NZ MEDIA FUND REVIEW

NOVEMBER 2020

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About the author

Hal Crawford is an Asia-Pacific-based media consultant with experience in online, radio, television, and print media. Crawford has worked as Chief News Officer at Mediaworks in Auckland and Editor-in-chief at ninemsn in Sydney. He co-founded the Sharewars project which collected and analysed sharing data of news on social networks and is the co-author of *All Your Friends Like This: How Social Networks Took Over News*, 2015.

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Introduction

Many people in the New Zealand media industry are unaware of the existence of a thing called the NZ Media Fund (NZMF), even some who have received sustenance from it.

But everyone knows NZ On Air.

If the NZMF is the pot, NZ On Air holds the ladle.

This review was commissioned by NZ On Air as an investigation of the NZMF in its first three years of operation, mid-2017 to 2020, but soon expanded into matters that concern the agency itself. That was unavoidable given that almost everything NZ On Air does touches the fund one way or the other.

Within the text of the review, the first-person plural has been used in order to avoid the worst excesses of opinion, or at least, to appear to avoid them.

The key data sources have been spreadsheets of project and funding details received from NZ On Air in September and October 2020. These sheets have been manually corrected where necessary, so that some data used in this review will no longer exactly match data in the possession of NZ On Air.

Other sources are provided by Stats NZ, The Reserve Bank, Nielsen, Glasshouse Consulting and Colmar Brunton.

I am grateful to Sharon Daly at Mediaworks for her assistance in accessing data, and Steven Gannaway at NZ On Air for providing the funding data. I also am very thankful to the interviewees who gave their time to discuss the fund, and who to a person went on the record.

Hal Crawford
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Executive summary

- The NZMF was launched in response to changes in New Zealand audience behaviours and demography. Many of these changes have been driven by digital technologies, others by migration and still others by cultural shifts.
- The aims of the NZMF at launch were to improve simplicity, flexibility and innovation, and to achieve goals of quality, diversity and discoverability.
- Total funding overseen by NZ On Air has kept pace with inflation from 1989, with recent increases taking the form of one-off and contingent funding. Real funding per capita has declined steadily over the past decade. New Zealand's overall public media spend per capita is relatively low.
- Within the contestable funding pool, the number of approved projects has increased greatly (58% in the first three years of the fund, compared to the three previous years, not including Music projects) and the average funded amount has reduced (-38%). There are a lot more, smaller projects. Digital-first content now receives 19% of contestable funding, compared to 4% previously. The number of broadcasters/platforms, channels, and producers have all increased. Funding has been redistributed from "Premium" and "Top" bands (>$1m) to the "Tail" (<$500k).
- Despite the changes, the overwhelming majority of funding is concentrated around a handful of broadcasters. Significant funding concentration is also seen within producers.
- Agency workload has increased, with total applications doubling.
- Audience data capacity within NZ On Air has been limited, and engagement metrics are currently not stored with project data, leading to difficulty in assessing important aspects of the NZMF.
- Industry opinion is starkly divided on key issues. Nevertheless overall appreciation for NZ On Air staff and the funding model is high.
- The review's three conclusions are:
    - The fund is working
        - Despite failing to achieve one of the stated aims at launch (reducing complexity) the NZMF represents the right direction in terms of what the agency wanted to achieve and what behavioural and demographic changes demand.

  - This is only a warm-up
    - The NZMF has not been a radical change, but rather lays the groundwork for future significant change.
    - Digital projects remain underrepresented in funding. This is a natural consequence of history and platform capacity. Systematically assessing engagement cross-platform will allow more confidence in shifting funding to better align with audience behaviour.
  - Platforms are needed
    - Local platforms with the ability to commission and deliver content to audiences are currently a "choke point" in the system. NZ On Air must either work with industry to improve local platform capacity or review aspects of its funding model.
- The review's five recommendations are:
  - Collect and unify audience data
  - Improve diversity process
  - Accept higher agency overheads
  - Fund marketing
  - Improve the visibility of NZ On Air
- Further considerations include:
  - Reviewing the digital funding cap
  - Requiring industry attachments on productions
  - Funding some productions over multiple years
  - Building a comprehensive content archive

Section 1: The Big Picture

The NZMF was proposed in 2016 in response to significant behavioural, demographic and cultural shifts in the New Zealand population. We will cover the aims of the NZMF and the substance of the changes in the next section. First though, we must set the scene.

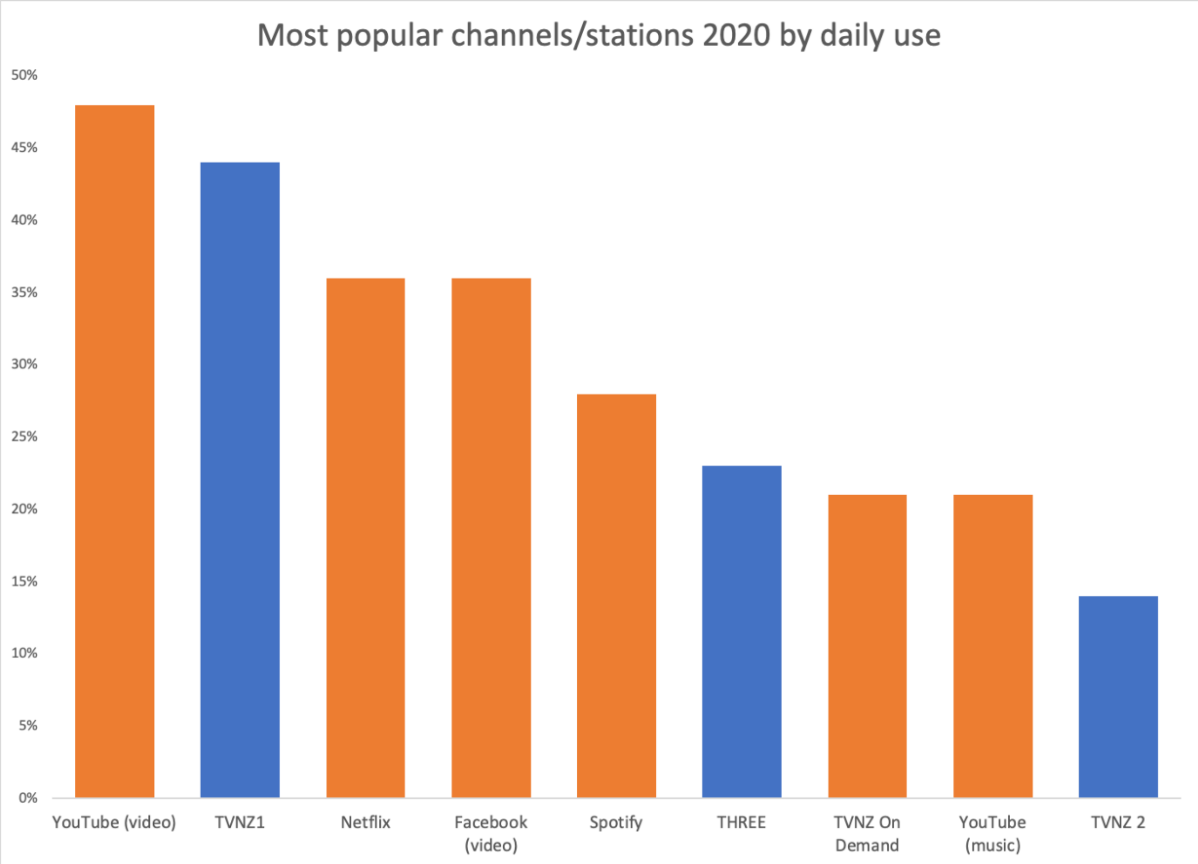
Audience behaviours

Throughout media over the past decade there has been much talk of fragmentation: audiences "migrating" away from TV and radio (and in wider contexts, from newspapers and books) on to a greater number of smaller digital platforms. This trend is often seen through the lens of established players and therefore can seem chaotic and confusing. While data supports the observations of attention being divided among a greater number of platforms, the process is better characterised as a "layering" of media habits rather than a migration. New networks and devices have allowed consumers increased choices in media consumption. From an industry perspective, competition for attention has become fiercer and from an audience perspective, overall time dedicated to media has increased[1].

Digital network effects and globalisation actually point to an increasingly consolidated media future, rather than to an anarchic profusion of platforms. It is significant that the single most popular audience channel by daily use in NZ On Air's 2020 *Where Are The Audiences* survey was YouTube, used by half of all New Zealanders every day. Note that this data does not speak to the length of time the channel was used for.

[1] US audiences, who are the world's most voracious consumers of media, are reckoned to consume over 12 hours/day. The number has plateaued from 2015 (eMarketer*, Time Spent With Media 2019*)

Figure 1: Most popular channels/stations 2020



Source: Where Are The Audiences 2020, Glasshouse Consulting. Note: Orange indicates a digital channel, blue linear TV.

Other data in the *Where Are The Audiences* survey shows free-to-air TV more or less stable over six years of the survey's existence, while pay TV falls rapidly, meaning an overall loss in the TV numbers. Given that free-to-air (FTA) viewing through Sky decoders is a big feature of New Zealand media behaviour[2], this would indicate that most of the significant decline seen in Nielsen's more robust TV metrics occurred through the decline of Sky subscriptions. Regardless of exactly where the decline in FTA TV is coming from, it is real and significant, as seen in Nielsen PUTs figures over 15 years (see chart below).

From a historical perspective the loss of audience from broadcast television has been swift. TV in New Zealand experienced audience highs in the relatively tough times following the economic crisis of 2009, peaking in 2012 and annually attracting a smaller audience in absolute terms from that year.

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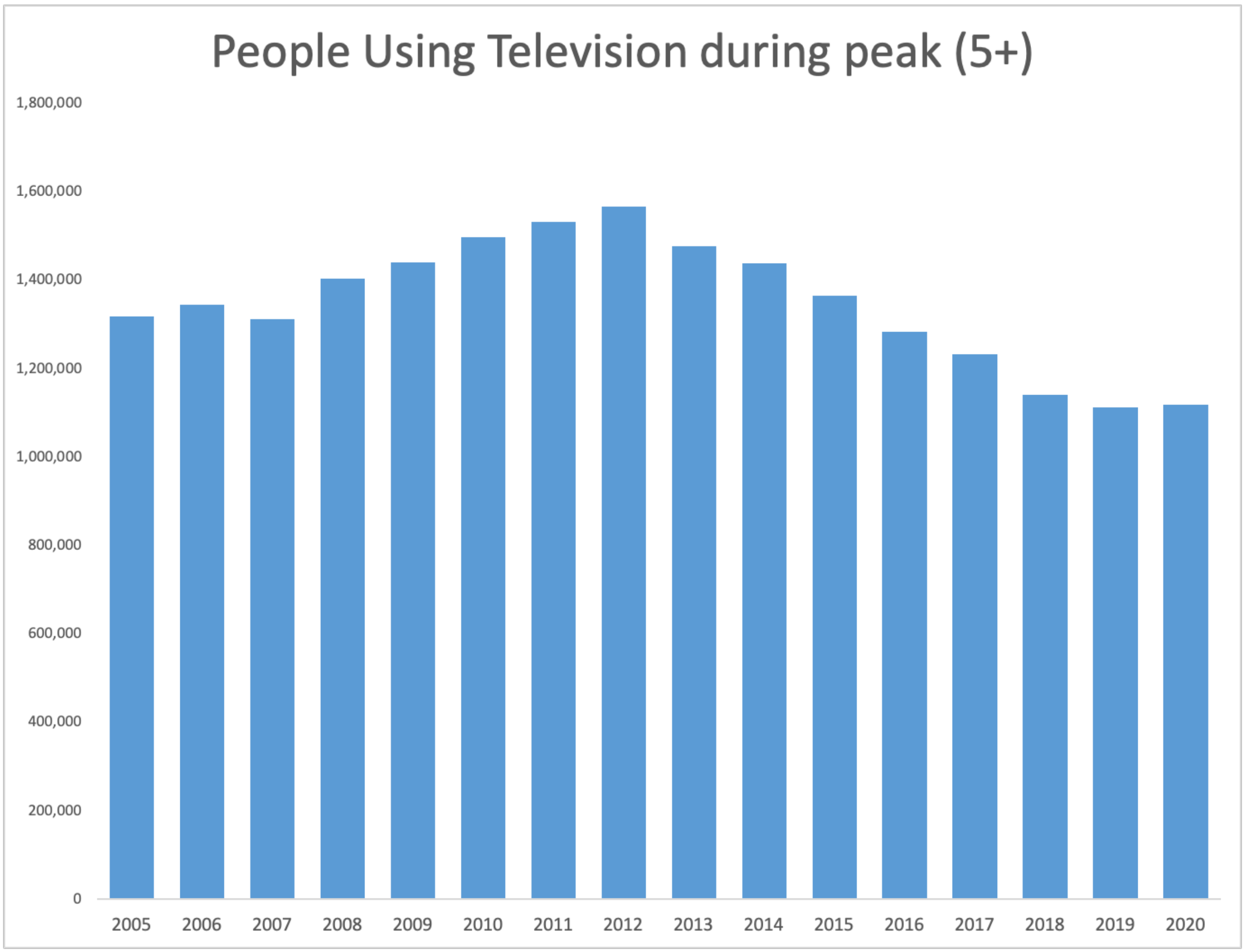
[2] 63% of peak FTA viewing and 53% of all FTA viewing in 2020 was through Sky decoders (Nielsen TV Ratings)

Figure 2: People using television during peak



Source: Nielsen TV Ratings

According to the *Where Are The Audiences* survey, radio listening daily reach is down from 73% to 63% (including online radio reach), although this decline is not backed up by Radio Broadcasters Association (RBA) numbers. The RBA's GfK surveys indicate that 10+ radio listening, which covers all forms of radio listening including digital, actually increased in absolute numbers between 2016 and 2019[3]. Regardless of the overall radio numbers there is a well-established and increasing erosion of listeners in younger demographics that is rarely documented outside the industry.

To characterise the declines as a "shift away" from TV and radio is inaccurate, as they remain big platforms that exert profound influence over the majority of the New Zealand population. It is possible that TV and radio use will stabilise, and the COVID pandemic has seen increased FTA TV use in 2020. It is too early to say whether the past three years of PUTs stabilisation represents a plateau or a temporary slow-down in decline. The fact remains that peak free-to-air TV audiences (5+) have declined in absolute terms by 29%

[3] From 3.39m to 3.58m, *RBA Annual Report 2016, 2019*

from 2012 highs. Younger demographics are much less inclined to watch linear TV or listen to radio than older people.

These changes arise not from reduced consumption of media overall, but from increased consumption of diverse media. While this profound behavioural change is wreaking havoc in the commercial sector as companies with big sunk costs struggle to meet the costs of diversification, it is also challenging publicly-funded media. One problem for NZ On Air in particular has been a funding model built around strong commissioning platforms prepared to make substantial financial commitments to funded projects.

New Zealand identity

The New Zealand population has grown at a rate exceeding expectations[4], with most of the increase coming from immigration. More than a quarter of all residents (27.2%) were born overseas, and the ethnic make-up of the nation has gradually changed over time. While Europeans are still easily the biggest ethnic group (70.2%) and Māori (16.5%) the next most numerous, Asian communities have grown markedly between 2013 and 2018.

Table 1: NZ ethnicity, 2013-2018

Ethnic group	2013	2018
European	74.0%	70.2%
Māori	14.9%	16.5%
Asian	11.8%	15.1%
Pacific peoples	7.4%	8.1%
Mid. Eastern/Lat. Am./African	1.2%	1.5%
Other	1.7%	1.2%

Source: Stats NZ

The primary function of NZ On Air, and therefore the purpose at the core of the NZMF, is defined by the Broadcasting Act as being "to reflect and develop New Zealand identity and culture"[5]. Any basic shift in the ethnic makeup of the nation is relevant to its operations. Diving deeper into the ethnic groupings above, and bearing in mind the NZ On Air policy of paying explicit attention to ethnic populations greater than 100,000 people[6], the major NZ ethnic census identifications are:

[4] A Stats NZ report (*A Changing New Zealand*) from 2000 projected that population would stay under 5 million to at least 2051. The current (June 2020) estimated population is 5,084,300. *http://archive.stats.govt.nz/browse_for_stats/people_and_communities/households/changing-nz*

[5] Section 36, Broadcasting Act 1989

[6] Page 14, NZ On Air Funding Strategy 2017

Table 2: Major specific ethnicities, 2018

NZ European	3,013,440	64.1%
Māori	775,836	16.5%
Chinese	242,286	5.2%
Indian	225,414	4.8%
Samoan	184,332	3.9%

Source: 2018 Census, Stats NZ

It's relevant to note that the 2018 Census allowed people to state more than one ethnic identity, so totals can be more than the total population and greater than 100%. This has led to some difficulties in studying ethnicity over time, but one trend is clear: Chinese and Indian populations have grown rapidly in recent years. Interestingly, these two groups are also known to be relatively low users of free-to-air television.[7]

There are at least two other ways of dividing up the New Zealand population relevant to NZ On Air and the NZMF: age demographics and regional population distribution. In terms of age, New Zealand, like most other wealthy nations, is getting older: the proportion of over-55s in the population grew from 23% to 28% in the 12 years from 2006-2018[8]. This big overall increase in older New Zealanders came despite strong immigration which generally boosts younger populations. It is important for the purposes of the NZMF to remember that a true reflection of the nation involves good content offerings for older New Zealanders. Several of the review's interviewees (see Section 4, page 68) claimed that the older demographic was already over-catered for by public media. This may be true, particularly given the typically older skew of TV and radio consumers, but the claim should be examined carefully before being accepted as a basis for funding decisions.

In terms of regional trends, Auckland continues to put on population at a pace that outstrips other areas in absolute terms. Of the five biggest growth areas between 2006 and 2018, only one, Canterbury, is in the South Island. There is nothing in particular about regional growth patterns indicating a stark divergence that needs to be addressed by the NZMF, although it is worth keeping in mind that migration into cities, primarily Auckland, means that New Zealand as a whole is becoming more urban and more concentrated in the North Island.

[7] Peak PUTs metrics by ethnicity show people classified as "Chinese/Other Asian" use TV at one-third the rate of Pākehā and around 40% the rate of Māori (Nielsen TV Ratings)

[8] Stats NZ, 2018 Census, Census night population count and change by age and sex

Table 3: Regional populations and growth, 2013-2018 ('000)

Region	2018 pop	2013-18 growth
Auckland	1590	267
Waikato	466	75
Canterbury	615	73
Wellington	515	58
Bay of Plenty	313	49
Otago	239	29
Northland	181	27
Hawke's Bay	170	19
Manawatu-Wanganui	241	15
Taranaki	118	14
Nelson	53	8
Tasman	55	7
Southland	102	6
Marlborough	51	4
West Coast	35	-1
Gisborne	48	-1

Source: 2018 Census, Stats NZ

The forgotten city

One group regularly left out of considerations of public funding and absent from the census are New Zealanders overseas. Stats NZ says there are between 600k and 1 million New Zealanders living outside the country [9], with the big variation down to the way you define a New Zealander. According to the Australian Bureau of Statistics there are 570,000 New Zealand-born people living in Australia alone. While the COVID pandemic drove many travelling New Zealanders home, the net gain has been small compared to the expatriate population.[10]

This is a big group, equivalent to the nation's second most-populous region. We will come back to these lost souls in the last section of the review.

[9] March 2020, Stats NZ, https://www.stats.govt.nz/news/about-100000-new-zealand-residents-travelling-overseas

[10] Stats NZ estimated in November 2020 that the net gain of NZ citizens from April-September 2020 was just 7200, https://www.stats.govt.nz/news/nz-citizens-migrating-home-in-record-numbers

Financial environment

In comparison to most of the world's rich democracies, New Zealand spends little per capita on public media. A 2011 study ranked New Zealand as second-bottom in a list of 14 democracies in terms of per capita spend on public media, underspent only by the United States.[11] A current look at total public media funding compared to Australia reaffirms the numbers in the 2011 survey.

Table 4: Public media funding 2019, Australia/NZ

	Public funding (USD, million)	Per capita
Australia	954	$37
New Zealand	148	$29

Sources: Australian Federal Budget 2019, NZ On Air Annual Report 2019, Te Māngai Pāho Annual Report 2019, Māori Television Annual Report 2019

For the purposes of the above comparison, Australian public media funding includes the yearly budgets of the ABC and SBS. For New Zealand, NZ On Air funding (including RNZ) has been combined with Te Māngai Pāho (TMP) and Māori Television (non-TMP) funding. Totals have been converted to 2020 US dollars for the purposes of comparison, and for consistency with the 2011 study.

The relatively low level of spending reflects New Zealand's media history, with TVNZ having once been a public broadcaster funded by a license fee, now transformed into a commercial company with a remnant connection to some public functions. It may also be a testament to the efficiency of the NZ On Air model. Regardless of the justifications, the spend is low and has necessarily focussed on getting New Zealand content made without having the luxury of building media institutions over time. The few exceptions lie within the Platforms funding stream, which has allowed RNZ to build an institutional culture and audience over decades, and rare shows such as TVNZ's *Country Calendar* which is exempt from series funding limits for what could be described as reasons of cultural propriety. *Country Calendar* has been awarded 33 separate funding approvals since 1990 - the first full year of NZ On Air's operation - for a total of $11.4m in raw dollar terms (unadjusted for inflation). There is no indication this is profligate, and those acquainted with the cost of TV production may well be amazed at the value for money represented by this three-decades long investment. It should be noted that NZ On Air funding has supplied only around a third of the show's total cost during that time.

