

1999	ANNUAL REPORT
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ANNUAL REPORT 1999/2000

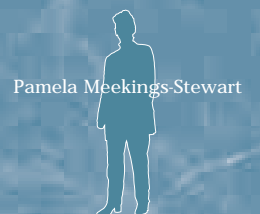
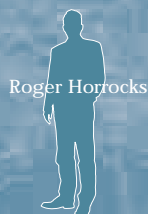


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NZ ON AIR BOARD 1999/2000



CHAIRMAN'S OVERVIEW

On 30 June 2000, we marked the end of an era for NZ On Air.

After a year-long transition, the Public Broadcasting Fee (PBF), which had existed in New Zealand since 1923, was finally abolished.

Despite the uncertainties of the transition, and the vocal opposition of a small minority to NZ On Air's continued collection of the Fee, the year passed smoothly with most PBF targets being comfortably exceeded.

The decision to abolish the PBF had created a different uncertainty. NZ On Air had advised the Government that it would be unable to collect all outstanding debt – both current and aged – within the year-long timeframe effectively remaining.

The Government's 18 May announcement of a capital contribution of \$23.6 million to ensure that NZ On Air could meet funding liabilities on hand at 30 June 1999 meant we had a sound financial basis upon which to enter new funding commitments, to the budgeted level, in the 2000/2001 financial year.

While the year represented the end of an era, it was also something of a fresh start for NZ On Air.

In our 1998/1999 Annual Report, we warned that New Zealand had reached a crunch time for broadcasting and that, from our perspective, NZ On Air's funding had been stretched to a point where both the quality and quantity of programmes were beginning to suffer.

The year has seen a re-positioning of broadcasting within Government priorities, including a move to oversight by the Ministry for Culture & Heritage. From NZ On Air's perspective, we have clarified and given new strength to our role in promoting a diverse range of innovative programmes that reflect and foster the different expressions of New Zealand's cultural identity and serve the needs of audiences as citizens, not simply as consumers.

At this time of transition and change for broadcasting, it is perhaps useful to revisit the basis upon which NZ On Air has functioned since its inception.

Our aim has been to ensure that New Zealand programmes and broadcasts that would otherwise not be provided in a commercial market are made.

The programmes fall into one of two categories – they are either of interest to a mainstream audience but are too risky and/or expensive for the market to fund or they are focused on minority interests and consequently, are not commercially viable.

NZ On Air has been established to ensure that decisions about public funding of programmes and other broadcasting activity reflect the needs of their intended audiences and are made without undue political or commercial influence. Our annual programme of research ensures we remain aware of changing audience preferences and behaviour. It provides us with a sound basis for decisions about programme content, and the capacity to act as an advocate for audiences as citizens and not simply as consumers.

By making funding available on a contestable basis, NZ On Air ensures New Zealanders receive the best value for their public investment in broadcasting – quality programmes and broadcasts across a wide range of outlets.

The 1999/2000 year has seen a number of highlights:

After a particularly lean year, a much-needed boost to New Zealand drama production saw Greenstone, Duggan, Jackson's Wharf and Lawless coming to the screen. Further drama series in the pipeline included Street Legal, Hopeless and a second series of Jackson's Wharf.

NZ On Air, for the first time, ran a dedicated children's drama initiative to fill a three-year void. This will see *Being Eve* on our screens in 2001.

A major millennium series – *Our People, Our Century* – documented the histories of more than 25 New Zealand families. NZ On Air is also seeding the development of a shortlist of high-end documentary series, to fulfil our stated objective of focusing our documentary funding on more in-depth, research-driven projects. At the same time, documentary strands *Inside New Zealand* and *Documentary New Zealand* continued to go from strength to strength.

A focus on information programming, in response to clear audience interest, saw the popular series *Money Doctor* on screen. A youth-focused inspirational series, *Dream Jobs*, and a parenting programme are also in the pipeline.

NZ On Air's carefully targeted programme to promote the making and marketing of New Zealand music on commercial radio saw further steady improvements, with the initial key "double digits" goal being met as New Zealand content across all commercial radio formats topped 10% for the first time in years.

During the year, NZ On Air put considerable effort into reassessing our funding priorities and procedures in both the television and New Zealand music areas. This was informed by widespread consultation and research and resulted in new strategic directions being developed ready for full implementation in the 2000/2001 year in a number of programmes genres.

