

Review of Regional Television Funding 2015

for

NZ On Air

Prepared by Paul France
IP Partners Ltd
March 2015

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Introduction

This report has been commissioned by NZ On Air which stated that, in a constrained funding environment, it wished to review its funding criteria for regional television programming. (see [Appendix A](#) for the full terms of reference).

The review is particularly timely being coincidental with long-anticipated changes to the environment in which New Zealand regional television media exists. The review highlights the social benefits which support the continuation of Government financial support for local news and information video content. However, it also highlights the weakness in the delivery of outcomes of the funding. And it highlights the apparently inevitable changes in the way in which New Zealanders will soon seek and consume local video news and information content.

Convergence seems to be nudging into the sphere of local journalism with a vengeance. Not only are young people engaging with events and happenings of interest through social media vehicles such as Twitter and Instagram, but communities appear to be developing interest in connecting through local interest facebook pages and the like.

There are concerns about the advertising market share of traditional media being redistributed to interactive and the impact on associated traditional journalism values and standards. In the US, the number of newspaper journalists has been dramatically slashed and many newspapers shut down. In this country the impact does not seem to be so draconian and there does not appear to be a significant decline in the number of small newspaper titles.

Any Government has an interest in encouraging and developing regional identities. A sense of community and belonging is an important part of an overall sense of well-being. Also the current debate about pressure on house prices in Auckland is a vivid reminder of the importance of vitality and strength of communities elsewhere in the country. A New Zealand comprising an “over-blown Auckland” and a deprived “rest of the country” would be a poor New Zealand indeed.

The job of this report is to consider whether the current approach of allocating limited funding support for the production costs of news and information programmes broadcast within the schedules of most of New Zealand’s regional TV stations is doing the job and whether there are alternatives to consider.

The answer is a bit of a muddle, I am afraid. This is a complex situation and one for which there are not necessarily generalities which usefully reflect the diverse local environments and the varying influencing factors. What follows is my best shot at disentangling some useful answers.

Executive summary

Regional television stations developed in various parts of New Zealand from a variety of stimuli. Some have their origins in the old regional structure of TVNZ (eg CTV), others sprang from the drive of individuals and groups to offer a particular style of content (eg “family viewing” on Central TV) while others were a result of growth from existing video production and/or transmission operations (eg HBTV and Mainland TV). Whatever their antecedents, they are mostly eligible to seek funding support from NZ On Air and thereby the focus of this review.

In the course of the review a large number of station representatives, their customers, wider media executives, interested observers and community representatives were engaged. There is no doubt in my mind that most of the following key findings and conclusions of this review will be of no surprise to anyone involved.

Findings

Environment

The present funding situation seems to have been created from the view through a “backward-facing lens” which was trained on the glory days of regional television 30-40 years ago. Those days simply no longer exist, particularly in two aspects:

- a) consumers have ready access to a plethora of video content. In competing in this plentifully-supplied market, regional TV stations find themselves hobbled by being restricted to the Digital Terrestrial Transmission sector which reaches, at best, only 30% of households.
- b) local advertisers who sought out the audiences created by regional television in the past largely do not exist in today’s world. Most of the large retail advertising is generated from national chains and franchises with decisions made nationally.

A lens facing forward (or more accurately facing at the present) indicates that the long-forecast convergence in video media and the shift from TV to internet is gaining traction. All regional stations are supplying content on-demand with varying success. Recent research shows substantial use by at least half of New Zealanders of broadband video sources such as Youtube and Vimeo and this review was constantly reminded of the rapid growth of social media’s move into local community affairs.

Like elsewhere in the world, there has been a substantial shift in advertising revenues in New Zealand to interactive media. In the past 7 years for which data is available, spend on interactive has gone from \$65m to \$471m. The biggest loser has been newspapers, down from \$810m to \$494m. However, this impact appears not have been so marked amongst community and smaller provincial publications with a big number of titles in this sector (competitors to regional TV) apparently doing well. (see [Appendix F](#) for advertising spend by sector)

Funding Outcomes

From one perspective, the NZ On Air funding outcome is extraordinarily good value for money. Less than \$1,200,000 assists the production of 750 hours a year of local news and information programming at an average approximate cost of \$1600/hr, modest indeed.

Conversely, it should be remembered you get what you pay for. While the purely financial outcome appears laudable, the reality is that most of the programming obviously suffers from being under resourced.

Viewership is uneven and concentrated in the southern part of the South Island. Further analysis of research into regional TV conducted by Colmar Brunton last year reveals that only the funded programmes of Cue TV in Southland, CTV in Canterbury and Channel 39 Dunedin achieve any useful audience reach. And while the figures for those three are substantially greater than for the remainder, they still fall well short of the paid circulation of the relevant daily regional newspapers.

A lot of the journalism on the funded regional current affairs programmes seemed to be largely aiming to fill the time: programmes consist of interviews rather than video stories. Generally interviews are long and uncritical. One would have imagined that enquiring and investigative local news programmes would periodically run stories which would then be picked up and run by other local and even national media. This was not the case. Also, there was generally a disappointing lack of use of new technology and little sense of innovation.

However, the review saw several examples of social benefit accruing from the NZ On Air funding. There was the clear example of CTV where the funding assists a station which is a strong force in the re-establishment of Canterbury and that region's sense of identity and self-worth during the post-earthquake period.

Equally a local television station which partners with other institutions including polytechs, schools and other local media, such as is the case with Channel North in Whangarei, is a useful seedbed for utilising the powerful motivational activity of the creation of video content. It is often little recognised how effective the production of video content is in the appreciation of and learning of such socially valued attributes as discipline, planning and teamwork.

Finally, the reviewer was left with the clear impression that the current funding is vital. Were it to be withdrawn, several stations would probably close and without doubt the production of local news and information programmes would largely cease.

Conclusions

1. Apart from the exceptions in the south, the existing industry model is stagnating and is badly hobbled by limits to its transmission reach. Change will be inevitable as the various stations find ways to adapt. If public funding support continues, an opportunity appears to exist to assist in the development of new structures which incorporate video content distribution within social media platforms.
2. The small size of the audiences generated by most of the stations raises questions about whether broadcast will be an efficient delivery mechanism in the future. Broadcast is a very inefficient mechanism for reaching such small audiences and a move to interactive delivery seems likely.
3. The existing funding pool is limited (and as indicated by NZ On Air) is unlikely to increase significantly in the absence of a targeted Budget allocation. The review suggests that a substantial improvement in the attractiveness and journalistic integrity of the programmes could be achieved by the funding of a short-term mentor who would also drive much better communications between the stations.
4. The social benefits are not limited to simply distributing news and information programming to regional audiences. The power of story-telling in a visual medium remains as strong as always and there is a clear

value to encouraging stations to partner with educational institutions and to open their production activities to the widest possible group.

5. There is a substantial amount of regional commitment and support for most stations. However, much of the programming and viewership is not great. Future funding options clearly include four options:
 - a) First, keep calm and carry on (ie status quo)
 - b) Second, withdraw all funding now from most of the stations (followed by a likely collapse of any social benefits) on the basis that audiences are too small and funding could be more usefully applied elsewhere
 - c) Third, limit funding to those programmes clearly achieving significant audiences, or
 - d) Fourth, continue the existing support for a defined period and produce new criteria designed for the 21st century.
6. In selecting an option which involves continued funding in some form there is an opportunity to involve the industry players in discussions on the future and present them with the challenge of finding ways to achieve more effective outcomes. No funding programme will in itself create outcomes. The hope has to be that committed players might be able to utilise funding support to build services for engaged, committed audiences of a size sufficient to justify investment of public funds.

Section A - Background

History

Regional programming was a strong and integral part of most of the first three decades of television in New Zealand. In the beginning there was no alternative as the available technology and infrastructure allowed only a set of individual stations centred on the then four main centres; Auckland, Wellington, Christchurch and Dunedin.

A network infrastructure was commissioned from the end of the 1960s but regional programming broadcast during breakout slots flourished and was enormously popular until the end of the 1980s when the economic constraints of newly-introduced competition swiftly brought the era to an end. New Zealand was then, and still is, a small market in television broadcast terms. As we entered the 1990s, two major companies competing in the free-to-air sphere and a growing pay TV platform with aspirations to develop a strong advertising income did not leave much room for the regional aspirants.

Various plans for a loose network of standalone regional stations arose and were later discarded, including the short-lived Horizon Pacific regional network run by TVNZ. By the turn of the century there were several independent stations established and apparently operating reasonably successfully. Initially the stations did not receive any financial assistance from the Government funding agency, NZ On Air, which restricted its assistance to television production for programmes which would be screened on the national networks.

However, in 2001 discussions were held between NZ On Air and the regional stations. These discussions foundered on the regional television broadcasters association's request for power to set its own funding priorities and allocate funding to individual channels. Eventually in 2005 the Government of the day made a specific Budget allocation of \$890,000 for NZ On Air to provide funding the operation of eligible regional stations.

Transmission options have never been ideal. Historically transmission via analogue UHF did not reach all households but access was helped by an extensive network of translators which ensured the signal reached all sorts of nooks and crannies in NZ's difficult topography. The frequencies were allocated on either a commercial or non-commercial basis.

The much more dramatic limitation on transmission effectiveness resulting from the recent analogue switch-off is dealt with separately. Of note here though is that since the digital switch over the Government no longer allocates frequencies for regional TV. The channels must now purchase spectrum on commercial terms.

Present Funding Environment

(For a detailed explanation of Government and NZOA funding policy development see [Appendix B](#))

In 2008 NZ On Air increased the regional television funding budget to \$1.5m per year and changed the criteria to bring the funding into line with other NZ On Air funding i.e. contestable funding support for programme production. The main funding priority is for local news and information. In the past round of funding, a total of \$1,185,000 was allocated to 9 stations. The funding ranged from \$40,000 for 90 x 15min local current affairs programmes in English and Te Reo Māori on Te Hiku Television in Kaitaia to \$240,000 for

a series of 250 episodes of a news and information magazine programme on CTV. The list of funding decisions for 2014 is included as [Appendix C](#).

Also dealt with at length separately is the impact of convergence and transition to on-line and on-demand video services. Colmar Brunton recently conducted research for NZ On Air to assess general media consumption in New Zealand. (<http://nzonair.govt.nz/document-library/2014-audience-research-full-report/>) (Slide 9 is included as [Appendix D](#)). The report *Where Are the Audiences?* showed for the first time that accessing video via broadband on sites such as Youtube and Vimeo is becoming a common part of many New Zealanders' media consumption habits. Half of those surveyed were accessing content on these sites at least once a week. TVNZ says it records 170,000 individual streams from its on-demand site every day.

Section B - Analysis of the current state

Introduction and Overview

The present policy position can be characterised thus: If there is a regional TV station operating in a significant region, government financial support may be available on a contestable basis for a local news and information programme, irrespective of the other elements of the station's schedule. The current policy specifically excludes funding support for infrastructure and non-programme related operational costs. The stated aim is to support the production of local news and information programmes as types of programmes that are not carried by the national channels. While unstated, it can be assumed that local news and information programmes are seen to help maintain the identity and culture of regional communities in a New Zealand more and more dominated by the Auckland conurbation.

This review has found that there is still plenty of evidence that television (more properly defined today as video content) is still an enormously powerful social force, both in the aspects of its consumption and of its production. Where regional TV is reaching significant audiences, it still retains its power to involve and energise those who watch it. Equally, involvement in the business of story-telling using video content as a mechanism seems to have lost none of its exciting allure.

