

**NZ On Air**  
Statement of Intent 2009-2012





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# Statement of Intent 2009-2012

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## Statements from NZ On Air and the Minister of Broadcasting

This year NZ On Air turns twenty years old. Creating a wide-ranging, independent broadcast funding agency in 1989 was a bold move, unparalleled elsewhere in the world.

That move played a crucial part in the subsequent development and growth of the independent production and music industries.

Since 1989, local content on television has increased more than five times - from just over 2,000 hours in the year prior to our creation to just under 11,000 hours today. The 'cultural cringe' has vanished. NZ music on the radio was less than 2% then, and proudly hovers around 20% now. Access radio stations have increased tenfold, Māori broadcasting has been embraced by both Māori and Pakeha, and Radio New Zealand has continued to provide some of the best radio public broadcasting in the world.

Also since then, of course, the internet has transformed the daily life of many New Zealanders.

The next few years will be particularly challenging for the broadcasting sector. In addition to coping with fast-breaking technological change, the sector is facing major pressure from the global economic downturn. NZ On Air is committed to ensuring the continued health of the sector and maintaining quality services for all New Zealanders in the period ahead.

Our Statements of Intent are read widely by the broadcasting and music sectors. They provide clear information about our priorities that helps sector-wide thinking and planning. This new Statement of Intent (SOI) for the three years 2009-2012 maintains our strategic direction and is produced in accordance with ss141 and 142 of the Crown Entities Act 2004.

The forecast financial statements and underlying assumptions in Part 2 of this document have been authorised as appropriate for issue by the Board of NZ On Air in accordance with its role under the Crown Entities Act 2004. It is not intended to update the forecast financial statements subsequent to presentation.



**Neil Walter**

Chair



**Edie Moke**

Deputy Chair

In accordance with s149 of the Crown Entities Act 2004 I agree to present this Statement of Intent of NZ On Air before the House of Representatives.



**Hon. Dr Jonathan Coleman**

Minister of Broadcasting

8 May 2009

## Part 1:

# Overview and strategic issues

## 1. NZ On Air – who we are

NZ On Air is an independent funding agency. We play a key role in the broadcast and music economies by investing in a colourful range of cost-effective local content to extend choices for many different New Zealand audiences.

We are a champion of local content - an informed, influential and stable contributor in the midst of significant environmental change. Our funded activities demonstrably add to the sum and variety of local content on multiple platforms.

As technology advances and audiences fragment it is more important than ever that a single agency has the resources, influence, expertise and focus to promote and develop local content effectively.

We work actively with content creators, production businesses and broadcasters and we ensure there is no slippage - all of our funded programmes go to air.

Our functions are set out in the Broadcasting Act 1989. While our prime focus is on the audience a secondary benefit flowing from our funding is job creation and skills development. We invest in a complex and important sector comprising hundreds of small and medium-sized entities and thousands of personnel, melding technological innovation with creativity in craft. Many leverage our investment with extra third party and foreign revenues.

Our funding administration costs, proportionately, are probably the lowest in the world. This drives efficiency in our agency because we want to invest the maximum possible amount into quality local content.

## Mission and values

### Mission statement

We champion local content through skilful investment in quality New Zealand broadcasting.

Kia tuku pūtea hei tautoko hei whakatairanga hoki i ngā kōrero pāho o Aotearoa.

### Our values

To ensure a sound investment framework, our values have been constant over time -

**Innovation and creativity** - *Wairua Auaha* - encouraging new ideas and quality production standards

**Diversity** - *Ngā Rerenga* (in projects, people and platforms) - promoting difference and competition to support the best ideas for the widest range of New Zealanders

**Value for money** - *Hunga Motuhake* - making sure cost-effective projects are enjoyed by significant numbers of relevant people

## 2. Our environment

### Overview

The general economic environment has changed dramatically in recent months. The broadcasting sector worldwide is under pressure and New Zealand companies are already downsizing. While the specifics of each country are different, the general challenges in each territory are similar to New Zealand's: the economic downturn; rising production costs; diminishing investment and sales options; technological change; fragmenting audiences; powerful global content; changing audience demography; uncertain revenue streams and the impact of media convergence.

But broadcasting still has a unique influence as an important source of information, entertainment and cultural expression. More than ever we need to see and hear our own perspectives on the airwaves.

In late 2008 we published a comprehensive sector overview, commissioned from sector commentators Paul Norris and Brian Pauling. *The Digital Future and Public Broadcasting* report confirmed that change in the audiovisual sector, both internationally and in New Zealand, continues at a rapid pace. Figure 1 set out some key changes between 2004 and 2008.<sup>1</sup>

**Figure 1: Three-year industry comparison <sup>2</sup>**

International 2004-2005	International 2007-2008
Limited video use on internet	Video downloads commonplace
Limited video on demand available	Proliferation of sites
DVRs in 5% of US homes	DVRs in 37% of US homes
Social networking sites did not exist	Commonplace – MySpace, Facebook, Bebo
User generated content rare	Commonplace – YouTube gets 13 video hrs per minute
HDTV in 10m households worldwide	HDTV in 47m households worldwide (4%)
IPTV 'a technology in waiting'	IPTV has 20m subscribers worldwide
Mobile - early 3G	Service expansion for mobile devices
New Zealand 2004-2005	New Zealand 2007-2008
No transition plan to digital TV	Transition underway
No digital free to air TV	Freeview on satellite and terrestrial
No HDTV	HDTV on Sky and Freeview
No video ondemand services	VOD on TVNZ, TV3, NZ On Screen, other media sites
DVRs – MySky launched December 2005	MySky HDi launched 2008
Broadband penetration 3.6%	Broadband penetration 20.4%
Online ad spend not measured	Online ad spend 5.8% of total ad revenue

Choice of foreign content today is wider than it has ever been. The numbers of television and radio channels remain high, and accessing audiovisual web content is increasingly simple.

In the midst of this explosion of content, what cannot be provided to audiences in any meaningful way, without dedicated advocacy and funding, is local content featuring New Zealand perspectives and New Zealand creativity.

### Notes

1. *The Digital Future and Public Broadcasting*. Norris, Paul and Pauling, Brian. NZ On Air/CPIT 2008. p7.
2. Glossary: DVR = digital video recorder. HDTV = high definition television. IPTV = internet protocol television. VOD = video on demand.

## Government

The Minister of Broadcasting has indicated his support for a strong, independent and contestable funding regime to support public television content.

The Minister has also signalled an intention to replace TVNZ's Charter with a simplified statutory purpose. Funding previously allocated directly to TVNZ to assist it in fulfilling Charter obligations will now be allocated to NZ On Air. We are creating a special contestable fund based around core public broadcasting principles - programmes aiming at informing, educating and entertaining significant audiences. Criteria and processes for the allocation of this funding, the Platinum Fund, were released in late April 2009.

## Industry - Television

The television production sector has become relatively sizeable. Sector data is not easily comparable but Figure 2 has some core data that shows the number of companies directly involved in television production. This excludes other entities that benefit from the flow-on effects of production spend (craft, post production, locations, accommodation, hospitality etc).

We expect demand for public funding for television production to intensify as the advertising and investment market contracts. International programmes are comparatively cheap for broadcasters to acquire because they are purchased at marginal cost. New Zealand production costs are among the most cost-effective in the world but will always be considerably more than purchasing off-the-shelf foreign content. For example, an hour of prime time series drama made here is perhaps one-tenth of the cost of producing the American equivalent and one-fifth the cost of the British. An hour of documentary is around half the cost of producing the Australian equivalent and one-quarter the British.

