

Irirangi Te Motu
NZ On Air



Our Mission: Connecting and reflecting Aotearoa

BRIEFING TO INCOMING MINISTER

**HON. WILLIE JACKSON
MINISTER OF BROADCASTING and
MEDIA**

30 JUNE 2022



What is NZ On Air?

OUR MISSION: TO FOSTER AND FUND GREAT NZ MEDIA CONTENT THAT REFLECTS THE DIVERSE COMMUNITIES OF AOTEAROA

NZ On Air (the Broadcasting Commission) is an Autonomous Crown Entity established under the Broadcasting Act 1989. While we are an arm's length agency, you are accountable for us in Parliament and we engage with you as we prepare our Statements of Intent and Performance Expectations. We brief you on our activities, as and when you require through our monitoring agency, Manatū Taonga | The Ministry for Culture and Heritage.

NZ On Air's role is to fund **media content that reflects and develops New Zealand's identity and culture**. Our responsibilities under the Broadcasting Act include promoting Māori language and culture and delivering content for diverse audiences including women, children, youth, persons with disabilities and ethnic and religious minorities. We ensure content is available that would otherwise not be in a small market due to high cost (drama and premium documentaries) or commercial pressures (tamariki content). Our platform-neutral approach also means that in an increasingly fragmented media market we can go where the audiences are.

We work closely with Te Māngai Pāho to strengthen and ensure a sustainable Māori media sector, and to give all New Zealanders a fuller range of content which reflects Māori language, culture, stories and perspectives. Our partnership with Te Māngai Pāho currently includes an annual co-fund of \$8m (2022 is the third year), co-administration of the \$50m Te Puna Kairangi (Premium Fund for International Audiences), and joint work on various streams of activity including Public Interest Journalism, children's content and music.

We are research-led, ensuring our funding strategies keep pace with the fast-changing media environment and audience needs. We commission an on-going research series titled *Where Are the Audiences* which tells us about audience behaviour and how that is changing over time. Our most recent report was published in September 2021 and can be found [here](#). The research shows a continuation of a trend that we have been seeing for some time that audiences are increasingly fragmented with young people (aged 15 to 39) favouring digital content on a range of platforms, including social media, while older New Zealanders (aged 60+) favour traditional television and radio formats. Later this year we will publish newly commissioned research that deep dives into rangatahi audiences (15-24 yrs) as this is currently one of the most challenging audiences to reach.

NZ On Air's flexible funding strategy together with our focus on audience outcomes means we are able to direct our funding to where these audiences will access and consume it. We do this by operating both contestable and ring-fenced funds. The scale of our contestable work - we invest in **thousands of hours of screen, multimedia, and radio content each year from hundreds of entities, large and small** - means we have knowledge of audience behaviour trends, and gaps where public funding can be best applied.

We have a clear audience focus, but also understand the impact our investments have both culturally and on the sectors we support.

- Public media on many different platforms stimulates **thought, debate, and fosters social cohesion**.
- We ensure **New Zealand stories and songs** are present on the most-used free-access platforms so intended audiences have local choices amid limitless foreign content.
- All our content must be **online** so audiences can watch, listen and share at their convenience.
- **Contestability** is the fairest way to find the best available ideas for the most appropriate platform.