The review finds that the issue is not with the basics of video content or of using video content to support local identity and cultural development. The problem is three-fold:

- (1) The framework in which regional television used to exist, and was once a key to that identity and culture, no longer exists. In that fondly-remembered past, a very large proportion of households could, and would, tune in to the regional content which was contained within the national network schedules of a two-channel environment.
- (2) Equally in those days significant local advertisers were keen to reach those audiences and provided a financial underpinning for regional content. Today neither of those pillars of the framework exists.
- (3) In most situations the capability of the stations and their resources (including NZ On Air funding) are simply insufficient to provide the sort of vigorous, challenging and insightful journalism which will perform the dual functions of celebrating the identity of their community while testing the integrity of the structures which manage that community.

At the time of this review there are 9 stations which are receiving NZ On Air funding. They are listed in [Appendix C](#) along with the 2014 funding approval. A station also exists in Oamaru. Since the last review one station (FaceTV/Triangle Television) has moved from free-to-air to the Sky pay-tv platform, thus becoming ineligible for NZ On Air funding.

There are three stations originating in Auckland which cater for specific ethnic and/or language minorities; two Chinese and one Indian. However, two of these are national stations and only one station fits the regional model. That is the Chinese language station TV33. It has applied for funding from the regional TV fund of NZ On Air and this matter is considered in detail later in the review.

Only Canterbury's CTV is transmitting a significant quantity of its own originated material in its schedule although it expects to reduce this from the current level of 48% for economic reasons. Large parts of the

schedule of most commercial stations are devoted to advertorial material with widespread use also of free international material such as that provided by the German Government broadcaster Deutsche Welle.

Of the stations which receive NZ On Air funding, only one could be described as completely non-commercial. Te Hiku TV in the Far North does not display or solicit advertising. Channel North in Whangarei sees itself as a “community channel” and carries little advertising. These operations can reasonably be seen as “social projects” that happen to have a TV station as the output. The remainder are a commercial enterprise in one form or another. Some are video companies with a TV channel attached. One is a newspaper enterprise with the TV station as an adjunct. One can be characterised as primarily a marketing operation selling transmission to national audiences for those who wish to use video as a medium, and with a regional TV station also making use of that infrastructure.

All stations are transmitting via digital UHF terrestrial transmitters. Additionally Cue TV based in Invercargill is distributed via the satellite services of Freeview and Sky.

All stations face substantial competition for audience and, where relevant, advertising. The television advertising markets are swamped by the networks which are not only available on all platforms and thereby to all homes, but can also offer certain-region-only placement.

The regional newspaper industry has consolidated under two large group owners and several other smaller groups with a slew of titles still independent. Obviously these groupings have created savings. In the meantime, the industry as a whole is said to be doing well and there are no signs of wholesale shut down of titles as has been experienced in the United States. The list of provincial and community titles currently published by the two main groups – Fairfax and NZME – is contained in [Appendix I](#).

Similarly commercial radio stations have largely become networked under the umbrellas of the industry behemoths MediaWorks and TRN (owned by NZME). Radio is a noted aggressive competitor of those regional TV stations which actively seek general advertising from the local retail sector.

Transmission changes

Today the digital transmission of most of the regional stations is compartmentalised and effectively unavailable to the majority of the audience. Most only broadcast on terrestrial UHF. Estimates of the detail of the transmission map vary but it is indisputable that well over half the households of New Zealand receive their TV signal by satellite, either by subscribing to Sky or via Freeview satellite. It has to be assumed that the vast majority of those households are configured to use only the satellite services as a TV source and therefore in day-to-day use cannot see the regional stations.

The available figures on households equipped to receive digital UHF terrestrial TV are confusingly varied but a simple (and probably the most accurate) gauge is a recent Colmar Brunton survey of regional TV audiences commissioned for NZ On Air. This survey recorded that only 30% of a statistically significant sample of individual respondents were so equipped.¹ This transmission evolution has occurred within the past few years and is the most significant change that has occurred to regional television within the period of this review. It is acknowledged that distinctions between transmission paths are not new: for a long time in the

¹ See <http://nzonair.govt.nz/document-library/regional-tv-audiences-research-2014/> and relevant slide printed as Appendix D.

analogue era some households had their TV reception limited by having only a VHF aerial and therefore did not see UHF signals. However, the transition to digital transmission of television in this country and the switch-off of the analogue transmitters has delivered a triple whammy to regional TV. In short -

1. The line-of-sight digital signal does not seem to reach a number of communities that the old analogue signals used to via the network of translators (e.g. most of Banks Peninsula, large parts of the Whangarei area etc). This has lost regional stations access to a notable proportion of their historic viewers.
2. The mechanics of the changeover and the economics of aerial installation did not favour terrestrial UHF reception (I fail to see the argument that Freeview viewers were swayed by the availability of HD on terrestrial as a significant incentive to prefer terrestrial reception over satellite).
3. Stations now had to pay increased transmission fees for what appears now in hindsight to be an inferior service.

To generalise, a regional TV station is now left with the unpalatable option of using a transmission route which will, at best, be available in only 30% of households in its area. The only other option is to use a satellite channel which reaches all households in the country which is beyond the means of most regional stations and a substantial waste of resource.

The advertising landscape

A further dramatic change to the environment in which regional television exists is to the advertising landscape. Thirty years ago a substantial amount of retail advertising spend was decided on a local level. Today is the era of national chains and those regional TV stations which try to access the spend of local branches of those national chains are repeatedly told that the spend is decided on a national basis. It gets worse as the national television networks have developed local advertising breakouts and major retailers see no point in placing advertising with regional stations when they can achieve much better penetration and visibility via the national networks.

As noted elsewhere the competition for advertising spend is fierce in most markets. [Appendix H](#) tracks sector advertising spend over time. Both radio and newspapers have responded to loss of market share to interactive by combining group and network ownership. Savings have been achieved through these group and network models for radio and newspapers and the number of stations and titles fighting for the advertising dollar in the regions has not diminished. In summary, each regional TV station still faces strong commercial competition within its region.

The irresistible conclusion is that except in unusual circumstances such as that of CTV in Christchurch, Cue TV in Invercargill, and maybe Dunedin Television 39, the viability of the commercial regional television model in New Zealand has been eroded to an almost fatal extent.

Viewership

In 2014, NZ On Air commissioned Colmar Brunton to research regional television audiences. In July 2014 Colmar Brunton contacted a sample of 2000 divided into representative samples from each of the regions where NZ On Air-funded programmes were broadcast by regional TV stations. *Regional Television Audiences*²

² See <http://nzonair.govt.nz/document-library/regional-tv-audiences-research-2014/> or the relevant slide at Appendix E.

reports that where a regional TV station is operating, 34% of respondents watch it on at least an irregular basis.

Interpreting this research information should be done with care. Colmar Brunton make the point that such a research basis (one which establishes reach amongst the general population) has validity in measuring the performance of the regional stations. Colmar Brunton rightly say that TV ratings (ie the size of the audience watching TV content at any one time) do not adequately measure the impact of niche TV stations such as regional TV.

It is my view, however, that while reach has its value as a performance measurement, the time period for which reach is recorded needs to be limited for it to be seriously considered. I discussed this with Colmar Brunton and we agreed that the measure of performance of the funded programmes should be of those individuals who have watched the programme at least once in the past week.

While this was not registered in the original summary report of last year's research, Colmar Brunton have now prepared a one-page table which breaks down the over-all weekly reach into that achieved by each of the funded programmes. It should be noted that because of the way this research project was structured, the sample sizes in each region are perfectly adequate to ensure the validity of these outcomes. This approach also helpfully rules out the influence of other programming on the stations (eg international content) which has no relevance in a discussion about serving regional media needs.

The weekly reach measure for the funded programmes is remarkably variable. In order of magnitude:

Southland ³	Cue – <i>South Today</i>	12%
Canterbury	CTV – <i>News First at Five</i>	9%
Dunedin	39 – <i>Dunedin News</i>	7%
Rotorua	TV Rotorua – <i>City News</i>	4%
Waikato	TV Central – <i>Central News</i>	3%
Kaitaia	Te Hiku – <i>Haukainga</i>	3%
Hawke's Bay	TVHB – <i>Chatroom</i>	2%
Northland	Channel North – <i>News</i>	1%
Nelson	Mainland TV <i>Local News</i>	1%

The table including these figures and the base from which they are derived is included as [Appendix F](#).

It can be seen that audiences for CTV's News at Five, 39 Dunedin Television News and Cue TV's South Today are not insubstantial but elsewhere weekly reach audiences are all low, some recording as low as one percent of the population.

It is probably unfair to quote data from the on-demand services offered by the stations given that these services are in the early stages of development. They are not heavily promoted and not expected to create large audiences at this stage. Viewing registration numbers shown on Youtube were generally small and

³ In early April 2015, just after this report was finalised, Cue TV announced its intention to move to a full time production operation and exit its broadcast platform.

certainly well short of the many thousands expected from experience with other New Zealand streaming options on demand.

For example TVNZ reports that on an average day it records about 170,000 streams from its on-demand website. Interestingly it reports that news is not a major source of content accessed this way; it is much more likely to be serialised content or content launched first on-demand before broadcast. It remains to be seen if a regional station can monetise content delivered by this mechanism.

The “ity” Index

To assist in analysing the performance of the various regional stations examined, the author developed a comparative index which attempted to define a hierarchy of needs for success in the creation and broadcast of television programmes. For convenience it is referred to as an “ity” index.

1. Availability - Any programme, no matter how well conceived and produced, will not succeed if it is not available to a significant proportion of its intended audience.
2. Visibility – a programme must also be visible to its intended audience – the audience must be aware of it, understand its value, and know how to access it and consume it.
3. Content excitability – In an environment liberally strewn with other options for those seeking video content no provider will succeed unless the content stimulates and sometimes genuinely excites the viewer (what an old friend of mine use to call the “Hey Martha, come and look at this” test).
4. Word of mouth repeatability. In my experience this is the most powerful creator of audiences; characterised by the morning office water-cooler conversation along the lines of “Did you see that programme on TV last night?” (the modern term is “gone viral”)
5. Sustainability and Dependable Regularity - no-one expects excitability 100% of the time but a good station will deliver on a regular basis and go on delivering often enough to keep its viewership.

The detailed evaluation sheets for each station are in [Appendix G](#). As can be expected from the viewership statistics referred to in the previous section, Cue, CTV and Dunedin 39 are strong in most respects. In short, Cue is widely available being transmitted on all platforms and has strong awareness. CTV and Dunedin 39 seem to have sufficiently strong brands and awareness to overcome the limitations on transmission they share with the remainder of the stations.

For the other stations the news is not good. As discussed elsewhere “availability” is a disaster, no more, no less. Trying to provide a stimulating and responsive diet of local content to an audience of which around 70% cannot see the signal is an exercise in futility. Short of spending a lot of money on extended and largely wasted transmission services, the station operators can do nothing about this.

Given this lack of “availability” the visibility of most of the stations seems to be a pleasant surprise The Colmar Brunton research indicated a solid brand awareness of most of the stations. This finding corresponded with my own feedback. There is a fondness and solid sense of support for all the stations.

It would have been impossible for this review to have sensibly assessed all the programming produced as a result of support funding from NZ On Air. However in every location serviced by the relevant regional TV station where this reviewer stayed, that content was not able to be viewed. This is hardly surprising given

that a majority of accommodation providers would buy a package off Sky. Therefore the assessment of programming was necessarily cursory and conducted on-line.

However, I have to record that I never saw a news story that got anywhere near the “Hey Martha!” measure. It was extraordinary to encounter a station newsroom which sat next door to a major daily newspaper newsroom and to learn that while they shared an owner there was no interconnection between the two. Most of what I saw would not arouse a flicker of interest in most potential viewers.

The final aspect to note involves Sustainability and Dependable Regularity. It was notable that an admittedly shallow observation of each station revealed what appeared to be solidity and strong foundations for going forward. They might in some cases operate on restrained and modest revenues but appeared to be in the game for the long-haul.

