



Our stories, our songs, ourselves.

nz on air statement of intent
06/07



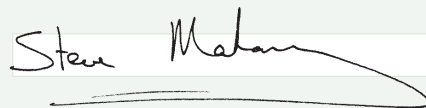


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> Acceptance of the Statement of Intent

In accordance with Section 149 of the Crown Entities Act 2004, I agree to present this Statement of Intent of the Broadcasting Commission (NZ On Air), for the three years ending 30 June 2009, before the House of Representatives.

A handwritten signature in black ink, reading "Steve Maharey", is written over a white rectangular background with rounded corners. The signature is fluid and cursive.

Hon Steve Maharey
Minister of Broadcasting

In accordance with Section 139 of the Crown Entities Act 2004 and the Broadcasting Act 1989, we are pleased to present the Statement of Intent of the Broadcasting Commission (NZ On Air) for the three years ending 30 June 2009.

>

Introduction

The Statement of Intent sets out the outputs and outcomes that NZ On Air will provide – as agreed between the Minister of Broadcasting and the Commission. This statement also advises NZ On Air's service providers – the broadcasters, programme producers, archivists, transmission suppliers and suppliers of operational goods and services – of the services NZ On Air will endeavour to purchase during the year to 30 June 2007.



Don Hunn Chairman NZ On Air



Judy Callingham Deputy Chair NZ On Air

Chairman's Overview

As we look ahead to the 2006/2007 financial and operating year for NZ On Air, it is timely to reflect on the New Zealand broadcasting environment. At the beginning of 2005, the Minister of Broadcasting, Hon Steve Maharey published the Government's broadcasting Programme of Action (PoA). Its vision – *New Zealand Broadcasting: a shared space, informing and enriching a changing society* – is one that continues to drive NZ On Air's strategies today, and its four principles of Universality, Diversity, Independence and Quality continue to underpin our work.

NZ On Air's key function is to support the delivery of public broadcasting, by making sure that New Zealand audiences have access to a diverse range of quality, locally-produced programming, free-to-air, no matter where they choose to look or listen.

Today we operate in an era of rapid transformation in broadcasting, as in other areas of our nation's development. NZ On Air was established under the Broadcasting Act 1989, and clearly much has changed in the seventeen years since then. The number of free-to-air television channels has increased. TVNZ now has a public service Charter, matching the Charter already in place since 1995 for Radio New Zealand. There is a highly successful and visible Māori Television Service, and Sky TV owns a free-to-air broadcaster (Prime). Those are just some of the changes.

As we signalled last year, the development of digital broadcasting is occupying a large amount of NZ On Air's thinking and planning time.

The secondment during 2005/2006 of NZ On Air's Chief Executive, Jo Tyndall, to the Ministry for Culture & Heritage (MCH) to progress the implementation of digital television is a stake in the ground that represents our organisation's strong desire to ensure the essential groundwork is laid.

The Government's announcement on 15 June this year that digital television will transmit free-to-air from 2007 is clear evidence that a great deal of progress has been made, but there is still much to do. NZ On Air will continue to support this development process, and review funding policies and strategies to strongly ensure that there is appropriate content for broadcast on the increased number of channels in a digital environment.

Alongside this, NZ On Air will continue to monitor the impact of convergence, with Internet and wireless technologies providing New Zealanders with more opportunities to access cultural, informative, educational and entertainment options. The Government's commitment to identifying new initiatives for faster Internet access is important in this respect (see page 26, Ministry of Economic Development's *The Digital Strategy: Creating Our Digital Future*).

The digital future is only part of our focus for the coming year. At the beginning of February this year, the NZ On Air Board took some time to consider its place in New Zealand's broadcasting landscape.

The Minister's Programme of Action clearly endorses the value of NZ On Air, and continues to support the contestable funding model this agency has administered since its inception. As the PoA is progressively implemented,

it is our intention to clarify and promote NZ On Air's role in the new environment, and to ensure that the best possible broadcasting outcomes result from the work we do.

It has become clear in recent times that a strong New Zealand identity is emerging, and there is a growing pride in what it means to be a New Zealander. NZ On Air has a role to play in the promotion of that sense of nationhood, and in enabling the demonstration and expression of New Zealand's unique identity and culture.

Main Themes for 2006/2007

In 2003, NZ On Air published its five-year strategic plan, and since then annual Statements of Intent have detailed the specific activities that NZ On Air will undertake to deliver on the vision of that plan.

Last year, we refocused our attention on the key objectives of the strategic plan, specifically our intention to continue to work on industry outreach and strategic partnerships, to conduct research and consult widely, to encourage innovation and diversity in the projects we fund, and to ensure NZ On Air is adequately funded to deliver agreed and appropriate broadcast outcomes.

While these aspects remain central to our activities, we have redefined NZ On Air's strategic focus to concentrate on three key points:

- *The Role of NZ On Air* – a clearly defined and promoted role in the future of public broadcasting;

- *Digital Broadcasting* – continuing to advance through high-quality research, strategic planning, and working with others in the sector to obtain the maximum benefit from the new technology; and
- *Quality New Zealand Content* – providing shared experiences through broadcasting so that a sense of national culture and identity is fostered by exposure to innovative, high-quality programmes and broadcasts that reflect New Zealand and its cultural diversity.

As New Zealand's principal broadcasting funding agency, NZ On Air is uniquely placed to promote innovation in broadcasting, and to take the risks required to enable the production of programming that would not otherwise be made in a primarily commercial broadcasting environment.

In the 2005/2006 year, NZ On Air directed funding support to hundreds of hours of locally-produced television broadcast across TV One, TV2, TV3, C4 and Prime, thousands of hours of public radio, and new NZ music. NZ On Air funding also enabled New Zealand's audio/visual heritage to be archived. This funding support will continue in the coming year, but we will have to take account of increasing costs and the changes in the broadcasting environment detailed above.

This means that while NZ On Air will aim to support as much television production as in previous years, there is likely to be some impact on television targets that we will need to manage. Because reserves of public equity of around \$5 million brought forward into the 2005/2006 year have largely been spent to support present levels of production, we are forecasting a drop in our overall funding budget, which will

have a consequent impact on production targets.

However, we are witnessing a growth in the quality of the production we are able to support. It is our hope, therefore, that while the volume of production may reduce, the funding NZ On Air provides will result in the projects (that make it to the screens and speakers in New Zealanders' homes, cars, workplaces, wherever they happen to be) being the very best they can be.

The research programme NZ On Air has developed over the years is comprehensive and well-targeted.

A key aspect of this programme is the discussions this organisation has with the variety of stakeholders in the broadcasting environment. We will continue to:

- ask New Zealanders what they want from public broadcasting, and endeavour to provide it;
- talk with stakeholders to develop the most appropriate and workable systems to produce quality programmes;
- discuss with broadcasters the most suitable ways to work with them to provide the listening and watching experiences that New Zealanders want;
- provide secretariat services to the Television Local Content Group and provide the report by which the Group measures its achievements annually;
- forge and strengthen key strategic relationships in all areas of our work; and
- work with Government to ensure the taxpayer funding that is directed to broadcasting is spent in the most effective manner.

Funding for the Year to June 2007

In recent years, there have been some increases to the Crown funding voted for NZ On Air. Through careful application of NZ On Air's funding, we have managed to maintain the overall levels of funding and consequent production.

Last year, NZ On Air received a funding boost from Government of almost \$7 million. This included additional funding for almost all of NZ On Air's activities and included, for the first time, funding for regional television.

A further additional \$5.6 million was allocated in the 2006 Budget to enable NZ On Air to maintain its funding levels in television and archiving in the face of increased costs. That allocation also includes \$610,000 per annum of additional operational funding for Radio New Zealand.

Total broadcasting funding expenditure for the 2006/2007 year is thus estimated to be \$107.25 million (exc. GST). This is an estimate based on expected revenue from the Crown of \$106.67 million, plus other income, less administration costs, and including the use of public equity reserves of around \$2 million. Within this total, the allocation for television programmes will be \$69.66 million.

The table on the following page compares the forecast allocation of funding for the 2006/2007 year with the budget for the 2005/2006 year.

Details of NZ On Air's funding intentions are set out in the sections specific to each area of our operations, following this introduction. The most significant planned initiatives are summarised on the following pages.

Television

The television budget, at \$69.66 million, will show a slight decrease from last year. Television funding continues to represent almost two thirds of NZ On Air's funding, reflecting a wide diversity of genres and interests. Regional television will again receive funding.

To encourage innovation in the coming year, a significant portion of funding will be allocated. This has been signalled in the past, with NZ On Air detailing its aim to build its commitment to innovation. Some genre targets will change to recognise broadcaster and audience requirements, and to provide for enhanced quality and excellence in production.

Television drama and comedy remain high-profile, high-cost and risky genres, but provide powerful story-telling tools. Recent research concludes that locally-produced drama is well received by New Zealand audiences, who regard it as comparable in quality to any imported programming screened here. Drama will continue to be supported with a strategic approach to funding, developed in consultation with broadcasters. The signature television initiative, launched with the New Zealand Film Commission and TVNZ in 2004, will continue.

Radio

NZ On Air considers radio to be an influential and pervasive medium in the promotion of public broadcasting. The greater part of NZ On Air's radio funding will continue to be directed to the flagship public radio services delivered by National Radio and Concert FM. The roll-out of National Radio on the FM band has reached the majority of

APPLICATION OF BROADCASTING FUNDING	FORECAST 2006/2007	BUDGET 2005/2006
Broadcasting funding	\$107.25 million	\$108.97 million
Allocation – Programming		
- Television programmes	65%	66%
- Radio services	29%	28%
- NZ Music	5%	5%
Transmission coverage	*%	*%
Archives	1%	1%

Note: Full details of income and expenditure are provided on page 37. Funding for transmission coverage is now under 1%.

the country and will be concluded in the year ahead.

NZ On Air also funds community access radio and two Pacific Island radio stations to provide diversity and an outlet for community groups to make and broadcast programmes. Increased funding will be available to access radio through the additional Crown allocation for community radio first made last year, and further additional funding from July 2006 will enable NZ On Air to diversify the range of ethnic radio programming supported.

NZ On Air has also set aside a modest fund for initiatives to achieve greater radio diversity, consistent with the interests of the groups mentioned in Section 36 of the Broadcasting Act 1989. These have included spiritual, youth, children's, comedy and Māori programmes. These programme categories will continue in the year ahead, and total funding will be maintained.

