



*Connecting and reflecting our nation*

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## NZ ON AIR BRIEFING NOTES

**HON. CLARE CURRAN**  
**INCOMING MINISTER OF BROADCASTING, COMMUNICATIONS AND**  
**DIGITAL MEDIA**

26 OCTOBER 2017

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## What is NZ On Air?

**NZ On Air aims to connect and reflect our nation.**

NZ On Air (the Broadcasting Commission, an Autonomous Crown Entity) is New Zealand's **digital public media funder**. While we are an arm's length agency, you are accountable for us in Parliament and we engage with you as we prepare our Statements of Intent and Performance Expectations. We brief you on our activities, as and when you require, through the Ministry for Culture and Heritage.

NZ On Air supports New Zealand public media made by many different providers for many different audiences. Collectively public media, a broad church, enriches the New Zealand voice and contributes to informed debate and to inclusion.

New Zealanders are using all kinds of platforms, large and small, and all kinds of media services in **an environment of constant change**. We serve these different audiences, young and old, on the most significant platforms. We publish important public data on media trends: for example, our widely-referenced 2016 study [Where Are the Audiences?](#) which will be repeated in 2018.

We operate both contestable and ring-fenced funds. Being flexible means we can both respond rapidly to change, and also reallocate resource if content or services become less attractive.

Our upcoming annual report notes **high public support for NZ On Air's mission**:

- **79%** of NZers agree that NZ On Air supports local content that is important to New Zealanders
- **78%** agree NZ On Air supports television programmes and activities that are important to New Zealanders
- **77%** agree it is important for NZ On Air to support local music and artists
- **76%** believe it is important for NZ On Air to support community broadcasting
- **72%** of New Zealanders say they value the diversity of the local content NZ On Air supports

The scale of our contestable work - we invest in **thousands of hours of screen, multimedia, and radio content each year from hundreds of entities, large and small** - means we have a deep knowledge of digital content trends, and gaps where public funding can be best applied.

We have a clear audience focus, concentrating on audience outcomes, not industry outputs. Nonetheless our investments have a wide cultural and sector impact.