What was exciting was the potential. For whatever reason the producers of each programme seemed worn down by the sheer difficulty of producing an under-resourced daily news show day in, day out. But there remains the core of enthusiastic and committed people who really do seem to want to make it work. And I detected a considerable enthusiasm for learning how to do it better.

So, to be blunt, in traditional and standard broadcast television terms (again excepting CTV, Dunedin 39 and Cue TV), there was virtually no evidence of significant valuable outcomes (a view reinforced by the limited commercial performance of almost all the stations). There was no doubt that each station has a loyal group of viewers (albeit likely to be very small in some cases). The standard question to ask in such an evaluation is “What would happen if it went away?” In Canterbury, for instance, the reaction would be substantial and vociferous, such is its post-earthquake profile, the strength of the brand and the affection with which it is held.

Elsewhere it is difficult to assess what the reaction might be. An interesting example is the Kaitaia station Te Hiku which has just “gone away” as far as television viewers are concerned. In the transit to digital transmission and the analogue switch-off, the Far North region was adjudged not economic for continued terrestrial transmission. All Far North households now watch TV via satellite. Te Hiku secured a short-term stay of execution and continued to transmit through a limited-range analogue VHF transmitter more or less just to the Kaitaia township. However, this was finally shut off in November 2014 and Te Hiku has been streaming to minuscule online audiences.

This “broadcast death by several cuts” seems to have finally happened with little reaction. The station is planning to invite some disappointed viewers in to discuss their reactions but this had not occurred at the time of writing.

Comparison with the performance and positioning of other regional media

The Terms of Reference for this review asked specifically for a “comparative assessment of the collective weight and service quality of all regional media services to each defined region....” To provide this information in any comprehensive way would be a herculean task and NZ On Air subsequently clarified that it was seeking an overview of the other media available in each region and some observation of the available measures of the impact and acceptance of these media vehicles.

At a glance there would be appear to be plethora of regional and local media vehicles operating in the areas in which the regional TV stations transmit, and there is no doubt that local advertisers generally are spoiled

for choice on how to extend their sales messages to their constituencies. However, sections of the architecture of this range have changed markedly in the last decade or two.

The biggest change has occurred to commercial radio which 20 years ago comprised a large number of largely local stations loosely networked. One major network was established and operated by the Government's Radio New Zealand but was sold in 1996 to the newspaper group APN which also purchased the news service Independent Radio News (IRN) and became The Radio Network (TRN). Other, smaller, privately owned networks combined over time to form what is now the radio arm of MediaWorks.

As an example of the depth of the change, by 2012 all stations of the TRN network were essentially network repeaters and only stations in Wellington and Christchurch carried any local programming being locally produced morning shows. Journalists have, however, been maintained in newsrooms in Auckland, Wellington, Christchurch and Parliament, along with regional journalists in Whangarei, Hamilton, Tauranga, Rotorua, Taupo, New Plymouth, Napier, Palmerston North, Nelson, Dunedin and Invercargill. In 2014 TRN joined with the *NZ Herald* as part of the new NZME.

The stations of the main radio competitor MediaWorks have similarly retreated to network repeaters.

Other publicly-funded regional media is restricted to Access and Iwi radio stations which are dealt with in greater detail below.

Conversely the provincial/regional/local newspaper sector seems still to be vibrant. Along with the international and national trend, advertising revenues have notably slid back in the face of the growth of interactive advertising during the last seven or eight years. However, regional dailies are still attracting significant audited paid circulations and there is a long list of freely distributed community newspapers.

Radio

Several of the well-established iwi radio stations have a different focus from that of the TV stations subject to this review. As an example, Tahu Radio broadcasts through an extensive network which covers the South Island and also is distributed on a Sky channel to the rest of the country. Its focus is a service to iwi members who are resident throughout the country and in many parts of the world. Tahu Radio does not have a newsroom of its own and contracts to receive a national news service from Waatea.

It should be noted that both the Northland stations have solid relationships with Iwi Radio. Channel North in Whangarei has a formal partnership with NgatiHine Radio and this partnership is seen as valuable and productive. In Kaitiaki Te Hiku TV is part of a trust which includes radio stations, one of which is an iwi station Te Hiku O Te Ika. In any event none of these entities see themselves competing in any way for mainstream audience.

Equally the regional TV stations do not see Access radio competing for audience (while there is a feeling that the access stations compete successfully for public funding through NZ On Air). Access radio operates in several of the regions of interest to this review – Waikato, Hawke's Bay, Nelson, Canterbury, Dunedin and Southland.

Newspapers

Conversely the stations all have to share their space with regional newspapers which appear to still have substantial subscriber bases despite the impact of the last decade of interactive media. It has to be said that

a person who pays for a newspaper is demonstrating far greater loyalty and commitment than a person who, say, watches a regional TV news programme for a few minutes after coming across it while channel surfing.

Given the above it should be noted that despite the steady decline of newspaper paid distribution numbers and associated advertising revenue, the regional newspaper titles in each of the regions are still bought every day in numbers far greater than the likely number of households tuning their TV to the funded programme on the relevant regional TV station.

Digital Media

Finally in this section there is a need to consider (1) interactive digital content and (2) what seems to be a rapidly-growing use of social media scaffolding frameworks such as facebook to create local communities and to serve as a communications service for those communities.

As far as this review could discover the only on-demand regional content is generated by the regional TV stations themselves. They all offer some form of on-demand content but it is very early days and while Te Hiku's venture into on-demand delivery should be monitored there is little that can usefully be drawn from the existing situation.

However, the signs are there that this is an additional delivery mechanism for the future with NZ On Air's own recent research showing that 50% of the population now access video content via Youtube or Vimeo at least once a week. Some more time will have to pass before it is sensible to compare this access with viewing of the funded regional TV.

Conversely, note should be taken now, in my opinion, of the rapid uptake of community social media vehicles in the local space. A good example is "Northland Grapevine" which is a multi-level communications vehicle using facebook as its basic framework. Northland Grapevine has grown to the stage that its membership has been capped at more than 9,000. It offers, effectively, most of the services of a traditional media vehicle except journalism and edited content. Notably, though, major national media have picked up stories from Northland Grapevine whereas a Google search finds nothing similar from the regional TV stations. The potential of digital media in this space is examined further under the heading "**Internet distribution and social media.**"

The good news

There were some interesting and exciting findings during my own research. The most significant are reminders that the telling of visual stories is no less powerful an instrument than it has been for decades. One story came from the Christchurch Casino which regularly promotes its restaurant and bar facilities to the residents of the area using a variety of local media. Recently it teamed with a CTV programme in a promotion in which responding viewers were rewarded with free food and beverage vouchers. The Chief Executive of the Casino reports that it was by far their most successful promotion, drawing several hundred successful responses. While viewership of CTV may not rival that of its stronger national competitors, its viewers clearly have a strong emotional bond with the station and its programmes.

From the other end of the telescope comes a story from Whangarei's Channel North. This station operates in partnership with, amongst others, Manaia View primary school, and has its operation based in the school. The school has a teaching unit which involves a group of students in the production of a regular magazine programme; the programme is called "Pukeko Echo" and is broadcast by Channel North.

The school's deputy principal, who oversees this project, reports that the normal expectation for students from this low-decile area of Whangarei is to leave school at an early age. Pupils who have been involved in the production of Pukeko Echo, however, appear much more likely to go on much later in secondary school and greatly improve their opportunities as a result. The creation of video content demands discipline, planning and teamwork but motivation to adopt these practices seems to be in plentiful supply amongst the Pukeko Echo children. I spoke with the Deputy Principal immediately the school year had ended and she did not expect most pupils to come near the school until the new year formally began again in February. However, she expected that several of the Pukeko Echo students would be back working on their projects in early January.

Resourcing

Again excepting CTV, all news and information programmes funded by NZ On Air appeared to be under-resourced. This could be seen as an entirely understandable result of the small budgets under which the stations were operating. But, I was surprised at the lack of innovation and energy demonstrated. Production techniques employed were generally simple and traditional. There seemed to be little attempt to involve the audience and encourage user-generated-content which I would have thought was an obvious technique to create involvement and widen the available visual material.

Similarly I was very surprised that most programmes were not making any major use of services such as Skype to liven news content without needing resources in the field. Budget limitations would typically limit the number of days that crews could be available for field video recording and yet there was no real exploration of alternative techniques for obtaining suitable material.

The exception in this case was Cue TV's South Today programme which does make use of Skype and has organised its own FTP upload facility to easily and cheaply receive content via internet connectivity. Understanding and effectively using all these new technologies is not simple but they are an important key to the future of creating exciting news and information content without the sorts of expenditure traditionally associated with television. Contact between the production teams appeared virtually nil and I discovered no sharing of content which might have been of interest to other regional audiences.

I am moved to say that an undemanding daily planning communication (maybe an online bulletin board of some kind) would, in my opinion, make a huge difference to most of the producers. Such an exchange would provide a multitude of ideas and encourage the identification of sharing material of broader interest than its original target audience. It might mean they worried less about finding and creating sufficient material to fill their programme, and could concentrate more on improving the vitality of their core content.

NZ On Air might also consider short-term funding of a mentoring service to assist the stations improve their output and make much better use of the brains of others in the "regional TV family" and of the new technologies now available. One of the outstanding characteristics of New Zealanders is that we innovate and manage to do world-class things despite our small size. With a little help I believe the broad regional TV news and information production group could make some big steps forward.

An interesting example was at Te Hiku Media in Kaitiaki which is actively exploring options for live streaming from a field camera at a news location. By use of new and interesting technology this station recently streamed live a decision of the Waitangi Tribunal from the location of the announcement. When I talked with

the team at Te Hiku, it was clear they were only just coming to terms with having internet distribution their only option after the final closure only a few weeks earlier of their last remaining television transmitter. However, there seems to be the kernel there of exciting and new ideas. Te Hiku also streamed live coverage events at Waitangi Day 2015 on and around Waitangi Day and this output was also broadcast by Channel North. (see note in Te Hiku analysis in [Appendix E](#)).

News coverage was definitely uncritical and there was nothing that I heard that suggested that any of the stations was providing a robust testing of public bodies in their region. Of course, this was widely appreciated by those involved in the public bodies. Christchurch City Councillors were much more willing to appear on CTV programming than other media outlets because, on the one hand, they knew they would be not be subject to a robust test and, on the other hand, they were generally given much greater amounts of time to explain their point of view. From a journalistic perspective this can hardly be seen as requiring accountability of local institutions.

The Dunedin station has forged a close alliance with the City Council and Mayor Dave Cull appreciates the value in this. An aspect of this alliance is that in a jointly-funded project, all council and major committee meetings are recorded on video with particular care taken with audio facilities to ensure that all speaking councillors are clearly heard. These recordings are aired on the station in full on Saturday afternoons. Two other stations I spoke to are actively working towards similar arrangements with local government.

Internet distribution and social media

The elephant in the room is online services and where we are in the convergence timeline. On the one hand there is compelling evidence that New Zealanders are much more comfortable with accessing video content on line.

On the other hand no-one is certain that the TV set has lost its pride of place as the prime household source of entertainment and information, and no-one is certain that the infrastructure is capable of sustaining a wholesale transfer of activity from broadcast to download.

Both these matters are now dealt with in detail as far as they refer to regional television services.