NZ Music

Over the last five years, NZ On Air's main music mission has been to help radio meet the local content targets

under the NZ Music Code and to achieve 20%-plus New Zealand music by the end of the 2006 calendar year.

This year, the original Code agreement will expire, and the challenge for the radio and music industries will be to maintain – and grow – the 20% target and keep up the momentum created by the Code.

NZ On Air's work over the next three years will be concentrated on that end – maintaining and growing the 20% so that the gains of the last five years are not lost.

We will do this through the same mix of funding and promotional strategies that has served us so well to date – using pluggers to work the hit discs at radio, using music television and music videos to promote the songs, and investing in albums by radio hit-makers and radio singles by new artists.

A major focus over the next three years will be the implementation of the Phase Five plan to raise the profile of New Zealand music internationally, using the music media to reach radio and music trade “tastemakers”. Hits overseas will help get hits at home and will help with the campaign to grow the 20% in 2007 and beyond.

The Phase Five campaign has been rolled out in the US and Australia, with three five-track samplers delivered to trade tastemakers in those territories in the first half of 2006, and a valuable partnership has been forged with influential trade magazine *Music Week*.

Through the Phase Five initiative, interest has been piqued (so far) in artists like the D4, Greg Johnson, Katchafire, Goodnight Nurse, Carly Binding, Savage, Die! Die! Die! and more.

Māori Broadcasting

NZ On Air's Māori broadcasting strategy, Te Rautaki Māori, has, since its inception in 2000, brought a diverse range of mainstream programmes, predominantly in English, but with a strong Māori perspective, to the screen. The landscape has changed dramatically for Māori broadcasting in recent years, so NZ On Air is currently reviewing its approach in this area.

The Māori Television Service (MTS) has gone from strength to strength and is now firmly established. NZ On Air will continue to talk with both MTS and our sister funding agency, Te Māngai Pāho, to maximise the screening opportunities for funded Māori programmes, and to partner on projects that meet both mainstream and MTS objectives.

Archiving

Following on from an archiving review NZ On Air commissioned in 2003, and a symposium held in 2004, we have been considering options for taking a more concerted, leading role in enabling New Zealanders access to the sound and visual archive collections they have bought through NZ On Air.

Work will continue to explore options for encouraging better coordination of the various audio-visual archiving activities in New Zealand. In this area, as with the wider broadcasting environment, the development of digital technology is beginning to have profound implications for the collection, preservation, cataloguing and public access of television and radio content. A well-coordinated approach, based on networking and information-sharing, should minimise

duplications and maximise the coverage of archiving services.

NZ On Air will also investigate the possibilities for providing a point of access through the Internet to the funded collections. It is becoming increasingly clear that archiving will become an even more vital part of NZ On Air's responsibilities.

Research and Consultation

Under section 37 of the Broadcasting Act 1989, NZ On Air is mandated to consult regularly with a range of people with interests in broadcasting, and essentially, that means most New Zealanders. Over the years, this has resulted in the creation of a body of independent research to guide the formulation of NZ On Air's funding policies and programme decisions.

The research has produced valuable information about the implications of national and international developments in broadcasting for NZ On Air and for New Zealand. In turn, it has provided material of assistance to Government in the formulation of wider policy approaches to broadcasting.

Recent research has shown significant increases in the number of New Zealanders watching locally-produced television drama and comedy, and it has also concluded that there is an appetite for free-to-air digital channels to be established. This result is of great interest as NZ On Air contributes to the development of digital broadcasting strategies and policies.

NZ On Air will continue with a strategic research and consultation programme

in the year ahead. We will use a combination of quantitative, qualitative and analytical research to underpin the promotion of high-standard, diverse New Zealand content in public service and public interest broadcasting. Wherever possible, we will undertake this research using a consultative approach. Once reports have been published, we will convene symposia where appropriate, to explore their findings prior to reflecting the outcomes in revised approaches to funding policy.

Conclusions

Clarifying NZ On Air's role in the evolving broadcasting environment that characterises a digital twenty-first century presents challenges, but challenges are best viewed as opportunities.

NZ On Air has begun the digital journey with the secondment of Jo Tyndall to the position of Director, Digital Broadcasting Strategy, Ministry for Culture & Heritage, to facilitate the successful development of digital broadcasting services. This has involved collecting the necessary data, and progressing the dialogue required to take the first steps. In the coming year, we need to take the next steps, to identify where to go from here – the second phase of the process – to promote the agreements that will move our approach to digital broadcasting forward.

As a champion for local content, NZ On Air continues to explore the options for maintaining quality local content for all New Zealanders, no matter what free-to-air broadcaster they choose to use. This is a fundamental aim for our organisation.

Earlier in the year, there were publicly expressed concerns over the standard of some television in New Zealand. While technical quality may be assessed against industry standards, the more general questions of “quality”, “standards” and “tastes” are necessarily subjective issues.

As an organisation whose work involves meeting the needs of the public, NZ On Air tries to reach as many different audiences as possible, but we are always conscious that this will not always satisfy the most demanding groups. Our research and public consultation help inform the way we do respond to the public’s needs, and NZ On Air will be giving a great deal of thought in future to see how the fragmentation, which will result from digitalisation, can be turned into an advantage in enabling more, and more diverse, outlets, so that more New Zealanders are able to access programmes that they believe to be quality, and that they want to see or hear.

Our research clearly indicates that New Zealanders support local content on television and radio, and they also strongly support the production and broadcast of New Zealand music. That support has grown as locally-produced material has improved in quality. NZ On Air has become associated with that concept of quality, and that is a welcome development. We must now keep the quality up and improving, and that is a key focus for this organisation this year.

NZ On Air’s legal obligation is to promote local content for local audiences, and we deliberately focus on television programmes that are directed primarily towards New Zealanders, especially where such programmes would not be made and broadcast without public subsidy. The result is that most of the programmes NZ On Air funds are not marketable overseas, and therefore do not receive a financial return.

However, from time to time, programmes appeal to a wider audience, and where they result in income being generated from the risk capital provided by the taxpayer, we consider it appropriate, and a fair return to the taxpayer, that NZ On Air should share in this success, in order to reinvest the funds back into development and production. NZ On Air considers that to be a prudent, responsible and appropriate use of public money.

Of course, NZ On Air does not do its work in isolation. We are acutely aware that we must work in partnership with a wide and complex range of stakeholders, and we look forward to working with those stakeholders to deliver the very best outcomes for New Zealand audiences.



Don Hunn
Chairman
NZ On Air

The Broadcasting Commission (NZ On Air) was established by the Broadcasting Act 1989 and is defined as an Autonomous Crown Entity by the Crown Entities Act 2004. The functions and procedures of NZ On Air are set out in the Broadcasting Act.

> Statutory Role of NZ On Air

The functions of NZ On Air as described in Section 36 of the Broadcasting Act are –

- (a) To reflect and develop New Zealand identity and culture by –
 - (i) promoting programmes about New Zealand and New Zealand interests; and
 - (ii) promoting Māori language and Māori culture; and
- (b) To maintain and, where NZ On Air considers that it is appropriate, extend the coverage of sound radio broadcasting to New Zealand communities that would otherwise not receive a commercially viable signal; and
- (c) To ensure that a range of broadcasts is available to provide for the interests of women, youth, children, persons with disabilities and minorities in the community including ethnic minorities; and to encourage a range of broadcasts that reflects the diverse religious and ethical beliefs of New Zealanders; and

- (d) To encourage the establishment and operation of archives of programmes that are likely to be of historical interest in New Zealand –
 - by making funds available, on such terms and conditions as the Commission thinks fit, for
- (e) Broadcasting; and
- (f) the production of programmes to be broadcast; and
- (g) the archiving of programmes.

In the exercise of its functions NZ On Air shall, in accordance with the provisions of section 37 of the Broadcasting Act, promote New Zealand content in programming by –

- (a) Consulting from time to time with persons having an interest in New Zealand broadcasting and the production of programmes in New Zealand, representatives of consumer interests in relation to broadcasting, and representatives of Māori interests; and

- (b) Promoting, in its funding of the production of programmes, a sustained commitment by television and radio broadcasters to programming reflecting New Zealand identity and culture; and
- (c) Ensuring that, in its funding of the production of television programmes, reasonable provision is made to assist in the production of drama and documentary programmes; and
- (d) Ensuring that, in its funding of radio broadcasting, reasonable provision is made to assist in the production of drama programmes and in the broadcasting of New Zealand music.

The activities of NZ On Air are –

- To allocate funding for –
- television and radio broadcasting;
 - promotion of New Zealand music;
 - radio non-commercial transmission coverage;
 - television and radio archives; and
 - administration and consultation.

NZ On Air's mission is to be an independent leader in promoting local content and diversity in broadcasting.

NZ On Air's purpose is to be the principal provider of Government funding for a diverse range of local programmes for both public and commercial broadcasters.

> Mission Statement, Strategy and Outcomes

In fulfilment of this mission statement, NZ On Air has the following objectives:

- To continue to serve the interests of a public which appreciates and values diversity and local content in broadcasting, and to improve their satisfaction levels with the funding spent on their behalf.
- To work with the industry to achieve strong, growth-focused broadcasting and music industries, delivering consistently high standard and innovative programmes and broadcasts to both New Zealand and international audiences.
- To ensure NZ On Air, the industry and the New Zealand public are ready to take advantage of new technology developments, and understand the options available.
- To analyse and promote the continuing relevance of public broadcasting principles in a rapidly changing environment.
- To secure a stable and sustainable funding base to invest in New Zealand broadcasting.
- To contribute, through the broadcasting services supported by NZ On Air, to the development of a knowledge economy and social cohesion in New Zealand.

- To enhance the on-screen outcomes of Māori television programmes aimed at a New Zealand audience, including Māori.

To achieve this, NZ On Air's strategies for 2006-2009 are to:

- Secure Government support for a strengthened role for NZ On Air.
- Develop and strengthen wider strategic partnerships throughout the industry.
- Be a recognised and respected source of broadcasting information and expertise.
- Encourage risk taking, creativity and innovation in local content that will engage and stimulate diverse audiences across the broadcasting spectrum
- Ensure the organisation is appropriately resourced to manage and achieve the broadcasting impacts and outcomes it is funded to deliver.