NZ On Air's major research this year included our annual Local Content Survey, research into public awareness of NZ On Air/broadcasting, analysis of women's viewing behaviour and focus group research to give a qualitative underpinning of the public awareness questionnaire. Key findings from this research included –

Local content levels on the three nationwide free to air channels was 23% in 1999, a slight decline (of less than 1%) from 1998.

The amount of local content screened in prime-time on these channels rose by nearly 40 hours to 1,686 hours, being nearly 39% of the prime-time schedule.

628 hours of children's programmes were broadcast on TV One, TV2 and TV3 in 1999, a slight increase on 1998 but still well down on 1992's record high of 1,265 hours.

Most people want local content levels to rise (63%) and agree that seeing ourselves on television helps to develop our cultural identity (73%).

Responses to local drama by focus group participants were generally positive particularly when talking about specific programmes. There are indications that "cultural cringe" is gradually wearing off.

A New Zealand flavour is highly valued in drama – viewers like seeing New Zealand scenery, recognising locations and having Kiwi attitudes reflected.

Responses to New Zealand television comedy were less positive than to drama as most participants felt New Zealand situation comedy was not yet meeting their expectations.

Participants also said that kiwi humour works best when it is ad lib or off-the-cuff, as in programmes like Ice TV and Havoc, rather than more "traditional" forms of comedy.

Women's television interests differ subtly but significantly from men's. For example, women are more likely to enjoy long-run drama, drama with story lines featuring human relationships, documentaries, food and gardening shows, amongst other programmes. Women also like to see themselves and their interests reflected on screen.

Concerned at the lack of opportunity for new locally-produced children's programmes within existing funding constraints, NZ On Air initiated a review of its funding strategy for this particular genre. This has resulted in a discussion paper articulating a new strategic direction which, following further focus group and gap analysis research, will lead to revised allocation priorities to produce a safe, quality television environment for New Zealand children.

A major review of NZ On Air's strategy for Maori programming was undertaken. The resulting Te Rautaki Maori will see enhanced on-screen outcomes for Maori programmes and better consultation and communication with both the Maori production industry and Maori audiences, particularly with the appointment of a mentor – He Turanga Matanga.

A review of NZ On Air's drama strategy was underway by June 2000. A key objective of this strategic review will be to secure a sustained, consistent presence of New Zealand drama across all main free-to-air networks.

Substantial research into women's viewing behaviour was completed and published during the year. This, along with a gap analysis, will inform future funding decisions.

A major review of NZ On Air's programme for New Zealand music resulted in the Phase Four plan. Thanks to an injection of funding from Government, specifically tagged for this purpose, Phase Four will be implemented in the 2000/2001 year, and will allow for targeted support for the making and marketing of New Zealand music at key levels of the recording and radio broadcast industries in New Zealand.

Finally, NZ On Air has taken an initiative to place our relationship with television broadcasters on a more structured footing designed to achieve a more balanced and diverse range of publicly-funded programmes across the major networks.

Looking to the future, the significance of the current review of broadcasting policy cannot be underestimated. The pervasive and powerful influence of radio and television in our lives means that all New Zealanders will be affected by the results of this review to a greater or lesser degree.

The need to make rapid, effective progress with the review is clear. It is taking place as we experience the first impacts of a revolution in digital communications technology that will facilitate the development of global broadcasting systems to serve both mass and specialised audience needs.

We have what may be a short window of opportunity to put in place solid foundations to ensure that our broadcast media continue to support the development of our New Zealand culture and identity in all its rich diversity. New Zealand audiences need the assurance that a range of interests in their own culture, communities, and perspectives will be represented in television and radio broadcasts as far as we can see into the future. To meet this need, New Zealand's production and broadcast industries require clarity about how programmes serving these interests are to be funded and what types and quantity of local programming should be planned and produced.

Having reviewed public interest broadcasting policies adopted in other countries, NZ On Air sees prospects for a positive outcome through a combination of mechanisms including broadcasters' charters, content regulation, and public funding, secured on a contestable basis from an agency that is subject to Parliamentary review but is protected from undue political or commercial pressure.