There are a number of elements to this discussion:

1. All stations have an on-demand presence where viewers can stream content. Use of these services appears minimal at the moment but their very presence indicates awareness amongst the stations that online delivery must be a significant part of their future.
2. As previously discussed, regional TV stations have an unsatisfactory transmission process. It may be in the near future that on-demand via broadband is a much more efficient and effective way of reaching the modest local audiences.
3. Social media has strong options for a new local focus, using basic scaffolding provided by facebook and other internet utilities. Social media began with a very local focus (i.e. within a university) but exploded to encompass global communities. Now, there seems to be a resurgence in the local focus and this may impinge on the area of interest currently served by local news and current affairs TV programmes.
4. Youtube and Vimeo already present a free and relatively simple way of distributing video content. I understand that some schools already make a practice of uploading to Youtube video of their school

sports (for instance) to make that material available to student families. The role of a local TV station is but a short step away.

I should note that the following discussion of these elements does not have a particularly strong empirical or statistical basis. My observations are based more on anecdotal information. However, the themes recurred frequently during my discussions and were particularly striking in discussions with advertising agency leaders who were strongly aligned to interactive as the future.

The construction and operation of websites containing live and on-demand streaming video is beyond the knowledge and capability of this reviewer. I will deal only with principles and content. I found all the stations had websites or services which provided on-demand content in some form or another. These ranged from a channel on Youtube, with a small and largely incomplete archive of content, to a dedicated website. Use of these services appeared to be comparatively limited, but this may be partly a result of lack of awareness of the services at this stage and lack of promotion. It is also possible, until recently at least, that in some regions broadband speed has been a deterrent to online viewing.

A useful comparison is analysis of on-demand use of TVNZ's website. As noted in the recent Colmar Brunton research on media consumption in New Zealand, consumer use of this website and that of TV3 has surged in recent times, albeit after years of investment. TVNZ reports that on an average day it supplies 170,000 streams. Notably TVNZ reports that mostly this is for viewers catching up on missed episodes of serialised drama. There is also strong interest in the international dramas which TVNZ chooses to launch first via on-demand prior to broadcast. I do not have figures for news and current affairs but TVNZ reports that the demand for this content is for live or recent updates, and does not appear to be so focussed on catch-up of the previous evening's or archival content. Apart from this, it demonstrated to me that the regional players have some way to go before they can say significant numbers are making use of their on-demand services.

An interesting development has occurred in Australia where the Federal Government has advised community stations that it will revoke transmission licences at the end of 2015 and reclaim the spectrum for other uses. The stations have been told to migrate to broadband internet for distribution. This suggests an option for the future here. Certainly niche sporting coverage (yachting for instance) has found an effective home on the internet rather than trying to persuade broadcasters that the content is of interest to the wide audiences broadcasting is designed to serve.

I assume that this is part of a wider debate to be had in the near future on over-arching telecommunications and broadcasting policy and regulation. While it is clear that quality distribution of video via broadband in New Zealand is not universal, the UFB rollout is gaining pace and will provide opportunities for online service providers. When the infrastructure works for Netflix and the like, then it will assuredly work for regional TV stations and ought not to be dismissed as a future distribution network.

It is tempting to speculate on the direction and strength of the incursion of social media into local affairs but I will restrict myself to a few observations which point, I think, to some very interesting developments in the future. Some of these are self-evident and frequently said. Firstly social media has been widely adopted by younger generations in particular. While they may now have little interest in local affairs, they will as they progress through parenthood and involvement in the levels of community administration that adulthood seems to demand.

Most of the stations are making use of social media already and surely understand much better than this review the value of these platforms for communications within communities. It is now commonplace for mainstream media to use social media to engage viewers and drive them to their platforms. But most regional stations appear to be only in the early stages of executing a social media strategy.

Communities themselves already actively use a variety of social media and often dedicated websites (for example Neighbourly) to reach their 'community of interest'. Many also make use of Youtube and technology such as Vimeo to distribute video content. It is not difficult to conceive of a multi-layered facility which combines a range of resource ranging from professional independent journalism through to user-uploaded video of variable interest and all of this firmly bedded on a social media foundation to encourage and enliven community identity. This may (a big may!) be part of the future and should not be dismissed.

Of particular interest is that the Far North station Te Hiku has no choice in the matter and must try to find a future in this interactive environment. As previously mentioned the station is exploring innovative technical solutions (including streaming live Waitangi Day coverage this year). The conclusions at the end of this report suggest some thought be given to using Te Hiku as a part test-bed, and the potential development of a digital media scaffold which might provide a better distribution vehicle for regional news and information video content in the future. Te Hiku has to do this now to survive. It makes sense to ensure the intelligence gained in this development is shared around.

Without trying to divine the future or pick winners, it should be of interest to the Government to encourage the investigation and trial of media and communications mechanisms to enhance a strong sense of community and identity in New Zealand's regions. NZ On Air could take the lead in encouraging stations to share information and technology.

International examples

The review terms of reference specifically asked for an investigation of relevant international examples but there seems to be very little to report.

In Australia most regional TV is based upon the American affiliate model where the regional station is primarily a replay agent of a national network with local news and magazine show breakouts at agreed and appropriate times. However, a small number of "community stations" have recently been told that their transmission licences will be revoked by the Government at the end of 2015 and that they should develop internet distribution capability to continue beyond that point. See [Appendix J](http://www.abc.net.au/news/2014-09-10/community-television-kicked-off-air-by-federal-government/5733690) or <http://www.abc.net.au/news/2014-09-10/community-television-kicked-off-air-by-federal-government/5733690>

In America, the small number of independent regional stations often partner with educational institutions and seem often to see an important role for themselves in the coverage of state and local legislature proceedings. There is no state funding as far as I can ascertain.

In the UK public funding of regional TV seems largely limited to BBC local stations and indigenous stations. However, in the past year applications have been invited for operators of "local TV" in 51 areas, apparently unsupported by any public funding. The development has been marked by a lack of success for stations launched in London and Birmingham.

Ireland was home to Dublin Community TV which appeared to produce some attractive programming during its relatively short life but it appears its private funding has dried up.

In some European constituencies commercial free to air and pay TV operators are levied and this fund is applied to TV services which are seen as socially important and this sometimes includes regional TV stations.

What is a regional TV station?

There is a question whether a region means a geographic region or whether sub-groups such as ethnic minorities could be considered. NZ On Air left this matter open when it developed the current guidelines and allowed for both criteria as priorities.

The *Regional Television Programme Fund – Funding Criteria* state that NZ On Air’s programme priorities for the Fund are:

- a) Regional news and information
- b) *Programmes particular to a region for community special interest audiences such as significant ethnic, linguistic and other minorities.*

TV33, a Chinese language station broadcasting in Mandarin to Auckland has been seeking NZ On Air regional TV funding, claiming that it is a regional station and thus met the criteria.

The programmes that TV33 had sought funding support for were, firstly, a weekly news and information programme for the Chinese community in Auckland and, secondly, a weekly series produced in conjunction with Auckland City which explained to the Chinese community of Auckland the bureaucratic processes of the city. To date no public funding has been secured and the channel operates from commercial revenue.

Recently the Chinese community in Auckland became the largest ethnic minority in the city. There appears not to be any accepted independent measurement of media consumption within the community. However, enquiries of a Chinese ad agency suggested that while TV33 is not the dominant TV media player targeting this community, it seems to be achieving notable audiences.

Before accepting any new funded regional services, and in the face of its own frozen funding, NZ On Air commissioned this review to assess the strength of regional television operations where the value proposition is limited to small audiences.

Should a significant sub-group in a region be served by public funding of a regional channel? How many layers of regional funding can be applied to in a limited funding environment? It may be more useful to consider such options as part of an ethnic minority strategy - or a specific China strategy - rather than a regional one.

In the end the issue is local versus national. In a country as small as New Zealand are we locally oriented or are we just one big “local”? All the indicators which appeared during this review point to the former – we are locally and geographically oriented and notably more so the further south we are.

The survival of a large number of regional/provincial/community newspapers is one strong signal. Equally strong as a signal is the rapid uptake of locally-focussed facebook pages which find a ready interest in information sharing at the local level.

I should introduce a cautionary note, finally, in this consideration of what is regional TV. It might be tempting for people to wonder why there is not a local TV station in Auckland, given that it is the country's largest population concentration and is by far the largest economic market. Triangle TV operated for several years, sometimes describing itself as an Auckland channel, sometimes as a public broadcaster, but went behind a paywall as Face TV after it failed to secure digital spectrum.

However the problem is one of competition for commercial revenue. There are already five well established stations dominating the free-to-air market and a host of other pay TV channels absorbing the available advertising revenue.

TV One, 2, 3, Four and Prime are essentially Auckland stations which happen to transmit to the rest of the country as well. One only has to look at the recent poor start-ups of local TV in London and Birmingham to appreciate the tough prospect which would be faced by an Auckland TV station.

And to close the circle back to the beginning of this review it should be remembered that an Auckland regional station would also be struggling to create any audience at all because of the severe restraints to its transmission reach on the UHF terrestrial path. The message is that regional TV starts to work the further away from Auckland it gets.

Regional or Local TV, however it is termed, however it is created and however it is delivered, should be a vibrant part of this environment as long as there are people with the will, the means and the commitment to make it happen.

Some final notes on costs

I noted at the beginning of this review that video content is still the most powerful one-to-many communications device we have. As a story-telling mechanism it has no peer. And, of course, the stories of each of our "locals" are equally as important and valuable to our sense of culture and belonging as are the stories of our nation.

In the past the production of video content was a major task requiring substantial investment in equipment and labour to achieve. Today the technology cost of capturing and editing video has plummeted, although it has to be said that not quite the same has happened with audio.

The problem is that it still requires people to have the creative ideas and to translate those ideas into coherent and compelling content. People cost and good people tend to cost more. The question is whether these costs in a regional TV context can be contained in a way which can be accommodated by the sort of budgets available to regional TV.

And a key issue for all online business, especially in a small market like NZ, is how to be found and regularly used by audiences faced with unprecedented choice.

As noted earlier all stations are struggling to operate with the resources they can afford. Most of the stations I spoke with actively engage with educational institutions to seek interns and the like as a way of bolstering staff levels with little financial impact. This obviously has benefits as a training ground for aspiring television people but probably does not lift performance in the way experienced (and costly) staff would do.

My feeling is that NZ On Air should proactively engage with the existing regional TV players to look hard for new models. For example, none of the stations can afford a parliamentary correspondent in Wellington and

yet Wellington is a rich source of information and stories about each and every region. An idea might be for NZ On Air to encourage collaboration and cost sharing between stations on such initiatives, perhaps with specialist funding initiatives.

As another example, a NZ On Air-led discussion between the regional TV stations and the two major newspaper groups might reveal fertile ground for cooperation and efficiencies. Most newspaper operators are now shooting video for their websites. Already Cue TV in Southland produces video for the NZ Herald's website. There may be other examples but further promoting cooperation between regional media vehicles rather than inefficient competition seems like a good idea.

Section C - Summing up and future options

In this final section I summarise the key findings and then attempt to draw from those findings the options that are available to NZ On Air. I also consider the broader issue of whether regional television as we understand it warrants government assistance and, if so, whether the criteria applying today are appropriate and effective in delivering desired social outcomes.

In summary then, the review found the following:

- Regional TV's transmission ability has been severely restricted by the transition to digital transmission in New Zealand, a restraint which may not have been foreseen but is nevertheless real and significant.
- As a result of this transmission change and because of a change in the advertising landscape, the commercial model for regional TV may only be viable in a small number of locations.
- Only three of the presently funded programmes are achieving notable viewership. Funding is modest and most of the programmes appear under-resourced. However, there are beneficial social outcomes occurring which have little to do with these traditional performance measures.
- Regional daily newspapers have been losing readership and advertising steadily in recent years but nevertheless remain as major sources of local news and information in the regions studied. Commercial radio stations have largely retreated to national networks. Social media is increasingly appearing as a popular way to connect communities of interest.
- All regional TV stations are to a greater and lesser extent providing online content. Viewership is low. The one station now without broadcast ability (Te Hiku) is approaching this challenge with energy and could provide a model for future development.