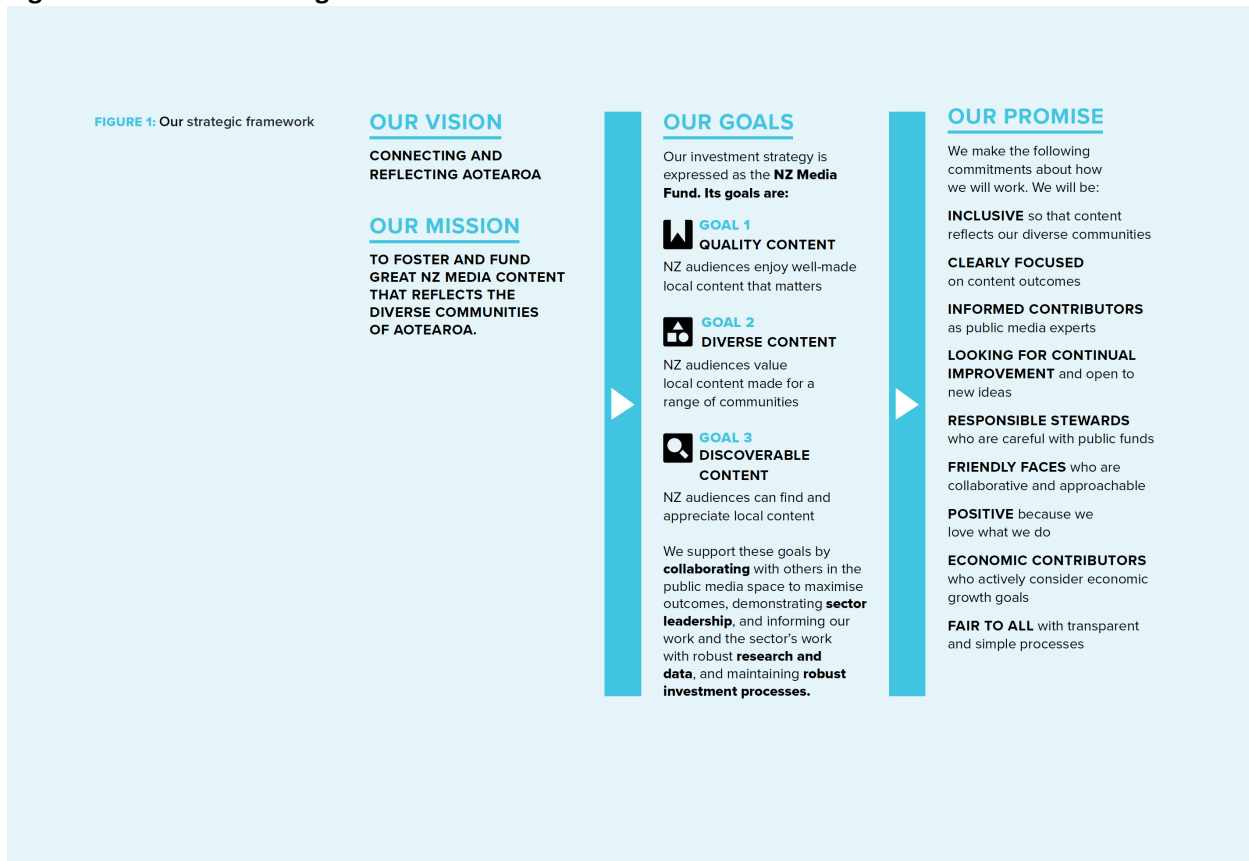
Connecting and reflecting Aotearoa



- We have **simple processes** to minimise red tape.
- **Over 99% of our funded content is completed** and released.
- We are **highly transparent** – our website and accountability documents make it easy to see what we've invested in.
- Our investments **support skilled jobs** and contribute to economic growth.
- We also invest strategically in industry initiatives that grow **creative capability** with a particular focus on encouraging greater **diversity and inclusion**, which results in more authentic storytelling.

Below is a simple representation of our overarching strategic framework.

Figure 1: NZ On Air strategic framework



Funding overview

NZ On Air plays a key role in the public media fabric, alongside Te Māngai Pāho, NZFC, RNZ, Whakaata Māori and TVNZ, and soon the new PME. Our challenge is to reflect all New Zealanders and to reach them on platforms they use, with authentic and meaningful content they want to engage with. Audience fragmentation combined with a challenging commercial media environment has increased the case for funding quality public media content on a range of platforms. The forthcoming investment in the new PME does not change this need. **NZ On Air will continue to work alongside the PME to provide content and services on a range of other platforms that reach other audiences.**

NZ On Air supports quality public media through the platform-neutral [NZ Media Fund](#) (NZMF) which is founded on public media principles that include enriching the New Zealand cultural experience, improving

diversity of media content in many forms, ensuring content is accessible, strengthening community life, and promoting informed debate.

The NZMF has four funding streams: **Scripted**, **Factual** and **Music** are open and contestable.

Platforms is a closed fund providing operating funding to entities that provide a wide range of local public media. This includes RNZ (currently, although moving to the new PME), Pacific radio, [12 regional access radio stations](#) which broadcast and podcast in more than 50 languages, and student radio. Also funded is ABLE providing [captioning and audio description](#) for audiences with hearing or vision disabilities, as well as content discovery platforms [NZ On Screen](#) and music's [AudioCulture](#).

The **Scripted** and **Factual** streams (including the Public Interest Journalism Fund (PIJF)) provide content on more than 40 different platforms, ranging from large-scale mainstream broadcasters and their on-demand sites, to digital and social media sites, and regional news publications. In 2020 Government provided \$55m over three years for public interest journalism. So far, the fund has generated more than 27 million page views across 22,429 pieces of content with an average viewing time of 4:52". The fund has been able to significantly increase investment into local democracy reporting, reporting for Māori and Pacific audiences, as well as audiences in regions across the country. It has also had an impact on growing the journalism workforce and capability through training and development programmes such as the Te Rito Journalism Cadet programme.