The difficult economics of local programme production compared to foreign programme acquisition are the same worldwide. They are the reason why most countries have market intervention mechanisms to stimulate screen production. NZ On Air is New Zealand's primary broadcast intervention.

Faced with the speed and complexity of change facing the television industry, alongside a difficult economy and a competitive environment, it is important we ensure public funding is allocated consistently and efficiently. This both protects investment of public funds (risk management) and, through solid contestable processes, allows us to fund the best ideas.

**Figure 2 – Employment and No. of Companies Receiving Television Revenue<sup>1</sup> (YE 30 June)**

Source of Revenue	2005		2006		2007	
	No. of Co's.	Employed	No. of Co's.	Employed	No. of Co's.	Employed
100% television	93	1728	102	2385	87	2556
90% television	126	1800	123	2469	117	2910
Some television	234	–	216	–	228	–

Source: Statistics NZ/Tim Thorpe Consulting

### Note

1. 'Television revenue' means all revenue, not just from NZ On Air. From data in the annual Statistics NZ survey, we estimate our funding provides about a quarter of the revenue in the television production sector.

For funding purposes, we categorise television services as:

- **Type 1** - the major free-to-air national channels (TV One, TV2, TV3)
- **Type 2** - broad-service channels with smaller audiences but mainly national reach (Prime, Māori Television, C4)
- **Type 3** - channels broadcasting regionally and/or to special interest audiences, whether on UHF, Freeview or pay TV platforms (such as the regional channels and Stratos, TVNZ6, TVNZ7, Juice TV, Parliament TV).

Collectively the Sky pay television service is a major competitor to the Type 1 channels in particular, but its individual channels mostly fall into Types 2 and 3 with the possible exception of sports.

Calls for increased or new funding from some Type 3 regional channels are also increasing. We will continue to monitor these issues, have increased the budget for regional television programming through reallocation of resources, and have revised our staffing structure slightly to ensure we clearly understand the needs and contribution of this part of the sector. See Community Broadcasting below.

The creation of the Platinum Fund this year is a key opportunity for programme makers wishing to make high-end programming for appreciative audiences. Criteria and measures for this fund were released as this document goes to print. Allocation processes are on our website and measures will be included in our SOI next year.

### Industry - Radio

The New Zealand radio market is one of the most crowded in the world. Radio New Zealand is the primary radio public broadcaster; commercial radio is dominated by two large companies operating several brands across the country; and special interest and community radio services are provided to a variety of different audiences from access radio stations to small low power FM operators. Some of these services receive public funding, others do not.

Digital radio solutions are still being determined by the government and the industry. The radio industry moved quickly onto the internet in recent years, and streaming and podcasting is now commonplace.

For funding purposes, we categorise funded radio services as:

- **Type 1:** national public radio services (RNZ National and RNZ Concert)
- **Type 2:** radio programmes for commercial networks to extend local content choices for these audiences (drama, comedy, spiritual, children and youth. For NZ Music, see below)

- **Type 3:** community and regional public radio services (eg. Access radio, Niu FM and 531PI)

### Industry - Community Broadcasting

While larger broadcasters are facing a challenging environment so too are regional and community broadcasters. These broadcasters include regional television channels, Access and special interest radio stations and Pacific Island broadcasters - the 'Type 3' broadcasters referred to above.

The comparative small size of most of these operations and their audiences means that public funding needs to be tightly focused so it is invested wisely and duplication avoided. After sector consultation in 2007 and 2008 which considered the changing environment, we reorganised our work streams and appointed a specific manager in early 2009 to oversee this whole area. This will help us improve our understanding of the output of and issues facing, this broadcast sector.

The first outcome from this review is to introduce specific programme-based funding for eligible regional television channels this year, with a budgeted increase funded from internal reallocation. A priority will be the provision of regional news, a type of programme rarely able to be included in national broadcaster schedules.

Further policy development in this portfolio will follow.

### Industry - NZ Music

The music industry too is going through significant global change and New Zealand is not immune from the effects. Big, well-resourced record companies are becoming fewer and less well-resourced. Independent business labels have stepped into the breach as both production and distribution have become more accessible in the digital age. But the independents themselves are largely under-resourced.

Throughout all this change, acceptance of New Zealand music by local audiences has grown and is now rarely questioned. Airplay - radio and music television - remains a key driver in the music economy.

Nonetheless the economics of the local music industry are precarious and NZ On Air funding is a core contributor to the health of the music production sector. To ensure our funding policies continue to anticipate trends we are reviewing our international music promotions strategy ('Phase 5') and will follow this with a domestic funding policy review.

## Industry – Digital and Archiving

### Archiving

Broadcast archiving services and their funding are increasingly complex and bound up in technology, copyright, format and access issues. Longstanding archives, some government-owned, others not, have been joined by online and other digital options, meaning duplication and some service gaps may be emerging. Government funding support comes from several different sources. However, most archives need additional resource. In a time of constraint, it is timely to consider a strategic examination of the best audiovisual archive service options for New Zealand to ensure public funds are being allocated to best effect.

### Digital

The advent of Web 2.0 meant easy creation and widespread use of broadcast-like digital content. However, profitable internet commerce for this type of web content is rare and is still somewhat constrained by broadband availability and cost.

All significant broadcasters now have a strong web presence, augmented last year by the popular, cross-sectoral archive site NZ On Screen. Our Digital Content Partnership Fund will continue to provide an opportunity for new media businesses to create compelling local content.

## 3. How we invest – outcome, objectives and impacts

### Outcome:

### Innovative, visible and valued local content

The outcome to which we seek to contribute concerns the importance of local content to the cultural and social fabric of New Zealand - the content we invest in is creatively and technologically *innovative*; is available where and when New Zealanders want it (*visible*); and is cost-effective, popular and enjoyed by its audience (*valued*).

We have four strategic objectives which are derived from our values described in Section 1. We apply these objectives to all our work.

1. Support content valued by a variety of New Zealand audiences
  - *Projects* - funding is balanced between mainstream and special interest audiences

- *People* - a target audience of reasonable size is served
  - *Popularity* - programmes are valued by their target audience
2. Promote diversity of content and encourage competition for the best ideas
    - *Projects* - a range of genres, and ranges within genres, are supported. Quality production ('good of its type') and new ideas are encouraged
    - *People* - a wide range of businesses and entities are funded to encourage a multiplicity of views and voices and to encourage competition
    - *Platforms* - we are platform neutral, but have a bias towards delivery of an audience of reasonable size and having funded content made available on a number of platforms or technologies
  3. Ensure value for money
    - Funding is an investment, not a grant, helping create content that the market alone cannot support
    - Concurrent market investment is important, where appropriate, both as an indicator of potential success and to ensure efficient use of public funds
    - Contestable funding is determined considering potential commercial appeal to broadcasters, the costs of production and the likely size of the target audience. Duplicate programme ideas are unlikely to receive funding
    - Bulk funding is determined considering audience size and appreciation
    - Cost-effective solutions are a priority
  4. Employ transparent and simple processes
    - We will be flexible in approach (because good ideas, our core business, are not conceived in a tidy manner)
    - But we are fair, transparent and predictable in our processes and decisions (because good ideas are best nurtured in a stable environment)
    - And we monitor intelligently, balancing robust accountability for public funds with careful risk management and an understanding of the needs of the creative process

The impacts of the activities which support this outcome are summarised in Figure 3. We assess our performance using the measures and standards in Section 7, and will report against the qualitative and quantitative measures contained in Part 2 of this document.