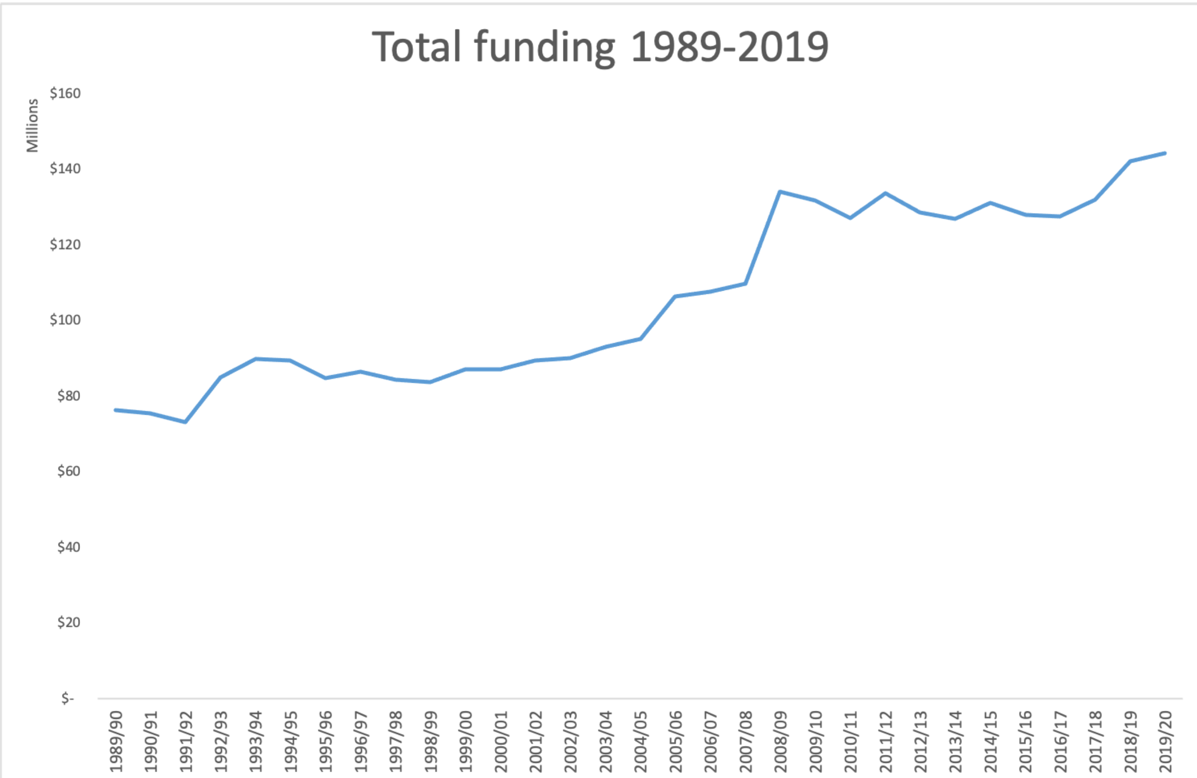
Money, or to be precise the lack of funding for NZ On Air, is a recurrent theme in the Review's interviewees (see Section 3 and Appendix 1). The international comparison shows

[11] Page 62, *Public Media and Political Independence,* Rodney Benson and Matthew Powers, New York University 2011.

this is probably justified, but the further belief that NZ On Air's funding has been dwindling over years is not correct. A summary of all funding ("total funding expenditure" from NZ On Air's annual reports[12]) shows many increases since NZ On Air's creation in 1989, with the net result that overall funding has kept pace with inflation (see Total Funding graphs below). It is important to note that increases in recent years have been made outside base funding in the form of one-off and conditional funds. For example, the RNZ Joint Innovation Fund (JIF) saw an additional $6m of one-off funding announced in 2018, tied to smaller projects for targeted audiences on RNZ platforms.

Where the belief that NZ On Air has less money to distribute could be interpreted as correct is when you factor in both inflation and population increase. On a per capita basis, funding has been declining from the early 90s, with only a small renaissance in 2009 with the launch of the premium video Platinum Fund and the assumption of responsibility for what was called "TVNZ Direct funding" (this tied to the broadcaster's short-lived Charter). The current level of per capita funding, while slightly higher than all-time lows in 2017, is generally at a low ebb.

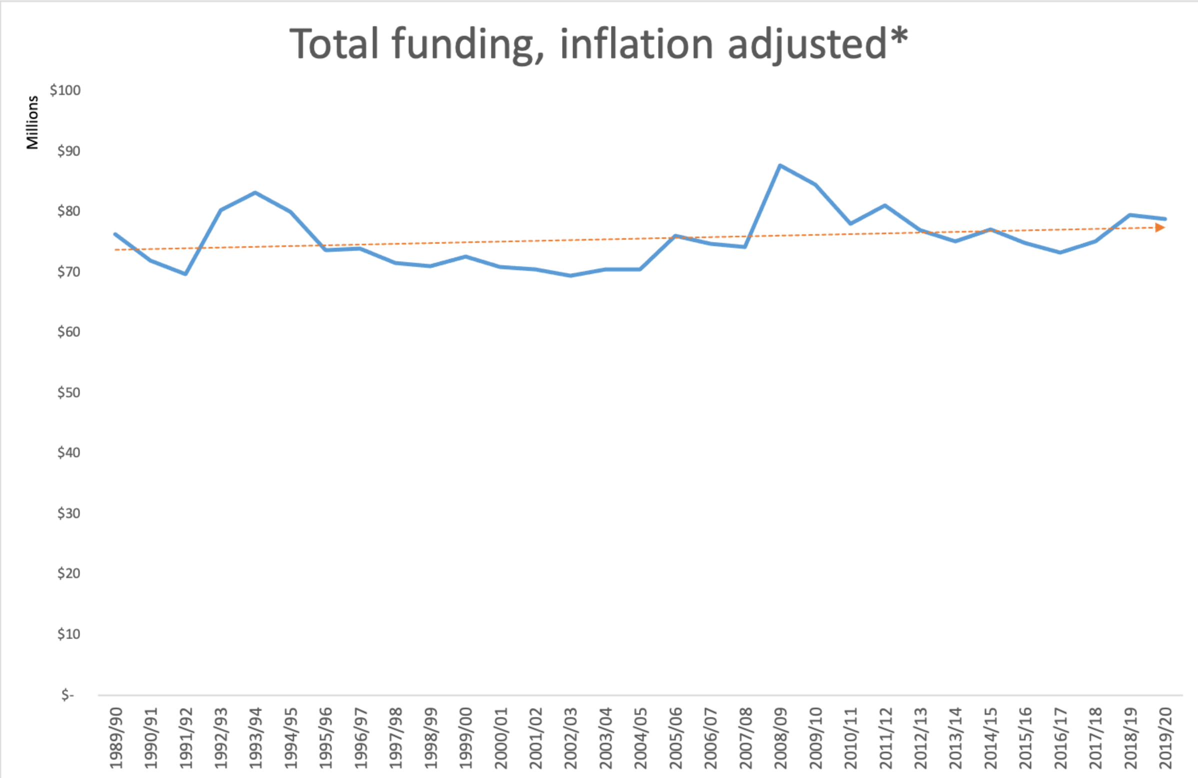
Figure 3: NZ On Air total funding 1989-2019



Source: NZ On Air annual reports, 1989-2019

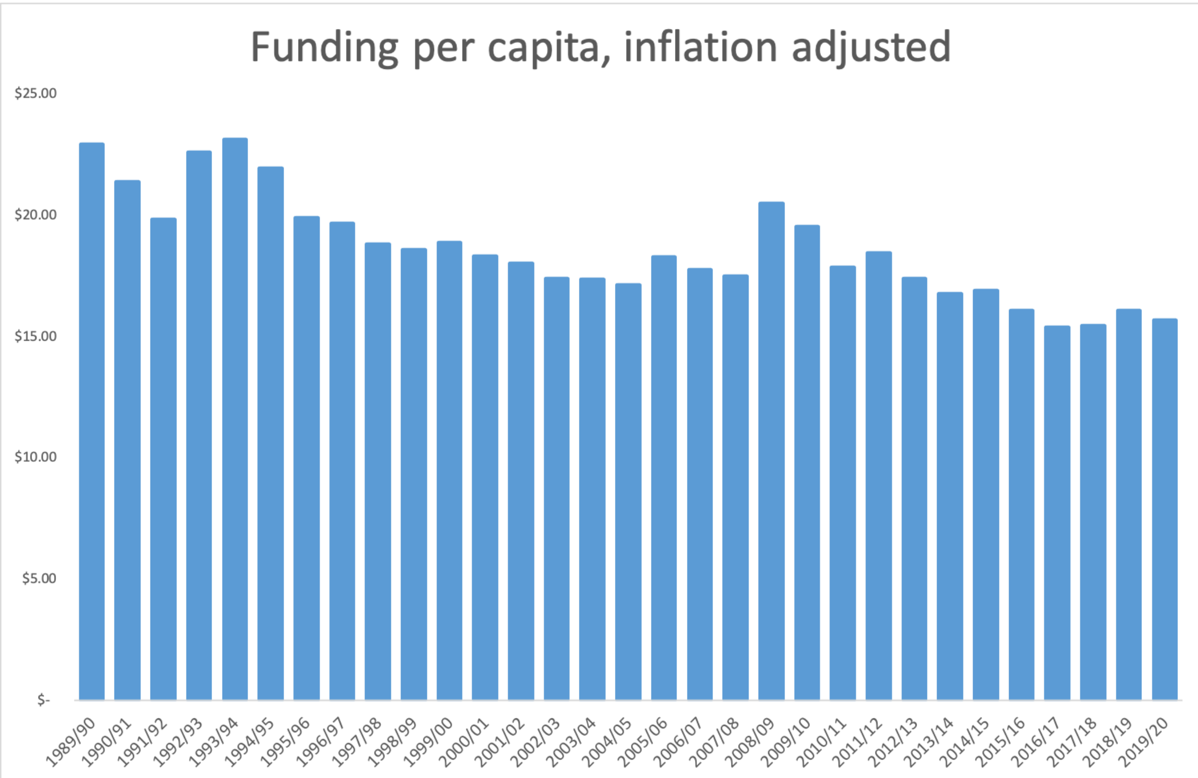
[12] "Total funding expenditure" includes what has been defined as "screen content" and "sound content" over 30 years, including what is now known as "platform" expenditure.

Figure 4: Total funding, inflation adjusted



*Sources: NZ On Air annual reports, 1989-2019, Reserve Bank of New Zealand. *Inflation is based on the CPI sourced from the RBNZ October 2020, amounts are displayed in 1989-equivalent dollars. The orange dotted line is the linear trend.*

Figure 5: Funding per capita, inflation adjusted



Sources: NZ On Air annual reports, Stats NZ, Reserve Bank of New Zealand.

The NZ Screen Production Grant

The NZ Screen Production Grant (NZSPG, referred to as "spig" by many in the media industry) has injected money into the national screen production sector - independently of NZ On Air - in the form of rebates on qualifying production costs from its creation in 2014. The NZSPG is administered by the New Zealand Film Commission and is designed to "grow the sustainability and economic benefits of our screen sector"[13]. Both domestic and international productions qualify (domestic productions can claim up to 40% of their qualifying costs as rebates) and the government allots just over $50m per annum for the scheme in total. According to an independent review of the NZSPG published in March 2018, around 20% of the money goes to domestic productions.[14]

It is up for debate whether the domestic portion of the NZSPG should qualify as "public media funding" for the purposes of the international comparison made above.[15] The amounts involved do not change New Zealand's position close to the bottom of public media funding in similar nations: including domestic NZSPG rebates pushes the national per capita public media spend up two dollars to just under USD$31.

In summary…

Many of the basic variables that matter to the operation of NZ On Air have changed or are changing. People born overseas make up a larger proportion of the New Zealand population, and in particular Chinese and Indian ethnic groups have grown strongly. There are more older New Zealanders and more city-based New Zealanders. Audiences as a whole are using linear TV and radio less, and are consuming video and audio content on digital platforms more. Younger demographics are harder to reliably reach using TV and radio alone, and there is a widespread impression that digital platforms are fragmenting audiences into smaller isolated silos.

The latter may prove in time to be only a temporary symptom of big shifts in media from national broadcasters and publishers to global tech-based platforms. Network effects and lack of competitive constraints tend to favour the rise of monolithic digital platforms. Within these platforms, however, there is often no sense of "shared experience" for national audiences, and this may lead to a loss of knowledge of publicly funded media content.

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[13] Ministry of Business, Innovation & Employment https://www.mbie.govt.nz/business-and-employment/economic-development/screen-sector/new-zealand-screen-production-grant

[14] Page 13, *Evaluating the NZ Screen Production Grant*, Sapre Research Group, March 2018. https://www.mbie.govt.nz/assets/afe4310c37/evaluating-screen-production-grant.pdf

[15] The New York University study of international public media funding (2011) quoted above indicates no inclusion of national rebate and incentive schemes such the NZSPG in its calculations of public media spending.

A key challenge for NZ On Air, with its model of cooperation with local platforms and its inability to commission content directly, has been how to modify the funding system to successfully develop content for global digital platforms.

Some aspects of operation that have remained stable are the relatively low public media spend in New Zealand and the overall funding pool, which has kept pace with inflation, if not population growth.

The NZMF was launched in 2017 explicitly to deal with digital platform proliferation and create the flexibility to meet the needs of a more diverse audience. It is now time to examine the actual change wrought by the launch of the fund through the first three years of operation.

Section 2: The Big Change

The NZMF, which was floated as an idea in September 2016 through a draft proposal, seems to have been greeted by the wider industry with no great fanfare despite the significance of the change. Articles on RNZ and The Spinoff remain as thorough examinations of the fund, both using the graphic supplied in the draft proposal to illustrate their pieces.[16]

The graphic shows a tangled clump of coloured ropes representing the existing funding strategy transforming into a clean triangle, inside which are represented the Factual, Scripted, Music and Platform funding streams. In the corners of the triangle nestle the three goals of NZOA: Quality, Diversity, and Discoverability.

In interviews and in the proposal the emphasis then-Chief Executive Jane Wrightson placed was on innovation, simplicity and efficiency. The graphic ropes each have strategy or funding channel name:

- Pacific Content Strategy
- Digital Media Funding
- Digital Media Strategy
- Regional Television
- Channel Preference Guidelines
- Music Strategy
- Rautaki Māori
- TV Drama Strategy

[16] Colin Peacock, “Muted response to big shift in public funding plans”, RNZ https://www.rnz.co.nz/national/programmes/mediawatch/audio/201817927/muted-response-to-big-shift-in-public-funding-plans (see below for The Spinoff article reference)

- TV Documentary Strategy
- Platinum Fund
- Television Funding

The sight of these 11 ropes transforming into 4 neatly arranged streams is convincing, and could leave an observer under the impression that the most important thing about the fund is its clean simplicity. This is not the case, and the current raft of roadmaps, streams, reviews and policies living together as the NZMF is by no means uncomplicated.[17] Should anyone care to make a graphic of the fund in 2020 it could look as bad as, if not worse than, what was described by Toby Manhire as the "rope-themed flux-capacitor" in 2016.[18]

This is not as important as the launch statements would suggest. The really big change at the heart of the new fund was a move away from dedicated funds for specific platforms, a move that was described as "platform agnosticism". Previously the TV Drama Strategy, for example, dictated that a certain amount would be allotted to that particular platform (television) and content type each year. Moving to the four streams of Scripted, Factual, Platforms and Music signalled an important procedural change in at least two ways: TV and digital were not separated out in different funding pots, and the amount of money dedicated to each funding stream was not determined, or if it was, the amount was not communicated externally by NZ On Air.

Table 5: Stream description and funding percentage

Factual	"Audio/visual documentary and factual projects made for diverse audiences". Real people and events.	32%	e.g. *David Lomas Investigates*
Scripted	"Audio/visual drama, comedy, animation, and other entertaining content requiring a planned creative approach".	29%	e.g. *The Brokenwood Mysteries*
Music	Not hard to decipher, music funding is for single songs or multi-song projects.	3%	e.g. Avantdale Bowling Club, "Years gone by"
Platforms	This is for recurring, non-contestable funding not tied to individual pieces of content.	36%	e.g. RNZ

Sources: NZ On Air Funding Strategy 2017, NZ On Air Annual Report 2019. Percentage show is proportion of NZMF funding 2018/19.

The "agnosticism" practiced by NZ On Air in the wake of the NZMF launch has not been radical. The move has allowed the agency greater flexibility in allocating funds dynamically through the year - because amounts are not externally determined beforehand - and has also had a real impact in terms of allowing funding of a greater number of channels/publishers and broadcasters/platforms. It has to be recognised that there remain explicitly dedicated platform funds in the form of the Platforms stream. In the case of RNZ

[17] See Appendix 2: Policies/Values
[18] "One pot to fund them all", The Spinoff, 23/10/2016, https://thespinoff.co.nz/featured/23-09-2016/one-pot-to-fund-them-all-a-glance-at-nz-on-airs-dramatic-overhaul-of-funding/

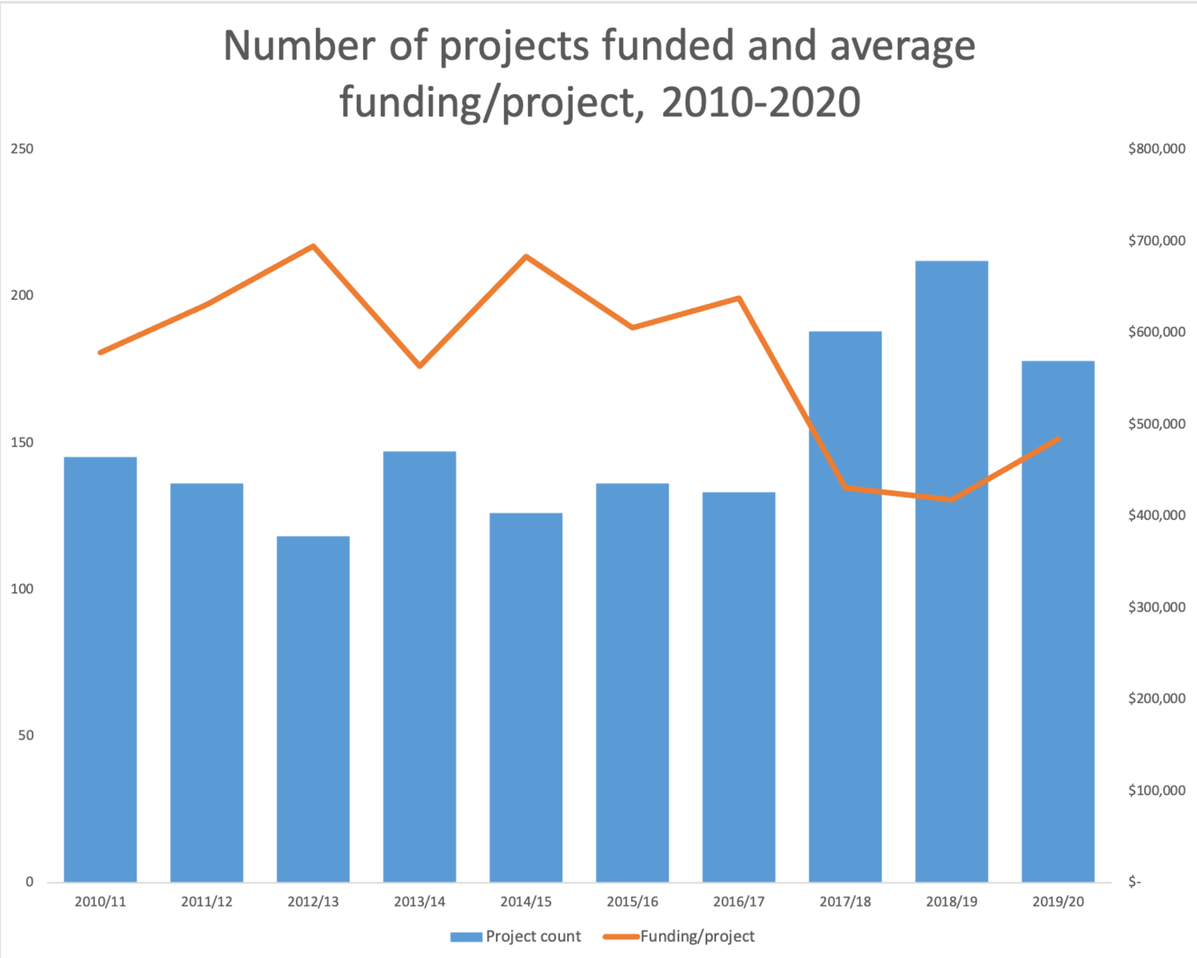
funding this is set by government policy, but the other funded platforms are determined by NZ On Air. It pays to be fully aware what decisions are implicit in a structure.

Before we examine the detail, we must first look at the very broadest of views of funding decisions before and after the introduction of the NZMF.

A burst of approvals

The number of projects funded in the wake of the introduction of the NZMF increased sharply, as is clearly visible in the below chart, which shows both average cost/project and number of project approvals from 2010[19]. In order to more clearly see trends, Music projects (which are numerous and low-cost) and Platforms have been excluded.

Figure 6: Number of projects funded, average funding/project



Note excludes Music, Platforms. Source: NZ On Air funding data

[19] A note about the naming convention for years: "2010" above refers to NZ On Air's financial year, July 2010 to June 2011. Where practical we have written this as "2010/11", but there are instances in the text where a single year is mentioned and signifies the 12 months beginning from July of that year.

What the graph shows is that while the number of approvals increased greatly in 2017, the average cost per funded project went down. This shift is mathematically unavoidable given the overall funding pool has increased only minimally over the 10 years.

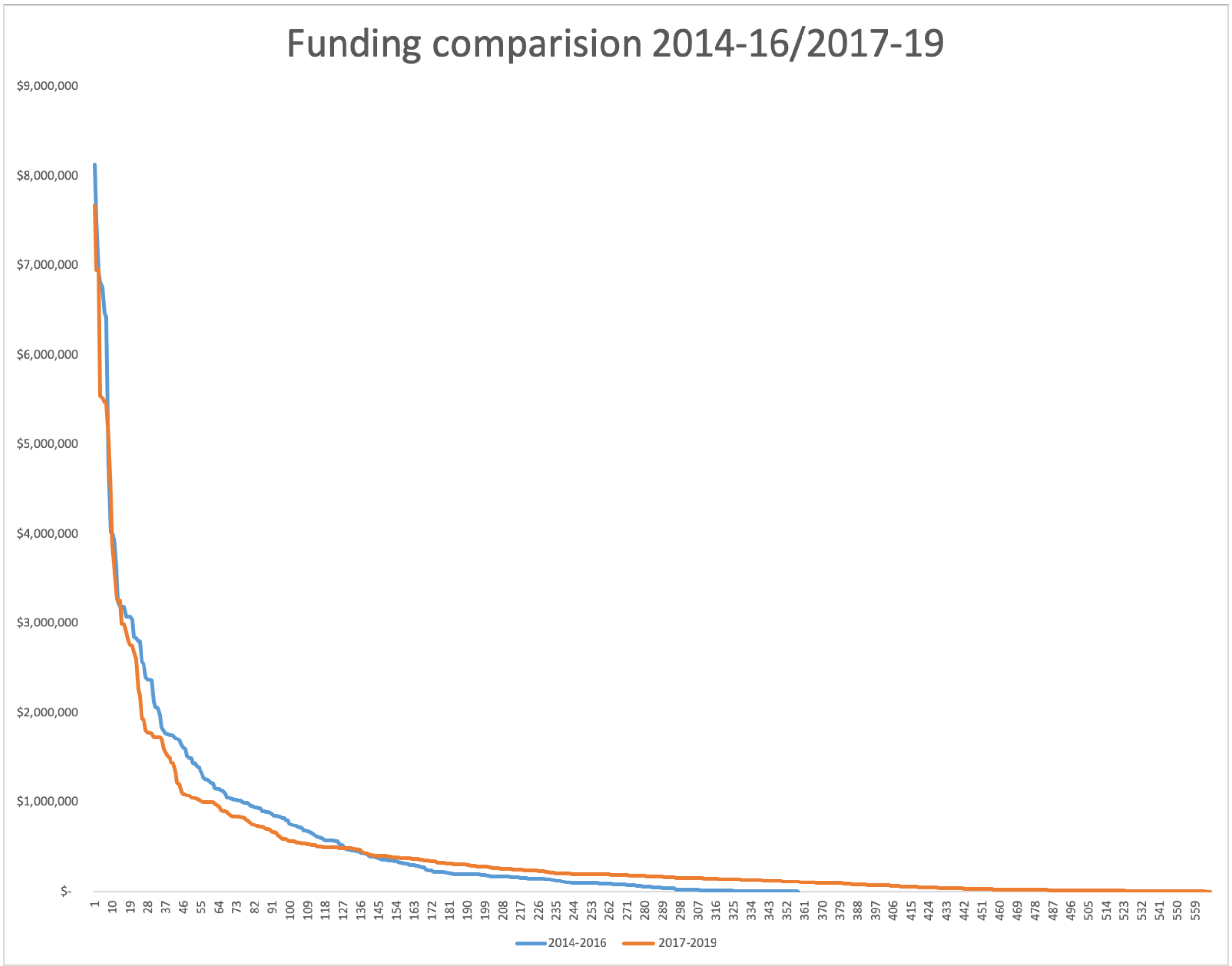
It is clear from this view alone that the introduction of the NZMF had important impacts on operations of NZ On Air, although there were other independent changes in the period – such as the introduction of the JIF – that have also had an effect.

