be represented on NZ On Air's mainstream commercial radio discs like *Kiwi Hit Disc*.
- NZ On Air will continue to produce the *Iwi Hit Disc*, featuring Māori language and kaupapa music, and will supply these discs to every radio station in the country.
- The Te Reo Radio Hits initiative will find and fund te reo Māori songs that have the potential to crossover to mainstream commercial radio.

Outcomes

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

Māori 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.

Performance Measures

Quantity

- Upwards of 15% of hours funded within a television 'umbrella' funding arrangement will involve substantial Māori creative participation on a topic of relevance to Māori language and culture.
- Other television programmes featuring Māori and Māori 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 Māori language and culture as an essential aspect of the programme.
- National Radio will be contracted to produce and broadcast at least 365 hours a year of programmes reflecting Māori language and culture.
- 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 Māori artists.
- Up to four volumes of *Iwi Hit Disc* will be produced for distribution to every radio station in the country.
- NZ On Air will fund up to three te reo radio singles that have commercial radio airplay potential.

Quality

Performance measures to be applied are -

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

Cost

Estimated funding for general mainstream programmes featuring Māori

\$3,900,000

2.0 ARCHIVING**Objectives**

To ensure a diverse range of New Zealand television and radio programmes broadcast today are archived for tomorrow.

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.

Descriptions and Actions

For the past eight years, NZ On Air has contracted the NZ Film Archive and Sound Archives/Ngā Taonga Kōrero (SA/NTK) to provide core archiving services for television and radio, respectively.

These core archiving services include:

- Selection
- Acquisition
- Preservation
- Public Accessibility

In November 2004, NZ On Air convened a symposium to acknowledge the cultural importance of audio-visual archiving and the dedicated work being done in New Zealand. There was a willingness by all archives to share their experiences in a frank and generous spirit, and this demonstrated an interest in the possibilities of closer co-ordination (strengthening links with non-broadcasting as well as broadcasting archives). Coordination has acquired a new urgency in the age of digital convergence. Following on from the symposium, NZ On Air will investigate the possibilities for further coordination and development within the area of audio/visual archiving.

- NZ On Air will develop an action plan to explore future options for appropriate broadcast archiving returns for taxpayer funding, which will include mechanisms for encouraging more coordination between archives to minimise duplication and overlap, and to address current gaps, using the collective experience of industry professionals.
- Additional funding for broadcast archiving, announced in the 2005 Budget, will be used to maintain and enhance the services provided by the archiving service providers contracted by NZ On Air.
- Developments in digital broadcasting and storage technology will be closely monitored to investigate ways forward that result in cost-effective and sensible adoption of new methods of preservation.
- Regular 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 continue to consult on 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. The feasibility of developing an online catalogue/collection of material held at the archives will also be investigated.

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.

The range of material archived will be improved through greater coordination and information sharing between archives and the industry.

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	1,320 hours	1,300 hours
Preservation of programmes	250 hours	1,700 hours
Public access to archived broadcast programmes (Note 2)	-	-

Note 1 At the time the 2005/2006 Statement of Intent was prepared, a funding contract was still being negotiated with SA/NTK. Target hours for 2005/2006 were still being negotiated with the NZ Film Archive, and those listed reflect the totals agreed for 2004/2005. The target hours above are therefore preliminary and yet to be finalised.

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

- Benchmarks for public access (either visitors or through websites) will be established in consultation with the NZ Film Archive and Sound Archives/Ngā Taonga Kōrero during the 2005/2006 year.

Quality

- An independent archiving consultant reviews the six monthly reports provided by the New Zealand Film Archive and Sound Archives/Ngā Taonga Kōrero. The reports will confirm:
 - The standards for Diversity, Preservation, and Public Accessibility have been achieved.
 - At least one initiative to achieve better industry outreach has been developed and implemented.
 - Opportunities for co-ordination and information sharing using new technology to reduce duplications have been identified.