To achieve these strategic aims in the year ahead, NZ On Air will focus attention on:

- Clarity of the organisation's role in New Zealand's mixed broadcasting economy.
- The development of a free-to-air digital television platform, and the local content that will be broadcast in the digital age.

- The quality of the local content broadcast on New Zealand free-to-air television.
- Financial and staff resources adequate for the organisation's business.

As a result of implementing this strategy, NZ On Air expects the following outcomes:

- There will be a strongly visible and audible presence of diverse New Zealand content across a range of public and commercial broadcasting services, representing the most efficient use of public funding.
- Locally-produced programmes and broadcasts will be well-received by their intended audience, and considered to be "world-class". New Zealand audience satisfaction levels will be maintained or increased.
- New Zealand-made television programmes and New Zealand music will be more visible internationally, as well as within New Zealand.
- Public and commercial broadcasters will be encouraged to take more commissioning and scheduling risks with ground-breaking programmes made with NZ On Air funding.

- Creative and innovative local production, including programming that reflects our bicultural base, our multi-cultural society and our place as a South Pacific nation, will contribute to a stronger sense of New Zealand identity.
- There will be a vibrant production industry with a strong, secure base that can deliver consistently high-standard programmes and music.
- New Zealanders will be encouraged to take up new digital broadcasting technology in the most cost-effective and efficient manner available.
- The demand for Māori language and culture within a mainstream New Zealand audience, that includes Māori, will be further developed.

In working to achieve these objectives and outcomes, NZ On Air will apply the following principles:

- NZ On Air will allocate funding so that programmes and broadcasts that wouldn't otherwise be made in a commercial market can be produced – such programmes generally falling into high-cost or high-risk categories, or as appealing to minority interests or sectors within the community.

- NZ On Air will develop and implement its policies and initiatives with buy-in from key stakeholders – including Government, broadcasters, and the production industry.
- NZ On Air aims to operate in a manner that is flexible, but consistent and fair.
- NZ On Air is strongly supportive of production and creative teams that have demonstrated their ability to deliver, and recognises that these form the backbone of a successful industry. At the same time, opportunities for new talents to emerge and grow will be encouraged.
- NZ On Air expects to deliver the best value for public funding, and will ensure appropriate measures are in place to assess funding applications, to check the financial viability of funding recipients and to monitor the course of production.
- NZ On Air also accepts that production houses must be allowed to remain viable, expects that they will have sound financial systems in place, and will then be trusted to do the job at which they are skilled.

In setting its objectives and performance targets for the financial year ahead, NZ On Air has considered the impacts it wishes to have over the next three years ending 30 June 2009, and how these impacts will be achieved.

> Impacts for the Next Three Years to 30 June 2009

Television Programmes

Impacts

- 1) A more diverse range of excellent locally-produced programmes is pervasive on New Zealand television screens, and more New Zealanders enjoy watching them.
- 2) NZ On Air is recognised as an independent, expert agency with a responsibility for funding public interest broadcasting on television and also has a role in its monitoring.

Achieved by

- Using carefully planned research and funding initiatives, with broadcaster buy-in, to improve diversity and deliver quality outcomes.
- Ensuring that local programmes funded through NZ On Air are visible where New Zealand audiences are watching.
- Exploring and implementing initiatives for encouraging, measuring and rewarding consistent quality improvements in local production.
- Ensuring accountability, transparency and consistent outcomes for public service broadcasting on television.
- Being an effective voice for the promotion of public television broadcasting.

Radio Services

Impacts

- 1) NZ On Air is recognised as an independent, expert agency responsible for funding public interest broadcasting on radio and also has a role in its monitoring.
- 2) Through NZ On Air's funding and monitoring, a wide range of quality programmes on public and commercial radio services is broadcast, and well received by their audiences.

Achieved by

- Ensuring accountability, transparency and consistent outcomes for public service broadcasting on radio.
- Establishing initiatives for encouraging, measuring and rewarding a consistently high standard in public service radio broadcasting.
- Ensuring diverse public radio programming is available across a range of public and commercial outlets.
- Being an effective voice for the promotion of public service radio broadcasting.

NZ Music

Impacts

- 1) More New Zealand music is played on New Zealand radio, focusing on commercial radio as a strategic priority.
- 2) Exploitation of opportunities to promote difference and diversity in New Zealand music so that those making music outside the commercial mainstream are also heard.

Achieved by

- Collaborating with the music and radio industries to produce the radio hits that will ensure that radio can maintain – and grow – the current 20% New Zealand music content.
- Being an effective force for the promotion of New Zealand music on radio in New Zealand.
- Raising the profile of New Zealand music in the international music media to help create opportunities for New Zealand music overseas and further fuel the domestic music economy.
- Ensuring that diverse New Zealand music is heard across a range of radio outlets.

Archiving

Impact

An efficient, cost-effective archiving system is maintained that minimises duplication and maximises both the amount and diversity archived, and public access to it, through the advantages offered by digital technology.

Achieved by

- Supporting the archiving of programmes and broadcasts likely to be of historical interest to New Zealanders.
- Focusing funding on public service archiving activity as distinct from the production library services that might be provided by archives.
- Encouraging the use of digital technologies to contribute to increased efficiency and access in public archives.
- Promoting the value of archiving, and ensuring better coordination and information sharing within the archiving community.

Transmission Coverage

Impact

NZ On Air is a key source of advice as New Zealand makes the transition to digital transmission.

Achieved by

- Building NZ On Air's capability through research as a provider of advice in the area of digital technology.

Māori Broadcasting

Impacts

- 1) A stronger presence is ensured in mainstream broadcasting for programmes, predominantly in English and reflecting a Māori perspective, especially in prime time.
- 2) Screening opportunities across a range of channels for Māori programmes are maximised.

Achieved by

- Developing and enhancing NZ On Air's Māori strategy for television, Te Rautaki Māori.
- Building partnerships with broadcasters (including the Māori Television Service), and funding agencies (especially Te Māngai Pāho) to maximise the screening and broadcasting opportunities for Māori programming funded through NZ On Air.
- Increasing the opportunities for Māori programming to be heard across a range of public and commercial radio stations.

Research

Impact

The development and publication a body of high-quality, relevant research is ensured, that increases the knowledge and expertise of NZ On Air and the wider broadcasting sector, assists with the formulation of funding policy, and helps inform Government policy-making.

Achieved by

- Developing and commissioning research projects in accordance with NZ On Air's long-term strategic plan.
- Ensuring a diverse range of research tools – including quantitative, qualitative, peer review and analytical research – is used.
- Ensuring commissioned research is published and widely publicised, and that public fora or symposia are held wherever possible and appropriate.
- Ensuring the research plan is backed up by adequate funding through NZ On Air's administration budget.

Management

Impacts

- 1) NZ On Air continues to be a cost-effective, efficient agency that administers public funding for broadcasting wisely and well.
- 2) A clearer role for NZ On Air is defined and given effect, within a changing broadcasting environment, consistent with the Broadcasting Act, and reflected in relationships with key stakeholders.

Achieved by

- Striving for high levels of public understanding of and support for public service broadcasting.
- Making the case to increase over time the funding available to NZ On Air for support for a diverse range of local content programmes and broadcasts, for the promotion of New Zealand music, for archiving of programmes and broadcasts and for research into broadcasting issues.

- Ensuring agency risks are clearly identified and managed through a risk management framework.
- Ensuring NZ On Air's role in a changing policy environment is clarified, understood and given effect.
- Ensuring NZ On Air's human resource planning is matched to the agency's strategic plan.
- Ensuring financial controls, assessment, monitoring and funding policies are transparent, consistent and fair.
- Placing a high emphasis on expertise and knowledge-building, and on monitoring both industry and international trends.
- Building relationships and industry networks, and seeking opportunities for increased public participation.

Unless otherwise stated, the time period for the following performance targets is for the year ending 30 June 2007.

Statement of

> Objectives and Performance Targets for 2006/2007

1.0 Programme Funding

1.1 TELEVISION PROGRAMMES

Impacts

- 1) A diverse range of excellent locally-produced programmes is pervasive on New Zealand screens that New Zealanders will enjoy watching.
- 2) NZ On Air is recognised as an independent, expert agency with a primary responsibility for funding public interest broadcasting on television and has a role in its monitoring.

Objectives

The television budget in 2006/2007 will total \$69,664,000, thanks to an increase in funding announced in the Government's 2006/2007 Budget. While continuing to fund the same range of programme categories, funding and target hours within these categories will reflect the needs of the broadcasting environment we operate in today. Increasing production costs and audience appetite, and an emphasis on quality, all have an impact on what can be achieved within the television budget, but NZ On Air's focus will continue to be quality, diversity and innovation.

In support of the above-mentioned objectives, we will undertake the following strategic actions:

By working closely with broadcasters and producers in the coming year, NZ On Air can appropriately target research and funding initiatives to improve quality, diversity and innovation outcomes.

- NZ On Air's drama strategy remains an important focus for the organisation, with the continued aim of achieving a sustained consistent presence of New Zealand drama across the main free-to-air channels. The provision of series or anthology drama – to encourage "appointment viewing" with local audiences – remains the foundation of the strategy, with diversity added by the inclusion of a mini-series, telefeature and (up to) two feature films.
- Funding for children's drama will continue at a reduced level, but still allow for at least two series to be produced. This year, some funding has been redirected to other genre categories with a greater need at this time.
- Following on from the Comedy Symposium in 2005, comedy initiatives are being developed with the free-to-air broadcasters. Comedy is an important genre for NZ On Air, and our research shows there is an audience confidence in and appetite for good local comedy. This can't be

achieved without taking some risks, so this year's comedy budget has increased to reflect this.

- Over the past three years, NZ On Air has implemented a new documentary funding strategy to achieve a better balance and diversity within the genre. A subsequent change in approach to the genre by broadcasters has meant a number of documentaries have been commissioned but are yet to screen. This has enabled NZ On Air to redirect some funds this year, without compromising audience access to local documentaries.
- Some adjustment has been made within the Special Interest programming category, due to increased pressure on funding in this area. Hours targets overall have decreased, largely due to the reduction in support for long-run music programming, but greater diversity should be achieved as a result.
- NZ On Air will again continue with the separate, tendered innovation fund to create demonstrably different programming. We have managed a slight increase in funding for this category this year, and as funding allows, the aim is to move, over time, towards an 80/20 split of mainstream/innovation within the television budget. This may result, for example, in funding

for projects that use new and innovative methods to better reflect the variety of expressions of New Zealand identity and culture on offer today.