Figure 3: Impacts

Activity	Impacts	Achieved by
<b>Television funding</b>	<ol style="list-style-type: none"> <li>1. Local content is valued by its target audiences</li> <li>2. The range of local content is broadened and innovation encouraged</li> <li>3. Māori language and culture are visible in mainstream television</li> </ol>	Funding a range of television programmes through contestable funding schemes
<b>Radio funding</b>	<ol style="list-style-type: none"> <li>1. A non-commercial, independent national broadcaster provides high quality and diverse content valued by its audiences</li> <li>2. Commercial radio listening choices are extended and are valued by audiences</li> </ol>	<p>Bulk funding two Radio New Zealand networks and monitoring output</p> <p>Contestable funding available for targeted programmes on commercial radio</p>
<b>Community Broadcasting funding</b>	<ol style="list-style-type: none"> <li>1. Regional television programmes extend viewing choices</li> <li>2. Community radio provides opportunities for varied groups to make and broadcast programmes valued by their communities</li> </ol>	<p>Funding targeted regional television programming</p> <p>Funding various community radio stations:</p> <ul style="list-style-type: none"> <li>• Access Radio</li> <li>• Pacific Island and other special interest</li> </ul>
<b>NZ Music funding</b>	<ol style="list-style-type: none"> <li>1. NZ Music presence is strong on commercial radio</li> <li>2. Difference and diversity features in broadcast NZ Music</li> </ol>	Promoting NZ Music and funding its production through varied contestable funding schemes
<b>Digital and Archiving funding</b>	<ol style="list-style-type: none"> <li>1. Radio and TV programmes are professionally archived for access by New Zealanders, now and in the future</li> <li>2. Digital initiatives extend local content onto different platforms</li> </ol>	<p>Funding the archiving and preservation of television and radio programmes</p> <p>Funding NZ On Screen</p> <p>Digital Content Partnership Fund</p>
<b>Funding administration</b>	<ol style="list-style-type: none"> <li>1. Low cost funding administration</li> <li>2. Funding processes are efficient and effective</li> </ol>	<p>Capping administration expenditure</p> <p>Reviewing a key contracting or funding process at least every three years (last review 2007/08)</p>

## 4. Key initiatives 2009-2010

Our initiatives are based on the range of activities set out in the Broadcasting Act. Some activities will be reviewed this year, and new activities will be introduced as part of a process of continual improvement so we can provide the most effective support for local content. Where appropriate, performance measures for these initiatives are included in the Statement of Service Performance in Part 2 of this document.

Our operating intentions are:

### Television

- continue providing contestable funding for innovative television content, this year maintaining focus on sustaining documentary and children's programmes
- continue funding programmes that could not be made on a commercial basis because of cost, risk or their specialist nature
- continue promoting the inclusion of Māori perspectives in mainstream programmes
- introduce the contestable Platinum Fund to support quality local public broadcasting programmes

### Radio

- continue supporting editorially-independent public radio by ensuring Radio New Zealand is adequately funded on an arms length basis
- continue supporting specialist radio production to extend content on targeted commercial radio outlets (primarily comedy, children, youth, ethnic and spiritual)
- review the mix of this commercial radio production to ensure audience needs are well met

### Community broadcasting

- introduce a programme-based regional television funding scheme
- continue funding Pacific Island radio in areas with significant Pacific Island populations and work with the Ministry for Culture and Heritage to rationalise Pacific Island radio funding
- review the programming output of Access and Community radio stations to ensure funding allocations are appropriate and audience needs met

### NZ Music

- maintain the 20% local music content levels achieved on commercial radio over the five years of the NZ Music Code
- continue to champion difference and diversity in New Zealand music while promoting New Zealand music on commercial radio
- review the international music programme ('Phase 5')
- complete our domestic music funding policy review

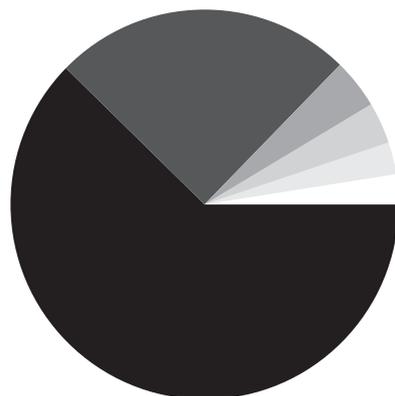
### Digital/Archives

- maintain support for NZ On Screen
- maintain the Digital Content Partnership Fund for new media projects (year 3 of 4)
- review our digital strategy from mid-2010
- review current television archive funded services

### Funding administration

- maintain focus on efficient and transparent funding processes
- maintain high quality decision making and contracting processes
- maintain low overhead structure
- develop our new community broadcasting portfolio to improve our understanding of local television and radio linkages
- maintain robust risk management activities and procedures

The graph below shows the proportion of funding allocated to activities.

**Figure 4: Budget proportions 2009-2010**

■ Television	62.33%
■ Radio	24.96%
■ NZ Music	4.12%
■ Community Broadcasting	3.44%
■ Digital/Archives	2.66%
■ Administration	2.49%

**Outcome:**

Our intent is that  
97.51% of our budget  
goes to funding  
original New Zealand  
content

## 5. Organisational health and capability

We are a small entity that takes pride in applying limited resources to achieve our statutory funding tasks. There is no equivalent organisation internationally, and certainly none where so many positive outcomes are delivered by such a small team.

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

To continue enhancing our capability, we will maintain and develop policies that ensure:

- Recruitment, training and remuneration policies focus on attracting and retaining skilled, flexible, efficient and knowledgeable team players.

## Measures:

- full time staff turnover no more than three people per annum
- individual staff training needs assessed annually
- external salary comparisons conducted regularly

- Our office environment and equipment are safe and well maintained.

## Measures:

- modest maintenance programme carried out
- zero tolerance of harassment, bullying and discrimination
- each new employee has an ergonomically suitable workspace

- Equal employment opportunity principles are incorporated in staff selection and management, to achieve as diverse a workforce as possible within the limits of our small size.

## Measure:

- EEO principles included in all relevant documents and practices

## 6. Consultation and reporting to the Minister

NZ On Air is an autonomous Crown entity governed by a Board of six members appointed by the Minister of Broadcasting. The Board is supported by a small agency of specialist staff.

The Minister of Broadcasting may issue directives that we are to:

- have regard to relevant government policy (s104 Crown Entities Act) or to
- amend any provision in our SOI (s147 Crown Entities Act) or to
- provide funding to Radio New Zealand (s44(1A) Broadcasting Act)

The Minister may not, however, direct us in regard to cultural matters. Neither may any Minister or Ministerial representative direct us in respect to particular programmes or other statutorily independent functions (s44 Broadcasting Act, s113 Crown Entities Act).

The Ministers of State Services and Finance may jointly issue a directive that we should comply with whole-of-government directions (s107 Crown Entities Act).

We provide quarterly reports to the Minister on progress against the targets set out in this SOI.

Consultation is undertaken with our other stakeholders on a regular basis, both through formal mechanisms such as conferences, hui, surveys, the publication of papers and discussion with industry and, less formally, through meetings and discussions with individuals and industry groups.