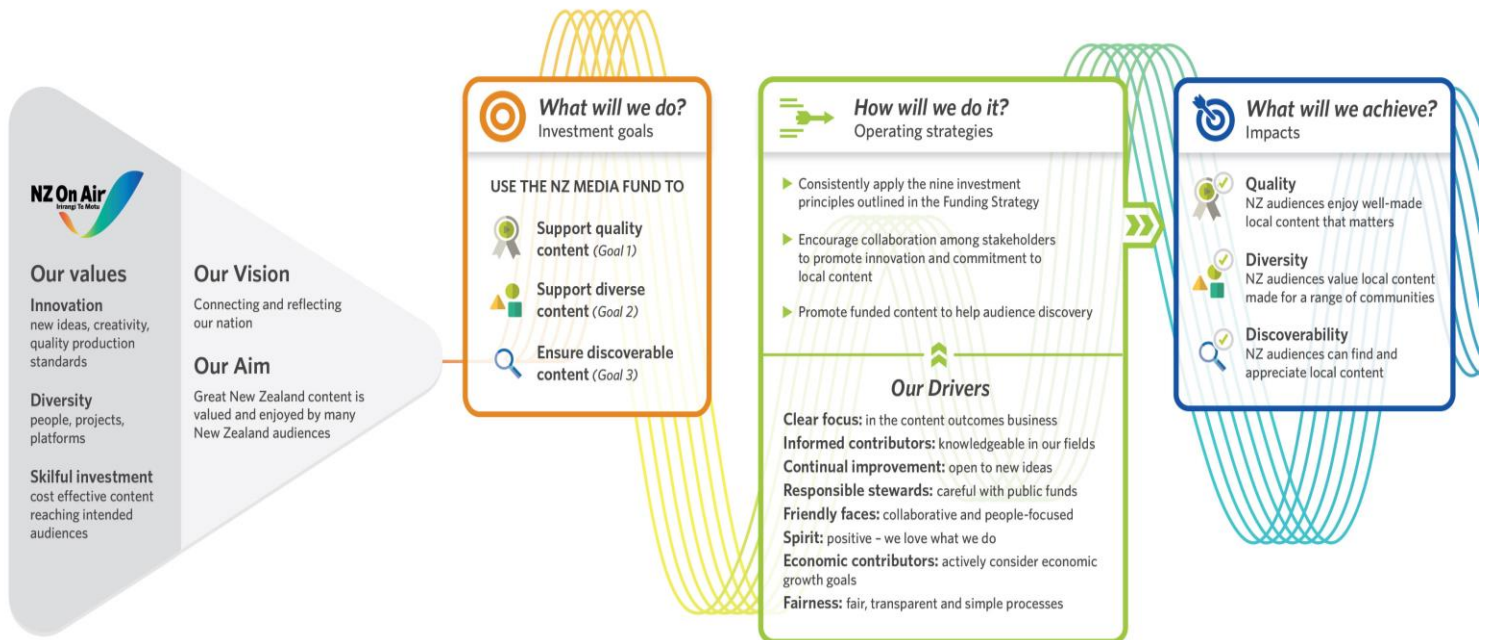
- Public media on many different platforms stimulates **thought, debate, and fosters inclusiveness**
- We ensure **New Zealand stories and songs** are present on the most-used free-access platforms so intended audiences have local choices amid limitless foreign content
- All our content must be **online** so audiences can watch, listen and share at their convenience
- **Contestability** is the fairest way to source the best available creative ideas for the most appropriate platform
- We have **simple processes** to minimise red tape
- **Over 99% of our funded content is completed** and released, one of the highest success rates for creative content in the world
- We are **highly transparent** so it is easy to see where we are investing and with whom
- We administer ring-fenced funding for **Radio NZ**, to ensure **a high degree of separation** from the Crown and this important public media entity, and to encourage funding synergies
- Our carefully-selected investments **support skilled jobs** in the creative and production sectors, and contribute to economic growth.

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Below is a simple representation of our overarching strategy.

**Figure 1: NZ On Air strategy summary**



## Funding overview

NZ On Air's challenge is to keep abreast of **profound environmental change** and ensure what we are funding is reaching intended audiences. Audience fragmentation is proving the biggest challenge for all media organisations – it's now all about content promotion and discovery.

**From July 2017 we restructured our entire agency and our funding schemes** to deliver a new strategy through the platform-neutral [NZ Media Fund](#) (NZMF). These moves were to enable us to be flexible in the midst of this change.

**The NZMF is founded on core public media principles.** These include enriching the New Zealand cultural experience, improving diversity of media content in many forms, ensuring content is accessible, strengthening community life, and promoting informed debate. Public media is a broad church that encourages content creation, from serious to funny, for a very wide variety of audiences.

The NZMF has four funding streams: *Scripted*, *Factual* and *Music* are open and contestable. *Platforms* is a closed fund providing operating funding to entities which provide a wide range of local public media, from [Radio New Zealand](#) to [Pacific radio](#) to [12 regional access radio stations](#) which broadcast and podcast in more than 40 languages; from broadcast [captioning and audio description](#) for audiences with hearing or vision disabilities, to content discovery websites like screen's [NZ On Screen](#) and music's [Audio Culture](#).

We partner with **hundreds of entities and artists** each year to provide a diverse slate of content made for many different audiences. And our wide reach means we can initiate and encourage sector collaboration.

We are expert in media policy development as it relates to resourcing; in efficient assessment; careful allocation; and effective contract management of public funds.

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We consult widely as we develop new policy and approaches: see, for example, the summary of a recent industry meeting we convened to discuss drama production issues [here](#).

