

Irirangi Te Motu
NZ On Air



Our Purpose: To reflect and develop New Zealand identity and culture

BRIEFING TO INCOMING MINISTER

HON. MELISSA LEE
MINISTER OF
MEDIA AND COMMUNICATIONS

29 NOVEMBER 2023



What is NZ On Air?

NZ On Air | Irirangi Te Motu (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 Ministry for Culture and Heritage (MCH) | Manatū Taonga.

NZ On Air's primary function is to reflect and develop New Zealand identity and culture by promoting (funding) programmes about New Zealand and New Zealand interests and promoting Māori language and Māori culture.

As a public media funding agency, we have spent more than 30 years working directly with the creative community and broadcast platforms in the delivery of quality public media in service to New Zealand's audiences. Our Act requires us specifically to ensure content is available for New Zealand audiences, with an emphasis on delivering to communities that have been historically underrepresented in media, including women, youth and children, persons with disabilities, ethnic and other minorities. NZ On Air's role is to ensure our media reflects the many different interests and perspectives of an increasingly diverse New Zealand.

Our primary aim is to serve communities often under-served in local media, ensuring content is available that would otherwise not be in a small market, due to high cost (drama and documentary) or commercial pressures (children's content.) Achieving this goal has resulted in local content that is diverse and uplifting, brave in scope, informative and sometimes confronting, and above all, socially valuable.

In addition, we fund local music, vital public media platforms including RNZ and Able for captioning and audio description, provide support to new and emerging creatives to support a vibrant and sustainable sector and provide research and insights to inform our funding strategies and assist the sectors we support.

From 2023 NZ On Air has also begun administering the Game Development Sector Rebate scheme (GDSR). Performance of the GDSR will be reported to the Minister of Digital Economy and Communications through the Ministry of Business, Innovation and Employment.

Our agency is lean and efficient, with just 31 staff and historically an admin overhead of 3-4% of the total budget. In addition we are working closely with our sister funding agencies Te Māngai Pāho (TMP) and NZ Film Commission (NZFC) | Te Tumu Whakaata Taonga to ensure we share knowledge, processes, expertise and contribute collaboratively to a strong media sector. The sector provides thousands of jobs and underpins the growing weightless export of screen, music and gaming content.

Strategic Framework

The past year has been a time of reflection, refinement and ultimately reinvention as we navigated change and uncertainty. We emerged a stronger, more vibrant agency with a very clear direction that has now been articulated in our new [Investment Strategy](#). The audiences of New Zealand sit at the heart of our purpose. While the strategies to reach them may change as technology, platforms and services change, our job of supporting content creators and content production remains vital to reflecting and developing our culture and identity as New Zealanders. The Investment Strategy is outlined below:



The Investment Strategy has refined our focus to better serve audiences, partner with other funding agencies, and support the creative sector. Our initiatives across each of the four pillars of the Strategy in the current financial year are as follows:

Insights – increasing our investment in research and evidence to better inform our funding decisions and to help the sector understand changing audience behaviours.

Capability – designing initiatives to better support emerging creatives, particularly those who create content for minority and under-served audiences.

Creation – increasing our connections with other funding organisations to get the maximum impact from our collective funding.

Discoverability – increasing promotion across a range of platforms so audiences know about and can access local content.

Funding overview

NZ On Air plays a key role in the public media fabric, alongside TMP, NZFC, RNZ, Whakaata Māori and TVNZ. 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 global rise of disinformation and its impact on social cohesion has made the provision of trusted public media more important than ever before.

Our platform-neutral funding 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. Funding for Scripted, Non-Fiction and Music content is open and contestable.

We also provide operating funding to entities and platforms that provide a wide range of local public media. This includes RNZ, Pacific Media Network, regional access radio stations and the student radio network. Many non-commercial radio stations, particularly student radio, continue to struggle to be financially viable. These stations, as well as connecting and giving students a voice, are an important mechanism for local musicians to get their music heard and provide a training ground for people wanting to work in radio and broadcasting. We are looking at how best to support these stations going forward. Also funded is Able, providing [captioning and audio description](#) for audiences with hearing or vision impairment, as well as content discovery platforms [NZ On Screen](#) and [AudioCulture](#). We do not accept new applications for operational funding due to the year on year commitment required, unless specifically given additional funding.