## 7. Key financial and non financial measures and standards

The main financial and non financial measures we will use to assess our performance over three years are:

**Figure 5: Measures and standards 2009-2012**

Type	Measure	Standard	Funding activity
Financial	Funding committed to planned activities	Funding is applied to activities as forecast in each year's Statement of Intent	Funding Administration
Financial	Appropriate uncommitted equity at year end	Uncommitted public equity at each year end is less than 3% of total annual funding	Funding Administration
Financial	Low administration expenditure	Administration expenditure is less than 4% of total funding	Funding Administration
Non Financial	Appropriate balance between mainstream and special interest TV programmes	No less than 50% of TV budget spent on prime time programmes	Television
Non Financial	Broadcast hours for each activity funded as planned	The total number of hours of each activity funded is as forecast in each year's Statement of Intent	Television Radio Community Broadcasting
Non Financial	Funded projects are of broadcast quality	All funded projects broadcast within 15 months of formal delivery	Television Radio Community Broadcasting NZ Music
Non Financial	Independent research provides useful public feedback (audience measure)	More than two thirds of respondents agree that NZ On Air supports programmes and activities important to New Zealanders	Television Radio Community Broadcasting NZ Music
Non Financial	Independent research provides good service delivery feedback (industry measure) (Completed tri-annually - next report 2011)	More than two thirds of respondents agree that NZ On Air is efficient, fair, balances competing demands well and makes the right choices	Television Radio Community Broadcasting NZ Music
Non Financial	Percentage of NZ music played on commercial radio	20% (as measured by independent airplay monitor RadioScope)	NZ Music
Non Financial	Access/Pacific Island radio stations funded as planned	Access/Community radio stations funded as forecast in each year's Statement of Intent	Community Broadcasting
Non Financial	Radio and television programmes archived as planned	The total number of hours of each activity funded is as forecast in each year's Statement of Intent	Archiving and Digital
Non Financial	Good range and quality of programmes archived to high technical standards	Independent archiving consultants confirm material archived in the period is undertaken to best-practice professional standards	Archiving and Digital
Non Financial	Increased broadcast archival content available online	NZ On Screen uploads at least 250 new titles per year	Archiving and Digital

## Part 2:

# Service performance and financial management

The following statements provide targets, budgets and performance measures for the year ending 30 June 2010 in accordance with s142 of the Crown Entities Act.

- Statement of forecast comprehensive income
- Statement of forecast movements in equity
- Statement of forecast financial position
- <sup>a</sup> Statement of forecast cash flows
- Notes to the financial statements
- Statement of forecast service performance

There are no other relevant performance measures which need to be devised or disclosed (ss142(1)(c) and (e))

## Statement of forecast comprehensive income

for the year ending 30 June 2010

Note	2009/10 Budget \$000	2008/09 Budget (SOI) \$000	2008/09 Estimated Actual \$000
<b>Income</b>			
Crown revenue	127,666	127,557	127,568
Other revenue <sup>i</sup>	2,500	4,500	3,855
<b>Total Income</b>	<b>130,166</b>	<b>132,057</b>	<b>131,423</b>
<b>Operating Expenditure</b>			
Funding management	3,277	3,277	3,277
<b>Funding Expenditure<sup>ii</sup></b>			
Television	82,003	84,880	84,891
Radio	32,842	32,744	32,735
Community Broadcasting <sup>iii</sup>	4,452	3,912	3,675
NZ Music	5,420	5,420	5,298
Digital/Archives	3,570	3,500	3,540
<b>Total Expenditure</b>	<b>131,564</b>	<b>133,733</b>	<b>133,416</b>
<b>Net (Deficit)/Surplus for the year</b>	<b>(1,398)</b>	<b>(1,676)</b>	<b>(1,993)</b>
<b>Other Comprehensive Income</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Comprehensive Income</b>	<b>(1,398)</b>	<b>(1,676)</b>	<b>(1,993)</b>
Opening equity committed	14,112	10,488	14,112
Opening equity uncommitted	1,498	2,106	3,491
<b>Total Opening Equity</b>	<b>15,610</b>	<b>12,594</b>	<b>17,603</b>
Equity 30 June committed	14,112	10,488	14,112
<b>Equity 30 June uncommitted</b>	<b>100</b>	<b>430</b>	<b>1,498</b>

i. Primarily interest revenue.

ii. Expenditure net of write-backs from previous year's expenditure.

iii. In 2009/10 we are creating a new activity Community Broadcasting made up of Regional Television (transferred from the Television Funding budget), and Access/Community radio (transferred from Radio Funding budget). We have adjusted previous years' financial information to the new structure to make comparisons between years meaningful.

## Statement of forecast movements in equity

for the year ending 30 June 2010

	Note	2009/10 Budget \$000	2008/09 Budget (SOI) \$000	2008/09 Estimated Actual \$000
Opening equity committed	2	14,112	10,488	14,112
Opening equity uncommitted		1,498	2,106	3,491
Plus: Net operating surplus (deficit)		(1,398)	(1,676)	(1,993)
<b>Equity 30 June</b>		<b>14,212</b>	<b>10,918</b>	<b>15,610</b>
<i>being</i>				
Equity 30 June committed	2	14,112	10,488	14,112
<b>Equity 30 June uncommitted</b>		<b>100</b>	<b>430</b>	<b>1,498</b>

## Statement of forecast financial position

for the year ending 30 June 2010

Note	2009/10 Budget \$000	2008/09 Budget (SOI) \$000	2008/09 Estimated Actual \$000
<b>Current Assets</b>			
Cash and cash equivalents	12,225	20,742	12,225
Investments	47,200	40,000	47,200
Debtors and other receivables – interest	1,000	1,000	1,000
Debtors and other receivables – other	500	500	500
<b>Total Current Assets</b>	<b>60,925</b>	<b>62,242</b>	<b>60,925</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	300	314	300
<b>Total Non-Current Assets</b>	<b>300</b>	<b>314</b>	<b>300</b>
<b>Total Assets</b>	<b>61,225</b>	<b>62,556</b>	<b>61,225</b>
<b>Current Liabilities</b>			
Trade and other payables	500	500	500
Employee entitlements	100	100	100
Funding liabilities	46,413	51,038	45,015
<b>Total Current Liabilities</b>	<b>47,013</b>	<b>51,638</b>	<b>45,615</b>
<b>Public Equity</b>			
Equity committed	14,112	10,488	14,112
Equity uncommitted	100	430	1,498
<b>Total Equity 30 June</b>	<b>14,212</b>	<b>10,918</b>	<b>15,610</b>
<b>Total Liabilities and Public Equity</b>	<b>61,225</b>	<b>62,556</b>	<b>61,225</b>

## Statement of forecast cash flows

for the year ending 30 June 2010

	2009/10 Budget	2008/09 Budget (SOI)	2008/09 Estimated Actual
	\$000	\$000	\$000
<b>Cash Flows From Operating Activities</b>			
Receipts from Crown revenue	127,666	127,557	127,568
Receipts from other revenue	-	-	592
Payments to funded activities	(126,789)	(128,730)	(128,233)
Payment to suppliers and employees	(3,277)	(3,277)	(3,277)
<b>Net Cash Flows Operating Activities</b>	<b>(2,400)</b>	<b>(4,450)</b>	<b>(3,350)</b>
<b>Cash Flows From Investing Activities</b>			
Interest received	2,500	4,500	3,500
Purchases of property, plant and equipment	(100)	(50)	(150)
<b>Cash Flows From Investing Activities</b>	<b>2,400</b>	<b>4,450</b>	<b>3,350</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Opening Cash and Cash Equivalents</b>	<b>12,225</b>	<b>20,742</b>	<b>12,225</b>
<b>Closing Cash and Cash Equivalents</b>	<b>12,225</b>	<b>20,742</b>	<b>12,225</b>

# Notes to the financial statements

## Note 1

### Statement of accounting policies for the year ending 30 June 2010

#### Reporting entity

The Broadcasting Commission (NZ On Air) was established by the Broadcasting Act 1989, and is an Autonomous Crown Entity under the Crown Entities Act 2004.

