

Annual Report



NZ On Air 2002-03



Our Vision:
NZ On Air will be an
independent leader in promoting
local content and diversity
in broadcasting.



Exp
Relevant

Contents

04	Chairman's Overview
07	Chief Executive's Report
07	Television
08	Radio
10	NZ Music
11	Maori Broadcasting
12	Transmission Coverage
13	Archiving
13	Staff Changes
14	Financial Statements
14	Statement of Responsibility for the year ended 30 June 2003
14	Statement of Accounting Policies for the year ended 30 June 2003
16	Statement of Financial Performance for the year ended 30 June 2003
16	Statement of Movements in Equity for the year ended 30 June 2003
17	Statement of Financial Position as at 30 June 2003
18	Statement of Cash Flows for the year ended 30 June 2003
19	Statement of Commitments as at 30 June 2003
19	Statement of Contingent Liabilities as at 30 June 2003
19	Statement of Resources as at 30 June 2003
20	Notes to the Financial Statements
26	Statement of Objectives & Service Performance
43	Statement of Management Procedures
48	Report of the Auditor General
49	Historical Television Statistics
49	Television Programmes
54	Radio Programmes
54	NZ Music Projects
59	Directory

Chairman's Overview.

The developments in broadcasting during the year to June 2003 reflect the increasing importance of public service objectives in television and radio. While the increased choices available to audiences and Internet users might suggest that public service broadcasting could become less relevant in the 21st century, **NZ On Air's** research and experience has led us to the opposite conclusion.

Since June last year, when I was appointed as Chairman of the Broadcasting Commission (**NZ On Air**), the broadcasting landscape has become significantly more complex, with a number of new structures and broadcasting providers emerging on the scene.

Legislation to restructure TVNZ as a Crown-owned Company, governed by a public service charter, has been passed by Parliament. In tandem with the charter coming into effect, direct funding has been allocated to TVNZ to assist with its implementation.

Legislation to establish the new Maori Television Service has also been enacted, and the Service is now preparing to go to air by 2004.

A four-year pilot Pacific Island radio network – Niu FM – was launched in August 2002, with funding being administered directly by the Ministry for Culture and Heritage. This complemented the existing community radio services (Radio 531pi and Samoa Capital Radio) funded by NZ On Air.

A voluntary industry code, setting targets for NZ music on commercial radio, was agreed in the first half of 2002, with radio then "coming to the party" and showing unprecedented support for local music in the last year. Subsequently, an industry-led Television Local Content Group was set up in December, with the objective of setting local programming targets for the free-to-air channels.

Separately, the Screen Production Industry Taskforce completed its work with the publication of a report, recommending changes designed to grow the film and television industries. The Government is considering its response to these recommendations. By the end of the year under review, a New Zealand Music Export Development Group was in the pipeline, with a brief to look at national and international growth opportunities for NZ music.

From the Board's perspective, the past 12 months has been "*a game of two halves*", or perhaps more accurately, "*a game of two fields*". On the one hand, in terms of our core statutory responsibility as the principal funder of public broadcasting, the organisation has had another successful year in attaining its financial and production targets as well as continuing to play an active part in the development of radio and television programmes aimed at encouraging expressions of New Zealand's unique identity and cultural diversity.

On the other hand, a new debate is beginning to crystallise on the fundamental issues underlying public broadcasting, and the questions that have been raised penetrate to the base of NZ On Air's existence. The comparative certainty

of playing under the existing rules, within the current structure and on a field to which we are accustomed, is giving way to the uncertainty of the game which is shaping up on the next paddock.

So far as NZ On Air's achievements are concerned, these are recorded in the body of this report.

I would note, however, that the changing environment has highlighted the soundness of NZ On Air's funding mechanisms, which have allowed the organisation to deliver value and stability to an increasingly complex sector.

There continue to be strong indications that both the range and quality of programmes carrying the NZ On Air logo have a significant measure of support – two of these indicators being the independent market surveys we have commissioned and the number of NZ On Air-funded programmes recognised by the sector itself as being of high quality.

While broadcasters may sometimes consider NZ On Air's public service requirements to be arduous, good progress continues to be made over time. By operating independently – and as an audience advocate – through the Broadcasting Act, NZ On Air ensures the interests of the audience as citizens (rather than as consumers) are constantly taken into consideration by all broadcasters seeking funding. There is a tendency to focus on NZ On Air's television funding, but the agency's role is far wider. NZ On Air's contribution to NZ culture on the airwaves can be seen and heard over the years and across cultures and art forms. A good example is our support for NZ music, which in commercial airplay terms has increased to nine times the level it reached in 1995 with the help of targeted incentives and promotional work.

An important milestone for the Board has been the process of putting together a five-year strategic plan, and the first Statement of Intent set within the framework of the plan. In the light of the developments that have occurred in recent years, the Board decided it was essential to take a step back from its normal routine of decision-making, to look at the factors which were impacting on the organisation and form a view as to what adjustments might be needed to ensure NZ On Air remained relevant and effective.

A strategic planning session held in January 2003 resulted, after several months' work, in the "Five Year Plan" and the "Statement of Intent, 2003/2004" – both of which were launched publicly in July following the tabling of the Statement of Intent in Parliament.



Don Hunn
NZ On Air Chairman

I do not intend to repeat here the Board's current thinking as represented in the two documents – although they should be read alongside this Annual Report. However, there are two matters I wish to highlight.

The first is the question of security of funding for public broadcasting provided through NZ On Air. Since the abolition of the Public Broadcasting Fee (PBF) in 2000, the agency has been funded directly by the Crown. While baseline funding has been increased, NZ On Air has participated in an annual Budget round, seeking to move forward from the erosion of the funding base we experienced during the second half of the 1990s. I believe an assessment now needs to be made of the level of funding for public broadcasting that is desirable, sustainable and achievable over the long-term. To commit to the kinds of public broadcasting implied by a range of Government policies and by NZ On Air surveys of public opinion requires a secure, stable funding base with multi-year certainty.

The second matter relates to NZ On Air's role, which we believe must be clarified as to where it fits within the emerging broadcasting environment. In short, to continue the analogy, the Board believes it is essential to move the game on to the final in the current series, and for it to be played in the one stadium.

The Minister of Broadcasting announced earlier in 2003 that he wished to develop a "first principles" strategy in the latter half of the year. This strategic exercise will provide a significant opportunity to address the implications of the increasing complexity in the sector, and to articulate the value of public broadcasting in today's world. NZ On Air anticipates that the matters to which I have referred in this introduction will be addressed in the course of the Government's developing its revised strategy for the sector.

Financial Situation

From a financial perspective, 2002/2003 was a successful year for NZ On Air, with a little over \$90 million (exc. GST) available for broadcast funding. This enabled us to contribute funding to more than 950 hours of television (a level unmatched since 1994/1995), to support 113 music videos, 42 new recording artists, 17 albums, and close to 700 hours of music television. The allocation of this funding was backed by strong audience support for local content and for New Zealand music, evident from the quantitative and focus group research commissioned by NZ On Air in 2002.

However, it was only possible to achieve this level of support by using substantial reserves of public equity, built up through a combination of interest income, sales revenue, residual Public Broadcasting Fee collections and programme writebacks.

In NZ On Air's Statement of Intent for the year to 30 June 2004, we advise that this level of funding will be maintained for the year ahead. This is, in part, thanks to additional funding that was announced in the May Budget – \$2.5 million per annum to retain Radio New Zealand's current level of service, and \$1.78 million to help maintain the television budget. Reserves of public equity will again be used to maintain the total available for broadcasting funding. A small contribution to our income continues to be made with the collection of residual Public Broadcasting Fees. This activity netted around \$16,000 per month during 2002/2003.

Chairman's Overview.

Outlook

From a financial perspective, NZ On Air is forecasting a possible decrease in our television budget from 2004/2005. This is because, in order to maintain the total available for expenditure on broadcasting, we will once again be drawing on public equity reserves of up to \$4.5 million in the year ahead.

As I have said, a key goal for the agency will be to re-examine the rationale for public funding of broadcasting, to consider what level of programming and broadcasts is considered desirable and achievable for New Zealand, and to seek Government support for funding that will secure these outcomes over the long-term.

We will focus on implementing the five-year strategic plan, with major initiatives to include a tendered innovation fund for television, the organisation of and participation in symposia on various broadcasting and funding issues, the implementation of a coordinated plan for improved consultation and communication with stakeholders, and the introduction of a more strategic approach to our annual research plan.

The ultimate aim of these initiatives is to support consistently high-standard production that is seen as world-class and is well-received by television and radio audiences.

One issue that has arisen during the year has been that of dealing with conflicts of interest. These are inevitable when appointments are made to the Board on the basis of industry expertise. The ability to call on this expertise is seen by the Government as important to the effective functioning of the Board, ensuring that it has direct access to knowledge of the sector. The obverse of that is that issues of potential conflict of interest must be identified and avoided scrupulously.

NZ On Air has therefore sought independent advice on its procedures for dealing with disclosure of interest and for managing any conflict. These have been both confirmed as robust, and enhanced to ensure they represent "best practice".

As an independent agency, NZ On Air believes it can play a pivotal part in the delivery of public service broadcasting in New Zealand. In our strategic plan, we have proposed an approach that would clarify NZ On Air's role and ensure that the risks inherent in fragmentation of the sector, with resultant blurred roles and the potential for lack of accountability, can be minimised.

The Board considers its Five Year Plan is an important contribution to the "first principles" strategy to be developed in the latter half of 2003. The challenges posed by digital technology, and the opportunities for exports of New Zealand television programmes and New Zealand music are the "new frontiers" for broadcasting. We recognise that the structures and delivery mechanisms for public broadcasting may well change as a result of a new strategic approach by Government. We have, however, prepared a strategy that fully acknowledges the current and emerging environment, and takes NZ On Air's role forward from 1989, so that it fits clearly and coherently into this landscape.



Don Hunn
NZ On Air Chairman



Jo Tyndall
NZ On Air Chief Executive

The strategic planning exercise undertaken in the first half of 2003 has resulted in a clear articulation of the issues and objectives for NZ On Air in the period ahead. It has been possible to begin putting the plan into effect from the second half of the year under review, with several initiatives already beginning to bear fruit.

The year to June 2003 has seen considerable change in many areas of NZ On Air's work. The agency has sought to anticipate the impact of these changes wherever possible, and has initiated several landmark reviews or research programmes as a precursor to the development of new policies or funding initiatives.

Highlights of the Year

During the year, NZ On Air commissioned research into audience perceptions of and attitudes towards locally produced programming. Complementary quantitative surveys and focus group research produced significant results, confirming strong levels of support for local content on television and radio.

There is no doubt that New Zealand audiences like local programmes. 77% of respondents said they supported the programmes provided through NZ On Air and would like to see more. A similar percentage believed that local programmes were important in helping to develop New Zealand's cultural identity. 62% of respondents would like to see more local content, with a similar percentage confirming the importance of playing NZ music on radio.

The focus groups revealed that New Zealanders' perceptions of local drama had improved significantly over the last three years, with strong support evident for series on screen. They also confirmed that New Zealand documentaries and children's programmes were perceived to be world class. By contrast, the study concluded that audiences considered the performance of local comedy to be patchy, so this will be a major area of focus in the year ahead.

A major study of viewing numbers, habits and attitudes towards regional television services was commissioned in the first half of 2003, and was close to completion by year-end. This study will be invaluable in any future consideration by Government of potential funding for regional programmes.

NZ On Air published its annual survey of local content on television in May 2003, confirming the most significant rise in overall levels of local programming since NZ On Air was set up. The newly established Television Local Content Group has drawn on the Local Content survey in its consideration of transmission targets and objectives for specific programme genres.

As detailed below, research was also commissioned into archiving issues and the state of the documentary in New Zealand. The results of both reports have informed the Board of NZ On Air in the development of new funding policies.

The new policies have underlying themes – to encourage the production of a diverse range of challenging, thought-provoking, entertaining and stimulating programmes, and to encourage the use of new technologies to secure the best possible range of archived programmes with minimum duplication of effort.

The results in several areas suggest NZ On Air is already *"punching above its weight"*:

Television

The 2002/2003 year saw NZ On Air allocate \$58.99 million to produce 951 funded television hours – the highest level since 1995, with a great range of programmes provided. It was also a year of building genre strategies to ensure a diverse range of consistently high-standard programmes can be brought to New Zealand screens.

On 2 May, NZ On Air convened a symposium which gathered more than 140 documentary makers and broadcasters together to address the question: *"Where to from here?"* for the NZ On Air funded documentary. This meeting resulted in the development of a comprehensive documentary strategy and a new NZ On Air documentary initiative, both of which are set to be published at the time of writing. The programmes from the last initiative, **Captain's Log** and **2050 What If?** have both subsequently won AFTA awards for best documentary series.

Outside the ongoing documentary strands a wide range of documentary programmes were also supported. **50 Years On Their Toes** traces the story of the Royal New Zealand Ballet while **The Women's War** documented the contribution made by women during WWII. **Secret New**

Chief Executive's Report.



Nelson teenager Renee Elwood has come a long way from playing a skeleton in a cupboard to a core cast member in *The Strip*, the edgy drama that debuted on TV3 in 2002.

The role of 16-year-old Paige in *The Strip* was a dream come true for

Renee - and a tribute to her tenacity.

"I'd been auditioning for things for three years, ever since I was 12," explains Renee, "and I was short-listed for a film based on a Joy Cowley book. Unfortunately that got postponed, and then cancelled, which was a bummer, but it at least got me known by *The Strip's* casting director, Rachel Bullock.

"I really, really wanted this role - it just kind of fitted me."

STOP PRESS: In fact the role fitted her so well that Renee won the 'Best Juvenile Actor/Actress' award at the 2003 New Zealand Television Awards for her role as Paige Walker in *The Strip*.

and unsolved mysteries that intrigued us in the past, and have never been quite forgotten.

As part of our strategic goal of being an effective voice in broadcasting, NZ On Air continued to support a diverse range of special interest programming for, by and about minorities. In July the final stage of the 2001 review of special interest programming was completed – a peer-review of the main long-run series. As a result, fresh energy has become apparent in several of these programmes. NZ On Air will continue to work with producers and broadcasters to build on the improvements.

NZ On Air also joined TVNZ to host an arts symposium, which like the documentary symposium before it asked the question, "Where to from here?". In the year ahead, a strategy will be developed to achieve a regular presence of arts and performance programming within the available funding.

A children's strategy entitled **Space For The New** was also developed this year, with the aim of producing more innovative children's programming that can stand alongside or take the place of some of the overseas fare currently consumed by our children. Young singers secured their dream of nationwide exposure and their own video on **Wannabes**. **Party Animals** targeted the pre-schoolers with educational/developmental viewing all wrapped up in fun, fur and polka dots.

Another highlight of this year has been our continuing ability to contribute to children's drama. The very politically incorrect **Hard Out** has hit the mark with young viewers and **Secret Agent Men** is a comic delight. More stories of the bizarre, in **Freaky Dramas** were also completed and yet another series, **P.E.T. Detectives**, is in pre-production.

For the second year in a row, drama series screened on the three main free-to-air channels in fulfilment of NZ On Air's drama strategy. Audience research underscores that these shows, **Street Legal**, **Mercy Peak** and **The Strip**, were appreciated by the audience who said local drama

stood up well against international competition, and they wanted more. In addition, we saw the results of our objective of contributing to showcase drama in critically acclaimed productions such as **Mataku** and **Whale Rider**.

Further series of **Spin Doctors** continued the welcome return of political satire to our screens, while **Willy Nilly** found a willing audience for its silly stories from halcyon days in somewhere/anywhere New Zealand. Funding was also committed to the innovative and irreverent **Bro'Town**, which builds on the talents of the **Naked Samoans**.

Despite these successes our research tells us that this is a genre to which we need to pay special attention. In the next year NZ On Air will use a mix of industry and audience analysis to identify a fresh path for better laughs.

On a broader front, NZ On Air was both a member and co-ordinator of the newly formed Television Local Content Group. In a first in New Zealand's television history, the group, representing producers, broadcasters and major funding agency, has agreed to maintain a baseline of total local content and has set targets for the 2003 calendar year in four main genre categories.

In addition to local content targets, the group, chaired by ex-TVNZ Chief Executive, Rick Ellis, will be a valuable forum in which to discuss the range of factors that impact on the broadcasting market in New Zealand.