We fund Scripted and Non-Fiction content across a diverse range of platforms, from large-scale mainstream broadcasters and their on-demand platforms, to digital and social media sites. In addition to our own funding rounds, we also partner with TMP to co-fund content for both Māori and general audiences. We are in the process of developing new funding policies for projects that access NZ On Air funding alongside the New Zealand Screen Production Rebate, administered by the NZFC. This will enable us to support screen productions with larger and international ambitions, further contributing to the vitality of the local production sector and supporting hundreds of jobs. We are also exploring co-funding opportunities with RNZ to increase local content for underrepresented audiences.

In Music, we fund songs and promotion to lift the amount of NZ music available on radio and streaming platforms for audiences to enjoy. NZ On Air funds music through both open and restricted application rounds and encourages screen funding applications to include NZ music licensing costs in their requested production budgets. This will increase the audience reach of local music.

As outlined above, NZ On Air is administering the new **Game Development Sector Rebate scheme (GDSR)**. The GDSR, announced in Budget '23, has been established to retain and grow New Zealand's game development sector. The sector has been under pressure due to incentives provided in other countries, including Australia. Our focus in this first year is establishing the Scheme, administering the first tranche of funding and developing performance measures and reporting.

We run three regular funding rounds (with additional rounds for Music and occasional Request for Proposals (RFPs)), with guidelines published on our website that make clear what we are seeking in each round. Staff, complemented where appropriate by expert external advisers, assess applications

against our nine investment principles¹ and the stated objectives for the funding round. This is a rigorous and impartial process. All funding decisions are announced publicly and searchable on our website.

Sector Context

In our unique position of oversight of the screen, music, radio, and digital media sectors we are well-placed to observe the impacts of technological shifts in the delivery of content to audiences and the proliferation of content options for those audiences. The way that content is delivered and viewed has changed, lowering the barriers to entry for many while also increasing the availability and reach of content.

Ease of access to global content and platforms has increased stress on the local media ecosystem. Most local media platforms rely on the advertising market for commercial sustainability, and this has come under increasing pressure from global online providers.

We are supportive of moves to ensure global streaming platforms present in New Zealand are contributing to the health of the screen production sector, and commissioning authentic New Zealand content for local and global audiences. We are also supportive of the Fair Digital News Bargaining Bill as a means of creating a fairer playing field.

NZ On Air supports initiatives aimed at minimising harm from harmful content and online abuse, and creating a more consistent and efficient regulatory framework for monitoring media standards. Our agency has submitted in response to the Department of Internal Affairs consultation *Safer Online Services and Media Platforms*.

Inflationary pressures mean that the cost of procuring public media content has increased and without corresponding increases in funds this means less content available for New Zealand audiences. Furthermore, fragmenting audiences and the move away from traditional local broadcasters means that content is increasingly hard to access and find. The latest audience data in our ongoing survey series *Where Are The Audiences* now shows the four most popular media platforms are all global entities. However local On Demand viewing is growing, off the back of strong investment by TVNZ in TVNZ+.

Local platforms must leverage their unique selling point which is local content – content that authentically reflects New Zealand can only be made here. We have a vital role in supporting content creators that reflect the communities and stories they are depicting and invest in growing this capability.

NZ On Air has recently updated its investment strategy acknowledging the importance of data insight and audience research to inform funding strategies, the need to invest in the development and training of creative people and the promotion of content alongside our core function of funding the creation of public media content. The massive change in the media landscape in recent years requires this strategic shift, without which the funded content risks not reaching its intended audiences.

Opportunities

There are three opportunities that we would appreciate being able to discuss with you. These are:

¹ Cultural value, Balance, Risk, Competition, Value for money, No duplication, Leverage, Capability and Fairness. For more information see our Investment Strategy (page 15).

- Budget '24.
- 2024/25 to 2027/28 Statement of Intent.
- Review of the Broadcasting Act.

Budget '24

In Budget '23 NZ On Air received an additional \$10m of funding. We would welcome the opportunity to discuss with you how we are using this funding, in particular the initiatives to better connect youth audiences to local content. Our research shows that reaching these audiences is challenging but this is a critical time in their lives to connect them to local content as they shape their identity as New Zealanders and create longer-term media access habits. Having this funding on an ongoing basis would ensure that the work we do in 2023/24 is able to continue and create lasting impact. Bids for Budget '24 are expected prior to Christmas, and we will work with MCH to meet this deadline.