For a taste of the delightful range of diverse content we support, a short showreel is worth a watch: <https://www.youtube.com/watch?v=h6QJsagX3Zw&feature=youtu.be>

NZ On Air's funding strategy is designed to enable us to have **simple and flexible responses** to a rapidly shifting media landscape where linear broadcast is just one option to enjoy content. The full strategy can be read here: <http://www.nzonair.govt.nz/document-library/nz-on-air-funding-strategy/>. We summarise it as follows:

**Figure 2: Funding strategy summary**



Our funding strategy has three core goals:

### He Hua Kounga

#### Quality content

**NZ audiences enjoy well-made local content that matters**

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

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## He Hua Kanorau

### Diverse content NZ audiences value local content made for a range of communities

- New Zealanders will appreciate local content made for audiences with diverse interests
- Content creators will have a range of opportunities to make different types of local content

## He Hua Kitea

### Discoverable content NZ audiences can find and appreciate local content

- Funded content will be available and enjoyed by audiences on the platforms they use
- Funded content will be online and free to watch or listen to at the beginning of its life and at regular points thereafter

## Where the money goes

We are vigilant in seeking the best available content ideas for the platforms audiences are using. **Nine investment principles** guide all our decisions: Cultural Value; Balance; Risk; Competition; Value for Money; No Duplication; Leverage; Capability; Fairness.

Expenditure proportions have been relatively constant over time.

Figure 3 shows revenue and expenditure trends for the last six years. We keep our overheads low, just below 3% of revenue, so we can maximise content investment. **Our team comprises just 18 FTE staff.**

**Figure 3: Revenue and expenditure trends by type and percentage over six years**

FUNDING TYPE	2018 (Projected)		2017		2016		2015		2014		2013	
	\$m	%	\$m	%	\$m	%	\$m	%	\$m	%	\$m	%
<b>Contestable Funding[1]</b>	<b>94.7</b>	<b>71%</b>	<b>94.6</b>	<b>72%</b>	<b>96.2</b>	<b>73%</b>	<b>99.3[2]</b>	<b>73%</b>	<b>95.1</b>	<b>73%</b>	<b>96.8</b>	<b>74%</b>
<b>Radio NZ</b>	<b>35.4</b>	<b>26%</b>	<b>32.5</b>	<b>25%</b>	<b>31.8</b>	<b>24%</b>	<b>31.8</b>	<b>24%</b>	<b>31.8</b>	<b>24%</b>	<b>31.8</b>	<b>24%</b>
<b>Industry development</b>	0.4		0.4		0.4		-		-		-	
<b>Total Funding</b>	<b>130.5 [1a]</b>		<b>127.5</b>		<b>128.4</b>		<b>131.1 [2]</b>		<b>126.9</b>		<b>128.6</b>	
<b>NZOA overheads</b>	<b>3.9</b>	<b>3%</b>	<b>3.3</b>	<b>3%</b>	<b>3.4</b>	<b>3%</b>	<b>3.4</b>	<b>3%</b>	<b>3.4</b>	<b>3%</b>	<b>3.2</b>	<b>2%</b>
<b>Total Expenses 100%</b>	<b>134.4</b>		<b>130.8</b>		<b>131.8</b>		<b>134.5</b>		<b>130.3</b>		<b>131.8</b>	
<b>Total Revenue [3]</b>	<b>134.5 [1a]</b>		<b>131.9</b>		<b>131.3</b>		<b>131.7</b>		<b>130.9</b>		<b>131.4</b>	
<b>Equity \$m</b>	<b>1.0</b>		<b>3.0</b>		<b>2.0</b>		<b>2.5</b>		<b>5.3</b>		<b>4.7</b>	

[1] Includes Television, Radio, and Digital to 30 June 2017. From 1 July, includes NZ Media Funding streams Scripted, Factual, Music and Platforms (except RNZ). RNZ is shown separately because funding is ring fenced.