By the second half of the year under review, NZ On Air's television work was being re-assessed to align clearly with the newly-developed strategic plan. This has already resulted in the development of new strategies in key genres.

Our aim is to encourage a diversity of challenging, entertaining and innovative programming that has a distinctive New Zealand voice.

At the time of writing, the 2003 Afta New Zealand Television Awards had just been announced. The results showed that of the raft of programmes screened last year, NZ On Air-funded programmes accounted for 80% of the finalists, and 91% of the winners across all categories. Given that our funding accounts for only 20% of local content on our television screens, the Awards confirm the consistent high-standard production that this funding can support and that is delivered by a strong pool of creative talent and technical skills.

Part of our objective will be to ensure that the quantity and standard of production continues to make the competition hotter and hotter in future years.

A full list of the television projects funded by NZ On Air during the year can be found on pages 49 to 53.

Radio

National Radio and Concert FM

This year was the second of the three covered by NZ On Air's current funding agreement with Radio New Zealand, and \$22.29 million was allocated to the funding of National Radio and Concert FM. This is the same funding level as last year, but additional funding of \$2.5 million for Radio New Zealand was announced by Government in the 2003 Budget, so from 1 July 2003 funding will increase to \$24.642 million p.a.

Highlights on National Radio in the 2002/2003 year include the first season of **Summer Report** with John McDonald – a well-received news, current affairs and lifestyle programme, which replaced **Morning Report** during the Christmas/New Year period.

Innovation in locally made radio drama hit the airwaves with projects like **Live 2 Air**, a drama written and recorded on-location during the election campaign and broadcast the day after the election.

An impressive list of documentary successes included Mike Gourley's **Media Interrupted**, a thought-provoking look at how the media portray mental illness. Producer Paul Diamond presented landmark coverage of Maori issues, such as his series on Maori leadership.

In **Live At Helens** more New Zealand artists played live sets in Radio New Zealand's Helen Young studio in Auckland for broadcast on National Radio, and New Zealand music accounted for 34% of the network's playlist.

This year Concert FM entered its first collaboration with the Auckland Philharmonia with a CD project called **Symphony Of Sails**, which at last count, had sold more than 10,000 copies.

Once again, most of the awards in the radio section of the Qantas Media Awards were won by Radio New Zealand staff.

Access Radio and Pacific Island Radio

NZ On Air continued to provide funding support to eleven access radio stations around New Zealand this year. Funding was also provided for two Pacific Island community radio services and NZ Radio for the Print Disabled's radio reading service based in Levin.

Access radio stations operate in Auckland, Hamilton, Hawkes Bay, Palmerston North, Wairarapa, Kapiti/Horowhenua, Wellington, Nelson/Tasman Bays, Christchurch, Dunedin and Southland. They provide an

important platform for community groups and minorities to make and broadcast their own programmes to their own communities.

This year we built on the partnerships we have developed with these stations through more regular face-to-face contact with their management and governing Trusts and Societies.

We conducted an access radio managers' retreat in August 2002, where we addressed a review we undertook into the level and quality of access programming provided by the stations. The review concluded that overall, stations are delivering well on their obligations under Section 36(c) of the Broadcasting Act 1989.

We completed our access radio manual, "Radio Diversity" this year, distributed it to station managers, staff and volunteers, and began to monitor its use.

We were also able to provide supplementary funding to a number of access stations to enable them to undertake projects designed to increase and improve the Section 36(c) programmes they broadcast.

NZ On Air has continued to fund Pacific Island community radio stations 531pi in Auckland and Samoa Capital Radio in Wellington, the radio services established and maintained as part of NZ On Air's long-standing policy to fund dedicated Pacific Island radio services in areas of greatest Pacific Island population.

A full list of the access and Pacific Island radio services funded by NZ On Air this year may be found on page 21.

Commercial Radio Programmes

NZ On Air funds radio programmes in two specific areas, which in turn reflect priorities in the Broadcasting Act – youth and values-based programmes for Section 36(c) of the Act, and radio drama and New Zealand music for Section 37(d).

This year we funded youth radio shows made by a variety of producers. They included proven successes like **The Voice** and **Te Puutake**, and two new programmes, **Upload**, and a New Zealand music quiz called **Pop! Goes The Weasel**.

In addition to those youth focused programmes, we continued to fund the values-based **Scrubcutter** series and special Easter and Christmas programmes broadcast on commercial radio networks.

Chief Executive's Report.



This year NZ On Air allocated funding to a radio programme called Paakiwaha – The News Bearer.

The brainchild of UMA Broadcasting in Auckland, Paakiwaha broadcasts on iwi and access radio stations around New Zealand, and delivers

the Maori perspective on current issues – in English.

Paakiwaha is hosted by former Alliance MP and veteran broadcaster Willie Jackson, and produced by accomplished radio and TV producer Claudette Hauiti. In two hours each week, it reprises some of the best radio from the past week, and introduces regular contributions on politics, sport, the arts and media, before Willie's three in-depth interviews with newsmakers.

Paakiwaha has attracted a dedicated following through its no-nonsense approach to presenting issues through Maori eyes.

A new fund was established to encourage the development of radio drama and comedy projects this year, and through this, NZ On Air contributed to the development of three radio comedy initiatives, one of which is likely to go into full production later in 2003.

New Zealand music programmes are covered in the NZ Music part of this annual report.

NZ Music

It has been another good year for New Zealand music on New Zealand radio. This year, we saw local content levels on radio continue to climb to unprecedented heights.

The 2002 calendar year – the first full year under the new NZ Music Code (the so-called "voluntary quota") agreed between the Radio Broadcasters Association and the Government – ended with 15.01% New Zealand music on commercial radio. This was 2% ahead of the radio industry's pledge to achieve 13% overall.

By 30 June 2003, local content had increased another 2% to 17.16% – an all-time quarterly high.

New Zealand music is enjoying halcyon days on radio. It is easy to forget the dark days back in the early to mid 1990s when local content was estimated to be just one-point-something percent. In the last year, we have seen Adult Contemporary radio hit 17.60%; Easy formats reach 14.25%; Pop achieve 17.12%; Urban 17.10%; and Rock 25.41%. These are figures that were unimaginable back in the early to mid '90s.

The strategic objective behind NZ On Air's New Zealand music funding work is to ensure a steady and increasing supply of good quality music to feed – and grow – the appetite for local content at commercial radio and to help commercial radio meet – or better – its local content targets.

But our most effective investment in the promotion of New Zealand music is the pluggers (our New Zealand music promotions team) whose job it is to get songs off the hit discs and onto commercial radio playlists. With Nicky Donoghue (ex-Universal Music), Camille Guzzwell (ex-Virgin Records) and David Ridler (ex-Channel Z), we have a dream team whose work with commercial radio programmers the length and breadth of the country has been a big part of the New Zealand music radio success story.

We continued to fund New Zealand music features on commercial radio – shows like **The Beat Files**, **Soundcheck**, **NZ Music Revolution**, **Keeping It Kiwi** and **The Slab**.

And this year, we carried out a major review of our funding of the b.net stations. The review confirmed the importance and value of the b.net as a vehicle for difference and diversity in New Zealand music, with something like 97% of the repertoire played on the b.net stations not being played on commercial radio and finding its only outlet on the b.net stations.

For most of the year under review the **m2** music television "*channel-within-a-channel*" was bringing 18 hours of music every week, free-to-air to viewers. **m2** was launched in September 2001 – music videos midnight-to-dawn Thursday, Friday and Saturday nights on TV2 – but came to an end in March 2003. In its 18 months on air, **m2** trebled the hours of free-to-air music television available every week. It was stylish, adventurous music television and a credit to its creators, Satellite Media Group.

But when one door closes, another opens and before year's end, CanWest announced its intention to rebrand TV4 as a music channel playing seven nights a week, prime-time hours, free-to-air to 70%+ of the country with substantial New Zealand music content.

Partnerships are an important part of the NZ On Air New Zealand music strategy –

- This year, we worked closely with NZ Trade & Enterprise, the NZ Music Industry Commission, APRA and local record companies on **The World Series** where we used the America's Cup to lure international music industry movers and shakers to Auckland for a series of New Zealand music showcases.



When Nesian Mystik came to NZ On Air in February 2001, they were pretty much unknown – five teenagers from Western Springs High who had won the Auckland regional final of the smokefree rockquest in 2000, but that was it.

Two Phase Four New Recording Artist grants for their first two singles – **Nesian Style** and **It's On** – opened the radio doors for Nesian Mystik.

Nesian Mystik became Phase Four graduates. With two radio hits to their name and a release deal via Universal Music in the offing, Nesian Mystik were eligible for Phase Four Album funding. NZ On Air contributed \$50,000 to the **Polysaturated** album which has since gone on to yield another three radio hits and to sell in excess of 45,000 copies.

Nesian Mystik – an example of the Phase Four "bedroom to Billboard" philosophy in practice. Great ambassadors for New Zealand music – on the radio, in the charts, and in the hearts of New Zealanders.

- We were closely involved with The British Council and its **Resonate** project where prominent UK music industry practitioners came to New Zealand for a series of seminars on music video production and broadcast, record production, and music management.
- And we again joined forces with the NZ Music Industry Commission, the RBA, APRA, RIANZ and the new IMNZ on the annual **NZ Music Month** promotion. NZ Music Month this year was bigger and bolder than ever before. And once again, it propelled local content levels on commercial radio to new heights – 22.76% in the last week of May.

There is now something like nine times more New Zealand music on commercial radio than there was in 1995. In the three years since NZ On Air's Phase Four New Zealand music plan was launched, New Zealand music content on commercial radio has increased 64% (from 10.42% in the June 2000 quarter to 17.16% in the June 2003 quarter).

While the Phase Four plan has made a major contribution, this extraordinary result is the product of a collective effort – by radio (and especially the Radio Broadcasters Association), record companies (majors and indies), artists, APRA, the NZ Music Industry Commission and NZ On Air, pulling together so that more New Zealanders get to hear more New Zealand music. We take this opportunity to salute and thank our NZ music partners.

A full list of the New Zealand music projects funded by NZ On Air this year can be found on pages 54 to 58.

Maori Broadcasting

During the year, NZ On Air continued our Maori Strategy – *Te Rautaki Maori*, with some significant successes. The strategy aims to enhance the on-screen outcomes of mainstream Maori programming for television. In mid 2002, we saw the acclaimed drama anthology series – **Mataku** – go to air on TV3. Towards the end of the year, a strand of half-hour Nga Reo documentaries was screened on TV One, and covered a diverse range of Maori stories, from **Pania Of The Reef**, through to Tuari Dawson and the legacy of Bob Marley's music and beliefs within Maoridom. A range of Maori documentaries was screened within both the Documentary New Zealand and Inside New Zealand strands, with memorable programmes including **Gang Girls**, **The Magic Within** and **Driven**. Funding was allocated to a special series – **Te Hokinga Mai** – bringing precious Maori images from the past to our screens.

Under the strategy, NZ On Air is committed to holding regular hui with representatives of Maori broadcasting interests. Three such hui were held – including an overnight stay at Raukawa marae in August, which provided an important opportunity for feedback on broadcasting issues from an iwi perspective. To add to our store of knowledge, Maori booster samples have been added to key research projects into audience attitudes and preferences undertaken during the year.

Tainui Stephens continued his work as NZ On Air's *Te Kai Urungi*, providing advice, assistance and a liaison point for those making Maori stories for television (including non-Maori production houses). As a result, a good depth and breadth of Maori programmes – made predominantly in English and aimed at a mainstream New Zealand audience that includes Maori – has been encouraged.

In the year under review, the Maori Television Service has of course been working hard to prepare for its launch early in 2004. NZ On Air has consulted regularly with MTS about its plans, and together we have developed a basis for working together.

This acknowledges that Te Mangai Paho is the primary funder of the Maori Television Service. It identifies NZ On Air and MTS's shared objective – the maximisation of screening opportunities for funded programmes. How will this be achieved?

NZ On Air's first focus will remain supporting programmes predominantly in English and for transmission on the three main free-to-air channels, so that there is a good presence of Maori programming within the general television diet

Chief Executive's Report.

for New Zealanders (especially during prime-time). We will ensure, however, that funded Maori programmes are available at the earliest opportunity for re-transmission on MTS. Furthermore, if programmes are commissioned for a first window on MTS, NZ On Air will require an advance commitment to re-screen the programme from TV One, TV2 or TV3.

The launch of MTS will add an exciting new dimension to New Zealand television, and NZ On Air is committed to facilitating the best possible outcomes for our funding of Maori programmes.

As far as radio is concerned, the funding agreement between NZ On Air and Radio New Zealand requires National Radio to produce and broadcast programmes focusing on Maori language and culture. This year Radio New Zealand reported a total of 359 hours of programming on National Radio devoted to meeting its obligation in this area, exceeding by 21 hours, the target set for the year.

Regular features such as **Whenua**, **Mana Tangata** and **Mana News** maintained coverage of issues affecting Maori, and in **Rourou** on weekday afternoons, Tere Harrison explored aspects of Maori language and culture in te reo Maori.

This year NZ On Air also funded a series of English language, Maori issues-based programmes called **Paakiwaha** produced by UMA Broadcasting and hosted by Willie Jackson. It was broadcast on a number of iwi and access radio stations with excellent audience feedback.

Transmission Coverage

NZ On Air's goal this year was to see the reliance on non-commercial transmission funding eliminated over time as new technologies, such as digital satellite services, offer more cost-effective and efficient ways of accessing television signals in remote areas of New Zealand.

\$1.15 million was spent this year to maintain non-commercial television and radio transmission services to remote areas of New Zealand. This was slightly less than budgeted, as there was no call on funding for capital replacement, nor any new non-commercial radio transmission contracts.

Since December 2001, TV One and TV2 have been simultaneously broadcast via TVNZ's and Sky's satellite digital platforms. In light of this, NZ On Air completed a paper in November 2002, detailing options for future funding of non-commercial transmission coverage now that digital transmission of TV One and TV2 was available.

The paper was provided to the Minister of Broadcasting in February 2003 to contribute towards the Government's review of digital television transmission issues. This review was still in progress at the end of June.

NZ On Air's "*Community Self-Help*" scheme, to provide TV3 transmission services to remote areas through a partnership approach, was terminated on 30 June 2001. The scheme had already been extended beyond the original close-off date of 30 June 1998. Work on a number of projects, contracted prior to the June 2001 termination date, was completed during 2001/2002 with the only two remaining projects completed in the second half of 2002.

Radio transmission coverage is largely managed by Radio New Zealand, which continued its contract with Sky Television to carry a simultaneous National Radio and Concert FM signal on the Sky digital satellite system. This means that coverage of these two networks now reaches 100% of the population.

Radio New Zealand continues to be responsible for managing the *Tiny Towns* scheme. In response to a community request, NZ On Air and Radio New Zealand analysed the options available for providing a National Radio signal in the Wanaka area.

Archiving

Television programme archiving services are provided by the New Zealand Film Archive (NZFA), and radio programme archiving services are provided by Sound Archives/Nga Taonga Korero (SA/NTK).

NZ On Air spent approximately \$1.184 million this year on radio and television archiving services. Funding for archiving was slightly more than the previous year, because additional funding has been set aside for special archiving projects.

This year, the NZFA archived 659 hours of television programmes and carried out preservation work on another 300 hours of programmes. SA/NTK archived 1,372 hours of radio programmes and carried out preservation work on another 2,054 hours. Both agencies exceeded their contractual targets for the year.

Last year, NZ On Air signalled that it would conduct a wider review of archiving services during 2002, in order to assess future options for the renewal of our funding contracts with both Archives, prior to their expiry on 30 June 2003.

In November 2002, NZ On Air engaged Roger Horrocks and Brian Pauling to conduct the review, which has now been completed. The report examined the current archiving environment and recommended a number of changes to ensure material of historical interest could be archived more cost-effectively and efficiently for the future.

As a result of the review, NZ On Air has entered into a contract with the NZFA for a further three years, while discussions regarding renewal of a future contract with SA/NTK are still in progress. NZ On Air will also organise a symposium on cultural archiving during the 2003/2004 year. The symposium will address current gaps in the archiving environment and ways of improving coordination between stakeholders, as well as wider issues in the area of cultural archiving.

Staff Changes

In July 2002, Annie Murray joined NZ On Air as a part-time Television Contracts Co-ordinator. From January, however, this position became a full-time one. This was largely in anticipation of Deputy Television Manager, Sally Courché's impending parental leave.