NZ On Air's long-term strategy is to ensure a diverse range of local programmes is available to audiences, regardless of the free-to-air channel they might be watching. Funding of content in a digital broadcasting environment also becomes an increasingly important consideration as New Zealand's broadcasting landscape changes. While many funded programmes are targeted at special interest or minority audiences – and will therefore screen off-peak – a key objective is to continue to fund programmes such as documentary, arts, culture & performance, comedy or drama for a prime time audience.

- NZ On Air will provide funding for programmes across a range of nationwide public and commercial broadcasters. When it reached 90% coverage nationwide, Prime Television joined the family of NZ On Air broadcasters. The subsequent acquisition of Prime by Sky Television means NZ On Air will seek to establish a relationship with the new owner – with a view to reaching the widest possible audience.
- NZ On Air seeks to ensure Māori projects fully funded by NZ On Air are able to be re-transmitted at an early date on MTS. We are also looking at ways we can work more collaboratively with Te Māngai Pāho and MTS to maximise the outcomes for the viewer.

- In the second year of a four-year allocation, regional television will receive \$890,000 to support the delivery of local content, particularly news and current affairs and coverage of local sporting or cultural events, which fills the gap left by network television's national focus.

As NZ On Air focuses more on quality outcomes, it is appropriate to continue to establish or grow a number of initiatives for encouraging, measuring and rewarding a consistently high standard in local production.

- We have previously signalled a desire to develop an objective quality measurement tool, adapted from overseas, to create a "quality mark" for outstanding programmes and scripts. No easy task, we will continue to explore this option, or a suitable alternative, for recognising "quality" in broadcasting.
- After some months of research and consultation, NZ On Air has reviewed its position with regard to recoupment. The agency has explored ways in which it can promote the development of high-quality public interest programmes while also providing the flexibility to support the on-going development of the screen production industry, including the exploitation of television projects in secondary markets. The results of this work will become evident early in the 2006/2007 year.
- In addition to its project-by-project development funding, NZ On Air will again continue with the "Springboard" development fund. By investing in the initial stages of development, NZ On Air enables selected,

experienced production houses to build a slate consistent with an overall business plan, before approaching broadcasters or funders.

In its role as an agency responsible for the allocation of a significant level of public funding, NZ On Air aims for a balance between robust assessment and monitoring processes and ensuring production companies and broadcasters are free to do their job. NZ On Air's guiding principles are to ensure accountability, transparency and consistent outcomes for public interest broadcasting on television.

- NZ On Air will continue to review and improve content and financial assessment procedures, paying particular attention to higher-cost projects, to ensure that a balanced and fair approach continues to be taken in the allocation of NZ On Air funding.
- Financial systems advice will continue to be given to production companies where necessary or requested, to ensure minimum accounting standards and reporting requirements for publicly funded programmes are in place.
- NZ On Air will investigate ways in which its monitoring procedures for funding contracts can be strengthened, paying particular attention to higher-cost projects.
- NZ On Air will work with industry groups to promote awareness of good business practice. Dialogue with other funding agencies will also be maintained, especially through the Screen Coordination Group, to ensure a consistent approach and an appropriate level of information sharing.

As a principal provider of funding for public interest broadcasting in New Zealand, NZ On Air believes it is important for the concepts underpinning this term to be widely understood and promoted. This is achieved first and foremost through the genre and programme choices made by NZ On Air in the allocation of funds. It is also being achieved by adopting a more strategic partnership approach.

- As the broadcasting landscape changes, so too does the make up of New Zealand society. This will be a key focus for NZ On Air in the coming year as we seek to fairly reflect the cultural diversity of the country, meeting the needs of the different audiences.
- NZ On Air will review strategies within the Special Interest genre to ensure that they are aligned with the target audience's appetite and need. The review will be informed by audience research and carried out with input from producers and broadcasters.
- NZ On Air will further develop its Comedy strategy, in conjunction with broadcasters and producers, with a view to creating a sustainable base of strong local comedy.
- NZ On Air will continue to take an active and constructive role in the Television Local Content Group, and to act as a secretariat for the group. NZ On Air will also participate in the Screen Coordination Group, established following the 2003 review of Government funding structures for the screen sector.

- NZ On Air will continue to form and strengthen strategic partnerships in the broadcasting and production sectors, including working with the New Zealand Film Commission as a partner in signature television projects, and as a minority investor in up to two feature films per year.
- The TVNZ Charter is now well established, and the broadcaster is receiving some direct funding from Government. NZ On Air will work with Government and TVNZ to ensure that, through coordinated dialogue, the audience is well served and best use is made of the pool of public funding allocated to broadcasting.

Outcomes

A strongly visible presence of New Zealand content across a range of free-to-air broadcasting services.

A well-developed strategy to fund content in a digital broadcasting environment.

Locally produced programmes well received by their intended audiences, with audience satisfaction levels maintained or increased.

Television broadcasters taking more risks with programmes made with NZ On Air funding.

A stronger sense of New Zealand identity, fostered and promoted through funding quality and innovative local production, including programming that reflects the diversity of this country.

Measures

Quantity

In keeping with the above objectives and strategic actions, NZ On Air will allocate funding to the specific genres as follows:

TELEVISION PROGRAMME FUNDING				
Programme Type	2006/2007		2005/2006	
	Target hours	Funding \$ millions	Target hours	Funding \$ millions
Drama	51	22.09	57	21.26
Comedy	29	8.18	36	6.10
Children's drama	12	5.08	16	5.50
Documentaries	84	8.20	106	9.60
Special Interest Programming				
Children and young people	386	11.36	435	11.70
Arts, culture and performance (Note 1)	68	3.06	130	3.60
Innovation	10	1.0	8	.70
People with disabilities (Note 2)	20	3.15	85	2.90
Ethnic minorities	68	3.75	59	3.25
Other minorities	49	2.20	51	2.40
Development	-	.70	-	.70
Regional television (Note 3)		0.89		0.89
Total (Note 4)	777 (Note 5)	69.66	983	68.60
Children's repeats	230 (Note 6)	-	230 (Note 6)	-

Note 1 The reduction in the Arts, Culture and Performance hours compared to last year may be explained by noting that in the previous two years, this included the *Top of the Pops* stable of music shows, which delivered many hours of programming at a very modest cost. The structure and broadcaster of *Top of the Pops* has now changed, and this year's total is a more accurate reflection of the amount of Arts, Culture and Performance programming that may be supported.

Note 2 In previous years, this figure included funding for Teletext reversioning of 65 hours of *Te Karere*. NZ On Air now considers it more appropriate and accurate that this table clearly details only television production funding hours so more valid comparisons may be made. NZ On Air will continue to fund a minimum of 100 hours of Teletext per week.

Note 3 In 2005/2006, for the first time, an allocation of funding for regional television was made. Funding was allocated to programming that meets NZ On Air criteria, and resulting outcomes will be more easily measured after this first funded year has elapsed, although medium-term achievements will be monitored. This ties in closely with the Ministry for Culture and Heritage's work on the regional community framework.

Note 4 As already flagged in this Statement of Intent, total hours for 2006/2007 are expected to be lower than last year, due to increasing costs and an emphasis on quality production. It should be noted, however, that this reduction also includes the changes detailed in Notes 1 and 2 above, so in real terms, the reduction is smaller than it initially appears.

Note 5 While the funding allocated to each programme genre is unlikely to change, the target hours may vary to some extent. This is because project funding applications cannot be predicted and may impact significantly (under or over) on the "average cost per hour" calculations used by NZ On Air to achieve these targets. Variances of up to 20% are expected to balance out, leaving the total target unchanged.

Note 6 The Television Local Content Group has recommended the inclusion of a benchmark for the number of repeats in children's programmes. NZ On Air has examined the results of the Local Content Survey 2003 and 2004 to identify the benchmark of 230 hours. These hours are not included in the total target hours.

Quality

Levels of audience support for the programmes and services funded by NZ On Air are maintained or increased. This will be measured against benchmarks established in NZ On Air's Public Information and Opinion Monitor in 2000/2001:

1. Around 70% or more of respondents in a major survey believe it is important for NZ On Air to fund programmes such as children's programmes, in-depth documentary, programmes for people with disabilities, drama and children's drama.
2. 75% or more of respondents in a major survey agree that NZ On Air supports programmes and services that are important to New Zealanders.
3. 62% of respondents in a major survey believe that the amount of New Zealand-made TV programmes should increase.

During 2006/2007, NZ On Air will consider whether the 2000/2001 benchmarks remain relevant comparators, or whether new benchmarks should be established to recognise changes in recent years.

Levels of audience satisfaction for prime time NZ On Air-funded series are measured by:

- Comparing expected levels with AC Nielsen's daily surveys; and
- Within budget constraints, performing qualitative research that considers the specific viewing preferences of audience focus groups.

At least one symposium focusing on an area of interest to NZ On Air television funding is held.

Total cost of Television Programmes
\$69,664,000

1.2 RADIO SERVICES

NATIONAL RADIO & CONCERT FM

Impacts

- 1) An increasingly wide range of quality programmes that promote New Zealand culture and identity – including the unique dimension of Māori language and culture – is broadcast on National Radio and Concert FM.
- 2) Innovation and diversity in the programming on Radio New Zealand's networks are promoted.

Objectives

Under the Broadcasting Act 1989, NZ On Air is directed to ensure that radio broadcasting services that reflect and develop New Zealand identity and culture are broadcast. Sections 36 and 44 of the Act specifically refer to this function. By allocating funding to National Radio and Concert FM, the flagship networks operated by Radio New Zealand, NZ On Air ensures a range of broadcasts that meet the objectives of the Act is provided.

This will be the final year of the three-year funding agreement signed by NZ On Air and Radio New Zealand in 2004. The services that Radio New Zealand will deliver on National Radio and Concert FM with funding from NZ On Air are detailed in this agreement, as well as output targets and audience satisfaction benchmarks for the networks.

- NZ On Air will provide funding of not less than \$27,932,000 in 2006/2007 to National Radio and Concert FM to provide 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. This funding includes \$1,009,000 to be used to complete the roll-out of National Radio to the FM band, broadcasting on 101MHz throughout the country. It also includes additional funding allocated by Government in 2005 to enable Radio New Zealand to enhance its programming and quality, and further additional funding of \$610,000 allocated by Government in the 2006 Budget to enable Radio New Zealand to implement a remuneration strategy.