Our functions and responsibilities are set out in the Broadcasting Act 1989. The primary objective of NZ On Air is to provide services to the public rather than making a financial return. Accordingly, we are a public benefit entity for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

These forecast financial statements are for the year ending 30 June 2010.

#### Basis of preparation

##### Statement of compliance

These forecast financial statements have been prepared in accordance with New Zealand generally accepted accounting practice. They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) including FRS 42 Prospective Financial Statements and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

These forecast financial statements have been prepared to comply with the Crown Entities Act 2004 and may not be appropriate for purposes other than complying with the requirements of this Act.

The actual financial results for the period covered are likely to vary from the information presented and the variations may be material.

#### Measurement basis

The measurement base adopted is that of historical cost.

The accrual basis of accounting has been used unless otherwise stated. These financial statements are presented in New Zealand dollars and rounded to the nearest thousand (\$000).

#### Judgments and estimations

The preparation of financial statements to conform with NZ IFRS requires judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses (where material, information on the major assumptions is provided in the relevant accounting policy or will be provided in the relevant note). The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Judgments that have significant effect on the financial statements and estimates, with a significant risk of material adjustment in the next year are discussed in Note 2.

## Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these forecast financial statements.

### Revenue

Revenue is measured at the fair value of consideration received.

Revenues are derived and recognised as follows:

- (a) Revenue earned from the supply of outputs to the Crown is recognised as revenue when it is earned
- (b) Sales revenue from NZ On Air funded programmes and music is recognised when it is earned to the extent that information is available to us at that time. Where it is not available, revenue is recognised when received
- (c) Interest income is recognised when it is earned
- (d) If applicable, other income is recognised when it is earned

### Cash and cash equivalents

Cash and cash equivalents includes cash on hand and funds deposited with banks, with original maturities of three months or less.

### Debtors and other receivables

Debtors and other receivables are initially measured at fair value less any provision for impairment.

Impairment of a receivable is established when there is objective evidence that we will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payment are all considered indicators that the debtor is impaired. Impairment losses are recognised in the statement of comprehensive income.

### Investments

At each balance date we assess whether there is any objective evidence that an investment is impaired.

### Bank Deposits

Investments in bank deposits are measured at fair value plus transaction costs.

For bank deposits, impairment is established when there is objective evidence that we will not be able to collect amounts due according to the original terms of the deposit. Significant financial difficulties of the bank, probability that the bank will enter into bankruptcy, and default in payment are all considered indicators that the deposit is impaired.

### Property, plant and equipment

Property, plant and equipment refers to computer equipment, office equipment, furniture and fittings, and leasehold improvements. Property, plant and equipment are shown at cost, less accumulated depreciation and any impairment losses.

#### Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to us and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value when control of the asset is obtained.

#### Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the statement of comprehensive income.

#### Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to us and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant and equipment are recognised in the statement of comprehensive income as they are incurred.

## Depreciation

Depreciation is provided on a straight line basis on all property plant and equipment at rates that will write off the cost of the assets over their useful lives. The useful lives and associated depreciation rates have been estimated as follows:

Computer equipment	3 years	33.3%
Office equipment	5 years	20.0%
Furniture and fittings	6 years	16.7%
Leasehold improvements	6 years	16.7%

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated remaining useful lives of the improvements, whichever is the shorter.

## Impairment of non-financial assets

Property, plant and equipment, and intangible assets that have a finite life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The total impairment loss is recognised in the statement of comprehensive income, any subsequent reversal of an impairment loss is recognised in the statement of comprehensive income.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of an asset are not primarily dependent on the asset's ability to generate net cash inflows and where we would, if deprived of the asset, replace its remaining future economic benefits or service potential.

## Creditors and other payables

Creditors and other payables are measured at fair value.

## Employee benefits

Employee entitlements that NZ On Air expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

We recognise a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that we anticipate it will be used by staff to cover those future absences.

We recognise a liability and an expense for bonuses where we are contractually obliged to pay them, or where there is a past practice that has created a constructive obligation.

## Superannuation schemes

Obligations for contributions to Kiwisaver and State Sector Retirement Savings Scheme are accounted for as defined contribution superannuation schemes and are recognised as an expense in the statement of comprehensive income as incurred.

## Provisions for funding expenditure

We recognise a liability for funding expenditure when all the following conditions have been met:

- The expenditure has been approved by the Board.
- The funding recipient has been advised.
- There are no substantive contractual conditions for the funding recipient to fulfill.
- It is probable (more likely than not) that the funded proposal will be completed and that our commitments will crystallise.

At 30 June forecast funding liabilities in the balance sheet include both contracted liabilities and uncontracted liabilities that have no substantive contractual conditions unfulfilled. The amount recorded for the uncontracted liability is the value approved by the Board.

Funds not paid out are recorded as funding liabilities in the balance sheet. Any funding expenditure approved by the Board that is uncontracted at 30 June and has substantive conditions unfulfilled is treated as a contingent liability.

## Goods and services tax (GST)

All items in the financial statements are presented exclusive of GST, except for receivables and payables in the statement of financial position, which are presented on a GST inclusive basis.

The net amount of GST recoverable from or payable to the Inland Revenue Department, is included as part of receivables or payables as appropriate.

## Income tax

We are exempt from the payment of income tax in accordance with s51 Broadcasting Act 1989 therefore no charge for income tax has been provided for.

## Contingent assets and contingent liabilities

A contingent liability is disclosed where broadcasting funding expenditure has been approved by the Board, but that expenditure is uncontracted, and has substantive conditions unfulfilled at 30 June. At the point the substantive conditions are fulfilled, the contingent liability is removed and the value is recorded as expenditure and as a liability in the financial statements.

A contingent liability is also disclosed where there is a possible obligation or present obligation that may, but probably will not, require an outflow of resources.

A contingent asset is disclosed where the inflow of an economic benefit is probable, but not virtually certain.

## Commitments

Future expenses and liabilities incurred on contracts that have been entered into at balance date are disclosed as commitments to the extent that they are equally unperformed obligations. Commitments relating to employment contracts are not disclosed.

## Cost allocation policy

All expenditure not used to fund broadcasting services has been allocated to administration expenditure.

## Operating leases

An operating lease is a lease that does not transfer substantially all the risk and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight line basis over the lease term.

## Financial instruments

We are party to financial instruments as part of our normal operations. These financial instruments include bank accounts, short-term trade payables and trade and other receivables. There are no known significant concentrations of credit risks.

Financial assets and liabilities are initially measured at fair value plus transaction costs unless they are carried at fair value through profit and loss in which cases the transaction costs are recognised in the statement of comprehensive income.

We have the following categories of financial assets:

### (a) Loans and Receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the statement of comprehensive income. Loans and receivables are classified as "trade and other receivables" in the statement of financial position.

### (b) Held to Maturity Investments

Held to maturity investments are assets with fixed or determinable payments and fixed maturities that we intend to hold to maturity. After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the statement of comprehensive income. Investments in this category are term deposits.

## Other liabilities and provisions

Other liabilities and provisions are recorded at the best estimate of the expenditure required to settle the obligation. Liabilities and provisions to be settled beyond 12 months are recorded at their present value, if significant.

## Statement of cash flows

*Cash and cash equivalents* includes cash in hand and deposits held with banks with original maturities of three months or less.

*Operating activities* includes cash received from income sources excluding interest, and records the cash payments made for the supply of goods and services, and the funding to broadcasters and programme producers.

*Investing activities* are those activities relating to the acquisition and disposal of long-term assets and interest received.

*Financing activities* comprise those activities relating to changes in equity.

## Changes in accounting policies

Accounting policies are changed only if the change is required by a standard or interpretation or otherwise provides more reliable and more relevant information.