Sally commenced parental leave in June 2003, becoming the proud mother of a daughter early in that month.

The second reason for the move to a full-time position, however, was in preparation for NZ On Air's next significant move – the establishment of a permanent presence in Auckland. This is planned to take effect from early in 2004, with a full-time staff member based in Auckland to have responsibility for NZ On Air's television (and other) relationships in Auckland.

NZ On Air is staffed by a small but dedicated team who are passionate about public broadcasting. I want to close by thanking them for their hard work over the last year. They make the organisation the success that it is.



Jo Tyndall
NZ On Air Chief Executive

Financial Statements.

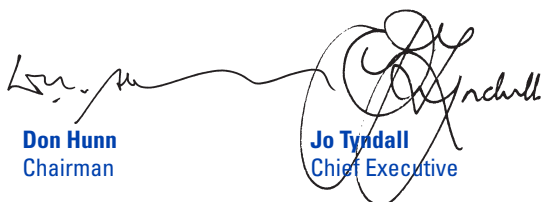
Statement of Responsibility

for the year ended 30 June 2003

The Board and management of the Broadcasting Commission (NZ On Air) is responsible for -

- the preparation of these financial statements and the judgements used therein; and
- establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Board and management, these financial statements for the year ended 30 June 2003 fairly reflect the financial position and operations of NZ On Air.



Don Hunn
Chairman

Jo Tyndall
Chief Executive

1 September 2003

Statement of Accounting Policies

for the year ended 30 June 2003

The following accounting policies have been applied in the preparation of the financial statements for the year ended 30 June 2003.

REPORTING ENTITY

The Broadcasting Commission (NZ On Air) was established by the Broadcasting Act 1989 and is a Crown Entity in terms of the Public Finance Act 1989. The functions and procedures of NZ On Air are set out in the Broadcasting Act 1989. The financial statements are prepared in accordance with the First Schedule of the Broadcasting Act and the Public Finance Act 1989.

MEASUREMENT BASE

The measurement base adopted is that of historical cost.

ACCOUNTING POLICIES

The following accounting policies which materially affect the measurement of the financial performance, financial position, cashflows, commitments and contingencies have been applied -

- **Accounts receivable**
Accounts receivable are shown at their estimated net realisable value after allowing for doubtful debts.
- **Non-current assets and depreciation**
Fixed assets are stated at cost less accumulated depreciation. The provision for depreciation is calculated on a straight line basis to write down the cost of the assets by equal instalments to an estimated nil residual value at the end of the economic life of the asset.

Computer equipment	3 years
Office equipment	5 years
Furniture and fittings	6 years
Leasehold alterations	6 years

- **Budget figures**
The budget figures are those approved by the Board at the beginning of the financial year. The budget figures have been prepared in accordance with generally accepted accounting practice and are consistent with the accounting policies adopted by NZ On Air.
- **Goods and services tax (GST)**
The financial statements have been prepared on a GST exclusive basis.
- **Taxation**
NZ On Air is exempt from the payment of income tax in accordance with Section 51 of the Broadcasting Act 1989.

- **Broadcasting services**

The allocation of funds to broadcasting services is treated as expenditure when the allocation is approved by the Board and committed against the current year's income. Expenditure therefore includes funds committed but not paid out at the year end and are recorded as funding liabilities.

- **Cost allocation policy**

All expenditure not related to the collection of the Public Broadcasting Fee or used to fund broadcasting services has been allocated to administration expenditure. The Government approves the level of administration expenditure in accordance with Section 49 of the Broadcasting Act 1989.

- **Cash and bank and short term deposits**

These investments are recorded at cost.

- **Employee entitlements**

Provision is made in respect of NZ On Air's liability for annual leave. Annual leave has been calculated on an actual entitlement basis at current rates of pay.

- **Operating leases**

Operating lease payments, where the lessor retains substantially all the risks and benefits of ownership of the leased items, are charged as expenses in the periods in which they are incurred.

- **Revenue**

Crown revenue is recognised as revenue when earned. Other revenue is recognised on an accruals basis in the Statement of Financial Performance.

- **Income from broadcast production funding**

Income from the sale of programmes is treated as income as and when received.

- **Direct collection costs**

Direct collection costs are incurred in enforcing payment of existing Fee-payers.

- **Financial instruments**

NZ On Air is party to financial instrument arrangements including cash and bank, short term deposits and accounts receivable as part of its everyday operations, which are recognised in the Statement of Financial Position. Revenue and expenditure in relation to all financial instruments are recognised in the Statement of Financial Performance. Except for those items covered by separate accounting policy, all financial instruments are shown by estimated fair value.

- **Statement of Cash Flows**

- **Cash** means cash balances on hand, held in bank accounts, demand deposits and highly liquid investments in which NZ On Air invests as part of its day-to-day cash management.

- **Operating activities** include cash received from all income sources of NZ On Air and records the cash payments made for the supply of goods and services.

- **Investing activities** are those activities relating to the acquisition and disposal of non-current assets.

- **Financing activities** comprise the change in equity and debt capital structure of NZ On Air.

- **Commitments**

Funding expenditure approved by the Board by 30 June that relates to future year's income is recorded in the Statement of Commitments. Other future payments are also disclosed as commitments at the point a contractual obligation arises, to the extent that they are unperformed obligations.

- **Contingent liabilities**

Contingent liabilities are disclosed at the point at which the contingency is evident.

CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies. All policies are applied on a basis consistent with previous years.

Statement of Financial Performance

for the year ended 30 June 2003.

	Notes	Actuals 2002/2003 (\$000)	Budget 2002/2003 (\$000)	Actuals 2001/2002 (\$000)
Income				
Crown Revenue	1	86,330	86,235	83,219
Other Income	2	5,577	1,500	5,585
Total Income		91,907	87,735	88,804
Operating Expenditure				
Public Broadcasting Fee collection costs	3	53	–	482
Administration and consultation	4	2,132	2,100	2,129
(Recovery) in provision for doubtful debts	5	(220)	–	(951)
Total Operating Expenditure		1,965	2,100	1,660
Funding Expenditure				
Television	6	58,996	58,500	58,567
Radio	7	25,114	25,300	24,908
Transmission coverage	8	1,150	1,300	1,274
New Zealand music	9	3,724	3,900	3,824
Archiving	10	1,184	1,000	995
Total Funding Expenditure		90,168	90,000	89,568
Total Expenditure		92,133	92,100	91,228
Net (deficit)/surplus for the year		(226)	(4,365)	(2,424)

Statement of Movements in Equity

for the year ended 30 June 2003.

	Actuals 2002/2003 (\$000)	Budget 2002/2003 (\$000)	Actuals 2001/2002 (\$000)
Public Equity at beginning of the year	5,894	5,365	8,318
Plus: net operating (deficit)	(226)	(4,365)	(2,424)
Total recognised revenues and expenses for the period	(226)	(4,365)	(2,424)
Total Public Equity at the end of the year	5,668	1,000	5,894

Statement of Financial Position

as at 30 June 2003.

	Notes	Actuals 2002/2003 (\$000)	Budget 2002/2003 (\$000)	Actuals 2001/2002 (\$000)
Current Assets				
Cash and bank	11	41,265	43,000	42,893
Accounts receivable – General		160	100	358
Accounts receivable – PBF	12	–	–	–
Total Current Assets		41,425	43,100	43,251
Non-Current Assets				
Fixed assets	13	177	100	214
Total Non-Current Assets		177	100	214
Total Assets		41,602	43,200	43,465
Current Liabilities				
Accounts payable		592	1,000	562
Employee entitlements		120	–	92
Funding liabilities	14	35,222	41,200	36,917
Total Current Liabilities		35,934	42,200	37,571
Public Equity		5,668	1,000	5,894
Total Liabilities and Public Equity		41,602	43,200	43,465

Statement of Cash Flows

for the year ended 30 June 2003.

	Notes	Actuals 2002/2003 (\$000)	Budget 2002/2003 (\$000)	Actuals 2001/2002 (\$000)
Cash flows from operating activities				
Cash provided from:				
Public Broadcasting Fee		167	–	951
Crown Funding		86,330	86,235	83,219
Interest Received		1,923	–	2,130
Other Income Received		1,207	1,500	3,121
GST Refund		219	–	(78)
Cash applied to:				
Funding Advances to broadcasters and programme producers		(89,217)	(86,635)	(90,729)
Payment to suppliers and employees (including PBF collection costs)		(2,219)	(2,100)	(3,284)
Net cash inflows/(outflows) from operating activities	15	(1,590)	(1,000)	(4,670)
Cash flows from investing activities				
Cash applied to:				
Purchase of Fixed Assets		(38)	–	(145)
Net cash inflows/(outflows) from investing activities		(38)	–	(145)
Net increase/(decrease) in cash held		(1,628)	(1,000)	(4,815)
Opening cash		42,893	44,000	47,708
Closing cash		41,265	43,000	42,893
Actual Cash Balance represented by:				
Current Accounts		36	25	59
Call Deposits		41,229	42,975	42,834
		41,265	43,000	42,893

Statement of Commitments

as at 30 June 2003.

	2003 (\$000)	2002 (\$000)
Lease Commitments		
Less than 1 year (2003/2004)	107	107
1 year to 2 years (2004/2005)	107	85
2 years to 5 years (2005/2007)	29	58
Total Lease Commitments	243	250

At balance date, NZ On Air has an operating lease for the premises on the 2nd floor, Lotteries Commission Building, Wellington and also a lease for the premises at 1 Beresford Square, Auckland.

	2003 (\$000)	2002 (\$000)
Programme and Project Funding Commitments		
Less than 1 year (2003/2004)	35,698	34,230
1 year to 2 years (2004/2005)	–	22,290
2 years to 5 years (2005/2007)	–	–
Total Programme and Project Funding Commitments	35,698	56,520
Total Commitments	35,941	56,770

Statement of Contingent Liabilities

as at 30 June 2003.

As at 30 June 2003, NZ On Air has no contingent liabilities (2002 – nil).

Statement of Resources

for the year ended 30 June 2003.

Personnel	2003	2002
Members of the Commission (part-time)	6	6
Staff (full-time equivalents)	12.5	12

Broadcasting Equipment

Several years ago, NZ On Air purchased broadcasting equipment at a cost of \$287,622, which is currently being used by Fifeshire FM, Port FM and Radio Scenicland for the extension of non-commercial community radio coverage. NZ On Air expensed the cost of this equipment at the time the equipment was purchased.

Notes to the Financial Statements

for the year ended 30 June 2003.

1. Crown Revenue

Following the Government's budget announcement in May 1999 that the Public Broadcasting Fee (PBF) was to be phased out by 30 June 2000, NZ On Air's main source of revenue is Crown funding.

2. Other Income	Actuals 2003 (\$000)	Actuals 2002 (\$000)
Writebacks of previous years' commitments which have since been withdrawn or reduced	2,645	3,004
Share of income from the sale of television programmes	945	441
Interest received	1,923	2,130
Other income	64	10
Total Other Income	5,577	5,585

3. Public Broadcasting Fee (PBF) Collection Costs	Actuals 2003 (\$000)	Actuals 2002 (\$000)
Direct collection costs	53	471
Refunds	–	11
Total PBF Costs	53	482

4. Administration and Consultation Expenditure	Actuals 2003 (\$000)	Actuals 2002 (\$000)
Personnel costs (Note 1)	927	825
Legal, public relations and expert advice	348	554
Office overheads	159	184
Consultation and research (Note 2)	239	151
Travel and communications	210	210
Board Members' fees	77	69
Rent	78	59
Depreciation		
Furniture & Fittings	11	12
Leasehold Alterations	19	5
Computer Equipment	35	40
Office Equipment	9	2
Audit fees for the audit of the financial statements	20	18
Total Administration and Consultation Expenditure	2,132	2,129

Note 1 The most significant increase in personnel costs was due to a Television Contracts Coordinator being employed in July 2002.

Note 2 The increase in consultation and research was largely due to an increase in the number of research projects completed during the year.

5. (Recovery) in Provision for Doubtful Debt

In 2002/2003 the amount of Public Broadcasting Fee (PBF) cash received was \$219,844. This reduced the current doubtful debt provision of \$1,452,756 to \$1,232,912 at year end (Refer to Note 12).

6. Television Programme Funding				
	2003		2002	
	Hours	Funding (\$000)	Hours	Funding (\$000)
Drama/Comedy	107	27,915	109	26,581
Documentaries/Information/Innovation	109	8,704	116	9,774
Children & young persons' programmes	436	11,008	372	11,221
Arts, Culture & Performance	107	3,384	102	3,125
Special interest programmes	192	7,665	180	7,486
Total Production Funding	951	58,676	879	58,187
Plus Development Funding		320		380
Total Television Funding		58,996		58,567

7. Radio	Actuals 2003 (\$000)	Actuals 2002 (\$000)
Radio New Zealand		
National Radio	18,145	18,145
Concert FM	4,145	4,145
	22,290	22,290
Access and special interest community radio		
Auckland Access Radio*	50	200
Radio 531pi (Auckland Pacific Island Radio)	200	200
Hamilton Access Radio	144	144
Hawkes Bay Access Radio	110	110
Wairarapa Access Radio	90	85
Manawatu Access Radio	100	100
Print Disabled Radio (Levin)	90	90
Kapiti Coast Access Radio	98	99
Wellington Access Radio	200	200
Samoa Capital Radio (Wellington)	160	160
Tasman Bays Access Radio	174	174
Christchurch Access Radio	200	200
Otago Access Radio	135	135
Southland Access Radio	135	135
Access Radio Retreat	15	15
Pacific Island Initiatives	161	–
Access Radio Development	130	–
	2,192	2,047
Programmes on commercial radio	632	571
Total Radio Funding	25,114	24,908

*The decrease in Auckland Access Radio funding is primarily due to the station moving from an April to March funding year, to a July to June funding year, which took effect from 1 April 2003.

Notes to the Financial Statements

for the year ended 30 June 2003.

8. Transmission Coverage	Actuals 2003 (\$000)	Actuals 2002 (\$000)
Television		
TVNZ's non-commercial transmission coverage	1,150	1,150
Chatham Islands television service*	–	97
TV3 Community Self Help Scheme*	–	27
Total Transmission Coverage	1,150	1,274

*Non-commercial transmission coverage funding was terminated for the Chatham Islands in February 2002. The TV3 Community Self Help Scheme was terminated on 30 June 2001. All projects were completed by 30 June 2003.

9. New Zealand Music	Actuals 2003 (\$000)	Actuals 2002 (\$000)
New Zealand music on radio	3,159	3,319
New Zealand music videos	565	505
Total New Zealand Music	3,724	3,824

10. Archives	Actuals 2003 (\$000)	Actuals 2002 (\$000)
Television		
New Zealand Film Archive	534	533
Radio		
Sound Archives/Nga Taonga Korero	470	462
Sound Archives Special Project	180	–
Total Archives	1,184	995

11. Cash and Bank	Actuals 2003 (\$000)	Actuals 2002 (\$000)
Cash comprises deposits with registered banks and Treasury bills		
Current accounts	36	59
Call deposits	41,229	42,834
Total Cash at Bank	41,265	42,893

12. Accounts Receivable – Public Broadcasting Fee

NZ On Air's PBF collection process will continue in 2003/2004 while residual activity is wound-down. However, there is significant uncertainty as to how much money will be collected. Therefore NZ On Air has taken a conservative approach, and maintained a provision for doubtful debts of approximately \$1.232 million that represents all of the outstanding PBF debtors as at 30 June 2003.

	Actuals 2003 (\$000)	Actuals 2002 (\$000)
Accounts receivable – Public Broadcasting Fee	1,233	1,453
Less provision for doubtful debts	(1,233)	(1,453)
Total Accounts Receivable – PBF	–	–

13. Fixed Assets	Original (\$000)	Accumulated Depreciation (\$000)	Book Value (\$000)
2003			
Computer equipment	180	148	32
Furniture & fittings	211	143	68
Leasehold improvements	246	209	37
Office equipment	78	38	40
Total Fixed Assets – as at 30 June 2003	715	538	177
2002			
Computer equipment	251	189	62
Furniture & fittings	182	147	35
Leasehold improvements	209	124	85
Office equipment	62	30	32
Total Fixed Assets – as at 30 June 2002	704	490	214

14. Funding Liabilities

At the time funds are committed against the current year's income to a programme or a particular project, the commitment is recorded as a liability and the liability is then reduced as the funds are advanced according to the terms of the funding agreement. Funds are normally paid by instalments to meet the cash flow requirements of the programme or the particular project. At year end, funds had yet to be drawn down for the following activities -

	Actuals 2003 (\$000)	Actuals 2002 (\$000)
Television programmes	31,599	33,304
Radio and non-commercial transmission coverage	3,623	3,613
Total Funding Liabilities	35,222	36,917

It is expected that these funding liabilities will all be paid during the next 12 months.