Method of comparison

In the remainder of this section, we will be looking at two periods: Period 1, 2014-2016 (P1), and Period 2, 2017-2019 (P2). P2 corresponds to the introduction and first three years of operation of the NZMF, and P1 is the counterweight, three years of operations prior to the introduction. In order to understand exactly what changed - regardless of intentions and anecdotal impressions - it is necessary to have a point of comparison, and P1 provides us with this.

Shift from the top to the tail

Figure 7: Funding comparison P1/P2



Source: NZ On Air funding data

The chart "Funding comparison" is a simple ranking by cost of approved projects in P1 (blue line, 2014-2016) and P2 (orange line, 2017-2019). The vertical axis is the approved funding amount and the horizontal axis is the project count - an increment of one for every approved project.

On first glance the curves look similar, but looking closer the differences become significant. Note that the P2 line extends far out to the right: a "long tail" of low-cost projects that did not exist in the three years immediately prior. Also, the P1 line is fuller through the beginning of the curve: a greater number of high and mid-range projects. The major difference between the periods is the reduction of funding for high and mid-range projects under the NZMF in order to finance the long tail of low-cost projects. The increased project count and lower average funding per project seen in the first chart in this section can be seen in the table below.

Table 6: Project numbers and average funding amounts, P1/P2

Period	Total contestable funding	Project count	Average	Median
2014-2016	$248m	380	$653k	$195k
2017-2019	$256m	567	$451k	$174k

Source: NZ On Air funding data

Further observations:

- The key distinction between the periods falls around the $500k-project mark: below this the number of approved projects increases in P2.[20]
- A banding analysis (see below) shows that the financing of the tail has come primarily at the expense of what the review has classified as "Premium" projects (>$3m).

Table 7: Banding Analysis, P1/P2

	P1 total funds	P2 total funds	Change
Premium (>$3m)	$95m	$70m	-34%
Top ($1m-$3m)	$80m	$77m	-3%
Mid ($.5m-$1m)	$38m	$41m	5%
Tail (<$.5m)	$35m	$67m	48%

Source: NZ On Air funding data

An even deeper dive into the number of low-cost projects (<$500k) funded in both periods and how they sit in a banding of the tail shows that in P2 the really big increases in project approvals came between $200k-$499k. All low-cost projects were more numerous under the NZMF, but it is this group that expanded the most.

Table 8: Project numbers within the Tail, P1/P2

	P1 project count	P2 project count	Change
<100k	125	196	57%
100-199	72	117	63%
200-299	27	64	137%
300-399	23	41	78%
400-499	12	29	142%

Source: NZ On Air funding data

[20] $500k also happens to be the "funding cap" for digital-only projects under NZ On Air's *Funding Strategy 2017*, which advises that projects above this amount are "Most likely to have both a broadcast (free-to-air television) and online outcome" (Appendix 3 in the strategy document).

Impact of the RNZ Joint Innovation Fund

The JIF was a $6m incremental one-off funding pool set up in 2018 as a "jointly established contestable content innovation fund"[21] between NZ On Air and RNZ, and was administered under the NZMF.

In total there were 30 projects funded 2018-2019 at an average project amount of $191k. Given that the $1m Local Democracy Pilot is also included in these numbers, it is clear most of these projects were small by NZMF standards and consequently had an impact on averages for the whole period. Nevertheless the projects were not the major factor behind the increase in projects approvals in P2 (30 out of 567 approvals, excluding Music and Platforms). Although the funding was constrained by platform and the intention to fund diverse and innovative projects, there seems to be no justification for excluding it from an analysis of the NZMF.

Proliferation of voices

As well as funding a bigger number of smaller projects, the introduction of the NZMF increased the number of broadcasters/platforms, channels/publishers and contractor/production houses who received funding. This fact indicates that the fund has broadly fulfilled one of its core aims: increasing the diversity of voices funded under the scheme. In this context, "diversity" does not imply a splendid flowering of cultural, gender, or ethnic viewpoints. We simply mean there are more of them (broadcasters, channels and contractors), which on the face of it may tend to increase some of the more desirable aspects of diversity, or it may not.

The broadcaster lens

Let's first have a look at "broadcasters/platforms". This is a crucial category for the purposes of the fund, because to receive funding, any project must have platform backing: your project must be commissioned to run on a platform and the platform is expected to commit resource or cash to the production.[22] These two policies are fundamental to the way the fund currently operates.[23] To understand exactly what we are talking about, here are the

[21] *FAQ Sheet Joint Innovation Fund*, RNZ https://www.rnz.co.nz/assets/cms_uploads/000/000/091/FAQ_Sheet__RNZ_NZOA__Joint_Innovation_Fund.pdf

[22] In the case of a platform contributing less than 5% of the total project cost, there is a provision for the funded content to become non-exclusive via "extended platform rights": that is, to be available to third party platforms.

[23] Section 39 of the Broadcasting Act 1989 requires that NZ On Air "have regard to" the extent to which parties seeking funding have "sought and secured" money elsewhere. It also requires NZ On Air to consider the "potential size of the audience likely to benefit from the project".

top 10 broadcasters/platforms in the NZMF period (P2) with the amount of funding they won through the three years:

Table 9: Top 10 funded platforms, P2

Period 2: 2017-19

Broadcaster	Funding	# projects	%
TVNZ	$142m	251	55.7%
Mediaworks	$55m	51	21.6%
Sky (Prime)	$18m	35	6.8%
RNZ*	$9m	41	3.4%
Māori Television	$9m	36	3.3%
Stuff	$5m	19	1.9%
NZME	$4m	37	1.6%
The Spinoff	$2m	14	0.8%
Newsroom	$2m	7	0.7%
Top TV	$2m	5	0.6%

*Source: NZ On Air funding data. *Note that RNZ's total here does not include baseline Platform funding ($118m P2), but does include $5.6m from the JIF. See "A note on Platforms" below for more information.*

There are 28 broadcasters/platforms registered in the NZ On Air funding data in total for P2, up from 19 in the previous three years. The true extent of this increase is muddied by the fact that there are 36 projects in P1 where a broadcaster is not specified in the data. This is seen below in the Top 10 for the period.

Table 10: Top 10 funded platforms, P1

Period 1: 2014-16

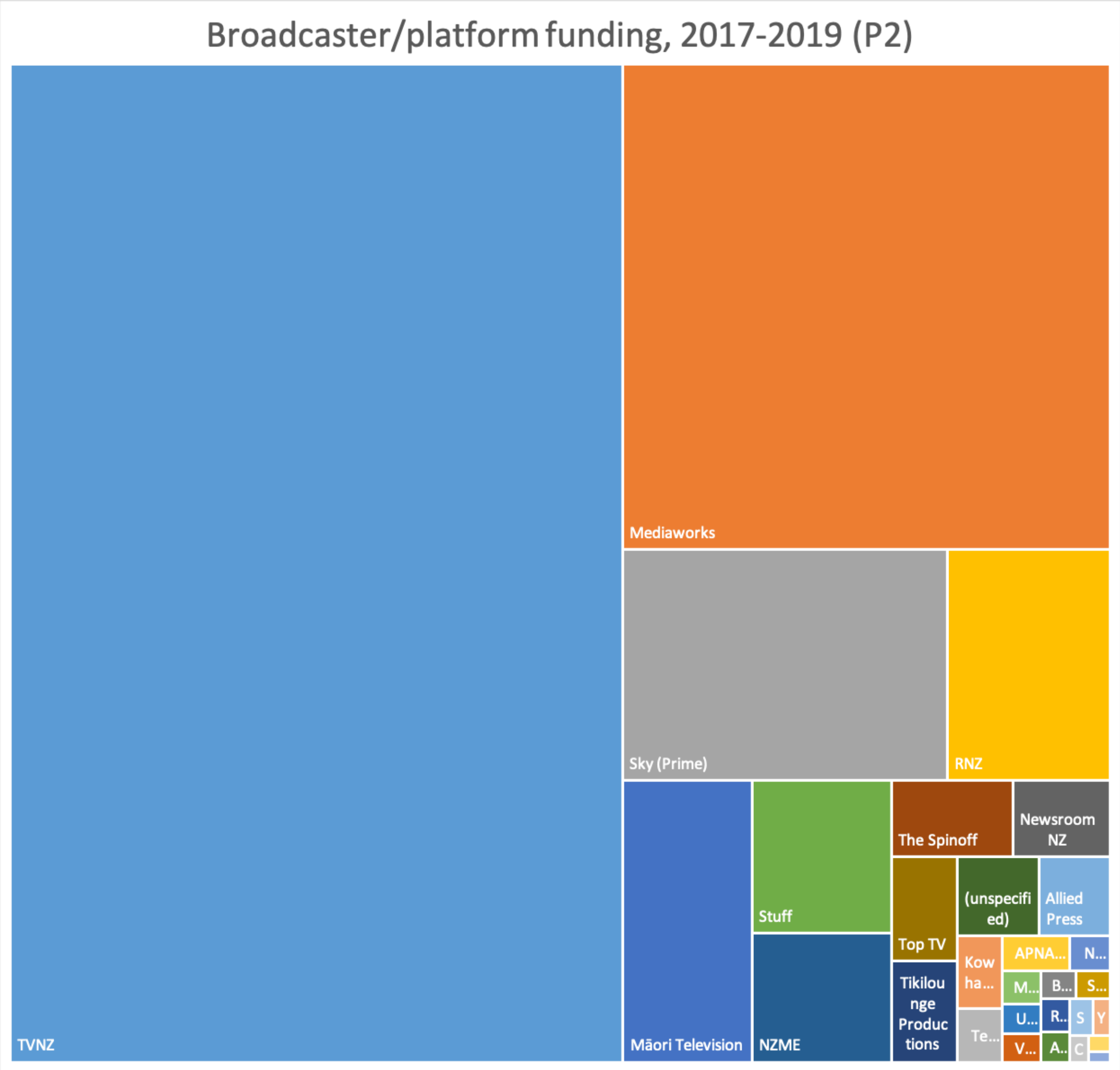
Broadcaster	Funding	# projects	%
TVNZ	$147m	168	59.5%
Mediaworks	$55m	65	22.4%
Sky (Prime)	$24m	31	9.6%
Māori Television	$11m	37	4.3%
(unspecified)*	$4m	36	1.8%
Top TV	$1m	2	0.6%
NZME	$1m	20	0.4%
YouTube	$1m	8	0.3%
RNZ**	$1m	5	0.3%
Various Stations	$1m	5	0.2%

*Source: NZ On Air funding data. *Note "unspecified" aggregates all projects in the data that have no broadcaster listed. The line has been retained to draw attention to the incomplete data. **As above, does not include base Platform funding.*

Before we move on to the producers - that is, the people who actually make the content - it's worth making a few observations about the broadcaster/platform data. The broadest outline is the same through both periods, with the top three broadcasters remaining TVNZ, Mediaworks and Sky (Prime). RNZ has supplanted Māori TV in fourth position, and funding for TVNZ, Sky, and Māori TV has been reduced somewhat under the NZMF. The ascendant platforms are RNZ[24], Stuff, NZME, The Spinoff, and Newsroom. Newsroom did not exist for most of the first period, and the others barely registered.[25]

One further view that may be instructive is a treemap representation of funding by broadcaster/platform under the NZMF. For anyone concerned that traditional broadcasters may be being short-changed under the new fund, it will help to keep things in perspective.

Figure 8: Broadcaster/platform funding 2017-2019 (P2)



[24] See page 26, Impact of the JIF.
[25] See Appendix 3: Further Data

Source: NZ On Air funding data

Secondary platforms

Under the NZMF producers and smaller commissioning platforms have been encouraged to find secondary platforms for the distribution of funded content.[26] For example, Stuff Circuit's first funded series in 2018 was distributed through the Stuff site, app and social channels, with Māori TV operating as a secondary platform and broadcasting the five funded episodes on linear TV. In that case, the commitment of secondary platform distribution had given NZ On Air confidence that the funding investment of $491k would meet with an appropriate audience. Reversing the digital/linear polarity, Namaste New Zealand, a show made by Top Shelf for the Indian community's FTA Apna Television, was carried on TVNZ On Demand as a secondary platform.
The use of secondary platforms, and in particular, multiple secondary platforms, is an important development that to some degree can answer the difficult question of how to engage audiences outside traditional broadcasters. This issue is discussed further in the conclusions (see "Platforms are needed", page 62). It would be appropriate here to quantify the degree to which secondary platforms have been used under the NZMF: unfortunately this is not possible because the funding data currently has no information on secondary or partnership platforms.

Channels

Although we will not examine the "channel/publisher" category in the funding data deeply, it should be noted that this has registered an increase under the NZMF also. A "channel" is defined as, for example, TVNZ1, Three, Prime or Choice TV. As a category within the funding data it is closely connected to NZ On Air's origins as a funder of content on TV stations that often operated more than one channel. It is helpful in a modern context because it allows us to easily see expenditure on areas such as HEIHEI, the children's on-demand service run by TVNZ. See page 89 in the appendix for the full list of funding by channel. Excluding unspecified data, the number of channels has risen from 25 to 44 (P1 to P2).

The production lens

The number of contractors receiving funding increased from 131 to 192 from P1 to P2. This growth of close to 50% demonstrates much more clearly than the broadcaster/platform or channel/publisher views how the NZMF has distributed funds to a much broader range of entities. This increase has mostly come from producers who received less than a million dollars: there were 150 of these from 2017-2019 compared to just 96 from 2014-2016. At

[26] This is mentioned on page 5, NZ On Air Factual Roadmap 2019, as "content sharing between platforms".

the higher end, the number of producers being awarded more than $2m remained steady at 27 in each period.

Table 11: Producers by funding band, P1/P2

	P1 producers	P1 funding	P2 producers	P2 funding	% change
$10m-$50m	6	$127m	5	$105m	-17%
$5m-$9.9m	7	$46m	7	$51m	11%
$2m-$4.9m	14	$49m	15	$39m	-20%
$1m-$1.9m	8	$11m	15	$21m	93%
$500k-$999k	10	$7m	28	$20m	191%
<$500k	86	$13m	122	$20m	46%

Source: NZ On Air funding data

Splitting producers by funding awarded into six bands, we see that every band, bar the top two categories (above $5m in funding) has increased its membership under the NZMF.

The Top 10 producers table shows an aggregated spend situation similar to the broadcaster picture, in that a few big producers receive large amounts of funding. An interesting move against the tendency of redistribution away from bigger to smaller entities has occurred with South Pacific Pictures and Great Southern TV, which both managed to secure more funding under the NZMF (both increased by $3m compared to P1).

Table 12: Top 10 producers P2

Period 2: 2017-19	
Contractor	**Funding**
South Pacific Pictures	$44m
Great Southern TV	$18m
Whitebait Productions	$18m
Warner Bros.	$14m
Mediaworks	$10m
Greenstone TV	$10m
Screentime New Zealand	$9m
Tikilounge Productions	$9m
Attitude Pictures	$7m
TVNZ	$6m

Agency workload

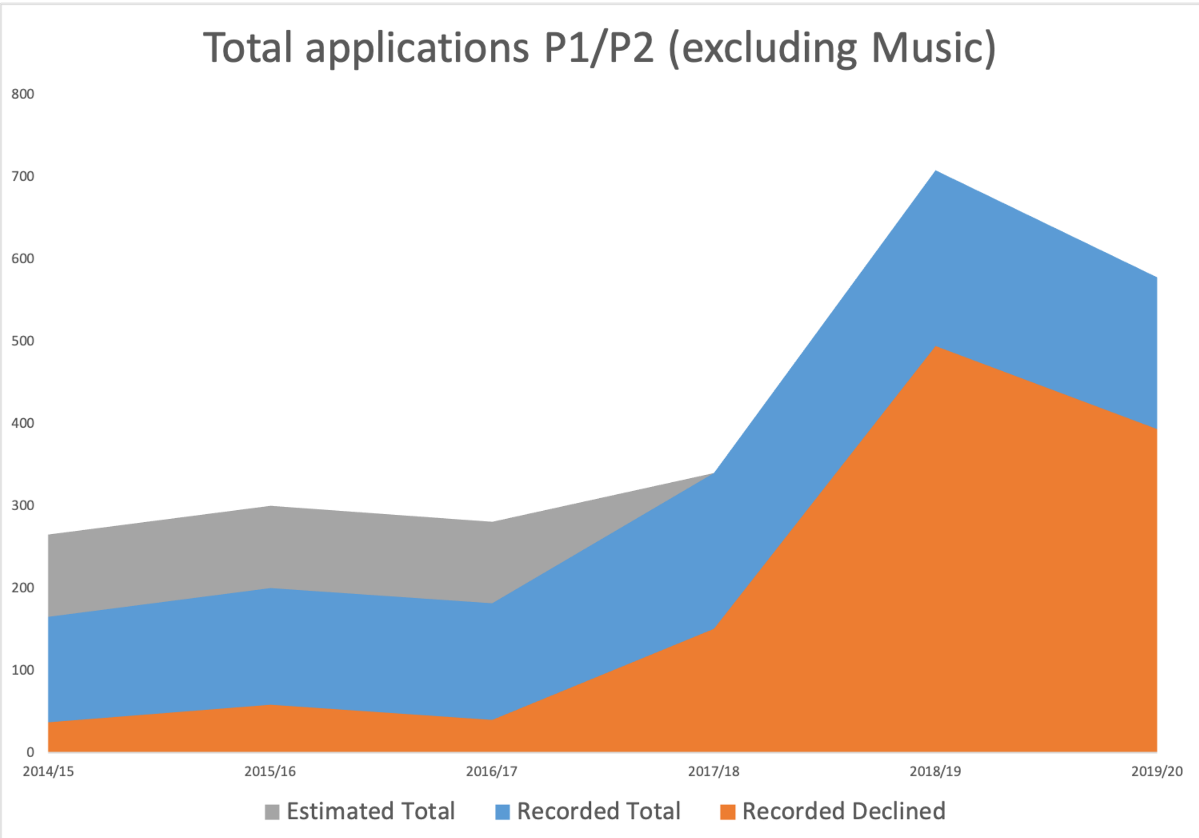
The proliferation of approved projects, platforms, channels and producers is evidence of success in NZ On Air’s aim to respond to changing audience behaviours and allow more and different voices to be heard. There is another inevitable consequence of the change, however, and this one has a negative rather than positive impact: the increase of workload within the agency itself.

In all our analyses to this point we have only considered approved projects. On the basis of these alone, we see that many potential sources of work within the agency have increased. The number of broadcast platforms has increased substantially (it would be rash to put a percentage on this given the incomplete data) and the number of producers has grown by almost 50%. Consider that every one of these outfits must be dealt with in terms of engaging, contracting, auditing and generally being communicated with. Many of the platforms and producers who appear in the records for the first time under the NZMF would have been inexperienced, which regardless of the relatively small amounts of funding involved, would have taken up more time for NZ On Air staff.

It is apparent to any working person that the hardest thing about work is people: and under the NZMF the requirement to deal with people has rocketed. The consequences of this have shown up in industry feedback (see Appendix 1 below).

The workload issue has been compounded by an increase in declined projects. These are the proposals considered and rejected by NZ On Air.

Figure 9: Total applications, P1/P2



Source: NZ On Air funding data. Note that Estimated Totals in P1 include approximations of declined digital projects that were not systematically recorded.

The number of declined projects recorded in the data has greatly increased under the NZMF: from just 135 (P1) to more than a thousand. Overall recorded applications, including the successful ones, tripled from 546 to 1626. While this increase is real, according to NZ On Air staff the increase is exaggerated because unsuccessful applications to the now-defunct Digital Media Fund were not recorded, leading to a reporting shortfall of an estimated 300 declined applications in the P1 period. Taking into account the missing digital applications, we see that applications have roughly doubled from P1 to P2.

The rise in unsuccessful applicants is in part a consequence of platform liberalisation: under the previous system many potential proposals were filtered out by the incumbent broadcasters, who could not afford and did not want to support a plethora of projects. It is also a consequence of deliberate changes in direction such as the JIF, which encouraged small and experimental applications, and the launch of the HEIHEI children’s platform.

Music projects have been excluded from this data because they are numerous and follow an entirely different pattern. Declined music projects are still in the minority, and overall project load has not increased remarkably in the past three years. See “A note on Music”, below, for a discussion of why Music has been separated out in this review.

It is not clear whether the big increase in declined projects could have a negative reputational impact on NZ On Air, although this possibility may show up in the stakeholder surveys conducted regularly by Colmar Brunton for the agency.

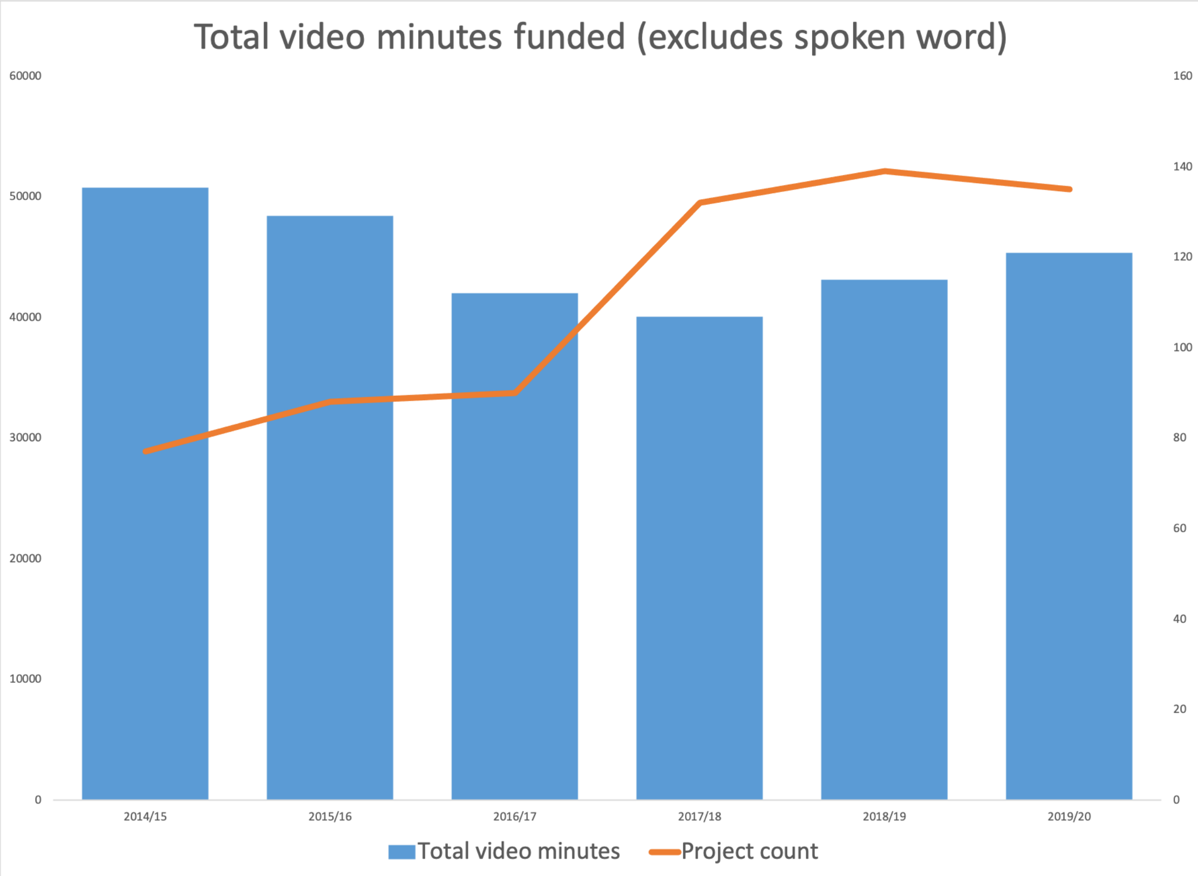
Production and cost of video

We will see in Section 3 that one of the Holy Grails of audience measurement, a minute-based aggregation of audience attention for each funded project, as yet eludes our grasp. We may take consolation in the fact that for the production side of the equation we can account for every minute of video produced under the NZMF.

