

NZ On Air: Transitional strategy

2023/24

Nov 25 2022



Purpose

This document captures the proposed transitional strategy for NZ On Air for the 2023/24 year as we work towards redefining our role, focusing on serving our priority audiences, and evolving our mahi to be complementary to but different from the new public media entity, ANZPM.

The following summarises the information shared at the [SPADA 2022 summit](#) on 25 November.

Background

We recently released a report [2023 and Beyond](#). This report was the result of 43 stakeholder interviews that were undertaken to provide us with a sense of what NZ On Air should consider as we navigate the changes ahead. These anonymised interviews provided rich insights from the sector about the potential impacts and opportunities for NZ On Air.

The following expands on the original paper with more detail outlining the practical application of the proposed transitional strategy, and seeks feedback.

What the sector wants from us

The following areas featured repeatedly in stakeholder conversations and were all considered areas that NZ On Air should either enhance or continue doing in order to continue to serve local audiences and add value to the local media ecosystem.

Efficiency: the ratio between our overheads and resource used to fund content, and the pragmatism of what we fund based on the levels of pūtea we have available.

Targeted audience support: Our commitment to providing local content to underserved audiences on the media platforms they use.

Industry capacity support: Our investment in building capacity in the media through activities like skills training and content development.

Sector leadership: The role we play in pan-sector research, insights, and data supply.

Agility: How quickly we can change our funding priorities and targets in response to market change.

These form the basis for the operational decisions and changes we are about to embark on.

What hasn't changed

The purpose and values of NZ On Air remain unchanged - **to reflect and develop NZ identity and culture, and to invest in the stories and voices of Aotearoa.**

Over the past few years our core kaupapa has grown to be more focused on encouraging, developing and sustaining our industry practitioners to make the best content possible.

Also core is our commitment to our audiences, as articulated in the Broadcasting Act.

- Promoting Māori language and Māori culture
- Providing for the interests of:
 - Women
 - Youth
 - Children
 - Persons with disabilities
 - Minorities in the community including ethnic minorities; and
 - To encourage a range of broadcasts that reflect the diverse religious and ethical beliefs of New Zealanders

Although there is significant crossover with the audiences that must be served by the new ANZPM, NZ On Air believes that having a plurality of funders and organisations supporting these audience groups is critical.

The impacts we aim for continue to be : **Diversity, Quality and Discoverability** of the content we fund.

Examples of new ways of working

Over the past few years we've been developing new ways of working and the following initiatives are all examples of partnership and innovation models for the future.

Pan-Asian Screen Collective: Episode One

A year-long initiative with a structured four-month course followed by a 6-8 month scaffolded period during which up to six teams create a pilot episode for their series. The pairing of industry skills development with actual content creation is essential for building better and more sustainable careers for practitioners.

Each team receives up to \$15k in development funding, and then up to \$70k for the production of a pilot episode. It is hoped these pilots will be showcased to both local platforms and international streamers to generate interest for a full series – which may or may not be funded by NZ On Air.

Niu Waves

Pacific Island Screen Artists (PISA) approached NZ On Air to say 'we'd like to do something similar [to Episode One] for our Pasifika practitioners'. Niu Waves is dedicated to "creating and consolidating a Pasifika approach to screen production, reconciling the efficiency and accountability of industry convention with Pasifika values. And where they clash, finding a new way to work."

This approach affirms that the sector bodies representing those audiences that NZ On Air exists to serve are best-placed to champion and lead this work.

Every Voice

We've partnered with TikTok and Screen Australia on Every Voice for two years now. This year we've funded eight teams (four from each country) up to \$70-80k each to create short form Scripted and Factual series.

The NZ teams will fly over to Sydney in early December for a two-day workshop and develop their projects alongside the Australian teams. Partnering with TikTok means the teams are getting direct learning from the experts, and support from the platform. This type of partnership interests us because we can venture into global platforms with good scaffolding around the content creation and release.