The task is to take all of that and try to define and assess the options available for the future. This assumes that stimulating and assisting local news and information video content in the regions of New Zealand is seen as a good idea.

There seem to be four broad options:

1. Continue doing what is done now and try to encourage better outcomes where they are currently less than average (The "keep calm and carry on" option). The likely outcome of this option is, in my view, pretty much things staying as they are. There was little that I saw that would suggest the likelihood of substantial change being driven by the players themselves. To be fair to them, they are mostly struggling to deliver the programming with inadequate funding and resources. That sort of struggle, it seems to me, leaves little energy for innovation and drive for change.
2. Stop all funding of regional television now. This would be a statement that the outcomes delivered by the funding are poor and that the money could be better utilised elsewhere. Such a statement would, in my view, ignore the notable value achieved by the funded programmes on the three southern stations and ignore social benefits achieved by, in particular, the two Northland stations. My feeling is that adopting this option will well and truly throw the baby out with the bathwater. It will undoubtedly result in the immediate cessation of most of the desired news and information programming and very likely kill off some stations.

3. Cut funding now to those programmes which are not being viewed by even modest audiences; in my opinion this would mean ceasing funding of six of the nine programmes. It has to be considered whether an immediate cut of any of the funding is fair to the participants. The change in availability resulting from the digital transition has had a major negative impact and there was nothing any of the players could do about it. The players deserve better treatment. An example is Te Hiku which clearly deserves more time to explore its new distribution options.
4. Continue funding for a brief and clearly defined period -say one or two year(s) - and signal now that a new, tightly focused scheme will be introduced. This is likely to cause the least negative reaction from the regions involved (excepting of course any decision to maintain or even increase funding). This option has the attractive aspect also of providing an opportunity for the regional TV stations themselves to define their futures and deliver services designed for 21st century audiences.

This review has not been asked to make recommendations but in my view Option 4 creates a challenge for the industry which can be described as fair and which takes into account the way in which the transmission system has been skewed against the players.

It also satisfies the opinion of the reviewer that effective change will be achieved by the industry players who demonstrate commitment and have that commitment supported by Government funding aligned to a commonly understood set of social benefits. As it seems clear the future will involve some fundamental change in delivery mechanisms, it should be left to the players to explore the options.

Notwithstanding the above, in pursuing Option 4 it seems appropriate there be some focussed and short-term assistance to the industry to meet these new challenges. There is an option to fund in a strictly limited and defined way some services to support the development of new models to suit the new digital environment. I have mentioned in the report that a mentoring service to enthuse and coordinate new ways of making the desired content might create some real change, and I have noted the work going on at Te Hiku in adapting to interactive delivery which might deserve support as a means of developing an interactive model for this New Zealand regional environment.

Appendices

Appendix A – Review Terms of Reference

Purpose

NZ On Air, in a constrained funding environment, wishes to review its funding criteria for regional television programming in particular, in the context of other regional media in general, to assess the impact of public funding for regional television.

Definition

Regional Television means broadcast television services originating from and intended for audiences in a discrete geographic region within New Zealand.

Other Regional Media means radio, print and online media made specifically for a particular region or a clearly defined community of interest in a region. For the purposes of this exercise, *radio* means stations that broadcast in a defined region to a defined audience, including access and student radio, but excluding NZME and MediaWorks networked stations and LPFM frequencies.

Also for the purposes of this exercise, a *Region* means either a province or a clearly defined geographical community with a minimum population of 50,000.

Scope

The review will consider the following matters, consult as necessary, and provide an analytical report that discusses and evaluates practical options for improvement.

- A brief historical background of broadcasting licensing arrangements, how commercial and non-commercial spectrum was traditionally obtained, and how transmission options have changed after DSO
- Brief historical and contextual background on the development of the Regional and Community Broadcasting Policy Framework and NZ On Air's current funding policy
- The extent to which current regional television and other regional media (whether or not they receive public funding) collectively reflect local character and identity, provide local information and news, and provide media access for and by local communities
- The extent to which collaboration opportunities are being used to improve outcomes
- Options to improve NZ On Air's regional television policy to ensure funding is adding value to outcomes

We anticipate the report will be succinct, audience-focused, with detailed data presented as appendices.

Key matters to be covered in the report include: **Current state:**

Regional Television

1. A short description of current regional channels, their objectives, transmission arrangements, typical programme schedules, target audience, coverage, and community awareness (plus information on channels that have recently ceased operating or changed their transmission arrangements).

2. Information on proportion, type and funding source of regional (locally produced) content, other NZ content, and foreign content carried on each channel.
3. A broad assessment of business viability and revenue opportunities by channel type.
4. A comparative assessment of how well-connected each channel is with the audiences they serve and the level of collaboration, if any, with other regional media.
5. A brief assessment of any international models that may be relevant to a small country.

Other Regional Media

6. A short description of current regional and community radio stations operating in the same catchment as a regional television station, their objectives, general programming type and target audience.
7. A short description of key online and print media specifically serving regions in a regional television footprint, their objectives, and target audience.
8. A broad assessment on how well-connected the key media outlets are with the communities they serve and the level of collaboration, if any, with other regional media.

Summary

9. A comparative assessment of the collective weight and service quality of all regional media services to each defined region including access and community radio: are audiences in each region comparatively well served with regional information or not?

Future state:

10. A brief commentary on optimal, cost-effective and collaborative ways to deliver appropriate regional media services for a small country, discussing the role of the market and the role of limited public funding in the digital age.
11. Is there an optimal number of regional channels for a country of 4 million people? Are there optimal locations? Where is there most evidence of audience demand? Is changing demography an influencer?
12. What are the main barriers to and opportunities for channel success? What should the role of government be?
13. What are the most appropriate transmission arrangements?
14. Is the current NZ On Air funding focus on regional news and information programming still appropriate?
15. Are market developments in online media likely to improve timely access to local information? What might this mean for regional television and radio?

Timeline:

- | | |
|-------------------|--|
| 30 November 2014: | Reviewer appointed |
| 31 January 2015: | Draft report provided for comment to NZOA: comments to reviewer by 10 February |
| 1 March 2015: | Final report delivered |

Appendix B – Policy framework and history of public funding for regional TV

1. In 2005/06, after many years of lobbying by the sector, the Government increased NZ On Air's baseline funding by \$890,000 p.a. to provide funding for regional television. The funding allocation was to support the Government's *Regional and Community Broadcasting Policy Framework*, approved by Cabinet in 2006. The framework was later endorsed without amendment by the Minister of Communications and Information Technology and the Minister of Broadcasting in the incoming government in September 2009.

2. The stated goal in this framework is:

To enable a range of broadcasting services, content and formats for regional, local and community and minority audiences including ethnic minorities, communities of interest and students.

The goal covers services and programmes, geographic spread and communities of interest, and it complements the nationwide and international focus of network broadcasting.

The objectives relate to the broadcasting environment for regional, local, community and minority audiences. The objectives are to:

- *Promote local broadcasting services (local broadcasting);*
- *Promote innovation and a diverse range of content and formats for different audience identities and interests (diversity);*
- *Facilitate wide technical, cultural and social access to broadcasting (accessibility); and*
- *Provide for long term developments affecting broadcasting (future-proofing).*

3. Prior to DSO the Government allocated specific frequencies for regional television. The licences were either for commercial or non-commercial purposes. Government guidelines for the use of non-commercial licences required that the programming of non-commercial licence holders be for the needs and interests of the communities they served.

4. Since DSO the Government no longer allocates frequencies for regional television. Instead, regional channels negotiate spectrum on commercial terms with digital spectrum rights holders.

NZ On Air Funding Support

5. From the 2005/06 funding year, NZ On Air began to provide operational funding to regional channels based on a channel eligibility formula that included base funding and a population modifier. A small portion of the \$890,000 was reserved for smaller channels that did not qualify for more significant funding.

6. Applications for funding were assessed in terms of the broadcaster's ability to provide programmes that reflected New Zealand identity and culture and provide a range of programming for specialist interests. NZ On Air funding for regional television recognised that these Broadcasting Act imperatives could be achieved locally as well as at a nationwide level. Also, regional television broadcasters could provide regional based programming that was seldom provided by the nationwide free-to-air or pay broadcasters. Whether a channel was on a commercial or a non commercial licence was not an assessment factor.

7. Over time, new entrant channels qualified for funding so the quantum of funding received by existing channels began to fall. Figure 1 diagrams these effects.

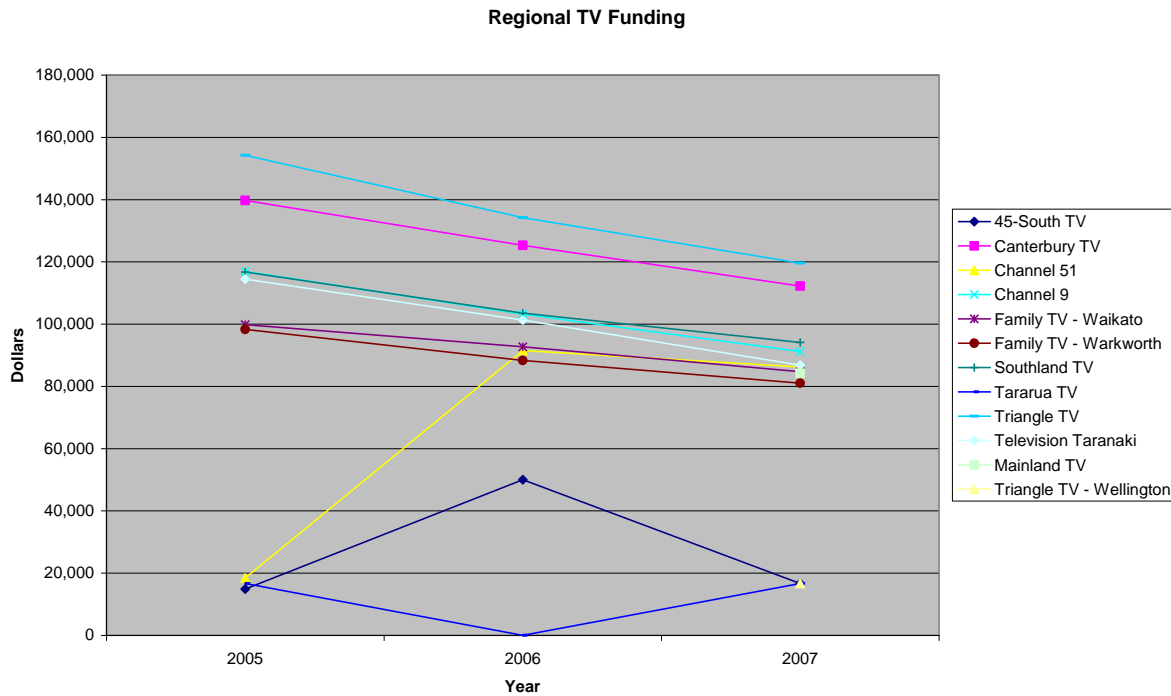


Figure 1: Effect of New Entrants on Regional TV Funding (ex NZ On Air 2008 review paper)

8. The rising number of channels combined with a static funding pool was one of the reasons leading to the 2008 review. After consultation with channels, the basis for regional television funding was changed to a contestable programme funding model. Not only was this option preferred by the majority of regional channel stakeholders it is also more in line with standard NZ On Air funding practice. From 2009, NZ On Air topped up the regional television funding pool to \$1.5 million annually, allocated as a subsidy on a contestable basis to suitably qualified regional news and information programmes. Research into public expectations of regional television programming has identified an overwhelming preference for local news and information (Labett 2003 and 2010, Colmar Brunton 2014; various research studies conducted by regional channels themselves).
9. The underlying rationale for funding under the new 2009 funding criteria remained the same as described at point 6.
10. At the time of writing, regional channels appear to be unanimously of the view that the current funding arrangements provide too little support for their programming – partly because programmes are not fully funded and partly because a subsidy for channel operating costs is excluded.
11. The history of NZ On Air funding support for regional television is thus one in which the quantum of funding made available by Government has never been adequate to satisfy funding demand.
12. NZ On Air, for its part, has increased the regional television funding pool from \$890,000 to \$1.5 million and, in a constrained funding environment, must look closely at the value it receives from every funding dollar invested.