While there will be debate about the means by which we make progress, there is a strong consensus about the desired objective – a better deal for New Zealand audiences who want to see and hear more of our stories, our songs, our selves on air.

COLLECTING THE BROADCASTING FEE

An era of paying a Public Broadcasting Fee (PBF) for direct public funding of broadcasting since 1923 has come to an end, with the Government's decision in 1999 to abolish the Fee.

The subsequent phase-out of the Fee over the year to 30 June 2000 has been managed successfully with 854,685 Fee-payers making their final payments of \$56.4 million by year's end - \$14.3 million ahead of target. Given the publicity surrounding the abolition of the Fee, this is a good result and clearly shows that most New Zealanders do value and pay the Fee.

The amount of uncollected Public Broadcasting Fee debt at year's end stood at \$31.4 million – down \$16.3 million on last year. This is mainly due to debtors paying up and to the fact that outstanding Fees have been accrued at the lower pro-rated rates since 1 August 1999. Of the total debt, \$27.6 million (88%) relates to debt over one year old and only \$3.8 million (12%) relates to debt incurred in the phase-out year to 30 June 2000. Nevertheless,

NZ On Air has recognised that a significant proportion of this debt will not be collectable and has written off \$24.6 million. This leaves PBF debt of \$6.8 million, which NZ On Air assesses as being collectable, on our books.

At 30 June 1999, the provision for doubtful debts had been increased by \$25.6 million to \$38 million to reflect NZ On Air's assessment of the difficulty of collecting total unpaid fees in the limited time remaining following the decision to abolish the Fee. At 30 June 2000, this provision has been reduced to reflect the collection of PBF debt during 1999/2000, the amount of PBF debt written off at 30 June 2000 and the expected amount of PBF debt to be collected in 2000/2001. This has resulted in a recovery of the provision for doubtful debts of \$10.2 million.

This year, as expected, the number of billing accounts dropped marginally by 4.6% to 1,072,339, as compliance campaigns to identify new Fees-payers were curtailed part way through the phase-out year. Despite this, 33,209 new Fees were gained although this total was offset by 84,713 cancellations – 5,221 fewer than last year.

Direct collection costs for the transitional year were \$9.9 million, down \$1.0 million on last year. Despite a fall-off of about 3% in prompt payment during the year, debt collection and enforcement costs remained cost-effective with \$8.18 collected for every \$1 spent. Overall, collection costs for the year were \$1.5 million (14%) under the target of \$11.3 million.

In fairness to the majority who have paid, collection of outstanding debt will continue so long as it remains cost-effective to do so. Since the establishment of NZ On Air eleven years ago, 96.6% of billings totalling \$968 million over the period have been collected.

The closure of the Broadcasting Fee Centre with the loss of 76 jobs, concludes the final chapter of NZ On Air's involvement over eleven years of successfully collecting the Fee. We record our sincere thanks and appreciation to all the staff and service organisations for their valued contribution over this time to administer Fee-funding for public broadcasting.



▶ INSIDE NEW ZEALAND: BURN!



▶ STREET LEGAL
▶▶ STICKMEN



TELEVISION

This year, \$46.4 million or 53% of NZ On Air's investment in broadcasting was devoted to the production of New Zealand programmes for television. This investment will result in 824 hours of local content.

NZ On Air continued to apply its funding to four main genres – drama/comedy and documentary programmes for prime-time; programming for children and young people; and programming for special interest audiences. This is the kind of programming that the commercial market will not deliver because it is costly, high risk or not commercially attractive. Nevertheless, these genres are vital ingredients in a television diet that will reflect and develop New Zealand culture and identity. A review of the top ten NZ On Air-funded programmes for the year demonstrates that the effort delivers results which are appreciated by New Zealand audiences.

Top Ten NZ On Air-Funded Television Programmes

TITLE	Genre	Viewers
The Irish Connection	documentary	648,600
Money Doctor	documentary	607,200
Shipwreck	documentary	585,300
Country Calendar	documentary	565,800
The \$20 Challenge	documentary	550,600
Our People, Our Century	documentary	497,700
Behind Closed Doors	documentary	487,300
When Women Kill	documentary	482,600
Documentary New Zealand	documentary	475,900
The Life & Times Of Te Tutu	comedy	419,700

Source: AC Nielsen. Programmes screened between 1 July 1999 and 30 June 2000. Series' audiences are averaged across the series.