Notes to the Financial Statements

for the year ended 30 June 2003.

15. Reconciliation of net surplus from operations with the net cashflows from operating	Actuals 2003 (\$000)	Actuals 2002 (\$000)
Net (deficit) from operations	(226)	(2,424)
Add non-cash items:		
Depreciation	74	59
	(152)	(2,365)
Add (less) movements in working capital items –		
Decrease in accounts receivable	198	107
Increase in GST payable	219	78
(Decrease) in accounts payable (including employee entitlements)	(161)	(889)
(Decrease) in funding liability	(1,694)	(1,601)
	(1,438)	(2,305)
Net cash (outflow)/inflow from operating activities	(1,590)	(4,670)

16. Financial Instruments

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. NZ On Air's investments include on-call deposits, short term deposits and Government stock. NZ On Air does not hold financial derivatives providing interest rate protection. NZ On Air is primarily a short term investor and carries any interest rate risk itself.

Concentration of credit risk

Credit risk is the risk that a third party will default on its obligation to NZ On Air, causing NZ On Air to incur a loss. NZ On Air has a minimal credit risk in its holding of various financial instruments. These instruments include cash, bank deposits, New Zealand Government stock and accounts receivable.

NZ On Air places its investments with institutions that have a high credit rating. There is no significant concentration of credit risk.

Foreign currency risk

There is no exposure to foreign currency risk.

17. Employee Remuneration

During the year, the number of employees of NZ On Air, not being members, who received remuneration and other benefits in excess of \$100,000 were –

Salary Band	Number of Employees 2002/2003	Number of Employees 2001/2002
\$100,000 to \$110,000	2	2
\$170,000 to \$180,000	1*	1*

*Chief Executive's total remuneration.

18. Board Fees	2003 (\$000)	2002 (\$000)
David Beatson (Chairman to June 2002)	–	25
Don Hunn (Chairman from June 2002)	26	2
Prof Albert Wendt (Deputy Chairman)	8	11
Judy Callingham	12	5
James Coleman	9	10
Edie Moke	13	1
Hekia Parata (part year in 2001/2002)	–	2
Gaylene Preston	6	8
Louise Rosson (part year in 2001/2002)	–	5

19. Related Party Transactions

NZ On Air is a wholly owned entity of the Crown. The entity enters into a number of transactions with State Owned Enterprises and Crown entities (for example, Television New Zealand Limited and Radio New Zealand Limited). These transactions are carried out on a commercial and arms-length basis (or as required by Ministerial directions made in accordance with Section 44 of the Broadcasting Act) and do not fall within the intended scope of related party disclosures.

Where a member of the Board has an interest in a NZ On Air project, this interest is disclosed and the member does not take part in decisions relating to that project.

20. Post Balance Date Events

There have been no material events subsequent to 30 June 2003.

Statement of Objectives & Service Performance

for the twelve months ending 30 June 2003.

This statement reports on NZ On Air's performance in relation to the objectives and targets set in its Statement of Intent for the twelve months ending 30 June 2003. Unless otherwise stated, the time of delivery of the service performance is for the twelve months ending 30 June 2003.

1.0 Programme Funding

1.1 Television Programmes

Outcomes

The broadcast of local programmes that reflect New Zealand identity and culture.

Local programmes and services supported by NZ On Air are well received by their audiences.

A diversity of programming is available to New Zealanders that would not be available on a wholly commercial basis.

Objective

To promote a diverse range of innovative programmes that reflect and foster the different expressions of New Zealand's cultural identity and serve the needs of viewers as citizens, not simply as consumers.

Performance Targets

Quantity and Cost

To allocate funding to the specific genres as follows:

Television Programme Funding				
	Target Hours 2002/2003		Actual Hours as at 30 June 2003	
	Estimated Hours	Estimated Millions	Funded Hours	Funding Millions
Drama	53	18.1	62.5	20.63
Comedy	45	4.7	36.0	4.70
Children's drama	13	4.8	9.5	2.60
Documentaries	95	8.8	109.0	8.70
Special interest programming for:				
– Children/youth	375	11.0	435.5	11.00
– Arts, culture and performance	105	3.0	107.0	3.38
– People with disabilities*	20	2.5	20.0	2.50
– Ethnic minorities	55	2.6	54.0	2.73
– Other minorities	60	2.2	72.5	2.31
Maori Re-versioning	85	0.3	45.0	0.12
Development	–	0.5	–	0.32
TOTAL	906	58.5	951.0	58.99

* Includes captioning in \$ figures only.

Performance Targets	Actual Performance 30 June 2003
<p>Quality</p> <p>The quality of NZ On Air's funding decisions is measured by the following targets –</p> <p>To achieve diversity within the range of funded programmes (as outlined in the table above).</p> <p>To analyse the levels of audience support for the way NZ On Air funding is apportioned for 2002/2003. The results of this research will be measured against benchmarks established last year.</p> <p>To analyse the levels of audience satisfaction for prime-time series that have been funded by NZ On Air. This will be achieved by:</p> <ul style="list-style-type: none"> • Comparing expected viewing levels with AC Nielsen's daily surveys; • Within NZ On Air's budget constraints, performing qualitative research that considers the specific viewing preferences of audience focus groups. 	<p>Achieved. With the exception of comedy and children's drama, all genre targets were achieved or exceeded. The children/youth target for the year was significantly overachieved, and the overall target for the year was exceeded by 45 hours.</p> <p>The original comedy target was reduced from 45 hours to 35 hours, with the agreement of the Minister of Broadcasting. This reduced target reflected a shift in focus to scripted comedy, with a higher per hour cost. The reduced target was exceeded by one hour.</p> <p>The Minister also agreed on 25 June 2003 that the target for children's drama could be adjusted to 9.5 hours for the year, with the unspent allocation in this genre being transferred to ease the pressures experienced in the drama category. NZ On Air's support for children's drama had temporarily outstripped the broadcasters' capacity to schedule these programmes. The commitment to children's drama will be re-boosted to its earlier levels in the year ahead.</p> <p>Achieved. The annual NFO Public Information Monitor was completed in August 2002 and published in October 2002. The survey confirmed increasing support for local content funded by NZ On Air:</p> <ul style="list-style-type: none"> • NZ On Air provides programmes and activities that are important to New Zealanders (77% agreed, up from 72% in 2001). • NZ On Air does provide programmes and activities that I enjoy (70% agreed, up from 63% in 2001) <p>Achieved. Monitoring is continuing.</p> <p>Achieved. NFO New Zealand undertook a major focus group study of audience behaviour and preferences, which was published in November 2002. The survey confirmed strong support for local production of drama, documentary, children's and comedy programmes. Perceptions of quality were high in all areas with the exception of comedy, and showed significant improvement for drama compared with 2 years earlier. Snapshot research into a specific programme – Flipside – was undertaken in June 2003. Research into Regional Television viewing was commissioned, with a report due for publication in August 2003.</p>

Statement of Objectives & Service Performance

for the twelve months ending 30 June 2003.

1.2 Radio Services

NATIONAL RADIO & CONCERT FM

Outcome

That New Zealanders have access to quality public radio services that provide a diversity of programming reflecting New Zealand identity and culture.

Objectives

To fund National Radio and Concert FM to provide the services required by the Charter described in the Radio New Zealand Act 1995 and to assist NZ On Air to meet its objectives under the Broadcasting Act 1989.

To ensure that the contract with Radio New Zealand for the funding of National Radio and Concert FM includes conditions requiring the services to be maintained at such a level that their audiences consider that they are of high quality.

Performance Targets	Actual Performance 30 June 2003
<p>Quantity</p> <p>The contract between Radio New Zealand and NZ On Air requires National Radio and Concert FM to deliver specific broadcasting services, which meet the requirements of the Radio New Zealand Charter which is set out in Section 7 of the Radio New Zealand Act 1995, and which underwent its five-yearly review in 2001/2002.</p>	<p>Achieved. See the table on the following pages. All targets have been met or exceeded for the period.</p>

The Charter functions and programme hours devoted to the fulfilment of these functions are:

Charter Function (Note 1)	Target Hours 2002/2003				Actual Hours as at 30 June 2003			
	National Radio (Note 2)		Concert FM (Note 2)		National Radio		Concert FM	
	Broadcast Hours	% Total Hours	Broadcast Hours	% Total Hours	Broadcast Hours	% Total Hours	Broadcast Hours	% Total Hours
A. Intellectual, scientific and cultural development. Informed debate and critical thought.	7,266	83%	(Note 3)		7,522	86%	(Note 3)	
B. Information, special interest and entertainment. Reflect cultural diversity including Maori language and culture.	7,418	85%	(Note 3)		8,060	92%	(Note 3)	
C. Varied interests within the community. Information, educational, special interest and entertainment.	1,310	15%	8,760	100%	1,705	19%	8,760	100%
D. Musical, dramatic and performing arts. New Zealand and international composers, performers and artists.	1,655	19%	8,420	96%	2,266	26%	8,407	96%
E. Nationwide service, highest quality. Sense of citizenship and national identity.	8,760	100%	(Note 3)		8,760	100%	(Note 3)	
F. Comprehensive, independent, impartial, balanced news and current affairs. Regional perspective.	2,014	25%	260	3%	2,183	25%	263	3%
G. Comprehensive, independent, impartial, balanced international news and current affairs.	963	12%	85	1%	1,095	13%	88	1%

Note 1 Particular programmes produced and broadcast by either National Radio or Concert FM have been assessed in terms of the contribution that the programme makes to Radio New Zealand's statutory Charter functions. Most programmes contribute to more than one Charter function.

Note 2 NZ On Air negotiates output targets annually with Radio New Zealand. This table contains the targets agreed for 2002/2003. There is little significant change from last year.

Note 3 While Concert FM's programmes may broadly meet the intentions of Charter functions A, B and E, its primary role is to provide services intended by function D.

Statement of Objectives & Service Performance

for the twelve months ending 30 June 2003.

The contract also requires Radio New Zealand to deliver services to NZ On Air to meet its responsibilities under the Broadcasting Act 1989. They are:

Types of Programmes and Services	Target Hours 2002/2003		Actual Hours as at 30 June 2003	
	National Radio (Note 1)	Concert FM (Note 1)	National Radio	Concert FM
Total broadcast hours including:	8,760	8,760	8,760	8,760
NZ content programmes which includes:	7,479	–	8,060	–
- Maori language and culture	338	–	359	–
- Special interest	336	–	332	–
- NZ drama	166	–	260	–
% of New Zealand music on rotate (Note 2)	33%	–	34%	–
% of New Zealand composition	–	3%	–	3%
% of New Zealand music performance	–	12%	–	12%
% of population able to receive transmission (Note 3)	97%	92%	100%	92%

Note 1 NZ On Air negotiates output targets annually with Radio New Zealand. This table contains the targets agreed for 2002/2003. There is no significant change from last year.

Note 2 In addition to the New Zealand music content on rotate, National Radio produces and broadcasts feature programmes on New Zealand music.

Note 3 This is the proportion of the population able to receive National Radio and Concert FM via terrestrial transmission. As a result of an arrangement with Sky Television, 100% of the country is able to access a National Radio or Concert FM signal via a Sky satellite dish and decoder.

Performance Targets	Actual Performance 30 June 2003
<p>Quality</p> <p>Under the current contract, Radio New Zealand is required to provide audience research to establish National Radio and Concert FM listenership and to demonstrate that the National Radio and Concert FM services have been maintained at such a level that the audience continues to consider that they are of a high quality.</p> <p>The AC Nielsen survey commissioned by Radio New Zealand in 1999 and repeated in both 2000 and 2001 provided quality benchmarks against which future performance will be measured.</p> <p>Overall audience satisfaction levels should not fall below 80% in the case of National Radio and 75% in the case of Concert FM based on a realistic assessment of levels achieved in the 2000/2001 year. Other qualitative benchmarks should not fall below the levels achieved in the last survey in 2001.</p>	<p>Achieved. Radio NZ commissioned a national audience survey for 2002, conducted by AC Nielsen. This was carried out in May and June of 2002, and a further survey is planned for 2003.</p> <p>The results of the 2002 survey indicate that National Radio's 15+ weekly cume audience is 503,000 and Concert FM has a 150,000 cume. While these are slight decreases from last year, RNZ contend the drop is not statistically significant.</p> <p>Achieved. Audience satisfaction levels for National Radio are at 83% (a 1% increase on last year), and for Concert FM, 65%. The Concert FM figure represents a recovery from a significant decrease to 57% last year. NZ On Air and RNZ regularly discuss the network's plans for improving audience satisfaction with Concert FM.</p>
<p>Cost</p> <p>National Radio \$18,145,000</p> <p>Concert FM \$4,145,000</p> <p>Total Cost of National Radio and Concert FM \$22,290,000</p>	<p>Actual Cost Committed to date</p> <p>\$22,290,000</p>

ACCESS & PACIFIC ISLAND RADIO

Outcomes

That the interests of women, youth, children, persons with disabilities, minorities in the community (including ethnic minorities and those reflecting the diverse religious and ethical beliefs of New Zealanders) and non-profit community groups are adequately represented in radio.

That special interest audiences – including Pacific Island audiences – are catered for in areas of significant population.

Objectives

To contribute to the costs of maintaining access radio services for a broad range of non-profit community groups including in particular those specified in Section 36(c) of the Broadcasting Act 1989.

To contribute to the costs of maintaining Pacific Island community radio service in areas of greatest Pacific Island population.

Performance Targets	Actual Performance 30 June 2003
<p>Quantity</p> <p>To continue to fund the existing 11 access radio stations which serve communities of 50,000-plus population, and Print Disabled Radio based in Levin.</p> <p>To continue to fund the Pacific Island community radio services provided by Radio 531pi in Auckland and Samoan Capital Radio in Wellington.</p> <p>In addition to its funding of Pacific Island radio services NZ On Air a small amount of funding has been set aside for further Pacific Island radio initiatives. Such initiatives may include:</p> <ul style="list-style-type: none"> • Funding of independently produced Pacific Island radio programming for broadcast on the pilot network or existing Pacific Island stations or Access stations. • Encouraging more diversity in Pacific Island programming to include drama, music, comedy and education, • Supporting youth focused production which may find an outlet on mainstream stations with a strong Pacific Island following. <p>To ensure that at least 60% of the programmes broadcast by funded access radio stations meet the needs of the groups specified in Section 36(c) of the Broadcasting Act.</p> <p>To complete and distribute "Radio Diversity", the handbook for New Zealand community access radio prepared by consultants Brian Pauling and Sarah Ayton, and ensure it is followed by station management, staff and programme makers.</p> <p>To ensure that Pacific Island radio services provide a range of programming suitable for Pacific Island audiences as determined through consultation.</p>	<p>Achieved.</p> <p>Achieved.</p> <p>Achieved. A number of enquiries about independently produced radio programmes of interest to Pacific Island peoples were made. Funding was approved for Urban Fale – a programme for Pacific Island youth, for broadcast on Niu FM. Another application for a Pacific Island programme from Wellington's Cook Islands community will be considered at the August 2003 Board meeting.</p> <p>Achieved. An average of 75% of programmes broadcast by funded access radio stations consist of Section 36(c) programmes.</p> <p>An independent audit of the Section 36(c) programmes broadcast by stations was completed in September 2002. The results were generally very positive, and NZ On Air's Radio and Communications Manager met with all station managers to follow up the audit report.</p> <p>Achieved. The handbook was distributed – and follow-up took place at an Access Radio Managers' retreat held in August 2002. Station managers report significant interest in and acceptance of the handbook from staff, volunteers and trustees. It has also been requested by individuals who are interested in setting up access radio stations.</p> <p>Achieved. NZ On Air funds Radio 531pi in Auckland and Samoa Capital Radio in Wellington. A pilot Pacific Island radio network (Niu FM) is funded through the Ministry for Culture and Heritage.</p>

Statement of Objectives & Service Performance

for the twelve months ending 30 June 2003.