Children's content strategy

Our new [children's content strategy](#) launched this year encapsulates a number of policy shifts and new approaches that we intend to implement across our wider Scripted and Factual funding from 1 July 2023. The core aim of this revised strategy is to ensure that local children's content lives in multiple places where parents and children can discover it.

We are working with Google and YouTube Kids to explore the ways in which we can make sure we get the most out of the content distribution. We are also pushing hard for local platforms to stay invested in children's content. We ideally want simultaneous release of the content (where appropriate) on YouTube Kids alongside local platforms. We've now got a slate of projects releasing across Prime, Whakaata Māori, RNZ+TVNZ (important as this will be the new ANZPM) and YouTube.

We are also putting a strategic focus on development of larger scale children's shows that can be both intrinsically local in their storytelling and representation, and have global ambitions. We've deliberately set up the funding rounds in 2022 so that projects coming in for development can then also apply for early provisional production funding and then can go to market. This makes these projects more attractive to overseas investors and partners, and creates an environment for children's projects to tap into the NZ Screen Production Grant (NZSPG). So far we've invested around \$200k in development for children's projects and we see this approach as a long game towards building out a more sustainable children's production sector.

Another part of the children's strategy involves partnering with media agency Contagion to invest in paid marketing for children's content that is additional to what the local platforms do. We are working alongside content producers to define clear target audiences for the children's projects, and then tailor age-appropriate marketing to reach them.

The lessons learned from this will shape our approach to rolling out this discoverability strategy from July 2023 onwards. We know there will be some criticism about funding going towards something other than development or production, but by piloting this with children's content we can gauge the impact and reasonable levels of investment.

Holistic audience engagement and impact measurement tool

We rolled out a data measurement project last year under the Public Interest Journalism fund. This is one of the most important advancements NZ On Air has implemented in recent years, and will be applied to all our Scripted and Factual funding from July 2023.

The tool (soon to be named) – is a tagging system attached to funded content, standardised across all the local platforms where that funded content is released, so that a view can be comparative across multiple platforms. Data from multiple websites and projects is

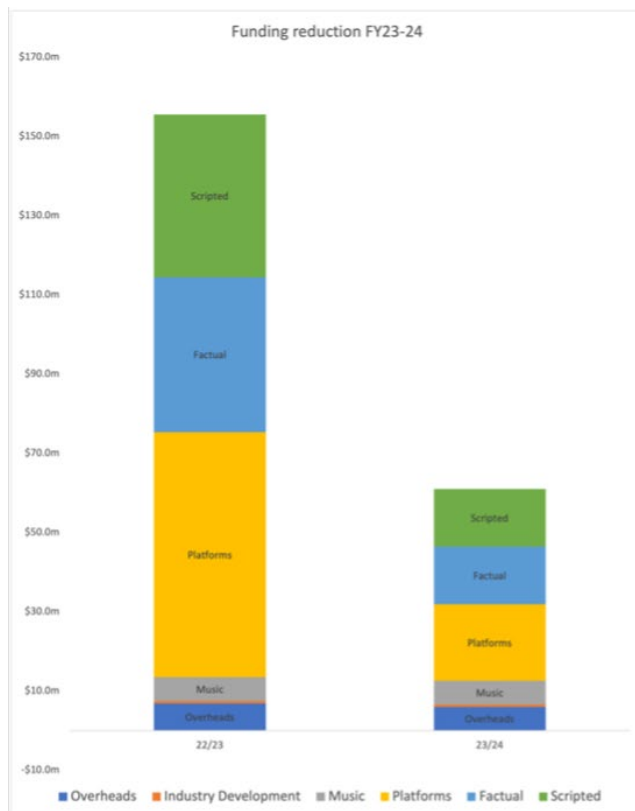
captured centrally using Google Analytics, and provides a holistic, fair approach to understanding the audience engagement and impact of the content.