Funding for drama and comedy remains a priority for NZ On Air. The hours of funded drama and comedy programmes increased only slightly this year – 73 hours compared with 66V last year.

However, an additional 13 x V hours of children's drama was also commissioned as a result of the NZ On Air Children's Drama Initiative. This series, *Being Eve*, will screen in 2001 and is the first children's drama to be made in New Zealand since 1996.

In prime-time a new drama series, *Street Legal*, was commissioned. In comedy, *The Topp Twins* returned, as did *Pulp Comedy*. A new "dramedy", *Hopeless*, is also in production. A second series of *Jackson's Wharf* is in production and two telefeatures starring maverick cop, *Lawless*, were commissioned. Another telefeature, *Clare*, which tells the story of the "unfortunate experiment" in cervical cancer, is in pre-production.

NZ On Air has also contributed funding to three feature films; *Crooked Earth*, *Stickmen* and *Snakeskin* – the latter two as part of NZ On Air's ongoing involvement in the *ScreenVisioNZ* initiative, a partnership between NZ On Air, the NZ Film Commission, TV2 and Portman Entertainment of the UK.

The two established umbrella documentary strands – *Documentary New Zealand* on TV One and *Inside New Zealand* on TV3 – provided audiences with coverage of almost 50 subjects between them; ranging from the very moving and challenging exploration of eating disorders, *Dying To Eat*, to an off-the-wall social history, *Dunnies Down Under*; from the story of one man's fight back from drug addiction in *Dark Side Of The Moon*, to an exploration of the art of body adornment in *Tattoo*. Outside the two strands, the evergreen *Country Calendar* returned, *Havoc* and *Newsboy* embarked on another *Sellout Tour*, and an information series, *Money Doctor*, offered practical solutions to financial problems.

NZ On Air continued to encourage the networks to screen Maori programmes in mainstream timeslots. Progress continued in this area within the two documentary strands. Broadcasters were again required to meet a minimum number of projects within these strands. This initiative resulted in documentaries like *A Mother's Love*, *Whanau*, *Tapu*, *Miss Aotearoa*, *My Kainga*, *My Castle* and *The Truth About Maori*. *A Fish Skin Suit*, one of six one-hour dramas being produced in association with TV3, was also a Maori project. Within a strand of "authorial" documentaries for TV One, a challenging project, *The Feathers Of Peace*, explored the history of the Moriori on the Chatham Islands.



▶ THE FEATHERS OF PEACE



▶ ICE AS
▶▶ BUMBLE



In addition TVNZ have developed a new 7 x V hour documentary series about Maori, by Maori, for screening in prime-time on TV One.

Two major documentary series are confirmed as a result of the NZ On Air Documentary Initiative. Captains Log (TV One) will follow Cook's first journey around New Zealand and chart the changes that have occurred since Cook's time. 2050 – What If? (TV3) will take a very provocative look at what New Zealand may be like by the middle of the 21st Century.

For children, What Now and Squirt (TV2) returned. Suzy's World (TV3), the youth news show, Wired (TV2) and the preschool show, Bumble (TV2) all returned for second series. Ice TV reinvented itself as Ice As and returned in a Saturday prime-time slot, and Space, a new music show for youth, arrived for those up late Friday nights. Regular series like Mai Time and Squeeze (TV2) also returned.

Special Interest series including Backchat, Asia Dynamic, Tagata Pasifika and Inside Out were funded again this year.

A full list of television programmes funded by NZ On Air this year can be found on pages 44 to 47.

MAORI BROADCASTING

During the Public Broadcasting Fee era, NZ On Air's main contribution to Maori broadcasting has been delivered through the separate independent Maori broadcasting funding agency, Te Mangai Paho, which funds Maori radio services and television programmes that promote te reo and are intended primarily for a Maori audience.

In 1999/2000, NZ On Air provided \$12.4 million to Te Mangai Paho, in line with a directive from the then Minister of Communications. Te Mangai Paho makes its own Annual Report to Parliament.

NZ On Air supplements the work of Te Mangai Paho by providing funding for programmes, on mainstream television and radio, featuring Maori stories, issues and perspectives, that are substantially produced by Maori, and are intended for a mainstream audience that includes Maori.