Performance Targets	Actual Performance 30 June 2003				
<p>Location</p> <p>NZ On Air's current access radio policy identifies areas of 50,000-plus population as a priority. Funded access radio services are located in Auckland, Hamilton, the Hawkes Bay, Manawatu, the Wairarapa, the Kapiti Coast/Horowhenua, Wellington, Tasman Bays, Christchurch, Dunedin and Invercargill.</p> <p>To date, NZ On Air has responded to initiatives to establish Pacific Island radio services in areas of greatest Pacific Island population – Auckland and Wellington.</p>	<p>Achieved.</p> <p>Achieved. NZ On Air funds Radio 531pi in Auckland and Samoa Capital Radio in Wellington. A pilot Pacific Island radio network (Niu FM) was launched in August 2002, and is funded through the Ministry for Culture and Heritage.</p>				
<p>Cost</p> <table border="0"> <tr> <td>Access Radio</td> <td>\$1,841,900</td> </tr> <tr> <td>Pacific Island Radio</td> <td>\$525,000</td> </tr> </table>	Access Radio	\$1,841,900	Pacific Island Radio	\$525,000	<p>Actual Cost Committed to date</p>
Access Radio	\$1,841,900				
Pacific Island Radio	\$525,000				
<p>Total Cost of Access and Pacific Island Radio</p> <p>\$2,366,900</p>	<p>\$2,192,445</p>				

COMMERCIAL RADIO PROGRAMMES

Outcome

That the interests of youth who are commercial radio users are catered for through dedicated youth radio shows; and that radio drama and spiritual/values-based radio shows are available on commercial radio; and that project development funding to encourage the production of drama and comedy for radio is established.

Objectives

To fund –

- at least three nationally-syndicated youth radio shows which deal with youth issues and youth interests for broadcast on commercial radio programmes that are popular with the youth audience; and
- at least one spiritual/values based radio series and special Christmas and Easter programmes for play on commercial radio stations; and
- the production of radio drama and comedy through a fund established to develop scripts and to produce projects in these genres.

Performance Targets	Actual Performance 30 June 2003
<p>Quantity</p> <p>To fund at least 50 weekly one-hour episodes of Rampage, Te Puutake and The Voice or similar programmes, for broadcast on at least 20 radio stations each or on commercial radio networks with equivalent audience reach; and</p> <p>To fund at least one spiritual/values-based radio series that will play on at least 20 radio stations each or on commercial radio networks with equivalent audience reach; and</p> <p>To establish and promote a fund to develop writing and production of radio drama and comedy.</p>	<p>Achieved. While "Rampage" ceased production, "The Voice" was broadcast on The Edge network from October 2002, and "Te Puutake" resumed early in 2003. Two new youth programmes began broadcasting on Channel Z - "Upload" and "Pop! Goes The Weasel". Funding was allocated to a Pacific Island youth programme "Urban Fale" for broadcast on Niu FM.</p> <p>Achieved. Funding was allocated to the spiritual/values based radio series, "Scrubcutter". Christmas Day and Easter Special broadcasts were also funded.</p> <p>Achieved. The development fund was established and promoted. One project – "The Local" - is being further developed for broadcast.</p>
<p>Quality</p> <p>Indicators of the success of the shows – such as target audience feedback, audience numbers, numbers of radio outlets and award nominations and commendations – will be monitored through the year.</p> <p>The quality of new work in the area of drama and comedy will be monitored through the commitment of radio providers to broadcast the material produced and an assessment of audience feedback.</p>	<p>Monitoring continues.</p> <p>Achieved. Three comedy projects were developed, and one is in further development for broadcast.</p>
<p>Cost</p>	<p>Actual Cost Committed to date</p>
<p>Total Cost of Commercial Radio Programmes</p> <p style="text-align: right;">\$690,240</p>	<p style="text-align: right;">\$631,554</p>

Statement of Objectives & Service Performance

for the twelve months ending 30 June 2003.

1.3 Maori Broadcasting

Outcome

That Maori language and culture is promoted by providing funding for television and radio broadcasting.

Objectives

To fund and promote programming intended for a general audience including Maori, which provides for adequate representation of Maori and Maori interests.

Performance Targets	Actual Performance 30 June 2003
<p>Quantity</p> <p>As a condition of funding, to require that upwards of 15% of hours funded within a television 'umbrella' funding arrangement involve substantial Maori creative participation on a topic of relevance to Maori language and culture.</p> <p>To fund other television programmes featuring Maori and Maori interests intended for a general audience as funds permit.</p> <p>To require children's programmes funded by NZ On Air to promote Maori language and culture as an essential aspect of the programme.</p> <p>To ensure that National Radio produces and broadcasts at least 338 hours a year of programmes reflecting Maori language and culture.</p> <p>To ensure that upwards of 15% of the music videos funded by NZ On Air during the year, 15% of the tracks on Kiwi Hit Disc, 15% of the new recording artists grants and 15% of the tracks played on key syndicated radio shows are by Maori artists.</p> <p>To produce up to four volumes of Iwi Hit Disc for distribution to every radio station in the country.</p>	<p>Achieved for Documentary New Zealand V and Inside New Zealand XI and TV2 documentary strands. Funding allocations for programmes for the documentary strands DNZ VI and INZ XII will continue beyond 30 June 2003, with Maori programme targets again a condition of funding. NZ On Air expects these targets will be met.</p> <p>Achieved. The following programmes feature a significant amount of Maori content, or are ones (marked *), where NZ On Air has encouraged producers to reflect this part of NZ identity and culture.</p> <ul style="list-style-type: none"> • Mike King Tonight • Spin Doctors 4* • Lima Lelei (Good Hands)* • Frontier Of Dreams* • Maori Sports Awards • Te Hokinga Mai – The Return Home • The Polyfest Phenomenon 2003 • Children Of The Migration* • Squeeze 2003* • Freaky Dramas* • P.E.T. Detectives* • The Voice Of Hip Hop • The Explorers* • Bro'Town* <p>Achieved. The following children's programmes feature a significant amount of Maori content:</p> <ul style="list-style-type: none"> • Sticky TV • What Now? • Squirt 2003 • Mai Time 2003 • Takapu – A Gannet In The South Seas • Mai Time Pasifika Beats • Wannabes • WNTV • Rockquest 2003 • Pukana (subtitling) <p>Achieved. Radio NZ has exceeded its annual target of 338 hours for Maori programming by 21 hours.</p> <p>Achieved. Funding was allocated in six music video rounds – 25 of the 113 projects funded involved Maori musicians (22%). Six Kiwi Hit Discs were released – 26 of the 96 songs on the discs were by Maori musicians (27%). Syndicated radio shows also contained Maori content.</p> <p>Achieved.</p>

Performance Targets	Actual Performance 30 June 2003
<p>Quality</p> <p>Performance measures to be applied are –</p> <ul style="list-style-type: none"> • A Maori broadcasting hui will be held during the year in order to survey progress made by NZ On Air in meeting the Maori broadcasting performance targets outlined above. • Six monthly reviews of the implementation of NZ On Air's Te Rautaki Maori will be conducted. • NZ On Air consults regularly with Radio New Zealand management to ensure that progress is being made to (a) reflect Maori language and culture; and (b) extend the audience for National Radio's Maori programmes via Maori radio. 	<p>Achieved. NZ On Air's first Maori hui for the year was held in July 2002. A second hui was held at Otaki Marae in September 2002. A half-day hui was held for Maori television producers in Auckland during December. A hui was held in Auckland on 9 May 2003.</p> <p>Achieved. The most recent review of NZ On Air's Rautaki Maori was initiated with a request for feedback from the hui in December. The strategy was formally reviewed by the Board at its April meeting, and its continuation endorsed.</p> <p>Achieved. Maori programming issues are discussed with Radio NZ in the context of target negotiation, and quarterly report analysis. The target hours for RNZ for 2003/2004 have been increased.</p>
<p>Cost</p> <p>Estimated funding for general mainstream programmes featuring Maori</p> <p style="text-align: right;">\$3,700,000</p>	<p>Actual Cost Committed to date</p> <p>(see Note 1 below)</p> <p style="text-align: right;">\$4,576,750</p>

Note 1 Breakdown of funding for general mainstream programmes featuring Maori as at 30 June 2003.

	Total Funding
Television Programming	\$3,691,353 (a)
Radio	\$760,397 (b)
NZ Music Videos	\$125,000 (c)
Total	\$4,576,750

The table above can be explained in more detail by the following notes:

Television Programmes	Funding
Mai Time	\$890,000
Maori Sports Awards	\$50,465
Te Hoking Mai – The Return Home	\$175,077
DNZ	\$400,000
INZ	\$270,000
Polyfest	\$80,000
Pukana	\$122,925
Mike King Tonight	\$400,000
Children Of The Migration	\$166,000
The Voice Of Hip Hop	\$120,004
The Explorers	\$920,000
Mai Time Pasifika Beats	\$96,882
Total	\$3,691,353

(a)

(b) The estimate for Radio is based on 3.86% of the total funding provided to National Radio. On National Radio, Maori programming occupies 3.86% of programme hours (0.0386 x \$18,145,000). This estimate also includes Maori programming's proportionate share of Radio New Zealand's broadcaster's total overall costs. In addition to that, the estimate includes funding allocated to **Paakiwaha**, an English-language Maori current issues radio programme produced by UMA Broadcasting for iwi and access stations.

(c) 25 music videos (at a cost of \$5,000 per video) featuring Maori artists were funded during the year. It is important to note that Te Mangai Paho also funded music videos by Maori artists and this has impacted on the number of Maori music projects submitted for NZ On Air's scheme. In addition, eight Radio Hits significant airplay rebates (at \$5,000 each) and five New Recording Artist grants (at \$5,000 each) went to Maori musicians – a further \$65,000 in total.

Statement of Objectives & Service Performance

for the twelve months ending 30 June 2003.

1.4 New Zealand Music

Outcome

That there is more New Zealand music played on the radio.

Objectives

To increase the amount of New Zealand music played on radio – particularly, commercial radio.

To encourage and help all radio stations to play more New Zealand music.

Performance Targets	Actual Performance 30 June 2003
<p>Quantity</p> <p>To progressively increase New Zealand music content on commercial radio to 15% - 20% or more as measured by the quarterly surveys of radio station airplay logs produced by Radio Scope for the NZ Music Code Committee.</p> <p>To assist with the international release and marketing of at least four albums by New Zealand artists that have first proved successful on the domestic market (matching funding of up to \$50,000 from the record company involved with the project).</p> <p>To fund at least 14 new albums by New Zealand artists with a proven commercial radio track record in order to get at least four songs off each album that meet NZ On Air's established "significant airplay" benchmark (matching funding of up to \$50,000 from the record company involved with the project).</p> <p>To fund at least 60 single recording projects by new New Zealand artists who have commercial radio airplay potential and to achieve "significant airplay" on commercial radio from at least 75% of the funded projects.</p> <p>To establish a partnership with a music television provider that will increase the opportunities for music videos to play on free-to-air television from 7 hours a week to at least 25 hours a week.</p> <p>To fund at least 110 music videos by New Zealand artists for broadcast on every music video outlet currently on air.</p> <p>To fund at least one regular daily or weekly New Zealand music show on all major commercial radio networks and to fund dedicated New Zealand music shows on all seven b.net student radio stations.</p>	<p>Achieved. NZ music content on commercial radio in the quarter ended 30 June was 17.16% (up from 15.36% in the March quarter). NZ music content for the full 2002 calendar year – the first full year of the new NZ Music Code – was 15.01% overall (against a target of 13%). The 2003 calendar year target is 14.50%.</p> <p>Achieved. As at 30 June, funding had been granted to five international marketing projects - Bic Runga (Beautiful Collision), betchadupa (The Alphabetchadupa), Garageland (Scorpio Righting), goodshirt (Good), and Nesian Mystik (Polysaturated).</p> <p>Achieved. As at 30 June, funding had been allocated to 17 album projects – Pluto; Blindspott; The D4; Fiona McDonald; Nesian Mystik; before friday (now known as Dean Chandler); Carly Binding; PanAm; P-Money; Katchafire; Bic Runga; Che Fu; Anika Moa; Annie Crummer; the feelers; Opshop; and eight. (See note below detailing re-allocation of funds).</p> <p>As at 30 June 2003, funding had been allocated to 42 new recording projects. NZ On Air's 'significant airplay' strike rate is currently 60-70%.</p> <p>The New Recordings target was reduced (with approval from the Minister of Broadcasting) to 40 projects for this year as this level better matched the capacity of radio stations to deal with new material. The resultant savings were reallocated to album projects.</p> <p>Achieved. NZ On Air allocated funding to the m2 music channel on TV2, which provided 18 hours of free-to-air music television per week. However, the m2 project concluded in March 2003. NZ On Air has since reviewed the options for fulfilling the Phase Four "more music television" objectives in the 2003/2004 year.</p> <p>Achieved. Funding was allocated to a total of 113 music videos.</p> <p>Achieved. NZ On Air continued to fund The Beat Files (ZM); Soundcheck (The Rock); The Slab (The Edge); NZ Music Revolutions (the More FM stations); Keeping It Kiwi (various); Classic Files (Classic Hits network); and un-charted (b.net stations).</p>

Performance Targets	Actual Performance 30 June 2003
<p>Quantity continued</p> <p>To produce at least six volumes of Kiwi Hit Disc; at least four volumes each of Indie Hit Disc and Iwi Hit Disc; and occasional volumes of the A/C Hit Disc for distribution to every radio station in the country.</p> <p>To assist record companies with the costs of radio remixes of at least 20 songs that have the potential to get more commercial radio airplay in a remixed form.</p> <p>To provide Radio Hits funding for at least 30 records that have picked up "significant airplay" on commercial radio (provided those records have not already been funded through the Phase Four Albums or New Recordings tiers).</p> <p>To contract three pluggers (New Zealand music promotion people) to promote the use of NZ On Air's hit disc catalogue at commercial radio.</p> <p>To run a New Zealand music promotions campaign including publishing at least 6 issues of the Fresh Air magazine for distribution to every radio station in the country; partnering with the Kiwi Music Action Group in promoting NZ Music Month and the NZ Music Showcase; presenting at least 10 Double Digits plaques; partnering with key commercial radio networks in promotions that increase the presence of New Zealand music on air; and mounting at least four Kiwi Hit Disc showcases for key commercial radio programmers.</p> <p>To partner with the NZ Music Industry Commission in mounting at least one major seminar or workshop on the writing and production techniques that improve the chances of a record achieving "significant airplay" on commercial radio.</p>	<p>Achieved. In the 12 months to 30 June, NZ On Air produced six volumes of Kiwi Hit Disc; four Indie; four Iwi Hit Disc; and one A/C Hit Disc.</p> <p>NZ On Air funded six remix projects during the year. Demand for this kind of funding from the record companies has been less than anticipated and the target and budget will be adjusted accordingly for the 2003/2004 year.</p> <p>NZ On Air funded 28 Radio Hits projects (based on airplay in the June, September and December 2002 quarters and the March 2003 quarter). The number of potential projects is reducing steadily, however, as songs already in receipt of Phase Four funding are not eligible for Radio Hits grants.</p> <p>Achieved.</p> <p>Achieved. NZ On Air published 10 issues of Fresh Air; was actively involved in NZ Music Month 2003; mounted four NZ music showcases; and undertook three artist radio promo tours (with Anika Moa, Amber Claire, and Dean Chandler).</p> <p>The Double Digits campaign is now over, in light of the new NZ Music Code Targets.</p> <p>Achieved. NZ On Air worked with the NZ Music Industry Commission and The British Council on the Resonate seminar series in Auckland in February 2003. NZ On Air was centrally involved in the record production module in the seminar series. Also, in November 2002 NZ On Air partnered with NZ Trade & Enterprise, the Music Commission, APRA and the record companies to mount The World Series New Zealand music showcases.</p>

Statement of Objectives & Service Performance

for the twelve months ending 30 June 2003.

Performance Targets	Actual Performance 30 June 2003
<p>Quality</p> <p>In order to make sure that all funded records, music videos and tracks on the hit discs will receive significant television and radio airplay, NZ On Air will consult television and radio programme directors before selecting projects that will get support and will obtain from them an assessment of the airplay potential of the songs.</p> <p>In order to guarantee exposure for New Zealand music via networked and syndicated radio shows, NZ On Air will require the producers of such shows to produce written commitments to broadcast the shows from an acceptable number of radio stations throughout the country (usually not less than 20 individual stations or a national network with comparable or better audience reach).</p>	<p>Achieved.</p> <p>Achieved.</p>
<p>Cost</p>	<p>Actual Cost Committed to date</p>
<p>New Zealand Music</p>	<p>\$3,876,300</p>
	<p>\$3,724,000</p>

2.0 Transmission Coverage

2.1 Television Transmission Coverage

Outcomes

To provide cost-effective transmission coverage of TV One and TV2 to communities that are unable to receive a commercially viable signal.