This data is useful for NZ On Air, producers and publishers to better understand what content is reaching audiences. Transparent, meaningful data increases our accountability. Te Māngai Pāhō has also been looking into this tool, and we’re advocating strongly to the Ministry for Culture and Heritage and their internal ANZPM team because this tool could give government an objective and standardised line of sight of their investment across the full range of funded public media.

What is changing?

We will have less funding available - our contestable screen funding (Scripted and Factual) will be around \$30m in 2023/24. Overall, \$84.8m from NZ On Air’s appropriation is being moved to the ANZPM. This comprises the RNZ platforms funding (\$42.6m) and an amount based upon the level of funding TVNZ projects have traditionally received on average from NZ On Air per annum (\$42.2m). This leaves approximately \$61m for all costs, including Platforms, Music, Scripted, Factual, the Industry Development Fund (IDF) and agency overheads

The splits are still to be determined but the below is an example of what this might look like in 2023/24.



2023-24		
Categories		
Scripted	15,000,000	25%
Factual	15,000,000	25%
Platforms	18,000,000	30%
Music	6,000,000	10%
Total NZ Media Fund	54,000,000	
Industry Development	1,000,000	2%
Estimated admin	6,000,000	10%
Total funding expenditure	61,000,000	

The assumptions in creating this model are that allocations for Music, Platforms, and Industry Development Funding are largely unchanged in 2023/24. Our Music funding makes

a huge impact well beyond the comparatively modest investment and there is strong sector advocacy for this to continue.

Additionally, cuts to our Platforms funding (which includes Access and Student radio, Pacific Media Network, NZ On Screen, ABLE and others) would be difficult to achieve in the short term without significant impact to critical public media services for underrepresented audiences.

But lets also acknowledge that there there will be another public media entity that is well funded that will be seeking to commision public media content. We can't speak to how this will work next year or longer term but we should all assume that it will have a clear mandate under legislation and a charter to commission similar content to that which has been funded through NZ On Air.

Drama funding

One of the biggest changes will be to how we fund drama. The challenge was expressed by a stakeholder during consultation in this way:

“Premium drama is not viable in a market the size of NZ. The numbers do not add up. I think it was great to be able to do it. It would not have happened without funding support ... Maybe the best way to fund premium drama is through the SPG. You could easily spend 10% of the budget on one drama in a world where 50% of [NZOA] funding is removed. If you can only fund one, it becomes death or glory.”

NZ On Air intend to stop **wholesale** funding Premier Drama. In an environment where we are likely to have circa \$15m available per year for Scripted projects, to set aside \$6m - \$7m for a single drama is 'death or glory'. We intend to cap the maximum funding level per Scripted project at **\$2.5m**.

We will still see exciting Scripted projects at this funding level, and could also still fund drama to that \$6m+ level but it would have to be match-funded or co-funded by another agency (i.e. Te Māngai Pāho) or via a network/platform. Te Puna Kairangi was an excellent example of how multiple sources of funding can work.

The current government review of the screen sector might see changes to allow NZSPG funding to sit alongside NZ On Air funds and we would welcome this opportunity. As another stakeholder put it:

“The inability to access SPG and NZOA funding together is a major design flaw. If you changed that one thing alone, that would transform drama production in New Zealand.”

Other potential changes

- **Removing the fixed 50/50 funding split between Factual and Scripted.** We propose instead loosely divvying it up 50/50 (i.e. \$15m per category per year) and then funding the very best projects that are submitted to us even if this ultimately changes a 50/50 split. We would ensure we are publishing the allocation tracking

throughout the year transparently so the sector could regularly gauge the available pūtea remaining. This will allow flexibility as we start to understand what the new public media entity is commissioning in 2023/24. We want to ensure we are taking a holistic approach to pan-sector allocations across the two funding categories.