There are two ways of looking at cost/minute of video produced when it comes to the fund. We can consider the cost/minute with regards to total approved funding, or we can look at cost/minute with regards to the total production cost. Bear in mind that almost every production costs more than the funded amount because of the expectation for platforms to make a contribution to costs, either in cash or kind. To this end, if you are interested in what is the most expensive video to make, you must consider the total production cost. If on the other hand, you are more concerned with the cost of funding video, you should consider only the total approved funding. The latter is for the most part more relevant to this review.

In the first instance, let’s look at the total number of video minutes produced by funded projects both before and after the introduction of the NZMF.

Figure 10: Total video minutes funded



Source: NZ On Air funding data. Note this excludes all podcasts and spoken work projects, which account for many thousands of minutes 2017/18 onwards. Also excludes all games, music and development projects.

The data has been screened to exclude all projects that are not video-based: all platform, development, music, games, podcast and spoken word projects have been removed.

What we see is that the total minutes of video have declined, even while the total number of video projects has gone up. To be precise, there are 9% less video minutes in P2 than in P1, while there are 59% more projects. Clearly, the pure video projects being funded under the NZMF are shorter (this is not a reflection of episode length alone but of episode length multiplied by the number of episodes).

Diving into the data more deeply, we see that a big influence on this trend is children's programming, where a couple of long shows with many episodes (Sticky TV, What Now, Fanimals) knock out big totals. The decline of Sticky TV - a Pickled Possum/Mediaworks show that was last funded in 2016 for a final season in 2017 and accounted for up to 9240 minutes of video annually - is particularly noticeable in the numbers. In fairly assessing total minutes, it must also be pointed out that 8640 minutes in 2019/20 are attributed to the

TVNZ Tokyo 2021 Paralympics project.[27] Without this large injection, P2 would be lighter on total minutage, and consequently the trend more pronounced.

It is important to note that in excluding non-video projects we are not taking into account the NZMF's deliberate diversification of funding into audio, interactive and development projects, which are not captured in the data above. As such the decline in total minutes is a positive symptom of what the NZMF set out to achieve in terms of innovation and diversity. Another point is that the sheer production of minutes of video in no way speaks to the effectiveness of those minutes: this is a measure of actual video content created and does not reflect transmission (such as repeats on linear TV), consumption or any other audience-side measure.

It is intriguing to consider different projects in light of how much they cost to fund per minute. In this area we see a 13% average increase in P2 compared to P1 that can probably be attributed to the changes in children's video content noted above.

Table 13: Average cost/minute 2014-2019

	Projects	Total video minutes	Avg min/project	Funding	Avg cost/min
2014/15	77	50797	660	$81m	$1,586
2015/16	88	48415	550	$79m	$1,635
2016/17	90	42011	467	$79m	$1,874
2017/18	132	40056	303	$79m	$1,976
2018/19	139	43147	310	$84m	$1,936
2019/20	135	45350	336	$83m	$1,822

Source: NZ On Air funding data. Note this excludes all podcasts and spoken work projects, which account for many thousands of minutes in the second period. Also excludes all games, music and development projects.

There is a big difference in cost/minute when we look at individual projects. Premium movie-length dramas such as *Ablaze* (Screentime NZ, TVNZ), *In Dark Places* (South Pacific Pictures, TVNZ) and *Jonah* (Great Southern TV, Mediaworks) are the most expensive video to produce, all coming in at more than $30k/minute (funding money only). Despite the inroads new platforms have made in securing funding, only two projects from non-TV platforms appear in the top 50 cost/minute list under the NZMF (*100 Year Forecast*, an interactive feature from The Spinoff and *NZ Wars: The Stories of Ruapekapeka*, RNZ and Great Southern TV).

[27] Funding timing is determined by approval rather than on-air dates, so projects with long lead times, or projects where transmission is pushed out (as in this case) will appear in records before audiences actually see content.

Table 14: Top 10 funded cost/minute 2017-2019

Title	Cost/minute	Broadcaster	Producer
ABLAZE	$33,222	TVNZ	Screentime NZ
IN DARK PLACES	$32,246	TVNZ	South Pacific Pictures
A WAR STORY	$31,934	TVNZ	War Stories
RUNAWAY MILLIONAIRES	$30,650	TVNZ	Fearless Productions
JONAH	$30,339	MEDIAWORKS	Great Southern TV
BLACK HANDS	$25,294	TVNZ	Warner Bros
THE TENDER TRAP	$25,150	TVNZ	Greenstone TV
THE BAD SEED	$25,095	TVNZ	South Pacific Pictures
TOKE	$24,378	MEDIAWORKS	Screentime NZ
WESTSIDE 6	$22,571	MEDIAWORKS	South Pacific Pictures

Source: NZ On Air funding data

To get a feel for how total production cost can differ from the funded costs, compare the above list with Top 10 total cost/minute.

Table 15: Top 10 total cost/minute 2017-2019

Title	Cost/minute	Broadcaster	Producer
DAFFODILS	$54,050	TVNZ	Raglan Films
COUSINS	$35,455	MĀORI TV	Miss Whenua Limited
MYSTIC	$35,282	TVNZ	Libertine Pictures
ABLAZE	$34,778	TVNZ	Screentime NZ
IN DARK PLACES	$34,380	TVNZ	South Pacific Pictures
A WAR STORY	$33,929	TVNZ	War Stories
RUNAWAY MILLIONAIRES	$32,205	TVNZ	Fearless Productions
JONAH	$31,700	MEDIAWORKS	Great Southern TV
BLACK HANDS	$29,136	TVNZ	Warner Bros
THE TENDER TRAP	$27,189	TVNZ	Greenstone TV

Source: NZ On Air funding data

The platform contribution

The last table shows that NZMF projects can attract significant funding from entities other than NZ On Air. This can take the form of cash or in-kind contributions - called "platform contributions” - from broadcasters/platforms, rebates from the NZSPG[28], funding from other government agencies such such as TMP, and co-investment from third parties. These funds can all contribute to a total project cost higher than the funded amount.

When the NZMF was introduced, it was stated that there was “a greater expectation of co-investment”.[29]

In determining whether this has happened, our methodology has been to compare “like for like” by using the subset of approved projects that have a video component, as in the cost/minute tables above. The reason for this is because we know that through the second period the NZMF has financed a great deal of non-video content at small cost-per-project. These projects tend to have a very small or non-existent platform contribution. Whether this is right is not at issue in this section: what we want to know is whether, for the same kinds of projects (that is, video projects) has the NZMF succeeded in achieving its aim of attracting greater co-investment?

Sadly the answer is no. The average investment outside NZMF funds coming into video projects has decreased by 18% since the fund started (compared to P1), and this is mitigated but not entirely excused by the reduction in average project size. Remember, if you are tempted to find a discrepancy here with earlier figures looking at average project size, we are only looking at video projects.

Table 16: Average non-NZMF funding, P1/P2

	Avg contribution	Avg funding
P1, 2014-16	$287,930	$741,782
P2, 2017-19	$236,165	$678,466
	-18%	-9%

Source: NZ On Air funding data

A note on Music

Music producers and listeners may be feeling neglected at this point in the review. The seismic shift for the Music stream came a year before the introduction of the NZMF, and has been covered in the excellent “Review of NZ On Air’s New Music Funding Schemes”, by Russell Brown[30]. We have been informed by Brown and NZ On Air Head of Music David Ridler that there has been no real difference for Music’s operations with the launch of the NZMF.

[28] Many projects in Table 15: Top 10 total cost/minute 2017-2019 have substantial investment from the NZSPG; see page 18

[29] Page 8, *NZ On Air Funding Strategy July 2017* (released 19/12/206)

[30] https://www.nzonair.govt.nz/research/new-music-funding-schemes-review/

Brown found that Music funding schemes - the New Music Single and New Music Project - were fit for purpose, providing vital financial impetus within the NZ music industry. He also found that NZ On Air's role was appreciated and the lines of communication to industry were robust.

There are some interesting and relevant similarities between the Music review and this review: for example, Brown found that NZ On Air "needs to develop its own competence in handling, understanding and presenting data"[31]. Also raised is the question of how local content creators deal with global competition, and the need for increased promotional funding and expertise in a world of intense competition for attention.

Table 17: Music funding 2014-2019

	Total funding	Projects	Avg project cost
2014/15	$3,997,288	252	$15,862.26
2015/16	$3,558,452	249	$14,290.97
2016/17	$3,642,297	199	$18,303.00
2017/18	$3,784,745	191	$19,815.42
2018/19	$3,422,954	195	$17,553.61
2019/20	$3,981,760	250	$15,927.04

Source: NZ On Air funding data. Note that data includes both New Music Single and New Music Project approvals.

A note on Platforms

Similar to Music, operations within the Platforms stream do not seem to have been affected much by the launch of the NZMF. In this context, "Platforms" should not be confused with the lower-case "platform" that earlier referred to the broadcaster or digital platform that commissions and broadcasts any given piece of funded content. There is one entity that spans these two groups: RNZ is both a funded body within the Platforms stream and a commissioning platform. Each year RNZ receives base funding (just under $40m in 2018/19) and as we saw earlier, has also increased additional funding from $1m in in the preceding three years to $9m under the NZMF. The majority of this increase ($5.6m) is explained by the JIF, with other projects accounting for the remainder. That remaining funding includes the second year of Local Democracy Reporting ($1.5m), a project begun under the Joint Innovation Fund and then moved to the general Factual stream. Commentators close to these matters – including NZ On Air staff – may thus be inclined to see only a very modest increase in RNZ's contestable funding. It is important here to take a step back and look at the overall picture: regardless of the detail and independent of the Joint Innovation Fund, RNZ's success in winning contestable funds has increased under the NZMF. This increase

[31] Page 3, "Review of NZ On Air's New Music Funding Schemes"

from an entity with guaranteed baseline revenue has attracted the ire of some in the industry.

RNZ is by far the biggest entity funded through Platforms. Able, an outfit that provides closed captions and audio descriptions for broadcasters, is funded at just under $3m per year. The National Pacific Radio Trust runs a national and pan-Pacific radio network for between $3.2 and $4m a year. Most of the rest of the Platforms money is distributed to regional and special interest radio stations. The interesting exception is the money awarded to TVNZ to run the HEIHEI children's on-demand service. This service first appears in the Platforms records in 2018 ($926k), continuing in 2019 ($1m).

The need to build new platforms such as HEIHEI seems to be a natural outcome of a funding agency seeking to move with the audience in an environment where local commercial bodies have been unable to come together effectively. HEIHEI itself is the subject of a separate upcoming review: what is relevant for the purposes of this review is the impetus that led to its creation.

Digital-first vs TV-first content

This slice of the data has been left to the final part of this section for two reasons: the first is purely dramatic. This is one of the key areas where we would expect to see a big shift in funding patterns if the NZMF was indeed responding to changing audience behaviours. Much of the data we have presented so far obscures the question of whether the funded content was primarily designed for a digital platform or a TV platform, because often the same broadcasters and producers are involved with both.

The second reason is that NZ On Air's funding data does not lend itself to this analysis. There is no "digital-first" or "TV-first" field in the entries, and as a result the slice has to be built up manually. The primary method of doing this has been to base the TV/digital distinction on the "Channel" category, although there have been multiple other interventions to ensure that digital projects are covered in one bucket and TV projects in the other.

Because of the manual nature of compilation, the data we are dealing with here may be incomplete. If anything, numbers in both camps could be higher. There is a high degree of certainty around the general picture however, which shows a significant shift towards investment in digital-first projects which nevertheless remain in the minority under the NZMF.

Figure 11: Digital-first versus TV-first content P1/P2

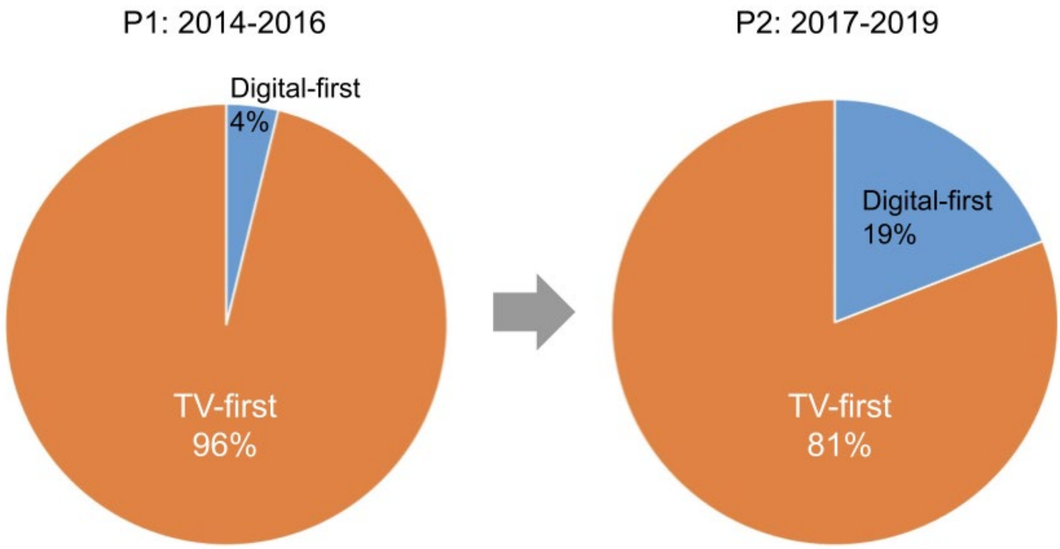


Table 18: Digital/TV funding P1/P2

	Digital-first	%	TV-first	%	Total
P1	$9m	4%	$235m	96%	$244m
P2	$47m	19%	$198m	81%	$245m

Source: NZ On Air funding data

It could be argued the categories of “digital-first” or “TV-first” are misbegotten in a world where broadcasters and producers are increasingly expecting shows to perform on both linear and on-demand. In fact, productions are still conceived as primarily TV or primarily digital in nature, and there remains a great deal to be learned from the view shown above. Bear in mind that all content designated “on-demand” or for a digital platform, including TVNZ OnDemand and HEIHEI, is correctly categorised as “Digital-first” in the view of funding above.

Maybe in time the distinction will lose all meaning. For the moment, most objective observers will agree that it helps, with all the other views presented in this section, to gain an understanding of what has happened under the NZMF.

Section 3: How It Landed

> *The fund as it currently exists has opened up. The broadcaster being the gatekeeper and only making [content] with a few people has opened up, which is fantastic.*
> Janine Morrell-Gunn, Whitebait Media

> *I think that what's happened is that by trying to appease every kind of political mandate, diversity, more voices, more platforms, more everything, it has stretched the pool of money so thin that it has meant that you are actually missing out on one of the key mandates for NZ On Air: the number of eyeballs that get to see it.*
> Philly de Lacey, Screentime NZ

Above we have two quite different views of how well the NZMF has worked, coming from within the same sector of the same industry. These are quotes from interviews conducted “on the record” for the purpose of this review and more will be used throughout the section. For those interested, excerpts from all interviews are available in the appendix.

The point is that opinion is divided, and more than that: intelligent, well-informed opinion from the same sector is divided. It is clear that we will not receive answers on the success of the fund from opinion alone.

Each year NZ On Air’s Annual Report tackles the question of performance in its first pages, and many KPIs are measured against general public perception as ascertained in a Colmar Brunton survey. We have mentioned that Quality, Diversity and Discoverability are the three goals of the NZMF, and within these Quality and Diversity have percentage targets on certain questions within the Colmar Brunton survey. For example, the key question under Quality is “New Zealanders believe NZ On Air supports local content important to New Zealanders”. This measure of performance improved from 74% of respondents agreeing in 2018 to 81% agreeing in 2019.

A key point to make here is that while perception is very important, particularly for a publicly funded body, it is not the same as actual achievement. We may encounter great difficulty in finding objective measures for everything we care about, but it is preferable to base an assessment of the NZMF on both perception and reality. We ardently hope that one will be connected to the other.

Another point to make about perception-based methods of assessment is that they lend themselves very poorly to fined-grained analysis. There is no way of using the Colmar Brunton survey - which in 2019 used 602 interviews to model the nation - to assess the performance of individual pieces of content.

Simplicity and flexibility

> *It made it clearer for people to see where funding was going and how it was allocated and how decisions were made, and made it clearer for people to understand the sort of balancing act that the organisation had to make in making those decisions.*
> Brenda Leeuwenberg, (formerly) NZ On Air
>
> *My observation is that there seems to be more ring-fencing. The targeted rounds are a kind of ring-fencing.*
> Mark McNeil, Razor Films

The fund was launched with promises of increasing simplicity and flexibility and enhancing innovation. While it is not possible to quantify performance in these three areas for the most part, we can look at some relevant external factors.

One much-heralded aspect of the fund was the reduction of funding pots from the "rope tangle" of 2016 to the sleek four streams of the NZMF. The question is whether this has simplified matters in reality beyond the graphic.

For applicants wanting to apply for funding currently the first step is to consult the "General Applications Deadlines", a two-page PDF document available on NZ On Air's well-organised site. For 2021 there are five "rounds", and within these there are 13 different divisions of funding types. For example, there are Factual and Scripted distinctions, and further to these, divisions such as "Targeted audiences" and "Regional media".

To maximise chances of funding success, an applicant should thoroughly acquaint herself or himself with NZ On Air policy and process. This is not the work of an afternoon. This review has created a document that lists current values, goals and policies relevant to the NZMF: it runs to 75 items.[32]

None of this is unforgivable, and in fact NZ On Air and the NZMF is relatively light on process compared to other funding agencies. The fact remains that it is unlikely most applicants would consider the process simple, or if they had experience prior to 2017, whether they would consider the current situation much simpler than life in the rope tangle. Some producer interviewees said that the previous situation was clearer in that they could roughly work out how much was "left in the pot" in particular areas during the funding year.

Where all those consulted did agree was that the actual application process - the physical inputting of information - had improved greatly under the new fund. The digital interface "Eric" was introduced concurrently with the NZMF and is a big improvement over the previous paper-based process. One interviewee had experienced trouble with the interface,

[32] See Appendix 2: NZ On Air values/policies

having had no experience with the old system, but otherwise there is a rare consensus: Eric is good.

It is interesting to contemplate how much “more free” funds are in the new world compared to the old. From launch in 2017, while the orthodoxy of the four streams of Scripted, Factual, Platforms and Music has remained, the introduction of more and finer-grained specialised rounds combined with targeted policies means that in practice a great deal of money is earmarked.

This proliferation of funding buckets is a natural trend in an agency with fixed funding and an attitude of responsiveness towards industry and users.

The big change is in flexibility for the agency. This has been a significant internal improvement in that NZ On Air now has a greater ability to shift funds as required within a year. In one example, money that had been unclaimed in one provisional (non-public) allocation was able to be put to use for content that had become more relevant. An NZ On Air staffer put it this way: “We traded transparency for flexibility … internally.”

> *With regard to the processes and efficiency, I think NZ On Air are to be commended. I think that [digital application system] Eric is very simple. It's clear the administrative support is very helpful, they are all very helpful, very supportive, high functioning. The media updates and industry updates show a real ongoing commitment to research, and a number of discussions and initiatives take place. It's all very well communicated. So in that regard, it's working very well.*
> Janine Morrell-Gunn, Whitebait Media

Innovation

There is a great deal of disagreement over what “innovation” means exactly, but for the purposes of the review and in the interests of clarity, our assumption is that it must involve new things.[33] Therefore one of the key aims of the NZMF is that it would support new things, whether they were new platforms, types of content, or ways of operating.

We have seen that on this front, there are a number of objective measures of the innovation supported by the NZMF.

The number of different platforms increased, and within those the digital-first platforms NZME, Stuff, The Spinoff and Newsroom grew strongly in terms of total funding. For these purposes, RNZ also qualifies as a digital-first platform, and its contestable funding went from $1m to $9m (including the JIF projects).

[33] “Innovation” is something most businesses and individuals aspire to, and “innovative” has come to be almost synonymous with “good”. This is problematic, as clearly not everything new is good and not everything good is new. See “The Disruption Machine”, New Yorker, June 2014. https://www.newyorker.com/magazine/2014/06/23/the-disruption-machine

"Channels" also increased, but to a greater extent, from 25 to 44 registered entities. Funded producers rose by almost 50%, with 61 more producers registered under the fund than in the previous three years.

More digital-first content has been funded (a >200% increase in project numbers and a >400% increase in total funding) and a great deal more projects in general have been funded (see Section 2, approved non-Music projects rose from 382 to 567). Bonus digital fact: 17 podcast projects received a total of $2.5m in funding under the NZMF. There are no projects registered as "podcasts" before the fund's launch.

These numbers are clear evidence of new things: "innovation" in the strict sense of the word. Whether this innovation has led to beneficial outcomes is a different question, but the review concludes that, yes, the NZMF has indeed succeeded in encouraging innovation in its first three years of operation.

Many review interviewees disagreed with this conclusion. It seems this was either because they were not aware of new projects and platforms, did not share our definition of "innovation", or conversely believed that there were not enough new things funded, or that the new things were not sufficiently funded.