Objectives

To subsidise TV One and TV2, where necessary, to maintain transmission coverage to certain communities mainly in remote areas (approximately 14,000 households) which NZ On Air considers to be non-commercial.

Performance Targets	Actual Performance 30 June 2003
<p>Quantity and Location</p> <p>If necessary, to subsidise the cost of transmission to those areas which are non-commercial in order to maintain TV One's coverage at 99.7% of the population.</p> <p>If necessary, to subsidise the cost of transmission to those areas which are non-commercial in order to maintain TV2's coverage at 99.5% of the population.</p> <p>To determine, through research and consultation with TVNZ, a revised policy on NZ On Air's funding and transmission coverage responsibilities, given TV One and TV2 now achieve 100% transmission coverage as a result of their simultaneous broadcast from Sky's digital satellite platform.</p>	<p>Achieved. Funding of \$1.15m was approved to subsidise non-commercial transmission coverage for TV One and TV2 for the year ending 30 June 2003.</p> <p>Achieved. See above.</p> <p>Achieved. In the latter half of 2002, NZ On Air completed a paper detailing options for future funding of non-commercial transmission coverage now that digital transmission of TV One and TV2 is available. The paper was provided to the Minister of Broadcasting in February, but was put on hold until digital television transmission issues could be reviewed by Government.</p> <p>In May 2003, NZ On Air sought a Crown Law opinion in relation to NZ On Air's transmission coverage responsibilities. The opinion concluded that NZ On Air no longer had a statutory mandate to continue subsidising non-commercial coverage as a commercially viable signal was available via a digital satellite platform.</p> <p>Following the termination of NZ On Air's transmission contract with TVNZ on 30 June, the parties are consulting with Government on a way forward.</p>
<p>Quality</p> <p>Where NZ On Air will continue to subsidise transmission coverage, the broadcaster will make available to the agreed number of potential viewers in the coverage area a signal suitable to provide a received picture quality that conforms to the International Radio Consultative Committee recommended standard R500-4 of PQ3 or better.</p> <p>NZ On Air will obtain technical advice where necessary to validate any technical issues that relate to transmission coverage.</p>	<p>Achieved.</p> <p>Achieved.</p>
<p>Cost</p>	<p>Actual Cost Committed to date</p>
<p>Television Transmission Coverage \$1,180,000</p>	<p>\$1,150,000</p>

Statement of Objectives & Service Performance

for the twelve months ending 30 June 2003.

2.2 Radio Transmission Coverage

Outcome

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

Objective

To encourage the use of NZ On Air's scheme to make a primary-strength community radio service available to every community of 500+ people.

Performance Targets		Actual Performance 30 June 2003	
<p>Quantity and Location</p> <p>To consider applications for funding of capital equipment to establish up to three new community radio facilities in areas of 500+ people that are not served by a primary-strength community radio signal. In assessing applications for funding, NZ On Air will give priority to areas where there has never been a primary-strength community radio service established on a commercial basis.</p>		<p>No such applications received in the period.</p>	
<p>Quality</p> <p>Where NZ On Air subsidises a community radio service, the broadcaster will make available to the agreed number of potential listeners in the coverage area a signal suitable to provide a field strength of at least 54dBu per metre for FM or 60dBu per metre for MF(AM).</p> <p>NZ On Air will contract with the broadcasters to ensure that the community radio service broadcasts for 24 hours per day and that the programming includes local news, weather and community information and is capable of carrying local civil defence information in an emergency.</p>		<p>Achieved.</p> <p>Achieved.</p>	
Cost		Actual Cost Committed to date	
Radio Transmission Coverage	\$139,500		Nil

3.0 Archiving

Outcomes

That a representative range of New Zealand television and radio programmes with the potential to be of historical interest are archived.

Performance Targets

Quantity

To provide funding for core archiving services for a wide range of television and radio programmes which are likely to be of historical interest in New Zealand:

Service	Target Hours 2002/2003		Actual Hours as at 30 June 2003	
	Television	Radio	Television	Radio
Selection and acquisition of programmes to be archived	654	1,300	659	1,372
Preservation of programmes	170	1,700	300	2,054
Public access to the archived broadcast programmes	(Note 1)	(Note 1)	Achieved	Achieved

Note 1 Public access to archive material held by either the New Zealand Film Archive or Sound Archives/Nga Taonga Korero is available during these archives' working hours in line with generally accepted archiving procedures.

Performance Targets	Actual Performance 30 June 2003
<p>Quality</p> <p>NZ On Air will engage an independent archiving consultant to review the archiving services six-monthly (in particular, the diversity of programmes archived) that have been provided by The New Zealand Film Archive and Sound Archives/Nga Taonga Korero.</p>	<p>Achieved. NZ On Air engaged Roger Horrocks (external consultant) to complete a review of the NZFA and SA/NTK six monthly reports for the year ending 30 June 2002. The review concluded that both archives had met their contractual obligations.</p> <p>NZ On Air also commissioned a review of archiving services and the wider archiving environment to determine options following expiry of the 3-year contracts with the NZFA and SA/NTK on 30 June 2003. The review was conducted by Roger Horrocks and Brian Pauling.</p> <p>An interim report was completed in February. As a result, NZ On Air entered negotiations with the NZFA and SA/NTK for renewal of the contracts. Specific recommendations made in the Horrocks/Pauling reports are being addressed in the context of contract negotiations with the Archives.</p> <p>(To assist with this, \$180,000 was committed for Sound Archives Special Projects in June 2003. The commitment resulted in an overspend for archiving, reflected below).</p>

Objectives

To provide funding to the New Zealand Film Archive and Sound Archives/Nga Taonga Korero to archive a wide range of New Zealand television and radio broadcasts and to maintain the collections in line with accepted archiving procedures, including public access to the collections.

Statement of Objectives & Service Performance

for the twelve months ending 30 June 2003.

Performance Targets		Actual Performance 30 June 2003	
Quality continued		<p>A final archiving report was completed in June 2003. The report examined the current archiving environment and recommended a number of changes to ensure material of historical interest was archived more cost-effectively and efficiently for future New Zealanders.</p> <p>As a result of the review, NZ On Air will organise a symposium on cultural archiving during the 2003/2004 year. The symposium will address current gaps in the archiving environment and ways of improving coordination between stakeholders.</p>	
Cost		Actual Cost Committed to date	
Archiving	\$1,004,000		\$1,184,000

4.0 Public Broadcasting Fee (PBF) Collection

The Public Broadcasting Fee (PBF) was the main source of NZ On Air's funding for ten years. In May 1999 the National Government announced its decision to abolish the PBF, with effect from 1 July 2000. The Broadcasting Amendment Act 1999 granted authority to the Broadcasting Commission to continue collecting outstanding Public Broadcasting Fees beyond that date.

NZ On Air continued collecting residual PBF throughout 2001/2002, however as at 30 June 2002, all external contracts (with the exception of Baycorp) to manage the collection of residual PBF debt were terminated. At the same time, NZ On Air established an internal monitoring and review system to manage the Baycorp contract, while the final wind-down of residual collection activity is completed.

NZ On Air will continue collecting residual debt while it remains cost-effective to do so. The net cost of collection as a proportion of revenue secured will be reviewed regularly.

NZ On Air had either written off or collected all but approximately \$1.4 million of PBF debt as at 30 June 2002. Given the uncertainty of the timetable for residual collection activity in 2002/2003, it was decided that a provision for doubtful debts equivalent to the full amount of debt would remain on our books. Successful collection of residual PBF during 2002/2003 has been reflected in a decrease in the provision, as at 30 June 2003, from \$1.4 million to \$1.2 million.

Actual Performance for the twelve months ending 30 June 2003

PBF collections for the twelve months ending 30 June 2003 totalled \$219,844.

PBF collection costs for the twelve months ending 30 June 2003 totalled \$52,476.

Collection costs amount to around 24% of total collections. A one-off extra payment was made in July 2002 to assist with closure of NZ On Air's external PBF management unit at Datamail. Since that time, costs have related solely to an agreed commission of 20% of total income from successful collections.

Statement of Management Procedures

for the twelve months ending 30 June 2003.

Funding Allocation Process

Outcome

That NZ On Air operations are effective and efficient.

Description

In its planning and operations for the year, NZ On Air will be guided, both in its internal management processes, and its funding allocation policies, by the following key principles:

- New Zealand audiences (both television and radio) will be considered as citizens, not simply as consumers.
- NZ On Air will encourage innovation in broadcasting (which may include new initiatives within long-standing programmes).
- The risks and opportunities for public broadcasting afforded by new technologies will be analysed and planned for.
- NZ On Air will ensure New Zealand's platform of biculturalism is widely reflected, wherever possible and appropriate.
- NZ On Air will ensure there are significant expressions of New Zealand's culture and identity, in all its diversity, across a range of broadcast media.
- Broadcasting's role in providing access to information for all New Zealanders to different expressions of arts, education, science etc will be recognised.

Objectives

To allocate income derived from the Crown for the purpose of providing broadcasting services to Government and the New Zealand public as required by the Broadcasting Act 1989 (the Act) and directions issued by the Minister of Broadcasting pursuant to Section 44 of the Act.

NZ On Air's administration budget for the 2002/2003 year is maintained at the previous year's level.

During the year, NZ On Air will continue to allocate funds for the production of radio and television broadcasts and programmes which reflect New Zealand identity and culture, Maori broadcasting, for special interest audiences (Section 36(c) of the Act), New Zealand music, archiving broadcasts of historical interest, teletext subtitles, and where necessary, ensure the availability of transmission to areas which would not otherwise receive a commercially viable signal.

The funding allocation process involves:

- determining priorities for allocating funds to meet audience needs in relation to NZ On Air's statutory responsibilities;
- making funding allocation decisions;
- contracting with broadcasting service providers; and
- monitoring contract compliance.

Management Procedures	Actual Performance 30 June 2003
<p>1 To consult regularly with broadcasters, producers, Maori, special interest groups and other relevant parties as outlined in Section 37(a) of the Act and, where necessary, modify policies in relation to changes in the broadcasting environment.</p> <p>2 To commission specific research, where necessary, to:</p> <ul style="list-style-type: none"> • inform NZ On Air decision makers; • understand particular audience needs; and 	<p>Achieved. In July and September 2002, two consultation hui were held with Maori practitioners, Iwi and broadcasters in Auckland, and at Otaki Marae, and a half-day hui with television producers was held in Auckland in December. In March 2003 a one-day hui was held in Auckland.</p> <p>A symposium on documentary was held in Auckland on 2 May 2003.</p> <p>Achieved. NFO New Zealand conducted focus group research, completed in October 2002, which assessed audience views and preferences with respect to locally produced programming.</p> <p>A review of access radio stations was conducted to assess their compliance with Section 36(c) of the Broadcasting Act.</p>

Statement of Management Procedures

for the twelve months ending 30 June 2003.

Management Procedures continued	Actual Performance 30 June 2003
<ul style="list-style-type: none"> obtain information about public preferences for NZ On Air services. <p>Research priorities for the year will include:</p> <ul style="list-style-type: none"> Focus group research into audience attitudes to NZ On Air-funded programming (underway); ratings and further quantitative research into Maori and Pacific Island viewing behaviour; and and a special research project into viewing patterns and preferences with respect to local and regional television services. <p>3 All complete funding applications received by NZ On Air by its published deadlines, will be considered by the Board within one month following the deadline.</p> <p>4 All funding decisions will be made by NZ On Air's Board in accordance with the provisions of the Broadcasting Act, any directions issued by the Minister of Broadcasting and NZ On Air's current policies (as outlined in the funding guidelines available to the public).</p> <p>5 To communicate NZ On Air funding decisions by letter to applicants as soon as practicable and by press releases where appropriate to the general public.</p> <p>6 To enter into funding contracts with service providers to obtain a range of broadcasting services.</p>	<p>Also, a peer review of special interest programmes was conducted in July 2002, to inform the NZ On Air Board about improvements made since the focus group research was conducted in 2001.</p> <p>NFO New Zealand completed the annual Public Information and Opinion Monitor and the report was published in October 2002.</p> <p>Achieved. See note above.</p> <p>In progress by 30 June 2003.</p> <p>Achieved. In March, research into regional television services was commenced by Labett Research & Marketing Ltd and the report was being finalised in June.</p> <p>Achieved.</p> <p>Achieved.</p> <p>Achieved.</p> <p>Achieved.</p>

Broadcasting Service	Expected Number of Funding Contracts for 2002/2003	Actual Number of Funding Contracts as at 30 June 2003
Television	150	122
Access/Pacific Island Radio	14	14
Commercial Radio Programmes	3	13
Transmission Coverage	3	1
New Zealand Music	239	230
Archiving	2	2
Total	411	382

The table above indicates the volume of work that is undertaken by NZ On Air in preparing funding contracts. The complexity of the funding contracts will vary across the range of broadcasting services.

Management Procedures continued	Actual Performance 30 June 2003
<p>7 All funding contract requirements will be monitored and reviewed by NZ On Air on a regular basis from the time of signing the contracts to service delivery.</p> <p>8 NZ On Air will audit a random selection of funding recipients throughout 2002/2003 to ensure that these service providers attain specified standards of performance and account for the use of the funds.</p> <p>9 NZ On Air regularly reviews and where necessary updates its various risk management (eg Treasury policy, disaster recovery, and conflict of interest) and human resource (eg health and safety, and code of conduct/conditions of employment) policies and strategies.</p> <p>10 NZ On Air's Te Rautaki Maori will include regular analysis and review of Treaty of Waitangi issues relevant to the Commission.</p> <p>11 NZ On Air's audit committee has developed a work plan for 2002-2004, which addresses the majority of the risks facing NZ On Air. This plan will commence during 2002 and will be regularly monitored and, if necessary, revised by NZ On Air annually.</p> <p>During the year, NZ On Air will be updating its harassment policy and developing a stress management policy for staff.</p> <p>12 NZ On Air's baseline staff will not be increased this year. An additional person to help with television funding contracts will be employed.</p> <p>13 A contract position to provide mentoring and executive producer services to Maori practitioners will be continued, as will contracts for three music promotions people under the Phase Four plan. NZ On Air will continue a staff training programme, to focus on time management, negotiation and presentation skills, and knowledge of Maori language and culture.</p>	<p>Achieved.</p> <p>Achieved. A number of audits were conducted throughout the year (see below).</p> <p>Achieved. Continually monitored. A risk management framework was developed in December 2002. The framework collates all NZ On Air's risk management policies, assigns a risk assessment of "high", "medium" or "low" in each area, and is a basis for providing regular reports to the Board. NZ On Air's conflict of interest policies were reviewed in October 2002, and again at the April meeting.</p> <p>A new policy on management of stress was developed and considered by the Board in June 2003.</p> <p>No issues identified during the year.</p> <p>Achieved. The following audits have been conducted or are currently being completed.</p> <ul style="list-style-type: none"> • Television Captioning Audit; • Broadcasting Act Audit; • Television Funding review Audit; and • Television Funding recipient Compliance Audits <ul style="list-style-type: none"> - 4 Arts & Performance Programmes - 2 Comedy programmes - 2 Documentary programmes • Music Funding recipient Compliance Audits <ul style="list-style-type: none"> - 3 Music videos - 2 b.Net Radio stations - 1 Radio programme • Radio Funding recipient Compliance Audits <ul style="list-style-type: none"> - 2 Pacific Island Radio stations - 1 Radio show <p>An updated harassment policy was adopted at the beginning of the year, and a policy on the management of stress was considered by the Board in June 2003.</p> <p>The part-time position of Television Contracts Coordinator was filled in July 2002 by Annie Murray. Since January 2003, the position has become a full-time one, to reflect the workload in the television area, and in preparation for the Deputy Television Manager's parental leave, which commenced in June.</p> <p>Achieved.</p> <p>Various staff members attended leadership and other courses during the year.</p> <p>A number of staff and Board Members participated in a special hui and overnight stay at Te Runanga O Raukawa at Otaki.</p> <p>Staff participated in a half-day session on Maori language and tikanga issues in May 2003.</p>

Statement of Management Procedures

for the twelve months ending 30 June 2003.