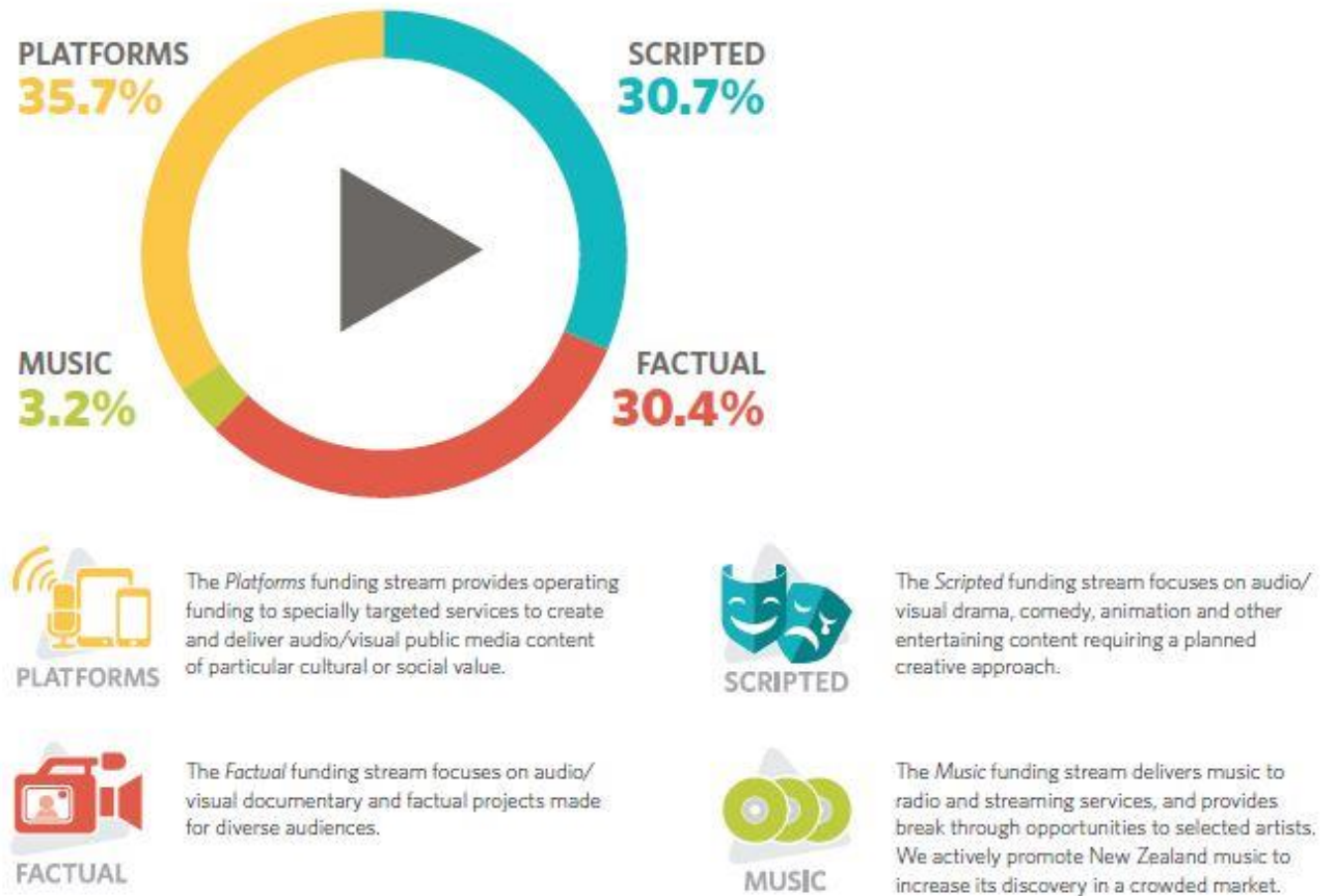
[1a] Increased by \$3.54m due to an increase in funding for RNZ.

[2] 'Increased' expenditure due to accounting standards requirements: this is just timing differences when some funding conditions were fulfilled compared to other years

[3] Total annual revenue comprises Crown funding, sales and interest income, and write backs of unspent project funds.

Figure 4 shows this year's percentage allocations for the four streams of the NZ Media Fund (which includes RNZ in the Platforms stream).