## Comparatives

When presentation or classification of items in the financial statements is amended or accounting policies are changed voluntarily, comparative figures are restated to ensure consistency with the current period unless it is impracticable to do so.

## Related parties

We transact with other Government agencies on an arms length basis. Any transaction not conducted at arms length will be disclosed in our financial statements (annual report).

## Note 2

### Critical judgments in applying our accounting policies

Our provisions for funding expenditure policy (Note 1) includes four conditions on recording a funding liability. Two of these conditions require us to make critical judgments in applying this policy to the preparation of forecast financial statements:

- (a) There are no substantive contractual conditions for the funding recipient to fulfill.

A substantive contract condition that disallows a funding commitment from being recorded as a liability is where Board approval is subject to third party funding, and that funding is not in place at balance date. We have assumed the value of such commitments at 30 June 2009 and 30 June 2010 is \$14.112m, the actual value at 30 June 2008.

- (b) It is probable (more likely than not) that the funded proposal will be completed and that our commitment will crystallise.

Although from time to time an approved commitment with no substantive contractual conditions to fulfil does not go ahead, such projects are a very small proportion of the total approved. Based on experience we judge that it is probable that all commitments at 30 June 2009 and 30 June 2010, without substantive contractual conditions to fulfill, will be completed.

# Statement of forecast service performance

Our activities contribute to the non-departmental output expense, Public Broadcasting Services, within Vote Arts, Culture and Heritage, administered by the Ministry for Culture and Heritage. We will receive \$127.666m (GST exclusive) in Crown funding in 2009-2010 (\$127.568m in 2008-2009).

As outlined in Part 1 of this document we apply the following strategic objectives to all our work. We:

- support content valued by a variety of New Zealand audiences
- promote diversity across and within genres and encourage competition for the best ideas
- focus on value for money
- employ transparent and simple processes

We deliver the outputs purchased by the Minister of Broadcasting through six activity classes. All targets are subject to receipt of satisfactory funding applications from viable entities. If such applications are not received we will adjust targets accordingly to ensure taxpayer funds are spent wisely.

We will report against qualitative and quantitative measures in the 2009-2010 Annual Report.

**Forecast Revenue and Expenditure**

	2009/10	2008/09	2008/09	2007/08	2006/07
	Forecast	SOI Budget	Estimated	Actual	Actual
Revenue and Expenditure	\$000	\$000	\$000	\$000	\$000
<b>Revenue</b>					
Crown revenue	127,666	127,557	127,568	109,813	106,671
Interest revenue	2,500	4,500	3,250	5,217	4,424
Other revenue	-	-	605	1,125	672
<b>Total Revenue</b>	<b>130,166</b>	<b>132,057</b>	<b>131,423</b>	<b>116,155</b>	<b>111,767</b>
<b>Expenditure</b>					
<b>Funding Commitments</b>					
Television – General <sup>1</sup>	66,892	69,780	74,297	73,410	69,654
Television - Platinum Fund (was TVNZ Direct Funding)	15,111	15,100	15,111	-	-
Radio	32,842	32,744	32,744	29,783	28,654
Community Broadcasting <sup>2</sup>	4,452	3,912	3,675	3,379	3,226
NZ Music	5,420	5,420	5,770	5,495	5,174
Digital and Archives	3,570	3,500	3,540	3,539	1,622
<b>Total funding commitments</b>	<b>128,287</b>	<b>130,456</b>	<b>135,137</b>	<b>115,606</b>	<b>108,330</b>
<b>Administration - Funding administration</b>	<b>3,277</b>	<b>3,277</b>	<b>3,277</b>	<b>2,853</b>	<b>2,856</b>
<b>Prior year commitments not used <sup>3</sup></b>					
Television funding – General	-	-	(4,517)	(1,962)	(750)
Radio funding	-	-	(9)	(5)	-
NZ Music	-	-	(472)	(184)	-
Digital and Archives funding	-	-	-	(2)	-
<b>Total prior year commitments not used</b>	<b>-</b>	<b>-</b>	<b>(4,998)</b>	<b>(2,153)</b>	<b>(750)</b>
<b>Total Expenses excl IFRS adjustment</b>	<b>131,564</b>	<b>133,733</b>	<b>133,416</b>	<b>116,306</b>	<b>110,436</b>
<b>Surplus/(Deficit)</b>	<b>(1,398)</b>	<b>(1,676)</b>	<b>(1,993)</b>	<b>(151)</b>	<b>1,331</b>
<b>Cumulative Uncommitted Equity</b>	<b>100</b>	<b>430</b>	<b>1,498</b>	<b>3,491</b>	<b>3,642</b>
<b>IFRS adjustment</b> Television funding - Other	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,624)</b>	<b>(1,906)</b>

**Notes**

- Reduction in the Television - General funding pool reflects the shift of Regional Television funding to Community Broadcasting and the lower projected income from programme sales, interest and write backs.
- In 2009-2010 we have a new activity Community Broadcasting made up of Regional Television (transferred as per Note 1) and Access/Community radio (transferred from the Radio funding budget). We have adjusted all the financial information in this table to the new structure to make comparisons between years meaningful.

- Write backs of prior year commitments not used are not budgeted for in the SOI as they are unknown at the time of writing. Some write backs may occur in 2009-2010 and where possible will be used to increase funding expenditure budgets.

## Activity 1: Television Funding

### Activity description

Funding television programmes and related activities to increase range and diversity (contestable).

### Performance measures

#### A. Quantitative

The table below details the forecast hours of television for each genre we intend to fund in 2009-2010:

Television Funding	Timeslot	Notes	2009/10		2008/09		2007/08	
			Forecast Hours	Forecast \$000	Estimated Hours	Estimated \$000	Actual Hours	Actual \$000
<b>General Contestable Fund</b>								
Drama/Comedy	Peak	1	67.5	28,006	90	33,958	68	29,414
	Off peak		13	1,320	11	729	11	888
Children's Drama	Peak		-	-	6.5	3,513	-	-
	Off peak		6.5	2,730	-	-	13	4,610
Documentaries	Peak	1	89	8,508	102	9,789	120.5	11,723
	Off peak		-	-	10	1,164	2	300
Children and Young People	Peak		-	-	-	-	-	-
	Off peak		406	12,814	419.3	12,034	397	11,030
Arts, Culture and Performance	Peak	1	6	626	15	827	18.5	2,360
	Off peak		10.5	1,126	17.3	1,837	12	1,492
Innovation	Peak	1	-	-	-	227	10	1,000
Minorities, including Ethnic	Peak	1	-	-	1	60	-	-
	Off peak		137	7,623	118.5	6,520	127.5	6,761
Disability Services	Off peak		20	1,600	20	1,600	20	1,520
Includes funding for captioning	Other			2,300		1,900		1,842
Development	Other		-	239	-	139	-	470
Other	Off peak	2	-	-	-	-	4.5	-
<b>Total General Contestable Fund</b>	<b>Peak</b>		<b>162.5</b>	<b>37,140</b>	<b>214.5</b>	<b>48,374</b>	<b>217</b>	<b>44,497</b>
	<b>Off peak</b>		<b>593</b>	<b>27,213</b>	<b>596.1</b>	<b>23,884</b>	<b>587</b>	<b>26,601</b>
	<b>Other</b>		<b>-</b>	<b>2,539</b>	<b>-</b>	<b>2,039</b>	<b>-</b>	<b>2,312</b>
	<b>Total</b>	<b>3</b>	<b>755.5</b>	<b>66,892</b>	<b>810.6</b>	<b>74,297</b>	<b>804</b>	<b>73,410</b>
Platinum Fund/ TVNZ Direct Funding	<b>Total</b>	<b>4,5</b>	<b>40</b>	<b>15,111</b>	<b>290</b>	<b>15,111</b>	<b>-</b>	<b>-</b>
<b>Total Television Funding</b>			<b>795.5</b>	<b>82,003</b>	<b>1,100.6</b>	<b>89,408</b>	<b>804</b>	<b>73,410</b>