The **Music** stream funds songs and promotion to lift the amount of NZ music available on radio and streaming platforms for audiences to enjoy. The music sector faced significant challenges through COVID disruptions and restrictions reducing revenue from live performances, which has traditionally contributed significantly to a musician's income. An increase in funding in 2020 of \$7.2m over two years helped the sector and contributed to increasing local music play on commercial radio which is now consistently over 20%. The offering is also becoming increasingly diverse thanks to investment in waiata in te reo Māori (partnering with Te Māngai Pāhō), in Pacific languages and children's music.

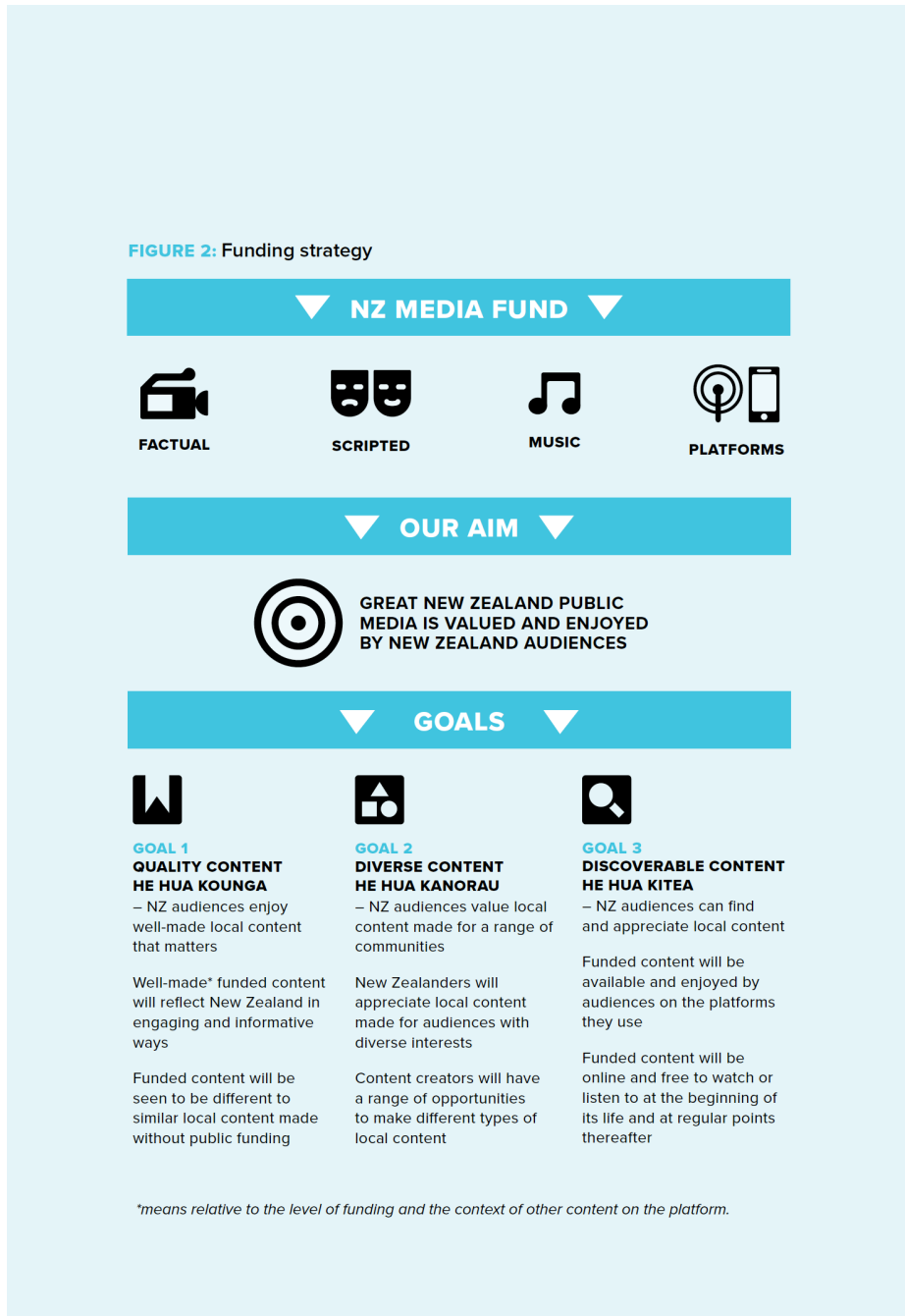
We partner with **hundreds of entities and artists** each year. We are efficient in our assessment of proposals and careful and effective in the contract management of public funds. Our strategies are underpinned by research, and we are developing a new approach to consistent audience measurement. We also partner with other Government agencies including Te Māngai Pāhō and the New Zealand Film Commission to better serve audiences.