Cost

Archiving	\$1,163,650
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3.0 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 400+ people.

Outcome

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

Description and Actions

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

Performance Targets

Quantity

- Applications for funding of capital equipment to establish up to three new community radio facilities in areas of 400+ people that are not served by a primary-strength community radio signal will be considered by NZ On Air.

Quality

- Where NZ On Air subsidises a community radio service, the broadcaster will make 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 2005/2006 year will be \$2,510,000. This is \$60,000 more than the previous year's level, in order to deal with cost pressures in areas such as personnel and research. NZ On Air's administration budget equates to only 2.4% 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, Māori 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 radio 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, the Board's delegation authority to staff, 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 2005/2006
Television	180
Radio	15
Commercial Radio Programmes	12
Transmission Coverage	1
New Zealand Music	267
Archiving	2
TOTAL	477

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.

- 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 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 2005/2006 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 (e.g. IT policy, Treasury policy, disaster recovery, delegations & payment authorities, and conflict of interest) and human resource (e.g. 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 continue to be implemented during the year. Major risk areas to be audited in 2005/2006 include:
 - Funding recipient compliance audits
 - Reliability of NZ On Air decision-making
 - Appropriateness of NZ On Air funding methods
 - Statutory compliance
 - Governance controls
 - Environmental risks
- A risk management framework, developed in early 2003, will be regularly reviewed and updated. High-risk areas are reviewed by the Board four-monthly. A strategic risk framework is in development.
- Policies for management of stress and management of harassment were adopted in 2003.

(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. Since May 2004, the appointment of an Auckland-based Client Relations Manager has extended 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.

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 interest broadcasting by –

- Publishing a regular newsletter reporting on the full range of NZ On Air's activities.
- Organising and conducting relevant symposia and consultations 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 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 Māori 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.

The research programme in 2005/2006 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)
 - Local Content Survey for 2004 (quantitative)
 - Definitions of public interest broadcasting and the establishment of quality measures for it (qualitative)
 - Measures of production industry capability (quantitative and qualitative)
 - Exploration of rights issues and options for NZ On Air in a digital environment (qualitative and quantitative)
- 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)	\$2,510,000
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Statement of Intent
v2005-06

Statement of Financial Performance

for the twelve months ending 30 June 2005, 2006, 2007, 2008

	Forecast Actual 2004/2005 (\$000)	Budget 2005/2006 (\$000)	Budget 2006/2007 (\$000)	Budget 2007/2008 (\$000)
Income				
Crown Revenue (Note 1)	94,215	100,838	101,060	101,060
Other Revenue	5,479	2,000	2,000	2,000
Total Income	99,694	102,838	103,060	103,060
Operating Expenditure				
Public Broadcasting Fee collection costs	31	-	-	-
Administration and consultation	2,450	2,510	2,510	2,510
(Recovery) in provision for doubtful debts (Note 2)	(145)	-	-	-
Total Operating Expenditure	2,336	2,510	2,510	2,510
Funding Expenditure				
Television	62,497	68,594	63,807	63,807
Radio	29,346	30,386	30,568	30,568
Transmission coverage	0	90	90	90
New Zealand music (Note 1)	4,253	4,921	4,921	4,921
Archiving	1,104	1,164	1,164	1,164
Total Funding Expenditure	97,200	105,155	100,550	100,550
Total Expenditure	99,536	107,665	103,060	103,060
Net (deficit)/surplus for the year	158	(4,827)	0	0
Public Equity 1 July	5,669	5,827	1,000	1,000
Public Equity 30 June	5,827	1,000	1,000	1,000

Note 1 Crown Revenue in 2004/2005 has increased by \$425,000 against the budgeted total, thanks to additional funding for implementation of the Phase Five NZ Music plan. The funding expenditure forecast for NZ Music has therefore increased by the same amount in 2004/2005.

Note 2 NZ On Air continues to receive payments of residual PBFs, collected by Baycorp on our behalf. Because collection activity is reducing over time and is uncertain, NZ On Air has fully provided for the debt remaining on our books.