**Figure 4: NZMF budget summary**



Looking back, our latest annual report is here (designed to be read online):  
<http://annualreport2016.nzonair.govt.nz/>

Looking forward, our current Statement of Performance Expectations (SPE) is here:  
<http://www.nzonair.govt.nz/corporate-document-library/statement-of-performance-expectations-2017-2018/>

We will be submitting a new SPE in March, and the draft annual report for 2016/2017 to you shortly.

## Opportunities

**After a 10-year freeze, your support for a significant funding injection is crucial. We calculate that our annual purchasing power to fund content is now 21% lower than in 2010.**

**There is a key opportunity to revitalise our slate, enable further innovation, and ensure that our transparent, contestable, professional, and fair funding model can continue to lead public media thinking and improve diversity of choice for audiences.**

We have been working hard to innovate alongside maintaining support for high quality content. An example of this is the exciting [online children's platform](#) being launched around April 2018. We have partnered with TVNZ, after a contestable process, to provide a safe, creative digital media home for primary-aged Kiwi kids. There is much more we can do with this site if and when funds become available.

**There are other significant opportunities to better reflect our changing demography by expanding content for ethnic New Zealanders; to increase captioning and audio description for hearing and vision-impaired New Zealanders; to provide a wider range of drama; and more strategically-focused specialist journalism, whether national or regional. All these are core public media activities.**

We are currently receiving over 100 screen applications and 150 music singles applications per funding round of extraordinary diversity. The large majority is of sufficient quality to warrant funding. **We are now able to support less than half of the projects on the table.**

Without your help in achieving a funding increase NZ On Air will have to continue making difficult and likely unpopular choices in the face of increasing demand. Already this year, to make way for the new, we ceased funding a range of well-made long-running series. In just the first two funding rounds this financial year we have had to withdraw from *Back Benches*, *Sticky TV*, *Rural Delivery*, *Neighbourhood* and *Media Take*.

We had to do this because we need to keep refreshing our slate to meet the needs of a changing New Zealand population with different media needs. In their place we are encouraging new options to serve audiences as diverse as the primary-aged children referred to above, New Zealand's Indian community, arts-lovers with a rare mainstream arts programme featuring fresh visitor experiences in regional museums, more specialist journalism, and a wider range of digital media.

Our specialist current affairs slate is also under pressure as we consider issues facing the production of quality journalism; and regional media funding will shortly be under review as value-for-money concerns intensify. We need to develop a new path for these important public media genres.

There are similar issues concerning drama production. Drama is comparatively expensive (yet inexpensive compared to equivalent foreign drama), always risky, takes time to settle, yet has the highest potential for audience cut through. We are struggling to support both range - for children, different ethnic groups, emerging talent - and production scale, as well as providing the consistent support crucial for multi-year mainstream series. Too-early cancellation of well-made series is now an unfortunate reality.

We understand the constrained financial environment and are carefully managing our funding. We note that our fellow media agencies NZ Film Commission (the Screen Production Grant), Te Mangai Paho and Maori Television were all fortunate to benefit from funding increases in 2017, as was Radio New Zealand whose funding we administer to maximise that entity's arm's length from Government.

We look forward to discussing options with you at your convenience.

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**APPENDIX: NZ ON AIR BOARD MEMBERS**

<b>Miriam Dean CNZM QC</b> Auckland	Chair Member, Remuneration & HR Committee Two terms	Term expires March 2018
<b>Kim Wicksteed</b> Havelock North	Chair, Remuneration & HR Committee Two terms	Term expires November 2018
<b>Ian Taylor*</b> Dunedin	One term	Term expires July 2018
<b>John McCay*</b> Wellington	One term	Term expires September 2018
<b>Helen Grattan</b> Napier	One term Member, Audit & Risk Committee	Term expires December 2018
<b>Stuart McLauchlan</b> Dunedin	Part- term Incoming Audit & Risk Committee Chair	Term expires July 2018

\* Also on NZ Film Commission board

**Chief Executive**  
Jane Wrightson