- National Radio and Concert FM are required, under the terms of their funding agreement, to ensure that services are maintained at a level that their audiences consider to be high quality. To measure this, annual listener surveys are conducted, and NZ On Air's Public Information and Opinion Monitor also contributes valuable information to assess the networks' impacts.
- NZ On Air will ensure accountability, transparency and consistent outcomes for public service broadcasting on radio by pursuing initiatives for monitoring and measuring standards in public service broadcasting, in consultation with Radio New Zealand and its audiences.
- NZ On Air will also work to encourage Radio New Zealand to explore the potential for using a wider range of programme makers to provide programme concepts and initiatives.

Outcomes

A wide range of quality Radio New Zealand services that provides a diversity of programming reflecting New Zealand identity and culture.

An enhanced skill base in the creative industries through experience and exposure on New Zealand's public radio services.

Measures

Quantity

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

CHARTER FUNCTIONS (Note 1)				
	National Radio		Concert FM (Note 2)	
	Annual Broadcast Hours	% Total Hours	Annual Broadcast Hours	% Total Hours
A. Intellectual, scientific and cultural development. Informed debate and critical thought.	7,446	85%	(Note 2)	
B. Information, special interest and entertainment. Reflect cultural diversity including Māori language and culture.	7,708	88%	175	2%
C. Varied interests within the community. Information, educational, special interest and entertainment.	1,664	19%	8,760	100%
D. Musical, dramatic and performing arts. New Zealand and international composers, performers and artists.	2,104	23%	8,497	97%
E. Nationwide service, highest quality. Sense of citizenship and national identity.	8,760	100%	(Note 2)	
F. Comprehensive, independent, impartial, balanced news and current affairs. Regional perspective.	2,628	30%	175	2%
G. Comprehensive, independent, impartial, balanced international news and current affairs.	1,084	12%	85	1%

<p>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.</p>	<p>Note 2 While Concert FM's programmes may broadly meet the intentions of Charter functions A and E, its primary role is to provide services intended by function D.</p>
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The funding agreement also requires Radio New Zealand to deliver services to NZ On Air to meet its responsibilities under the Broadcasting Act 1989. They are –

ACCESS & PACIFIC ISLAND RADIO

Impact

A range of broadcasts is provided that reflect the interests of women, youth, children, persons with disabilities and minorities (including ethnic minorities), and the diverse religious and ethical beliefs of New Zealanders.

Objectives

Eleven access radio stations and Print Disabled Radio are part-funded by NZ On Air to enable them to continue to meet NZ On Air’s existing funding criteria, and deliver programming that meets with NZ On Air’s objectives under Section 36(c) of the Broadcasting Act 1989.

Section 36(c) requires NZ On Air to ensure that a range of broadcasts is provided that reflect the interests of women, youth, children, persons with disabilities and minorities (including ethnic minorities), and also the diverse ethical and spiritual beliefs of New Zealanders. NZ On Air funding helps these access stations to enable community groups to broadcast programmes to their communities.

- NZ On Air will 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.
- Funding will also be provided to enable non-commercial community stations to undertake projects and provide services that deliver enhanced community programme outcomes.

TYPES OF PROGRAMMES AND SERVICES		
	National Radio	Concert FM
Total broadcast hours including:	8,760	8,760
NZ content programmes which includes:	7,800	-
- Māori language and culture	350	-
- Special interest	340	-
- NZ drama	200	-
% of NZ music on rotate (Note 1)	33%	-
% of NZ composition	-	3.5%
% of NZ music performance	-	14%
% of population able to receive transmission (Note 2)	97%	92%

Note 1 In addition to the New Zealand music content on rotate, National Radio produces and broadcasts feature programmes on New Zealand music.

Note 2 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.

Quality

Overall audience satisfaction levels, as measured in Radio New Zealand’s annual independent surveys, 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 2005.

NZ On Air will work with Radio New Zealand to establish whether such things as international public

broadcasting benchmarks and/or some form of international peer review might provide a valuable basis to assess the quality of the broadcaster’s programming and presentation.

Cost

National Radio	\$23,118,000
Concert FM	\$4,668,000
Radio New Zealand International and Sound Archives/ Ngā Taonga Kōrero	\$146,000
Total Cost of Radio NZ	\$27,932,000

- Funding set aside to assist access radio stations currently broadcasting on the AM band to make the transition to FM broadcasting will be provided, should appropriate frequencies become available.
- A small allocation will be reserved to enable NZ On Air to respond to any legitimate expression of interest in setting up a new access station that meets NZ On Air's funding criteria.
- Through research and consultation, NZ On Air will offer support and provide guidance for access radio governing boards and management.

In addition to these stations, funding is also directed towards Pacific Island radio stations – one each in Auckland and Wellington.

- NZ On Air will contribute to the costs of maintaining Pacific Island community radio services in areas of greatest Pacific Island population.
- NZ On Air will also work with the Ministry for Culture and Heritage towards better clarity of policy and coordination of funding for all Pacific Island radio services.
- Additional funding allocated in 2005, to take effect from 1 July 2006, will enable NZ On Air to respond to new ethnic radio initiatives that may emerge.

Outcomes

Diverse public radio programming across a range of public radio outlets.

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

Special interest audiences – including Pacific Island audiences – catered for in areas of significant population.

Measures

Quantity

NZ On Air will contribute funding to 11 access radio stations, which serve communities of 50,000-plus population in Auckland, Hamilton, Hawkes Bay, Manawatu, Wairarapa, Kapiti Coast/Horowhenua, Wellington, Nelson/Tasman Bays, Christchurch, Dunedin and Invercargill. A Radio Reading Service for the print-disabled, based in Levin, will also receive funding.

Pacific Island community radio services, provided by Radio 531pi in Auckland and Samoa Capital Radio in Wellington, will continue to be funded.

NZ On Air will encourage retransmission of Pacific Island and Māori programmes to a wider audience.

Additional funding will be available towards new and innovative ethnic radio services.

Quality

An average of 60% of the programmes broadcast across the funded access radio stations will meet the needs of the groups specified in Section 36(c) of the Broadcasting Act.

The guidelines in *Radio Diversity*, the handbook for New Zealand community access radio developed by NZ On Air, will be consulted and followed by access radio trusts, boards, management, volunteers and staff.

An annual retreat for access radio managers will be held.

Access stations will be assisted with the transition from AM to FM

broadcasting where necessary and desirable, in a cost-effective manner.

Pacific Island radio services will provide a range of programming suitable for Pacific Island audiences as determined through consultation.

New ethnic radio services may emerge to cater for New Zealand's increasingly culturally diverse communities.

Cost

Access Radio	\$2,033,400
Ethnic (including Pacific Island) Radio	\$497,000

Total Cost of Access and Ethnic Radio	\$2,530,400
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COMMERCIAL RADIO PROGRAMMES

Impacts

- 1) Programmes for young New Zealanders are broadcast on mainstream commercial and other radio stations.
- 2) A range of radio programmes focusing on spiritual/ethical beliefs, Māori issues, drama and/or comedy are produced and widely broadcast.

Objectives

NZ On Air has given funding support to programmes focusing on young New Zealanders for broadcast on commercial radio, since the mid-1990s. Commercial radio stations have the highest number of young listeners, so the priority for the broadcast of these programmes is those mainstream stations. The programmes provide a forum for youth issues and interests and an outlet for youth voices on radio stations that are popular with young people.

In recent years, radio programming for children has also been supported.

Spiritually/ethically-focused series, made with NZ On Air funding, have been broadcast on the Newstalk ZB and Radio Rhema networks, and Easter and Christmas specials have been produced for broadcast on Newstalk ZB and Radio Sport. Youth and spiritual projects are funded in line with NZ On Air's objectives under Section 36(c) of the Broadcasting Act.

Funding has also been provided to produce an English-language series on Māori issues for broadcast on iwi and access radio stations in line with Section 36(a) of the Act. A radio comedy series and a series detailing the daily workings of Parliament have been produced and broadcast on commercial radio networks throughout New Zealand.

In the coming year:

- NZ On Air will fund nationally-syndicated radio shows that deal with youth and children's interests, for broadcast on commercial radio stations that are popular with young New Zealanders.
- Funding will be provided for spiritual/values-based radio series and special programmes for play on commercial radio stations.
- Production funding will be allocated for radio drama and/or comedy series for broadcast on commercial radio, and further projects may be developed.
- NZ On Air will support English-language Māori issues-based series for broadcast on radio, especially on iwi and access stations.

Outcomes

Radio shows reflecting the interests of youth and children broadcast on mainstream commercial radio.

Spiritual and ethical values promoted and reflected on commercial radio.

Locally produced drama and/or comedy, including stories for children, broadcast on mainstream commercial radio in New Zealand.

Better informed New Zealanders, particularly with respect to current issues from a Māori perspective.

Measures

Quantity

At least 150 hours of youth-focused programming, including programming for children, will be produced for broadcast on at least 20 radio stations each or on commercial radio networks with equivalent audience reach.

At least one spiritual/values-based radio series, and Easter and Christmas specials will be produced and broadcast on at least 20 radio stations each or on commercial radio networks with equivalent audience reach.

Up to two radio drama and/or comedy series will be produced and broadcast on commercial radio and up to two development projects may be funded.

Up to two English-language current affairs series, which are produced with a Māori perspective, will be broadcast.

Quality

Target audience feedback, audience numbers, numbers of radio outlets and award nominations and commendations will measure audience acceptance and high standards. This will be monitored throughout the year.

Drama and/or comedy projects will be widely broadcast, and audience feedback will be monitored.

NZ On Air research projects and symposia will address and include radio issues and initiatives.

Cost

Total Cost of Commercial Radio Programmes	\$721,000
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1.3 NZ MUSIC

Impacts

- 1) More New Zealand music is played on New Zealand radio, focusing on commercial radio as a strategic priority.
- 2) Opportunities to promote greater difference and diversity in New Zealand music are exploited so that those making music outside the commercial mainstream are also heard.

Objectives

In 2006/2007, NZ On Air will continue with the same mix of funding schemes and promotional strategies that have been pursued over the last five years to get more New Zealand music played on New Zealand radio – including the Phase Four New Zealand music plan that was launched in July 2000 and the new Phase Five plan to promote New Zealand music internationally.