> *Innovation is probably the one that we haven't been quite as dynamic in. We've seen a lot of success in the other areas we're looking at. And I think the innovation will emerge as the platforms become more apparent and how they can be exploited and created.*
> Phil Smith, Great Southern TV

> *[The round system] is a straight jacket that is suffocating innovation and ideas, because basically if you've got an idea and it doesn't happen to coincide with the target of the round or the ring fence or the special interest group, you're stuck.*
> Mark McNeil, Razor Films

> *I've got a view on innovation … it's really important in technology industries and in businesses to make sure they keep pace with what's going on. But the content game is all about creativity. That is essentially innovation under a different name, and we've got no shortage of creativity in this market.*
> Cate Slater, TVNZ

> *I think [the NZMF] has worked incredibly well in terms of increasing innovation. I'm not certain we reduced complexity, and not for the stakeholders. And efficiency ... possibly the jury might be out on that too, but that's what happens when you open the availability of funding.*
> Jane Wrightson, (formerly) NZ On Air

Diversity

> *Diversity: that goal was about content and about content creators. That goal was specifically chosen because we could see that there was a decreasing interest in the traditional networks for content that we found to be important. Crucially important. So in other words, we had great ideas that just couldn't get a buyer, and those numbers seemed to be increasing.*
> Jane Wrightson, (formerly) NZ On Air

The issue of diversity can bring a frisson verging on anxiety to any discussion, and this review has been no exception.

"Diversity" is one of the core goals of the NZMF because "reflecting and developing New Zealand identity and culture" is the bedrock function of NZ On Air. New Zealand is a nation of many ethnicities and cultures with significant ongoing migration, and as seen in Section 1, the relative size of ethnic groups is changing. There is also the unique cultural dynamic of the Treaty of Waitangi and the explicit legislative requirement to promote Māori language and culture[34].

Further to this, "diversity" in a modern context means far more than ethnicity and culture. It can refer to diversity in gender, sexuality, age and regional demographics, all of which are dynamic and often highly charged areas in the nation's public life.

Reflecting this multifaceted diversity faithfully within the NZMF has been and will continue to be profoundly challenging.

Diversity reporting

For the past five years NZ On Air has published an annual Diversity Report. The excellent 2020 edition of the report shows that within many important areas, the makeup of productions teams reflects general proportions of populations within New Zealand. In other areas, imbalances have improved markedly over the five years. For example, in 2017 almost all drama directors were male (90%). This proportion has changed to 63% in 2020.[35] One notable ongoing under-representation continues in "Asian" production personnel. As noted in Section 1, this heterogeneous census grouping grew to 15% of the population by 2018, but in 2020 only accounted for 5% of production crew (in all roles).

In general the Diversity Report shows that diversity among producers has become healthy under the NZMF. A note on diversity over-achievement: it would not be realistic or desirable to expect a percentage replica of the New Zealand population within the few hundred members of the production community funded by the NZMF.

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[34] Section 36, 1a(ii), *Broadcasting Act 1989*
[35] Page 12, *NZ On Air Diversity Report 2020*

Current hot topics

In discussions, industry interviewees and NZ On Air staff noted some aspects of diversity not covered in the Diversity Reports. These ranged from very specific to general observations. An important area of diversity missing from these observations, and from the Diversity Reports, is the identity of audiences. At the moment many areas involving audience consumption of funded content are blind spots for NZ On Air (see page 49).

As with the other two core NZ On Air goals (Discoverability and Quality), “diversity” meant different things to different people:

- Diversity of platforms
- Diversity within production teams
- Diveristy of on-screen talent
- Diversity of stories told
- Diversity of audiences
- Diversity within NZ On Air staff

These can be further refined to what seem to be the most pressing matters of the moment:

- Multiplicity of digital platforms
- Classification of productions as Rautaki Māori
- Funding level and volume of Rautaki Māori projects and interaction with TMP
- Māori representation within NZ On Air
- Content for targeted audiences

The question of the diversity of digital platforms represented in funded projects has been dealt with to a large extent already. Publishers such as Newsroom and The Spinoff, while primarily web-based, extend their tendrils into any promising new digital network and are entwined with social media. Should any new platform - one current example is TikTok - attain sufficient audience and gravitas, you can be sure that one of these companies will submit a funding application that includes distribution on it. We can argue about the extent to which NZ On Air should be investing in unproven digital networks[36], but we cannot doubt that under the NZMF the environment has been laid to make such investments when they are judged fund-worthy.

[36] Primary platforms must be an “NZ entity” to be eligible to register for funding (within the Eric interface) and must show “a sustained commitment to local content for New Zealand audiences” (*NZ On Air Funding Strategy* 2017).

Rautaki Māori

NZ On Air's Rautaki Māori document sets a minimum spend of 6% of contestable funding, or around $5m a year, on content that is defined as Māori. This content can sit anywhere within the contestable parts of the NZMF.

Records indicate that this commitment is being met:

Table 19: Rautaki Māori projects P1/P2

RAUTAKI	Total funding	# projects
P1	$13,861,329	32
P2	$21,286,903	54

Source: NZ On Air funding data

Total Rautaki Māori funding increased 54% under the NZMF and is exceeding its 6% target. One issue several observers have with these numbers is the definition of what is and is not a Rautaki Māori project. The official NZ On Air policy includes a "priority" that "two of three key roles of producer, director and writer/researcher" be Māori in order for production to be considered Rautaki Māori.[37] This feels more like a requirement than a priority, and no doubt the delicacy of the wording ("will focus on" rather than "require") is a response to the difficulty and justified opprobrium that strict racial classification could entail.

The wording is not the issue for those who object. Instead, they say that production houses are opportunistically placing Māori creatives in roles in order to clear the Rautaki Māori bar, often in the process appropriating Māori stories. Production industry executives reject the accusation, one making the point that every application for funds is "by definition an exercise in box-ticking". In the conversations worlds collide: what appears perfectly within the spirit of the policy to one group appears cynical to the other.

A separate issue for broadcaster Māori TV is that their approved applications have declined under the NZMF ($10.5m in P1 to $8.5m in P2). There are several potential causes for this, but probably the main driver is the general decline in funding experienced by traditional broadcasters tied to smaller audiences.

The issue of the amount of funding appropriate for Rautaki Māori content within the NZMF is complicated by the operations of TMP, and Māori TV's direct funding independent of NZ On Air and TMP.

At the moment NZ On Air aims to "take an ancillary and complementary role" to TMP: the policy is to support Rautaki Māori content overwhelmingly in English, to match up with

[37] Rautaki Māori 2018, NZ On Air
https://d3r9t6niqlb7tz.cloudfront.net/media/documents/Rautaki_Maori_Bilingual.pdf

TMP's high Te Reo thresholds. Several people inside and outside NZ On Air believe there is benefit in working much more closely with TMP.

Although it is clear that diversity in general and Rautaki Māori content in particular are central to the future of NZ On Air and therefore the operations of the NZMF, deep explorations are outside the scope of this review. Interviews with industry figures are testament to the passion aroused by the topic.

> *Māori and Pacific projects do get funded, but they're the projects that are made by white producers. And, there is a very ugly issue happening out here … and you can look at that last funding round that came out - all three of those multimillion-dollar projects that have got millions of dollars claim that they're Māori or Polynesian stories, but none of them are being made by Māori or Polynesian producers. I call it tokenistic box ticking, and it's really bad.*
> Hanelle Harris, Culture Factory

> *What's happened in the past is I think some people have tried to wedge in projects to make it seem like they were rautaki … but NZ On Air hasn't really had the rigour in terms of assessment. I have to say that's been alleviated by the appointment of Heperi Mita as one of the assessors.*
> Bailey Mackey, Pango

> *NZ On Air is probably our premium cultural funding agency that should be built on a bicultural foundation, should have a strong treaty partnership … How is it that they've never been able to attract Māori staff and there doesn't appear to be any strong Māori leadership on either the board or in the staff? I'm not saying that they're not well-intentioned. I think they all are very well-intentioned, but what we see continually is decisions being made about Māori content in particular, but also Pacifica content, Asian content by people with no lived experience in those cultures.*
> Annie Murray, Prime

> *For us it's the right people making content for that audience. And that is an inclusionary thing ... If we were to take a Māori story and have no representation from the Māori community, then flay us.*
> Andrew Szusterman, South Pacific Pictures

> *We are disadvantaged. When you asked about [Māori TV], how's it been since the rautaki was launched, whether we felt we've benefited from it or not. Well, we haven't. We have a very specific audience, which is also a minority audience, and so in terms of numbers and measurements we are disadvantaged.*
> Hinurewa Poutu, Māori TV

Children's and other targeted content

The NZ On Air Annual Report 2019 notes that 40% of funding within the Scripted and Factual streams is reserved for targeted audiences. This is an operational decision entirely within the spirit of the 1989 Broadcasting Act which established NZ On Air (then called the Broadcasting Commission). The point is that funding for targeted groups is operationally guaranteed. Under the NZMF, 2017-2019, this equates to just over $100m spent on targeted content.

The question is, apart from the $21.3m spent on Rautaki Māori content, where has the money been put to use?

This is difficult to answer for purely practical reasons: there is no ability to easily separate out all the "targeted" funding in NZ On Air's records. One available filter is funding spent on children's content.

Table 20: Children's content P1/P2

CHILDREN	Funding	# projects
P1	$42m	45
P2	$46m	92

Source: NZ On Air funding data

We can see a healthy 10% increase in kids content under the NZMF. All of this increase is explained by investment in the HEIHEI on-demand platform, which did not exist prior to the NZMF (although $1.5m was committed to platform development prior to the fund[38]). In a microcosm of the general trend, funding for HEIHEI has drawn money away from more expensive kids TV shows and replaced it with more, lower-cost digital-first projects.

Table 21: HEIHEI funding 2017-2019

HEIHEI	Content	Platform	Total
P2	$17.1m	$1.9m	$19.1m

Source: NZ On Air funding data

While the investment in HEIHEI appears and is substantial, it is worth keeping the costs in perspective: What Now, the long-running TVNZ kids show, cost $9.8m for the P2 period, or more than half the total cost of running and stocking HEIHEI with content.[39]

[38] Note that early platform development money for HEIHEI is currently classified as "content" in the funding data, and has therefore been removed from kids content spending total for P1 in order to ensure like-for-like comparison

[39] What Now (Whitebait/TVNZ) may seem expensive in this context, but in terms of cost/minute it provides value. In 2020 it will deliver 4680 minutes of video at a cost of $695/minute.

Unfortunately it is not possible within this review to track the remainder of the targeted content spend. Long-running shows such as Tagata Pasifika are still being approved under the NZMF, and spot investments are being made for Asian and other ethnically-targeted audiences.

Discoverability and quality

So far in this review we have tended to take dollars spent on a particular content area as a stand-in or at least an indication of achievement in that area: but as every business owner knows, expenditure is a poor predictor of performance. In NZ On Air's case, funding is their business, and fairness and transparency critically important matters, so a protracted look at spending patterns is justified. It can also lift us out of the dispiriting morass of opinion and into the calming realm of fact. But even in this realm there is a critical piece of the puzzle missing: how many people has the funded content reached, and how much have they enjoyed it? NZ On Air cannot fulfill its mission to reflect New Zealand if New Zealand refuses to look into its mirror, and we cannot fulfill our role of assessing the NZMF without audience data.

This is the absence at the heart of the review. NZ On Air's funding data has been very useful, and there are any number of fascinating insights that can be made from trawling through the years. NZ On Air staff who recently assembled this data from a hodgepodge of historical spreadsheets and hammered it into a consistent source are to be commended.

But there is absolutely no audience engagement data within the project spreadsheets. Until now, it has not been seen as possible to unite TV ratings and digital analytics with all the other project-level data available.

NZ On Air does have a requirement for the provision of digital audience performance for funded projects. The "Statistics Reporting Template" dictates that it should be submitted 6 months after the project has launched at the time of the project's final drawdown (payment), and requires "video views", "unique reach" and "time spent viewing" for each episode on primary and secondary digital platforms. The template does not include TV ratings because NZ On Air can access the data itself using the Arianna interface to Nielsen TV Ratings.

The Standard Funding Agreement indicates that this responsibility falls on the producer of the content (in recent years broadcasting/platform covenants have required platforms to share the data with producers).

The review has found that:

- Data received from the returned templates is not entered into any centralised data
- The templates themselves are not held in a single folder or centralised location

- TV ratings numbers for projects have not been collected or stored, but are accessed when required from Nielsen

It also seems highly probable that many templates are missing, have never been returned, or are incomplete.

An issue as fundamental at the absence of audience data could not be an oversight. From internal discussion and inference, it seems there are a number of factors behind the omission:

- Difficulty in standardising metrics
- Belief that collecting data could lead to "decisions by numbers"
- Capacity and prioritisation

Difficulty in standardising metrics

Anyone involved in producing or distributing content knows that it is possible to find an audience metric that proves your point, regardless of actual performance. This is put forward in the first instance by those who believe measuring audience performance of the funded content is "too hard". The attitude is only correct if we are stuck with analysts whose aim is to obfuscate or mislead. Where a true desire exists, good data can be found.

Matters seem relatively simple in TV, because in New Zealand there is one widely accepted standard, Nielsen TV Ratings. But even within Nielsen there are a plethora of options in terms of reporting and performance. Which demographic do you care about? Should we measure share, ratings, time spent viewing or reach? Should each episode be measured, or the entire series? What about repeats?

Beware the editorialising involved in such conversations. Yes, any number of metrics can be used. But with an eye to what you really care about, choose metrics most likely to remain consistent over the longest time frame and collect them consistently for each project.

The same principles apply for digital metrics. Here it would be beneficial to insist on a standard metrics suite for all NZMF projects on the same platform. Google Analytics is one such widely available suite for web-based applications, although there are others better at measuring video consumption. Decisions have to be made around the admittance of new platforms into the pantheon of the "metric worthy": currently it may be wise to limit data collection to a core of web (including on demand), YouTube, and Facebook.

In the first instance, TV and digital metrics can be held separate. To have performance metrics within these different areas - even if isolated from each other - would be a huge advance on the current situation. In this new world, the audiences of same-platform projects can be systematically compared, either within a year or with predecessors.

Critics will point out that this will shed no light on a question everyone is interested in: the reach and engagement of TV content as compared to digital. Many claim an "apples for apples" comparison is impossible. The despair is overdone. Where guidance rather than absolute truth is the aim, there are valid ways to combine data sets.

One simple example of a rough but consistent cross-platform metric, suggested to the review by a knowledgeable analytics expert: look at the number of "impacts" of any given project. An impact is defined as reaching one person in one instance. That equates to total audience reach for a TV episode, combined with the unique viewers of the episode on digital platforms. It's a simple number, it won't tell you much about quality of engagement, but is additive: you can pile impacts on top of impacts for a cumulative view of series engagement over time. The key is consistent measurement for the purpose of comparison.

The "audience minute" is likely to be the atomic unit of a much better audience engagement metric. For the purposes of the fund, we want not just the number of people reached, but also the quantum of their consumption. If we track total minutes of video consumed by all people for all episodes on all platforms, we have reduced engagement to a single, large and very useful number.

Fear of "decisions by numbers"

An interview with an insightful NZ On Air staff member suggested that the failure to systematically collect and analyse audience engagement data may have in part been driven by desire to avoid being "held hostage to the numbers".

This certainly is a factor in many peoples' thinking when the issue of audience data comes up. There is an immediate leap from the simple possession of the data to the conclusion that it will determine funding decisions.

This is not a valid conclusion. NZ On Air has a detailed and meticulous record of funds distributed and minutes of video produced, but financial and output factors do not determine decisions. They are important factors that must be considered when making an investment, but they are not the only things that matter. Similarly, past audience performance of similar content is a factor that should be taken into account when making new funding decisions, while not determining the outcome. While NZ On Air's stated position is that funding should be "proportionate to the potential audience size"[40], there is currently no readily available data to undertake an assessment of actual audience/funding proportionality.

It should be emphasised here that knowing the cost of reaching an audience does not always lead to minimising that cost. There are situations where a higher cost-per-audience minute may be not only acceptable but desirable, for example where a smaller group is targeted for premium content. To not have engagement data readily available and unified

[40] Page 15, *NZ On Air Funding Strategy*, 2017

with other project data is harming NZ On Air's ability to analyse and assess the effectiveness of funding.

Capacity and prioritisation

A key reason for the lack of availability of audience data is very straightforward: NZ On Air has not had the resource or incentive to collect it.

The organisation has prided itself on "very low overheads", the running costs that in 2019 accounted for 2.4% of total expenditure. These low running costs have allowed the organisation to put almost all of its money into funding content. As we saw above, it is time for this stance to evolve to allow for some very important capacities to develop within the agency. The collection and interpretation of audience data is one of these capacities.

A note on incentives: the lack of audience data was noted by many interviewees and every staff member interviewed as part of the review. In a world where further critical examination of the agency could occur if granular audience performance data were available publicly, and where staff struggle to meet existing workload demands, it seems unsurprising that its collection has not been prioritised.

What about quality?

This subsection was titled "Discoverability and quality". Because the issue of audience engagement sits across both areas, the question of metrics was dealt with first. Let's now briefly turn to quality.

Without further refinement or definition, "quality" cannot be measured. This is not because content is a uniquely mysterious thing. It is because "quality" is subjective, variable, and open to bias. Is the hilarious but low-budget animation "quality"? Is the $50k/minute drama dripping with production value "quality" regardless of its ratings? At least two interviewees said of "quality" that "you know it when you see it." This may sound plausible, but it doesn't stand up to any kind of examination.

In areas such as these, where objective measurement fails, subjective measurement consistently applied can be substituted. For example, if we were to define "quality" as the opinion of a panel of expert content assessors, we would have a subjective but reasonably consistent and universal measure. It is important in situations like this that every project be assessed: the flaw of relying on external subjective measures such as awards won is that they provide scant data. To attempt to systematically assess the quality of projects funded under the NZMF based on awards won is not possible.

A detailed investigation of the best way to assess quality is outside the scope of this review. As an aspirational goal, "Quality" may make sense, but for it to become a truly useful basis for assessment, we believe NZ On Air as an organisation will have to settle on a clear and measurable definition.

Discoverability

"Discoverability" is perhaps one suburb closer to our calm realm of fact than "quality". As a relatively new word[41], "discoverability" meant several things to the review's interviewees, and we settled on a definition that covered both the actual achievement of being discovered (see discussion of audience metrics above) and the potential for such discovery.

The increasing potential of funded content to be discovered on new platforms under the NZMF has already been established. In this regard, the fund has achieved part of its Discoverability goal. In regards to actual discovery we cannot say, due to the lack of audience engagement data discussed above.

> *One of the criteria for the New Zealand media fund was discoverability. I don't think they're delivering on that. I don't think those little platforms with, you know, lots of little projects. And when you add up all those little projects, it's a substantial sum of money on a yearly basis. That to me is not delivering. I would look hard at that and look at bringing the number of commissioning platforms down again.*
> Annie Murray, Prime

> *One thing missing for me a little bit in those three buzzwords [quality, diversity, discoverability] is audience. It should always start with the audience, I think. If it's being funded for a particular audience, it should be able to be found by that audience without them having to work too hard.*
> Cate Slater, TVNZ

> *I don't know if you've studied the funding, but huge amounts of money is going on small platforms. I question the discoverability, the number of people that can find that content. I've certainly never heard of most of it, or don't know how to find it.*
> Sue Woodfield, Mediaworks

> *Because there are more platforms, more mouths to feed, funding needs to be spread across all of those ... Discoverability goes hand in hand with that. I don't think that we've had really robust measures of success. That is something the entire industry has been looking for, particularly with our digital platforms.*
> Nevak Rogers, TVNZ

[41] But not as new as you might expect. "Discoverability" appears in Google's historical record of English literature in the 1960s. It's use has increased from that time. See https://books.google.com/ngrams/

Funding for marketing

The goal of discoverability is necessarily tied to the issue of marketing content, and one clear conflict with the goal is NZ On Air's long-standing policy of not allowing the cost of marketing to be funded or to be included as part of the Platform Contribution. A reminder: the Platform Contribution is the cash or in-kind value that a broadcaster or platform brings to a funded production.

Exceptions to the rule exist in Music, where small costs for promotions, marketing and publicity have been fundable, and in certain other situations. The policy exists to make sure broadcasters have true "skin in the game" in terms of the Platform Contribution, and again, to make sure that every dollar is spent making content. Liberalising the Platform Contribution to allow marketing could have a double-negative effect: a net loss to the production (or corresponding increase to funding requirements) and a disengaged broadcaster who is not nearly as invested in the success of the project.

While we have a great deal of sympathy for the "skin in the game argument", it is also time to review this policy (see recommendations in the next section).

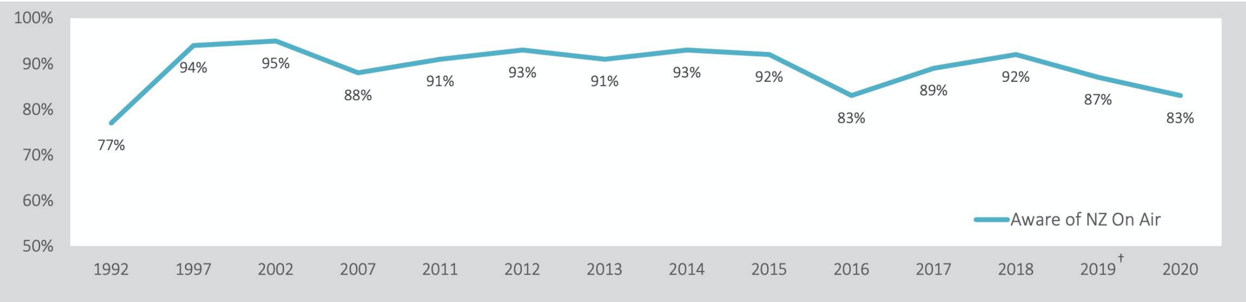
> *It's about having access to funds to let people know the story's coming. If lots of people know about it … then you can draw people in and it can feel like "oh cool, this is where I find all the cool Kiwi stuff". If you don't, then it just becomes the place that people can't find content they don't know about. And unfortunately I feel that HEIHEI fell into that space.*
> Lisa Chatfield, independent producer

> *We're all in an absolute battle for audience, right? Part of the problem is NZ On Air is only dedicated towards content funding. There's no additional marketing or promotional support, and often that falls on the network. But networks often have to make a choice and sometimes it bums you out when a network has no budget to support something you put your soul into.*
> Bailey Mackey, Pango

Perceptions of the agency

The "NZ On Air Public Perceptions and Attitudes Survey" has been conducted from 1992. As noted, the 2020 survey interviewed 602 New Zealanders in a statistically representational sample to ascertain public awareness of the agency, the value placed on diverse content, and the importance given to publicly funded media. It is significant that general awareness of the agency has declined in the past two years, to a level seen only twice before in the long history of the survey.

Figure 12: "Do you know that there is an organisation called NZ On Air?"



Source: 2020 NZ On Air Public Perceptions and Attitudes Survey, Colmar Brunton

While the methodology of the survey has changed over time, and in 2019 included mobile phone interviews for the first time, the results have always been weighted by Colmar Brunton to "ensure the survey is representative of the New Zealand adult population."[42] The result is probably indicative of true falling awareness. It is also important to note that the very high levels of recognition seen are in part due to the "prompted" nature of the question, where "NZ On Air" is included in the wording. An unprompted question - "Can you name a national TV and video funding body?" - would throw up a much tougher challenge.

One possible cause for the decline could be overall lower audience engagement with NZ On Air-funded content, and therefore lower exposure to the NZ On Air logo. This is speculation because as stated above we don't know whether engagement has increased, decreased, or stayed the same. It is equally possible the decline is related to lower impact NZ On Air placements on digital platforms, which are often associated with smaller screens and non-video content. A third possibility is that the decline is unrelated to funded content and instead reflects reduced general knowledge of public entities.