At the same time we are working constructively on alternative budgets that aim to meet Treasury directives for reductions. This cannot be achieved by reducing 'back office' as ours is extremely slim (3-4% of total budget), so any cuts will ultimately reduce outputs, impacting audiences.

Statement of Intent

Since our current Statement of Intent (SOI) was published in 2021, much has changed including our Investment Strategy and it is timely to engage with you and MCH to create a new SOI that articulates our work and intended impact over the next four years. A key part of this will be identifying performance measures that better measure audience engagement and impact. We will present a draft to you for feedback in April 2024.

Updating the Broadcasting Act

The Broadcasting Act dates back to 1989, when people largely consumed media through print and linear television and radio. As such it is now out of date, and we have been working with MCH on designing a modern legislative framework.

We look forward to discussing these opportunities with you at your convenience and answering any questions you may have about our operating model, and sector and cultural impacts.

More information

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

Looking back,

- our [2022/23 Annual Report](#)

Looking forward,

- our [Statement of Intent 2021 – 2025*](#)
- our [2023/24 Statement of Performance Expectations](#) (SPE)

*In 2024 we will publish a new Statement of Intent for the coming four years.

APPENDIX: REVENUE AND EXPENDITURE PROFILE

The table below shows the actual revenue and expenditure profile from 2017-2018 to 2022-23 inclusive, and the projected revenue and expenditure for the 2023-24 financial year. Please note that the 2023-24 figures also include the Games Development Sector Rebate scheme, and these are shown in green.

We keep our overheads low, which means the majority of the funding we receive is used to create content for audiences or to support platforms and services delivering content. **Our team comprises just 31 FTE staff.**

Revenue and expenditure profile by type and percentage over seven financial years:

FUNDING TYPE	2023-24 (SPE + Estimated GSDRS)		2022-2023 (unaudited)		2021-2022		2020-2021		2019-2020		2018-2019		2017-2018	
	\$m	%	\$m	%	\$m	%	\$m	%	\$m	%	\$m	%	\$m	%
Contestable Funding [1]	115.6 + up to 38.7	61% 96%	120.3	71%	127.6	72%	129.8	73%	101.3	68%	101.9	70%	96.3	71%
Radio NZ	66.6	35%	42.6	25%	43.5	24%	42.6	24%	42.6	29%	39.9	27%	35.4	26%
Industry development [2]	2.0	1%	0.7	0.4%	1.7	1%	1.2	1%	0.4		0.4		0.4	
Total Funding Expenditure	184.2 + up to 38.7		163.6		172.8		173.6		144.3		142.2		132.1	
NZ On Air overheads	6.0 + up to 1.7	3.2% 4%	6.4	3.8%	5.2	3.0%	4.3	2.4%	3.7	2.6%	3.6	2.5%	3.6	2.7%
Total Expenses	190.2 + up to 40.4		170		178		177.9		148		145.8		135.7	
Total Revenue [3]	183.8 + up to 40.4		173		181		179		149.8		149.7		134.8	

[1] Includes Scripted, Non-Fiction, Music, and Platforms (except RNZ). RNZ is shown separately because funding is ring fenced.

[2] Industry development is now labelled Capability in our new investment strategy

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

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

APPENDIX: NZ ON AIR BOARD MEMBERS

Dr Ruth Harley Wellington	Board Chair Chair of the Rem and HR Committee	Second term Term expires April 2024
John McCay Wellington	Chair of the Game Development Sector Rebate Committee Member of the Rem and HR Committee	Fourth term Term expires June 2024
Philip Broughton Ngāi Tahu and Kahungunu Dunedin	Chair of the Audit and Risk Committee	Second term Term expires March 2025
Sarona Aiono-Iosefa Wellington		Second term Term expires July 2025
Christina Milligan Ngāti Porou Auckland	Member of the Game Development Sector Rebate Committee	First term Term expires June 2026
Vacancy	NZ On Air has a vacant Board member position which MCH will discuss with you in due course	
NZ ON AIR FUTURE DIRECTOR		
Petrina Togi-Sa'ena Auckland	Appointed October 2022	Term expires April 2024