- **Removing the \$500k policy funding cap for digital-only projects.** This was a recommendation in the 2020 NZ Media Fund review, now validated by far greater internal audience insights and analysis. We are also seeing amazing projects in this space and don't want to limit their ambition if a digital-first / digital-only release strategy is the right approach for the intended audiences.
- **Removing the \$200k policy cap for feature film funding.** This isn't because we wish to fund more feature films or become a majority funder on films, but it is an opportunity to remove some arbitrary rules that have been created over time and have sometimes worked against non-traditional release strategies that incorporate online or free-to-air linear releases early in their distribution cycle. We would continue to be the minority funder alongside the NZ Film Commission (NZFC) and work closely with them (as we currently do) to ensure we are co-funding projects where our priorities align.
- **More targeted Request For Proposals (RFPs).** This approach will work in lockstep with our increased audience research efforts from 2023 onwards and will build flexibility and innovative approaches into our funding model. RFPs will be a way to address any audience and content gaps that arise as we move through the year and into the future.
- **More for content development.** We would upweight content development funding (Scripted and Factual) to circa **\$1-2m** per annum (currently this is around \$600k per year) and we will look to partner with industry and guild bodies to support ambitions in this space. We will update our Development Roadmap to create greater opportunities for broader slate funding for producers and writers, and better scaffolding to support Diverse Development projects (projects that do not yet have a platform attached). Stronger investment in a pipeline of high-quality projects that can feed the whole sector (including the ANZPM) will become increasingly important to the health and vibrancy of the local sector.

Fewer funding rounds

Over the past few years we have only been able to fund around a third of all applications submitted. This pressure is increasing with greater demands on growing media formats such as podcasts and games. With less funding available in 2023/24 we are asking producers and platforms to be more discerning in putting only their very best work forward for funding consideration.

- **Reducing the three funding rounds.** This is a pragmatic decision given the reduced funding available. The rounds will be weighted towards the start of the financial year and might look like this:
 - Round 1: Apr – Jul \$13m
 - Round 2: Sep – Nov \$10.5m
 - Round 3: Feb – Apr \$5.5m

Note that once the ANZPM determines what its rounds and commissioning processes are, we will augment and align with those so that it works best for the sector. At the moment we don't know whether that will mean interspersing our rounds in between theirs (and TMP's) or if syncing up is smarter, to allow co-funding with ANZPM.

The above are draft allocations for Scripted and Factual funding only and they're indicative numbers at this stage. Note that Platforms funding is not shown here and will remain tied to the first FY round of April – July.

- **Capping the number of applications that can be submitted by platforms and producers per round.** This cap would apply to both platforms and producers. We are proposing a maximum of **four** applications per production company (max two apps per category; Scripted, Factual, Development) and **six** applications per platform each round (no restrictions per category within that total). These caps are based on numbers of applications historically. We will be more discerning and putting more onus on platforms at submission stage to provide solid marketing and promotions plans etc. to make it clear that projects are an absolute priority to them.

Finalised round timings and guidelines will go out early in 2023.

Content priorities

Below we signal what we will continue to support and what will likely have to be de-prioritised.

- **More Scripted Māori content.** We will soon be releasing analysis by Funding Advisor Heperi Mita on our Māori content funding over the past five years. It shows that we – and the wider funding agencies - have underindexed on Scripted Māori content over the years and over-indexed on Factual content.
- **More high-production children's content.** We'll be seeking more high-production value children's content, intended to be ancillary to the new ANZPM's presumed dedicated children's funding budget focused on domestic-scale children's production. NZ On Air has annually allocated around \$14m – \$16m to children's content funding and we hope to see the new entity ring-fence a similar (if not higher) level for children's content. If we can then carve out around \$5m – \$6m per annum for children's content from our reduced baseline funding then we have meaningfully increased the whole allocation for children across the sector.
- **More Documentary, less general Factual.** We envisage that the ANZPM should have general Factual content well covered whereas Documentary and Drama remain the only two genres explicitly listed in the Broadcasting Act for NZ On Air to deliver, so in an environment when we can fund a lot less, we need to ensure these two genres are prioritised and protected.
- **More sustainable and emerging drama and comedy** at the capped \$2.5m level already mentioned.
 - This will also mean more **scripted comedy**, fewer broad reach comedy panel shows. When we had a contestable funding pot of \$80m, we could co-fund more 'commercially-viable' comedy panel shows. However, in a future where our contestable funding has been more than halved, we believe scripted