Regardless of the reasons for the decline, it should be addressed. For a publicly funded body, declining awareness is a serious matter.[43]

Perceptions of the fund

As this review was being prepared, the "NZ On Air Stakeholder Survey 2020" was in its final stages of completion. This is a two-yearly survey conducted by Colmar Brunton of those who interact with NZ On Air, for example applicants, public officials and others. Usually around 100 people complete the survey.

We were able to have an advance look at the data for a four-pronged question that had been included about the NZMF. The results are positive:

[42] Page 2, "2020 NZ On Air Public Perceptions and Attitudes Survey"
[43] How the NZ On Air logo must be displayed is set out in the document "Requirements for Acknowledging NZ On Air Funding", 2018

Table 22: Stakeholder views of the NZMF, 2020

	The NZMF supports quality content	The NZMF supports diverse content	The NZMF supports content that is discoverable	The NZMF has demonstrated its ability to respond to the changing media environment
Agree	71%	72%	54%	65%
Disagree	3%	6%	9%	5%

Source: NZ On Air Stakeholder Survey 2020, Colmar Brunton

Here, as in the selected interview quotes above, we see the highest level of disgruntlement with the NZMF within the area of discoverability. Overall, we can see that there is general satisfaction with the NZMF.

Let's now turn to the industry interviews as a body.

In total, 27 interviews were conducted, 22 with industry figures including two former NZ On Air staff, and 5 with current NZ On Air staff. Interviews were conducted remotely and lasted between 25 minutes and 1 hour 30 minutes, all were recorded with the permission of the interviewees. With such a small sample we do not have any pretensions to a complete survey of industry sentiment, let alone any quantitative significance. However, the interviews were useful for several reasons.

The first was to get an "on-the-ground" feel for sentiment that a survey cannot uncover. People kind enough to fill in a voluntary survey may be unrepresentative: those motivated to contribute to text questions at the end of a survey are often incensed by something or other. A real conversation elicits opinion from moderate as well as radical voices.

Several themes recurred in the interviews. The first observation is that people overwhelmingly view matters in a light and hold opinions that materially favour their own situation. This is not cynical or purely self-serving, but a natural consequence of the experiences that have led them to that particular point. So, for example, it is natural for a producer of high-end television drama to value high-end television drama. All her experience, every minute on sets and in difficult meetings, has been directed to the creation of these magnificent pieces of content. Similarly with the publisher of digital content, intimately acquainted as he is with the behaviours of the audience and alive to the profound influence of social media: he knows his platform is important because it allows him to respond to what people actually want.

Other themes, many of which have already been mentioned:

- The obscurity of projects for smaller platforms
- The extravagance of premium TV drama
- The opinion that funding should be available for marketing costs
- The importance of developing content that can be sold internationally
- The importance of encouraging a businesslike approach to production

- A lack of "mid-tier" production that hampers industry and personal development
- The structure of funding rounds: some believe there are too many rounds, others that there are too few
- The desire for audience engagement metrics for funded content
- Accusations of "box ticking" hires in order to qualify for Rautaki Māori funding
- "Spreading funding too thin" by approving more and smaller projects
- An objection to RNZ having access to contestable funding on top of Platforms funding
- Support for RNZ as an alternative small-p platform
- An improvement in administrative systems (Eric)
- Increased workload on NZ On Air Staff
- The lack of racial diversity within NZ On Air
- An appreciation for the openness and other qualities of NZ On Air staff
- An appreciation for the overall NZ On Air system of funding
- The need to increase overall NZ On Air funding

For many of the points made, there was an opposing point of view. One particularly sharp contrast can be made between primarily TV-based people, many of whom believe that money is being frittered away on small projects on platforms nobody uses, and digital natives who see millions being squandered for a few episodes of video on a declining medium.

> *A lot of the programs that have been made through the NZMF I've never even heard of, I have no idea how to find, and most people I know have never heard of them. And that's a real shame … What needs to happen is that we need to find a way to meet the needs of diversity but in a way that does find audiences.*
> Philly de Lacey, Screentime

> *I personally think it's very difficult to justify the funding of big budget New Zealand drama. When I say big budget, I mean anything north of $3m per season. They represent so much by comparison to what has been given over to digital as a primary platform. I think neither the scale of the audience nor the quality of the product … nor the discoverability … [justify the cost]. It feels to me like that's a classic example of the kind of very hard decision that NZ On Air has consistently not made over the years.*
> Duncan Greive, The Spinoff

Before we end, it is worth dwelling a bit longer on the praise received for NZ On Air and the funding system itself through the interview process. This, along with the desire for audience metrics, was a rare point of consensus. In particular the ability to approach NZ On Air staff personally was appreciated, as was the difficulty of their job.

> *I know that these guys have got a hellish job to do, and I think if I was [NZ On Air Chief Executive] Cam [Harland] the only thing I would be doing would be fighting for more money.*
> Philly de Lacey, Screentime

> *In terms of the process of dealing with NZ On Air, it's not a big team, but everyone's good there … it has been a disciplined organisation to deal with. The deadlines are clear, the requirements are clear, the decisions are clear.*
> Phil Smith

> *I think NZ On Air for all its complexities and sometimes oddities, is a better system [than other public funding systems worldwide]. I don't mean that it necessarily always serves the public better, but what I like about it is that it's much less prone to capture, and I would say it's much more approachable.*
> Duncan Greive, The Spinoff

Former Chief Executive Jane Wrightson made an interesting observation on a consequence of the agency's openness:

> *Industry people will go through any door they can find. It's part of their skill base. The trick for a funding agency is to make sure that the messages through each of those doors are completely consistent. Otherwise, you know, chaos ensues.*

Please see the appendix for a fuller list of selected quotes from each interview, and a complete list of interviewees. There are many insightful comments and points of view that we have not been able to incorporate in this section.

Section 4: Conclusions and Recommendations

The conclusions sections of reviews can be sterile places, with data having been presented and findings foreshadowed. With that in mind we would like to take a diversion into an alternate reality suggested in the review's interview with The Spinoff founder Duncan Greive. This idea does not appear in the interview excerpts in the appendix, so here it is in summary: What NZ On Air should do is determine the amount of money spent on TV-first content and the amount spent on digital-first content, and compare this to the amount of time audiences spend on linear TV compared to digital media. Presumably having found a discrepancy, a target is set for some year in the future when funding spend will be proportionate to media habits.

This apparently simple course of action is difficult to bring into focus. The first hurdle is working out what media habits exactly we should care about when the division of the NZMF is at issue. Because NZ On Air was set up as the Broadcasting Commission, and because video content has been the majority of its contestable funding through the years, it seems reasonable to restrict our interest to video platforms. Again we have disenfranchised the music lovers, but we'll ignore that for the moment.

Given that a substantial proportion of pay TV use in New Zealand is the consumption of free-to-air channels carried on Sky, and in a spirit of generosity, we will include both pay and free-to-air TV consumption on the TV side of the ledger. On the digital side, we will roll in local On Demand services (eg TVNZ OnDemand) with online video consumption (eg YouTube). We choose to ignore much digital consumption, for example SVOD services like Netflix and general digital consumption of news, because either it is paywalled or primarily non-video.

With this division in mind, let's have a look at the numbers as derived from *Where Are The Audiences*:

Table 23: NZ daily media consumption

	Minutes/day	
Linear TV	137	58%
On demand + online video	98	42%

Source: "Where Are The Audiences 2020", Glasshouse Consulting, averages include non-consumption

Now we can refer to the actual division of funding under the NZMF we saw at the end of Section 2:

TABLE:

Table 24: TV vs digital funding 2017-2019

	Funding	
TV-first	$198m	81%
Digital-first	$47m	19%

Source: NZ On Air funding data

On this analysis, the current distribution of funding is substantially out of whack. To achieve behavioural proportionality, we will have to more than double digital-first spend, to $103m over three years, and shave $56m off the TV-first budget.

The analysis will elicit howls of protest on both sides of the argument. One valid protest is that the money spent on TV-first productions substantially contributes to on-demand consumption. On the other side, the inclusion of all pay TV minutes within the TV behavioural pie is patently unfair, because we haven't allowed SVOD on to the digital side. Also, we haven't included podcast consumption in the mix despite the fact that podcasts are now funded under the NZMF.

It is possible to "go there" and answer these objections. Let's cut it again:

Table 25: NZ daily media consumption #2

	Minutes/day	
FTA TV + 60% Pay TV[44] + 50% On Demand	121	57%
Online video + 50% On Demand + Podcasts	91.5	43%

Source: "Where Are The Audiences 2020", Glasshouse Consulting, averages include non-consumption

Here we have assigned half of "on demand" to each tribe, and included podcasts (9 minutes/day) with the digitals. In answering the issue of paywalls we have removed paid channel consumption from the Sky numbers, SVOD remains out of the equation. The percentages in this scenario remain almost identical. Funding balance on this measure could only be achieved by cutting TV-first funding by more than a third and handing the money to digital-first projects.

This alternate reality has flaws. It is not clear that allocating funding solely on the basis of of time spent with a medium is desirable. As noted in the discussion above, because we are not currently able to quantify audience engagement across the board, it would be rash to commit to massive funding shifts without further investigation. Despite these reservations,

[44] 63% of peak FTA viewing and 53% of all FTA viewing in 2020 was through Sky decoders (Nielsen TV Ratings)

we believe the analysis at least indicates that digital content remains underrepresented in overall funding. We now move to the formal conclusions.

First conclusion: The NZMF is working

The first and overarching conclusion of the review is that the NZMF in its first three years of operation has successfully set out on the course intended by NZ On Air, and the course required by behavioural and demographic change in the New Zealand audience. This is an ongoing process as yet in early stages, with a great deal of uncomfortable adjustment to come. It is also likely to be a process without a definite end, as population migration, digitally networked technology and societal values continue to progress.

The thought experiment above - where funding is assigned according to minutes spent with media - was not intended to demonstrate the inequity of the current situation. There are clear historical reasons for the current distribution of funding and there remain practical considerations such as platform and industry capability to be considered if the fund’s effectiveness is to be sustained over years. Furthermore, broadcasters are themselves shifting towards the digital distribution of content they have commissioned.

Keeping those caveats in mind, the first primary function of NZ On Air is to “reflect and develop New Zealand identity and culture”. This implies the ability to effectively reach New Zealanders, and it also carries a requirement to “keep up with the times”. That is why the shift to platform agnosticism, with the subsequent growth of commissioning platforms and producers, was required and why the NZMF represents the right direction taken in the thicket of contemporary media.

Second conclusion: This is only a warm-up

We mentioned earlier that the agnosticism practised by NZ On Air has not been radical: this is close to an understatement. While interactions between the agency, producers and platforms have grown strongly, the biggest buckets of funding distribution have changed little under the NZMF. The top-three funded broadcasters, the top-three funded channels and two of the top-three funded producers remain the same.

What may surprise many people is the extent to which the contestable parts of the NZMF are dedicated to TVNZ, and to a lesser extent Mediaworks. The majority of all contestable funding goes to projects commissioned by TVNZ. Look again at the treemap of funding allocation by broadcaster on page 28: all the furious activity of new platforms is contained in a small corner while the estates of the broadcasters stretch away mile after mile.[45]

Rather than condemning the relatively gentle nature of the shift so far under the NZMF, we conclude that this was the right approach. The entire NZ On Air system has been set up as a "three legged stool", with the funder, broadcasters and producers working together to create a measure of stability and continuity. The system has allowed a great deal of excellent content to be made, both for general and targeted audiences. It is also the conclusion of this review that the evolution of the fund must continue, and we would expect to see less concentration of funding in the broadcaster/platform category in future.

Third conclusion: Platforms are needed

The main obstruction on the path ahead is a lack of viable platforms available to commission content. New platforms report they are beset by producers seeking support for their applications:

> *We are inundated by smaller production houses. And even though some big ones now, coming to us and saying, "look, will you be a platform?" … I have to say to most of them, "no" … [I think we should be] exploring this idea that there is a choke point around the outlets and platforms for people's work.*
> Mark Jennings, Newsroom

Jennings has put his finger on a problem with the model here: there are no equivalents to the old-school broadcasters in the digital world beyond the on-demand services of incumbents. While YouTube is used by half the population every day, it has no ability or desire to commission, financially support or market a local video production.[46] Netflix, by time spent, is one of the biggest "channels" in New Zealand, but its content sits behind a pay wall. This places a big emphasis on locally run digital platforms such as Stuff, NZME, Newsroom and The Spinoff, which are all focussed on factual content and have limited capacity. Capacities will grow and competencies change, but the current situation in regard to platforms goes some way to explaining the difficulties for reallocating funding quickly.

It is hard to see the way forward while we view the situation through the lens of NZ On Air's existing model, the three-legged stool. The core functions that the "platform" fulfills may have to be split up and redistributed: rules and policies designed for a linear TV world

[45] Important context for understanding the historical dominance of TVNZ and Mediaworks in funding approvals is the big linear reach of TVNZ 1 and 2 and Three (Mediaworks) – each reaching a majority of the 5+ national audience every month – the breadth of their operations (eg TVNZ On Demand), and the history of NZ On Air as a broadcasting commission dedicated to TV and radio.
[46] As already noted, it is a funding requirement that commissioning platforms be "local entities", including having New Zealand-based editorial capacity.

may have to be modified. The alternative is that NZ On Air actively works in cooperation with industry and government to establish new platform capability.[47]

Recommendations

The broad conclusions above do not incorporate every finding or opinion of this review. These recommendations are given in a sequence we consider to be logical:

Collect and unify audience data

Audience engagement metrics should be systematically collected and unified with other funded project data. The process may entail a stricter requirement for metrics from producers/platforms. Metrics collected in the first instance should be simple ones such as episodic reach, time spent viewing, and unique viewers: complicating the task by seeking "the perfect metric" will delay implementation. It may be beneficial to partner with a third-party provider, but bear in mind data must be collected over years, and must be owned by NZ On Air.

Improve diversity process

Diversity is one of the three core goals of the fund. Important areas are the appropriate handling of stories within productions and makeup of production teams, the latter being thoroughly covered by the annual NZ On Air Diversity Report. A rough quantification of funded content consumption by ethnic, age and regional demographics should also be attempted. It will be necessary to accept some extra cost to ensure this is done properly.

Accept higher agency overheads

This relates to the previous two recommendations as well as responding to changes made under the NZMF. The very lean model of past years is no longer appropriate given the new data and application handling requirements. The increase need not be large to be effective.

Fund marketing

This is controversial, but necessary. The hard fact of TV PUTs decline mean that a broadcaster's in-house marketing is seen by considerably less people than a decade ago. Small platforms necessarily have lower reach and struggle to afford cash marketing. People can only enjoy content they know exists, and funding content that is poorly consumed

[47] The problems experienced by Freeview NZ in building a free and open national VOD platform provide a warning but also, potentially, a useful guide for those embarking on this journey.

through lack of awareness defeats the purpose. NZ On Air should explore allowing a proportion of the platform contribution to be house inventory on big platforms. In addition, projects should be allowed to include a set marketing spend (that cannot be spent on a funded platform's internal marketing) within funded costs.

Improve the visibility of NZ On Air

We saw that public awareness of NZ On Air has declined over the past two years. In the past, the agency has had a high profile within the industry and a moderately low profile with the general public. This was understandable in a highly-structured world where broadcasters controlled public access. The environment has shifted, watermarks and bugs are illegible on small screens, and credits are compressed and accelerated. NZ On Air must become more visible in order to avoid ossifying in the public mind.

Further considerations

In the course of researching the review and in conversations with NZ On Air staff and industry figures, several possibilities for further recommendations came to light which have not been substantiated in the text of the review. These are included here as considerations that warrant further investigation.

Review digital funding cap

Having audience engagement data capacity will allow NZ On Air more confidence in funding bigger projects on digital platforms. The current $500k cap on digital-only projects can be reviewed and in all probability removed when a robust assessment of audience/funding proportionality is possible. At present the funding guidelines[48] exist as very rough approximations of audience size: these divisions may be proved to be no longer valid when better assessments can be made.

Require industry attachments

Funded projects over $500k could be required to have a paid attachment for an emerging practitioner. The pay would be low, but the strength of the scheme is that NZ On Air could set diversity requirements for the position depending on the project and its current diversity goals. Many will say "we do this anyway". It may be worth making the requirement official.

[48] See page 86 in the appendices for a summary of the Funding Strategy policy on funding levels and platforms.

Fund some projects over multiple years

Some projects would benefit from funding over more than one year. This reduces flexibility within NZ On Air and may present obstacles in terms of the periodicity of agency revenue. If the latter can be overcome, the benefits would be great in terms of industry development and cultural continuity. Content performance would probably improve. Performance thresholds could be set up to ensure failures do not persist.

Build a comprehensive content archive

One of the great losses to New Zealand's cultural heritage is that only a small percentage of the video content funded by NZ On Air from 1989 is available to watch now. For the record, that is more than 4500 projects (excluding music) at a cost of $2.4 billion in 2020 dollars. NZ On Air, which is legislatively charged with developing archives, could work towards all funded content being freely available to the NZ public after a certain time (for example, 3 years). Foreseeable difficulties include obstinate producers and music rights. Where the taxpayer is funding the majority of a production, NZ On Air is justified in setting conditions. Producers may want to ensure this content is geo-blocked in order to protect overseas sales: this should be resisted wherever possible on account of "the forgotten city", the 600k-1m New Zealanders living overseas. Although there is no real mandate to serve expatriates, this big group forms part of the national experience and culture.

While the NZ On Air-funded NZ On Screen site was launched over a decade ago and contains more than 800 hours of video, it is not a comprehensive library of funded content and is only "made possible by the generosity and support of the New Zealand screen industry"[49]. It is time to consider changing the terms under which funding is approved in order to bring taxpayer-funded content into the public domain when its commercial value is mostly (rather than completely) exhausted. Given the dominance of YouTube as a video destination, it may also be advisable to redefine the nature of an "archive" as a central location and instead focus on the brand and marketing of the archived content.

[49] https://www.nzonscreen.com/about, accessed November 2020.

A final word

Many of the above recommendations will draw funds away from “pure” content expenditure. We can sympathise with a reluctance to do this, because experience tells us that money is easily wasted on administration and process. We believe every dollar spent carefully in the pursuit of the aims above will improve the performance of the fund. Those who protest may be making the error of viewing the NZMF primarily as financial support for industry. The fund exists to “reflect and develop New Zealand identity and culture”, which entails not only making content but making sure it is representative, and making sure it is watched and appreciated. Nowhere in the relevant legislation is there a direct charge to support industry: this is only implied.

An important thread running through many of the recommendations and considerations is continuity. Building performance and capability takes time. Culture and identity develop through time. It is a wrong to think that ephemeral investments, no matter how large, will create worthwhile things. In this, the review sympathises with industry when it points out the problems with funding uncertainty and a lack of development opportunity for practitioners beyond their first roles.

Finally, it is easy to focus on the strident voices and continual conflict associated with a funding model that every year invites the most delicate and vibrant souls to come to the party, only to turn the majority away at the door. Even the successful applicants often appear unhappy, and some are willing to write off the activities of their colleagues without so much as watching an episode. It would not be wise to judge the performance of the NZMF on conversations with these individuals, but if you do bring up the subject of NZ On Air, it is clear the agency is widely regarded as fair and open. Motivations may not be pure - most “guests” are hoping to come back next year - but the sentiment feels genuine. We have said the NZMF represents the right direction taken, the auspicious beginning of a long process. Let’s be clear that the path will not be trodden by administrative concepts, but by people: and to these good people we wish good luck.

Appendix 1: Interviews

As part of the review, 27 interviews were conducted with 30 people (three interviews had two interviewees) over a period of five weeks. All interviews were recorded with the permission of the interviewees, and the recordings have been provided to NZ On Air. These are the names, positions and companies of those who participated in the discussions:

Annie Murray
Manager Local Content - Prime
Phil Smith
CEO, Great Southern TV
Hanelle Harris
Producer/writer/director, Culture Factory
Bailey Mackey
CEO, Pango
Rachel Antony
CEO, Greenstone Pictures
Mark McNeil
Producer/Director, Razor Films
Philly de Lacey
CEO, Screentime NZ
Janine Morrell-Gunn
Director, Whitebait Media
Lisa Chatfield
Independent producer
Andrew Szusterman
Managing Director, South Pacific Pictures
Kelly Martin
CEO, South Pacific Pictures
Cate Slater
Director of Content, TVNZ
Nevak Rogers
Commissioner, TVNZ
Sue Woodfield
Acting Director of Content, Mediaworks
Hinurewa Poutu
Director of Te Reo Māori, Māori TV
Callie Schaumkel
Head of Content Creation, Māori TV
Paul Thompson
Chief Executive and Editor-in-chief, RNZ
Mark Jennings
Co-editor, Newsroom
Duncan Greive
Founder and Managing Editor, The Spinoff
Carol Hirschfeld
Head of Video/Audio, Stuff
Ben Forman
CEO, Wrestler
Brenda Leeuwenberg
CEO Nomad8, former Head of Innovation, NZ On Air
Dr Matt Mollgaard
Head of Audio and Radio Media, Auckland University of Technology
Russell Brown
Director, Dubwise
Jane Wrightson
NZ Retirement Commissioner, former Chief Executive, NZ On Air

NZ On Air staff interviewed:

Cam Harland
Chief Executive
Glenn Usmar
Associate Head of Funding
Allanah Kalafatelis
Head of Communications
David Ridler
Head of Music
Amie Mills
Head of Funding

Quotes from the interviews

These are transcripts of some important points made by interviewees, not including NZ On Air staff. Note that these excerpts are not intended to summarise the conversations.

Annie Murray

Manager Local Content - Prime

So what I think it did was it threw the flood gates, open essentially to a whole lot more platforms that previously weren't getting a look in at funding for screen content. And so, you know, that led to more diversity in terms of the peoples' stories that were able to be told and the people who were telling those stories, which is a good thing in my view. And I think it's consistent with New Zealand On Air's kaupapa.

On the downside though, I saw an enormous increase in workload for the staff within New Zealand On Air. So where a big round previously might've been say, 50 proposals, they're now getting 200-300 proposals. And there hasn't been a corresponding increase in resources into the organisation. So the overhead is still incredibly low. And I know Jane (Wrightson) prided herself on keeping that overhead very low. But I think it's too low and I don't think they have enough staff to manage the volume.

And the reason I say that is that the quality of assessment has declined, the quality of conversations with New Zealand On Air and, and feedback from them, has declined. It's frequently inconsistent and contradictory, depending on who you speak to. And I know from having been on the other side that comes from just having an enormous volume to deal with.

I think I would narrow the funnel so that currently there are too many platforms eligible to apply or to support proposals. The content is fragmented across so many different platforms that I've lost count. And each, almost every round a platform is funded that I've never heard of.
And I have to go and look it up. I was just looking back at the COVID relief round that was back in April/May to see what happened with some of that content. You'd have to look really hard to find where some of that funded content is. And one of the criteria for the New Zealand media fund was discoverability. I don't think they're delivering on that. I don't think those little platforms with, you know, lots of little projects. And when you add up all those little projects, it's a substantial sum of money on a yearly basis. That to me is not delivering. I would look hard at that and look at bringing the number of commissioning platforms down again.

