

# MAKING TRACKS

NZ On Air's  
new music funding scheme

May 2011



## PREAMBLE

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There are big changes ahead for NZ On Air's music funding and promotions programme.

We are aiming to

- **increase diversity** in funded music
- **promote widespread awareness** of funded music, and
- provide music for different audiences on a **broader range of media platforms**.

In March 2011 we closed down the Album and New Recording funding schemes early to concentrate resources on the new funding scheme that we are developing

In April 2011 we advertised three full-time jobs – a Broadcast Promotions Executive and Repertoire Executive, replacing two contract plugging positions, and a Digital Music Strategist which will be a one-year contract

Now, in May 2011, we are announcing the new **Making Tracks** music funding scheme to take effect from July this year.

Later in the year we will launch some digital initiatives.

Where has all this come from?

In 2008 we began considering how best to adapt to the changing music and broadcasting environment.

We commissioned independent reviewer Chris Caddick to assess the state of the domestic music industry, its funding support and audience demand, and to consult widely with the sector.

NZ On Air's changes to its music policies and programmes are principally guided by Chris Caddick's report (which is available on our website), combined with our own interpretation of where we can best meet our broadcasting-focused legislated purpose.

The changes are all about greater *diversity*, both in terms of the music we fund and the platforms that play it. This includes *embracing digital media* as a key platform to spread the music word.

What hasn't changed is our commitment to the audience. We do not fund music for music's sake: we fund music that people will listen to and enjoy.

Our aim is to ensure an adequate supply of quality NZ music for the airwaves and to increase variety for audiences.

We're not letting up on commercial radio; we're extending our reach to embrace a greater diversity of music and diversity of platforms to serve more and different audiences.

The objective remains to find **great songs** and ensure that those songs are turned into **quality recordings**, backed by **quality music videos**, so that the songs have the best chance of succeeding and **connecting with an audience** via broadcast and digital platforms.

NZ On Air funding is mainly intended as support for early-mid career musicians, namely those who have worked at establishing an audience track record. The majority of funding will be applied to support the music of these artists.

We are trying something new. We will review the changes at the end of the first year in the light of experience and sector feedback, and fine-tune where we need to.

## SNAPSHOT

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On 1 July 2011, NZ On Air will launch a **new music funding scheme**. Successful applicants will also benefit from NZ On Air's **promotions scheme**, aimed at maximising audience and broadcaster awareness of the music.

The new funding scheme is called –

### Making Tracks

#### How much?

Through Making Tracks we'll contribute up to \$10,000 to record a song and to make a music video to back up the release of that song.

We'll contribute up to \$4,000 for recording and \$6,000 to make a music video.

These are maximum amounts and exclude GST. Applications for less are welcome.

#### How many?

We intend to fund at least 200 Making Tracks projects a year. That is, 200 single-track recording projects and 200 music videos.

That compares to the 50 recording projects and 170 music videos a year we have been funding annually.

In this first year, however, we will boost the budget with **an extra one-off \$500,000 in "kick-start" funding**.

This will enable us to support an extra 50 Making Tracks projects in the first year.

It will make up for closing the old album and new recordings funding schemes down early and help us manage the transition from the old funding schemes to the new.

It means the number of Making Tracks grants available in the first year will be at least 250.

In the second year, the budget will be maintained at the baseline 200 projects a year.

## **Who for?**

About 60% of the allocations (150 of the 250 projects in the first year; 120 in the second year) will be for projects aimed at commercial radio.

And about 40% (100 projects; 80 in the second year) will be aimed at alternative and online platforms, including projects with the potential to infiltrate the mainstream.

This 60:40 ratio will be reviewed every 12 months so we can regularly assess whether the balance is right.

## **When?**

Applications open on 3 June 2011, in time for the first closing date on 1 July 2011.

We will take applications monthly except in January and December and so there will be 10 funding rounds a year (up from five).

Only **online applications** through [kiwihits.co.nz](http://kiwihits.co.nz) will be accepted.

Applications will close on the first day of every month (except January and December). Decisions will be announced before the last day of the same month.

## **Who decides?**

A panel made up of broadcasters and music experts will meet monthly to review applications and make funding recommendations to NZ On Air.

The make-up of each monthly panel will be selected by NZ On Air from a pool. The panelists will not be paid but will have expenses reimbursed.

## FUNDING

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Making Tracks funding will be for recording one song and/or making a music video to go with the song.

*Why? Because radio, music television and digital media play singles and because, these days, it is the way most people consume music.*

*And because all successful songs need good music videos to help spread the word; the music video is more important than ever in the YouTube age.*

To be eligible for a contribution to recording costs, the song must be unfinished (meaning not recorded to broadcast quality) and unreleased.