For a taste of the range of diverse content we support, we update our website weekly with new content – [see Watch and Listen](#).

Our funding strategy

NZ On Air's [funding strategy](#) is designed to have **simple and flexible responses** to a rapidly shifting media landscape where linear broadcast is just one option to enjoy content. It is summarised as follows:

Figure 2: Funding strategy



Where the money goes

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

Expenditure proportions have been relatively constant over time.

Figure 3 shows revenue and expenditure trends for the last six years. We keep our overheads low, just below 3% of revenue, which means 97% of the funding we receive is used to create content for audiences or to support platforms and services delivering content. **Our team comprises just 30 FTE staff.**

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

FUNDING TYPE	2022 (projected)		2021		2020		2019		2018		2017	
	\$m	%	\$m	%	\$m	%	\$m	%	\$m	%	\$m	%
Contestable Funding^[1]	127.9 [1c]	72%	128.8 [1b]	73%	101.3	68%	101.9	70%	96.3	71%	96.2	73%
Radio NZ	43.5 [1a]	24%	42.6	24%	42.6	29%	39.9	27%	35.4	26%	31.8	24%
Industry development	1.6 [1d]	1%	2.2 [1d]	1%	0.4		0.4		0.4		0.4	
Total Funding	173.1		173.6		144.3		142.2		132.1		128.4	
NZ On Air overheads	5.6	3%	4.3	2%	3.7	3%	3.6	3%	3.6	3%	3.4	3%
Total Expenses	178.7		177.9		148		145.8		135.7		131.8	
Total Revenue [2]	178		179 [1b]		149.8		149.7		134.8		131.3	
Equity \$m	8.3		9.0		7.9		6.0		2.1		2.0	

[1] Includes NZ Media Funding streams Scripted, Factual, Music and Platforms (except RNZ). RNZ is shown separately because funding is ring fenced. Does not include the one-off funding recently approved for both NZ On Air and RNZ for 2019 - 2022.

[1a] Includes one-off RNZ capital fund \$900K RNZ.

[1b] Includes Screen Sector Covid Relief Fund & Platform Relief Fund and Round 1 Public Interest Journalism Fund

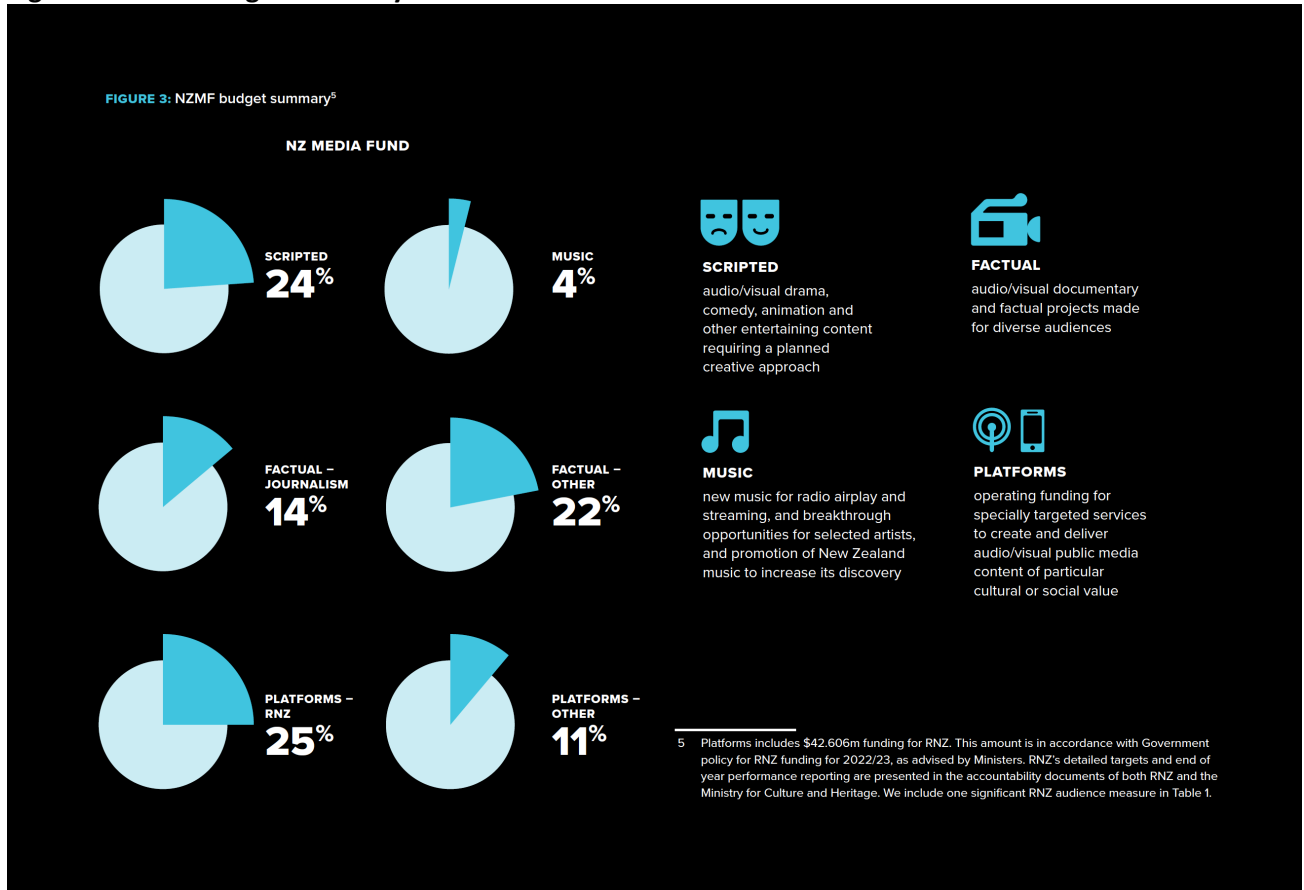
[1c] Includes Screen Sector Covid Relief Fund and Public Interest Journalism Fund