Statement of Financial Position

as at 30 June 2005

	Forecast Actual 2004/2005 (\$000)	Budget 2005/2006 (\$000)
Current Assets		
Cash and Bank	45,730	44,000
Accounts Receivable – General	100	100
Total Current Assets	45,830	44,100
Non-Current Assets		
Fixed Assets	105	80
Total Non-Current Assets	105	80
Total Assets	45,935	44,180
Current Liabilities		
Accounts Payable	300	300
Funding Liabilities	39,808	42,880
Total Current Liabilities	40,108	43,180
Public Equity	5,827	1,000
Total Liabilities and Public Equity	45,935	44,180



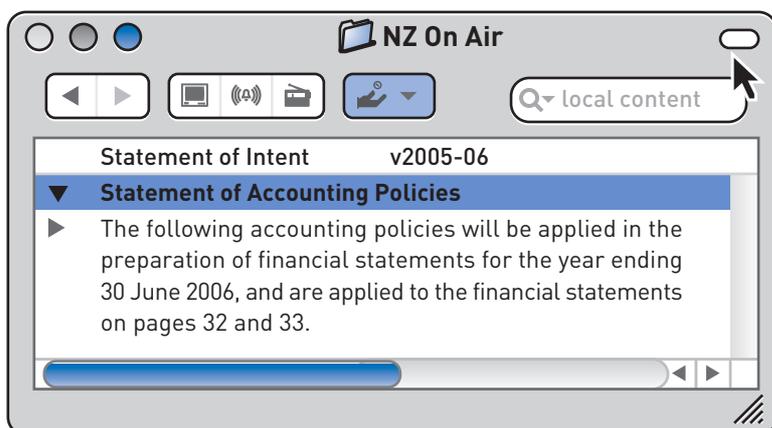
Statement of Cash Flows

for the twelve months ending 30 June 2005

	Forecast Actual 2004/2005 (\$'000)	Budget 2005/2006 (\$'000)
Cash Flows from Operating Activities		
Cash Provided from:		
Public Broadcasting Fee	145	-
Crown Revenue	94,215	100,838
Other Income Received	5,479	2,000
Total Cash provided from Operating Activities	99,839	102,838
Cash Applied to:		
Payment to broadcasters & programme producers	(94,628)	(102,058)
Payment to suppliers & employees (including PBF collection costs)	(2,481)	(2,510)
Total Cash applied to Operating Activities	(97,109)	(104,568)
Net Cash Inflows/(Outflows) from Operating Activities	2,730	(1,730)
Opening Cash	43,000	45,730
Closing Cash	45,730	44,000



Statement of Accounting Policies



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, the Public Finance Act 1989, and the Public Finance Amendment Act 2004.

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.

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 include 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

Statement of Intent v2005-06

▼ Members

- ▶ Don Hunn of Otaki **Chairman**
- Judy Callingham of Auckland **Deputy Chair**
- James Coleman of Auckland
- Gaylene Preston of Wellington
- Edie Moke of Rangiora
- Paul Smith of Auckland

▼ Staff

- ▶ Jo Tyndall Chief Executive
- Bernard Duncan Deputy Chief Executive, Radio & Public Affairs Manager
- Brendan Smyth NZ Music Manager
- Simon Phillips Television Manager
- Elizabeth Morrison Finance & Administration Manager
- Shona Geary Policy & Research Manager (while Sally Courché is on parental leave)
- Kathryn Quirk Client Relations Manager (Auckland)
- Simon Ball Manager Project & Financial Analysis
- Alicia Sutton Contracts & Client Relations Manager
- Robyn Andrews Personal Assistant
- Anita Roberts Personal Assistant
- Teresa Tito Executive Assistant Television
- Trish Cross Receptionist (Shared with Broadcasting Standards Authority)
- Christine Westwood Finance & Administration Assistant

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