*Why? Because NZ On Air funding is to help create works of professional quality. We do not provide funding retrospectively.*

If the song is already recorded, however, you can still apply simply for a music video contribution, just as you can now. You may also be eligible for NZ On Air promotions services like Kiwi Hit Disc if this type of support is all you need.

Any one artist can get a maximum of three funding allocations in any 12-month period.

*Why? Because funds are tight and we need to ensure that funding support is available to a wide range of music.*

**Recording grants** will be for a maximum of \$4,000 and will be based on reimbursing actual and eligible recording costs incurred.

Eligible costs will be limited to one or more of the following costs –

- Studio hire
- Producer's fee
- Engineer's fee
- Session musicians' fees

- Music equipment hire
- Mixing and mastering costs

Any other costs will be the responsibility of the applicant.

*Why? Because we expect funding applicants to co-invest and we want to apply our funding to verifiable external costs only.*

The recording portion of the funding will be repayable in full if all revenue from any exploitation of the copyright in the sound recording – all local and international sales and synch income – exceeds \$50,000 gross within the first 24 months of release of the song.

*Why? Because the taxpayer should be reimbursed if the song enjoys significant financial success. But we don't want to drown applicants or ourselves in red tape processes for small amounts.*

**Music video grants** will increase from \$5,000 to \$6,000. The applicant must contribute at least \$2,000, meaning a minimum budget for an NZ On Air-funded music video is \$8,000.

*Why? Video makers have been lamenting for some time that video budgets have not moved for two decades and that their expected gratis contributions are unreasonable. While this new system is modest it is still an increase of 37% to a minimum music video budget and should help maintain quality.*

The successful applicant's \$2,000 contribution must be deposited with NZ On Air before the funds for making the music video can be drawn down and NZ On Air will manage the drawdown of the full \$8,000.

*Why? Because we expect applicants to co-invest and to provide proof that they are able to do so.*

Detailed recording and music video budgets must be provided by successful applicants after funding has been approved, but before the funding contract is issued.

*Why? Because we want to minimise red tape for unsuccessful applicants. But you should already know roughly what the budget is.*

There will be a maximum of three music video allocations for any one album.

*Why? Because funds are tight and we need to ensure that funding support can be made more widely available.*

Funding targets will be reviewed annually. This year we are aiming for 60/40 commercial/alternative.

*Why? Because while most New Zealanders still get their daily music fix from commercial radio, we also want to encourage the new and different. And we want to build on the gains that we have made in growing the audience for New Zealand music.*

*'Alternative' means, in effect, music types not generally played on commercial radio but which still enjoy a reasonable audience.*

NZ On Air's broadcast promotion work will mainly focus on funded content. We may help promote other music, on request, if we have the resources and the music fits with our main promotions activity.

*Why? The NZ music team is small and we don't have the resources to support everything we would like to. So our funded music will take priority. But if a great song emerges under its own steam, and its makers want us to help promote it, we'll do what we can.*



## CRITERIA

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We are looking for good songs that have the potential to connect with a sizeable audience on broadcast and digital platforms – radio, music television, online.

And we are looking to partner with artists who are committed and motivated, have got a good story and have built themselves a critical and audience buzz.

To be eligible to apply for Making Tracks funding, the artist must be able to answer YES to at least 10 of a list of 20+ criteria and provide evidence. Some of the criteria [\*] are mandatory.

### Artistic

- We have a great song [\* This has a special weighting]

### Business

- We have a record deal
- We have a publishing deal
- We have a management deal
- We have a distribution arrangement in place
- We have \$2,000 to contribute to the music video [\*]

### Track Record

- We have charted a song on a RadioScope airplay chart
- We have charted in a radio station listener-voted poll
- We have sold 500+ singles or 250+ albums or EPs
- We have a 4-star + review in a reputable print or web music journal
- We have won a music award
- We have completed a national tour
- We have scored a significant international support slot
- We have played a major New Zealand festival
- We have had international success
- We have synched a song

### Audience / Fanbase

- We have had 100+ paying public to a single show
- We have more than 1,000 online (Facebook or MySpace, etc) fans
- We have more than 500 Twitter followers

- We have had more than 2,000 plays on YouTube
- We have featured or charted on hypemachine (or similar)

*Why these criteria? Because they provide a broad range of options, without being too prescriptive, to help demonstrate an artist has worked seriously to develop an audience following and a buzz.*

We will also be asking applicants **where** their song will be targeted for broadcast and **how** our funding will help improve the quality of the recording.