In the year under review, television programmes in this category included Mai Time, the Secondary Schools Kapa Haka Competition and the Maori Sports Awards. NZ On Air has a now well-established policy of ensuring a good presence of Maori projects (upwards of 15%) in any of the so-called "umbrella" documentary or drama strands we fund. Programmes produced under this policy included the powerful dramatised documentary The Feathers Of Peace, a one-hour drama A Fish Skin Suit and documentaries Whanau, Tapu, Miss Aotearoa and A Mother's Love.

During the 1999/2000 year, NZ On Air also completed research and consulted widely on the effectiveness of its Maori programming policy. As a result, a comprehensive strategy – Te Rautaki Maori – was drawn up, endorsed at hui in Auckland and Wellington, and is now being implemented. At year's end, the appointment of a consultant Maori mentor was pending.

Funding had also been committed to a 7 x V hour Maori documentary series for prime-time broadcast, and to a 6 x one-hour Maori drama series. The overall aim of Te Rautaki Maori is to enhance the on-screen outcomes for mainstream Maori programming, and to improve consultation and communication with Maori stakeholders, including audiences.

On National Radio, weekly features like Whenua, Mana Tangata and Mana News provided important coverage of Maori issues and interests through mainstream broadcasting. The beginning of the year saw the demise of National Radio's Mana Reo bulletins. Since then, Radio New Zealand has boosted its in-house capacity to produce a range of Maori language and Maori culture programmes, the results of which have been progressively introduced over the course of the year. This year, National Radio delivered 270 hours of Maori language and culture programming.

In New Zealand music, NZ On Air makes sure that the work of Maori songwriters and musicians is represented on screen (via music videos), on disc (via Kiwi Hit Disc and the special contemporary Maori music Iwi Hit Disc) and on radio (via syndicated shows like Te Puutake, The Vista Series and The Voice).

More detailed information on NZ On Air's Maori broadcasting work can be found on page 33.



▶ IN TOUCH WITH NEW ZEALAND



▶ ACCESS RADIO:
RADIO SOUTHLAND



▶▶ MORNING REPORT



NATIONAL RADIO & CONCERT FM

NZ On Air continued to fund the country's two flagship public radio services – National Radio and Concert FM – this year, completing the second year of the current three-year contract with Radio New Zealand. The funding contract guarantees funding for the two services at not less than \$21.4 million a year through to 30 June 2001.

Both services continued to deliver quality programmes that have become the hallmarks of public radio in New Zealand – Morning Report and Kim Hill, In Touch With New Zealand, Spectrum and Checkpoint on National Radio and the oasis of fine music on Concert FM. Both also offered new, imaginative programmes like Golden Kiwis, Resounding Radio and Rourou on National Radio and formidable coverage of the New Zealand Festival on Concert FM.

Both continued to support New Zealand music and musicians – especially on National Radio where New Zealand music content touched 30% through the year. And both services continued to be used and enjoyed by large numbers of New Zealanders every week.

This year for the first time, Radio New Zealand commissioned its own national audience survey as an alternative to the commercial radio market surveys that the company has used hitherto.

The new purpose-built AC Nielsen survey gave Radio New Zealand the opportunity to go beyond the metropolitan and major provincial centres and include rural audiences for the first time and provided the opportunity for some thorough qualitative research about the services and programmes that the two networks offer.

The survey put the national audience for National Radio at 658,000 listeners a week and the national audience for Concert FM at 285,000 listeners a week. These are impressive figures and a powerful vote of support for the networks.

The survey also offered a strong endorsement of the quality of the programmes – 83% of listeners believe that the quality of National Radio's programmes has been maintained or improved and 75% of listeners believe the same of Concert FM's programmes.

National Radio and Concert FM no longer participate in the New Zealand Radio Awards but at this year's Qantas Media Awards, National Radio made an impressive showing, collecting awards for its programmes and programme-makers.

Part of the increase in funding for NZ On Air announced by the Prime Minister as part of the 18 May arts and culture funding package has been earmarked for Radio New Zealand. An additional \$890,000 will be available to Radio New Zealand in the 2000/2001 year.