But in the VOD space, which is fast growing and skewing under 45, the future of our industry, the viewing leans very heavily towards scripted. That's drama and premium drama that is driving viewing worldwide. And in New Zealand. The funding strategy needs to reflect that. I think this 50/50 split needs to be reviewed.

NZ on air is probably our premium cultural funding agency that should be built on a bicultural foundation, should have a strong treaty partnership.

How is it that they've never been able to attract Māori staff and there doesn't appear to be any strong Māori leadership on either the board or, or in the staff. I'm not saying that they're not well intentioned. I think they all are very well intentioned, but what we see continually is decisions being made about Māori content in particular, but also Pacifica content, Asian content by people with no lived experience in those cultures.

And I have a problem with it.

Phil Smith

CEO, Great Southern TV

I think we've seen a lot of the goals of NZ On Air achieved very successfully.

And so what we've seen in the last three years, is we're seeing things like, Head High, Sis, One Lane Bridge, which is using the diversity criteria of NZ On Air to tell New Zealand stories to a really high quality. We've got a far more sort of fluid example of what New Zealand is today than what we had before. We've moved away from that, that sort of trope of, you know, I call it the Ponsonby Road drama, which was people of one culture sitting in Ponsonby Road, arguing about boyfriends and girlfriends. I think that's easily the biggest success story out of the 2017 change.

Innovation is probably the one that we haven't been quite as dynamic in. We've seen a lot of success in the other areas we're looking at. And I think the innovation will emerge as the platforms become more apparent and how they can be exploited and created.

I think we have seen the number of funding rounds go down. And that is less of an issue for the larger producers. If there's less funding rounds, then the smaller producers just can't wait.

In terms of the process of dealing with NZ On Air, it's not a big team, but everyone's good there … it has been a disciplined organisation to deal with. you know, the deadlines are clear, the requirements are clear, the decisions are clear. The reason for not being funded. There's obviously a lot of broken hearts and … I think some people probably want more information about why they missed out.

Hanelle Harris

Producer/writer/director, Culture Factory

On our projects both times … it just feels racist to be honest. That's not even a personal thing. My commissioners felt the same way. My EP felt the same way. My white producer felt the same way, and I really have questioned whether they're pairing the correct assessors to our projects.

Māori and Pacific projects do get funded, but they're the projects that are made by white producers. And, there is a very ugly issue happening out here … and you can look at that last funding round that came out - all three of those multimillion-dollar projects that have got millions of dollars claim that they're Māori or Polynesian stories, but none of them are being made by Māori or Polynesian producers. I call it tokenistic box ticking, and it's really bad.

...

You want to know as a new filmmaker … ”go for a web series, go for that little bit of money that specifically designed for you”. And then work your way up. I think mid-career practitioners are often in an odd space. And I would put myself in that particular space. If I can go for that mainstream funding and free up that funding for new voices to come through, that's what I want to do. But I'm in a weird position where I couldn't go to NZ On Air in my next funding round and say, “Hey, I want $6 million to do a TV series.” It's going to go back to “You're not experienced enough.”

So, clear pathways [are needed] for emerging and mid-career practitioners, and I think the Fund can assist in that way.

Bailey Mackey

CEO, Pango

What's happened in the past is I think some people have tried to wedge in projects to make it seem like they were rautaki … but NZ On Air hasn't really had the rigour in terms of assessment. I have to say that’s been alleviated by the appointment of Heperi Mita as one of the assessors.

We're all in an absolute battle for audience, right? Part of the problem is NZ On Air is only dedicated towards content funding. There's no additional marketing or promotional support, and often that falls on the network. But networks often have to make a choice and sometimes it bums you out when a network has no budget to support something you put your soul into.

The other part is that there is no business development grant, or business development support from NZ On Air … I mean, we'll have a healthy sector if we have healthy businesses, [then] we have healthy storytellers. If we have environments that they can actually flourish.

Rachel Antony

CEO, Greenstone Pictures

If I think back to situations that we were sort of struggling with at the time, you know, you could have a documentary for a linear channel that might've had a really fantastic opportunity for a digital extension or some kind of online component. And you would have, you couldn't go in for those in the same round, for example. And there wasn't a way to fund the other pieces of it. So it was, to me, it was about sort of breaking down some of those unnecessary silos.

I think the rounds system is still really challenging, right? Because often there may be only one place in a year that you can apply for a particular kind of content.

I think the biggest challenge is more one of when the funding is available. That first round of the year is such a lolly scramble. And often a huge amount of money is spent on projects that are well-worth financing, but it comes really hard on those later rounds. The single largest contributor to fixing that is going to be more financing for NZ On Air.

It feels a lot to me like the media fund has allowed for, and it's a good thing, a lot of smaller projects to be funded. So some of those digital platforms that are getting projects that might be in the $200k-$400k range, which are fantastic digital projects that deliver on lots of outcomes, including giving people opportunity and your producers and emerging producers opportunity, trying new ideas, trialing new talent, and servicing some smaller platforms, potentially with niche, audiences.
And then you've got some of those bigger projects, like the big drama series or high-end factual, of which there are really only a couple per channel per year. The middle feels like it's disappeared. And I think when you are funding a bunch of those smaller platforms and smaller productions, it's, what's that stepping stone?
I really feel like there's a big gap in the middle and that those mid range projects aren't tending to get funded.

I don't envy that the decisions they have to make, given the quality of the applications that I know that they're receiving, they could have funded. You know, 90% of those applications in the last round with content that would be considered quality.

Mark McNeil

Producer/Director, Razor Films

My observation is that there seems to be more ring fencing. The targeted rounds are kind of ring-fencing.

It's a straight jacket that is suffocating innovation and ideas, because basically if you've got an idea and it doesn't happen to coincide with the target of the round or the ring fence or the special interest group, you’re stuck. You have to sit around doing nothing for a year or whenever the next one is. Whereas I really wonder if the goals about diversity and stakeholders and that stuff couldn't be kept a constant consideration for every round, rather than allocating specific rounds for them.

…

Our industry has been carved up by overseas streamers and in New Zealand there's not even a plurality of them. The latest figures from NZ On Air show that it's mainly Netflix. I like Netflix … but they're eviscerating the local networks who rely on advertising, and apart from not even paying any tax here, they're not compensating or re-injecting the local industry for the money they're sucking out of it … I do think that we have now got to the point where we need a much wider review of the broadcast and screen area. If we don't do this soon, then technology and events and the way things are going will just overtake the networks and NZ On Air will be kind of irrelevant anyway.

Philly de Lacey

CEO, Screentime NZ

There is a real issue with the New Zealand television industry or screen industry in comparison to the rest of the world, in that the New Zealand industry behaves as a cottage industry and it behaves as a handout industry. That means people coming into work for the industry believe that they are entitled to be given money and be able to make films with their friends and, and be able to think that they're the next genius television-maker without necessarily actually having to learn a craft.

In the rest of the world, television is a business, a big business, and it's a business that can actually create amazing careers for people, that are creatively satisfying and culturally satisfying, but underpinned by business, which underpins growth.

The way that the NZ On Air finance is applied ... negates the idea that people can actually have careers out of the industry. I think that's a fundamental problem.

...

Circling this back to the NZMF, I think that what's happened is that by trying to appease every kind of political mandate, diversity, more voices, more platforms, more everything, it has stretched the pool of money so thin that it has meant that you are actually missing out on one of the key mandates for NZ On Air: the number of eyeballs that get to see it.

A lot of the programs that have been made through the NZMF I've never even heard of, I have no idea how to find, and most people I know have never heard of them. And that's a real shame … What needs to happen is that we need to find a way to meet the needs of diversity but in a way that does find audiences.

We lose sight of the fact that the audiences that we're trying to serve are actually people who aren't us. That's really important to remember. You look at something like Country Calendar, which is the highest rating show on TV in New Zealand, and it tells you a lot about who your viewers are in this country.

…

The only way that we become sustainable is to have foreign income. Because the income streams for us in New Zealand are not high enough. If the goal by the government is to make our industry a sustainable industry, then the mechanisms that fund it domestically need to be supported to achieve that growth.

I know that these guys [NZ On Air] have got a hellish job to do, and I think if I was Cam [Harland] the only thing I would be doing would be fighting for more money.

Janine Morrell-Gunn

Director, Whitebait Media

So at the moment, from a flexibility point of view, there's been no change. It's not increased, but it hasn't decreased. We're fine with that. With regards to innovation, I can see from other genres, it has really afforded innovation across platforms and particularly in the digital space and in the on demand space with HEIHEI, so there's been real opening of opportunities there for people.

With regard to the processes and efficiency, I think NZ On Air are to be commended. I think that [digital application system] Eric is very simple. It's clear the administrative support is very helpful, they are all very helpful, very supportive, high functioning. The media updates and industry updates show a real ongoing commitment to research, and a number of discussions and initiatives take place. It's all very well communicated. So in that regard, it's working very well.

In terms of fulfilling the purpose of NZ On Air to reflect and strengthen New Zealand culture, diversity, quality and discoverability, I think that the challenge continues to be discoverability.
There is a lot of fantastic content ... but in children's on HEIHEI, which has now moved to TVNZ OnDemand, it's there with all the adult content, everything that is purchased and acquired from overseas. Discoverability is a real challenge for NZ On Air.

I think we need to define our brand [as] "Made in New Zealand". I know we get "NZ On Air" on everything, but in terms of having a destination that people can go to … I think that we need a family-focus channel.

We're a small country with a small number of people. We've got a lot of content. We need to put the right streaming and themes in front of children … the technology can do it all for us. That requires investment.

So if we move on to the pain points, you know, obviously it's not enough money. If we're serious about this content and it's about serving audiences, then we've got to get it to them. And how do we get it to them? We've got to do what everybody else is doing and create these channels whereby then you can pick and choose the stuff that suits you.

I wonder whether - with our drama and things like that, where we've gone from it being held by a few to being spread out to give many people an opportunity - we then need to bring in that next layer of … building blocks.

The fund as it currently exists has opened up. The broadcaster being the gatekeeper and only making [content] with a few people has opened up, which is fantastic.

Lisa Chatfield

Independent producer

There's plainly a tension in the premium drama space. I have some issues with the fact that effectively, you know, there's one premium funding round. There are a couple of smaller opportunities later on, but really there's one funding round, so you basically are putting all productions under this pressure cooker in terms of how long you have to write them … and then you have to make them, post-produce them and then deliver them. I feel that it's quite easy in that environment for things to be made that are underdeveloped.

I think actually what would help is more money in development. I think at the moment, our development is really chronically underfunded.

At the moment I feel like we're in a system where … we've ended up keeping people poor, both poor in terms of financially, but also a poverty of new exciting creative opportunities.

I do really pine for a public broadcaster … my children who are teenagers [have] probably watched 10 hours of local content in their lives, which is not how it was for me growing up in the 80s.

You could say that they make up for the loss of a public broadcaster by putting money into shows. But, but it's not just putting money into shows. One of the things that I find frustrating with children's content and generally with NZ On Air is there's no fund to market your content. You're really in the hands of the broadcaster and the broadcaster may or may not choose to [market shows].

It's about having access to funds to let people know the story's coming. If lots of people know about it … then you can draw people in and it can feel like “oh cool, this is where I find all the cool Kiwi stuff”. If you don’t, then it just becomes the place that people can't find content they don't know about. And unfortunately I feel that HEIHEI fell into that space.

I mean, one of the things I do love about NZ On Air is the kind of data gathering that they do. And the data sharing that they do, I think it holds everybody to account.

I think there's still a lot more talk about diversity, but fairly passive targets, you know, there's not a real clarity around targets or delivery requirements.

Andrew Szusterman

Managing Director, South Pacific Pictures

I get it. The drums were beating loudly … and there were a lot of vocal opponents to the way that funding was happening, and how the big players, primarily TVNZ and Mediaworks, and to a lesser extent Prime, were getting the majority of funding. I think part of that was fair.

I'm not sure that what … then transpired became an even playing field. It felt like the broadcasters and the production companies who were making for traditional platforms like free-to-air TV were having to do way heavier lifting than what was expected of digital companies, and how transparent they had to be about what they're applying for and where it was landing.

Part of it was NZ On Air going: “If we give out some money, any amount of money, small amounts of money, people will be silenced and placated a little bit more … and because we're giving out smaller sums than we're giving to TV, we don't expect a license fee”. That just built the animosity from the broadcasters, I think.

...

For us it's the right people making content for that audience. And that has an inclusionary thing ... If we were to take a Māori story and have no representation from the Māori community, then flay us.

Kelly Martin

CEO, South Pacific Pictures

I suppose it has been quite a big shift, but I don't know if it's necessarily been positive from our side of things. My perception of it is that they took the same pie and spread it a lot more thinly.

I think they have funded a lot of content for digital, but I don't think there's been enough thought go into how many eyeballs that content can get. And whether it's actually good value for money.

...

There's this weird idea that to make stuff for digital platforms, you can do it really cheaply.

So from a production community point of view, all of a sudden you've got people being expected to make content for very, very small sums of money, but the process of making content isn't that different.

…

I feel like there was this move around that time, this idea floating in the marketplace, that there was all this untapped talent that just wasn't being heard and wasn't getting opportunities.
And I don't buy that. And I also think that it's the job of producer and production companies to find untapped talent.

...

I think ultimately if something is working, it should be about how many people have engaged with it … [also] because of the way the world has changed, I think there needs to be a bit of a longer timeframe to quantify those eyeballs.

...

I'm terrified to even talk about diversity in any way, shape or form at the moment, I feel like it's such a hot potato.

We talk these days as if stories have never been told in the past that were diverse … you know, we made Bro Town for god's sake on TV3. And that was a mixed bag of people making it. It was Pacific Island animation in prime time telly.

Cate Slater

Director of Content, TVNZ

It was a fairly big change and that the goalposts weren't as clear anymore. The previous structure was a lot easier for us to know what we were shooting for, and to get the industry to fall in place behind that … from our end it's become a lot more inefficient.

I've got a view on innovation … it's really important in technology industries and in businesses to make sure they keep pace with what's going on. But the content game is all about creativity. That is essentially innovation under a different name, and we've got no shortage of creativity in this market.

Overarching, we think NZ On Air is doing an incredible job. The number one problem is the lack of funding that New Zealand affords to public media versus any other OECD country.

One thing missing for me a little bit in those three buzzwords [quality, diversity, discoverability] is audience. It should always start with the audience, I think. If it's being funded for a particular audience, it should be able to be found by that audience without them having to work too hard.

We kind of lost that middle row of production companies. We just haven’t been able to sustain them under the current model. We've kept the top end and we've still got the new creators who are trying to make things off the smell of an oily rag. We've kind of lost that middle layer.

The more you fragment funding, the more you fragment audiences, and the more you do that it becomes a self fulfilling prophecy. Audiences are going to leave traditional media at a greater rate … they are going to go to the platforms which are more heavily funded.

Nevak Rogers

Commissioner, TVNZ

I think they used to say, if you put in for a proposal you had about a 60 or 70% chance of getting funding. Now it's the reverse. It's more like 30 to 40% chance to get funding, since the fund was introduced.

Because there are more platforms, more mouths to feed, funding needs to be spread across all of those ... Discoverability goes hand in hand with that. I don't think that we've had really robust measures of success. That is something the entire industry has been looking for, particularly with our digital platforms.

Right now we can't afford to haemorrhage any more money out of the industry without a really solid idea of how that content and how those funding dollars have performed for us with the audiences.

Sue Woodfield

Acting Director of Content, Mediaworks

I think there are a lot of really good things about the fund, and I would say that, yes, it has broken down the silos in terms of funding and probably increased diversity, which I think was one of its aims. I'm not sure it's necessarily increased innovation.

Always the biggest criticism of NZ On Air is it doesn't have enough cash. It's being spread too thinly … the biggest issue we have with the Media Fund is that we still feel it's going on too many small platforms and that it isn't like for like [with broadcasters].

I firmly believe that the money should go into content, and shouldn't be spent on either creating platforms or marketing. If a platform wants it enough, they should pay for those things.

I have a particular issue with the cap on funding only four series of factual and six series of drama, because I think it punishes success.

I don't know if you've studied the funding, but huge amounts of money is going on small platforms. I question the discoverability, the number of people that can find that content. I've certainly never heard of most of it, or don't know how to find it.

Some of the digital projects are so underfunded. You hear stories of crew being really underpaid for the work they're doing. And I don't think that's in the interest of either the industry or what NZ On Air is trying to achieve.

Hinurewa Poutu

Director of Te Reo Māori, Māori TV

We are disadvantaged. When you asked about [Māori TV], how's it been since the rautaki was launched, whether we felt we've benefited from it or not. Well, we haven't.
We have a very specific audience, which is also a minority audience, and so in terms of numbers and measurements we are disadvantaged.

Since TMP have changed their language categories and percentages and are now funding, I think, a minimum of 30% [Te Reo Māori] in terms of content, then I would strongly suggest that NZ On Air look to broadening the percentage of Te Reo Māori that it supports.

If we could implement in changes more of a genuine or a dedicated commitment to Māori content, kind of broadening the sphere somewhat as opposed to, for want of a better word, just tokenism, that would be something.

Callie Schaumkel

Head of Content Creation, Māori TV

What I have seen myself is that there's probably been less Māori content being funded.
It could be that because it's quite … platform agnostic now, more people are applying for funding … than three or four years ago.

There's a criteria right now of ticking, certain boxes … in all due respect to our really good production companies [like] South Pacific Pictures and Great Southern [TV] … but for them to bring on a Māori [person] you know, just to tick the box … you know that people do do that.

...

We'll find it hard to support programmes with a cash element … the funding for marketing and publicity … our team is very small here at Māori TV. We don't have big teams of marketing and publicity to be able to do it. So for us to try and get additional funding to market … would be great.

Paul Thompson

Chief Executive and Editor-in-chief, RNZ

I did wonder whether it was … an iterative change rather than a revolution, if you kind of peer under the hood of it. I haven't got the sense that there's been a massive change in who they're funding and what they're funding.

The fact that RNZ now occasionally picks up a funded project, outside our core funding, is just one example to me that the fund's a bit more flexible than it was, which has been really great for us and very important. While the amounts of money aren't large, they really allow RNZ to do some things we wouldn't otherwise be able to do, utilizing the independent production sector.

One way to get public media content to more people is to make it very easy to share: the sense that if it's publicly funded, the IP is publicly available. Which is really interesting and challenging, isn't it for commercial beasts. But that is one idea that could have some merit, not for their entire portfolio, but a bigger proportion of their funded content being almost Creative Commons.

I don't get a sense that there's been a significant change in quality, but the quality to my eye has always been pretty good.

My personal view would be that [NZ On Air is] far more effective when they're not becoming a media entity or anything like a media entity. I think the essence and absolute magic of what has been a pretty successful organisation - that's done some really good work and kept its integrity despite handing out money all the time - is that neutrality. It’s in its DNA.

Mark Jennings

Co-editor, Newsroom

If we go back, I saw this moving away from the individual strands to a sort of bigger overall fund, was a positive, but a positive from a news perspective. I don't know whether it was a positive for the other strands. But I saw it as likely to give them more flexibility around funding public service news media, and adding diversity to the voices currently in the news media. I've always seen it as a positive, for news and current affairs, and continue to see it that way.

During the first COVID lock down, the political parties were really worried about the state of the media … there was a lot of talk about the green shoots of Newsroom, The Spinoff and some of the other smaller platforms. And this was seized upon by the politicians as “ok, not everything in the media is stuffed.” And that to a large degree has come through because we have been able to broaden our offerings through the Media Fund. It's given us a sort of depth and breadth that we would probably not have had otherwise.

…

I think they [NZ On Air], and perhaps us are missing a trick around [spending funds on marketing]. I would really like to see them take some [risks] on marketing money because I think they would get value for money.

...

I'm also really positive about the relationship and the ease of dealing with NZ On Air. Most bureaucracies are pretty hard to deal with. They would be one of the best.

…

We are inundated by smaller production houses. And even though some big ones now, coming through us and saying, look, will you be a platform? … I have to say to most of them, “no”, for a couple of reasons. We probably have got our own projects going in. You and I both know in the back of our heads that there is a kind of quota system. Even if it's unsaid. Even if you had the five best ideas ever, and you put them all in, you would not get the five.

[I think we should be] exploring this idea that there is a choke point around the outlets and platforms for people's work.

Duncan Greive

Founder and Managing Editor, The Spinoff

I think that there's a huge problem with the lack of any uniform analytics online.

We basically have a group of people who are very well served … and then another group probably of a similar size that consume almost nothing [of funded content]. This group is disproportionately young, disproportionately people of colour, particularly Asian New Zealanders and Pacific New Zealanders. The group that is really well served is disproportionately older Pakeha New Zealanders. Māori are also reasonably well-served.

I think more platforms and more production companies should be encouraged to place [content] on YouTube after a period of time. I think there’s too much hoarding of content that actually doesn't have anywhere near as much value as the production companies claim it has.

I personally think it's very difficult to justify the funding of big budget New Zealand drama. When I say big budget, I mean anything north of $3m per season. They represent so much by comparison to what has given over to digital as primary platform. I think neither the scale of the audience nor the quality of the product … nor the discoverability … [justify the cost]. It feels to me like that's a classic example of the kind of very hard decision that NZ On Air has consistently not made over the years.

I think NZ On Air for all its complexities and sometimes oddities, is a better system [than other public funding systems worldwide]. I don’t mean that it necessarily always serves the public better, but what I like about it is that it’s much less prone to capture, and I would say it’s much more approachable.

Carol Hirschfeld

Head of Video/Audio, Stuff

I think that NZ On Air still struggles with digital platforms, still struggles with trying to assess an audience … that also has meant that they are … careful and cautious in their commitments around innovation and new projects.

There is obviously a necessity for NZ On Air to cater for the needs of TVNZ. A lot. I don't necessarily see that TVNZ is innovative in its approaches to different programming ideas, proposals. I think the innovation is coming from those of us who live off Broadway.

One of the things that digital platforms have to get good at is ensuring that we really are multimedia. That's a conversation that I have with my bosses here.

The digital audiences are real. And linear viewership will reduce. So there's got to be a way that you can calibrate the funding to reflect those changes in some way.

Most of the producers here that I speak to, independent producers, say they can barely survive on the budgets that are allocated purely through NZ On Air and they desperately need extra money.

Ben Forman

CEO, Wrestler

I think it's completely backwards. If they're trying to foster innovation, they've got to change the way that you come into the funding.

Mainly because of the gatekeepers, which are the broadcasters. And the fact New Zealand has, I would say, one and a half broadcasters, the main one being TVNZ and the half being Mediaworks. You have to go through them. And so it's whatever they want to do, it's up to them really. Unless you've got their blessing, you can't even apply for the NZ On Air funding.

The audience for TVNZ and Mediaworks are an old school audience. Let's be honest. People watching, you know, normal broadcast TV and even TVNZ OnDemand, are of a certain demographic and are a certain audience that don't desire innovation, they desire a more traditional way of engaging with content.

I'm a big believer in the balance … of data versus creativity. There's only so much data that you can use to move forward in life. And if you're always relying on the tried and true methods and the data that you've got, then you will never grow, you'll only stay where you are because data's only retrospective.