Appendix C – NZ On Air regional TV funding – 2014/2015.

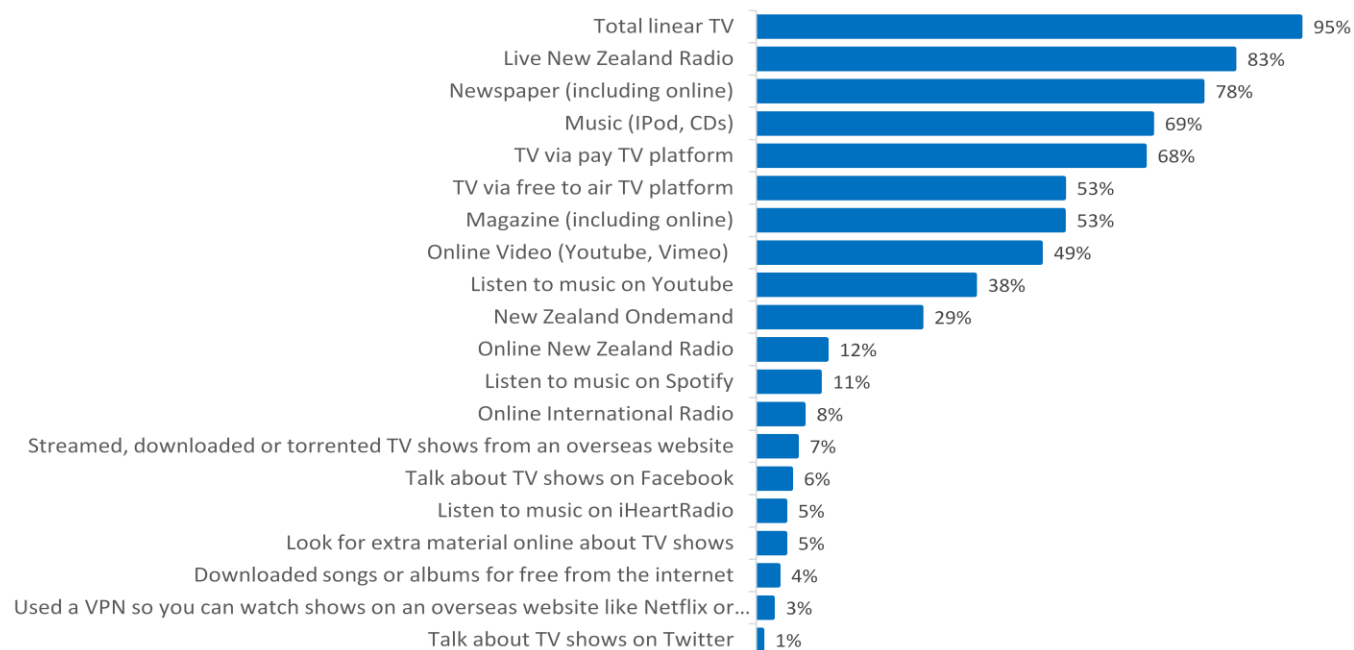
Christchurch	CTV NEWS FIRST AT FIVE CTV	\$240,000
Southland	SOUTH TODAY Cue TV	\$175,000
Waikato/BOP	CENTRAL NEWS TV	\$175,000
Dunedin	39 DUNEDIN NEWS AND SOUTHERN NEWSWEEK	\$175,000
Rotorua	CITY NEWS TV	\$115,000
Northland	CHANNEL NORTH NEWS	\$90,000
Hawke's Bay	CHATROOM TVHB	\$90,000
Nelson	MAINLAND TV - LOCAL NEWS	\$85,000
Kaitia	HAUKAINGA - TE HIKU ISSUES	\$40,000

Appendix D – Colmar Brunton Media Consumption Research

Traditional broadcast platforms (TV, radio) still deliver the biggest audiences in New Zealand, including hard to find audiences (eg. youth) and targeted audiences (eg. Asian people).

Online video (eg. Youtube) is the most popular digital media reaching one in two each week, and music via Youtube, and New Zealand Ondemand sites reach more than a third each week.

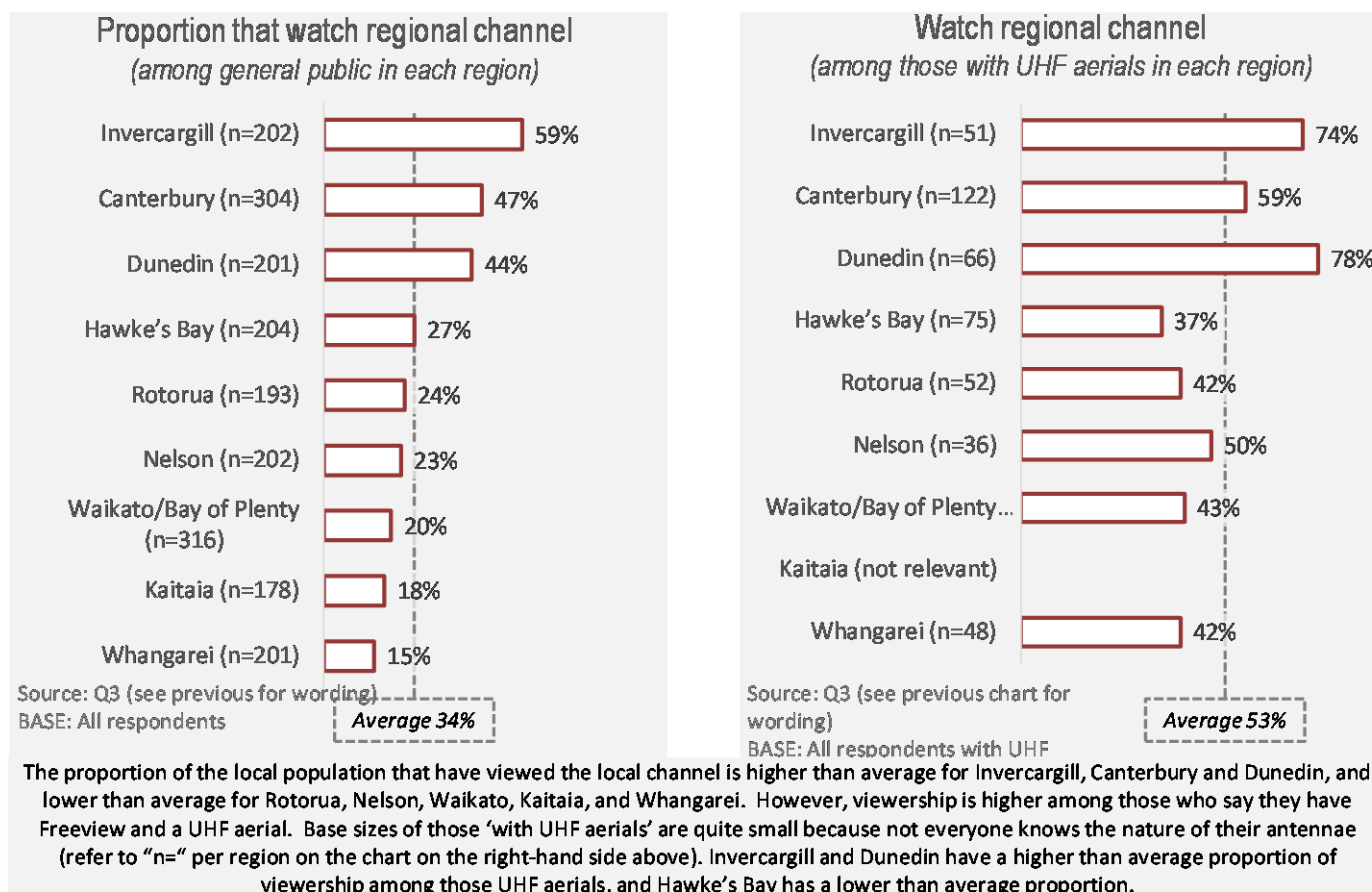
Much of this report examines the daily media consumption of New Zealanders. However the weekly reach measure below provides the best single point of comparison of nearly all the media included in this study.



Appendix E – Colmar Brunton Regional TV Viewership

Colmar Brunton Regional TV Viewership research Slide 15

The percentage of viewers varies by region (from 59% in Invercargill to 15% in Whangarei). Those with UHF aerials are more likely to be viewers (although caution should be applied to some regional results by UHF aerials due to relatively small base sizes)



Appendix F - Weekly Reach of Local News Shows

Subsequent analysis by Colmar Brunton of regional TV research giving weekly reach of funding regional TV programmes.

Weekly reach of local news shows



	Weekly Reach %
Kaitaia or Awanui (n=178)	3%
In or near Whangarei (n=201)	1%
Waikato or Bay of Plenty not including Rotorua (n=316)	3%
Hawkes Bay in or near Napier, Hastings, and Havelock North, Taradale (n=204)	2%
Rotorua (n=193)	4%
In or near Nelson, Motueka or Takaka (n=202)	1%
Christchurch or Canterbury (n=304)	9%
In or near Dunedin (n=201)	7%
In or near Invercargill or Bluff, Riverton, Winton or Matakura (n=202)	12%

Source: Q7D. How often do you tend to watch NEWS PROGRAMME?
Weekly reach % is the sum of respondents who said "Every day", or "Two or more times a week", or "Once a week".



BASE: All respondents



© Colmar Brunton 2014 | SLIDE 1

Appendix G - "ITY" evaluation -

Regional Television Assessment Sheet					
		Station:	Te Hiku TV		
		Funded programme	Haukāinga		
General Notes:	This station lost all normal broadcast at the end of 2014 as a result of the analogue switch-off. It now relies entirely upon streaming and on-demand delivery to viewers. It is early days to assess its success at this but the station executive is approaching the challenge with innovation and enthusiasm.				
					Grades
"ITY" hierarchy of needs applying to funded programme					Strong
Availability	Broadband improves availability			Average	
Visibility	Unprompted awareness low			Weak	
Content Excitability	Limited by focus on Māori lang.				
Word-of-mouth	Not readily apparent to review		Other regional media in the area:		
Dependable Regularity	Large funded infrastructure		Radio stations (only iwi station local)		
Sustainability	as above		Fairfax networks -		
Note: Derived from a variety of sources and opinions			TRN Networks -		
			Indy stns -		
Likely Audience funded programme (views weekly)			Iwi stns -		operated by Te Hiku
Colmar Brunton survey	3%	(historic)			
Station's belief	Not applicable				
Community users	low		Newspapers		
Independent view	low		Northland Age	3,897	
			(covers wide area)		
Station local content commitment beyond funded prog					
Station's belief	Valued archive				Total 3,897
Community users	Limited				
Independent view	Narrow focus				
Additional notes:	<p>The station put a big effort into using its clever technology to stream live the events around Waitangi Day this year.</p> <p><u>Viewership from 4 - 6 February 2015</u></p> <p>4.5 thousand pageviews 1.4 thousand users 60% new visitors (most NZ but big interest in Australia) 7:47 average time spent on site Returning visitors spend twice as much time on site</p> <p><u>Livestream Plays</u> <u>3600</u></p> <p>This seems a promising first step.</p> <p>However, community comment noted that the overwhelming majority of content was in Te Reo and thereby limited appeal. The station management notes that its constituency has the highest occurrence of Te Reo speakers in the country.</p>				