At year's end, Radio New Zealand was reviewing its funding needs and priorities to ensure the most effective use of the extra funding for listeners.

In the first half of the 2000/2001 year, Radio New Zealand and NZ On Air will devote attention to the review of the Radio New Zealand charter that, according to the Radio New Zealand Act 1995, must be reviewed by Parliament before the end of the 2000 calendar year.

ACCESS RADIO & PACIFIC ISLAND RADIO

The current stable of eleven NZ On Air-funded access radio stations around the country continued this year to provide outlets and opportunities for community groups and minority interests to make and broadcast their own programmes – to provide a voice for the community and empower minorities.

No new stations joined the stable this year although there were major changes in Auckland and in the Wairarapa. In Auckland, the future of Auckland Access Radio was threatened for a time by the loss of its transmission facilities. In the Wairarapa, the station sought to re-establish itself locally after some time camping on Wellington Access Radio's frequency.

At year's end, the Auckland problem was resolved with the granting of a new FM licence to the station and the station in the Wairarapa was preparing to go back on the local airwaves.

Over the last two years, NZ On Air has employed two access radio "roving consultants" to work with stations on governance, management and programming issues. The two consultants – Brian Pauling of Christchurch Polytechnic and Sarah Ayton, the former manager of Plains FM in Christchurch – have made a hugely valuable contribution to the well-being and effectiveness of the stations that they have worked with over those two years.

The consultancy came to an end on 30 June this year but NZ On Air will continue to engage the pair on an as-required basis in future.

An increase in the access radio budget this year – \$150,000 – gave us a welcome and timely opportunity to address some priority funding needs.

We were able to increase funding for Auckland Access Radio to help with its transmission crisis and Plains FM in Christchurch to help with its innovative Radio Now! project. We helped with re-establishing Wairarapa Access Radio in Masterton and opening a second studio in Napier for the Hawkes Bay station, Radio Kidnappers.

The extra funding also enabled us to extend the access radio roving consultancy project through to the end of the year and to hold the first access radio managers' "retreat", a very successful and valuable exercise for new managers and "old hands" alike.



▶ DEEP OBSESSION
▶▶ FUR PATROL

▶ ZED
▶▶ GOODSHIRT



At year-end, the full budget increase of \$150,000 had not been allocated and is expected to be utilised in 2000/2001.

NZ On Air also continued to fund the two dedicated Pacific Island community radio services in the two areas of greatest Pacific Island population – Radio 531pi in Auckland and Samoan Capital Radio in Wellington – as well as Radio for the Print Disabled, the long-standing radio reading service based in Levin.

The Government's 18 May arts and culture funding package included extra funding for access and Pacific Island radio for the 2000/2001 year. An extra \$350,000 has been earmarked for access radio and to help establish the Pacific Island community radio network promised by the Government in its 1999 election manifesto. Decisions on the allocation of the extra funding will be made following a review of access radio needs and viable options for delivering the Pacific Island radio network.

A full list of the access and Pacific Island radio stations funded by NZ On Air this year can be found on page 23.

COMMERCIAL RADIO PROGRAMMES

NZ On Air funds two kinds of programmes for play on commercial radio stations – programmes promoting New Zealand music and programmes for youth audiences. The New Zealand music programmes are covered in the New Zealand Music section elsewhere in this report.

This year we continued to fund Rampage, the youth radio show produced by Rampant Media that plays on 20+ radio stations around the country. Rampage is the original Rampant Media youth radio show. It features New Zealand music and its youth reporters deal with issues and interests that are relevant to its youth audience.

The second Rampant Media show – Te Puutake – was funded again this year. Where its sister show, Rampage, is programmed to sit comfortably on rock stations like the Channel Zs, Te Puutake is aimed to fit comfortably within urban music formats like Mai FM and it deals with issues of interest to a Maori and Pacific Island youth audience.

Two new youth radio shows debuted this year. The first was The Voice, another Rampant Media produced show, crafted this time specifically for the influential pop network, The Edge.

Like its sister shows, Rampage and Te Puutake, The Voice is a weekly one-hour show featuring youth reporters and dealing with youth issues. The Voice is a four-way partnership between NZ On Air, Rampant Media, Tearaway magazine and The Edge.