[1d] Includes the one-off Cultural Capability Fund

[2] Total Revenue comprises Crown funding, sales and interest income, and write backs of unspent project funds.

Figure 4 shows 2022/23 budget allocations in our SPE for the four streams of the NZ Media Fund (which includes RNZ in the Platforms stream).

Figure 4: NZMF budget summary



Looking back,

- our [2020/21 Annual Report](#)

Looking forward,

- our [Statement of Intent 2021 – 2025](#)
- our [2022/2023 Statement of Performance Expectations](#) (SPE)

We will be submitting the draft annual report for 2022 to you later this year.

Our last Audit Report gave us three “Very Good” rankings, the highest audit rankings awarded.

Opportunities

There are two key opportunities that we would appreciate the opportunity to discuss. These are addressing our legislation to better meet the needs of the audiences and sectors we support whilst complementing the Aotearoa NZ Public Media Entity; and confirming our ongoing funding.

The Broadcasting Act needs updating

Large parts of the Broadcasting Act are no longer fit for purpose and are posing critical limitations on the ability of NZ On Air to operate effectively in a digital environment. We seek an update to the Act that recognises increasingly diverse audience preferences in what and how they consume media, the challenges of reach and awareness of local content and the need to develop creators and their craft in order to deliver quality authentic content. We also need legislation that clearly defines our role and responsibilities alongside that of the new PME.

NZ On Air funding has remained relatively static over time despite increases in applications and inflationary pressures on budgets

With static funding and rising production costs, every year we face difficult choices about what gets funded and what doesn't. The recent funding decisions in relation to the new PME suggest NZ On Air funding will be impacted to some degree however clarity about the extent of the impact is needed in order to provide certainty to the production sector and other media platforms.

Beyond certainty of ongoing funding, cost pressures are increasing across the media sector which is impacting on budgets and the amount of content that can be procured. Furthermore, the end of funding for the PIJF, the end of increased relief for the music sector, and the increasing need to address content deficiencies for audiences including Māori, Pasifika, Pan Asian, youth and persons with disabilities means that urgent attention to the funding landscape is required.

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

APPENDIX: NZ ON AIR BOARD MEMBERS

Dr Ruth Harley Wellington	Board Chair Chair of the Rem & HR Committee Second term	Term expires April 2024
Philip Broughton Dunedin	Chair of the Audit and Risk Committee Second term	Term expires March 2025
Linda Clark Wellington	Second term	Term expires March 2025
John McCay Wellington	Member of the Rem & HR Committee Second term	Term expires June 2023
Andrew Shaw Auckland	Member of the Audit and Risk Committee First term	Term expires June 2025
Sarona Aiono-Iosefa Wellington	First term Awaiting confirmation of re-appointment	Term expires July 2022