Trying to foster creativity or innovation is, in its very essence, risk and is unknown and you are undoubtedly bound to fail. And so the only way to innovate and to create and to move forward and create something that's interesting and new is to go into the unknown.

I think it's about creating a more integrated and cross-platform approach to distribution … potentially broadcast could be a way to get your content out there, but so could online streaming, so could YouTube, so could social … your audience is not in one place.

We're never going to get growth if we're not taking the risk from on a bigger scale … taking these smaller projects and just throwing them little bits of budget here and there to scratch your innovation itch is not going to cut it.

Brenda Leeuwenberg

CEO Nomad8, former Head of Innovation, NZ On Air

There were, there were all these different sort of elements that didn't really hang together or have any cohesive thread through them. And, and working with those, we realised that if we sat back and said, okay, how do we view funding content and these different areas with a consistent lens?

It made it clearer for people to see where funding was going and how it was allocated and how decisions were made, and made it clearer for people to understand the sort of balancing act that the organisation had to make in making those decisions.

There has been a growing challenge for NZ On Air because “diversity” could mean different audiences, it could mean different creators, it could mean different content types. NZ On Air has tried to meet all of those different kinds of things, but basically with a finite pool of money that's never enough.
If you start to be really diverse, in the number of companies you fund, or the types of content you fund, or the types of audiences you serve then … the audience across everything kind of drops.

For me personally, the big multi-million dollar dramas felt like kind of a waste of money compared to what you could fund with that kind of money elsewhere. But there were enough people around the table who could argue the quality of the story, the robustness of needing to have that kind of capability in that industry and to be able to support it, the people who actually watched it in the end ... there's so many different arguments for and against almost every piece of content. The process was really robust.

NZ On Air is pretty good at being tough in the face of criticism. I think criticism needs to be more reasoned … I think that the industry people are typically, and I guess understandably, very blinkered to their particular piece of the pie, their particular segment that they sit in and [I wonder] if there's a way to ask people, so how would you do it then?

Dr Matt Mollgaard

Head of Audio and Radio Media, Auckland University of Technology

I remember when it came out and I thought it was actually a really good move because it de-linked the funding from particular types of media … I thought it was a really good idea in 2017. I still do, actually. I think it's probably on track to do what it's meant to do, which is to get that content to people where they are, and on the things they're using, rather than trying to fund particular types of media for particular types of platforms.

If you are asking them [NZ On Air] to do so much more, you do need to start looking at how you're going to channel that work into other places. I think if you're asking people to work across multiple platforms and emerging platforms … perhaps there is an argument now to look at growing strategic roles that suit the fund better. I don't think they've actually gained bodies on seats since they actually set the fund up.

Everybody wants more funding and the smaller projects that come along and don't get funded tend to get a lot of noise. Whereas the projects, the big ones that do get funded … everyone thinks too much money has gone into it … it can be a bit of sour grapes.

One of the things I would like to see is more student radio music on New Zealand-made programming for television.

Russell Brown

Director, Dubwise

Last year [2019] was actually a very good year for radio play for New Zealand music. If you looked at the overall figures, it looked like the industry was doing well, but that really came down to pretty much at most six acts, and most of those acts had access to [NZMF] project funding. It's a better way to create a hit than the singles funding.

[Music] is quite different from say pitching for TV, because there are clear gatekeepers there [in TV], and no one's going out and running an independent TV channel … increasingly artists and management, are getting good at running their own businesses and they don't necessarily need a large record company in the middle ... there are hundreds of potential applicants for music funding, and that makes a difference as well.

I imagine another big difference between music and screen, the screen salaries are quite high, and there aren't many people in music making really big salaries.

Jane Wrightson

NZ Retirement Commissioner, former Chief Executive, NZ On Air

I think [the NZMF] has worked incredibly well in terms of increasing innovation. I'm not certain we reduced complexity, and not for the stakeholders. And efficiency ... possibly the jury might be out on that too, but that's what happens when you open the availability of funding.

It's absolutely true that we anticipated a large increase in applications, which we got. To manage that with a relatively small team, and the team remaining small, was important because that maximises the amounts of funds able to be invested. To do that you have to have a pretty rigorous decision making process, which can be a bit formulaic. There was always a difficult balance to be struck between the needs of the organisation and the needs of the applicants.

Industry people will go through any door they can find. It's part of their skill base. The trick for a funding agency is to make sure that the messages through each of those doors are completely consistent. Otherwise, you know, chaos ensues.

The problem will never go away. Funding agencies never have enough money because there's an almost infinite supply of ideas for an finite supply of money. That's why you need a really tight strategy to go: “These are the ideas we're absolutely not interested in. These are the ideas that we will be seriously interested in. And then there's a large chunk of stuff in the middle where we might be interested, but everything needs a whole lot more work.”

Diversity: that goal was about content and about content creators.
That goal was specifically chosen because we could see that there was a decreasing interest in the traditional networks for content that we found to be important. Crucially important. So in other words, we had great ideas that just couldn't get a buyer, and those numbers seemed to be increasing.

There is an X-factor, a fabulous piece of content that failed to find its audience. And that's why you want to be a bit careful around hard-wiring those KPIs. Because there's always something that, you know, will have, say, magnificent historical use that just didn't fire the first time around.

You know the conversation that's least welcome, and the one we hardly ever, as far as I know, used to engage in, was “your project simply wasn't good enough”. You know, they don't ever like to hear that.

The problem is people get upset when their ideas are turned down. Broadcasters get upset, platforms get upset when they don't get everything they want. We understand all of that. But a contestable funding model can never make all those people happy all the time.

It's the best contestable funding system in the world I think. I've never struck another one like it.

Appendix 2: NZOA values/policies

This list is not complete: it was assembled to provide a working overview.

GOALS AND VALUES		Source
Main goals	Reflect and develop NZ identity and culture	Statute
	Great NZ content is valued and enjoyed by many New Zealanders	Roadmap documents/FS/SOI
	Connecting and reflecting our nation	Statement of Intent (SOI)
	Quality content	Funding strategy/SOI
	Diverse content	Funding strategy/SOI
	Discoverable content	Funding strategy/SOI
Fine print goals	To enrich NZ cultural experience	Funding strategy
	To improve diversity of media content in many forms	Funding strategy
	Ensure content is accessible	Funding strategy
	Strengthen community life	Funding strategy
	Promote informed debate	Funding strategy
	Available on platforms audiences use	Funding strategy
Stated aims NZMF	Simplicity	Funding strategy
	Flexibility	Funding strategy
	Efficiency	? implied
	Innovation	Funding strategy
Diversity values	Ethnic/gender diversity of production crew	? implied Diversity Report
	Overall diversity of story content	SOI
POLICY		**Source**
General policy	Favour cultural value (NZ, Māori, inventive)	Statement of Intent
	Balance between niche (diverse) and mainstream	Statement of Intent
	Take content risks but not business risks	Statement of Intent
	Encourage competition for best ideas	Statement of Intent
	Content should be cost effective (audience proportionate to cost)	Statement of Intent
	Don't fund things that would be otherwise funded or similar thing already exists	Statement of Intent
	Prioritise co-investment	Statement of Intent
	Prioritise capable/competent/experienced entities	Statement of Intent
	Ensure fairness in decision making (require good information from all applicants)	Statement of Intent

General guidelines	Low staff overheads	Funding strategy
	Platform neutral decisions	Funding strategy
	Māori content across all funding streams	Funding strategy
Key policy rules	Applications must have a commissioning platform	Funding strategy
	Commissioning platform must have a promotional plan	Funding strategy
	Commissioning platform must be established, viable and committed to NZ content	Funding strategy
	Audience size proportionate to investment	Funding strategy
	Platform to provide audience data after release	Funding strategy
	Marketing mostly not fundable, and not part of Platform Contribution (PC)	Information for com. platforms
	Platforms expected to make a cash or in-kind contribution	Funding strategy
	Factual and scripted series limited to max 4 and 6 funding approvals	Funding strategy
	No more than 3 grants in a 12-month period for music artists/projects	Funding strategy
	Free to NZ public (not behind paywalls)	Funding strategy
	No money for those seeking completion funding (with no platform investment)	Funding strategy
	No money for projects that could be designed to get commercial funding	Funding strategy
	No applications from entities that are not NZ-registered	Funding strategy
	NZ On Air must be acknowledged in funded content	Requirements for Acknowledging
	NZ On Air must be acknowledged in ads/promotions for funded content	Requirements for Acknowledging
	NZ On Air must be acknowledged in social media regarding funded content	Requirements for Acknowledging
	PC <5% total budget, shows available on other platforms (Extended Plat. Rights)	Standard Funding Agreement
	Report content usage 1 month and 6 months after publishing/TX	Standard Funding Agreement
RNZ informal policy	Generally modest budgets	Informal criteria in discussions
	Must use independent production	Informal criteria in discussions
	Aligned to NZ On Air's guidelines, targeting underserved audiences	Informal criteria in discussions
	Must have an acceptable platform contribution	Informal criteria in discussions
	Content available on other platforms (as per normal RNZ practice)	Informal criteria in discussions
	Small number of projects each year	Informal criteria in discussions
Named diverse groups	Kids	Broadcasting Act, Funding strategy 2017
	Pasifika	Funding strategy
	Disabled	Broadcasting Act, Funding strategy
	Pan-Asian	2020/21 funding deadlines

	Minorities of "reasonable size" (100k is an indication)	Funding strategy
Te Rautaki Māori	"Special provision" for Māori content	Statute
	Content will focus on English language to complement TMP	Funding strategy
	Complement TMP generally	Funding strategy
	2/3 key creatives Māori (producer, director, writer/researcher)	Funding strategy
	"Contribute a visible Māori presence in media"	Funding strategy
	"Affordable genres in short supply"	Funding strategy
	Annual Māori content targets	Funding strategy
Process policy	Applications must be lodged online	Funding strategy
	Decisions fall to Staff Investment Committee or Board depending on level of funding	Funding strategy
	>$500k: likely to be both TV and online, must provide full treatment/scripts	Funding strategy
	$100k-$500k: May be all broadcast or all online	Funding strategy
	$50-$100k: May be online only	Funding strategy
	0-$50k: May not require co-investment	Funding strategy
	"A deadline is a deadline"	Funding strategy
	Businesses must be registered with NZOA prior to applying	Funding strategy

Appendix 3: Further data

A note on project count discrepancies in the data below with the main body of the review: data in NZ On Air's funding spreadsheets includes several approved contracts with a value of $0. These and some other anomalies have been manually removed from the data in the main body of the review, but remain in the raw data below, leading to inflated project counts. This data also contains some split entries that have not been consolidated.

Funding approvals by channel

Period 1: 2014-16

Channel/publisher	Funding	# projects	%
TVNZ 1	$86,289,054	116	34.8%
TVNZ 2	$59,085,621	42	23.8%
THREE	$45,734,490	56	18.4%
Prime	$23,887,545	31	9.6%
Maori Television	$10,049,812	33	4.1%
FOUR	$9,435,138	8	3.8%
(unspecified)	$3,689,408	32	1.5%
TVNZ OnDemand	$2,060,000	9	0.8%
Choice TV	$1,380,676	2	0.6%
Various Stations	$874,938	9	0.4%
RNZ	$864,956	6	0.3%
YouTube	$748,492	8	0.3%
Online Platform	$736,135	5	0.3%
Maori Television On Demand	$525,000	4	0.2%
NewstalkZB	$417,524	13	0.2%
The Coconet TV	$354,194	3	0.1%
The Edge TV	$318,237	1	0.1%
Watch Me	$299,999	2	0.1%
Chchdilemmas.co.nz	$249,431	1	0.1%
NZ Herald	$246,217	2	0.1%
The Spinoff	$200,450	2	0.1%
Loadingdocs.net	$156,767	1	0.1%
ZM	$147,000	3	0.1%
Stuff	$109,118	2	0.0%
Lightbox New Zealand	$100,000	1	0.0%
Various	$88,400	1	0.0%
Grand Total	**$248,048,603**	**393**	100.0%

Period 2: 2017-19

Channel/publisher	Funding	# projects	%
TVNZ 1	$69,917,530	96	27.4%
THREE	$55,081,974	50	21.5%
TVNZ 2	$46,200,021	47	18.1%
HEIHEI	$17,152,266	70	6.7%
Prime	$17,002,946	34	6.7%
Māori Television	$8,413,761	35	3.3%
TVNZ OnDemand	$8,343,839	34	3.3%
RNZ	$7,183,347	38	2.8%
Stuff	$4,956,772	19	1.9%
(unspecified)	$2,732,241	35	1.1%
NZ Herald	$2,279,432	13	0.9%
The Spinoff	$2,162,932	14	0.8%
Newsroom NZ	$1,728,085	7	0.7%
Choice TV	$1,600,568	5	0.6%
The Coconet TV	$1,264,391	9	0.5%
Allied Press	$1,193,799	3	0.5%
Watch Me	$898,382	8	0.4%
NZ Geographic	$761,688	2	0.3%
Te Hiku Television	$560,000	3	0.2%
NewstalkZB	$549,559	14	0.2%
APNA Television	$548,268	2	0.2%
comedycentral.co.nz	$499,864	1	0.2%
Re:	$482,675	3	0.2%
NZME	$400,000	1	0.2%
Various Stations	$352,545	3	0.1%
Loadingdocs.net	$327,739	2	0.1%
Crux	$313,957	2	0.1%
TheCoconet.tv	$298,575	2	0.1%
Mana Trust / e-Tangata	$297,240	2	0.1%
Radio Waatea 603AM	$265,000	4	0.1%
Noted.co.nz	$229,931	1	0.1%
Star Media Ltd	$225,898	1	0.1%
Attitude Live	$205,624	1	0.1%
Vice Media	$184,407	2	0.1%
Duke	$169,780	1	0.1%
YouTube	$144,551	4	0.1%
Rhema Broadcasting Group	$136,000	1	0.1%
Maori Television On Demand	$113,820	1	0.0%
Star.Kiwi/CTV	$111,671	1	0.0%
Radio Rhema	$88,400	1	0.0%
Vice New Zealand	$70,914	1	0.0%
Pantograph Punch	$54,600	1	0.0%
Mai FM	$49,800	1	0.0%
ZM	$49,000	1	0.0%
The Wireless	$28,500	1	0.0%
Grand Total	**$255,632,293**	**577**	100.0%

Funding approvals by broadcaster

Period 1: 2014-16

Broadcaster	Funding	# projects	%
TVNZ	$147,494,676	168	59.5%
Mediaworks	$55,487,865	65	22.4%
Sky Network TV	$23,887,545	31	9.6%
Māori Television	$10,574,812	37	4.3%
(unspecified)	$4,365,543	36	1.8%
Top TV	$1,380,676	2	0.6%
NZME	$1,110,740	20	0.4%
YouTube	$748,492	8	0.3%
Radio New Zealand	$690,000	5	0.3%
Various Stations	$561,538	5	0.2%
Tikilounge Productions	$354,194	3	0.1%
Chchdilemmas.co.nz	$249,431	1	0.1%
UMA Broadcasting	$225,000	3	0.1%
The Spinoff	$200,450	2	0.1%
Radio Rhema	$176,800	2	0.1%
RNZ	$174,956	1	0.1%
Notable Pictures	$156,767	1	0.1%
Lightbox New Zealand	$100,000	1	0.0%
Fairfax Media	$89,118	1	0.0%
Fairfax New Zealand	$20,000	1	0.0%
Grand Total	**$248,048,603**	**393**	100.0%

Period 2: 2017-19

Broadcaster	**Funding**	**# projects**	**%**
TVNZ	$142,266,112	251	55.7%
Mediaworks	$55,131,774	51	21.6%
Sky Network TV	$17,502,810	35	6.8%
RNZ	$8,726,847	41	3.4%
Māori Television	$8,527,580	36	3.3%
Stuff	$4,956,772	19	1.9%
NZME	$4,176,373	37	1.6%
The Spinoff	$2,162,932	14	0.8%
Newsroom	$1,728,085	7	0.7%
Top TV	$1,600,568	5	0.6%
Tikilounge Productions	$1,562,966	11	0.6%
(unspecified)	$1,489,241	35	0.6%
Allied Press	$1,305,470	4	0.5%
Kowhai Media	$761,688	2	0.3%
Te Reo Irirangi O Te Hiku O Te Ika (Inc)	$560,000	3	0.2%
APNA Television	$548,268	2	0.2%
Notable Pictures	$327,739	2	0.1%
Mana Trust / e-Tangata	$297,240	2	0.1%
UMA Broadcasting	$265,000	4	0.1%
Vice	$255,321	3	0.1%
Bauer Media Group (NZ) LP	$229,931	1	0.1%
Star Media Ltd	$225,898	1	0.1%
Rhema Broadcasting Group	$224,400	2	0.1%
Attitude Pictures	$205,624	1	0.1%
Southern Community Media Trust t/a Crux	$200,000	1	0.1%
YouTube	$144,551	4	0.1%
Crux Media Trust	$113,957	1	0.0%
Various Stations	$80,545	1	0.0%
Pantograph Punch	$54,600	1	0.0%
Grand Total	**$255,632,293**	**577**	100.0%

Top 50 video projects by total funding

Period 1: 2014-16

	Row Labels	Total Funding	Funded cost/minute
1	Westside 4	$7,671,734	$17,436
2	Westside 5	$6,952,900	$15,802
3	Westside 6	$6,951,881	$22,571
4	Black Hands	$5,564,610	$25,294
5	The Bad Seed	$5,520,975	$25,095
6	One Lane Bridge	$5,470,000	$20,720
7	Jonah	$5,461,000	$30,339
8	Wellington Paranormal 2	$5,098,285	$17,430
9	Fresh Eggs	$4,445,829	$16,840
10	Head High	$3,883,000	$14,708
11	The Brokenwood Mysteries 5	$3,591,595	$9,977
12	What Now 2018	$3,289,000	$703
13	What Now 2020	$3,253,000	$695
14	What Now 2019	$3,253,000	$678
15	The Brokenwood Mysteries 6	$2,990,840	$8,308
16	Ablaze	$2,989,985	$33,222
17	In Dark Places	$2,902,172	$32,246
18	Brain Busters	$2,825,000	$753
19	Runaway Millionaires	$2,758,465	$30,650
20	Fanimals 2019	$2,750,000	$550
21	A War Story	$2,682,474	$31,934
22	Fanimals	$2,600,000	$520
23	The Tender Trap	$2,263,476	$25,150
24	Toke	$2,193,993	$24,378
25	Attitude 2019	$1,935,900	$2,482
26	Attitude 2020	$1,934,400	$2,336
27	Creamerie	$1,933,064	$14,644
28	Coast New Zealand 3	$1,808,685	$6,851
29	Tagata Pasifika 2020	$1,781,974	$1,584
30	Tagata Pasifika 2019	$1,781,900	$1,439
31	Attitude 2018	$1,773,447	$2,038
32	Fresh 2018	$1,734,630	$2,109
33	Fresh 2019	$1,734,630	$2,203
34	Fresh 2020	$1,734,630	$2,155
35	Jono And Ben 2018	$1,717,042	$1,501
36	Tagata Pasifika 2018	$1,600,000	$1,422
37	Anthems: New Zealand's Iconic Hits	$1,560,398	$5,911
38	Darwin And Newts 2	$1,523,177	$3,462
39	Funny As: The Story of New Zealand Comedy	$1,449,848	$5,576
40	Kiri and Lou 2	$1,438,691	$8,992
41	Origins	$1,313,996	$9,955
42	The Cul De Sac 3	$1,220,591	$9,041
43	Kiri and Lou 3	$1,200,000	$9,231
44	Centrepoint	$1,116,450	$12,687
45	Project Six	$1,101,091	$16,434
46	Friend to the Friendless	$1,095,385	$14,605
47	Mistress Mercy	$1,086,433	$12,346
48	Mean Mums 2	$1,080,000	$5,625
49	7 Days 2019	$1,056,000	$1,031
50	7 Days 2018	$1,056,000	$825

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Period 2: 2017-19

	Row Labels	Total Funding	Funded cost/minute
1	FILTHY RICH	$8,125,000	$9,233
2	WESTSIDE 2	$7,517,501	$17,061
3	FILTHY RICH 2	$6,937,019	$14,320
4	STEP DAVE 2	$6,816,870	$11,918
5	DIRTY LAUNDRY	$6,754,190	$11,792
6	WESTSIDE 3	$6,467,758	$18,374
7	HILLARY	$6,418,835	$24,314
8	WESTSIDE 1	$4,792,431	$13,312
9	THE BROKENWOOD MYSTERIES 3	$4,020,967	$11,169
10	THE BROKENWOOD MYSTERIES 2	$4,007,661	$11,132
11	DEAR MURDERER	$3,945,000	$17,932
12	THE BROKENWOOD MYSTERIES 4	$3,619,335	$10,054
13	JEAN	$3,241,700	$36,019
14	WHAT NOW 2016	$3,189,000	$676
15	WHAT NOW 2015	$3,189,000	$676
16	WHAT NOW 2017	$3,189,000	$676
17	THE ADAM AND EVE SHOW 2017	$3,080,400	$685
18	THE 4.30 SHOW 2015	$3,080,400	$691
19	THE ADAM AND EVE SHOW 2016	$3,080,400	$616
20	KIWI	$3,039,975	$33,778
21	BOMBSHELL - THE SINKING OF THE RAINBOW WARRIOR	$2,854,573	$31,717
22	IN A FLASH	$2,836,076	$31,512
23	RESOLVE	$2,564,955	$28,500
24	WHY DOES LOVE?	$2,549,330	$28,326
25	STICKY TV 2016	$2,374,193	$257
26	STICKY TV 2017	$2,372,841	$334
27	STICKY TV 2015	$2,364,611	$256
28	THE MOE SHOW 3	$2,127,525	$3,409
29	OUR BIG BLUE BACKYARD 2	$2,066,927	$5,741
30	CATCHING THE BLACK WIDOW	$2,053,901	$22,821
31	THE MOE SHOW 2	$1,972,491	$3,448
32	FRESH 2016	$1,843,571	$2,004
33	COAST NEW ZEALAND 2	$1,800,901	$6,822
34	ATTITUDE 2017	$1,775,738	$2,041
35	FRESH 2017	$1,766,125	$2,170
36	ATTITUDE 2016	$1,758,765	$1,784
37	ATTITUDE 2015	$1,753,709	$1,779
38	COAST NEW ZEALAND	$1,748,576	$6,623
39	JONO AND BEN 2016	$1,717,042	$1,501
40	JONO AND BEN 2017	$1,717,042	$1,501
41	TAGATA PASIFIKA 2016	$1,695,855	$1,435
42	TAGATA PASIFIKA 2015	$1,636,153	$1,384
43	JONO AND BEN 2015	$1,611,390	$1,033
44	TAGATA PASIFIKA 2017	$1,600,000	$1,288
45	DARWIN AND NEWTS	$1,523,177	$3,462
46	UNCHARTED WITH SAM NEILL	$1,499,227	$5,679
47	WELLINGTON PARANORMAL	$1,442,273	$10,926
48	NEIGHBOURHOOD 2016	$1,434,262	$1,413
49	NEIGHBOURHOOD 2015	$1,395,605	$1,375
50	THE HARD STUFF WITH NIGEL LATTA 2	$1,340,883	$3,809