Consultation & Accountability

Description

To carry out its functions under the Broadcasting Act successfully, NZ On Air conducts regular consultation and research to ensure the programmes and services that it funds meet audience needs. NZ On Air also has reporting systems to provide full accountability to Government for the services it provides.

Objectives

To operate an effective two-way communication process (including consultation, research and publications) with Government and the users of NZ On Air-funded services (NZ On Air's customers) and broadcasters, programme producers, Maori, transmission suppliers, archivists and other suppliers (NZ On Air's service providers); and

To assess the needs of customers by research and consultation; and

To be accountable by informing customers and service providers of NZ On Air policies, requirements, decisions, and results.

Management Procedures	Actual Performance 30 June 2003
<p>Provide external information by: Publishing NZ On Air's Statement of Intent for tabling in Parliament and for issue to the public at the beginning of the financial year.</p> <p>Publishing any new NZ On Air funding policies and guidelines within one month of adoption and circulating them to all interested groups.</p>	<p>Achieved. NZ On Air's Statement of Intent was tabled on 13 August 2002.</p> <p>NZ On Air's Statement of Intent for 2003/2004 was prepared and accepted by the Minister of Broadcasting by 30 June 2003.</p>
<p>Provide external information by: Communicating NZ On Air funding decisions by letter to applicants and by press releases to the general public.</p> <p>Publishing NZ On Air's annual report within three-months of the end of the financial year.</p> <p>Providing quarterly reports to the Minister of Broadcasting.</p>	<p>Achieved. New guidelines for financial reporting to NZ On Air were published in September and December 2002. Producers were notified of a system of occasional 'financial health checks' for funding recipients. New guidelines for NZ On Air's policy on equity were published in May 2003.</p>
<p>Consult by: Securing regular audience survey information for television and radio in order to measure audience response to NZ On Air-funded programmes. Survey information to include:</p> <ul style="list-style-type: none">• Daily TV programme ratings; and• Topline metropolitan and provincial radio audience surveys data. <p>Where necessary, commissioning specific research to:</p> <ul style="list-style-type: none">• Assess audience needs and preferences; and• Obtain information that will enhance NZ On Air's outcomes; and• Inform NZ On Air decision makers and NZ On Air's stakeholders.	<p>Achieved.</p> <p>Achieved. The Annual report was tabled on 4 October 2002.</p> <p>Achieved.</p> <p>Achieved. NZ On Air subscribes to, and regularly consults, the people meter survey data prepared by AC Nielsen.</p> <p>NZ On Air extracts information monthly from Median Strip and regularly from Research International NZ Ltd's website.</p> <p>Achieved. See page 26 and 27.</p>

Management Procedures continued	Actual Performance 30 June 2003
<p>Monitoring the development of the broadcasting environment, and where necessary, modify policies to provide for any changes in the environment.</p>	<p>No policies were modified as a result of changes in the broadcasting environment during the quarter.</p> <p>NZ On Air participated in a reference group on 'signature television', convened by the Ministry for Culture & Heritage and made a submission in response to the report released by the Screen Production Industry Taskforce.</p> <p>NZ On Air also participated in a steering committee for a Public Broadcasting Symposium planned for November 2003; provided secretariat services and participated in the Television Local Content Group established in December 2002; and will contribute to the broadcasting research group of the newly-established Export Music Development Group.</p> <p>The Board and senior management began discussion of a new 5-year Strategic Plan for NZ On Air in January 2003. The Strategic Plan for 2003-2008 will be published in July 2003.</p>
Cost	Actual Cost to date
<p>Administration (including funding allocation process, accountability and consultation) \$2,100,000</p>	<p>\$2,132,285</p>

Report of the Auditor General.



Matters relating to the electronic presentation of the audited financial statements

This audit report relates to the financial statements of NZ on Air for the year ended 30 June 2003 included on NZ on Air's website. The Chief Executive is responsible for the maintenance and integrity of NZ on Air's website. We have not been engaged to report on the integrity of NZ on Air's web site. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

We have not been engaged to report on any other electronic versions of NZ on Air's financial statements, and accept no responsibility for any changes that may have occurred to electronic versions of the financial statements published on other websites and/or published by other electronic means.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 25 September 2003 to confirm the information included in the audited financial statements presented on this web site.

Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

To the readers of the financial statements of NZ On Air for the year ended 30 June 2003.

We have audited the financial statements on pages 14 to 47. The financial statements provide information about the past financial and service performance of NZ on Air and its financial position as at 30 June 2003. This information is stated in accordance with the accounting policies set out on pages 14 and 15.

Responsibilities of the Board

The Public Finance Act 1989 requires the Board to prepare financial statements in accordance with generally accepted accounting practice in New Zealand that fairly reflect the financial position of NZ on Air as at 30 June 2003, the results of its operations and cash flows and service performance achievements for the year ended on that date.

Auditor's responsibilities

Section 15 of the Public Audit Act 2001 and Section 43(1) of the Public Finance Act 1989 require the Auditor-General to audit the financial statements presented by the Board. It is the responsibility of the Auditor-General to express an independent opinion on the financial statements and report that opinion to you.

The Auditor-General has appointed Ajay Sharma, of Audit New Zealand, to undertake the audit.

Basis of opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the Board in the preparation of the financial statements; and
- whether the accounting policies are appropriate to NZ on Air's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with the Auditing Standards published by the Auditor-General, which incorporate the Auditing Standards issued by the Institute of Chartered Accountants of New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error.

In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Other than in our capacity as auditor acting on behalf of the Auditor-General, we have no relationship with or interests in NZ on Air.

Unqualified opinion

We have obtained all the information and explanations we have required.

In our opinion the financial statements of NZ on Air on pages 14 to 47:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect:
 - NZ on Air's financial position as at 30 June 2003;
 - the results of its operations and cash flows for the year ended on that date; and
 - its service performance achievements in relation to the performance targets and other measures adopted for the year ended on that date.

Our audit was completed on 25 September 2003 and our unqualified opinion is expressed as at that date.

A handwritten signature in black ink that reads "Ajay Sharma".

Ajay Sharma
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

Historical Television Statistics

six year comparison.

	2003	2002	2001	2000	1999	1998
By Producer						
TVNZ	15%	15%	17%	21%	22%	23%
TV3	0%	0%	4%	2%	2%	2%
Independent Producers	85%	85%	79%	77%	76%	75%
	100%	100%	100%	100%	100%	100%
By Broadcaster						
TVNZ	80%	80%	72%	73%	83%	66%
TV3	20%	20%	28%	27%	17%	34%
	100%	100%	100%	100%	100%	100%
Programme type/Hours funded						
Drama/Comedy/Children's drama	108	109	122	73	66	60
Documentaries/Information/Innovation	109	116	139	120	104	119
Children/young people	436	372	325	370	367	369
Special Interest	298	282	312	261	234	253
	951	879	888	824	771	801

Television Programmes

funded during the year ended 30 June 2003.

Programme	Broadcaster	Producer	Episodes & Duration	NZ On Air funding	% of cost
Drama					
50 Ways Of Saying Fabulous	TV3	MF Films	1 x 2 hour	\$450,000	
For Good	TV3	For Good Ltd	1 x 2 hour	\$42,000	
Good Hands (Lima Lelei)	TV ONE	Tala Pasifika Productions	7 x half hour	\$1,240,000	
In My Father's Den	TV ONE	T.H.E. Ltd	1 x 2 hour	\$450,000	
Kombi Nation	TV3	Kombi Nation Ltd	1 x 2 hour	\$72,000	
Mercy Peak II (remainder)	TV ONE	South Pacific Pictures	6 x 1 hour	\$2,327,776	
Mercy Peak III (first tranche)	TV ONE	South Pacific Pictures	8 x 1 hour	\$3,058,234	
Predicament	TV ONE	Top Shelf Productions	1 x 2 hour	\$450,000	
Skin & Bone	TV ONE	ScreenWorks	1 x 2 hour	\$1,000,000	
Street Legal IV	TV2	ScreenWorks	13 x 1 hour	\$4,673,990	
The Strip II	TV3	Gibson Group	20 x 1 hour	\$6,861,655	
Total Drama			62.5 hours	\$20,625,65	52%

Television Programmes

funded during the year ended 30 June 2003.

Programme	Broadcaster	Producer	Episodes & Duration	NZ On Air funding	% of cost
Children's Drama					
Freaky Dramas II	TV2	Television New Zealand	7 x half hour	\$905,350	
P.E.T. Detectives additional	TV2	ScreenTime-Communicado		\$233,000	
Secret Agent Men	TV3	Greenstone Pictures	12 x half hour	\$1,446,803	
Total Children's Drama			9.5 hours	\$2,585,153	90%

Comedy					
Big Comedy Gala 2003	TV2	Phoenix Television	1 x 1 hour	\$129,660	
Billy T Awards 2003	TV2	Phoenix Television	1 x 1 hour	\$119,650	
Bro' Town additional	TV3	Firehorse Films		\$642,590	
Last Laugh	TV2	Cream TV	7 x half hour	\$199,704	
Mike King Tonight	TV2	Greenstone Pictures	10 x 1 hour	\$400,000	
Pulp Comedy VIII	TV2	Phoenix Television	15 x half hour	\$309,645	
Spin Doctors 3	TV ONE	Spin Doctors	7 x half hour	\$1,034,285	
Spin Doctors 4	TV ONE	Spin Doctors	7 x half hour	\$977,000	
Spin Doctors Election Special	TV ONE	Spin Doctors	1 x 1 hour	\$238,300	
Warts & All - A La Carte	TV3	Frame Up Films	1 x 1 hour	\$112,726	
Willy Nilly III	TV ONE	Big House Film & TV	7 x half hour	\$500,000	
Willy Nilly Christmas Special	TV ONE	Big House Film & TV	1 x half hour	\$40,000	
Total Comedy			36 hours	\$4,703,560	67%

Programme	Broadcaster	Producer	Episodes & Duration	NZ On Air funding	% of cost
Documentary					
Coromandel Med	TV ONE	Cream TV	7 x half hour	\$148,806	
Against The Odds – Jonathan Lemalu Story	TV ONE	Johnston Productions	1 x 1 hour	\$55,897	
Children Of The Migration	TV ONE	Island Productions	1 x 1.5 hour	\$166,000	
Colonial House additional	TV ONE	Touchdown Productions	2 x half hour	\$94,886	
Country Calendar 2003-04	TV ONE	Television New Zealand	13 x half hour	\$214,138	
On Top Of The World	TV ONE	ScreenTime-Communicado	1 x 1 hour	\$144,000	
Firefighters	TV ONE	Greenstone Pictures	8 x half hour	\$178,090	
Flipside I additional	TV2	Television New Zealand	16 x half hour	\$176,801	
Flipside II	TV2	Television New Zealand	32 x half hour	\$400,000	
From Len Lye To Shrek	TV ONE	Cobalt VFX	1 x 1 hour	\$133,870	
Frontier Of Dreams	TV ONE	Whakapapa Productions	7 x 1 hour	\$1,761,483	
Modus Operandi – Climb To The Catwalk	TV2	Television New Zealand	1 x 1 hour	\$111,740	
Monsters Of The Deep	TV ONE	Red Sky Film & TV	1 x 1 hour	\$170,000	
Not Drawing Blanks	TV ONE	Gibson Group	1 x 1 hour	\$136,550	
On-Stage Romance	TV ONE	Gibson Group	1 x 1 hour	\$119,700	
Secret New Zealand II	TV ONE	Greenstone Pictures	7 x half hour	\$406,509	
Steriogram: White Trash To Rock Gods	TV3	ScreenTime-Communicado	4 x half hour	\$69,000	
Summer Camp USA	TV2	Cream TV	1 x 1 hour	\$95,397	
The Filth Files	TV3	Top Shelf Productions	6 x half hour	\$232,007	
The Voice Of Hip Hop	TV2	ScreenTime-Communicado	1 x 1 hour	\$120,004	
The Women's War	TV ONE	Ninox Films	1 x 1 hour	\$123,149	
Haunting Douglas	TV ONE	Specific Films	1 x 1.5 hour	\$165,000	
Trial By Ordeal	TV ONE	Red Sky Film & TV	1 x 1.5 hour	\$131,439	

Programme	Broadcaster	Producer	Episodes & Duration	NZ On Air funding	% of cost
Documentary New Zealand Series VI		TV ONE			
Board Games		Front Page	1 x 1 hour	\$123,138	
Charlotte's Web		Greenstone Pictures	1 x 1 hour	\$80,380	
Driven		Sportsbrand Media NZ	1 x 1 hour	\$72,715	
Fence Jumpers		Cream TV	1 x 1 hour	\$79,227	
For The Love Of Carolina		Drum Productions	1 x 1 hour	\$56,852	
How To Be A Millionaire		Jump Productions	1 x 1 hour	\$80,366	
Justice For All (development)		Westcott Communications	1 x 1 hour	\$10,000	
King Of Speed		Bravo Communications	1 x 1 hour	\$80,000	
Mums Behind Bars		RSVP Productions	1 x 1 hour	\$71,075	
The Resolution Solution		Isola Film & TV	1 x 1 hour	\$74,960	
Pakeha Maori		Kiwa Film & TV	1 x 1 hour	\$92,301	
Portrait Of An Alcoholic		The TV Set	1 x 1 hour	\$110,664	
Long Lost Sons		Gibson Group	1 x 1 hour	\$92,995	
New Zild		Bright Spark Television	1 x 1 hour	\$94,997	
Tenants From Hell		Ninox Films	1 x 1 hour	\$84,795	
Trim City		NHNZ	1 x 1 hour	\$80,000	
Wasted - Legacy Of Drugs		RSVP Productions	1 x 1 hour	\$88,982	
Unallocated funding as at 30 June				\$626,553	
Inside New Zealand XII		TV3			
Alien Investigation		Isola Productions	1 x 1 hour	\$80,906	
Bad Mothers		Greenstone Pictures	1 x 1 hour	\$91,476	
Camping At The Big Tahuna		The TV Set	1 x 1 hour	\$86,811	
Endings And Beginnings		MF Films	1 x 1 hour	\$88,747	
Gang Kids		Kiwa Film & TV	1 x 1 hour	\$86,986	
Going Out With A Bang		One Film	1 x 1 hour	\$84,441	
House Obsessed		Cream TV	1 x 1 hour	\$89,618	
Inmate		Keir Film Productions	1 x 1 hour	\$88,363	
Life After Death		Point Productions	1 x 1 hour	\$90,002	
Road Kill		Top Shelf Productions	1 x 1 hour	\$88,565	
The Inside Story On Dads		Raconteur Productions	1 x 1 hour	\$89,290	
The Naked Bum		Raconteur Productions	1 x 1 hour	\$88,718	
Unallocated funding as at 30 June				\$296,077	
Total Documentary			109 hours	\$8,704,466	61%

Television Programmes

funded during the year ended 30 June 2003.

