

Regional Television Review

Discussion and decisions

NZ On Air

May 2015



CONTENTS

Purpose.....	3
Context	3
Background.....	3
Review findings.....	3
Minority regional channels.....	4
Options for the Future of Regional Television Funding.....	4
A. Status quo.....	5
B. Fund no regional programmes	5
C. Fund fewer regional programmes and invest more in them.....	5
D. Find new ways of delivering regional content to regional viewers	5
NZ On Air’s Decisions based on the France Review of Regional Television.....	6

PURPOSE

This paper is NZ On Air's response to issues raised by independent reviewer Paul France on the state of the regional television sector. It sets out our path for change in funding content for regional audiences.

CONTEXT

NZ On Air is operating in a highly constrained fiscal environment and needs to ensure its investments represent reasonable value for money.

In an increasingly converged environment, with ongoing audience fragmentation, and limited audiences for regional television, NZ On Air is reviewing its investment in regional television content.

In late 2014 NZ On Air commissioned Paul France to undertake this review. The terms of reference asked him to *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*

Mr France met with most regional channel operators during his research. His [Regional Television Review](#) can be read here. Referenced in his paper is [research carried out by Colmar Brunton](#) in 2014 which surveyed regional audiences about their local channels.

BACKGROUND

NZ On Air currently funds news and information programmes on six regional television stations: Kaitia (online only), Northland, Hawke's Bay, Nelson, Christchurch and Dunedin. In recent months three channels in Invercargill, Waikato/BOP and Rotorua that also received programme funding have closed.

NZ On Air's funding support for regional television began in 2006 when the Government added \$890,000 to the agency's baseline for this specific purpose. Since then NZ On Air, from its own resources, has increased the available amount to up to \$1.5 million.

In terms of the Broadcasting Act, regional television funding satisfies section 36(1)(a) – 'reflecting and developing New Zealand identity and culture.' It is possible to argue that it also fulfils section 36(1)(c) if regional populations are considered to be 'minority audiences'.

REVIEW FINDINGS

Mr France developed the image of the 'backward-facing lens' to describe regional television, whose origins lie in the TVNZ regional programmes of the 1980s. As he observes, the world has moved on, most especially after

digital switch-over. Both viewership and advertising support have dissipated but regional television has mostly not changed to compensate for this.

The review's main conclusions are that environmental problems are severe:

- The regional television business model in general is under extreme pressure.
- There is a lack of local commercial support.
- Viewers now have access to a plethora of video content.
- Reception is restricted, in the main, to Freeview Digital Terrestrial Transmission (DTT), received by approximately 30% of viewers.
- Most regional channels attract only small audiences.
- Television broadcast may not be an efficient way to reach such small numbers of people.
- Overall standards of journalism among funded programmes were variable.

Mr France noted that three South Island broadcasters might be exceptions – CTV in Christchurch, 39 Dunedin Television, and Cue Television in Invercargill (now no longer broadcasting), all with reasonably sized audiences and an apparent degree of success.

He noted some of the channels, notably in Whangarei and Kaitaia, took pride in delivering wider social benefits to their communities through education, training and links to other community organisations. These are not traditional broadcast policy goals but, notwithstanding, audience numbers are low.

MINORITY REGIONAL CHANNELS

There is a further question around the rapidly changing demography of New Zealand. Should NZ On Air provide funding for local content on regionally-based ethnic or minority language television channels? We do this in the community radio funding area, where programmes in more than 40 different languages are supported.

Television is a more expensive medium: regional funding, to date, has been 'inclusive', recognising that a smaller population catchment means that the widest possible audience in that region should be targeted. An approach based on inclusivity means programmes are mainly in English.

NZ On Air believes that minority regional interest options are better considered as part of a special interest ethnic/multilingual strategy. This will be the focus of a separate piece of policy work over the coming months.

OPTIONS FOR THE FUTURE OF REGIONAL TELEVISION FUNDING

NZ On Air has thoroughly considered the France review and discussed it with Mr France at the May Board meeting. We have weighed up options for the future and conclude that change is needed. The core options identified by the France review (with NZ On Air views in brackets) are:

- | | |
|--|------------------------------|
| A. Status quo | (not recommended) |
| B. Fund no regional programmes | (not recommended) |
| C. Fund fewer regional programmes and invest more in them | (possible but not preferred) |
| D. Fund new ways of delivering regional content to regional viewers | (preferred) |

Below we briefly discuss the merits and drawbacks of each of these options.