We have done a lot of modeling to make sure that these criteria are, on the one hand, generous enough to accommodate a variety of measures of success and business models but are challenging enough, on the other hand, to identify those who genuinely stand out from the crowd.

We want to help those who have helped themselves and who stand out from the crowd, in one way or another.

## DECISION MAKING

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A panel of 6-8 experienced broadcasting and music industry people will look at funding applications, listen to the songs and make funding recommendations.

Decisions will be announced in the fourth week of every calendar month except December and January.

The panel will consist of **at least three broadcasters** – one each from commercial radio, alternative radio and music television from around the country.

There will also be **at least three independents** drawn from a pool of music experts around the country: critics, music business professionals, bloggers, people from the live business.

*Why? Because each has a valid perspective, each will challenge the other, and a wider range of funded music with industry champions should result.*

The panel will have rotating membership. The inaugural pool from which each panel will be selected will comprise around 25 people who we will be approaching shortly. People with good broadcasting and/or music credentials are welcome to make an expression of interest to join the pool. We will advise a process for this in due course.

*Why? Because monthly funding rounds can be onerous, usually involving hundreds of applications each time. We want the process to be always fresh and never a burden.*

The panel will be sent the applications and the songs in the second week of every month and will meet in the third week.

The panel's brief will be to assess each proposal against a checklist and

- identify the best songs by the best artists that have audience appeal
- achieve a balance of commercial and alternative projects

- search actively for “new” artists (those releasing a first or second song) to balance the support for artists with more of a track record.

The panel’s funding recommendations will go to the NZ On Air Chief Executive for sign-off.

*Why? The Chief Executive has the formal delegated authority to approve this public funding. The Chief Executive will not substitute their view for that of the panel but will simply assess that the panel has followed fair and proper process.*

We will review the scheme at the end of the first year and fine-tune as we need to.

## WHAT'S DIFFERENT?

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1. Over the past 20 years, NZ On Air's main music mission has been to **infiltrate commercial radio** and "make New Zealand music matter in the mainstream".

As a result, our funding criteria have been based exclusively on commercial radio (and music television) airplay potential.

2. From July 2011, broadcast potential will still be a key consideration but we will extend our reach beyond commercial music for the mainstream.

From July 2011, we will aim to promote **greater diversity**, both in terms of the music we fund and the platforms we fund for, without losing the gains we have made in commercial radio.

3. For the last 10 years, we have offered funding through three schemes –
  - for recording and marketing albums by artists with good airplay credentials
  - for recording a radio single by new, debuting artists
  - for making music videos.

From July 2011, those three funding schemes will be merged into **one new scheme** based on funding individual tracks and music videos.

4. There will be **more funding allocations and more opportunities for more artists** – and a greater diversity of artists – to deliver quality songs to broadcast and new media audiences, as the chart on the following page illustrates:

<b><u>Targets</u></b>	<b>Old</b>	<b>New <sup>1</sup></b>	<b>More</b>
Recording songs for commercial radio	92 <sup>2</sup>	150	+63%
Recording songs for alt radio/ digital	18 <sup>2</sup>	100	+455%
Making music videos	170	250	+47%

Note 1 In the first year, 250 songs courtesy of the booster fund. From the second year, 200 songs.

Note 2 Assuming 3 singles per funded Album and 20 New Recordings

How can we do more with less? Because, under the old regime, the bulk of the funds – \$1.5 million – was allocated to around 30 projects. We have now chosen to fund more projects instead.

5. We remain committed to achieving increases in local music on commercial radio where the big audiences are listening.

**Songs funded for commercial radio will increase by 63% in the first year.**

6. We will also take account of other platforms for exposure, not just commercial radio.

This will increase the diversity of music we fund and provide more opportunities for artists working outside the mainstream.

**Songs funded for alternative radio/digital will increase by 455% in the first year.**

Of course, some songs funded for alternative radio and/or digital platforms will, ideally, cross to commercial radio as well and so it is not quite as black-and-white as this.

7. **We're involving more people in music selection.** We expect artist demand will continue to seriously exceed funding supply. So we need to bring more experts into the tent, partly to help us deal with the volume but mainly to make sure we benefit from different points of view.
  
8. Why change? Partly because the broadcasting and music landscape has changed, largely as a result of the internet and the proliferation of platforms. We are responding to, and anticipating, the changing environment.

And partly because Kiwi music on commercial radio used to be 2% and now it's up around 20%. Now we can afford to **diversify**.

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**NZ On Air**  
**May 2011**