Five key strategies will underpin the local content campaign.

The first of these will seek to ensure that a local content target of 20% is achieved and grown.

- This year, NZ On Air will work again with the radio and music industries to help commercial radio to maintain – and grow – the current 20% New Zealand music content figures. Radio needs hits to maintain and grow the 20%, so key to the NZ On Air strategy will be the investment in making hit records.
- NZ On Air will again partner with record companies to invest in 20 albums by radio hit-making artists and will aim to get at least four radio hits off each album.

- In order to find the next generation of radio hit-makers, NZ On Air will fund radio singles by new artists. This new artist discovery programme will change in 2006/2007 – instead of funding 40 projects a year, 20 will be funded, but those 20 will also be offered music video funding – a \$10,000 recording and music video package. This will give the new artists a greater chance of making an impact at radio.

The second key strategy in NZ On Air's music work will be to increase the visibility of NZ Music across a range of outlets.

- Investing in the "product" is key but investing in the promotion of the product is the other side of the radio hit-making coin. Like last year, a team of independent radio pluggers will be contracted; NZ On Air will make and distribute hit discs; publish the Fresh NZ Music magazine; fund at least 170 music videos [up from 160 last year]; provide funding for the C4 music channel and Juice Music Television; and will fund television coverage of a major annual New Zealand music awards show.
- The pluggers will again mount New Zealand music showcases for radio and will take New Zealand artists with them when they go to radio. They will work with radio stations on joint-venture promotions – including high profile NZ Music Month promotions – that will get more New Zealand music on air and out to the audience.

In 2005/2006, NZ On Air launched the Phase Five plan, striving to get New Zealand music noticed by radio and the music media in four target territories – Australia, the US, the UK

and Canada – and backing up the efforts of the NZ Music Industry Commission’s Outward Sound funding schemes and the record companies own efforts.

The Phase Five plan involves –

- Producing special targeted New Zealand music samplers for distribution overseas and to selected New Zealand media;
- Building an international radio and music media “tastemaker” network;
- Taking space in key international radio industry trade magazines to promote New Zealand music;
- Contracting agents in the target territories to service the samplers and maintain the tastemaker network and to “plug” New Zealand music on radio overseas.
- Producing radio shows showcasing New Zealand music for national and international radio syndication.

The strategic aim of this work will be to raise the profile of New Zealand music internationally, with the ultimate goal of fuelling growth in the New Zealand music economy, which, in turn, will support the campaign to get more New Zealand music played on New Zealand radio.

Thirdly, NZ On Air will continue to build strong industry relationships, and work together to achieve the strategic aims. The success of the campaign to get more New Zealand music on radio depends on a partnership approach amongst music and radio industry interests.

- NZ On Air will maintain strategic working partnerships with record companies, radio programmers and

industry bodies like the NZ Music Industry Commission, APRA, the NZ Music Performance Committee (the “NZ Music Code Committee”), the Radio Broadcasters Association (RBA), the Recording Industry Association of New Zealand (RIANZ), Independent Music New Zealand, the Māori Music Industry Coalition and the Music Managers’ Forum.

Establishing a significant New Zealand music presence on commercial radio remains NZ On Air’s strategic priority. But it is important that there are also opportunities on the radio dial for those who are making music outside the commercial mainstream to be heard.

These outlets bring difference and diversity to New Zealand music by providing for the new and the eclectic. They represent an investment in the future, because today’s alternative is tomorrow’s mainstream.

- NZ On Air will continue to fund outlets for New Zealand music that is not generally heard on commercial radio, such as National Radio and Concert FM, access radio (via the Radio budget), the b.net student radio stations and the new Kiwi FM 100% New Zealand music radio network.

And the fifth strategic priority for NZ On Air’s NZ Music work in the year ahead is a focus on a plan to encourage the production of hit songs in te reo Māori.

In 2003/2004, NZ On Air initiated a scheme to find and fund te reo radio hits – songs that have at least 50% te reo Māori lyric content and have got the right kind of pop elements to play on commercial radio. Since then, four pilot projects have been funded.

- NZ On Air will look for more such opportunities in 2006/2007, after evaluating the success of the four pilots.

Outcomes

More New Zealand music on New Zealand radio – in terms of both quantity and range – and more New Zealanders hearing more New Zealand music.

Vigorous promotion at commercial radio of New Zealand music, that is unable to be ignored.

New Zealand music infiltrating radio and the music media internationally.

Effective partnerships with key radio industry and music industry interests.

Outlets on the radio dial that champion diversity and provide an opportunity for New Zealand music other than commercial music to be heard.

Measures

Quantity

Up to 20 new albums by New Zealand artists with a proven commercial radio track record will be funded (matching funding of at least \$50,000 from the record company involved in the project).

Up to 20 radio singles by new New Zealand artists who have commercial radio airplay potential and up to three te reo singles with commercial radio airplay potential will be funded.

Partnerships will be established with music television providers that will increase the opportunities for music videos to play on free-to-air television.

An annual New Zealand music awards ceremony will be broadcast on national free-to-air television.

At least 170 music videos by New Zealand artists will be funded for broadcast by every music video outlet on air.

An international radio (and music television) airplay plan will be implemented, resulting in –

- (a) the production of up to six five-act New Zealand music samplers for distribution to selected tastemakers in radio and the music media in Australia, the US, the UK and Canada;
- (b) funding for up to 15 radio sampler packs by artists with a release deal in one or more of the target territories, sharing the costs with the New Zealand repertoire-owners;
- (c) publication of regular New Zealand music features in at least one leading radio and music industry trade magazine in each territory;
- (d) contracting agents and/or pluggers in each of the target territories to service the Phase Five samplers and maintain the tastemaker networks;
- (e) funding – on a joint-venture basis with New Zealand record companies – up to 15 independent radio plugging campaigns to support the release of radio singles by New Zealand artists in one or more of the target territories;
- (f) funding the production of up to four New Zealand music radio shows for international and local radio syndication.

At least one regular daily or weekly New Zealand music feature show will be broadcast on all major commercial radio networks, and dedicated

New Zealand music shows will be funded on all b.net student radio stations as well as specialist New Zealand music shows on Kiwi FM.

Up to 12 volumes of Kiwi Hit Disc (incorporating the former Indie Hit Disc and A/C Hit Disc) and at least four volumes of the Iwi Hit Disc will be produced for distribution to every radio station in the country.

Radio Hits funding will be provided for up to 20 records that have picked up significant airplay on commercial radio (provided those records have not already been funded through the Phase Four Albums and New Recordings tiers).

A New Zealand music promotions campaign will be run, including partnering with the NZ Music Industry Commission to promote NZ Music Month and mounting New Zealand music showcases for radio.

Quality

New Zealand music content on commercial radio will be 20%-plus by the end of the 2006/2007 year.

Each NZ On Air-funded album will produce at least four commercial radio hits (meaning singles that achieve a Top 30 peak on the weekly RadioScope NZ Airplay Chart).

Each of the radio singles funded via the revamped New Recording Artists scheme will be a commercial radio hit.

At least 50% of the artists and songs featured in NZ On Air's Phase Five campaign will secure significant radio and music television airplay overseas, measured by radio airplay chart performance, territory by territory.

At least 75% of the artists featured in the Phase Five campaign will attract further investment from record companies in recording and delivering radio hits for the local (and international) airplay market.

At least 50% of the artists featured in the Phase Five campaign will go on to achieve a better RadioScope NZ Airplay Chart performance with future releases than they achieved before their international exposure.

Cost

NZ Music	\$5,045,700
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1.4 MĀORI BROADCASTING

Impacts

- 1) Programmes and broadcasts, predominantly in English and reflecting a Māori perspective, have a presence in mainstream broadcasting.
- 2) There are greater broadcast opportunities for Māori programmes to be broadcast across a range of channels.

Objectives

The Māori broadcasting funding agency, Te Māngai Pāho, operates separately from NZ On Air and, since 1 July 2000, has been funded directly by the Crown. Te Māngai Pāho continues to have the primary role in promoting Māori language and culture in broadcasting, particularly in relation to the Māori Television Service and Iwi radio, and with a primary focus on programming in te reo.

- NZ On Air will liaise regularly with Te Māngai Pāho to coordinate funding policies and to share information where possible.
- NZ On Air will work closely with the Māori Television Service to maximise the screening opportunities for funded programmes.

In its own television funding, NZ On Air encourages programme makers to include Māori language, culture and points of view wherever relevant in programmes of all genres. NZ On Air also funds programmes which feature Māori talents, stories, interests and perspectives intended for a general audience, of which Māori are a part.

In 2000, NZ On Air implemented a comprehensive Rautaki Māori – a strategy which aims to enhance the

on-screen outcomes of mainstream Māori programming for television, and to improve the broadcast experience for Māori practitioners through better consultation and communication. This strategy is currently under review, in light of recent significant shifts in the Māori broadcasting environment, to ensure it remains up-to-date.

- Te Rautaki Māori will continue to form the backbone of NZ On Air's strategy for Māori programming in 2006/2007.

Nine years ago, NZ On Air introduced a policy of setting targets for a minimum number of projects with substantial Māori creative involvement, and featuring some aspect of Māori life and culture, to be included in each of the "umbrella" strands it funds (e.g. TV ONE documentaries and TV3's Inside New Zealand). NZ On Air has also worked to support other Māori programmes on TVNZ and TV3 during prime time, such as the drama series *Mataku* and documentary strand *He Matapaki*.

NZ On Air will continue to support Māori programming, predominantly in English and aimed at a general audience of whom Māori are a part. However, with the establishment of Māori Television, audiences can access a wide range of Māori programming, with varying degrees of te reo Māori content (and English subtitling) on a free-to-air network. While firmly anchored in Māori culture, a proportion of the public service network's programming is aimed at wider New Zealand audiences.

NZ On Air is reviewing its Rautaki Māori, and the policies and actions taken to implement this strategy, within the context of the altered Māori broadcasting landscape.

In doing this, NZ On Air will seek ways in which we can work more closely with Te Māngai Pāho and Māori Television to maximise outcomes for the viewer.

NZ On Air will continue to implement the Rautaki Māori and ensure it remains relevant and effective. The review of this strategy will include consultation with Te Māngai Pāho to ensure NZ On Air's work is complementary to that done by our sister agency, and results in the best and most appropriate outcomes.