Programme	Broadcaster	Producer	Episodes & Duration	NZ On Air funding	% of cost
Children & Young Persons					
Adventures Of Massey Ferguson	TV2	Flux Animation Studio	13 x 5 min	\$333,600	
Animation Station 2	TV3	Raconteur Productions	60x7min, 5x1min	\$535,614	
Interstitials - Lost In Place	TV2	Halsey Street	3 x 1 min	\$48,248	
Mai Time 2003	TV2	Television New Zealand	35 x 1 hour	\$870,000	
Pacifica Beats	TV2	Television New Zealand	2 x 1 hour	\$76,872	
Party Animals 1	TV2	Imagination Television	50 x half hour	\$969,438	
Party Animals 2	TV2	Imagination Television	25 x half hour	\$700,000	
Rockquest 2003	TV2	ScreenTime-Communicado	5 x half hour	\$224,865	
Squirt 2003	TV2	Taylormade Media	40 x half hour	\$1,248,800	
Stage Challenge 2003	TV2	Guru Entertainment	7 x half hour	\$289,500	
Sticky TV 2003	TV3	Pickled Possum Productions	225 x half hour	\$1,297,620	
Takapu - A Gannet In The South Seas	TV2	Pacifica Productions	10 x 5 min	\$50,000	
Wanda's Way	TV2	Television New Zealand	25 x 11 min	\$237,106	
Wannabes 2003	TV3	Whitebait Productions	464 min	\$491,409	
What Now? 2003	TV2	Television New Zealand	40 x 2.5 hour	\$2,142,679	
WNTV 2003	TV2	Television New Zealand	195 x half hour	\$1,492,150	
Total Children & Young Persons			435.5 hours	\$11,007,901	98%
Arts, Culture & Performance					
Big Night In	TV ONE	Denis Spencer Productions	6 x 1 hour	\$536,380	
The Mix	TV2	Sportsbrand Media	1 x 1 hour	\$60,000	
Mercury Lane 2	TV ONE	Greenstone Pictures	10 x 1 hour	\$741,200	
Pasifika 2003	TV2	Front Of The Box Productions	1 x 1 hour	\$80,000	
Polyfest Phenomenon 2003	TV2	Front Of The Box Productions	2 x half hour	\$80,000	
Space 2003	TV2	Satellite Media Group	35 x 1.5 hour	\$698,965	
Squeeze 2003	TV2	Satellite Media Group	35 x half hour	\$272,647	
Stadium Spectacular 2003	TV ONE	C4 Productions	1 x 1.2 hour	\$153,900	
Westfield Style Pasifika 2003	TV ONE	Drum Productions	1 x 1 hour	\$120,757	
The Music Show	TV2	Television New Zealand	10 x 1 hour	\$65,427	
Wannabes Duos	TV3	Whitebait Productions	4 x half hour	\$210,392	
World Of WearableArt Awards 2002	TV ONE	Television New Zealand	1 x 1 hour	\$113,810	
World Of WearableArt Awards 2003	TV ONE	Television New Zealand	1 x 1 hour	\$120,542	
Young Musician Of The Year 2004	TV ONE	C4 Productions	1 x 1.5 hour	\$130,000	
Total Arts, Culture & Performance			107 hours	\$3,384,020	74%
Maori Re-versioning					
Pukana Subtitling 2003	TV4	Cinco Cine Productions	45 x 1 hour	\$122,925	
Total Maori Re-versioning			45 hours	\$122,925	100%

Programme	Broadcaster	Producer	Episodes & Duration	NZ On Air funding	% of cost
Special Interest					
Anzac Day Ceremony 2003	TV ONE	Television New Zealand	1 x 1 hour	\$31,215	
Asia Downunder 2002 additional	TV ONE	Asia Vision		\$73,223	
Asia Downunder 2003	TV ONE	Asia Vision	42 x half hour	\$1,100,571	
Grassroots Business	TV ONE	ScreenTime-Communicado	20 x half hour	\$100,000	
Inside-Out 2003	TV ONE	Long White Cloud Productions	40 x half hour	\$1,000,000	
Maori Sports Awards 2002	TV ONE	Television New Zealand	1 x 1.5 hours	\$50,465	
Nga Manu Korero & Kapa Haka	TV2	Front Of The Box Productions	4 x half hour	\$74,185	
No 8 Wired	TV3	Gibson Group	20 x half hour	\$100,000	
Open Door IV	TV3	Morningside Productions	10 x half hour	\$282,309	
Praise Be 2003	TV ONE	Television New Zealand	47 x half hour	\$618,191	
Queer Nation 2003	TV2	Livingstone Productions	40 x half hour	\$985,875	
Queer Nation Gay Games	TV2	Livingstone Productions	2 x 1 hour	\$75,986	
Tagata Pasifika 2003/04	TV ONE	Television New Zealand	52 x half hour	\$1,260,341	
Te Hokinga Mai - The Return Home	TV ONE	Kiwa Productions	7 x half hour	\$175,077	
Teletext Subtitling 2003	TVNZ	Television New Zealand		\$1,500,000	
Young Farmer Contest 2003	TV ONE	Dexterity Productions	1 x 1 hour	\$114,628	
Total Special Interest			146.50 hours	\$7,542,066	
Programme	Broadcaster	Producer		NZ On Air funding	% of cost
Development					
Code Of Silence	TV3	ScreenWorks		\$10,000	
Ding Dongs	TV2	Republic Films		\$15,000	
Dolly Mixture additional	TV3	Phoenix Television		\$5,000	
Insider's Guide To Happiness & Prosperity	TVNZ	Gibson Group		\$52,000	
Land Of Our Fathers	TV3	Bushcraft Ltd		\$5,000	
Blue Smoke		Screen Adventures		\$10,000	
Secret Agent Men	TV3	Greenstone Pictures		\$3,000	
Take A Chance On Me	TV ONE	Comedia Pictures		\$70,000	
International Marketing					
Study Guides		Various		\$10,000	
International Loan		Firehorse Films		\$3,000	
International Loan		Frame Up Films		\$3,000	
International Loan		Republic Films		\$3,000	
International Loan		ScreenTime-Communicado		\$3,000	
International Loan		TVZoo Creative		\$3,000	
Unallocated as at 30 June				\$125,000	
Total Development				\$320,000	
Grand Total				\$58,995,746	

Radio Programmes

funded during the year ended 30 June 2003.

Programmes	Producer	NZ On Air Funding
The Voice	Power Plant Media	\$198,400
Te Puutake	Irene Crawford Kaleopa	\$120,859
Upload	Base Two	\$127,720
Pop! Goes The Weasel	The Down Low Concept	\$45,000
Scrubcutter	Christian Broadcasting Assoc.	\$50,000
Christmas Day Special 2002	Christian Broadcasting Assoc.	\$11,560
Easter 2003	Christian Broadcasting Assoc.	\$9,600
Paakiwaha	UMA Broadcasting	\$60,000
Drama/Comedy development		
The Zone	Real Job Ltd	\$3,000
The Local	Power Plant Media	\$2,905
The Cab Ride To Destiny	The Down Low Concept	\$2,510
Total Radio Programmes		\$631,554

NZ Music Projects

funded during the year ended 30 June 2003.

Radio Programmes	Producer	NZ On Air Funding
95bFM (Auckland)		\$126,700
The Generator (Hamilton)		\$55,300
The Most FM (New Plymouth)		\$45,100
Radio Control (Palmerston North)		\$45,100
Active 98FM (Wellington)		\$68,900
98-RDU (Christchurch)		\$60,400
Radio One (Dunedin)		\$48,500
NZ Music Revolution	More FM	\$48,000
Keeping It Kiwi	P C Brain	\$98,800
un-chart-ed	Base Two	\$55,000
The Beat Files	Pagan Broadcasting	\$84,000
The Classic Files	Media Music	\$97,000
Soundcheck	Media Music	\$97,000
The Slab	The Edge	\$36,000
Total Radio Programmes: NZ Music		\$965,800

Music Videos / NZ On Air Funding of up to \$5,000 each			
Song	Artist	Song	Artist
Perfectly Evil	Pluto	Paradigm	Lucid 3
Rock 'n' Roll	Tadpole	The Way That I Feel	Michelle Rounds
One	Ubana	About Myself	Mightyscoop
Love Will Save Me	Carly Binding	Til Now	Damien Binder
Life Will Be The Same	bet Chadupa	Miracles	Deep Obsession
Elements	Mama Said	Neil Of Diamonds	Spa
Morning Light	Concord Dawn	In & Out Of Nowhere	Augustino
Outspoken	Unique	Days On End	Pine
Ride With Me	D2S	Nervous Bag	Dead End Beat
Amsterdam	Barry Saunders	Phlex	Blindspott
Shake'm	Mace & The Woodcut Crew	The Return	Donald Reid
Something Good	Bic Runga	Getting What You Give	Dimmer
One More Day	Stellar	U Can't Resist Us	King Kapisi featuring Che Fu
Free	Steriogram	Empty	Hendrix Warren
Enemy	Jester	On Your Own	Pluto
Every Day's A Saturday	Elemeno P	Boy Racer	The Brunettes
Tonight	K'Lee	Don't	Gramsci & Anika Moa
Baggage	Bryan Bell	Falling Faster Now	Soda
Downtown	DJ Raw	Crowded Room	Michelle Kazor
Scooter Girl	Marshmallow	Nothing Can Wait	Opshop
Chillin'	Deceptikonz	Baby's Got Me Up All Night	Zed
Lit Up	Blindspott	Friday Drive	House Of Downtown
Say It Is So	Tim Finn	Dancehall Girl	Salmonella Dub
Interstate Boy	PanAm	Pick Yourself Up	Evermore
Funky Little Hip Hop Angel	Craig McKenzie	Energy Levels	Rubicon
Higher Lovin'	Lavina featuring Emily Williams	Pick Up The Pieces	Crumb
Seek Know More	50Hz featuring Ladi6	What Da Funk	Dub Asylum
Trade Secrets	Dubious Brothers	Play	Revolver
Who You With?	Katchafire	Outside Enclosure	Tha Feelstyle
The One	D'Lo	The Journey	Ill Semantics
Onward (Step It Up)	Rhombus	Disconnect	Ejector
Maybe Tomorrow	Goldenhorse	God With The Flow	P-Money
Listening For The Weather	Bic Runga	Polyester Meets Acetate	The Brunettes
She Walked In	Detour	Smooth Rhodes	50Hz
Right On	The Have	All Day	D2S
Platetectonics (Fartyboom)	Salmonella Dub	For The Ladies	Dubious Brothers
Slipping Away	Evermore	Getaway	Katchafire
Mother	Anika Moa	Fools Love	Logistix
Anniversary	the feelers	Wake Up Brother	Goldenhorse
Love Not War	Annie Crummer	Love Remains	Amber Claire
Nice To See You	Crumb	Turn Your Car Around	David Strange
Frequency	Tadpole	Ease Ya Mind	The WBC
Save Me A Ride	Fou Nature	Fight Back	48May
Unity	Nesian Mystik	All This Time	Emcee Lucia
Monotone	goodshirt	Bucket Up	goodshirt
Sunny Summer's Day	Crystal Fiti Semanu	But Now You	Strawpeople
Watching You	Ill Semantics	Mareko (Here To Stay)	Mareko
Go You Good Thing	Splitter	Stand Up	Scribe
Tour Of Outer Space	Rhombus	Mind Dependency	Blindspott
Everybody	Pacific Soul	Sunny Day	Greg Johnson
The Xpedition	P-Money & 4 Corners	Elemental Forces	King Kapisi

NZ Music Projects

funded during the year ended 30 June 2003.

Music Videos continued / NZ On Air Funding of up to \$5,000 each			
Song	Artist	Song	Artist
This Is It	Carly Binding	Secrets	Opshop
Song One	PanAm	Better	Brooke Fraser
Hot Girl	Dei Hamo	Hell Hound	Two Lane Black Top
Sweet As Bro'	No Artificial Flavours	Verona	Elemeno P
Tonight We Ride	Dead End Beat	ez on	Salmonella Dub
Let Them Know	Brett Sawyer		
Total Music Videos			\$565,000

Radio Hits / NZ On Air Funding of up to \$5,000 each			
Song	Artist	Song	Artist
Falling In Love Again	Anika Moa	Love Not War	Annie Crummer
Synchronise Thoughts	P-Money	Mother	Anika Moa
Exit To The City	The D4	In Love	The Datsuns
S U I T	Blindspott	Starlight	Zed
Taking It Easy	Carly Binding	Get Loose	The D4
A Lifetime Left To Wait	K'Lee	We Kissed	Carly Binding
Bananas In The Mist	Pluto	Every Day's A Saturday	Elemeno P
Ride With Me	D2S	Slipping Away	Evermore
Giddy Up	Katchafire	Who You With?	Katchafire
Golden Dawn	Goldenhorse	Harmonic Generator	The Datsuns
Nirvana	Elemeno P	Boy Racer	Whiz Kidz
Japanese Girls	PanAm	Miracles	Deep Obsession
Rage	Dubious Brothers	The Highway	Ill Semantics
Remember?	P-Money	Monotone	goodshirt
Total Radio Hits			\$140,000

Hit Discs	NZ On Air Funding
Kiwi Hit Disc	\$62,928
Indie Hit Disc	\$39,420
Iwi Hit Disc	\$40,500
Total Hit Discs	\$142,848

NZ Music Promotion	NZ On Air Funding
Advertising	\$9,060
Fresh Air in Median Strip	\$28,800
NZ Music Awards 2003	\$90,000
NZ Music Month 2003	\$5,000
Total Music Promotion	\$132,860

Phase Four NZ Music Plan

More Plugger Power	NZ On Air Funding
Pluggers	\$115,836
Plugger support and promotions	\$56,278
Total More Plugger Power	\$172,114

More Music Television	NZ On Air Funding
m2	\$250,000
Total More Music Television	\$250,000

Making & Marketing: International	NZ On Air Funding
Beautiful Collision/Bic Runga	\$50,000
The Alphabetchadupa/betchdupa	\$50,000
Scorpio Righting/Garageland	\$50,000
Good/goodshirt	\$50,000
Polysaturated/Nesian Mystik	\$50,000
Total International	\$250,000

Making & Marketing: Albums			
	NZ On Air Funding		NZ On Air Funding
Pluto	\$50,000	Katchafire	\$50,000
Blindspott	\$50,000	Bic Runga	\$50,000
The D4	\$50,000	Che Fu	\$50,000
Fiona McDonald	\$50,000	Anika Moa	\$50,000
Nesian Mystik	\$50,000	Annie Crummer	\$50,000
before friday (Dean Chandler)	\$50,000	the feelers	\$50,000
Carly Binding	\$50,000	Opshop	\$50,000
PanAm	\$50,000	eight	\$50,000
P-Money	\$50,000		
Total Albums			\$850,000

NZ Music Projects

funded during the year ended 30 June 2003.

New Recording Artists / NZ On Air Funding of up to \$5,000 each			
Song	Artist	Song	Artist
Pick Up The Pieces	Crumb	Panic Attack	Oyster
Downtown	DJ Raw	Fight Back	48May
Maybe Tomorrow	Goldenhorse	Playing Around	The Oti Brothers
About Myself	Mightyscoop	As I Fall	Aerial
C'mon Hallelujah	Paselode	Day To Day	Autozamm
Onward (Step It Up)	Rhombus	Better	Brooke Fraser
She Walked In	Detour	Nobody (Wants Me)	Funk 'n' Slo Cuts
I'll Go	Taisha	2 Can	Jorge & The Woodcut Crew
Thinkin' Of You	Sarah Brown	Happy On The Outside	KarmCorp
I Hear You Call My Name	Gasoline Cowboy	Complete	Mozelee
Nothing Can Wait	Opshop	Sweet As Bro'	No Artificial Flavours
Issues	James	Hell Hound	Two Lane Black Top
All The Time	Emcee Lucia	Real	Alex Smart
The Return	Donald Reid	Just Begun	Bolbox Rex
Play	Revolver	Suburbia Streets	Fast Crew
Turn Your Car Around	David Strange	Scribble	Lazrus
Right On	The Have	Out Your Window	Revolver
Rock God	7 Tongues	Concord	Spider
Disconnect	Ejector	The Fuzz	The Have
Dirty Industry	Fluid	Walking Alone	Warner Newman
Fools Love	Logistix	Fine Today	Whiz Kidz
Total New Recording Artists			\$209,440

Radio Remix Projects / NZ On Air Funding of up to \$1,000 each			
Song	Artist	Song	Artist
Love Not War	Annie Crummer	Til Now	Damien Binder
Ride	Mink	The New Claire Swire	Leonard
Ride With Me	D2S	Stand Up	Scribe
Total Radio Remixes			\$6,000

Directory

Members

Don Hunn of Otaki
Albert Wendt of Auckland
James Coleman of Auckland
Gaylene Preston of Wellington
Judy Callingham of Auckland
Edie Moke of Rangiora

Chairman
Deputy Chairman

Staff

Jo Tyndall
Bernard Duncan
Neil Cairns
Brendan Smyth
Elizabeth Morrison
Sally Courché
Donnamaree Ryder
Annie Murray
Robyn Andrews
Anita Roberts
Teresa Tito
Trish Cross
Christine Westwood

Chief Executive
Deputy Chief Executive, Radio & Communications Manager
Television Manager
NZ Music Manager
Finance & Administration Manager
Deputy Television Manager
Manager, Project & Financial Analysis
Television Contracts Coordinator
Personal Assistant
Personal Assistant
Personal Assistant
Receptionist (Shared with Broadcasting Standards Authority)
Administration Assistant (Part-time)

Office

2nd Floor, Lotteries Commission Building
54-56 Cambridge Terrace
PO Box 9744
Wellington, New Zealand

Telephone: 04 382 9524
Facsimile: 04 382 9546
E-mail: info@nzonair.govt.nz
Internet: <http://www.nzonair.govt.nz>