Regional Television Assessment Sheet

	Station:	Channel North		
	Funded programme	Channel North News		
General Notes:	The change to digital transmission has done this station no favours. Its transmitter seems to suffer badly from lack of line-of-sight access to many households and anecdotal discussions suggested very low availability. However, the station was strongly supported by those who knew of it and was seen to be of strong value.			
			Grades	
"ITY" hierachy of needs applying to funded programme				Strong
Availability	Poor coverage via UHF terrestrial			Average
Visibility	Near average awareness			Weak
Content Excitability	Very restrained by availability			
Word-of-mouth		Other regional media in the area:		
Dependable Regularity	Trust with social objectives and	Radio stations (only iwi station local)		
Sustainability	funding sources beyond NZOA	Fairfax networks -		
Note: Derived from a variety of sources and opinions		TRN Networks -		
		Indy stns -		
Likely Audience funded programme (views weekly)		Iwi stns - Ngati Hine partner of TV stn		
Colmar Brunton survey	1%	ie 300 households		
Station's belief	Not available			
Community users	low	Newspapers		
Independent view	low	The Northland Advocate		10,849
		(covers wide area)		
Station local content commitment beyond funded prog				
Station's belief	See below		Total	10,849
Community users	Limited			
Independent view	see below			
Additional notes:	This station is not ashamed to position itself as a social project. While there was no evidence to suggest substantial audiences, there are clear social benefits flowing from its existence, not the least the benefit to the school pupils at its base who produce their own programme. The station management values its partnerships with the Ngati-Hine FM Iwi station, the Northland Advocate newspaper and the Te Hiku TV operation in Kaitiaki. This last partnership saw Channel North broadcasting in Whangarei the output of Te Hiku from the Waitangi Day events this year.			

Regional Television Assessment Sheet

	Station:	TV Central			
	Funded programme	Central News			
General Notes:	Transmitted through Central Waikato and western Bay of Plenty. and likely reaching an area containing 120,000 households. While transmission via UHF terrestrial only will likely limit the catchment to 40-50,000 HH, this is still a useful base for a regional tv operation.				
					Grades
"ITY" hierachy of needs applying to funded programme					
Availability	UHF Terrestrial approx 30% only				Strong
Visibility	Low awareness 12% unprompted				Average
Content Excitability	Little				Weak
Word-of-mouth	Little		Other regional media in the area:		
Dependable Regularity	Solid resource base		Radio stations		
Sustainability	Seems sustainable		Fairfax networks -		
Note: Derived from a variety of sources and opinions			TRN Networks -		
			-Free FM access radio		
Likely Audience funded programme(views weekly)			Iwi stns -		
Colmar Brunton survey	3%	ie 3600 households			
Station's belief	5%	(extrapolated)			
Community users		Newspapers			
Independent view	less	Waikato Times - audited circ		26,700	
		Bay of Plenty Times -		13,656	
Station local content commitment beyond funded prog					
Station's belief	Children			Total	40,356
Community users	Mostly international				
Independent view	Mostly international				
Additional notes:	TV Central scores relatively low awareness across its potential reception area. If the figures from the Colmar Brunton research are used as a guide, maybe 3600 households are viewing the news programme once a week or more often. This can be contrasted with the 40,000 paid copies of regional daily newspapers sold every day.				

Regional Television Assessment Sheet

	Station:	TVRotorua					
	Funded programme	City News					
General Notes:	An affiliated station to Central TV and transmitted to the city of Rotorua. As well as producing and broadcasting the City News programme local to Rotorua it also replays the Central News produced by Central TV. Rotorua has approximately 24,000 households.						
							Grades
"ITY" hierachy of needs applying to funded programme							Strong
Availability	UHF Terrestrial approx 30% only						Average
Visibility	Good awareness 39% unprompted						Weak
Content Excitability	Little						
Word-of-mouth						Other regional media in the area:	
Dependable Regularity						Radio stations	
Sustainability	Part of Central TV group					Fairfax networks -	
Note: Derived from a variety of sources and opinions						TRN Networks -	
						Indy stns -	
Likely Audience funded programme (views weekly)						Iwi stns - Te Arawa FM (89FM)	
Colmar Brunton survey	4%	ie 3600 households					
Station's belief	5%	(extrapolated)					
Community users		Newspapers					
Independent view		Daily Post					8,000
Station local content commitment beyond funded prog							
Station's belief	Children					Total	8,000
Community users							
Independent view							
Additional notes:	TV Rotorua has relatively good awareness and scores better on viewership than many of the other North Island stations. It has a companion TV station which is designed to service the tourism industry. I have recorded only circulation of the Daily Post newspaper as I have no way of ascertaining circulation of papers such as the Waikato Times.						

Regional Television Assessment Sheet

	Station:	TV Hawkes Bay			
	Funded programme	Chatroom			
General Notes:	TVHB is a long-established operation. Its management chose not to subcontract digital transmission and after some initial teething problems now transmits via its own transmitter with spare capacity in its mux for extra channels. The twin cities of Napier and Hastings comprise about 50,000 households.				
					Grades
"ITY" hierarchy of needs applying to funded programme					Strong
Availability	Slightly better than average				Average
Visibility	Slightly better than average				Weak
Content Excitability	"Easy" studio interview				
Word-of-mouth	Not rated			Other regional media in the area:	
Dependable Regularity	Long-time operator			Radio stations	
Sustainability	See above			MediaWorks networks -	
Note: Derived from a variety of sources and opinions				TRN Networks -	
				-Radio Kidnappers access radio	
Likely Audience funded programme(views weekly)				Iwi stns -	
Colmar Brunton survey	2%	ie 1,000 households			
Station's belief	Better				
Community users	less		Newspapers		
Independent view				Hawkes Bay Today	18,825
Station local content commitment beyond funded prog					
Station's belief				Total	18,825
Community users					
Independent view					
Additional notes:	The station has been running for a considerable period but still does not seem to have created more than a minor impact. On the basis of the Colmar Brunton research there is probably only 1,000 households tuning in to the Chatroom programme at least once a week which is well short of the paid consumption of the Hawke's Bay Today newspaper.				

Regional Television Assessment Sheet						
	Station:	Mainland TV - Nelson				
	Funded programme	Local News				
General Notes:	Mainland TV is long-established and presents itself as a successful and profitable regional operation. It has considerable experience in transmission and the technical aspects and operates its own transmitter and mux, originating several channels exploiting a range of largely international material.					
						Grades
"ITY" hierarchy of needs applying to funded programme						Strong
Availability	Less than average					Average
Visibility	High prompted awareness					Weak
Content Excitability	News more colourful than usual					
Word-of-mouth	not evident in research	Other regional media in the area:				
Dependable Regularity	Long-time operator	Radio stations				
Sustainability	See above; own transmitter	MediaWorks networks -				
Note: Derived from a variety of sources and opinions		TRN Networks -				
		Indy stns -		Fresh FM Access		
Likely Audience funded programme (views weekly)		Iwi stns -				
Colmar Brunton survey	1%	ie only about 200 households				
Station's belief	Much better					
Community users		Newspapers				
Independent view				Nelson Mail	11,664	
Station local content commitment beyond funded prog						
Station's belief	Mainly international			Total	11,664	
Community users						
Independent view						
Additional notes:	Despite the small viewership suggested by the recent Colmar Brunton research for NZOA, this station seems well established and appears to have a good stable of advertisers. The news programme had a colourful feel missing from some others. However, it is difficult to ignore the Colmar Brunton figures.					

Regional Television Assessment Sheet						
	Station:	Canterbury TV				
	Funded programme	News First at Five				
General Notes:	Clearly the most successful of the regional TV model having established a remarkable profile as a result of the earthquake and then cementing that with a very substantial commitment from its owners. Now establishing transmission to much of wider Canterbury although hobbled to some extent by UHF limitations					
						Grades
"ITY" hierachy of needs applying to funded programme						Strong
Availability	UHF terrestrial limitation				Average	
Visibility	Very high prompted awareness				Weak	
Content Excitability	Well resourced and it shows					
Word-of-mouth	demonstrated in research		Other regional media in the area:			
Dependable Regularity	Seems commercially sound		Radio stations			
Sustainability	as above		MediaWorks networks -		Ch Correspondent	
Note: Derived from a variety of sources and opinions			TRN Networks -		Local breakout and newsroom?	
			Indy stns -		Plains FM Access	
Likely Audience funded programme(views weekly)			Iwi stns -		Ngai Tahu station	
Colmar Brunton survey	9%	Poss 17-18,000 HH				
Station's belief	Even more					
Community users		Newspapers		ChCh Press	63,901	
Independent view				Timaru Herald	10,381	
				Ashburton Guardian	4,311	
Station local content commitment beyond funded prog						
Station's belief	Currently 48% of schedule locally produced				Total	78,593
Community users						
Independent view						
Additional notes:	When visited CTV had 30 staff FTE's which gives an idea of the size of the commitment that has been made to the station. As noted above 48% of the schedule was locally produced but this was expected to be cut back for economic reasons.					

Regional Television Assessment Sheet						
	Station:		39 Dunedin TV			
	Funded Programme		39 Dunedin News			
General Notes:	A long-established station owned by Allied Press and operating from the Otago Daily Times building. One of the more successfully established stations with moderate viewership and good local presence marked by working relationship with Dunedin City Council to record and broadcast all council meetings					
				Grades		
"ITY" hierachy of needs applying to funded programme						Strong
Availability	appears better than UHF alone					Average
Visibility	Good prompted awareness					Weak
Content Excitability	OK but little crossover from ODT					
Word-of-mouth	Traditional and long established		Other regional media in the area:			
Dependable Regularity	Strong		Radio stations			
Sustainability	Strong		MediaWorks networks			
Note: Derived from a variety of sources and opinions			TRN Networks -			
			Indy stns -		Otago Access Radio	
Likely Audience funded programme (views weekly)			Radio Dunedin			
Colmar Brunton survey	7%	ie 3,500 HH	lwi stns -		Ngai Tahu	
Station's belief						
Community users	about the same		Newspapers			
Independent view	about the same				Otago Daily Times (but over wider area than just Dunedin)	35,247
Station local content commitment beyond funded prog						
Station's belief					Total	35,247
Community users						
Independent view	Mostly international					
Additional notes:	This station reinforces the belief that the appetite for regional TV increases markedly in the south of the country. Surprisingly the co-ownership with the ODT is not exploited to the extent possible and it would have to be imagined that such exploitation could only benefit both entities were it to be managed well. The relationship with Dunedin City appears to work well and while it probably is a service to a relatively small group of viewers it is a good example of the use of video to distribute socially important events.					