- A broadcaster commitment to a strand of Māori documentaries (*He Matapaki*) will ensure a diverse range of programmes is produced and broadcast.
- In addition to this, the target for Māori projects within other documentary umbrella strands, as nominated by the producer, will be maintained at at least 10%.
- NZ On Air will actively seek to support Māori drama on prime time television, building on the success of the *Mataku* series.

A key element of NZ On Air's Rautaki Māori was the creation of a mentoring role – Te Kai Urungi. In that role, Tainui Stephens has worked with the industry and had considerable success in ensuring that the outcomes of NZ On Air's Māori broadcasting strategy have been appropriate and valued.

- NZ On Air will continue its commitment to the role of Te Kai Urungi, to mentor and oversee Māori projects.
- Te Kai Urungi will schedule policy and craft-based hui during the year, to facilitate dialogue both within the production industry and between producers and broadcasters.

The hui NZ On Air has convened so far have helped us to develop a better understanding of the needs our organisation is best suited to fill.

NZ On Air will ensure Māori projects fully-funded by NZ On Air are able to be re-transmitted at an early date on the Māori Television Service. NZ On Air will also consider projects that have a first screening on MTS on a case-by-case basis as a protocol between the network and the agency is developed.

NZ On Air will work closely with Te Māngai Pāho to identify projects that may be suitable for joint funding, again with the objective of ensuring transmission on a national free-to-air channel, as well as the Māori Television Service.

NZ On Air's radio funding strategy also contributes to the promotion of Māori language and culture.

The funding agreement between NZ On Air and Radio New Zealand requires National Radio to produce and broadcast a minimum amount of programming designed to promote Māori language and culture.

- NZ On Air will encourage National Radio to continue to develop its plans to reflect and integrate Māori and Māori interests in regular programming.
- NZ On Air will work with Radio New Zealand to incrementally increase its Māori content.

In addition, NZ On Air supports Māori radio programmes in English for transmission on commercial, iwi and access radio.

- NZ On Air will allocate funding for programmes aimed at young New Zealanders, and current issues programmes, reflecting a Māori perspective.

In its music work, too, NZ On Air aims to ensure that Māori music artists are represented in the funding decisions made under the various music schemes, including the Phase Four funding schemes.

- Music video funding and New Recording Artist funding decisions will include Māori artists, and Māori artists will be represented on NZ On Air's mainstream commercial radio Kiwi Hit Disc.
- NZ On Air will continue to produce the Iwi Hit Disc, featuring Māori language and kaupapa music, and will supply these discs to every radio station in the country.
- The Te Reo Radio Hits initiative will find and fund te reo Māori songs that have the potential to cross over to mainstream commercial radio.

Outcomes

A good presence of Māori programmes and songs, predominantly in English, on a variety of broadcast outlets, and opportunities for re-transmission.

Māori programmes, broadcasts and songs, well-received by their intended audiences, and considered a normal part of New Zealanders' television and radio diet.

Good synergies and partnerships amongst funding bodies and with broadcasters.

Measures

Quantity

Upwards of 10% of hours funded within a television "umbrella" funding arrangement will involve substantial Māori creative participation on a topic of relevance to Māori language and culture.

Other television programmes featuring Māori and Māori interests intended for a general audience – such as a documentary strand, a drama project and language interstitials – will be supported as funds permit.

Children's programmes funded by NZ On Air will promote Māori language and culture as an essential aspect of the programme.

National Radio will be contracted to produce and broadcast at least 350 hours a year of programmes reflecting Māori language and culture.

Funding will be allocated to Māori radio programmes in English for transmission on iwi, access and other radio stations

Upwards of 15% of the music videos funded by NZ On Air during the year, 15% of the tracks on Kiwi Hit Disc, and 15% of the New Recording Artists grants will be by Māori artists.

Up to four volumes of Iwi Hit Disc will be produced for distribution to every radio station in the country.

NZ On Air, in partnership with Te Māngai Pāho, will fund up to three te reo radio singles that have commercial radio airplay potential.

Quality

Up to two well-attended Māori broadcasting hui will be held during the year in order to survey progress made by NZ On Air in meeting the Māori broadcasting performance targets outlined above.

An internal review of the implementation of NZ On Air's Te Rautaki Māori will be concluded.

NZ On Air's audience research will confirm that levels of support for and appreciation of funded Māori programmes are at least maintained, or are improved, using benchmarks established in 2002.

Cost

Estimated funding for general mainstream programmes featuring Māori

\$3,900,000

2.0 Archiving

Impacts

- 1) An increasingly diverse range of New Zealand television and radio programmes broadcast today are archived for future generations of New Zealanders.
- 2) An efficient, cost-effective archiving system that minimises duplication, maximises the amount of programmes archived and enhances the public access services currently available is maintained through coordination and cooperation between funded archives.

Objectives

NZ On Air has had long-running contracts with the New Zealand Film Archive (NZFA) and Sound Archives/ Ngā Taonga Kōrero (SA/NTK) to provide core archiving services for television and radio, respectively.

These core archiving services include:

- Selection
- Acquisition
- Preservation
- Public Accessibility

In November 2004, NZ On Air convened a symposium to acknowledge the cultural importance of audio-visual archiving and the dedicated work being done in New Zealand. There was a willingness by all archives to share their experiences in a frank and generous spirit, and this demonstrated an interest in the possibilities of closer coordination (strengthening links with non-broadcasting as well as broadcasting archives). Coordination has acquired a new urgency in the age of digital

convergence. Following on from the symposium, NZ On Air will continue to investigate the possibilities for further coordination and development within the area of audio-visual archiving.

- NZ On Air will continue to develop its action plan to explore future options for appropriate broadcast archiving returns for taxpayer funding, which will include mechanisms for encouraging more coordination between archives to minimise duplication and overlap, and to address current gaps, using the collective experience of industry professionals.
- Additional funding for broadcast archiving, announced in the 2005 and 2006 Budgets, will be used to maintain and enhance the services provided by the archiving service providers contracted by NZ On Air.
- Developments in digital broadcasting and storage technology will be closely monitored to investigate ways forward that result in cost-effective and sensible adoption of new methods of preservation.
- Regular meetings will be held with the NZFA and SA/NTK to explore opportunities for the archives to secure funding from a range of sources to help support new archiving initiatives.
- NZ On Air will continue to consult on the medium-term funding requirements for television and sound archiving to ensure a minimum viable level of material is able to be acquired and preserved, at an affordable cost. The feasibility of developing an online access point to the catalogue/ collection of material held at the archives will also be investigated.

Outcomes

Better understanding of the value of archiving by the broadcasting and production industries.

Improved public access to archived material and utilisation rates, both through visits to archives and electronically.

Increasing diversity of television programmes and radio broadcasting,

well reflected across the range of material archived.

An improved range of archived material, through greater coordination and information sharing between archives and the industry.

Measures

Quantity

Funding for core archiving services of New Zealand television and radio programmes is provided to achieve –

Benchmarks for public access (either visitors or through websites) will be established in consultation with the NZFA and SA/NTK during the 2006/2007 year.

Quality

An independent archiving consultant reviews the six-monthly reports provided by the NZFA and SA/NTK. The reports will confirm:

- The standards for Diversity, Preservation, and Public Accessibility have been achieved.
- At least one initiative to achieve better industry outreach has been developed and implemented.
- Opportunities for coordination and information sharing using new technology to reduce duplications have been identified.

Cost

Archiving **\$1,263,650**

FUNDING FOR CORE ARCHIVING SERVICES		
Service	Television Target Hours (Note 1)	Radio Target Hours (Note 1)
Selection and acquisition of programmes to be archived	1,325 hours	1,300 hours
Preservation of programmes	260 hours	1,900 hours
Public access to the archived broadcast programmes (Note 2)	-	-

Note 1 At the time the 2006/2007 Statement of Intent was prepared, funding contracts were still being negotiated with SA/NTK and the NZFA. The hours listed are for 2005/2006 with targets for 2006/2007 yet to be finalised.

Note 2 Public access to archive material held by either the NZFA or SA/NTK is available during these archives' working hours in line with generally accepted archiving procedures.

3.0 Transmission Coverage

Impact

There is more awareness of NZ On Air's scheme to make a primary-strength community radio service available to every community of 400+ people.

Objectives

With the assistance of past funding from NZ On Air, transmission coverage for community radio has achieved 99.6% as a percentage of the population.

- Funding will be made available to support a maximum of three new community radio services per year.
- NZ On Air will also maintain modest provisions for any necessary capital replacement of Tiny Towns and Community Radio equipment.

Outcome

As many New Zealanders as possible receiving a community radio service.

Measures

Quantity

Applications for funding for capital equipment to establish up to three new community radio facilities in areas of 400+ people that are not served by a primary-strength community radio signal will be considered by NZ On Air.

Quality

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).

NZ On Air contracts with broadcasters to ensure that community radio services broadcast 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.

Cost

Radio Transmission Coverage	\$89,500
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Statement of Management Procedures

Funding allocation process

Impact

NZ On Air is a cost-effective, efficient agency that administers public funding wisely and well, for the provision of broadcasting services to Government and the New Zealand public, as required by the Broadcasting Act.

Objectives

NZ On Air's administration budget for the 2006/2007 year will be \$2,910,000. This is an increase on last year's level, in order to deal with cost pressures in areas such as personnel and research, and to address NZ On Air's plans for its role in a digital broadcasting environment. NZ On Air's administration budget equates to only 2.8% of the agency's total income.

During the year, NZ On Air will continue to allocate funds for the production of radio and television broadcasts and programmes that reflect New Zealand identity and culture, Māori broadcasting, for special interest audiences (Section 36(c) of the Act), New Zealand music, archiving broadcasts of historical interest, teletext subtitles, and where necessary, to ensure the availability of radio 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.

NZ On Air seeks to apply principles of consistency, fairness and transparency in the allocation and monitoring of funding for broadcasting. In order to achieve this, the following actions are taken.

- All complete funding applications received by NZ On Air by its published deadlines, will be considered by the Board in the month following the application deadline.
- 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, the Board's delegated authority to staff, and NZ On Air's current policies (as outlined in the funding guidelines available to the public).
- NZ On Air will communicate funding decisions by letter to applicants as soon as practicable and by press releases, where appropriate, to the general public.
- NZ On Air will enter into funding contracts with service providers to obtain a range of broadcasting services.