**Notes to the Television funding table** [previous page]

1. Some targets vary across years as we respond to environmental changes and develop new priorities.
2. Alongside its online content, the new Digital Content Partnership Fund delivered an additional 4.5 television broadcast hours.
3. Reduction in the general contestable funding pool reflects the shift of regional television funding to Community Broadcasting, plus lower projected income from programme sales, interest and write backs. Expenditure higher than budget in 2008-2009 was mainly funded from write backs and interest.
4. 2008-2009 TVNZ Direct Funding programme decisions were made solely by TVNZ without NZ On Air input. Hours of programmes also involving NZ On Air contestable funds have been removed to avoid double counting. 223 hours of sports coverage are included, most of which will be ineligible for the new Platinum Fund.
5. 2009-2010 marks the beginning of the Platinum Fund. The budget reflects focus on high quality production and the consequent impact on cost and hours. As noted earlier, criteria are still being developed so useful measures cannot yet be devised. Expenditure and project details will be included in the annual report for 2009-2010 and measures will be included in our next SOL.

## B Qualitative

### Television funding

Percentage of TV budget (exclusive of Platinum Fund) spent on prime time ('Peak') programmes (screening starts between 6pm – 10pm)

Percentage of funded projects broadcast within 15 months of formal delivery

Independent research measures, inter alia: the percentage of respondents that agree that NZ On Air supports television programmes important to New Zealanders.

2009/10 Forecast	2008/09 Estimated	2007/08 Actual
No less than 50%	66%	61%
100%	100%	Not measured
More than 2/3	53%	80%

During 2009-2010 we will be reviewing our approach to qualitative measures.

## Activity 2: Radio Funding

### Activity description

Funding radio programming for diverse audiences through:

- (a) Public radio: Radio New Zealand National and Radio New Zealand Concert (bulk funding)
- (b) Commercial radio: Drama, comedy, children, youth, spiritual and ethnic programmes on commercial radio (contestable funding)

### Performance measures

#### A. Quantitative

Public radio - The (bulk) funding agreement between NZ On Air and RNZ requires RNZ to deliver services to help NZ On Air meet its responsibilities under the Broadcasting Act 1989. These are:

Types of Programmes and Services	2009/10		2008/09		2007/08	
	RNZ National	RNZ Concert	RNZ National	RNZ Concert	RNZ National	RNZ Concert
	Forecast Hours (1)	Forecast Hours (1)	Estimated Hours	Estimated Hours	Actual Hours	Actual Hours
NZ content programmes which includes:	7,800	-	7,800	N/A	8,038	N/A
- Māori Language and Culture	350	70	350	N/A	348	N/A
- Special Interest (4)	340	N/A	340	N/A	457	N/A
- NZ Drama, Fiction and Comedy (4)	200	N/A	200	N/A	257	N/A
Other Measures:						
- % of NZ music on rotate (2)	33%	N/A	33%	N/A	40%	N/A
- % of NZ composition	N/A	3.5%	N/A	3.5%	N/A	4.5%
- % of NZ music performance	N/A	14%	N/A	14%	N/A	16%
- % of population able to receive transmission (3)	100%	92%	97%	92%	97%	92%

#### Notes

1. Subject to final agreement with RNZ.
2. In addition to New Zealand music on rotate, RNZ National produces and broadcasts feature programmes on New Zealand music.
3. This is the proportion of the population able to receive RNZ National and RNZ Concert via terrestrial transmission. 100% of the country is able to access RNZ National and RNZ Concert signal via a Freeview or Sky TV satellite dish and decoder.
4. Targets for RNZ have not changed for 3 years in the table above. In 2007/08 RNZ exceeded its targets for Special Interest, and NZ Drama, Fiction and Comedy. RNZ will be encouraged to exceed these targets again.

<b>Forecast and Actual Expenditure</b>	<b>2009/10 Forecast \$000</b>	<b>2008/09 Estimated \$000</b>	<b>2007/08 Actual \$000</b>	<b>2006/07 Actual \$000</b>
Radio New Zealand	31,816	31,718	29,074	27,932
<b>Total</b>	<b>31,816</b>	<b>31,718</b>	<b>29,074</b>	<b>27,932</b>

Commercial Radio - Contestable funding for programmes for commercial radio which meet NZ On Air objectives under s36(c) and s37(d) of the Broadcasting Act 1989.

<b>Commercial radio projects</b>	<b>2009/10 Forecast Hours</b>	<b>2009/10 Forecast \$000</b>	<b>2008/09 Estimated Hours</b>	<b>2008/09 Estimated \$000</b>
Drama and Comedy	40	156	40	156
Children and Youth	150	450	150	450
Spiritual	75	120	75	120
Ethnic	120	300	120	300
<b>Total Commercial Radio</b>	<b>385</b>	<b>1,026</b>	<b>385</b>	<b>1,026</b>

## B. Qualitative

Public Radio 2 - RNZ will deliver the following programme hours devoted to the fulfillment of Radio New Zealand's Charter functions:

Charter Functions <sup>(1)</sup>	RNZ National		RNZ Concert	
	2009/10 Forecast Annual Broadcast Hours <sup>(2)</sup>	2009/10 Forecast % Total Hours <sup>(2)</sup>	2009/10 Forecast Annual Broadcast Hours <sup>(2)</sup>	2009/10 Forecast % Total Hours <sup>(2)</sup>
(a) Programming that is predominantly and distinctively of New Zealand	8,059	92%	1,226	14%
(b) Programming that informs, entertains and enlightens the people of New Zealand	8,410	96%	8,760	100%
(c) Programming that is challenging, innovative and engaging	8,497	97%	8,760	100%
(d) Programming that fosters critical thought, informed and wide-ranging debate thereby contributing to greater tolerance and understanding	8,322	95%	-	-
(e) Programming that stimulates, supports and reflects the diversity of cultural expression including drama, comedy, literature and the performing arts	7,621	87%	8,497	97%
(f) Programming that stimulates, supports and reflects a wide range of music, including New Zealand composition and performance	876	10%	8,497	97%
(g) Programming that reflects New Zealand's cultural identity, including Māori language and culture	8,059	92%	1,226	14%
(h) Programming that provides awareness of the world and of New Zealand's place in it	6,482	74%	350	4%
(i) Programming that provides comprehensive, independent, accurate, impartial and balanced regional, national and international news and current affairs	4,117	47%	263	3%
(j) Balance programmes of special interest with those of wide appeal recognising the interests of all age groups	8,410	96%	701	8%
(k) Contribute towards intellectual and spiritual development	7,446	85%	8,760	100%

During 2009-2010 we will be working with Radio New Zealand to review current performance measures and develop new performance targets that encourage improvement and innovation. We expect to include new measures in our next SOI.

### Notes

- Particular programmes produced and broadcast by either RNZ National or RNZ Concert have been assessed in terms of the contribution that the programme makes to RNZ's statutory Charter functions. Most programmes contribute to more than one Charter function.
- Subject to final agreement with RNZ.