Regional Television Assessment Sheet

	Station:	CUE TV Southland				
	Funded programme	South Today				
General Notes:	Cue TV is unique amongst the regional stations in that it is transmitted via all available platforms - being on Freeview satellite and UHF, as well as on Sky. This reflects the station's primary business of providing a vehicle for entities wishing to distribute video content through the country. This situation is discussed below.					
						Grades
"ITY" hierarchy of needs applying to funded programme						Strong
Availability	Very strong awareness					Average
Visibility	Most watched of regional TV					Weak
Content Excitability	Appears competent/attractive					
Word-of-mouth	Well reflected in good research				Other regional media in the area:	
Dependable Regularity	See comments below				Radio stations	
Sustainability	See comments below				MediaWorks networks -	
Note: Derived from a variety of sources and opinions						TRN Networks -
						Indy stns -
Likely Audience funded programme(views weekly)						Iwi stns -
Colmar Brunton survey	12%	ie 3,500HH in Southland plus national audience				
Station's belief	about the same					
Community users		Newspapers				
Independent view					Southland Times	22,478
Station local content commitment beyond funded prog						
Station's belief					Total	22,478
Community users						
Independent view	Some programming					
Additional notes:	<p>Cue TV has had a long and fruitful partnership with the Southern Institute of Technology which has driven, and provided for, the transmission on all platforms and through the country. At the time of this review the partnership had just ended and the future shape and scope of the station has yet to be identified.</p> <p>Of note is that the station's own research suggests that more than 40% of the Southland viewers watch via the Sky platform, revealing how affected other stations are through not being available on that platform.</p>					

Appendix H – NZ Advertising Spend By Sector

Advertising Standards Authority

NEW ZEALAND ADVERTISING INDUSTRY TURNOVER

DECEMBER 2013 YEAR END

	2013		2012		2011		2010		2009		2008		2007		2006		2005		2004	
	\$ M	%	\$ M	%	\$ M	%	\$ M	%	\$ M	%	\$ M	%	\$ M	%	\$ M	%	\$ M	%	\$ M	%
TELEVISION	634	27.9	614	28.4	618	28.4	607	28.4	570	27.9	647	27.9	654	28.0	641	28.8	666	29.9	643	31
NEWSPAPERS	494	21.7	540	25.0	582	26.7	627	29.3	623	30.5	760	32.8	826	35.4	810	36.4	830	37.2	790	38.1
INTERACTIVE	471	20.7	366	16.9	328	15.1	257	12.0	214	10.5	193	8.3	135	5.8	65	2.9	44	2.0	15	0.7
RADIO	267	11.7	248	11.5	247	11.3	241	11.3	236	11.5	268	11.6	274	11.7	269	12.1	256	11.5	247	11.9
MAGAZINES	211	9.3	210	9.7	209	9.6	219	10.2	217	10.6	249	10.7	257	11.0	251	11.3	260	11.7	223	10.7
OUTDOOR	76	3.3	67	3.1	83	3.8	70	3.3	68	3.3	74	3.2	78	3.3	79	3.6	72	3.2	51	2.5
ADDRESSED MAIL	60	2.6	58	2.7	50	2.3	53	2.5	53	2.6	56	2.4	36	1.5	35	1.6	34	1.5	34	1.6
UNADDRESSED MAIL	53	2.3	54	2.5	55	2.5	55	2.6	58	2.8	61	2.6	65	2.8	64	2.9	56	2.5	59	2.8
CINEMA	8	0.4	7	0.3	7	0.3	8	0.4	6	0.3	9	0.4	10	0.4	10	0.4	11	0.5	13	0.6
TOTAL	2274	100.0	2164	100.0	2179	100.0	2137	100.0	2045	100.0	2317	100.0	2335	100.0	2224	100.0	2229	100.0	2075	100.0

IMPORTANT: This table is to be read with the Explanatory Notes for the 2013 figures

NEW ZEALAND ADVERTISING INDUSTRY TURNOVER

Explanatory notes for the year ended 31 December 2013

- Television:** This figure includes all cash revenue, including agency commission, excluding GST from free to air (including Prime) and pay television. The figures are independently collected for ThinkTV by PwC and reported to the ASA as a total revenue figure.
- Newspapers:** This figure includes all cash revenue, including agency commission, excluding GST from all daily, Sunday and community newspaper titles in New Zealand. The revenue includes display, retail, classified and insert advertising. The figures are sourced from the member newspapers of the Newspaper Publishers' Association of New Zealand and the Community Newspapers Association of New Zealand. NOTE: Newspapers advise the figure reported is not a comparative measure with other main media which derive the majority of their revenue from National and Retail advertising sources.
- Interactive:** The online advertising expenditure figure is based on gross amounts charged to advertisers and inclusive of any applicable agency commissions. The 2013 figures include Display Advertising which includes banners, skyscrapers, rich-media, streaming advertising, email, online video and other forms of interactive Display advertising; Classifieds, which includes revenues from ads placed to buy or sell an item or service and Search & Directories Advertising which includes revenues from online Directories and search engine listings; Mobile and Social Media Advertising. The figures are supplied via PwC, an independent auditor on behalf of the Interactive Advertising Bureau (IAB NZ). For further info visit www.iab.org.nz
- Radio:** This figure includes all cash revenue, including agency commission, excluding GST from members of the Radio Broadcasters Association (RBA). Actual returns comprised 99% of the total radio advertising revenue for 2013. The total also includes an estimate for non-RBA members, iwi and student radio based on direct industry knowledge and projections based on market share. The figure is sourced from the Radio Broadcasters Association.
- Magazines:** This figure includes cash revenue, including agency commission, excluding GST from the majority of members of the Magazine Publishers Association (MPA). For some MPA member and non-member publications, an estimate has been made. The figure does not include revenue from classified advertising nor does it include revenue from NIM's – Newspaper Inserted Magazines. The figure is sourced from the Magazine Publishers Association.
- Outdoor:** This figure includes all cash revenue, including agency commission, excluding production, installation and GST from members of the Outdoor Media Association of NZ (OMANZ). The revenue data is independently collected for OMANZ. The figure also includes actual returns from three other companies involved in outdoor or ambient advertising.
- Unaddressed Mail:** This figure includes all cash revenue excluding GST, from the letterbox media companies. These companies are Reach Media and PMP Distribution. The revenue recorded is drawn from the cost of delivery. This total represents 95 % of the unaddressed mail advertising revenue in New Zealand.
- Addressed Mail:** This figure is an estimate based on the cost of delivery only. It does not include production or associated costs. It is compiled using volume and expenditure estimations from Nielsen Media Research's MailPix system. The Nielsen estimations (at standard postage rates) are validated and adjusted using New Zealand Post's own volume and expenditure data taking discounting into account to produce the final market revenue estimation. The figure is sourced from New Zealand Post and includes a rate card increase.
- Cinema:** This figure includes all cash revenue, including agency commission, excluding GST from the two major companies involved in cinema advertising in New Zealand.

Appendix I - Fairfax and NZME Regional Newspaper Titles

Fairfax Community newspaper titles

- Auckland City Harbour News
- Cambridge Edition
- Central Canterbury News
- Central District Times
- Central Districts Farmer
- Central Leader
- Central South Island Farmer South
- Christchurch Mail
- Clutha Leader
- Dargaville & Districts News
- Discover the Top of the South
- East & Bays Courier
- Eastern Courier
- Experience Kaikoura
- Feilding Herald & Rangitikei Mail
- Franklin County News
- Hamilton Press
- Hauraki Herald
- HB Country Scene
- Kaikoura Star
- Kapi-Mana News
- Kapiti Observer
- Manukau Courier
- Marlborough Midweek
- Matamata Chronicle
- Mid Canterbury Herald
- Mirror
- Newslink
- North Harbour News
- North Shore Times
- North Taranaki Midweek
- North Waikato News
- Northern News
- Northern Outlook
- Nor-west News
- Otago Southland Farmer
- Papakura Courier
- Piako Post
- Property Express
- Rodney Times
- Rotorua Review
- Ruapehu Press
- Saturday Express
- South Canterbury Herald
- South Taranaki Star
- South Waikato News
- Taupo Times
- The Bay Chronicle
- The Eye
- The Hastings Mail
- The Horowhenua Mail
- The Hutt News
- The Leader Group
- The Napier Mail
- The Nelson Leader
- The Tribune
- The Wellingtonian
- Upper Hutt Leader
- Waiheke Marketplace
- Wairarapa News
- Waitaki Herald
- Western Leader
- Whangarei Leader

NZME Regional and Community titles

- Bay of Plenty Times
- Hawke's Bay Today
- The Northern Advocate
- Rotorua Daily Post
- Wairarapa Times-Age
- Wanganui Chronicle
- Northland Age
- Whangarei Report
- The Aucklander
- Coastal News
- Waihi Leader
- Katikati Advertiser
- Bay News
- Te Puke Times
- Hamilton News
- Te Awamutu Courier
- Rotorua Weekender
- Whakatane News
- Taupo & Turangi Weekender
- Wanganui Midweek
- Horowhenua Chronicle
- Stratford Press
- Kapiti News
- Hastings Leader
- Napier Courier
- Havelock North Village Press
- Central Hawke's Bay Mail
- Wairarapa Midweek
- Bush Telegraph
- Manawatu Guardian

Appendix J – Australian Government Decision Re Community TV

Reported by ABC at

<http://www.abc.net.au/news/2014-09-10/community-television-kicked-off-air-by-federal-government/5733690>

Community TV: Malcolm Turnbull confirms licensing for stations will end in 2015

By political reporter [Melissa Clarke](#)

Updated 11 Sep 2014, 8:04am



[Photo: The move will affect C31 in Melbourne and Geelong, 31 in Brisbane, TVS in Sydney, as well as 44 in Adelaide and WTV in Perth. \(www.accesstvwa.com, file photo\)](#)

[Map: Australia](#)

Community television will be booted off air by the Federal Government in a little over 12 months.

Communications Minister Malcolm Turnbull announced that community stations would only be licensed until the end of 2015.

After that, they would not be granted access to broadcast spectrum and Mr Turnbull suggested they use the internet instead.

Mr Turnbull unveiled the move in a speech to a conference hosted by the Australian Communications and Media Authority (ACMA) in Sydney.

The move would affect C31 in Melbourne and Geelong, 31 in Brisbane and TVS in Sydney, as well as 44 in Adelaide and WTV in Perth.

[We asked you what you thought about the future of community television. Read the comments here.](#)

Australian Community Television Alliance secretary Richard McLelland described it as a "death knell of community television in Australia".

Mr McLelland, who is also the general manager of C31, said he was frustrated by the decision.

"He [Turnbull] seems to have a view that community television is not worth having in this country," he said.

The community television stations currently use a small amount of spectrum that has been set aside for a fourth commercial television station.

- [Read Malcolm Turnbull's speech here](#)
- [See the campaign by community television stations here](#)

Mr Turnbull told the conference the Government was not planning on licensing a new station.

Instead it could be sold off, with Mr Turnbull planning a review of whether the spectrum could be "replanned for alternative non-broadcasting uses, perhaps as the basis for a second digital dividend".

Online future for community television?

Mr Turnbull said the future for community television was online.

"The Government believes that the best outcome for community television is that, in the future, it uses the internet as its distribution platform," he said.

"It will deliver wider audiences at less cost on a wider range of devices."

But Mr McLelland said it would take time and money to make such a radical change.

"To get a seriously under-resourced sector to move to a completely new business model, to reconstruct itself in a little over 12 months, it's ludicrous to suggest that's reasonably possible."

He said if the Federal Government was willing to give community television stations three years instead of one to end licensing, a move to online-only broadcasting could be possible.

"Why not give us a little more time and explore a way for community television to continue?" he said.

It is not an argument Mr Turnbull accepts.

"The internet is not new," he said.

"It is the universal, uber-platform to which most people are now connected 24/7."

Community television a launch pad for Australian talent

Corinne Grant, who got her start in television on Melbourne's Channel 31, said the move was a strange decision.

"I don't understand how he thinks that community television can automatically switch its business model to being online when he's not expecting the same thing as commercial free-to-air channels," Ms Grant told the [RN Drive program](#).

"I don't understand why he thinks one business model won't work for others but it will work for community television."

Ms Grant said community television provided programming that was important to smaller audiences and had launched the careers of many Australians.

"Not just for the performers in front of the camera, people like Rove and Hamish and Andy, and more recently Celia Pacquola, but it also teaches producers and crew how to hone their craft," she said.

"They're not the kind of skills you can pick up once you're live-on-air in front of a million people, it's much better to do that on community television.

"I don't think you can replicate that online, it's not the same environment."