BROADCASTING SERVICES	
	Expected Number of New Funding Contracts for 2006/2007
Television	180
Radio	15
Commercial radio programmes	12
Transmission coverage	1
New Zealand music	267
Archiving	2
Total	477

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.

- 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.
- NZ On Air will undertake financial health checks of funding recipients, where necessary or requested by the production entity, in order to ensure minimum accounting and financial reporting standards are in place in respect of funded programmes.
- NZ On Air will audit a random selection of funding recipients throughout 2006/2007 to ensure that these service providers attain specified standards of performance and account for the use of the funds.

NZ On Air regularly reviews and, where necessary, updates its various risk management (e.g. IT policy, Treasury policy, disaster recovery, delegations

and payment authorities, and conflict of interest) and human resource (e.g. health and safety, and code of conduct/ conditions of employment) policies and strategies.

- The work plan developed by NZ On Air's audit committee will continue to be implemented during the year. Major risk areas to be audited in 2006/2007 include:
 - Funding recipient compliance audits
 - Appropriateness of NZ On Air funding methods
 - Statutory compliance
 - Governance controls
 - Environmental risks
- A risk management framework, developed in early 2003, will be regularly reviewed and updated. High-risk areas are reviewed by the Board four-monthly. A strategic risk framework continues to develop.
- Policies for management of stress and management of harassment were adopted in 2003 and are regularly reviewed.

NZ On Air's success is directly related to the skills, abilities, experience and attitudes of its people. The broadcasting industry is substantially based in Auckland. This means that many of NZ On Air's working relationships, with the television, radio, music production and broadcasting industries must be maintained in Auckland, while the agency is based in Wellington. Within the music sector, NZ On Air has contracted a team of pluggers, or music promotions people, who are based in Auckland. In addition, at least one senior staff member will continue to be based in Auckland to manage client relationships there.

In Wellington, NZ On Air is likely to add to staff resources to address increased activity, particularly in the areas of television and digital developments. The organisation will also focus on maintaining and improving relationships with Government and related funding agencies, as well as production and broadcasting representatives based in the capital.

Outcome

Appropriate administration and stewardship of public funding allocated to NZ On Air for public broadcasting outcomes.

Communications and Consultation

Impacts

- 1) Consultation and effective communication results in an enhanced leadership role for NZ On Air.
- 2) A wide-ranging body of high-quality, relevant research is developed and produced, which increases the knowledge and expertise of NZ On Air and the wider broadcasting sector, assists with the formulation of funding policy, and helps inform Government policy-making.
- 3) There is a clearer definition of the role and effectiveness of NZ On Air within a changing broadcasting environment, consistent with the Broadcasting Act, and reflected in relationships with key stakeholders.

Objectives

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.

- NZ On Air will institute an effective two-way communication process with stakeholders, so that there is a high level of understanding of and support for public interest broadcasting by –
 - Publishing a regular newsletter reporting on the full range of NZ On Air's activities.

- Organising and conducting relevant symposia and consultations on broadcasting issues.
 - Maintaining an up-to-date user-friendly web site.
 - Organising and conducting presentations of national and international research project results for targeted audiences.
- NZ On Air will provide information to Government, related Crown entities, industry representatives and the wider public 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.
 - Publishing any new NZ On Air funding policies and guidelines within one month of adoption and circulating them to all interested groups.
 - Communicating NZ On Air funding decisions in writing to applicants and by press releases to the general public.
 - Publishing NZ On Air's annual report within three months of the end of the financial year.
 - Providing quarterly reports to the Minister of Broadcasting.
 - Meeting regularly with industry stakeholders to ensure NZ On Air's policies, processes and procedures are clearly understood.

In accordance with Section 37(a) of the Broadcasting Act, NZ On Air consults with those having an interest in broadcasting and programme production, with representatives of

consumer interests and representatives of Māori interests.

The purpose of doing so is both to inform NZ On Air's funding policies, and to help inform the development of Government policy on broadcasting matters. As public service broadcasting defines and consolidates its role for New Zealanders, it is more important than ever that NZ On Air undertakes a targeted, comprehensive programme of research and consultation.

The research programme in 2006/2007 will be based on the following activities:

- NZ On Air will obtain regular audience survey information for television and radio in order to measure the audience response to funded programmes. Survey information to include –
 - Daily TV programme ratings; and
 - Topline metropolitan and provincial radio audience survey data.
- Specific research to be commissioned will include:
 - Public Information and Opinion Monitor [quantitative]
 - Local Content Survey for 2006 [quantitative]
 - Options for NZ On Air in a digital environment [qualitative and quantitative]
 - Audience attitudes towards screen content within the Special Interest genre [qualitative and quantitative]
- NZ On Air will continue to monitor the development of the broadcasting environment and, where necessary, modify policies to provide for any changes in the environment.

Outcomes

Enhanced leadership in consultation and effective communication.

Increased knowledge of the broadcasting environment and issues, and clear broadcasting policy.

A clearly understood and accepted role definition for NZ On Air.

Cost

Administration (including funding allocation process, accountability and consultation)

\$2,910,000

Statement of Financial Performance

For the twelve months ending 30 June 2006, 2007, 2008, 2009

	FORECAST	ACTUAL	BUDGET	BUDGET	BUDGET
	2005/2006 (\$000)	2006/2007 (\$000)	2007/2008 (\$000)	2008/2009 (\$000)	
Income					
Crown Revenue	100,838	106,671	106,671	106,671	
Other Revenue (Note 1)	6,958	2,500	2,500	2,500	
Total income	107,796	109,171	109,171	109,171	
Operating Expenditure					
Administration and Consultation (Note 2)	2,778	2,910	2,910	2,910	
Total Operating Expenditure	2,778	2,910	2,910	2,910	
Funding Expenditure					
Television	72,298	69,664	68,678	68,678	
Radio	30,589	31,183	31,183	31,183	
Transmission Coverage	0	90	90	90	
New Zealand Music	4,921	5,046	5,046	5,046	
Archives	1,164	1,264	1,264	1,264	
Total Funding Expenditure	108,972	107,247	106,261	106,261	
Total Expenditure	111,750	110,157	109,171	109,171	
Net (Deficit)/Surplus for the Year	(3,954)	(986)	0	0	
Public Equity 1 July	5,940	1,986	1,000	1,000	
Public Equity 30 June	1,986	1,000	1,000	1,000	

Note 1 Other Revenue continues to be higher than forecast as a result of additional interest on the cash surplus and the nature of writebacks.

Note 2 During the year, an additional \$250,000 was approved for the Administration budget to cover the costs associated with a Digital Strategy project.

Statement of Financial Position

as at 30 June 2006

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	FORECAST	ACTUAL	BUDGET
	2005/2006 (\$000)	2006/2007 (\$000)	2006/2007 (\$000)
Current Assets			
Cash and Bank	54,290		54,501
Accounts Receivable – General	1,130		100
Total Current Assets	55,419		54,601
Non-Current Assets			
Fixed Assets	84		80
Total Non-Current Assets	84		80
Total Assets	55,504		54,681
Current Liabilities			
Accounts Payable	476		300
Funding Liabilities	53,042		53,381
Total Current Liabilities	53,518		53,681
Public Equity	1,986		1,000
Total Liabilities and Public Equity	55,504		54,681

Statement of Cash Flows

for the twelve months ending 30 June 2006

	FORECAST	ACTUAL	BUDGET
	2005/2006 (\$000)		2006/2007 (\$000)
Cash Flows From Operating Activities			
Cash Provided From:			
Crown Revenue	100,838		106,671
Other Income Received	6,958		2,500
Total Cash Provided from Operating Activities	107,796		109,171
Cash Applied To			
Payments to Broadcasters and Programme Producers	(102,157)		(106,050)
Payment to Suppliers and Employees (including PBF Fee Collection Costs)	(2,778)		(2,910)
Total Cash Applied to Operating Activities	(104,935)		(108,960)
Net Cash Inflows/(Outflows) from Operating Activities	2,861		211
Opening Cash	51,429		54,290
Closing Cash	54,290		54,501

The following accounting policies will be applied in the preparation of financial statements for the year ending 30 June 2007, and are applied to the financial statements on pages 37 to 39.

Statement of

Accounting Policies

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Reporting Entity

The Broadcasting Commission (NZ On Air) was established by the Broadcasting Act 1989. The functions and procedures of NZ On Air are set out in the Broadcasting Act. 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, cash flows, commitments and contingencies, have been applied:

Accounts receivable

Accounts receivable are shown at their estimated net realisable value after allowing for doubtful debts.

Fixed assets and depreciation

Fixed assets are stated at historical 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 residual value at the end of the economic life of the asset.

Computer equipment	3 years to a nil residual value
Office equipment	5 years to a nil residual value
Furniture and fittings	6 years to a nil residual value
Leasehold alterations	6 years to a nil residual value

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 for the preparation of the financial statements.

Goods and service tax (GST)

The financial statements are prepared on a GST-exclusive basis, with the exception of accounts receivable and accounts payable which are stated with GST included.

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 and committed against the current year's income and includes funds approved but not paid out at the year end.

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.

Revenue

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

Income from broadcast production funding

Income from broadcast production funding is treated as income as and when received.

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.

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Directory

Statement of Cash Flows

Cash means cash balances on hand, and held in bank accounts and on-demand deposits.

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

Investing activities are those activities relating to the acquisition and disposal of fixed assets.

Commitments

The allocation of funds against future years' 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 they are equally 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.

Members

Don Hunn **CHAIRMAN**of Otaki
Judy Callingham **DEPUTY CHAIR** of Auckland
James Coleman of Auckland
Gaylene Prestonof Wellington
Edie Mokeof Rangiora
Paul Smith of Auckland

Staff

Bernard Duncan Acting Chief Executive
Brendan Smyth NZ Music Manager
Kathryn QuirkActing Television Manager
Mike Bodnar Acting Radio and Communications Manager
Elizabeth MorrisonFinance & Administration Manager
Elaine Wong Manager Project & Financial Analysis
Alicia SuttonContracts & Client Relations Manager
Robyn Andrews Personal Assistant
Anita Roberts Personal Assistant
Teresa Tito Executive Assistant Television
Trish CrossReceptionist (Shared with Broadcasting Standards Authority)
Christine Westwood Finance & Administration Assistant

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