The second new show to debut this year was The Vista Series, produced by award-winning broadcaster Kelly Tikao for the Channel Z stations. The Vista Series deals with issues that affect young people – dating, youth suicide, drugs, jobs, families – and again, features young people telling their own stories.

As a result of the increase in NZ On Air funding for the 2000/2001 year, we have set aside a modest budget to extend our investment in radio programmes for commercial radio – specifically, for radio drama and values-based projects.

The aim here is to complete unfinished business when the radio programmes budget was cut two years ago.

NEW ZEALAND MUSIC

There is more New Zealand music being played on commercial radio now than at any time in the last five years. For the first time this year, New Zealand music content on commercial radio topped the 10% mark. Three years ago it was just over 5% and two years before that, APRA (the Australasian Performing Right Association) was telling us that it was barely 2%.

In this context, the 10% is a remarkable achievement – a credit to the music industry and radio industry equally and to the work that NZ On Air is doing to get more New Zealand music played on the radio. But it is still not enough and NZ On Air's work will not be done until there is still more yet.

The strategies that NZ On Air has developed over the last ten years to help get more New Zealand music played on commercial radio – music videos, radio shows, Radio Hits funding incentives, hit discs – all continued this year. NZ On Air has now funded close to 800 music videos and delivered more than 70 hit discs of quality, commercial radio-friendly New Zealand songs to every radio station in the land.

But it has been the development of a vigorous, targeted promotional campaign that has really made a difference. The employment of a "plugger", or New Zealand music promotions person, in particular has been integral to the increase in the local music content figures. The work of the present plugger Nicky Jarvis (ex-Universal Music and Warner Music) and before that Sherie O'Neill (ex-EMI Music) and the first plugger, Nicole Gilbert (ex-PolyGram and Festival Records) has been highly effective and valued by the music and radio industries equally.

Likewise, the simple but effective strategy of awarding "double digits" plaques to radio stations that push past the 10% threshold has helped by providing both an incentive and a reward to radio stations that commit to the campaign.

On 18 May 2000, as part of its major arts and culture package, the Government announced more funding for NZ On Air for its New Zealand music work. As a result, NZ On Air's music budget for 2000/2001 will virtually double from \$2 million a year to \$3.78 million a year.

The extra funding will be for what has come to be called the Phase Four New Zealand music plan; an ambitious plan to invest more in the making and marketing of New Zealand music as a way of getting more New Zealand music played on commercial radio.

The idea behind the Phase Four plan is simple – to get more New Zealand music on commercial radio, we need more New Zealand hit records. The Phase Four plan is based on helping to create those hit records.

There are eight strings to the Phase Four bow –

- (A) More plugger power
- (B) More music television
- (C) International marketing projects
- (D) Album projects
- (E) New recording artist projects
- (F) Re-mixing for radio
- (G) Music Industry Commission joint ventures
- (H) Radio buy in

The aim of the Phase Four plan is to grow from 10% New Zealand music on commercial radio to 15-20% New Zealand music over time. Putting more resource – more people – into the direct, targeted promotion of New Zealand music at the commercial radio coal-face (“more plugger power”) is key to that objective.

That commitment along with the investment of an unprecedented \$1 million in the making and marketing of New Zealand music through both new recording artists and bands with proven commercial radio airplay credentials are the really significant new Phase Four developments.

A full account of the Phase Four plan and the detail of the Phase Four schemes can be found at http://www.nzonair.govt.nz/nzmusic/nov99/all_you_need.html
And a full list of the New Zealand music projects funded by NZ On Air this year can be found on pages 48 to 50.

TRANSMISSION COVERAGE

NZ On Air spent \$1.7 million this year on maintaining television and radio transmission services in remote and thinly populated parts of the country. This funding continues to decrease from previous years. However, it remains a concern that funds continue to be required for such infrastructural support.

The majority of the NZ On Air funding goes to TVNZ to maintain TV One and TV2 coverage to non-commercial areas. This year, NZ On Air has continued to investigate options and alternatives with TVNZ. While funding has been decreased, the situation represents an interim solution, as the company is yet to resolve its long-term transmission plans.

NZ On Air's goal is to see the reliance on funding progressively eliminated as more cost-effective technologies offer cheaper ways of accessing remote areas. NZ On Air is keen to see the broadcasters themselves take on more responsibility for servicing this section of their audience.