## Activity 3: Community Broadcasting Funding

### Activity description

Extending television and radio programme choices for targeted audiences through funding:

- (a) Regional television (contestable funding)
- (b) Community radio: Access radio, Pacific Island radio and radio for special interest audiences (bulk funding)

### Performance measures

#### A. Quantitative

Regional Television – Forecast regional television programming funding in 2009-10:

	2009/10 Forecast \$000	2008/09 Estimated \$000	2007/08 Actual \$000	2006/07 Actual \$000
<b>Regional television</b>				
Regional television (1)	1,500	890	890	890
<b>Total</b>	<b>1,500</b>	<b>890</b>	<b>890</b>	<b>890</b>

Community radio – Fund Access radio stations and activities to meet NZ On Air's objectives under s36(c) of the Broadcasting Act 1989:

	2009/10 Forecast \$000	2008/09 Estimated \$000	2007/08 Actual \$000	2006/07 Actual \$000
<b>Community radio</b>				
Access radio	2,450	2,300	2,012	1,871
Pacific Island radio and Special Interest radio	502	485	477	465
<b>Total Community Radio</b>	<b>2,952</b>	<b>2,785</b>	<b>2,489</b>	<b>2,336</b>

#### B. Qualitative

	2009/10 Forecast	2008/09 Estimated	2007/08 Actual
<b>Community Broadcasting funding</b>			
Percentage of funded projects broadcast within 15 months of formal delivery	100%	100%	Not measured
We will commission independent research to measure one aspect of audience appreciation levels of a community broadcasting service, <i>inter alia</i> : The percentage that agree important community broadcasting programmes and activities are delivered.	More than 2/3	50%	Not measured

#### Note

- This is the first year of a programme based funding scheme so only financial targets have been set. Hours targets will be included in our next SOI.

## Activity 4: NZ Music

### Activity description

Promote and fund NZ Music to achieve significant broadcast exposure (contestable funding).

### Performance measures

#### A. Quantitative

NZ Music funding and promotion - Forecast number of music projects that we will fund in 2009-10:

<b>Music funding and promotion</b>	<b>2009/10 Forecast Number</b>	<b>2009/10 Forecast \$000</b>	<b>2008/09 Estimated Number</b>	<b>2008/09 Estimated \$000</b>	<b>2007/08 Actual Number</b>
Albums	30	1,500	33	1,600	25
Radio singles	23	235	25	245	20
Radio hit rebates for recordings that achieve significant airplay	-	-	20	100	20
Music videos	170	850	170	850	170
Music television programmes	5	480	5	540	5
Syndicated or networked music programmes produced and broadcast on commercial radio	13	600	15	710	13
b.net radio stations funded	5	500	5	500	6
Music promotion	N/A	1,255	N/A	1,225	N/A
<b>Total</b>		<b>5,420</b>	<b>-</b>	<b>5,770</b>	<b>-</b>

#### B. Qualitative

<b>Music funding and promotion</b>	<b>2009/10 Forecast</b>	<b>2008/09 Estimated</b>	<b>2007/08 Actual</b>
Percentage of NZ music played on commercial radio	20%	20%	19.34%
Percentage of funded projects broadcast within 15 months of formal delivery	100%	100%	Not measured
Percentage of the singles released from Phase Four Albums that will achieve a Top 40 airplay placing	At least 90%	At least 90%	95%
The percentage of respondents to independent research that support encouraging more radio stations to play more New Zealand music	At least 60%	At least 60%	66%
Percentage of radio singles from new artists that will achieve a Top 40 airplay placing	At least 80%	At least 80%	85%
From the volumes of Kiwi Hit Discs produced, the percentage of tracks that will achieve a top 40 airplay placing	At least 60%	At least 75%	66%

## Activity 5: Digital and Archiving Funding

### Activity description

Fund the collection, preservation and display of television and radio programmes in traditional and digital environments.

### Performance measures

#### A. Quantitative

Digital Strategy - Forecast digital initiatives we will fund in 2009-2010:

	2009/10 Forecast \$000	2009/10 Forecast Titles Uploaded	2008/09 Estimated \$000	2008/09 Estimated Titles Uploaded	2007/08 Actual \$000	2007/08 Actual Titles Uploaded
<b>Digital strategy</b>						
Digital Content Partnership Fund	1,000	N/A	1,000	N/A	1,000	N/A
NZ On Screen	1,200	250	1,200	Not measured	1,200	Not measured
<b>Total</b>	<b>2,200</b>	<b>-</b>	<b>2,200</b>	<b>-</b>	<b>2,200</b>	<b>-</b>

Archiving - Forecast hours of programmes archived in 2009-2010:

	2009/10 Forecast Hours	2008/09 Estimated Hours	2007/08 Actual Hours
<b>Radio and television archiving</b>			
TV programmes archived	1,680	1,680	1,460
TV programmes preserved	185	185	210
TV Programmes digitised	975	Not measured	Not measured
Radio programmes archived	1,300	1,300	2,314
Radio programmes preserved	1,900	1,900	1,809
	2009/10 Forecast \$000	2008/09 Estimated \$000	2007/08 Actual \$000
<b>Forecast and actual expenditure</b>			
TV programmes archived and preserved	740	740	738
Radio programmes archived and preserved	630	600	601
<b>Total</b>	<b>1,370</b>	<b>1,340</b>	<b>1,339</b>

#### B. Qualitative

##### Radio and television archiving

Independent archiving consultants contracted to confirm material archived in the period is undertaken to best-practice professional standards

2009/10 Forecast	2008/09 Estimated	2007/08 Actual
Achieved	Achieved	Achieved

## Activity 6: Funding administration

### Activity description

The systems, processes and resources used to scan the environment, evaluate proposals and deliver public funds to a high professional standard.

### Performance measures

#### B. Qualitative

	2009/10 Forecast	2008/09 Estimated	2007/08 Actual
<b>Funding administration</b>			
Percentage of total funding at which administration expenses are capped	Less than 4%	Less than 4%	2.6%
Percentage of the total annual funding represented by uncommitted public equity at 30 June	Less than 3%	Less than 3%	3.0%
Formal Board meetings convened	6	6	6
Research activities undertaken	4	4	3
Funding recipients audited	6	6	6

	2009/10 Forecast \$000	2008/09 Estimated \$000	2007/08 Actual \$000
<b>Forecast and actual expenditure</b>			
Funding administration	3,277	3,277	2,853

#### B. Qualitative

	2009/10 Forecast	2008/09 Estimated	2007/08 Actual
<b>Funding administration</b>			
Percentage of completed applications received by deadline and considered by the Board at its next meeting	100%	100%	100%
Percentage of funding decisions made in accordance with approved policies and procedures	100%	100%	100%
Funding decision or process with a significant adverse judicial review or Ombudsman finding	0%	Not measured	Not measured

## Directory

### Members

Neil Walter, Chair	of Wellington
Edie Moke, Deputy Chair	of Lyttelton
Paul Smith	of Auckland
Nicole Hoey	of Auckland
Michael Glading	of Auckland
Murray Shaw	of Christchurch

### Staff

Jane Wrightson	Chief Executive
Anita Roberts	Personal Assistant to CEO
Anna Cottrell	Project Advisor (part time)
Emma Westwood	Communications Advisor (part time)
Brendan Smyth	NZ Music Manager
David Ridler	Assistant NZ Music Manager
Glenn Usmar	Television Manager
Naomi Wallwork	Legal Affairs Executive
Teresa Tito	Executive Assistant Television
Keith Collins	Community Broadcasting Manager
Wayne Verhoeven	Chief Financial Officer
Hui-Ping Wu	Accountant
Christine Westwood	Finance & Administration Assistant (part time)
Trish Cross	Receptionist/Administrator (shared with BSA)

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