comedy is more at risk and we've seen fantastic outcomes in this space with the likes of *Raised By Refugees*, *Mean Mums* etc. so it remains a priority.

- **More investigative journalism**, less regional news and current affairs. The new ANZPM should have regional and national journalism well covered but we don't want to leave the types of journalism behind that the wider commercial sector cannot support alone and where plurality of choice matters. Investigative journalism will remain a priority.
- **More non-traditional and growing content formats** – i.e. interactive and podcasts. As we look to better serve our younger audiences, we must place greater emphasis on these types of emerging formats. We will work closely with the ANZPM to ensure that where we are supporting formats like these for the wider local private media sector, we are also differentiating from the ANZPM so we reduce duplication.

A research-led organisation

Again, stakeholders had clear views on research being a priority area for NZ On Air to focus on.

"I think there is value in greater research and insights coming out of NZ On Air..."

"...everyone has their own data and research and everyone's research is biased by their own agenda. NZ On Air is uniquely well placed to play Switzerland on this. '...This is the basis on which we're prioritising where we put our resources.' It gives you your mandate."

Research has become something NZ On Air is known and respected for and we are seeing an increasing need for it. Increasing our research, data and monitoring capability will be a critical programme of work for us - both to inform and assist the sector and to ensure we are aware of any audience gaps. This work includes internal insights by tracking information on our funding. It also includes research that we have become known for. In particular we will increase our industry benchmark *Where Are The Audiences?* study to be an annual output and add further in-depth studies on the needs of specific audiences.

2023 and Beyond

As we head into 2023 and beyond, we will seek out greater co-funding and match-funding partnerships that help us reach targeted audiences and leverage third party funding. Current and potential partners in this space include TMP, NZFC, Screen Australia, ABC, SBS, Prime, Discovery, ANZPM, TikTok, Netflix and others.

We see a growing role for our agency in industry development and growth, and actively seeking out and enabling the next generation. There is an opportunity to support the screen sector culture and sustainability - a real focus on 'by, for and about' content for all audiences.

Changes to our legislation and settings as we move beyond the transition year will be crucial. This would include greater remit to engage in capability and capacity, promotion, and co-funding opportunities alongside other government funds including NZSPG.

We remain committed to delivering to a refreshed te rautaki Māori and to partnering even more closely with Te Māngai Pāho in 2023/24 (as expected in the Maori Media Sector Shift programme of work).

We envisage a close and complementary relationship with the ANZPM, and will be closely observing its finalised Charter and commissioning strategy. We will take a flexible approach to the year ahead.

Provide feedback on the 2023/24 changes

We are keen to hear from stakeholders about key aspects of the changes proposed in this paper. The timeframe is tight, as we need to publish the first Round guidelines for the 2023/24 year early in the New Year.

We are keen for you to consider the below questions. We know you probably have a lot more you want to say but given the tight timeframe we ask you limit your responses to no more than two pages. **Responses can be emailed to communications@nzonair.govt.nz by noon on Wed 14 December.**

Key questions for feedback

- How useful will it be to sync some or all of our Scripted and Factual funding rounds with those of other agencies?
- Do you agree with the funding allocation weighting of the three proposed funding rounds?
- Do you agree with the proposed number cap on applications by platforms and producers? (Four per producer and six per platform each round)

We intend to consult again later in 2023 with regard to any longer term strategic direction changes for NZ On Air for 2024 and beyond.