In radio, Radio New Zealand has contracted with Sky Television to carry a National Radio and Concert FM signal on the Sky digital satellite system from 1 July 2000. This means that 100% coverage of these two networks is now technically available.

ARCHIVES

NZ On Air is spending just under \$1 million a year on radio and television archiving services at present. Television programme archiving services are provided by The New Zealand Film Archive and radio programme archiving services are provided by Sound Archives Nga Taonga Korero, a Radio New Zealand-owned company with collections based in Christchurch and Auckland.

NZ On Air carried out reviews of both Archives during 1999/2000 and is in the process of renewing their funding agreements for a further three years (to 30 June 2003) to provide selection, acquisition, preservation and public accessibility services.

The New Zealand Film Archive this year archived 698 hours of television programmes and carried out preservation work on another 290 hours of programmes. The Sound Archives Nga Taonga Korero archived 1,427 hours of radio programmes and carried out preservation work on another 2,544 hours. Throughout the year, the public was able to access both archives' collections.

THE YEAR AHEAD

In July 2000, NZ On Air published its Statement of Intent for the year to June 2001. Industry briefings were held in Wellington and Auckland to explain plans and priorities for the year ahead.

This year, for the first time in some years, NZ On Air has been able to announce a significant increase in the funds available for allocation to broadcasting. It has therefore been possible to forecast an increase in total funded television hours from 823 in 1999/2000 to 904 in 2000/2001. This is accompanied by plans to boost our promotion of New Zealand music through the implementation of the Phase Four New Zealand music plan.

We say that our priorities for the year are to promote actively the value of local content and diversity; to be a key influencer in the broadcasting policy debate; to continue to explore the opportunities afforded by the developments in communications technologies; to maximise the on-screen outcomes of mainstream Maori broadcasting for television; and to pursue with urgency the case for sustaining the funding base available for investment in projects over the long-term.

Copies of the Statement of Intent are available from NZ On Air, or by visiting our web site at www.nzonair.govt.nz

NZ On Air's Statement of Financial position for the 1999/2000 year forecast a negative public equity position to the tune of \$26.3 million. This was because a substantial increase in the provision for doubtful debts was made across the 1998/1999 and 1999/2000 years, following the May 1999 decision to phase-out the Public Broadcasting Fee. The effect of the phase-out was to leave NZ On Air with little more than a year to collect all outstanding Fees, which stood at \$47.7 million at 30 June 1999.

In May 2000, the Prime Minister announced a one-off capital contribution of \$23.6 million, which was made to ensure NZ On Air could meet all funding liabilities on hand at 30 June 1999.

This has allowed us to reverse the doubtful debt provision, and to write-off a substantial proportion of the debt on hand as at 30 June 2000. Debt remaining on our books, totalling \$6.7 million, represents NZ On Air's realistic assessment of the amount of residual debt it will be possible to collect after 1 July 2000.

By the end of the phase-out year, collections of the Fee had far exceeded our earlier forecasts, as Fee-payers generally took the approach of clearing their final payment owing to NZ On Air. A financial surplus has, as a consequence, been generated by the end of the 1999/2000 year. NZ On Air has allocated part of this surplus, on a one-off basis, to new television projects – including an Innovation Fund – in the 2000/2001 year.

BOARD MEMBERSHIP & STAFF CHANGES

Board membership remained stable this year although we were anticipating changes to the Board early in the new year as some members' terms of appointment come to an end. The current terms for both Roger Horrocks and Pamela Meekings-Stewart were set to expire at year's end. These two members have made a significant and long-standing contribution to NZ On Air with Roger Horrocks being a foundation Board member, and Pamela Meekings-Stewart completing two terms.

Likewise, staff membership remained largely stable this year although the Manager, Project & Financial Analysis (Justine Wilkinson) took up a position with the Ministry for Culture & Heritage and was replaced by Brent Healy.

My thanks to my fellow Board members and the NZ On Air staff for their dedication and good work during a year of some uncertainty.

I would also like to thank Hon Marian Hobbs, who took up the reins as Minister of Broadcasting in November 1999, for her strong and enthusiastic support for NZ On Air and its work.



David Beatson
CHAIRMAN