A. STATUS QUO

The status quo - contributing to regional news and information programmes on surviving and any emerging and eligible regional television channels (NZ On Air's [Channel Preference Guidelines](#) set out eligibility) - is not a viable option. The regional television sector suffers from a combination of environmental problems: commercial viability, fragmenting audience, transmission issues, inadequate regional commercial support. These have been acknowledged and discussed by NZ On Air and incumbent regional broadcasters over a number of years and are reinforced by the France review.

This option is **not recommended**.

B. FUND NO REGIONAL PROGRAMMES

Withdrawing from funding regional programmes is an option. For very small audiences, radio tends to be a much more cost-effective broadcast option with the print media providing more community news options.

However, some of our funding results in reasonable audience outcomes, particularly in the South Island.

Complete withdrawal from regional broadcasting might disadvantage successful operators and also prevent the emergence of innovative ideas to improve audience response. NZ On Air believes there are other steps that might be taken before reaching such a decision.

This option is **not recommended**.

C. FUND FEWER REGIONAL PROGRAMMES AND INVEST MORE IN THEM

This would mean providing a higher proportion of funding to existing (and perhaps new) programmes on a smaller number of stations. We acknowledge that current individual funding amounts are relatively low. While a funding increase might assist channel viability, it is unclear whether it would materially improve production values and audience numbers.

The current funding mechanism provides little incentive for change. Channels tend to expect ongoing year-on-year funding, irrespective of programme performance.

Mr France suggests, as an option, that incumbents be given a year's 'notice' to propose solutions for improvement and that mentoring might help. This might assist some incumbents and provide some marginal improvements.

However, given the wider environmental problems and the speed of media change, there is little evidence that most operators will be able to overcome these problems in any meaningful way. Simply increasing public funding to existing channels will not provide a step change in service delivery or improvement in audience numbers.

NZ On Air itself is facing fiscal pressures and it is difficult to justify a funding increase when the business case is weak.

This option is **possible but not preferred**.

D. FIND NEW WAYS OF DELIVERING REGIONAL CONTENT TO REGIONAL VIEWERS

The France review discusses the option of providing online regional content. It is not suggested that channels just substitute or add the uploading of existing programmes to conventional broadcasting. Channels which struggle to attract audiences and commercial partners in the current broadcast environment are highly unlikely to add significant audiences merely by going online.

Rather, the review suggests there may be new ways to deliver regional content.

NZ On Air believes this option creates a wider opportunity to encourage innovative thinking about converged regional media content. For relatively small media audiences, such as regional audiences in a country with a comparatively small national population, a highly collaborative approach is crucial. This encourages players to share ideas, costs, technology, and the necessary promotional effort to attract eyeballs in a crowded viewing landscape.

A new delivery model might involve collaboration of existing providers with each other, or with other local media partners (e.g. print, radio, digital), or the attraction of new service providers. It might provide options for new content, for extension of content, and for interesting and creative new partnerships focused on providing audiences of a meaningful size with content not delivered by mainstream media.

A new approach allows for new conversations about how to reinvigorate the provision of regional community news and information.

But regions themselves need to propose the solution that best meets their needs. So the fairest way to elicit these ideas is by issuing an Expression Of Interest.

If good ideas emerge NZ On Air might choose to support them. If no viable ideas emerge we might conclude that funding is best committed to other initiatives.

This option is **preferred**.

NZ ON AIR'S DECISIONS BASED ON THE FRANCE REVIEW OF REGIONAL TELEVISION

NZ On Air will seek new ideas for delivering regional media content and also look for evidence of regional audience engagement. We will continue to prioritise regional news and information as content the mainstream media can rarely deliver well.

NZ On Air will look to the regions themselves to propose options and will go to market with a call for [Expressions of Interest \(EOI\)](#). The EOI will seek ideas for converged regional media content and state a preference for collaborative solutions.

To assist business planning for existing regional television stakeholders, NZ On Air will roll over contracts for incumbents on existing terms and conditions for the year 1 September 2015 to 31 August 2016. The current funding scheme will be discontinued at that point.

Any successful proposals arising from the [EOI](#) will take effect from 2016/17.